

## **Rules of**

### **ICOF COMMUNITY CAPITAL LIMITED**

(Registered under the Industrial and Provident Societies Acts 1965-1978  
as a Society for the Benefit of the Community)

**Registration Number 27915R**

#### **INTERPRETATIONS**

1. Words and expressions used in these Rules shall have the meanings attributed to them in Rule 102.

#### **NAME**

2. The name of the Society shall be "ICOF Community Capital Limited".

#### **REGISTERED OFFICE**

3. The registered office of the Society shall be at 227C City Road, London EC1V 1JT or such other place as the Directors may at any time decide.

#### **OBJECTS**

4. The objects for which the Society is established are to carry on the business of providing financial services, especially for production and trade, in a manner which reflects and sustains co-operative principles and in order to promote wholesome, dignified and sustainable employment for the benefit of people in need and the benefit of the community generally in any part of the world.

#### **POWERS**

5. The Society shall have full power to do all things necessary or expedient for the attainment of its objects, including:-
  - (a) To purchase, subscribe for or otherwise acquire and to hold the shares, stock, securities or obligations of any company or corporation in any part of the world.
  - (b) To acquire, manage, conduct, supervise or control the business operations, patents, processes or affairs of any companies, firms and persons carrying on business of any kind whatsoever in any part of the world.
  - (c) To provide or procure finance, credit and financial facilities generally by means of loans, the subscription of loan or share capital, grants, or by any other appropriate means for the establishment, re-establishment, development, growth, extension or enlargement of industrial and commercial businesses or enterprises, undertakings or concerns of all kinds in any part of the world.
  - (d) To carry on the business of holding investments and to provide and procure all manner of services and advice in relation to the provision or procurement of financial and non-financial facilities for persons, businesses, undertakings and concerns of all kinds.
  - (e) To carry on any other trade or business whatsoever which can in the opinion of the Directors be advantageously carried on by the Society in connection with or as ancillary to any of the above businesses or the general business of the Society or directly or indirectly enhance the value of or render profitable any of the property or rights of the Society.
  - (f) To advance, deposit, or lend money, securities and property to or with such persons, partnerships or companies and on such terms as may seem expedient; to create, make, draw, accept, endorse, execute, issue, discount, buy, sell, negotiate and deal in bills, notes, bills of lading, warrants, coupons, debentures, and other negotiable or transferable instruments.
  - (g) To guarantee or become liable for the payment of money, or for the performance of any obligations, and generally to transact all kinds of guarantee business; also to transact all kinds of trust and agency business.
  - (h) To purchase, hold, take on lease, hire, or otherwise acquire, and to sell, exchange, surrender, rent, lease, sub-lease, mortgage, charge, convert, turn to account, dispose of and deal with any real or personal property and rights of all kinds.
  - (i) To purchase or otherwise to acquire and carry on the whole or any part of the business, property, goodwill and assets of any company carrying on, or proposing to carry on, or which can be conveniently carried on in connection with the same or may seem calculated, directly or indirectly,

to benefit the Society, or possessed of property suitable for the purposes of the Society, and as part of the consideration for any of the said acts or things or property acquired, to undertake all or any of the liabilities of such company, or to acquire an interest in, amalgamate with or enter into any arrangement for sharing profits or for co-operation or for limiting compensation or for mutual assistance with any such company, and to give, issue or accept cash or any shares, stocks, obligations or securities that may be agreed upon, and to hold and retain or sell, mortgage and deal with any shares, stocks, obligations or securities so received.

