

Heart of England Co-operative
Society Limited

The Rule Book



Heart *of* England
Co-operative

we're at the heart of the community

www.heartofengland.coop

Reg. No 2399R

Rules of the

HEART OF ENGLAND

CO-OPERATIVE SOCIETY LIMITED

2015

Registered Office: 22 Abbey Street, Nuneaton, Warwickshire, CV11 5BU

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CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

Acknowledgement of registration of a rule amendment

The FCA today acknowledges the registration of the amendment of the attached rules under the Co-operative and Community Benefit Societies Act 2014 for:

Society name: **Heart of England Co-operative Society Limited**

Registration number: **2399R**

Date: **05 August 2015**

Co-operative and Community Benefit Societies Act 2014

Rules of

Heart of England Co-operative Society Limited

Reg no: 2399 R

NAME

1. The name of the Society is Heart of England Co-operative Society Limited and it is called “the Society” in these rules.

INTERPRETATIONS

2. In these Rules:

“Address” means postal address or, for the purposes of electronic communication, 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;

“Auditor” means a person eligible for appointment as a company auditor under Part 42 of the Companies Act 2006;

“the Board” means all those persons appointed to perform the duties of the directors of the Society;

“Board meeting” includes, except where inconsistent with any legal obligation a physical meeting, a meeting held by electronic means and a meeting held by telephone;

“Clear Days” in relation to the period of notice does not include the day on which the meeting is to be held and the day on which the notice is handed to someone or left at their Address, or the day on which it is sent, is in the process of being sent and is assumed to be delivered;

“Co-operative Values and Principles” & “Co-operative Principles” are those defined in the International Co-operative Alliance Statement of Co-operative Identity. The principles are those of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, co-operation among co-operatives and concern for the community. The values are self-help, self-responsibility, equality, equity and solidarity;

“Director” means a director of the Society and includes any person occupying the position of director, by whatever name called;

“Document” includes, unless otherwise stated, any document sent or supplied in electronic form;

“Electronic Means” shall include, for example, email, video links and secure authenticated website transactions;

“Employee” means anyone over the age of 16 holding a contract of employment with the Society;

“Member” has the meaning as detailed under ‘Membership’ in these rules;

“Office Holder” means a receiver, administrative receiver, liquidator, provisional liquidator or administrator of a Member of all or substantially all of the Member's assets;

“Officer” means Chief Executive, Secretary and members of the Management Executive;

“Partner” means in relation to another person, a member of the same household living together as a family unit;

“Person” means, unless the context requires otherwise, a natural person, unincorporated body, firm, partnership, corporate body or the nominee of an unincorporated body, firm, partnership or corporate body;

“Registrar” means the Financial Conduct Authority (FCA) or any body that succeeds to its function;

“Regulations” has the meaning as detailed under ‘Regulations’ in these rules;

“Rules” means these Rules;

“Secretary” means any person appointed to perform the duties of the Secretary of the Society;

“Society” means the above-named Society;

“Withdrawable” means shares with the associated right for the Member to withdraw and receive in return the value of their shares from the Society in accordance with the provisions of these Rules;

“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 by Electronic Means or otherwise.

PURPOSE

3. The purpose of the Co-operative is to carry out its function as a successful co-operative business and to abide by the internationally recognised co-operative values and principles of co-operative identity as defined by the International Co-operative Alliance.

VALUES AND PRINCIPLES

4. In conducting its affairs, the Society is committed to:
 - (a) following the Co-operative Values and Principles;
 - (b) respecting the rights and diversity of its Members, Employees, customers and people dealing with the Society, treating them fairly and not discriminating on any grounds;
 - (c) conducting its business in an ethical, open and honest way.
5. The net profits of the Society's business shall be used in accordance with the Co-operative Principles.
6. The Society may be a member of Co-operatives UK Limited.

OBJECTS

7. The objectives of the Society are, in accordance with its purpose:
 - (a) to carry on the business of dealing (on a retail or wholesale basis) in, producing, creating, supplying and providing, property, goods and services of all kinds, including engaging in, credit sale, rental and other services or credit transactions; and
 - (b) to engage, as principals or agents, in any other business, trade, industry or activity that directly or indirectly furthers the objects of the Society.

POWERS

8. The Society may do all such lawful things as may further the Society's objects and, in particular, may:
 - (a) purchase, hold, sell, mortgage, rent, lease or sub-lease lands of any tenure and to erect, pull down, repair, alter or otherwise deal with any building on those lands;
 - (b) enter into block discounting transactions;
 - (c) borrow money, mortgage or charge any of its property and issue debentures and other securities upon such terms and conditions as the Board thinks fit; provided that the Society's total borrowings shall not at

any time exceed 50% of the Society's revenue reserve stated in the Society's last published accounts, also:

- (i) the interest payable on advances, other than advances on bank overdraft and loans secured by mortgage or charge shall not exceed a rate equivalent to 3% per annum above The Bank of England base rate or 5% per annum whichever is the higher. In this rule "The Bank of England base rate" means The Bank of England's base rate at the time of making the advance, or at such time within the 2 years prior to the making of the advance or, in the case of an advance which is renewed after becoming repayable, within 2 years prior to its renewal (if renewed more than once) as the Board determines; and
 - (ii) charges or debentures may contain a fixed charge upon any property of the Society specified therein and/or a floating charge upon its undertaking and all its property and assets both present and future, and a separate register shall be kept of all such charges and debentures;
 - (d) establish a pension or superannuation scheme for the benefit of its Employees and pay contributions and enter into any contract or trust deed for this purpose;
 - (e) receive from any Persons whether Members or not, sums on deposit, not exceeding in total the amount permitted under the law applicable to registered societies for the time being in force, withdrawable on not less than two Clear Days' notice.
9. The capital of the Society may be invested in or upon any of the securities or shares specified in Section 27 of the Act, but not otherwise.

MEMBERS

10. The Society consists of its Members whose names are entered in the register of Members.
11. The Society may admit to membership any individual, corporate body or nominee of an unincorporated body, firm or partnership that buys goods and/or services from the Society and meets any additional criteria for membership.

APPLICATIONS FOR MEMBERSHIP

12. No natural person shall be admitted into membership of the Society unless they have attained the age of 16.
13. All those wishing to become a Member must support the objects of the Society and complete an application form, which shall include an application for the minimum number of shares in the Society.

