

The attached model rules sponsored by **Co-operatives UK & Confederation of Co-operative Housing** described as:

Co-op UK, CCH and WCC Housing Co-operative Model 2019

is confirmed as acceptable for use, for the time being, as a model set of rules under Co-operative and Community Benefit Societies Act 2014, for a Co-operative Society.

Date: **18 December 2019**





OPEN SOURCE COPYRIGHT STATEMENT

These model rules are jointly copyright to and the intellectual property of Co-operative UK, the Confederation of Co-operative Housing and the Wales Co-operative Centre.

They may be used as model rules freely and without charge by any not-for-profit group of persons wishing to establish a housing co-operative that is governed by a General Meeting of its members but may not be used or photocopied or otherwise reproduced either in part or in full for commercial gain without the express written permission of the copyright holders, application for which should be made to Co-operatives UK and for which a fee may be charged.

Not for profit groups wishing to establish a housing co-operative that is governed by a General Meeting of its members using these model rules should do so through Co-operatives UK which is recognised by the Financial Conduct Authority as a sponsoring body. It should be noted that in this model, where a co-operative is managed only through General Meetings, then all members are Directors of the co-operative and are jointly responsible for the decisions taken in any General Meeting.

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Version: Housing Co-operative (General Meeting Governed) Model

Co-operative and Community Benefit Societies Act 2014

Rules of

.....

NAME AND STATUS

- 1 The name of the Co-operative shall be
..... Co-operative Limited [the "Co-operative"].
- 2 The Co-operative is registered as a co-operative under the provisions of the Co-operative and Community Benefit Societies Act ["the Act"]

OBJECTS

- 3 The objects of the Co-operative shall be:
 - (a) the provision, construction, conversion, improvement, or management on not for profit Co-operative Principles as set out in the Appendix 1 to these rules [the "Co-operative Principles"] of housing exclusively for occupation by Members of the Co-operative under the terms of an Occupancy Agreement granted to them by the Co-operative solely or jointly with another Member or Members which shall:
 - (i) exclude any right to dispose of or assign the Occupancy Agreement to any person other than, with the prior written consent of the Co-operative, to a person who is a Member or Prospective Member of the Co-operative; and
 - (ii) require the Member to surrender the Occupancy Agreement to the Co-operative or, at the Co-operative's direction, to a Member or Prospective Member of the Co-operative on ceasing to be a Member; and/or
 - (b) the provision and improvement on not for profit Co-operative Principles of land, buildings, amenities, or services for the benefit of the Members, either exclusively or in conjunction with other persons; and/or
 - (c) the provision of housing management services to Members of the Co-operative which is subject to a Management Agreement under which the Co-operative acts as managing agent for the Housing Owner which remains the landlord; and/or

(d) the promotion of the sustainable not for profit social, environmental and economic development of the Co-operative and the community of which the Co-operative is part; and/or

(e) the provision of support and assistance to other organisations with like objects or whose objects are to provide support and/or assistance in the finance, development, management, promotion, education or administration of housing co-operatives or the promotion of the application of the Co-operative Principles to other areas of social, economic and environmental sustainability.

POWERS

4 The Co-operative shall have the power to do anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve its objects, except as expressly prohibited in these rules.

COMMITMENT TO DIVERSITY, EQUALITY AND RESPECT

5 In fulfilment of its commitment to apply the 1st Co-operative Principle to achieving its objectives the Co-operative shall actively seek to eliminate discrimination, ensure equality of opportunity, value the diversity of human society and treat every individual with dignity and respect. No Member or person or groups of people wishing to become Members or to use the services provided by the Co-operative shall be treated less favourably because of any matter which causes them to be treated unfairly or with injustice. The Co-operative shall maintain and implement an equality and diversity policy which complies with all relevant legislation and accords with current equality and diversity codes and best practice.

TRADING

6 The Co-operative shall not trade for profit and any surplus shall only be used to further the Co-operative's objects and/or in accordance with these rules and the Co-operative Principles.

NON-SUBSIDIARY STATUS

7 In accordance with the 4th Co-operative Principle, the Co-operative is not a subsidiary of another organisation and may not become a subsidiary of another organisation.

REGISTERED OFFICE AND NAME

8 The Co-operative's registered office is:
Notice of any change of address of the registered office shall be sent to the Registrar within fourteen days of such change or within such other time as may be required by the Registrar.

- 9 The Co-operative's registered name must:
 - 9.1 be placed prominently outside every office or place of business; and
 - 9.2 be engraved on its seal (if any); and
 - 9.3 be stated on its business letters, notices, advertisements, official publications, cheques, invoices, website and any other formal corporate communication whether electronic or otherwise.

