

Register No 1485R

RULES

OF THE

CO-OPERATIVE PRESS

LIMITED

2011

All previous rules rescinded

**Registered Office: Holyoake House, Hanover Street,
Manchester M60 0AS**

Rules of
CO-OPERATIVE PRESS LIMITED

(Registered under the Industrial and Provident Societies Acts 1965-2002)

NAME

1. The name of the Society shall be Co-operative Press Limited

VALUES & PRINCIPLES

2. The Society shall abide by the internationally recognised values and principles of Co-operative identity as defined by the International Co-operative Alliance, and strive to be a successful co-operative enterprise.

OBJECTS

3. The objects of the Society shall be to carry on in the United Kingdom and abroad the trade and business of publishers. It may take up agencies of a similar nature. It may enter into contracts solely as a society or jointly with organisations or individuals for the transmission of news and information by any medium.

POWERS

4. The Society shall have power to do all things necessary or expedient for the fulfilment of its objects and in particular:
 - a) to establish and contribute to pension or superannuation schemes for any persons who are or have been employed by the Society and their dependants;
 - b) to draw, accept, make, endorse, discount and negotiate bills of exchange and promissory notes and other negotiable instruments;
 - c) to purchase, feu, hold, sell, charge, mortgage, exchange, develop, rent, lease or sub-lease lands of any tenure in the United Kingdom or elsewhere, and to erect, pull down, repair, alter or otherwise deal with any building thereon and to acquire and grant rights, privileges and easements in, over or in respect of any land or any building thereon and to acquire any machinery, plant, property or rights which may be necessary for or conveniently used with or may enhance the value of any other property of the Society;
 - d) to engage or employ such personnel, whether as employees, consultants, advisers or however;
 - e) to take out and maintain insurance against any risks to which the Society, its members and its Board may be exposed;
 - f) to enter into any agreement for partnership or for sharing profits, union of interests, co-operation, joint venture, or reciprocal concession with any society, company, corporation or person carrying on or engaged in or about to carry on any business or transaction capable of being conducted so as to directly or indirectly benefit the Society and to acquire shares, stocks or debentures in any such society, company or corporation and if any such agreement shall so require to depute the management of any business or adventure to any representative or agent as may be agreed on and to confer all necessary powers on any such agent or representative;
 - g) to obtain from time to time upon such terms and conditions as it thinks fit advances of money for the purpose of the Society and to mortgage or charge any of the Society's property or assets (including its uncalled capital) and to issue debentures and other securities provided that any such mortgage, charge, debenture or other security may be given or issued as a continuing security to cover any sums or sums due from time to time

- by the Society to any person or body with which it may have a banking account or transact banking business;
- h) to do all such other lawful things in the best interest of the Society.

REGISTERED OFFICE

5. The Registered Office of the Society shall be at Holyoake House, Hanover Street, Manchester M60 0AS. The registered office may be changed at any time by resolution of the Board.

MEMBERSHIP

6. The members of the Society are those whose names are entered in the register of members. In addition the Board may admit to membership any individual person or corporate body, or the nominee of any unincorporated organisation or firm, who or which has purchased shares in the Society.
7. The Society shall keep at its registered office a register of members in which the Secretary shall enter the following particulars:
- a) the name and address, and email address if applicable, of every member;
 - b) a statement of the number of shares held by each member and the amount paid, or agreed to be considered as paid on each share;
 - c) the date on which each member's name was entered in the register as a member and the date on which any member ceased to be a member;
 - d) the names and addresses, and email, of the Directors and officers of the Society, of the offices held by them respectively, and the dates on which they assumed and vacated office.

CESSATION OF MEMBERSHIP

8. A member shall cease to be a member if s/he or it:
- a) is expelled from membership under the provisions of Rule 9; or
 - b) dies, if an individual; or
 - c) resigns in writing to the Secretary of the Society; or
 - d) ceases to hold the minimum level of share holding required by these rules; or
 - e) is wound up or goes into liquidation (if a corporate body) or is the nominee of an unincorporated organisation or firm which is wound up or goes into liquidation.
- f) If a member is required to withdraw from membership under this Rule their shares shall be transferred to another member with the agreement of the Board.
- 9.
- a) A member may be expelled for conduct prejudicial to the Society by a resolution carried by a majority of at least two-thirds of those members voting at a Special General Meeting of the Society of which due notice has been given, provided that the grounds for expulsion have been specified in the notices calling the meeting and that the member whose expulsion is to be considered shall be given the opportunity to state her/his/its case to the meeting. If on due notice having been served the member fails to attend the meeting the meeting may proceed in the member's absence.
 - b) An expelled member shall be paid the nominal value of shares held by her/him/it at the date of the expulsion and those shares shall be transferred to another member with the agreement of the Board.
 - c) No member expelled from membership shall be re-admitted except by a resolution carried by a majority of at least two-thirds of members voting at a General Meeting of which due notice has been given.