- (j) To establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Society or of any company which is a subsidiary of the Society or is allied to or associated in business with the Society or with any such subsidiary company or of any business acquired by the Society or any such subsidiary company or who are or were at any time Directors or officers of the Society or of any such other company as aforesaid and the spouses or former spouses, families and dependants of any such persons, and also to establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Society or of any such persons as aforesaid, and to make payments for or towards the insurance of any such persons as aforesaid, and to subscribe or guarantee money for any charitable or benevolent object or for any exhibition, or for any public, general or useful object.
- (k) To sell, exchange, mortgage (with or without a power of sale), assign, lease sublet, improve, manage, develop, dispose of, turn to account, grant rights and privileges in respect of, and generally otherwise deal with the whole or any part of the business, estates, property, rights or undertakings of the Society, upon any terms either together or in portions, and as a going concern or otherwise, for such consideration as the Society may think fit, and either for cash or shares, stocks, obligations or securities of any other company.
- (l) To promote any company for the purpose of acquiring all or any of the property or liabilities of the Society, or of undertaking any business or operations which may appear likely to assist or benefit the Society, or to enhance the value of or render more profitable any property, assets or business of the Society, or for any other purpose which may seem directly or indirectly calculated to benefit the Society.
- (m) To invest and deal with the moneys of the Society not immediately required, upon such securities and in such manner as may from time to time be determined by the Directors, and to place any such moneys on deposit or current account with any bank.
- (n) To raise or borrow money, with or without security, and also to secure the payment of money by the issue of or upon debentures or debenture stock, perpetual, terminable or otherwise, or bonds, or other obligations charged or not charged upon, or by mortgage, charge hypothecation, lien or pledge of the whole or any part of the undertaking, property, assets and rights of the Society, both present and future, and generally in such other manner and on such terms as may seem expedient; and to issue any of the society's obligations or securities for such consideration and on such terms as may be thought fit; and also by a similar mortgage, charge, hypothecation, lien or pledge, to secure and guarantee the performance by the Society of any obligation or liability it may undertake, and to redeem or pay off any such securities; provided that the Society shall not accept deposits within the meaning of the Banking Acts and provided that the amount of money borrowed and for the time being remaining undischarged shall not exceed ten times the amount of the Society's share capital and consolidated reserves. The interest payable on borrowings, other than from institutions authorised under the Banking Acts and loans secured as provided above, shall not exceed the rate of interest necessary to obtain and retain that capital.
- (o) To create, maintain, invest and deal with any reserve or sinking funds for obligations of the Society, or for depreciation of any asset or for any other purpose of the Society.
- (p) To enter into any arrangement with any authority, municipal, local or otherwise, or company, that may seem conducive to the Society's objects, and to obtain from any such authority or company any contracts, rights, privileges and concessions.
- (q) To act as directors and/or managers and/or secretaries and/or financial or technical advisers of other companies, and to secure the appointment of the Society's nominees as directors, managers, secretaries, or financial or technical advisers of other companies upon such terms and conditions as

it may think fit, and in particular to arrange with any person or persons so appointed for the payment by such persons or persons to the Society of any fees or other remuneration which any such person or persons may receive or be entitled to receive as remuneration for their services to any such company or companies for such consideration (if any) as the Society may deem fit.

- (r) To undertake and execute any trust the undertaking of which may seem desirable, either gratuitously or otherwise, and in particular to act as depository of any shares or securities of, and as agents or brokers for the investment, loan, payment, transmission or collection of money, and the purchase, sale, improvement or development and management of property for any company and to undertake and perform sub-contracts.
- (s) To pay all or any expenses of, incidental to or incurred in connection with the formation, promotion, establishment, incorporation and advertising of or raising money for the Society, or to contract with any company to pay the same.
- (t) To do all or any of the above things in any part of the world as principals, agents, contractors, trustees or otherwise, and either by or through trustees, agents, sub-contractors or otherwise, and either alone or in partnership or in conjunction with any other company, and to contract for the carrying on of any operation connected with the Society's business by any other company.
- (u) To do all such other things as may be deemed incidental or conducive to the attainment of the Society's objects.

And it is hereby declared that in the construction of this clause the word "company" shall be deemed to include any person, partnership, society, or other body of persons, whether incorporated or not incorporated, and words denoting the singular number only shall include the plural number, and vice versa, and the intention is that the powers specified in each paragraph of this clause shall not, except where otherwise expressed in such paragraphs, be restricted by reference to or inference from the terms of any other paragraph or the name of the Society, but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the powers of a separate distinct and independent society.

#### **EQUALITY OF OPPORTUNITY**

- 6. In carrying out its objects, the Society shall seek to ensure equality of opportunity for all sections of the community in its own affairs and in society generally.