SHARE CAPITAL AND MEMBERSHIP

- 10 The share capital of the Co-operative shall be raised by the issue of shares. Each share has the nominal value of £1. A share shall be issued to each Member upon admission to membership of the Co-operative. The total shareholding cannot exceed the maximum that the law allows. A Member of the Co-operative shall be a person who holds a share in the Co-operative and whose name is entered in the register of Members. Shares shall not be withdrawable or transferable, and shall carry no right to interest, dividend or bonus. When a Member ceases to be a Member or is expelled from the Co-operative, his or her share shall be cancelled. The amount paid up shall become the property of the Co-operative.
- 11 The register of Members shall include the name and address of each Member. It shall be the responsibility of the Member to advise the Co-operative of any change to his or her address. Any requirement in the Act or in these rules that a notice be served on the Member shall be satisfied if notice has been delivered to the address recorded in the register of Members. Each notice or communication sent by the Co-operative to a Member by post addressed to the Member at the address for that Member in the register of Members shall be deemed to have been duly served on the Member 48 hours after having been posted and any sent to the Member by Electronic Means shall be deemed to have been served when received provided that is in a readable form.
- 12 Every Member shall take up and hold only one share in the Co-operative. Shares shall not be held jointly.

APPLICATION FOR MEMBERSHIP

- 13 Membership of the Co-operative shall be open to the initial subscribers to these rules. The membership of initial subscribers shall be terminated at the Co-operative's first General Meeting, save that initial subscribers who are entitled to membership under the provisions of these rules shall remain Members.
- 14 The Co-operative may within its absolute discretion and in accordance with the procedure which may be laid down from time to time by the Co-operative in General Meeting admit or refuse to admit any person to membership of the Co-operative save that such person must be a Dwellingholder of a Dwelling which is owned or managed by the housing co-operative.

- 15 Every application for membership shall be made in writing to the Co-operative at the registered office of the Co-operative. A General Meeting shall consider any membership application and, if it is approved, the applicant shall be required to forward the sum of £1. On receipt of such sum by the Co-operative, the name and other necessary particulars of the applicant shall be entered into the register of Members as a Member. One share certificate shall be issued to the applicant. The General Meeting has the power in its absolute discretion to accept or reject the application.
- 16 A person shall not be admitted to membership if s/he is under the age of 18 years.

MEMBER COMMITMENT

- 17 All Members agree to endeavour to attend General Meetings in person or by proxy and take an active interest in the operation and development of the Co-operative and its business. Members have a duty to respect the confidential nature of the business decisions of the Co-operative.
- 18 In accordance with the Co-operative Principle of education, training and information, the Co-operative shall provide Prospective Members with information about what the role of a Member is within the Co-operative and will provide training in the skills required to be a Member and to participate in the operation of the Co-operative.
- 19 The Co-operative shall provide ongoing education and training in Co-operative Values and Principles and associated topics. The Co-operative shall support its Members by ensuring that General Meetings are accessible and encourage participation.

TERMINATION OF MEMBERSHIP

- 20 A Member shall cease to be a Member if:
- (a) they die; or
 - (b) the Member resigns by giving one month's notice in writing to the Secretary of his/her intention to resign; or
 - (c) they are expelled from membership by a General Meeting in accordance with the rules titled 'Expulsion from Membership' within these rules; or
 - (d) the Member ceases to satisfy the definition of a Dwellingholder which is owned or managed by the housing co-operative; or

- (e) they are, in the opinion of two-thirds of Members present and voting at a General Meeting, in material or serious breach of their Occupancy Agreement; or
 - (f) they do not attend in person or appoint a proxy in respect of, nor deliver written apologies in advance for two consecutive General Meetings of the Co-operative.
- 21 The date on which any Member ceases to be a Member shall be entered in the register of Members.

EXPULSION FROM MEMBERSHIP

- 22 Where the Co-operative is in receipt of a complaint against a Member pertaining to their conduct potentially being detrimental to the interest of the Co-operative, that Member may be expelled by a resolution carried by the votes of two-thirds of the Members present and voting at a General Meeting of the Co-operative of which due notice has been given and provided that the following rules apply to the process:
- (a) the Co-operative must give the Member at least one month's notice in writing of the General Meeting. The notice to the Member must set out the particulars of the complaint of conduct detrimental to the Co-operative and must request the Member attend the meeting and answer the complaint;
 - (b) at the General Meeting called for this purpose, the Members present shall consider the evidence in support of the complaint and such evidence as the Member facing expulsion may wish to place before them (if any). The meeting may take place even if the Member does not attend;
 - (c) if a resolution to expel the Member is passed in accordance with this rule, the Member shall immediately cease to be a Member of the Co-operative.
- 23 No person who has been expelled from membership shall be readmitted except by a resolution by the votes of at least two-thirds of the Members present and voting at a General Meeting of which due notice has been given.