SHARE CAPITAL

10.

- a) Subject to (b) the shares of the Society shall have the nominal value of 10p. Every member shall hold no less than five shares in the Society and no more than the maximum permitted by law.
- b) Following the adoption of this complete amendment of rules, shares issued to new members shall have the nominal value of £10.00, and such members shall hold no less than one share and no more than the maximum permitted by law.
- c) Shares shall be paid up on application or on admission.
- d) Shares shall be transferable but not withdrawable.

TRANSFER OF SHARES

11.

- a) Any share may be transferred, with the approval of the Board, to any member at the option of the transferor; but if the transferee is not a member, such transferee must be approved as a member by the Board.
- b) Transfers shall be in the form as stated in Rule 12, or as near thereto as the case allows; they shall be numbered continuously, and shall state the number of each share transferred; and shall be executed by the transferor and transferee, and kept in the office of the Society, and entered under their numbers in a register of transfers, with such other particulars as the directors decide; and the number of each transfer shall be entered in the share ledger, under the names of the transferor and transferee.
- c) No transfer shall be registered unless in the form laid down in Rule 12, or as near thereto as the case allows, and has received the prior approval of the Board of Directors. Until the transfer of a share is registered no right shall be acquired against the Society by the transferee, nor shall any claim of the Society upon the transferor be affected.
- d) Upon the transfer of any share there shall be paid by the purchaser £5.00 as a transfer fee.
- e) The stamp duty upon the transfer of any share shall be borne by the purchaser.

FORM OF TRANSFER

12. This instrument, made the day of between the hereinafter called the vendor, of the one part, and the hereinafter called the purchaser, of the other part in consideration of £ paid by the purchaser to the vendor, witnesses that the vendor hereby transfers the shares numbered now standing in the name of the vendor in the books of the above-named society, to the purchaser, and the assigns of such purchaser to hold the same upon the same conditions on which they are held by the vendor; and that the purchaser accepts the said shares subject to the said conditions. Vendor and purchaser subscribe their signature to be duly witnessed.

LIEN ON SHARES and LOANS

13. The Society shall have a lien on the shares of a member for any debt due to it by the member and may set off any sum standing to the member's credit including any loan money, interest and dividends in or towards the payment of such debt.

ARBITRATION

14. All disputes between the Society and a member, or a person claiming through a member, if not settled between the directors and the complainant shall be referred to the chair and secretary of the Co-operatives^{UK} Limited, for the time being, as arbitrators whose decision

shall be binding on all parties without appeal. The cost of such arbitration shall be paid as the arbitrators shall direct, and parties demanding arbitration shall, before the matter is gone into, deposit £25.00 with the secretary

GENERAL MEETINGS

15. An Annual General Meeting shall be held within six months of the close of the financial year of the Society, the business of which shall comprise:
 - a) The receipt of the accounts and balance sheet and of the reports of the Board and auditor (if any);
 - b) The appointment of an auditor;
 - c) The announcement of the results of the appointment and election of directors;
 - d) The application of profits;
 - e) The transaction of any other business included in the notice convening the meeting.
16. The date of the Annual General Meeting shall be published in the Society's Journal and on the Society's website at least eight clear weeks before the date of the meeting.
17. A Special General Meeting shall be convened either upon an order of the Board or at the request of twenty members of the Society, and shall be held as soon as it possible after the receipt of such order or requisition, and at such time and place as the Board may decide. If the secretary does not convene a special meeting after a requisition from members has been received, duly signed by all twenty members and delivered to the registered office address of the Society, within fourteen clear days, any of the members who have signed the request may give notice of the meeting and shall have a claim upon the Society for all costs, if any, properly incurred in giving such notice.
18. A General Meeting shall be convened by at least fourteen days' notice unless all members of the Society agree to hold a General Meeting with shorter notice. Notices of meetings shall be sent by post to members at their registered address, or by email where a member has elected to receive communications by email in accordance with these rules. Notices of General Meetings shall also be displayed conspicuously at the registered office, on the official website of the Society and in the Society's Journal. Notices shall specify the time, date and place at which the meeting is to be held and, in the case of an Annual or a Special General Meeting, details of the business which is to be transacted at that meeting. An Annual or a Special General Meeting shall not transact any business other than that specified in the notices calling the meeting.
19. A notice sent by post to a member's registered address and a notice sent by email to a member's registered email address shall each be deemed to have been duly served forty-eight hours after posting or sending. The accidental omission to send any notice to or the non-receipt of any notice by any member for any reason shall not invalidate the proceedings at the meeting.