14. A corporate body which is a Member shall by resolution of its governing body appoint a representative who may during the continuance of her/his appointment be entitled to exercise all such rights and powers as the corporate body would exercise as if it were an individual person. Each such corporate body Member shall supply notification in Writing to the Society of its choice of representative.
15. Any Member changing their address shall give notice to the Secretary, and the necessary alterations shall be made in the register of Members.
16. The Board has an absolute discretion to accept or refuse any membership application, does not have to give reasons for its decision, and may take into consideration (amongst other things) the applicant's likely participation in the Society's business and affairs, and their support of the Co-operative Values and Principles. The Board may delegate responsibility for deciding membership applications to the Secretary and, under their supervision, to other Employees. Any such decision shall be made in accordance with the Society's membership policy.
17. Where two or more people are joint Members, they may continue to be joint Members but no new joint memberships may be created.

TERMINATION OF MEMBERSHIP

18. A Member shall cease to be a Member of the Society immediately that they:
 - (a) are no longer eligible for membership; or
 - (b) fail to hold the minimum shareholding; or
 - (c) resign in Writing providing one month's notice to the Secretary, and withdraw their shares under these Rules; or
 - (d) are removed from the register of Members by the Secretary in accordance with the Maintenance of Register provisions in these rules; or
 - (e) are expelled from membership in accordance with these Rules; or
 - (f) die, if a natural person, are wound up or go into liquidation, if a corporate body.

EXPULSION FROM MEMBERSHIP

19. A Member may be expelled for conduct prejudicial to the Society by a resolution of the Board approved by not less than two-thirds of those attending and voting at a meeting. The following procedure is to be adopted:
 - (a) Any Member may complain to the Secretary that another Member has acted in a way detrimental to the interests of the Society.

- (b) If a complaint is made, the Board may itself consider the complaint having taken such steps as it considers appropriate to ensure that each Member's point of view is heard and may:
 - (i) dismiss the complaint and take no further action; or
 - (ii) suspend the Member for a period not exceeding twelve months; or
 - (iii) arrange for a resolution to expel the Member complained of to be considered at a future Board meeting.
- (c) If a resolution to expel a Member is to be considered at a Board meeting, details of the complaint must be sent to the Member complained of not less than one calendar month before the meeting with an invitation to answer the complaint and attend the Board meeting.
- (d) At the meeting, the Board will consider evidence in support of the complaint and such evidence as the Member complained of may wish to place before it.
- (e) If the Member complained of fails to attend the meeting without good reason the meeting may proceed in their absence.
- (f) A Person expelled from membership will cease to be a Member upon the declaration by the chair of the meeting that the resolution to expel them is carried.
- (g) The Society will pay to such Person the amount standing to their credit in their share account of the Society, together with any interest or dividend credited in respect of their shares, and cancel their shares.
- (h) No Person who has been expelled from membership is to be re-admitted as a Member except by a resolution carried by the votes of two-thirds of the votes cast at an ordinary Members' meeting.

SHARES

- 20. The shares of the Society shall be of the nominal value of £1. Shares can be withdrawn, but cannot be transferred except where permitted by these rules.
- 21. Every Member shall hold at least one fully paid up share, (the "minimum shareholding") and all shares shall be paid for in full on application.
- 22. The Society shall comply wherever possible with the Code on Withdrawable Share Capital.
- 23. The Society shall allot to Members when they are admitted the share or shares applied for, and subsequently shall allot any further share or shares applied for but nobody shall be allotted shares which will cause them to hold more than the maximum number of shares permitted by the Act.

24. A notice required by these Rules to be given in relation to any share or shares which are held jointly must be given to whichever joint Member the joint Members specify in Writing, and if they do not specify, to the joint Member whose name appears first in the register of Members. An application for the withdrawal of any shares or part of a share held jointly must be made by all the joint holders who alone shall be able to give a valid receipt for any share capital repaid.
25. On the death of a joint holder of any share, it shall be transferred into the name of the survivor or survivors on their application.
26. Where repayment is to be made in accordance with the preceding rule, reasonable notice shall be given to the Member stating the date on which repayment is to be made and no interest shall be payable on any amount so to be repaid after the date for repayment stated in the notice.
27. Interest shall not be calculated on or for any fraction of £1, nor part of a calendar month.
28. Subject to the other provisions of this rule and the minimum shareholding requirements under these Rules, shares may be withdrawn by Members by giving one week's 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) the Board may waive any notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as it considers fit;
 - (c) unless the Board agrees, not more than one-tenth of the paid up share capital as at 1st January in each calendar year (including all sums under notice of withdrawal at that date) shall be withdrawable during that calendar year;
 - (d) unless the Board agrees, no Member shall be entitled to withdraw during any calendar year more than one-tenth of their shareholding standing to their credit on 1st January in the calendar year in which the request to withdraw the shareholding is made unless the Member ceases to be a Member of the Society;
 - (e) the Board, at its sole discretion, 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 Board suspends the right to withdraw. Where the suspension is for a fixed period such period may be extended from time to time by the Board; and

- (f) during any period when the right of withdrawal has been suspended the shares of deceased Members may, if the Board agrees, be withdrawn by their personal representatives upon giving such notice as the Board may require and subject as regards the amount payable on withdrawal to such deduction on withdrawal as the Board may from time to time determine;
- (g) no interest shall be payable upon any share in respect of which a notice of withdrawal has been given in relation to any period after the date of the notice.

PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER

- 29. Upon a claim made by:
 - (a) a personal representative of a deceased Member; or
 - (b) the trustee in bankruptcy of a Member who is bankrupt; or
 - (c) the office holder to any property in the Society belonging to such a Member, the Society shall transfer or pay property to which the office holder has become entitled as the office holder may direct them; or
 - (d) the Society shall transfer or pay any property to which the Office Holder has become entitled as the Office Holder may direct them.
- 30. 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 individual or individuals entitled thereunder.

ORGANISATION

- 31. The Society comprises the following:
 - (a) Members;
 - (b) the Board;
 - (c) the Officers;
 - (d) the Secretary;
 - (e) Member Committees.
- 32. The affairs of the Society are to be conducted collectively by of them in order to fulfil the Society's objects and purpose. Their respective responsibilities and functions shall be performed in accordance with these Rules.

