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**EPZA REGULATED  
NON-WDT SACCO LTD  
DIVIDEND AND  
REBATES POLICY**

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**DECEMBER, 2021**

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## SECTION 1 INTRODUCTION

The purpose of this Dividend and Rebates Policy is to provide guidelines for justification and determination of payment of dividends. The Dividend and Rebates Policy is expected to be reviewed from time to time depending on the growth and changes in the operating environment.

The Board of Directors is responsible for establishment, review and amendment of the Dividend and Rebates Policy

### Shares

This refers to the amounts which once paid to the Society by a member means that the member owns part of the Society as a co-owner. This portion is not withdrawable from the Society even if one ceases to be a member. It can only be transferred to a member of the same Society according to the Co-operatives Societies Act. A member is issued with a share certificate to proof ownership and a shares register maintained by the society.

### Dividends

"Dividend is payment made to a member of an organization as a share of the surplus made by the organization during a financial period"

### Rebates

Refers to the interest earned on non-withdrawable deposits to members in good standing who have saved with the Society for a minimum period of 10 months. Rebates are paid at the rates declared at the Annual General meeting based on business results.

Ownership of Shares by members will accord them the following benefits:

- Allows the members to participate and vote in the General Meetings
- Each member shall be paid dividends on the surplus made based on the number of shares he/she holds.

## SECTION 2 DIVIDEND & REBATES COMPUTATION AND PAYMENT

The Sacco shall pay out dividends to its members (fully paid-up shareholders) and rebates to active members in good standing only if it has made a surplus in a particular financial period. No dividend/rebates shall be declared where the Sacco has made a loss during the financial period.

### 2.1 Computation

The surplus to be used in the computation of dividend shall be that arrived at after deduction of statutory reserves, taxes, general reserves and any retained earnings.

General reserves and retained earnings will be determined by the functional needs of the Sacco such as growth and expansion that will necessitate retention of part of the surplus.

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**Gross Surplus** = Income - Expenses

**Net surplus** = Gross surplus - 20% - Taxation- dividends - retained earnings  
statutory reserve and other reserves

The Society shall then declare dividend on shares held at a rate to be determined by the Board.

## 2.2 Declaration

Dividend and rebates payment shall be declared at the Annual Delegates Meeting of the Sacco which will be held not later than 30<sup>th</sup> April.

## 2.3 Payment

Dividend and rebates shall be paid not later than 30 calendar days after the declaration of the same. Members will be issued with the Society's preferred mode of payment

### 2.3 (a) Eligibility for Rebates Payment

A member qualifies rebates payment upon meeting the following conditions;

- i) Must be active members who have saved for not less than 10 months
- ii) Members who withdraw in the middle of the financial period shall not be eligible for rebates payment. Members who rejoin shall be treated as new members.
- iii) Lump sum deposits of Ksh 100,000 and above shall stay in the SACCO for at least 6 months to qualify for rebates payment
- iv) Members who have defaulted on loans shall not receive rebates but the same shall be used to pay outstanding loans.

### (b) Eligibility for Dividends Payment

- i) All members in good standing shall be paid dividends
- ii) Deceased members' dividends shall be paid to nominee

## 2.4 Unclaimed Dividends and Rebates

The Society shall upon non collection of dividends for a period of more than 5 years be transferred to other reserves upon approval by the Annual General



Meeting. Unclaimed dividends for a period exceeding 3 years shall be given the same treatment as abandoned/unclaimed assets

## 2.5 Capitalization

Members who wish may opt to have their dividend and/or rebates payouts converted into share capital that will improve their dividend earning power in subsequent years.


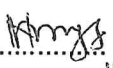

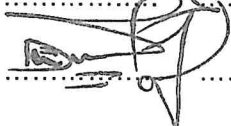
## 2.6 Amendment of Membership Policy

The Dividend and Rebates Policy shall be amended from time to time by the Board of Directors, provided no amendment shall become effective until it is approved by the Board meeting.

This document was discussed and approved for implementation as a policy and procedures of EPZA Regulated Non-WDT Savings and Credit Co-operative Society Ltd in respect to dividend and rebates payments with effect from 31<sup>st</sup> December 2021

### ACCEPTANCE /ENDORSEMENT

We the undersigned Board Members of EPZA Regulated Non-WDT Savings and Credit Co-operative Society Ltd do hereby accept and adopt this Dividend and Rebates Policy for and on behalf EPZA Regulated Non-WDT Savings and Credit Co-operative Society Ltd.

	NAME	SIGNATURE	DATE
CHAIRMAN	KENNETH OKELLO		31/12/2021
VICE CHAIRMAN	NAPHEE BUKHARI		31/12/2021
HON SECRETARY	JONATHAN KAUNDA		27/01/2022
TREASURE	EDWIN MUNYALO		31/12/2021