PROPOSALS TO GENERAL MEETINGS

20. Any member wishing to submit a proposal to the Annual Meeting of members shall send such proposal in writing to the secretary not less than six clear weeks before the Annual Meeting, and unless it is contrary to any rule of the Society the secretary shall set out the full terms of the proposal on the agenda of the Annual Meeting and communicate such agenda to the members at least four clear weeks before the Annual Meeting.
21. Any member may send to the directors any amendment to any proposal appearing on the agenda or any amendment to any matter forming part of the business of the meeting, and provided such amendment be received by the secretary at least two clear weeks before the Annual Meeting, it shall be circulated to the members as soon as practicable as an additional business paper for consideration at the meeting.

VOTES

22. Every member shall be entitled to one vote by virtue of membership, one for every £50.00 or part thereof of share capital and one for every £100.00 or part thereof of purchases made from the Society, for the previous financial year, calculated in line with regulations laid down by the directors from time to time. This provision does not apply to individual members when voting to elect a representative to the Board; where the voting entitlement shall be on the basis of one member one vote.
23. The votes to which the Co-operative Group (CWS) Limited is entitled shall be allocated by the Board of the Co-operative Group (CWS) Limited in such manner as it considers fit.

PROCEEDINGS AT GENERAL MEETINGS

24. A corporate body or unincorporated association which is a member of the Society may nominate the same number of representatives to attend meetings as the number of votes to which that member is entitled under rule 22. An individual member may attend in their own right. The Society may require such notification of an organisation's appointed representative as the Board may from time to time decide.
25. No person shall be entitled to vote on any question at a General Meeting other than an individual member of the Society or the duly appointed representative of a corporate body or unincorporated association which is a member.
26. No business shall be transacted at a General Meeting unless a quorum is present. Unless and until otherwise decided by the Society in General Meeting, a quorum shall be ten duly appointed representatives from not fewer than five members which are corporate bodies or unincorporated associations.
27. If within half an hour after the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned until a day not exceeding thirty days after the date set for the original meeting, and all members shall be given such notice as is practicable. If at such an adjourned meeting a quorum is not present within half an hour after the time set for the meeting, then the members present shall constitute a quorum.
28. The Chairperson may with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for twenty-one days or more, notice of the adjourned meeting shall be given as in the case of the original meeting; otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
29. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a card vote is demanded by the Chair, or twenty members giving notice to the secretary not less than eight clear days before the meeting, requiring that voting upon any matter or proposal which forms part of the business transacted at such meetings shall be carried out on a card vote.

AMENDMENTS TO RULES

30. Any of these Rules may be rescinded or amended or a new Rule made by a vote of two thirds of those members of the Society voting at a Special General Meeting of which fourteen clear days' prior notice has been given, such notice to include details of the

change(s) to be proposed at that meeting. No amendment of Rules is valid until registered by the Financial Services Authority.