BOARD

33. The Board is accountable to its membership and for the long term success of the business of the Society.
34. The Board has the following responsibilities:
 - (a) to ensure that the Society's affairs are conducted in accordance with these Rules, the best interests of the Society and its Members and in accordance with the Co-operative Values and Principles;
 - (b) to determine the strategy and policy of the Society in consultation with the Officers;
 - (c) to determine the risk strategy of the Society and ensure that risk management is addressed;
 - (d) to oversee the work of the Officers in the day-to-day management of the business of the Society.
35. The Board has the following rights and powers:
 - (a) subject to the Act and these Rules, the Board:
 - (i) may exercise all the 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 at a Members' meeting;
 - (ii) determines the composition of the Management Executive;
 - (iii) appoints, removes and fixes the remuneration and terms of employment of the Chief Executive;
 - (iv) approves the appointment and removal by the Chief Executive of the Secretary and other Members of the Management Executive;
 - (v) may at any time call upon the Chief Executive, or the Secretary to report or obtain a report in Writing upon any matter in connection with or concerning the business of the Society;
 - (vi) determines from time to time those matters which require the approval of the Board;
 - (vii) approves the use of the Society's seal if it has one.

CHIEF EXECUTIVE AND MANAGEMENT EXECUTIVE

36. The Chief Executive and the Management Executive are responsible for conducting the day-to-day business of the Society and shall do so in accordance with these Rules.
37. The role of Members is to actively participate in the governance of the Society including attending Members' meetings, voting in elections, holding the Board to account for the performance of the Society and taking part in the affairs of the Society in the ways provided by these Rules.

SECRETARY

38. The functions of the Secretary include:
 - (a) acting as the Secretary to the Board;
 - (b) monitoring the conduct of the Society's affairs to ensure that they are conducted in accordance with these Rules;
 - (c) publishing to Members, in an appropriate form, information about the affairs of the Society;
 - (d) custody of the Society's seal, if it has one;
 - (e) acting as returning officer for elections;
 - (f) preparing and sending all returns required to be made to the Registrar; and
 - (g) making all necessary entries into all registers required to be kept by the Society by these rules or the Act.
39. The position of Secretary shall not be held by the person who currently holds the office of Chief Executive of the Society.

MEMBER COMMITTEES

40. The functions of Member Relations Committees (if any) are to encourage Member participation in the affairs of the Society, and any other role as determined by the Board from time to time.

MEETINGS

41. Meetings of the members of the Society are either ordinary meetings or special meetings.
42. In each year the Society shall hold the Annual Members Meeting, this shall be in the form of one ordinary members meeting or a combination of more than one and no more than four ordinary member meetings at such locations as the

Board shall determine. The Board may determine to call such other additional ordinary meetings as it thinks fit called Interim Members Meetings. All other meetings of the members of the Society are Special Members Meetings.

BUSINESS OF MEMBERS' MEETINGS

43. An ordinary meeting may transact the following business:
- (a) consideration of the accounts, balance sheet, and the reports of the Board and the auditor;
 - (b) the application of the Society's profits;
 - (c) the announcement of the election of Directors, the fixing of their remuneration and the election of the Member Relations Committees if any;
 - (d) the appointment of the auditor;
 - (e) any motion of which at least 21 Clear Days' notice in Writing has been given to the Secretary by a Member. The Board has the discretion not to include such a motion if in its and the Secretary's reasonable opinion:
 - (i) it seeks to intervene in the exercise of their powers under these Rules by the Board, the Management Executive, the Secretary or any authorised committee or sub-committee of the Society; or
 - (ii) the publicity for it would be likely to diminish substantially the confidence in the Society of investing members of the public; or
 - (iii) it seeks needless publicity for defamatory matters; or
 - (iv) it is submitted for frivolous or vexatious purposes; or
 - (v) it does not relate directly to the affairs of the Society; or
 - (vi) it is in substantially the same terms as any motion which has been defeated at any meeting of the Society held during the preceding two calendar years.

Any amendments to proposals appearing on the notice convening a meeting shall be submitted in writing to the registered office not less than 14 Clear Days before the date of the meeting.

SPECIAL MEMBERS' MEETING

44. Special Members' meetings shall be convened if special business is to be conducted. A special meeting shall not transact any business not specified in the notice convening it.
45. The following decisions may only be passed at a special Members' meeting:
 - (a) Any amendments to the Society's Rules;
 - (b) The decision to wind-up the Society;
 - (c) The decision to amalgamate with, or transfer its engagements to, or to convert to any other society or company.

CALLING MEMBERS' MEETINGS

46. The Secretary, at the request of the Board, shall convene an ordinary Members' meeting, the purpose of which shall be stated in the notice of the meeting.
47. Special Members meetings shall be convened by the Secretary, either on an order of the Board, or on a written requisition signed by 100 Members, save that a Members' requisition for a special Members' meeting at which a special resolution for amalgamation, transfer of engagements or conversion to a company is to be proposed shall be signed by at least 500 members. Special Members' meetings shall be held as soon as is reasonable after the receipt of the order or delivery of the requisition, at the place and time at which ordinary meetings are usually held, so far as is possible. A requisition must state the objects of the meeting and be delivered to the registered office.
48. If the Secretary has failed, within 21 calendar days of the delivery to the registered office of the written requisition, to convene a special Members' meeting, any of the requisitionists may convene a special Members' meeting by giving the notice provided for in these Rules and shall have a claim upon the Society for any costs properly incurred in giving such notice.
49. Members' meetings are to be held at the registered office and/or at such other place or places as the Board decides.

NOTICES

50. The Board shall call a Members' meeting giving twenty eight Clear Days' notice to all Members. All Members' meetings, except the annual Members' meeting, may be held at shorter notice if so agreed in Writing by 90% of the Members.
51. Notices of meetings shall either be given to Members personally or sent to them at their Address or by notices posted conspicuously in the registered

office and in all other places of business of the Society to which the Members have access and on the Society's website (if it has one).

52. A notice sent to a Member's Address shall be deemed to have been duly served 48 hours after it is sent. The accidental omission to send any notice to or the non-receipt of any notice by any Person entitled to receive notice shall not invalidate the proceedings at the meeting.
53. All notices shall specify the date, time and place of the meeting along with the general nature of business to be conducted, providing additional information if the business is deemed "special", and any proposed resolutions.

AUDITOR ATTENDING MEMBERS' MEETINGS

54. If the Society has appointed an Auditor in accordance with these Rules they shall be entitled to attend Members' meetings of the Society and to receive all notices of and communications relating to any Members' 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.