DEATH OR BANKRUPTCY OF A MEMBER

- 24 A member may, in accordance with the Act, nominate a person or persons to whom any of their property held by the Co-operative, other than share capital, shall be transferred at their death.
- 25 Upon a claim being made to any property held by the Co-operative by the personal representatives of a deceased Member or the trustees in bankruptcy of a bankrupt Member, the Co-operative shall, in the absence of a registered nominee, on receiving

satisfactory proof of the death of the Member who has made a nomination or satisfactory proof of bankruptcy, pay or transfer any property to which the representative or trustee has become entitled.

GOVERNANCE

- 26 Governance of the Co-operative shall take place by General Meeting only; such meetings shall be either an annual General Meeting or an ordinary General Meeting. The committee of management for the purposes of part 14 of the Act is the members in general meeting. There shall be no power under these Rules to establish a separate committee of management.

CONVENING GENERAL MEETINGS

- 27 Each General Meeting shall be convened by the Secretary by at least seven clear days' written notice posted to or delivered by hand or sent by Electronic Means to every Member at the address (which may include an address provided by the Member to the Co-operative for the receipt of correspondence from the Co-operative by Electronic Means) given in the register of Members. Two-thirds of Members may agree, in writing or by confirming through Electronic Means, to a General Meeting being held with less than seven clear days' notice.
- 28 Each notice convening a General Meeting shall state the date, time and place of the meeting and the business to be transacted at the meeting.
- 29 Proceedings at a General Meeting shall not be invalidated by reason of accidental omission to send notice of the meeting to a Member, or by non-receipt of such notice by a Member.
- 30 Each Member shall be entitled to attend and vote at a General Meeting on production of such evidence of membership as may be specified in the notice of the meeting.
- 31 The time, date and place of each General Meeting shall be determined by the Secretary. However, if the Secretary fails to convene a General Meeting having been served with a Members' requisition to do so under the rules titled 'Provisions applicable to convening ordinary General Meetings,' the date and place of that meeting shall be determined by the Members convening the meeting.

PROVISIONS APPLICABLE TO ANNUAL GENERAL MEETINGS

- 32 An annual General Meeting shall be held within six months of the end of each financial year of the Co-operative or such later date as may be permitted by law.
- 33 The functions of the annual General Meeting shall be to:

- (a) receive the accounts and balance sheet together with the auditor's report (if one is required by law) for the preceding financial year; and
- (b) receive a report by the Secretary on the state of affairs of the Co-operative; and
- (c) decide the frequency of ordinary General Meetings to be held during the coming year; and
- (d) appoint the auditor (if required by law) or organise the alternative arrangements for the review of the Co-operative's affairs;
- (e) consider any other resolutions relating to the business of the Co-operative which have been included in the notice convening the meeting.

PROVISIONS APPLICABLE TO ORDINARY GENERAL MEETINGS

- 34 Ordinary General Meetings shall be held at such times as may be decided by the Co-operative at its annual General Meeting or convened as provided for in under the rules titled 'Provisions applicable to convening ordinary General Meetings'.
- 35 The functions of ordinary General Meetings shall be to:
- (a) receive reports on the state of affairs of the Co-operative which the Co-operative may from time to time in General Meeting determine should be considered; and/or
 - (b) consider any business which the Secretary considers to be a policy matter that should be referred to the Members in General Meeting for decision; and/or
 - (c) consider any other resolutions relating to the business of the Co-operative which have been included in the notice convening the meeting.

PROVISIONS APPLICABLE TO CONVENING ORDINARY GENERAL MEETINGS

- 36 An ordinary General Meeting shall be convened at such a time as may be decided by the Co-operative at its annual General Meeting, or upon a written requisition to the Secretary signed by not fewer than three Members of the Co-operative or one tenth of the Members of the Co-operative (to a maximum of 25), whichever shall be the greater number. Such requisition from Members shall state the business for which the meeting is to be convened.
- 37 The Secretary shall convene the meeting at the time required by the annual General Meeting or, if the General Meeting is a meeting requisitioned by Members, the meeting shall be convened by the Secretary within seven clear days of receipt of the

requisition and the date of the meeting shall be within 28 clear days of the date of receipt by the Secretary of the requisition from Members.

- 38 In the event of the Secretary's failing to convene an ordinary General Meeting requisitioned by Members, the requisitioners may themselves give notice of and convene the meeting and any reasonable expenditure incurred by them in convening the meeting shall be reimbursed to them by the Co-operative.
- 39 The only business which shall be transacted at an ordinary General Meeting is that mentioned in the notice convening the meeting.