BOARD OF DIRECTORS

31. The Society shall have a Board consisting of directors appointed and elected by members on the following basis
 - a) Four directors appointed by the controlling Board of the Co-operative Group (CWS) Limited.
 - b) One director appointed by Co-operatives UK Limited.
 - c) Three directors elected by and from the organisations in membership of the Society, excluding those specified in 31(a) and (b).
 - d) One director elected by and from the individual persons in membership of the Society.
 - e) At its discretion, the Board may co-opt two additional directors.
32. Directors elected under 31(c) and (d) shall serve for three years, and upon retirement they shall be eligible for re-election subject to rule 33. Directors appointed under 31(a) and (b) may be appointed and replaced at anytime at the discretion of the named member society.
33. No director shall serve for more than nine consecutive years. Retiring directors who have served the maximum period must stand down for at least one year before they shall be eligible for further election or appointment.
34. Upon any vacancy occurring on the Board from directors appointed under 31 (a) and (b) the member concerned shall be requested to select a replacement. For a vacancy occurring under 31 (c) and (d) the Board may co-opt a replacement from the appropriate section of membership. Co-opted directors shall serve until the Annual Meeting following their co-option.
35. The directors and other members shall be paid such remuneration quarterly for their services as the Annual Meeting of members may from time to time determine, in the case of directors representing societies in accordance with rule 31 (a) such remuneration shall be paid to the society they have been appointed to represent, who shall determine how such remuneration is dealt with. They may also claim an allowance to cover expenses incurred in the performance of their duties in accordance with such scale, as is recommended by the directors, and approved by the members at the Annual Meeting from time to time.
36. New directors shall be elected in accordance with such procedures, including by authenticated electronic means and postal ballot, as may be adopted by the Society from time to time, provided that only members of the Society and representatives of organisations which are members may stand for election to, or nominate persons to stand for election to the Board.
37. The office of director shall be immediately vacated if s/he:
 - a) resigns her/his office in writing to the Society; or
 - b) ceases to be a member of the Society for any reason whatsoever (or is the representative of a corporate body which ceases to be a member); or
 - c) is removed from office by a majority vote of the Society at a Special General Meeting, the notices for which specified that the question of the director's removal was to be considered; or
 - d) in the opinion of a majority of the Board, fails to declare her/his interest in any contract as referred to in Rule 47; or
 - e) is absent from three successive meetings of the Board during a continuous period of twelve months without special leave of absence from the Board and they decide that s/he has by reason of such absence vacated office; or

- f) becomes bankrupt or disqualified to serve as a company director under the Company Director Disqualification Act 1986 or
 - g) is or may be, on the basis of medical evidence, suffering from mental disorder.
38. Pending the decision of such special meeting a director may be suspended from his or her duties by resolution of the Board if in their opinion he or she has been guilty of conduct detrimental to the interests of the Society or is otherwise thought to be unfit to carry out his or her duties.
39. Following the registration of this complete amendment of rules, the Board in office prior to this registration of rules shall serve until the next Annual Meeting at which they shall stand down regardless of their remaining term of office.

HONORARY OFFICERS

40. Members of the Board shall elect a Chairperson and vice chairperson of the Society from amongst their own number at the first meeting of the Board following the Annual General Meeting. Any honorary officer so appointed may be removed or replaced by a majority vote of the Board at any time, or by a majority vote of the members at a Special General Meeting the notices for which specified that the matter was to be raised.
41. The Chairperson of directors, or in his or her absence the vice-chairperson, shall be chair at all meetings of the directors and members of the Society. Should the Chairperson and vice-chairperson not be present at any such meeting, the directors shall elect one as chair from amongst themselves

SECRETARY

42. The secretary shall attend all Board meetings; he or she shall record correctly the names of the said directors then present, and the minutes of their proceedings which he or she shall record, to be authenticated by the signature of the chair as the proceedings of the meeting. He or she shall countersign all contracts entered into by the Society, and shall convene all meetings thereof on the orders of the directors or such requisition as aforesaid, and shall on all occasions, in the execution of the office, act under the superintendence, control and directions of the directors.

POWERS AND DUTIES OF THE BOARD

43. The Board shall have the general control and direction of the affairs of the Society and without prejudice to the generality of the foregoing shall more particularly undertake and exercise the following specific duties and responsibilities, namely -
- a) To define the Society's objectives within the framework of the rules and to develop policies and strategies to achieve those objectives.
 - b) To direct the business of the Society and to exercise on behalf of the Society all the powers of the Society not specifically required by the rules or otherwise to be exercised by the members in meeting.
 - c) To ensure the effective accountability of management in following the policies developed by the board.
 - d) To develop and maintain an effective system of internal control and to take adequate precautions for guarding against fraud and facilitating its discovery.
 - e) To arrange for the preparation of financial statements for each financial year giving a true and fair view of the state of affairs of the Society.
 - f) To develop and maintain systems to ensure compliance with the provisions of the Industrial and Provident Societies Acts and other relevant legislation.
 - g) To encourage the growth of membership and its involvement in the affairs of the Society in recognition that Co-operative societies are membership based.