ATTENDING AND VOTING AT MEMBERS' MEETINGS

55. A Member is able to exercise the right to speak at a Members' meeting and is deemed to be in attendance when that Person is in a position to communicate with all those attending the meeting. The Board may make all reasonable efforts it considers appropriate to enable those attending a Members' meeting to exercise their rights to speak or vote. In determining attendance at a Members' meeting, it is immaterial whether any two or more Members attending are in the same place as each other, provided that they are able to communicate with one another.
56. Every Member shall be entitled to attend Members' Meetings on the production of such evidence as the Board may from time to time determine. A Member of the Society which is a corporate body may by a resolution of its directors or committee of management appoint any person as a deputy to act on its behalf at any meeting or meetings of the Society. A copy of such a resolution, signed by the secretary and two directors or members of the committee of management of the legal body, must be delivered to the registered office of the Society at least twenty-four hours before the holding of the meeting or meetings concerned. A deputy appointed in this way shall be competent during the continuance of their appointment to act as if they were a Member of the Society. The appointment of a deputy shall continue until a copy of a resolution appointing another person as deputy in their place is delivered in the same way.
57. Every Member of the Society shall be entitled to cast one vote on any resolution put to the Members at a Members' Meeting subject to them having been a member for a period of six months before the date of the meeting. In

the event of Members holding shares jointly they shall have one vote between them which shall be exercised by the one whose name appears first in the register of Members, unless the joint Members together appoint in Writing another joint Member, and the appointment is delivered to the registered office not less than twenty-four hours before the meeting.

58. At any Members' meeting a resolution put to the vote shall be decided on a show of hands unless a ballot is demanded by the Board, or by ten Members present at the meeting.
59. If a paper ballot is duly demanded it shall be taken in such a manner as the chair of the meeting 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.
60. The demand for a paper ballot shall not prevent the continuance of a meeting for the transaction of any other business that the question upon which a ballot has been demanded. The demand for a paper ballot may be withdrawn.
61. Subject to any special provision contained in these Rules or statute all resolutions shall be carried by a simple majority of votes. In the event of an equality of votes the chair of the meeting shall have a second or casting vote.
62. In the event of the society holding more than one divisional general meeting, Members shall be entitled to attend only one divisional meeting, except the directors, officials, auditors and such other persons as may be determined by the board of directors who shall also form part of the quorum provided that no person shall vote at more than one meeting. A meeting may proceed to business if a quorum is present within half an hour after the time fixed for the meeting; otherwise, the meeting, if a special Members' meeting convened on the requisition of the Members, shall be dissolved, but if an ordinary general meeting or a special Members' meeting convened by order of the Directors, shall stand adjourned to the same day in the week following, at the same time and place, and the meeting so adjourned may proceed to business whatever is the number of Members present. No meeting shall become incompetent to transact business from the want of a quorum arising after the chair has been taken. A proposer of any resolution or amendment on the agenda shall have the right to attend all divisional meetings for the purpose only of dealing with their proposition or amendment, except that at one meeting they may participate in other business.
63. The same agenda of business shall be considered at all divisional meetings and all votes for or against matters coming before the meetings shall be added together and the matters determined accordingly.
64. The result of all voting shall be declared at the last divisional meeting held.

PROCEDURE AT MEMBERS' MEETINGS

65. The chair of the Board, or in their absence another Director, shall chair a Members' Meeting.
66. The quorum for an ordinary or special general shall be twenty Members, in the event of the society holding divisional general meetings to form a combined annual general meeting the quorum shall be ten Members per meeting.
67. The chair of a Members' meeting may adjourn the meeting whilst a quorum is present if:
 - (a) the meeting consents to that adjournment; or
 - (b) it appears to the chair that an adjournment is necessary to protect the safety of any persons attending the meeting or to ensure that the business of the meeting is conducted in an orderly manner.
68. The chair must adjourn the meeting if directed to do so by the meeting.
69. If the meeting is a special Members' meeting convened on the requisition of the Members, it shall be dissolved, otherwise, when adjourning a meeting the chair must specify the date, time and place which it will stand adjourned or that the meeting is to continue at a date, time and place to be fixed by the Board.
70. If the meeting is adjourned for 14 calendar days or more, at least 7 Clear Days' notice of the adjourned meeting shall be given in the same manner as the notice of the original meeting.
71. No business shall be transacted at an adjourned meeting other than business which could properly have been transacted at the meeting if the adjournment had not taken place.
72. The Board may make standing orders for the conduct of Members' meetings and such Regulations, subject to any resolution passed at an ordinary Members' meeting, shall be binding on all Members.

COMPOSITION OF THE BOARD

73. The Board of Directors shall be elected in accordance with election procedures approved from time to time by the Board. The number of Directors shall be determined by the following provisions:
 - (a) Directors in office at the date of the registration of this amendment of rules shall be entitled to continue in office until their current term is complete.
 - (b) The next round of regional elections constituted under the previous rules shall reduce the number of directors from each region in the following manner:

- (i) Nuneaton region shall elect up to three directors in total;
 - (ii) Hinckley region shall elect up to three directors in total;
 - (iii) Rugby region shall elect up to three directors in total;
 - (iv) Coventry region shall elect up three directors in total.
- (c) Subject to the rule below no more than one place from each region shall be nominated as an employee elected place.
74. Collectively, not more than 33% of the total places on the Board shall be held by Members of the Society who are:
- (a) Current Employees of the Society;
 - (b) Spouses or Partners of any of the above.
75. The Board may co-opt professional external Directors to the Board provided that at all times the number of professional external Directors shall not exceed more than 33% of the total places on the Board. A professional external Director shall serve for a specified term determined by the Board at the time of co-option, subject to a review at least every three years, may be removed from office at any time by a resolution passed by a majority of the Members of the Board, and shall be remunerated in an amount (to be disclosed in the published accounts) from time to time fixed by the Board.
76. Where a casual vacancy arises on the Board, the Board, at its discretion, may fill the vacancy either by an election, or by appointment of the highest polling candidate at the most recent election, who is willing to serve. A person elected or appointed to the Board in this way shall serve until the end of the term of office of the vacant post.
77. The Board will prepare, approve and enforce a code of conduct for Directors or may adopt the consumer co-operative Code of Conduct for Directors produced by Co-operatives UK (and any further updates). The code of conduct for Directors will include commitments to training and ongoing professional development where needed, in order that the Board is competent to fulfil its role. All Directors will sign an acknowledgement accepting his or her obligation to comply with the code in its entirety.
78. The Board of Directors shall provide structured training programmes that are appropriate to the skills, experience and training needs of directors and shall require all directors to participate in such training opportunities. These will include:
- (a) A programme of induction within two months of election, including a session with the Chair of the Board.