QUORUM FOR GENERAL MEETINGS

- 40 No business shall be transacted at any General Meeting unless a quorum of Members is present [either in person or by telephone, video conferencing or by other communications equipment such that the person can hear, comment and vote on proceedings] at the time the meeting proceeds to business. A quorum is one tenth of all Members, with a minimum number of three and a maximum number of 25 Members [present in person, or by proxy].
- 41 If no quorum is present within half an hour of the time appointed for the meeting, the meeting shall stand adjourned until reconvened in accordance with the provisions of the rule titled 'Adjourning General Meetings.'

ADJOURNING GENERAL MEETINGS

- 42 The chair of the meeting may, with the consent of a majority of the members present evidenced by a show of hands or a secret ballot, adjourn any meeting but no business shall be transacted at any adjourned meeting other than the business not received or left unfinished at the meeting from which the adjournment took place.
- 43 If no quorum is present within half an hour of the time appointed for the meeting, the Secretary shall make such arrangements as may be necessary for the adjourned meeting to be reconvened within ten clear days of the original date of meeting. The place, date and time at which such an adjourned meeting shall be reconvened shall be communicated to each Member by notice in writing (which includes Electronic Communication), such notice being duly served not less than 48 hours before the time at which the reconvened meeting shall commence.
- 44 Every adjourned meeting shall be deemed a continuation of the original meeting and any resolution passed at the adjourned meeting shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

- 45 If at an adjourned meeting a quorum is not present within half an hour of the time appointed for the meeting, the Members present shall be a quorum.
- 46 If the meeting is an ordinary General Meeting convened on receipt of a written requisition from Members and no quorum is present within half an hour of the time appointed for the meeting then the meeting shall not be adjourned and the business for which the meeting was called shall not be considered unless it is included in the notice by which another General Meeting is convened in accordance with these rules.

PROCEEDINGS AT GENERAL MEETINGS

- 47 Conduct of General Meetings shall be in accordance with such standing orders as may from time to time exist, subject to, and in so far as any such standing orders do not conflict with these rules.
- 48 At all General Meetings of the Co-operative the Members present at the meeting shall elect a Member from among themselves to chair the meeting.

VOTING AT GENERAL MEETINGS

- 49 Every Member present in person at a General Meeting shall have one vote. Except where otherwise specified in these rules or otherwise required by the Act, resolutions at General Meetings shall be decided by a majority vote of Members present and voting or voting by proxy. At any General Meeting, no member may act as a proxy voter for more than two other Members.
- 50 A Member may exercise his or her vote at a General Meeting by proxy by nominating another Member to cast his or her vote at the meeting on his or her behalf. Such nomination must be:
- (a) in writing; and
 - (b) give the name and address of the Member authorised to exercise the proxy vote; and
 - (c) be signed by the nominating Member; and
 - (d) be delivered to the Secretary which may be by way of Electronic Means, no later than three clear days before the date of the meeting.
- 51 Votes shall be taken openly by a show of hands from Members present and by the raising of a copy of a duly signed proxy voting form by Members voting by proxy on behalf of absent Members unless, before a resolution is put to the vote, a secret ballot is demanded by at least three of the Members present at the meeting. Voting shall be conducted under the direction of the chair in accordance with such standing

orders as may have been agreed by the Co-operative in a General Meeting. A resolution on which voting is tied shall be determined to have been rejected.

- 52 Any question as to the acceptability of any votes shall be determined by the chair. The chair's decision as to the acceptability of any votes shall be final unless a Member challenges the decision of the chair. If a challenge is made to the chair's decision about the acceptability of any vote the matter shall immediately be put to the meeting and the acceptability or unacceptability of the chair's decision shall be decided by majority vote for or against the chair's decision on a show of hands by those Members present. Proxy votes shall not be counted in deciding the acceptability or unacceptability of the chair's decision.

SECRETARY

- 53 The Co-operative shall have a Secretary who shall be appointed by the Co-operative and who may be a Member. The Secretary shall ensure that:
- (a) meetings are properly called; and
 - (b) the names of those present are recorded; and
 - (c) minutes of meetings are kept; and
 - (d) the register of Members is maintained; and
 - (e) the use of the Co-operative's official seal (or the execution of documents as if under seal) is properly recorded; and
 - (f) all returns required to be made to the Registrar are sent; and
 - (g) they carry out any other duties clearly set out in writing and agreed by the Co-operative.