#### **MEMBERSHIP**

- 7. The Directors may at their discretion admit to membership any person or corporate body, or the nominee of any unincorporated organisation or firm, who supports the objects of the Society and who has paid or agreed to pay any subscription or other sum due in respect of membership. No-one aged less than 16 years of age may be admitted as a member of the Society.
- 8. Application for membership of the Society shall be made in such form as the Directors may prescribe and shall contain an application for at least the minimum shareholding.
- 9. The Society shall keep at its registered office a Register of Members in which the Secretary shall enter the following particulars:
  - (a) the name and address of every member;
  - (b) a statement of the number of shares held by each member and that £1.00 has been paid on each share;
  - (c) the date on which each member's name was entered in the register as a member and the date on which any member ceased to be a member;
  - (d) the names and addresses of the Directors and officers of the Society, of the offices held by them respectively, and the dates on which they assumed and vacated office.
- 10. A member who is a nominee of an unincorporated body shall have entered against her/his name in the Register of Members the name of the unincorporated body by whom the member has been nominated.
- 11. A copy of these Rules, along with any amendments made to them, shall be given free of charge to every member upon admission to membership, and shall be provided to any other person on demand and on payment of the statutory fee chargeable for the time being in force.

#### **CESSATION OF MEMBERSHIP**

12. A member shall cease to be a member if:
  - (a) she/he ceases to hold any shares in the Society; or
  - (b) being a corporate body, it is wound up or goes into liquidation; or
  - (c) she/he is expelled under the following Rule.
13. A member may be expelled for conduct prejudicial to the Society by a resolution carried by a majority of at least two-thirds of those members voting at a General Meeting of the Society of which due notice has been given, provided that the grounds for expulsion have been specified in the notices calling the meeting and that the member whose expulsion is to be considered shall be given the opportunity to state her/his case to the meeting. If on due notice having been served the member fails to attend the meeting, the meeting may proceed in the member's absence.
14. A person expelled from membership shall cease to be a member 28 days after the date of the meeting at which her/his expulsion was agreed.
15. A person expelled from membership shall be deemed to have given a notice of withdrawal pursuant to Rule 23 on the date on which the resolution to expel was passed in General Meeting.
16. No member expelled from membership shall be re-admitted except by a resolution carried by a majority of at least two-thirds of those members voting at a General Meeting of which due notice has been given.

#### **SHARE CAPITAL**

17. The shares of the Society shall be of the nominal value of £1.00. Every member shall hold not less than 250 shares in the Society (the minimum shareholding) and no more than the maximum permitted by law.
18. Shares shall be withdrawable only in accordance with the provisions of these Rules. Shares shall not be transferable.
19. Application for shares shall be made to the Directors of the Society who shall allot to members, upon their admission, the share or shares for which they have applied provided that the total number of shares allotted to any member shall not (together with any shares already held by her/him) exceed in nominal value the maximum shareholding permitted by law.
20. Shares shall be paid for in full on allotment.
21. Interest shall be credited to each member either by the allotment of further shares, provided that:
  - (a) the total number of shares allotted to any member shall not, together with any shares already held by that member, exceed in nominal value the maximum shareholding permitted by law;
  - (b) no amount less than £1 shall be credited against a share;and in such events, the amount of any interest not credited as further shares shall stand as a debt of the Society to the member or – at the option of the member – be paid in cash to the member.
22. Shares may be held jointly by the personal representatives of a deceased member or by any two persons being nominees of any one unincorporated body. An application for the withdrawal of any share or shares held jointly shall be made by all the joint holders who alone shall be able to give a valid receipt for any capital repaid.

#### **WITHDRAWAL OF SHARE CAPITAL**

23. Shares may be withdrawn by members upon giving six months notice to the Society provided that:-
  - (a) all withdrawals shall be paid in the order in which the notices were received by the Society;
  - (b) except where a member intends to terminate her/his membership of the Society, a member shall not be entitled to withdraw Shares so as to leave her/him with less than the minimum shareholding;
  - (c) the Directors may waive the notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit;
  - (d) the Directors may suspend the right to withdraw either wholly or partially, and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal which have been received and remain unpaid at the time the Directors suspend the right to withdraw. Where the suspension is for a fixed period, such period may be extended from time to time by the Directors;