- (b) A structured training programme for newly elected directors to be completed to the satisfaction of the Board within eighteen calendar months of election; and
 - (c) A programme of continuing development for all directors as agreed by the Board from time to time.
79. A Director may be removed from office by a resolution approved by not less than three-quarters of the remaining Directors on the grounds that:
- (a) they have refused to sign an acceptance of the code of conduct for Directors;
 - (b) they have not achieved a satisfactory level of competency or undertaken the required training to the satisfaction of the board;
 - (c) they have committed a serious breach of the code of conduct for Directors; and
 - (d) the Board considers that it is not in the best interests of the Society for them to continue as a Director. The following procedures are to be followed.
80. The Board shall consider the matter having taken such steps as it considers appropriate to ensure that any relevant Director's point of view is heard and may either:
- (a) dismiss the matter and take no further action; or
 - (b) for a period not exceeding twelve consecutive months suspend the rights of the Director complained of to attend Board meetings and vote under these Rules;
 - (c) arrange for a resolution to remove from office the Director complained of, to be considered at the next Board meeting.
81. At the next meeting the Board will consider evidence in support of the complaint and such evidence as the Director complained of may wish to place before them.
82. If the Director complained of fails to attend the meeting without due cause the meeting may proceed in their absence.
83. A Director will cease to be a Director upon the declaration by the chair of the meeting that the resolution to expel them is carried.
84. The Members may remove a Director from office by a resolution passed by two-thirds of the votes cast at a special Members' meeting.

CHAIRING BOARD MEETINGS

85. The Directors shall elect one of their number (who may not be an Employee or a professional external Director) to be chair of the Board for a period of office not exceeding three years at which point they may be eligible for election. The Board may elect one vice-chair.

ELIGIBILITY TO BE A DIRECTOR

86. A person shall only be eligible to be nominated for election as a Director if they fulfil the following criteria, (and if already elected shall immediately cease to be a Director if they cease to be eligible):
- (a) they are a Member of the Society and have been for the previous three accounting years (this provision may not apply to any professional external Directors);
 - (b) they hold and have held at least £250 share capital in the Society or a society which has transferred engagements to the Society for at least one year at the time of nomination and continue to hold this during the term of office. (This provision shall not apply to any professional external Director);
 - (c) on election as a Director they, or their partner or member of their household with whom they are financially interdependent, must spend at least £500 on purchases during the year with the Society; the above rate of purchases must be maintained during service on the Board, failure to do so will render the director subject to disqualification as a director; “purchases” shall be evidenced by the Society’s record of purchases;
 - (d) they must have read and understood the code of conduct for Directors and agree to comply with the code in its entirety;
 - (e) they have not been dismissed (save for redundancy) from the employment of the Society or a society which has transferred its engagements to the Society;
 - (f) neither they nor their spouse or Partner is engaged in a managerial capacity in the carrying on of any business trade or undertaking which in the opinion of the Board competes in any way with any business trade or undertaking carried on by the Society;
 - (g) neither they nor their spouse or Partner has any interest in any business which is trading with the Society, other than holding less than 2% of the issued shares of a company whose shares are listed on a Stock Exchange, or as a non-managerial member or Employee of any society or company which is trading with the Society;

- (h) they have not previously been removed from office as a Director under these Rules;
- (i) a bankruptcy order has not been made against them;
- (j) they have not ceased to be a Director by virtue of any provision in the Companies Acts or become prohibited by law from being a Director;
- (k) they are not disqualified from acting as a trustee by virtue of sections 178 and 179 of the Charities Act 2011 (or any statutory re-enactment or modification of those provisions);
- (l) they are deemed physically and mentally capable of acting as a Director.

BOARD MEETINGS

- 87. The Secretary shall, on the requisition of two Directors, call a Board meeting by giving at least seven Clear Days' notice of the meeting to all Directors. Notice of any Board meeting must indicate the date, time, and place of the meeting and, if the Directors participating in the meeting will not be in the same place, how they will communicate with one another.
- 88. At least six of the Directors, including those not present in person if present by electronic means, (not including any professional external Directors) will form a quorum, provided that no more than 33% of those present are Employees.
- 89. The Chief Executive and the Secretary shall normally attend every Board meeting. The Board may invite other members of the Management Executive to attend meetings of the Board.
- 90. The Board may agree that Directors can participate in its meetings by Electronic Means.
- 91. Meetings of the Board shall be chaired by the chair, or in their absence a vice-chair, or in their absence another Director.
- 92. Unless, otherwise required by these Rules, questions arising at any Board meeting shall be decided by a majority of votes and in the case of an equality of votes the chair of the meeting shall have a second or casting vote.
- 93. The Secretary shall, on receiving notice in Writing at least 14 Clear Days prior to the date set for the meeting and from not less than one quarter of the Board, call a special Board meeting. The notice shall state the business of the meeting and the Secretary shall communicate such notice to all Directors as soon as possible prior to the meeting. No other business shall be transacted at the meeting than the business stated in the notice.

DISCLOSURE OF INTEREST

94. Any Director who has a personal, material or financial interest in a matter as defined below shall declare such interest to the Board and:
 - (a) may not be present in any discussion of the matter unless a majority of the Board agrees to their presence, but
 - (b) shall not vote on the issue (and if by inadvertence they do remain and vote, their vote shall not be counted).
95. Details of any such interest shall be recorded by the Secretary in the register of the interests of Directors.
96. Any Director who fails to disclose any interest, and the failure is deemed a serious breach of the Code of Conduct for Directors, must permanently vacate their office if required to do so by a majority of the remaining Board.
97. A material interest in a matter is any interest in any transaction or act or proposed transaction or act of the Society and any office or position (save for the exceptions referred to below) held by a Director or their spouse or Partner in any firm or company or business which, is involved in a transaction or proposed transaction with the Society. The exceptions which shall not be treated as material interests are as follows:
 - (a) an employment contract with the Society;
 - (b) shares not exceeding 2% of the total shares in issue held in any company whose shares are listed on a Stock Exchange.