SECURITY BY MEMBERS AND INDEMNITY

- 54 The Co-operative shall require every Member or employee having receipt or charge of money to provide to the Co-operative an assurance of their honesty and integrity. This shall be done by the Member or employee becoming either bound with or without a surety as the Co-operative may determine in a bond according to one of the forms set out in Schedule 1 of the Act or to give the security of a society or insurer of repute in such sum as the Co-operative shall direct, commonly called 'fidelity guarantee insurance'. Every Member or employee having receipt or charge of money shall, when required to do so by the Co-operative in General Meeting, give a just and true account of all monies received by him or her on account of the Co-operative and

shall, as and when required to do so, pay all sums due from him or her to the Co-operative.

- 55 Every Member shall be indemnified by the Co-operative against all costs, losses and expenses which he or she may reasonably incur in the discharge of his or her duties including travelling and other out of pocket expenses and the amount for which such indemnity is provided shall immediately attach as a charge on the property of the Co-operative.
- 56 Except for the consequences of their own dishonesty or gross negligence no Member shall be liable for any losses suffered by the Co-operative.

BORROWING

- 57 Subject to the provisions within the Act, the Co-operative shall have the power to borrow money on such terms up to a limit of £.....
- 58 The Co-operative shall not have power to receive money on deposit in any way nor undertake any other activity that would require authorisation under the Financial Services and Markets Act 2000 as amended or re-enacted from time to time or any other authority required by statute unless it has such authorisation.
- 59 The Co-operative may receive donations towards the work of the Co-operative from any lawful source which the Co-operative considers does not compromise the Co-operative's ethical commitment to the Co-operative Principles and Values.

LOAN STOCK

- 60 The Co-operative may borrow by calling on Members and non-Members to subscribe to loan stock.
- 61 Loan stock shall be withdrawable only in accordance with the provisions of Rule 62.
- 62 Subject to clauses (c) and (d) below, loan stock may be withdrawn upon giving 13 weeks' notice to the Co-operative, provided that:
- (a) all withdrawals shall be paid in the order in which the notices were received by the Co-operative;
 - (b) the Co-operative may waive any notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit;

- (c) except by consent of the General Meeting not more than 1/10 of the issued loan stock at 1st January in each year, including all sums under notice of withdrawal at that date, shall be withdrawable during the ensuing year;
- (d) the right to withdraw may be suspended by the General Meeting 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 resolution suspending the right to withdraw is passed by the General Meeting. Where the suspension is for a fixed period, such period may be extended from time to time by the General Meeting;
- (e) during any period when the right of withdrawal has been suspended under clause (d), the loan stock of a deceased member or non-member may, at the discretion of the General Meeting, be withdrawn by his or her personal representative upon giving such notice as the General Meeting may require and subject, as regards the amount payable on withdrawal, to such deduction as the General Meeting may from time to time decide;
- (f) except where otherwise provided in these rules, the amount to be paid on withdrawal shall be the amount credited on the loan stock to be withdrawn.

63 The Co-operative shall have a lien on the loan stock of a Member for any debt due to it by the Member and may set off any sum standing to the Member's credit including any loan money, interest and dividends in or towards the payment of such debt.

INVESTMENT

64 The funds of or monies borrowed by the Co-operative may be invested in accordance with section 27 of the Act and in any freehold, or leasehold property whatsoever in the United Kingdom.

65 The Co-operative may, to the extent permitted by the law for the time being in force, delegate in writing to a suitable person the exercise of the management or investment of the property for the time being forming part of the property of the Co-operative. A suitable person shall be a person whom the Co-operative reasonably believes to be qualified by ability and experience in the matters delegated, and who is an exempted person for the purposes of Part I of the Financial Services and Markets Act 2000 as amended or re-enacted from time to time.

66 The Co-operative may appoint any Member or Members to vote on its behalf at meetings of any other body corporate in which the Co-operative has invested any part of its funds.

BAN ON PAYMENTS OF PROFIT TO MEMBERS

- 67 No portion of the income or the property of the Co-operative shall be transferred either directly or indirectly by way of bonus or otherwise by way of profit, to Members of the Co-operative.

SURPLUSES

- 68 The Co-operative may apply any surpluses towards furthering the objects of the Co-operative and/or in accordance with these rules.
- 69 A General Meeting may set aside any part of the surpluses arising in any year to be donated or loaned for any purposes determined by the Members in General Meeting.
- 70 Any surpluses not applied or set aside shall be carried forward.