- (e) during any period when the right of withdrawal has been suspended under Rule 23, the shares of deceased members may, if the Directors agree, be withdrawn by their personal representatives upon giving such notice as the Directors may require;
  - (f) the amount to be paid to a member on withdrawal shall be the amount paid up or credited on the shares to be withdrawn, except where the shares are subject to a reduction their value in accordance with the provisions of these Rules;
  - (g) interest shall be payable on any share in respect of which a notice of repayment has been given until the date of repayment;
24. Any share withdrawn in accordance with the above Rule shall be cancelled.
25. Members may withdraw from the Society by withdrawing all their shares in the Society in accordance with Rule 23 or, if the right to withdraw has been suspended as provided for in that Rule, by surrendering all their shares to the Society. Upon such surrender the Directors may in their discretion pay to the withdrawing member the amount paid up or credited in the shares surrendered.
26. The Society may deduct such reasonable sum to cover administrative costs of withdrawal from the monies payable to a member on the withdrawal of shares in the Society.

**REDUCTION IN SHARE VALUES**

27. If the auditors (or any independent qualified accountants appointed for the purpose by the Directors) certify at any time that the aggregate of the Society's liabilities plus the amount of its issued share capital exceeds its assets, then (unless in the meantime the excess has been removed) the Directors may determine that the amount of this excess, or part of it, shall be apportioned among the members in proportion to (but not beyond) the amount of the nominal value of the shares paid up and held by each member. This apportionment shall be based on the value of the shares paid up and held by each member at the close of business on the date of such determination. The value of shares held by each member shall be reduced accordingly for the purposes of withdrawal of shares.

**LIEN ON SHARES AND RIGHT OF OFFSET**

28. The Society shall have a lien on the shares of a member for any debt due to it by the member and may set off any sum standing to the member's credit with the Society in or towards payment of such debt.

**GENERAL MEETINGS**

29. An Annual General Meeting shall be held within six months of the close of the financial year of the Society, the business of which shall comprise:
- (a) the receipt of the accounts and balance sheet and of the reports of the Directors and auditor;
  - (b) the appointment of the auditor and the fixing of their remuneration;
  - (c) the election of Directors (or the announcement of the results of the election if held previously by ballot);
  - (d) the transaction of any other business included in the notice convening the meeting, including any resolution of which notice has been duly given by at least 25 members within two months of the Society's financial year end.
30. All General Meetings other than the Annual General Meeting shall be called Special General Meetings.
31. A Special General Meeting shall be convened either upon an order of the Directors or at the request of 25 members of the Society or ten per cent of the membership, whichever is the greater.
32. The Society's auditor shall be entitled to attend General Meetings of the Society and to receive all notices of and communications relating to any General Meeting which any member of the Society is entitled to receive. The auditor shall be entitled to be heard at any meeting on any part of the business of the meeting which is of proper concern to an auditor.

**NOTICES**

33. All General Meetings shall be called by at least 21 clear days' notice.
34. Notice of every General Meeting shall be given in writing to every member of the Society and to such other persons who are entitled to receive notice and shall be sent by post to each member at the address recorded in the Register of Members, and to other persons at their Registered Office.

35. Notice of all meetings shall specify the exact time and place of the meeting. In the case of a General Meeting which is to consider a resolution to amend the Rules of the Society or a resolution to remove a Director or the auditor, such resolution shall be specified in the notices calling that meeting and in the case of all other General Meetings the general nature of the business to be raised shall be specified.
36. A notice sent by post to a member's registered address shall be deemed to have been served 48 hours after its posting. The accidental omission to give notice of a meeting to or non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate proceedings at that meeting.