COMMITTEES

98. The Board may delegate any of its powers to committees consisting of such Directors as it thinks fit who shall, in the functions entrusted to them, follow the instructions given to them by the Board.
99. The Board shall establish:
 - (a) an audit and risk committee;
 - (b) a remuneration committee, which will include no more than five Directors, none of which may be an employee.
100. Depending on the size, complexity and risk profile the Board may establish a Search Committee of no more than five Directors.
101. At no time shall any committee comprise of less than three members.

REMUNERATION AND PROTECTION OF DIRECTORS

102. The Members of the Society shall from time to time fix the remuneration of the Directors, who shall in addition be reimbursed their reasonable out of pocket expenses wholly and necessarily incurred on Society business at such rates as may be determined from time to time by the remuneration committee.
103. Anything done in good faith by any Board meeting or by the Officers shall be valid, notwithstanding that it is afterwards discovered that there was any defect in the appointment of any of them, or that any one or more of them were disqualified, and shall be as valid as if every Director and Officer had been duly appointed and was duly qualified to serve.
104. Separate from any other indemnity to which they may be entitled, and subject to the remainder of this rule, every Director and Officer shall be indemnified out of the funds and assets of the Society against the following: all actions, claims, costs, demands and expenses and any personal liability whatsoever, whether civil or criminal, arising out of or in connection with the exercise or purported exercise of their duties on behalf of the Society.
105. This indemnity excludes liability for offences incurred under Section 128 of the Act, and liability for wilful default, fraud or dishonesty. No person shall be indemnified against costs or expenses recovered from them by order of the Registrar.
106. The Society is authorised to purchase and maintain insurance for the purpose of:
 - (a) indemnifying the Directors and Officers of the Society against any liability which they or any of them might incur, in respect of negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Society; and
 - (b) indemnifying the Society itself as reimbursement for indemnity actually and lawfully provided to its Directors and Officers under the this rule.

MEMBER COMMITTEE

107. The Board may determine to establish one or more Committees made up of such members of the Society as they consider fit, including but not limited to a Member Relations Committee. The eligibility for membership and other operating criteria shall be established and reviewed by the Board from time to time.

CO-OPERATIVE APPOINTMENTS

108. The Board shall determine the delegates to be sent on behalf of the Society to external meetings.

REGISTER OF MEMBERS

109. The Society shall keep at its registered office a register of Members in which the Secretary shall enter the following information:
- (a) the names and addresses of the Members*;
 - (b) a statement of the number of shares held by each Member, the amount paid, or agreed to be considered as paid, on the shares of each Member;
 - (c) a statement of other property in the Society, whether in loans, deposits, or otherwise 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 Person ceased to be a Member*.

REGISTER OF DIRECTORS AND OFFICERS

110. The Society shall keep at its registered office a register of Directors and Officers in which the Secretary shall enter the following information:
- (a) the names and addresses of the Directors, and the Secretary, with the offices held by them, and the dates on which they assumed office*.
111. The register shall be kept in such a way that it is open for inspection as required by section 103 of the Act disclosing only the information in those sub-rules above marked by an asterisk (*).

RIGHT OF INSPECTION

112. Any Member or Person having an interest in the funds of the Society may inspect their own account and the books containing the names of Members, including the information referred to above in the register of Members, at all reasonable hours at the registered office or at any place where they are kept. This right of inspection is subject to any Regulations about the time and manner of inspection which may be made by the Members of the Society in an ordinary Members' meeting.

UPDATING THE REGISTER OF MEMBERS

113. The Secretary may remove Members from the register of Members, in the following circumstances:

Lost Contact

114. Where the Society has evidence that a Member no longer lives at the address shown in its register of Members ("registered address"), then subject to carrying out the following procedures, the Secretary may remove the name of such Member from the register of Members, and the Society may then cancel their shares and forfeit to the Society the amount standing to the credit of such

Member in the share ledgers of the Society, together with any sum of money representing interest or dividend credited to the Member in the books of the Society in respect of their shares (together referred to as “credit accounts”).

115. The procedures are as follows.

- (a) The Secretary shall take all reasonable steps to establish whether there is a forwarding address, and if there is one, to contact the Member at the forwarding address with the information set out below.
- (b) The Secretary shall cause advertisements to be posted conspicuously on the Society’s website to which Members have access, giving the following information:
 - (i) advising that the Society intends after a notice period of not less than two calendar months to revise its register of Members to remove those Members no longer living at their registered address;
 - (ii) advising that any credit accounts of such Members can be claimed within two calendar years of the advertisement being posted;
 - (iii) providing contact details, including via Electronic Means for any Person wishing to update their registered address, or to withdraw from membership of the Society and claim the funds contained in any credit account held by them.
- (c) At the end of the notice period, the Secretary shall update the register of Members by removing those Members no longer residing at their registered address, cancelling their shares and transferring any credit accounts of any such Members to a suspense account within the books of the Society.
- (d) At the end of a period of two calendar years commencing with the date upon which any credit accounts have been transferred to a suspense account, any such credit accounts that remain unclaimed shall be forfeited to the Society.

Insufficient Share Account Balance

116. If a Member is found to have not maintained a balance in their share account of at least £1 the Society must undertake the procedure set out below before removing the Member from membership.

117. The procedure is as follows.

- (a) The Society shall give not less than two calendar months’ notice to the Member stating that it is proposed to cancel their share and specifying the sums to be forfeited to the Society.

- (b) Unless the Member shall within the period of notice increase the balance in their share account to £1, the Society shall cancel and forfeit their share.
118. Once removed from membership under this rule, the Society shall cancel the Member's shares and any credit, interest or dividend payments included in the books of the Society in respect of the Member's shares shall be forfeited to the Society.