- h) To ensure that the Society complies with its obligations as a member of Co-operatives UK.
44. Subject as hereinafter mentioned the Board may delegate the executive management of the Society or any of the powers hereby given to them to the secretary acting in conjunction with the Board, or to committees consisting of such of their own number as they shall think fit, who shall in the exercise of the functions entrusted to them act under the direction and control of and conform in all respects to the instructions given to them by the Board. However, the following particular duties responsibilities and matters shall in all circumstances be reserved for the exclusive determination and decision of the Board and shall not be delegated to any other person or body namely -
- a) All matters concerning the determination and general operation of the Society's rules.
 - b) Reporting to members - with particular reference to the frequency, location and content of member's meetings and director's reports.
 - c) Profit distribution policies and determination for member's approval.
 - d) All aspects of membership policy.
 - e) Directing, overseeing and monitoring the observance by the Society of all legal requirements imposed on it and fulfilling all the legal obligations of the Board.
 - f) Review of all audit matters including receiving the auditors report on the accounts and the review of the management letter.
 - g) Responsibility for all relationships with and for determination of proposals to be forwarded to the Co-operatives^{UK} Limited, the Co-operative Group (CWS) Limited and similar bodies, including appointing delegates and deciding Society policy on motions and elections, but excluding day to day trading.
 - h) Reviewing from time to time the Society's policy regarding co-operation with other societies, taking into account the interests of the Co-operative Movement in the region, as well as the interests of the Society.
 - i) The review and update of Society strategies and policies.
 - j) The annual review and approval of the Society's revenue and capital budgets.
 - k) Approval of capital expenditure in excess of 0.05% of Society turnover.
 - l) Approval of all business acquisitions and disposals.
 - m) Approval of all property acquisitions and disposals.
 - n) Approval of all leasing transactions especially property leasing.
 - o) Approval of all funding arrangements.
 - p) Appointment of the secretary including terms and delegated authority, performance appraisal and removal from office, including compensation for loss of office.
 - q) Involvement with the secretary in the appointment of other senior executives.
 - r) Approval and review of the Society's management structure.
 - s) Approval and review of the Society's personnel policies.
45. The directors shall meet at such times as they may determine and a majority shall form a quorum; they shall in all things act for and in the Society's name; and all acts and orders under the powers delegated to them shall have the like force and effect as if they were the acts and orders of the majority of the Society at a members' meeting. Every question at such meeting shall be decided by a majority of votes, and if the votes are equal the chair shall have an additional casting vote. Any three of the directors may call a special meeting of directors by giving three clear days notice in writing, to the secretary; but at such special meeting no other business than that specified in the notice shall be taken into consideration.
46. Meetings of the directors may also be held via telephone or other electronic means: provided that all directors wishing to participate by such means are able to do so and are able to communicate with each other at all times. At least one meeting where directors are present in person must be held every year.

47. A director shall declare an interest and not vote upon or take part in the discussion of any matter before the board of directors or a sub-committee in which he or she has, directly or indirectly, any pecuniary interest.
48. The directors may delegate any of their powers to sub-committees appointed by them from among themselves, who shall have power to appoint their own chair, whose resolutions and actions shall be subject to confirmation by the Board of directors.

BORROWING

- 49.
- a) The Society shall have power to borrow money from its members and others for the purposes of the Society providing that the amount outstanding at any one time shall not exceed £5,000,000.
 - b) The Society shall have power to mortgage or charge any of its property, including the assets and undertakings of the Society, present and future, and to issue loan stock, debentures and other securities for money borrowed or for the performance of any contracts of the Society or its customers or persons or corporations having dealings with the Society.
 - c) The rate of interest on money borrowed, except on money borrowed by way of bank loan or overdraft or from a finance house or on mortgage from a Building Society or Local Authority shall not exceed 5% per year or 3% above the base lending rate of the Society's bankers at the commencement of the loan, whichever is the higher.
 - d) The Society may receive from any persons donations or loans free of interest towards its work but shall not receive money on deposit.