#### **PROCEEDINGS AT GENERAL MEETINGS**

37. A corporate body which is a member of the Society shall appoint a representative who shall during the continuance of her/his appointment be entitled to exercise in any General Meeting of the Society all such rights and powers as the member organisation would exercise if it were an individual person. The Society shall require such notification of an organisation's appointed representative as the Directors may from time to time decide.
38. No General Meeting shall proceed to business unless a quorum is present. Unless and until otherwise decided by the Society in General Meeting, a quorum shall be ten members present in person (including the representatives of corporate bodies which are members). No meeting shall become incompetent to transact business from the want of a quorum arising after the chair has been taken.
39. If within half an hour after the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned until a day between seven and 21 days after the date set for the original meeting, and all members shall be given such notice as is practicable. If at such an adjourned meeting a quorum is not present half an hour after the time set for the meeting, then the members present shall constitute a quorum.
40. The Chairperson of the Society shall preside at every General Meeting. In the event of her/his absence or unwillingness to act, the members present shall choose one of their number to be Chairperson of the meeting.
41. The Chairperson may with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of the original meeting; otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
42. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a secret ballot is, before or on the declaration of the result of the show of hands, demanded by at least two members present in person or by proxy. Unless a secret ballot be so demanded, a declaration by the Chairperson that a resolution has on a show of hands been carried or lost with an entry to that effect in the book containing the minutes of the proceedings of the Society shall be conclusive evidence of the fact without proof of the number or proportions of the votes recorded in favour or against such resolution.
43. If a secret ballot is duly demanded it shall be taken in such a manner as the Chairperson directs, provided that no member shall have more than one vote, and the result of the ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded.
44. The demand for a secret ballot shall not prevent the continuance of a meeting for the transaction of any other business than the question upon which a ballot has been demanded. The demand for a secret ballot may be withdrawn.

#### **VOTES OF MEMBERS**

45. No person shall be entitled to vote on any question at a General Meeting other than an individual member of the Society or the duly appointed representative of a corporate body which is a member.
46. On any resolution to be decided on a show of hands, only members present in person shall be entitled to cast a vote.

47. On any resolution to be decided by secret ballot, votes may be cast by members who are present in person or by proxy. A member who cannot attend a General Meeting may appoint any person to act as proxy for him or her, and shall provide written authorisation for the appointed person so to act, stating whether the proxy is:
- (a) to vote this way or that on any particular resolution or
  - (b) permitted to vote in accordance with her/his own judgement.
48. Every member shall hold one vote only on each question to be decided at a General Meeting. Except where otherwise specified by these Rules or by the Act, questions shall be resolved by a simple majority of votes cast.
49. In the case of an equality of votes, whether on a show of hands or on a ballot, the Chairperson shall not have a second or casting vote and the resolution shall be deemed to be lost.

#### **AMENDMENTS TO RULES**

50. Any of these Rules may be rescinded or amended or a new Rule made by a majority of two-thirds of votes cast at a General Meeting of which 21 clear days' prior notice has been given, such notice to include details of the change(s) to be proposed at that meeting.
51. No amendment of Rules is valid until registered.

#### **THE BOARD OF DIRECTORS**

52. The affairs of the Society shall be managed by a Board of Directors comprising not more than fifteen persons.
53. The composition of the Board of Directors shall be as follows:
- (a) up to eleven persons elected by and from the membership; and
  - (b) up to four persons appointed by Industrial Common Ownership Finance Limited (or such body as may succeed to its functions);
- provided that at no time shall the number of appointed Directors exceed the number of elected Directors.
54. The elections referred to in Rule 53(a) above shall be conducted in such manner as may be directed by the Board of Directors from time to time provided that:
- (a) elected Directors must be members of the Society or nominated by a corporate body which is a member;
  - (b) candidates for Directorship may be nominated by any member, including an organisation of which they are a member or director;
  - (c) nominations must be in writing, prior to the Annual General Meeting, signed by both the nominator and the nominee;
  - (d) the Directors may make additional regulations regarding the nomination of candidates.
55. At every Annual General Meeting one-third of the Directors for the time being (or, if their number is not divisible by three, the number nearest one-third) shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election or appointment, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree amount themselves) be determined by lot. A retiring Director shall be eligible for re-election or further appointment.
56. The office of a Director shall be immediately vacated if she/he:
- (a) resigns her/his office in writing to the Society; or
  - (b) ceases to be a member of the Society for any reason whatsoever (or is the representative of a corporate body which ceases to be a member); or
  - (c) was appointed by Industrial Common Ownership Finance Limited and that company revokes her/his appointment to this office; or
  - (d) is absent from four successive meetings of the Directors without special leave of absence from the Directors and they decide that she/he has by reason of such absence vacated office; or
  - (e) becomes bankrupt.