AUDIT

- 71 The Co-operative, if required to do so by law, shall appoint in each financial year an auditor to whom the accounts of the Co-operative for that year shall be submitted for audit as required by the Act. They must be qualified as provided by Section 91 of the Act. The auditor shall have all such rights in relation to notice of and audience at General Meetings, access to books, the supply of information and otherwise as are provided by the Act. The first appointment of an auditor shall be made within 3 months of the registration of the Co-operative at an ordinary General Meeting. Thereafter, every appointment of an auditor shall be made by resolution of the Co-operative at the annual General Meeting.
- 72 In accordance with section 84 of the Act, the Co-operative 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 for statutory exemption from the need to appoint qualified auditors.
- 73 The Members of the Co-operative shall, in General Meeting, vote every year to allow the Co-operative to apply any audit exemption permitted by statute. Such a resolution shall not be considered to have been passed if more than 20% of the total number of votes cast are against the resolution and if more than 10% of the Members of the Co-operative cast their votes against the resolution.
- 74 If lay auditors are appointed to carry out an audit they shall be chosen from the general membership and/or others.
- 75 If the membership vote for unaudited accounts and these are permitted by statute, the Co-operative's income/expenditure ledger shall be scrutinised by the Secretary and signed, as a true record, by the Secretary and two Members or such other

number as may be required by legislation. An income/expenditure report will be prepared to present to the Co-operative's Members at each annual General Meeting.

- 76 No persons prohibited under section 92 of the Act shall be appointed as auditor of the Co-operative.
- 77 Where an auditor is appointed to audit the accounts for the preceding year, they shall be re-appointed to audit the current years as well unless:
- (a) a General Meeting has appointed someone else to act or has resolved that the auditor cannot act; or
 - (b) the auditor has given to the Co-operative notice in writing that the auditor is unwilling to be re-appointed; or
 - (c) the auditor is not a qualified auditor or is prohibited from appointment as auditor of the Co-operative; or
 - (d) the auditor has ceased to act as auditor of the Co-operative by reason of incapacity; or
 - (e) if the Co-operative has given notice in writing to the auditor of its intention to tender the audit in order to comply with guidance on audit best practice;

provided that a retiring auditor shall not be automatically re-appointed if notice of an intended resolution to appoint another person in that auditor's place has been given in accordance with this rule and the resolution cannot be proceeded with because of the death or incapacity of that other person or because that other person is not a qualified auditor or is prohibited from appointment as auditor.

- 78 A resolution at a General Meeting of the Co-operative appointing another person as auditor in place of a retiring auditor or providing expressly that a retiring auditor shall not be re-appointed shall not be effective unless notice of the intention to move it has been given to the Co-operative not less than 28 clear days before the meeting at which it is to be moved. On receipt by the Co-operative of notice of such an intended resolution the Co-operative shall immediately send a copy of the notice to the retiring auditor. If it is practical to do so the Co-operative shall give notice to its members of the intended resolution at the same time and in the same manner as it gives notice in accordance with these rules of the meeting at which the resolution is to be moved. Where the retiring auditor makes any representations in writing to the Co-operative with respect to the intended resolution or notifies the Co-operative that s/he intends to make such representations, the Co-operative shall notify the members accordingly as required under section 95 of the Act.

ACCOUNTS

- 79 The Co-operative shall keep proper books and other records of account with respect to all its financial transactions and to its assets and liabilities in accordance with the requirements of sections 75 and 76 of the Act and shall establish and maintain a satisfactory system of control of its accounting records, its cash holdings and all its receipts and payments.
- 80 Unless the Co-operative is entitled to and has applied the exemption to appoint a qualified auditor the Co-operative shall ensure that the Co-operative's accounts and balance sheet are submitted for audit to the Co-operative's auditor and the auditor shall in accordance with the requirements of the Act make a report to the Co-operative on the accounts examined by the auditor and on the revenue account or accounts and the balance sheet for the year of account in respect of which the auditor has been appointed.

ANNUAL RETURNS

- 81 Every year, within the time period specified by legislation, the Secretary shall send to the Registrar the Co-operative's annual return. The return shall be prepared in accordance with the period specified in the Act, or such other date allowed by the Registrar and shall be lodged within the period required by law. The annual return shall be accompanied by the auditor's report, if required, for the period of the return and the accounts and balance sheets to which it refers.
- 82 The Co-operative shall supply free of charge to every Member or person interested in the funds of the Co-operative on application a copy of the latest annual return of the Co-operative together with a copy of the accounts and balance sheet and the report of the auditor (if any) contained in the return and on the accounts and balance sheet.
- 83 The Co-operative shall keep a copy of the latest balance sheet for the time being and auditor's report (if any) displayed at all times at its registered office.

INSPECTION OF BOOKS

- 84 Any Member or person having an interest in the funds of the Co-operative shall be allowed to inspect his or her own account and the books containing the names of the members, including the details contained in the duplicate register of Members between the hours of 9.30am and 5.30pm on any day excepting Saturdays, Sundays and Bank Holidays or at any other place where the same records are kept, subject to this right of inspection being carried out in accordance with the arrangements for inspection of records as may be made from time to time by the Co-operative in General Meeting. If the Member or person wishing to carry out such an inspection is reasonably unable to do so between the times stated above, the Co-operative shall make alternative arrangements for the inspection if it is reasonably practical to do so.