AUDIT

50. Where necessary in law, or where the membership require there shall be appointed in each year of account a qualified auditor to audit the Society's accounts and balance sheet for that year. In this rule "qualified auditor" means a person who is a qualified auditor under Section 7 of the Friendly and Industrial and Provident Societies Act, 1968 as amended by the Companies Act 1989 (Eligibility for Appointment as Company Auditor) (Consequential Amendments) Regulations 1991.
- a) None of the following persons shall be appointed as auditor of the Society-
 - i) an officer or employee of the Society;
 - ii) a person who is a partner of or an the employment of or who employs an officer or employee of the Society
 - b) Save as provided in Clause (c) of this rule every appointment of an auditor shall be made by resolution of a member's meeting of the Society.
 - c) The board may appoint an auditor to fill any casual vacancy occurring between meetings of members of the Society.
 - d) An auditor appointed to audit the accounts and balance sheet of the Society for the preceding year of account (whether by a members meeting or by the board) shall be reappointed as auditor of the Society for the current year of account (whether or not any resolution expressly reappointing him or her has been passed) unless -
 - i) a resolution has been passed at a member's meeting of the Society appointing somebody instead of him or her or providing expressly that he or she shall not be reappointed, or
 - ii) he or she has given to the Society notice in writing of his or her unwillingness to be reappointed, or
 - iii) he or she is not a qualified auditor or is a person mentioned in Clause (a) of this rule, or
 - iv) he or she has ceased to act as auditor of the Society by reason of incapacity.

Provided that a retiring auditor shall not be automatically reappointed if notice of an intended resolution to appoint another person in their place has been given in accordance with Clause (e) of 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 a person mentioned in Clause (a) of this rule.

e) A resolution at a member's meeting of the Society -

- i) appointing another person as auditor in place of a retiring auditor, or
- ii) 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 days before the meeting at which it is to be moved. On receipt by the Society of notice of such an intended resolution the Society shall forthwith 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 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 or, if that is not practicable, by advertisement not less than 14 clear days before the said meeting in a newspaper circulating in the area in which the Society conducts its business. Where the retiring auditor makes any representations in writing to the Society with respect to the intended resolution or notifies the Society that he or she intends to make such representations the Society shall notify the members accordingly as required by Section 6 of the Friendly and Industrial and Provident Societies Act, 1968.

The auditor shall in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act, 1968, make a report to the Society on the accounts examined by him or her and on the revenue account or accounts and the balance sheet of the Society for the year of account in respect of which he or she is appointed.

- f) Where necessary in law, or where the membership require, the Board shall cause the accounts of the Society to be submitted at least once in every year to the auditor for audit.
- g) For the purposes of any audit the auditor shall be given access to and be entitled to call for and examine all books, deeds, documents, and accounts of the Society. He or she shall be entitled to require from the officers of the Society such information and explanations as he or she thinks necessary for the performance of his or her duties. The auditor shall be entitled to attend any members meeting of the Society, to receive all notices of and other communications relating to any members meeting which any member of the Society is entitled to receive, and to be heard at any meeting which he or she attends on any part of the business of the meeting which concerns him or her as auditor

DISPLAY OF LATEST BALANCE SHEET AND AUDITOR'S REPORT

- 51. The Society shall at all times keep a copy of the latest balance sheet of the Society together with a copy of the corresponding auditor's report hung up in a conspicuous place at the registered office and on the official web-site of the Society.

INSPECTION OF BOOKS

- 52. Subject to any regulations as to the time and manner of inspection which may be made from time to time by the Society in general meeting, any member, and any person having an interest in the funds of the Society, shall be allowed to inspect at all reasonable hours his or her own account and the duplicate register of officers and members.
 - a) Any ten members of the Society, who have been members of the Society for at least twelve months may apply to the Mutual Societies Section of the Financial Services

Authority at his or her discretion for the appointment of an accountant or actuary to inspect the books of the Society, and to report thereon.

- b) On the application of one-tenth of the membership of the Society or one hundred members, whichever is the lesser, the Mutual Societies Section of the Financial Services Authority may, with the consent of the Treasury, appoint an inspector or inspectors to examine into, and report on the affairs of the Society or call a special meeting of the Society. Any members making such application under this clause or Clause (a) of this rule must deposit with the Mutual Societies Section of the Financial Services Authority such sum as he or she may require as security for the proposed inspection, and the Mutual Societies Section of the Financial Services Authority may direct in what proportion the expense of and incidental to, the inspection shall be borne by the applicants, the Society, or present or former members or officers of the Society.