57. A Director may be removed from office at any time by two-thirds of the votes cast at a General Meeting of the Society. Pending the decision of such General Meeting a Director may be suspended from her/his duties by resolution of the Directors if in their opinion she/he has been guilty of conduct detrimental to the interests of the Society or is otherwise thought to be unfit to carry out her/his duties.
58. A casual vacancy in the number of Directors may be filled by the Directors or, if it arises at a General Meeting of the Society, by that meeting. Any person appointed to fill any casual vacancy shall retire from office at the next Annual General Meeting following, but shall then be eligible to stand for election or to be appointed. A casual vacancy shall exist when there are fewer Directors than there were at the close of the last preceding Annual General Meeting.
59. The Society shall from time to time fix the remuneration (if any) of the Directors by ordinary resolution in General Meeting.
60. Directors shall be entitled to fees or remuneration for services actually rendered to the Society, and may be paid all reasonable and proper expenses incurred by them in attending and returning from meetings of the Directors or General Meetings of the Society or in connection with the business of the Society.
61. A Director shall declare an interest in any contract or matter in which she/he has a personal material or financial interest, whether directly or indirectly, and shall not vote in respect of such contract or matter except where that interest is shared with a majority of the other Directors.

#### **POWERS AND DUTIES OF THE DIRECTORS**

62. The Directors shall elect one of their number to be Chairperson of their number and of the Society and shall determine the period for which she/he is to hold office, and may further appoint one or more Vice-Chairpersons and other officers as they see fit.
63. The business of the Society shall be managed by the Directors who may exercise all such powers of the Society as may be exercised and done by the Society and as are not by statute or by these Rules required to be exercised or done by the Society in General Meeting.
64. No regulation made by the Society in General Meeting shall invalidate any prior act of the Directors which would have been valid had that regulation not been made.
65. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Society shall be signed, drawn, accepted, endorsed, or otherwise executed in such manner as the Directors shall from time to time direct.
66. The Directors may delegate any of their functions to sub-committees made up of members of their number and such other persons as they see fit. Any sub-committee so formed shall in the exercise of its powers conform with any regulations imposed upon it by the Directors, which shall always include the requirement for regular and prompt reports back to the Directors.
67. All acts done by the Directors or by any person acting as a Director shall, even if it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as such, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
68. Directors may act regardless of any vacancy in their body but, if and so long as their number is less than the number required to form a quorum, the Directors may act for the purpose of increasing the number of Directors, or of summoning a General Meeting of the Society, but for no other purpose.

#### **PROCEEDINGS AT DIRECTORS' MEETINGS**

69. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. The Secretary shall at the request of two or more Directors summon a meeting of the Directors at any reasonable time by giving all Directors reasonable notice of the date, time and venue for the meeting and the general nature of the business to be considered.
70. The Directors shall not proceed to business unless a quorum consisting of one third of the Directors (being not less than three Directors) is present.
71. At every Directors' meeting the Chairperson shall preside, but in the event of her/his absence or unwillingness to act the members present shall choose one of their number to be Chairperson of the meeting.



72. The Directors shall cause proper minutes to be made of all the proceedings of the Society, of the Directors and of any sub-committees. All such minutes shall be open to inspection by any Director at all reasonable times.
73. Questions arising at Directors' meetings shall be decided by a majority of votes of those present. In the event of a tied vote the Chairperson shall not have a second or casting vote and the resolution shall be deemed to be lost.
74. A resolution in writing signed by all those for the time being entitled to vote at meetings of the Directors shall be valid and effective as if the same had been passed at a meeting duly convened and held and may consist of several documents in the same form, each signed by one or more Directors.

#### **BORROWING**

75. The Society shall have power to borrow money for the purposes of the Society, including the issue of loan stock, providing that the amount owed shall not exceed that allowed for in rule 5(n).
76. The Society shall have power to mortgage or charge any of its property, including the assets and undertakings of the Society, present and future, to issue debentures and other securities for money borrowed or for the performance of any contracts of the Society or bodies having dealings with the Society.
77. The interest payable on borrowings, other than from institutions authorised under the Banking Acts and loans secured as provided above, shall not exceed the rate of interest necessary to obtain and retain that capital.
78. The Society may receive from any persons donations or loans free of interest towards its work. The Society shall not accept deposits.