MINUTES AND RECORDS

- 85 Minutes of every General Meeting shall be kept and presented for approval as an accurate record at the next respective meeting and signed by the chair of the meeting at which they are presented and approved. All minutes signed as an accurate record shall, subject to any amendments which may be recorded in the following meeting, be conclusive evidence of any facts stated in the minutes or decisions made at the meeting the minutes record.

REGISTER OF MEMBERS

- 86 The Co-operative shall keep at its registered office a register of Members in which the Secretary shall enter or cause to be entered the following particulars;
- (a) the names, addresses and electronic addresses of the Members;
 - (b) a statement of the membership share held by each Member and the amount paid for the share;*
 - (c) a statement of other property in the Co-operative whether in loans or loan stock held by each Member;*
 - (d) the date at which each person was entered in the register as a Member, and the date at which any persons cease to be a Member.
- 87 The Co-operative shall also keep at its registered office a duplicate register of Members in which the Secretary shall enter all the particulars in the original register of Members omitting those details marked with an *(asterisk) set out in the rule immediately above this rule.
- 88 The inclusion or omission of the name of any person in or from the register of Members shall, in the absence of evidence to the contrary, be conclusive evidence that such person is or is not a Member of the Co-operative.

SEAL

- 89 If the Co-operative has a seal it shall be kept in the custody of the Secretary and used only by the authority of the Co-operative. Sealing shall be attested by the signatures of the two Members or the Secretary and one Member. If the Co-operative does not have a seal, a document which would have previously required to be sealed should be signed by two Members or the Secretary and one Member and accompanied by a written statement that the document has been executed by the Co-operative as if under common seal.

DISPUTES

- 90 Any dispute concerning matters governed by these rules between a Member, or any person aggrieved who has not for more than six months ceased to be a Member, and the Co-operative shall be considered in accordance with the Co-operative's disputes procedure agreed from time to time by the Co-operative in General Meeting. The Secretary shall, on request, provide any Member or person interested in the Co-operative with a copy of the Co-operative's current dispute procedure. Provided that any internal disputes procedure established by the Co-operative has been exhausted without the dispute being resolved, either party may request the dispute to be submitted to the County Court [or to the Sheriff's Court, if the Co-operative's registered office is in Scotland] whose decision shall be binding and conclusive, and application for the enforcement thereof may be made by either party to the County Court or to the Sheriff's Court, if the Co-operative's registered office is in Scotland.
- 91 The costs of referring the dispute to the County Court [or the Sheriff's Court, if the Co-operative's registered office is in Scotland] shall be borne as the County Court or the Sheriff's Court directs.

STATUTORY APPLICATIONS TO THE REGISTRAR

- 92 Any three Members each of whom has been a Member of the Co-operative for not less than twelve months immediately preceding the date of the application may apply to the Registrar in the form prescribed by the Act to appoint an accountant or actuary to inspect the books and other financial records of the Co-operative and to report on them.
- 93 One tenth of the whole number of Members, or if the number shall at any time exceed one thousand then one hundred Members, may apply to the Registrar in the form prescribed by the Act:
- (a) for the appointment of an inspector or inspectors to examine the affairs of the Co-operative and to report on the Co-operative's affairs; or
 - (b) for the calling of a General Meeting of the Co-operative.

COPIES OF THE RULES TO BE SUPPLIED

- 94 The Secretary shall provide a copy of these rules of the Co-operative to each Member free of charge and to any other person on demand on the payment of a charge to meet the reasonable cost of providing them but not exceeding any maximum charge as may from time to time be specified under the provisions of the Act.

AMENDMENT OF RULES

- 95 Any rule of the Co-operative contained in these rules may be rescinded or amended or a new rule may be made by a resolution carried by two thirds of the votes given on the resolution to amend these rules at any General Meeting of which notice has been given specifying the intention to propose such a rescission, amendment or new rule.
- 96 Application for the registration of every amendment of rules shall be made to the Registrar in the manner and form required by the Act as soon as practical after the General Meeting at which the decision to rescind or amend or make a new rule has been taken. Once an amendment has been registered, a copy of it shall be issued to every member and supplied with every copy of the rules issued after the amendment of rules has been registered. No amendment of rules is valid until registered by the Registrar. When submitting rule amendments for registration the Secretary may at his or her sole discretion accept any textual alterations to the wording of the amendment which do not change the substance or effect of the amendment that may be required or suggested by the Registrar without reference back to a further General Meeting of the Co-operative.
- 97 Any amendment to these rules, including a change of name or registered office, shall be notified by the Secretary of the Co-operative to the Registrar as soon as may be practicable after the amendment has been made together with a copy of the amendment made.