AUDITOR

119. Unless the Society meets the criteria set out in section 83(2) of the Act or may disapply the audit requirement in accordance with section 84 of the Act, the Board shall in each financial year appoint an Auditor as required by section 83(1) of the Act, to audit the Society's accounts and balance sheet for the year.
120. None of the following persons shall be appointed as auditor of the Society:
- (a) a Director, Officer or Employee of the Society;
 - (b) a person who is a Partner of, or in the employment of, or who employs a Director, Officer or Employee of the Society.
121. At least every ten years, the Society shall re-tender for the provision of the external audit.
122. Except as provided below, every appointment of an auditor shall be made by resolution at an ordinary Members' meeting.
123. The Board may appoint an auditor to fill any casual vacancy occurring between ordinary and/or special Members' meetings.
124. An auditor appointed to audit the accounts and balance sheet of the Society for the preceding year of account shall be reappointed as auditor of the Society for the current year of account (whether or not any resolution expressly reappointing them has been passed) unless:
- (a) a resolution has been passed at an ordinary Members' meeting of the Society appointing a person to replace them or providing expressly that they shall not be reappointed, or
 - (b) they have given to the Society notice in Writing of their unwillingness to be reappointed, or
 - (c) they are not a qualified auditor or are a person prohibited from appointment under these Rules, or
 - (d) they have ceased to act as auditor of the Society by reason of incapacity.

125. A retiring auditor shall not be automatically reappointed by default if notice of an intended resolution to appoint another person in their place has been given in accordance with these Rules and the resolution cannot proceed because of (i) the death or incapacity of that other person or (ii) because that other person is not a qualified auditor or (iii) is a person prohibited from appointment by these Rules.
126. A resolution at an ordinary Members' meeting of the Society:
- (a) appointing another person as auditor in place of a retiring auditor; or
 - (b) providing expressly that a retiring auditor shall not be reappointed,
- shall not be effective unless notice of the intention to move it has been given to the Society not less than 28 Clear Days before the meeting at which it is to be moved. The Society, on receipt of notice of the proposed resolution, shall immediately send a copy of the notice to the retiring auditor. If it is practicable to do so, the Society shall give notice to its Members of the proposed resolution of the meeting at which the resolution is to be moved at the same time and in the same way as it gives notice in accordance with these Rules. Where the retiring auditor makes any representations in Writing to the Society with respect to the proposed resolution or notifies the Society in Writing that they intend to make such representations, the Society shall notify the Members accordingly as required by section 95(3) of the Act or via the Society's website in accordance with section 96 of the Act.
127. The auditor shall in accordance with section 87 of the Act, make a report and on the revenue account or accounts and the balance sheet of the Society for the year of account in respect of which s/he or it is appointed.
128. When required by the Act, or where the membership requires it, the Board shall cause the accounts of the Society to be submitted at least once in every year to the auditor for audit.
129. For the purposes of any audit, the auditor shall be given access and be entitled to call for and examine all books, deeds, documents, and accounts of the Society. They shall be entitled to require from the Board such information and explanations as they think necessary for the performance of their duties. The auditor shall be entitled to attend any special and/or ordinary Members' meeting of the Society, to receive all notices of and other communications relating to any special and/or ordinary Members' meeting, which any Member of the Society is also entitled to receive, and to be heard at any meeting which they attend, or any part of the business of the meeting which concerns them as auditor.

ACCOUNTS

130. The Board shall cause proper books of account to be kept with respect to its transactions and its assets and liabilities, and it shall establish and maintain a

satisfactory system of control of its books of account, its cash holdings and all of its receipts and remittances in accordance with the Act.

131. The Board shall in respect of each year of account;
 - (a) prepare a revenue account or revenue accounts which separately or together deal with the affairs of the Society as a whole for that financial year and which give a true and fair view of the income and expenditure of the Society for that financial year; and
 - (b) prepare a balance sheet giving a true and fair view of the state of the affairs of the Society.
132. In addition, the Board shall have power to prepare a revenue account or revenue accounts for less than one year of account and a balance sheet at the end of the period covered by such revenue account or revenue accounts.
133. Every balance sheet presented to an ordinary Members' meeting shall be accompanied by a report of the Board on the state of the Society's affairs, signed by the chair of the Board meeting adopting the report.
134. In the preparation of accounts, the Board shall ensure that the Society adopts and conforms strictly to the accounting standards recommended from time to time by the Co-operative Performance Committee of Co-operatives UK Limited (or any successor committee or body in name and title). If the Society does not observe the recommended standards, then this fact shall be reported clearly to the Members in the Society's annual report.
135. At the Board's discretion, the Society may publish half-yearly financial statements of trading activities, a summary revenue account and balance sheet information; provided that such information is clearly identified as unaudited and is published alongside the Society's most recent accounts.
136. The Secretary shall send to the Registrar, the annual return, including a copy of each revenue account and balance sheet covering the period of the annual return and a copy of the auditor's report.
137. The Society must, at all times, display a copy of its latest balance sheet in a conspicuous position at its registered office.
138. Any major transaction or proposed transaction, or any series of transactions within any period of three years, involving the sale or disposal of any major asset of the Society of a value in excess of 25% of the value of the Society's tangible fixed assets, as stated in the Society's latest audited financial statements, to another society, corporate body or individual not in membership of Co-operatives UK Limited, shall require the prior approval of a Members' Meeting.

REGISTERED OFFICE

139. The Society's registered office is 22 Abbey Street, Nuneaton, Warwickshire CV11 5BU or at such other place as the Board decides.

NAME

140. The name of the Society shall be clearly displayed in a conspicuous position and in legible characters on the outside of:
- (a) its registered office, and
 - (b) every other office or place of business;
 - (c) in all of its notices, advertisements and other official publications, business correspondence, bills of exchange, promissory notes, endorsements, cheques, and orders for money or goods, purporting to be signed by or on behalf of the Society, in all its other business documentation, and on all its websites.
141. The Secretary shall arrange for minutes of all Members' meetings and Board meetings to be kept.

ANNUAL RETURN

142. Each year, the Society shall, send to the Registrar:
- (a) a general statement in the prescribed form, called the annual return, relating to its affairs during the period covered by the return;
 - (b) a copy of the auditor's report on the Society's financial statements for the period included in the return; and
 - (c) a copy of each revenue account and balance sheet made during that period and of any auditor's report on that balance sheet.

COPY OF RULES AND ANNUAL RETURN

143. The Secretary is to deliver:
- (a) a copy of these Rules to any Person who asks for them, on payment of an amount fixed by the Board subject to the statutory maximum of £5 for the time being;
 - (b) a copy of the most recent annual return of the Society to any Member or Person interested in the Society's funds who asks for it, free of charge. When doing so, the Secretary shall also supply a copy of the auditor's report on the accounts and balance sheet contained in the annual return.

SERVICE OF NOTICES

144. Notices may be displayed conspicuously at the registered office and in other places of business of the Society to which Members have access. A notice sent to a Member's Address shall be deemed to have duly served 48 hours after it is sent. The accidental omission to send any notice to or the non-receipt of any notice by any Person entitled to receive notice shall not invalidate the proceedings at that meeting.