#### **ACCOUNTS**

79. The Society shall keep proper books of account with respect to its transactions and its assets and liabilities in accordance with Sections 1 and 2 of the Friendly and Industrial and Provident Societies Act 1968.
80. The Society shall establish and maintain a satisfactory system of control of its books of account its cash holdings and all its receipts and remittance.
81. The Directors shall lay a revenue account and balance sheet duly audited and signed by the auditor and incorporating the report of the auditor therein before each Annual General Meeting accompanied by a Directors' report, signed by the Chairperson of the meeting of the Directors that adopted the report, on the state of the Society's affairs.
82. The Society shall keep a copy of the last balance sheet for the time being together with the relevant report made by the Auditor always hung up on a conspicuous place at its registered office.

#### **AUDITORS**

83. Subject to the following Rule, the Society shall appoint in each financial year an auditor qualified under section 7 of the Friendly and Industrial and Provident Societies Act 1968 to audit the Society's accounts and balance sheet for the year.
84. The Society shall be exempt from the obligation to appoint a qualified auditor if during the preceding financial year it met such criteria regarding low levels of income and/or expenditure or other factors as to qualify it for statutory exemption from the need to appoint qualified auditors. In such an event the Society may appoint two persons who are not qualified auditors to audit the accounts and balance sheet for the year.
85. None of the following persons shall be appointed as auditor of the Society:
  - (a) an officer or employee of the Society;
  - (b) a person who is a partner or employee of or who employs an officer of the Society.
86. The Directors may appoint an auditor to fill a casual vacancy occurring between General Meetings. Except as specified in these cases, every appointment of an auditor shall be made by a resolution of a General Meeting of the Society.
87. An auditor for the preceding financial year shall be re-appointed as auditor of the Society for the current financial year unless:

- (a) a resolution has been passed at a General Meeting appointing someone else as auditor or providing expressly that she/he shall not be re-appointed; or
  - (b) she/he has given notice in writing to the Society of her/his unwillingness to be re-appointed; or
  - (c) she/he is ineligible for appointment as auditor of the Society for the current financial year; or
  - (d) she/he has ceased to act as auditor of the Society by reason of incapacity.
88. Any resolution of a General Meeting of the Society either to remove an auditor from office or to appoint another person as auditor shall not be effective unless notice of the proposed resolution has been given to the Society at least 28 days prior to the meeting at which the resolution is to be considered. At least 21 days' notice of such resolution must then be given to members of the Society and in writing to the auditors.

#### **INSPECTION OF BOOKS**

89. Any member or person having an interest in the funds of the Society shall be allowed to inspect her/his own account and the books containing the names of members at all reasonable hours at the registered office of the Society or at any place where the same are kept, subject to such conditions as to time and manner of such inspection as may be made from time to time by the General Meetings of the Society.

#### **ANNUAL RETURN**

90. Every year and within the period prescribed by statute, the Secretary shall send to the Registrar the annual return, in the form prescribed by the Registrar, relating to its affairs for the period required by the Act to be included in the return together with:
- (a) a copy of the report of the auditor on the Society's accounts for the period included in the return; and
  - (b) a copy of each balance sheet made during that period and of the report of the auditor on that balance sheet.
91. The Society shall on demand supply free of charge to any member, or to any person with an interest in the funds of the Society, a copy of the latest annual return together with a copy of the auditor's report on the accounts and balance sheet contained in the return.

#### **PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER**

92. Upon a claim being made by the personal representative of a deceased member or the trustee in bankruptcy of a bankrupt member to any property in the Society belonging to the deceased or bankrupt member, the Society shall transfer or pay such property to which the personal representative or trustee in bankruptcy has become entitled as the personal representative or trustee in bankruptcy may direct them.
93. A member may in accordance with the Act nominate any individual or individuals to whom any of her/his property in the Society at the time of her/his death shall be transferred, but such nomination shall only be valid to the extent of the amount for the time being allowed in the Act. On receiving a satisfactory proof of death of a member who has made a nomination the Society shall, in accordance with the Act, either transfer or pay the full value of the property comprised in the nomination to the person entitled thereunder.