AMALGAMATION AND TRANSFER OF ENGAGEMENTS

- 98 The Co-operative may, by special resolution passed at a General Meeting in the manner prescribed in the Act, amalgamate with or transfer its engagements to any other co-operative [or community benefit society] that has similar objects and is registered under the Act.

DISSOLUTION

- 99 The Co-operative may enter into a company arrangement or administration provision as defined in section 118 of the Act.
- 100 The Co-operative may be dissolved in accordance with section 119 of the Act:
- (a) by an instrument of dissolution;
 - (b) in accordance with section 123 of the Act in pursuance of a winding up order or by a resolution made or passed as directed in regard to companies by the Insolvency Act 1986.

- 101 If on the winding up or dissolution of the Co-operative there remains after satisfaction of all its debts and liabilities, any assets or other property whatsoever, the assets or other property shall be disposed of by way of a gift to:
- (a) another Co-operative; or
 - (b) a Community Benefit Society having similar objects to the Co-operative; or
 - (c) a Credit Union; or
 - (d) a charity which has, among its objects, the provision of housing or relief of homelessness.
- 102 Such disposal shall be decided by a General Meeting of the Co-operative before dissolution. On the winding up or dissolution of the Co-operative, no Member shall receive any property or sum beyond:
- (a) the repayment of any investment in the Co-operative to which the Member is entitled and any interest due on such investment; and/or
 - (b) any payment to the Member provided for in the Member's Occupancy Agreement on the surrender of that Occupancy Agreement.

INTERPRETATION

- 103 Nothing in these rules overrides the provisions of the Act (as amended, rescinded or replaced), including the requirement for resolutions to be passed in accordance with statutory procedures set out therein.
- 104 In these rules, unless the subject matter or context is inconsistent with them, the following words and phrases shall have the following meanings:

words importing gender shall include the male and female genders;

words importing the singular or plural shall include the plural or singular respectively;

references to any provision in the Act shall include reference to such provision as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations made under such provision;

"address" means a postal address or, for the purposes of Electronic Means, a fax number, email address or telephone number for receiving text messages;

"the Act" refers to the Co-operative and Community Benefit Societies Act 2014;

"Co-operative Principles" refers to the Co-operative Principles and Values adopted at the Centennial Congress of the International Co-operative Alliance on 23rd September 1995, a copy of which are appended to these rules;

"Dwelling" means any residential unit which is either owned or managed by the Co-operative;

"Dwellingholder" means the person or persons to whom a tenancy or lease of a Dwelling has been granted or assigned;

"Electronic Means" shall have the meaning set out in section 148 of the Act;

"General Meeting" means any meeting of the Co-operative's Members;

"Housing Owner" means any individual or body corporate that is the freehold owner of housing which is subject to a management agreement under which the Co-operative acts as managing agent;

"Management Agreement" means a contract to manage Dwellings on behalf of a freeholder other than the Co-operative;

"Member" means any Dwellingholder admitted into membership under the provisions of rules 14 and 15;

"Occupancy Agreement" means a tenancy or lease issued by the Co-operative for a Dwelling;

"property" shall include all real and personal estate (including loan stock certificates, books and papers);

"Prospective Member" means any individual who has been either identified as an incoming tenant or leaseholder of a Dwelling;

"the Registrar" shall mean the Financial Conduct Authority or any statutory successor body to or any assignee of any or all of its relevant functions from time to time

"Secretary" means the officer appointed by the Co-operative to be the Secretary of the Co-operative;

"surpluses" shall mean any money remaining after the Co-operative's current expenses and obligations have been provided for and adequate allowance has been made for the Co-operative's reasonably foreseeable future requirements

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise

Signatures of Founder Members	Full Names of Founder Members in BLOCK CAPITALS (no initials)
1.	
2.	
3.	
Signature of Secretary	Full Name of Secretary in BLOCK CAPITALS (no initials)

CO-OPERATIVE PRINCIPLES

Co-operative Principles as defined by resolution of the Centennial Congress of the International Co-operative Alliance on 23 September 1995.

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

- [1] **Voluntary and Open Membership:** Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.
- [2] **Democratic Member Control:** Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Women and men serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights [one member, one vote] and co-operatives at other levels are also organised in a democratic manner.
- [3] **Member Economic Participation:** Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their co-operative, possibility by setting up reserves, part of which at least would be indivisible;

benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

- [4] **Autonomy and Independence:** Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensures democratic control by their members and maintain their co-operative autonomy.
- [5] **Education, Training and Information:** Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.
- [6] **Co-operation among Co-operatives:** Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.
- [7] **Concern for Community:** Co-operatives work for the sustainable development of their communities through policies approved by their members.