SEAL

145. If the Society has a seal, it shall be kept in custody of the Secretary and shall only be used under the authority of the Board. Every instrument to which the seal shall be attached shall be signed by two Directors and the Secretary or, in the absence of the Secretary, by the Chief Executive or by such other person or persons as the Board may from time to time appoint for that purpose.

DISPUTES

146. Every unresolved dispute which arises out of these Rules between the Society and:
- (a) a Member; or
 - (b) any Person aggrieved who has ceased to be a Member within the six months prior to the date of the dispute; or
 - (c) any Person claiming through such Member or person aggrieved; or
 - (d) any Person bringing a claim under the rules of the Society; or
 - (e) an office-holder of the Society

is to be submitted to an arbitrator agreed by the parties or in the absence of agreement to be nominated by the Secretary General of Co-operatives UK Limited or its successor in name and title. The arbitrator's decision will be binding and conclusive on all parties.

Any Person bringing a dispute must, if so required, deposit with the Society a reasonable sum (not exceeding £100) to be determined by the Board. The arbitrator will decide how the costs of the arbitration will be paid and what should be done with the deposit.

INTEREST ON SHARE CAPITAL

147. Paying to Members, interest on the share capital at such rate or rates as determined by the Board from time to time, but not exceeding in any case 5 % per annum or 2 % above The Bank of England base rate, whichever is the greater. Different rates may be paid, graduated according to the amount of share capital in the Society held by a Member. In this rule "The Bank of

England base rate” means The Bank of England base rate at the time of determining the rate of interest or at such time within 2 years prior to the date of such determination as the Board decides.

APPLICATION OF PROFITS

148. The net profits of all business carried on by or on account of the Society shall be applicable as follows:

MEMBERS

Dividend on purchases

149. Paying a dividend to Members of the Society, in respect of the value of the purchases made by them from the Society and, to any other Person as decided by an ordinary Members’ meeting. Provided that:
- (i) the Board may determine that no dividend, or that reduced rates of dividend shall be paid in respect of such purchases, and such power of determination shall extend to the specification of goods or services and/or to the places or areas in which goods are sold or services provided by the Society;
 - (ii) no dividend shall exceed the amount recommended by the Board;
 - (iii) the Board may, at its discretion, pay such interim dividend it deems to be justified by the profits of the Society. Purchases on which an interim dividend has been paid shall not rank for dividend in the final distribution of profits in any one financial year;
 - (iv) any amount payable in respect of a dividend, which is not withdrawn by a Member within one calendar month after it has become payable, may be applied in payment for further shares.

Member activities

150. Setting aside such amount if any as an ordinary Members’ meeting may determine, for the purpose of promoting education, culture, or recreation.

COMMUNITY

151. Making such payments for charitable purposes or for the benefit of the community as the Board shall determine.

OTHER DISTRIBUTIONS

152. Making payments for any lawful purpose whatsoever whether within the functions for which the Society is formed, or not, provided that no distribution of the profits shall be made to Members except as is expressly provided for in this rule.
153. In setting aside to a reserve fund such amount, if any, as the Board may determine.
154. In retaining as reserves any of the profits not applied in one of the methods set out above.

AMENDMENT OF RULES

155. Any of these Rules may be amended or rescinded, or any new rule may be made, by a resolution passed at a special Members' meeting by two-thirds of the votes cast.
156. No amendment of rules is valid until registered with the Registrar.
157. When submitting rule amendments for registration the Secretary may accept any alterations required or suggested by the Registrar, without reference back to a further special Members' meeting.
158. This rule may only be rescinded or altered by resolution passed at a special meeting of the Society at which two-thirds of the total votes have been cast in favour of such a resolution.

AMALGAMATION, TRANSFER OF ENGAGEMENTS, AND CONVERSION

159. The Society may, by special resolution passed in the way required by s111 of the Act, amalgamate with or, transfer its engagements to another registered society, or by a special resolution passed in a way required by s113 of the Act amalgamate with, convert or transfer its engagements to a company. In relation to calling a special Members' meeting for the purpose of such resolution, the following provisions shall apply.
 - (a) The Society shall give to members not less than two months' clear notice of the special Members' meeting specifying the intention to propose the resolution to amalgamate with or, transfer its engagements to another registered society.
 - (b) Notices of the meetings shall be given to Members as provided for in these Rules.
 - (c) In addition, the notice shall be accompanied by a separate statement setting out for members:

- (i) the reasons for the proposal;
 - (ii) whether the proposal has the support of the Board of the Society;
 - (iii) what alternative proposals have been considered, and whether they are viable;
 - (iv) details of the number of shares in the Society held by members of the Board, the Management Executive, and Persons connected with them;
 - (v) a recommendation by reputable independent financial advisors that the members should support the proposal rather than any alternative proposal.
- (d) Where the separate statement is contained in another document, information shall be provided in the notice specifying where members can obtain a copy of the Document.
- (e) This rule may only be rescinded or altered by resolution passed at a special Members' meeting of the Society at which 95% of the total votes have been cast in favour of such a resolution.

DISSOLUTION

160. The Society may be dissolved:

- (a) by an instrument of dissolution signed by not less than three-fourths of the members for the time being, in accordance with section 119 of the Act; or
- (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; or
- (c) in accordance with section 125 of the Act, after administration and the administrator issues a notice to dissolve the Society without prior winding-up.

LIABILITY OF MEMBERS

161. The liability of a Member is limited to the amount of their shareholding.

SURPLUS ASSETS

162. If, on the solvent dissolution or winding-up of the Society there remains, after the satisfaction of all its debts and liabilities and the repayment of the paid up share capital, any assets whatsoever, such assets shall not be paid to or distributed among the members of the Society but shall be:

- (a) transferred to one or more other societies in membership of Co-operatives UK Limited having the same or similar rule provisions as regards surplus distribution as this rule, as may be determined by the members at an ordinary or special Members meeting; or
- (b) if not so transferred shall be paid or transferred to Co-operatives UK Limited.

163. This rule and the rule titled 'Surplus Assets' may not be changed, except by a resolution of the members passed and confirmed in accordance with the same procedure as set out in the requirements for the passing of special resolution under section 113 of the Act.

3 Members

H S Hoeck

A J Lewell

A Kurji

Secretary

S G Slater