#### **APPLICATION OF PROFITS**

94. The net profits and property of the Society shall be applied as follows at the discretion of the Directors:-
- (a) in paying interest on members' share capital by the issue of shares at such rate as may be determined by the Directors from time to time, but not exceeding the minimum rate necessary in the opinion of the Directors to obtain and retain the capital required to carry out the objects of the Society;
  - (b) in setting aside to a reserve fund such amount, if any, as the Directors may decide to be applied in meeting any contingency affecting the activities of the Society;
  - (c) in setting aside to an education fund such amount, if any, as the Directors may decide for the purposes of promoting education related to the objects to the Society;
  - (d) in setting aside to a common fund such amount, if any, as the Directors may decide to be used for such charitable purposes as the Directors shall from time to time determine.

Any profits not so applied shall be carried forward.

#### **INVESTMENT OF FUNDS**

95. The Society may invest any part of its funds in the manner set out in Section 31 of the Industrial and Provident Societies Act 1965.

#### **SECRETARY**

96. The Directors shall appoint a Secretary of the Society upon such conditions as they think fit; and any Secretary so appointed may be removed by them.

#### **SEAL**

97. The Society shall have a seal kept in the custody of the Secretary and used only by the authority of the Directors. Sealing shall be attested by the signature of two Directors or of one Director and the Secretary for the time being.

#### **INDEMNITY**

98. Without prejudice to any indemnity to which Directors may otherwise be entitled, any Director or other officer or auditor of the Society shall be indemnified out of the assets of the Society against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Society.

#### **REGULATIONS**

99. The Society in General Meeting or the Directors may from time to time make, adopt and amend such regulations in the form of bye-laws, standing orders, secondary rules or otherwise as they may think fit for the management, conduct and regulation of the affairs of the Society and the proceedings and powers of the Directors and sub-committees. No regulation shall be made which is inconsistent with these Rules or the Act. All members of the Society and the Directors shall be bound by such regulations whether or not they have received a copy of them.

#### **DISSOLUTION**

100. The Society may be dissolved:

- (a) by winding up in manner provided by the Act; or
- (b) by an instrument of dissolution signed by three-fourths of the members for the time being, in the form prescribed by Treasury Regulation;

provided that after the satisfaction of all its debts and liabilities and the repayment of the share capital together with any interest due thereon, the remaining property of the Society shall not be distributed amongst the members of the Society, but shall be transferred in the furtherance of the Society's object to some other institution or institutions having objects similar to or compatible with the objects of the Society, or insofar as the property is not transferred, shall be held for charitable purposes.

#### **DISPUTES**

101. In the event of a dispute between the Society or its Directors and a member of the Society or a former member, such dispute shall be referred to an independent arbitrator whose appointment is acceptable to both parties to the dispute. The decision of such an arbitrator shall be binding. In the event that a dispute cannot, for whatever reason, be concluded by reference to an arbitrator, the matter may be referred to the County Court (or in Scotland, to the Sheriff).

#### **DEFINITIONS**

102. In these Rules, including this Rule, except where the context otherwise requires:-

"the Act" means the Industrial and Provident Societies Act 1965 including any statutory modification or re-enactment thereof for the time being in force

"the 1968 Act" means the Friendly and Industrial and Provident Societies act 1968 including any statutory modification or re-enactment thereof for the time being in force

"the Companies Act" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force

"the Banking Acts" means the Banking Act 1987 including any statutory modification or re-enactment thereof for the time being in force

"Society" means any society registered under the Act

"person" includes any body corporate

"Registrar" has the same meaning as in the Act

"these Rules" or "the Rules" means the registered rules for the time being of the Society

"ordinary resolution" means a resolution of the Society passed by a simple majority of votes

"Secretary" means the Secretary of the Society or any other person appointed to perform the duties of the Secretary of the Society, including a joint, assistant or deputy Secretary

"clear days" in relation to the period of a notice means that period excluding that day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect

"Treasury Regulations" means the regulations for the time being in force made by the Treasury under the Act.

"In writing" shall be taken to include references to writing, printing, photocopying and other methods of representing or reproducing words in a visible form.

Words importing the singular or plural include the plural or singular respectively, and words importing any of the neuter or masculine or feminine gender shall include any of the feminine or masculine or neuter respectively. The headings do not form part of these Rules and shall be disregarded in its construction or interpretation. ”