ANNUAL RETURN

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

PROCEEDINGS ON DEATH OR BANKRUPTCY OF AN INDIVIDUAL MEMBER

- 55.
 - a) Upon a claim being made by the personal representative of a deceased individual member or the trustee in bankruptcy of a bankrupt member to any property in the Society belonging to the deceased or bankrupt member, the Society shall transfer or pay such property to which the personal representative or trustee in bankruptcy has become entitled as the personal representative or trustee in bankruptcy may direct them.
 - b) A member may in accordance with the Act nominate any individual or individuals to whom any of her/his property in the Society at the time of her/his death shall be transferred, but such nomination shall only be valid to the extent of the amount for the time being allowed in the Act. On receiving a satisfactory proof of death of a member who has made a nomination the Society shall, in accordance with the Act, either transfer or pay the full value of the property comprised in the nomination to the person entitled thereunder.

INVESTMENT OF CAPITAL

- 56. The capital of the Society may be invested -
 - a) in advances to members or others on the security of real or personal property; and
 - b) in or upon any of the securities or shares specified in Section 31 of the Act; but not otherwise.
- 57. The Board may appoint a representative to act on behalf of the Society in relation to any other body corporate in the shares or on the security of which the Society has invested any part of its capital, although the person appointed is not a shareholder in such other body corporate.

DEPRECIATION

58. The value of the assets of the Society shall be reduced at such rate or rates as the directors shall determine.

APPLICATION OF PROFITS

59. The net profits of all business carried on by the Society shall be applied as follows:
- a) payment or provision for interest on share capital at such rate or rates as the directors recommend and the members in Annual Meeting approve, not exceeding a rate equivalent to 2% above The Co-operative Bank p.l.c. base rate or 5% per annum whichever is the higher;
 - b) such provisions and appropriations for specific purposes connected with the business of the Society as the directors may recommend subject to the approval of the Annual Meeting;
 - c) allocation to the Reserve Fund which may be applied only on a recommendation by the directors;
 - d) such grants for charitable, provident and social purposes as may be approved by the Annual Meeting;
 - e) such subscriptions and grants for educational and political purposes and to Co-operative auxiliary organisations as may be approved by the Annual Meeting.
 - f) a dividend to members on purchases from the Society in such manner and at such rate or rates as the directors recommend and the members approve.

SEAL

60. If the Society has a seal it shall be kept in the custody of the Secretary and used only by the authority of the Board. Sealing shall be attested by the signature of two directors or of one director and the Secretary for the time being. If the Society does not have seal, a document which would have previously required to be sealed, should be signed by a director and secretary or two directors and accompanied by a written statement that the document has been executed by the society as if under common seal.

REGULATIONS

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

AMALGAMATION, CONVERSION AND TRANSFER OF ENGAGEMENTS

62. The Act provides that the Society may by special resolution:
- a) amalgamate with another Society or a company registered under the Companies Acts;
 - b) transfer its engagements to another society or a company registered under the Companies Acts;
 - c) convert itself into a company registered under the Companies Acts.
63. In accordance with the 2002 Act, the quorum at any General Meeting called to consider such a resolution shall be 50% of the members entitled to attend and vote at the meeting and a minimum vote of not less than three-fourths of those members voting in favour unless the resolution proposes an amalgamation with or transfer of engagements to another industrial and provident society.

DISSOLUTION OF THE SOCIETY

64. The Society may be dissolved -
- a) by winding up in manner provided by the Act in pursuance of an order or resolution made as is directed in regard to companies by the Insolvency Act 1986.
 - b) by an instrument of dissolution signed by three-fourths of the members for the time being, in the form prescribed by Treasury Regulations.
65. If on the solvent dissolution or winding-up of the Society there remain 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 the 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 meeting; or
 - b) if not so transferred shall be paid or transferred Co-operatives^{UK} Limited.

INTERPRETATIONS

- 66.
- a) In these Rules, "the Act" refers to the Industrial & Provident Societies Acts 1965 to 1978 or any Act or Acts amending or in substitution for them for the time being in force; "Electronic means" shall include email, video links and secure authenticated web-site transactions;
 - b) In these Rules the expression "Board meeting" or "meeting of the Board" includes, except where inconsistent with any legal obligation:
 - i) a physical meeting;
 - ii) a meeting held by electronic means;
 - iii) a meeting held by telephone.

Revised June 2010