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Country Report United Kingdom
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Introduction

In the UK, a body wishing to function as a co-operative is free to use any legal form it chooses. That includes registering under the Companies Act 2006 or the Limited Liability Partnerships Act 2000 or operating as a partnership under the Partnership Act 1890, subject to restrictions on the use of the word “co-operative”.

However, the Industrial and Provident Societies Acts 1965 to 2003 (to be renamed the Co-operative and Community Benefit Societies and Credit Unions Acts 1965 to 2010 when s 2 of the Co-operative and Community Benefit Societies Act 2010 is brought into force) provide a legal structure specifically designed for co-operatives. Credit unions, a form of savings and loan co-operative, must register under the 1965 Act as adapted by the Credit Unions Act 1979 and are prohibited from otherwise registering under the Industrial and Provident Societies Acts 1965 to 2003. Similarly, an organisation using any other legal structure (including the SCE form) is prohibited from using the words “credit union” as part of its name (ss 1 to 3 Credit Unions Act 1979). Like other financial services businesses, credit unions are also subject to regulation by the Financial Services Authority (FSA) as authorised deposit takers under the Financial Services and Markets Act 2000. For that reason, this report makes no further reference to the law governing credit unions.

The Financial Services Authority (FSA) is responsible for industrial and provident society registration – a function similar to that performed by the Registrar of Companies for companies registered under the Companies Act 2006. Further information about the FSA and its role as the registry for mutual societies can be found on its website at <http://www.fsa.gov.uk/> and in the information that it publishes on that site and in print.

As is generally the case in UK business organisation law, the emphasis of the Industrial and Provident Societies Acts 1965 to 2003 is on providing default rules and so maximising the freedom of those using the legal structure to develop and apply their own rules. This means that subject to compliance with the FSA's view of the nature of a bona fide co-operative society, the governance structure, rights and duties of members, elements of the capital structure and rules about the return to members are all left to be dealt with by the rules of each society. This reflects the system also applicable to companies and partnerships in the UK.

1 Definition of a Co-operative Society

Section 1 of the IPSA 1965 lays down the conditions to be satisfied for a society to be registered as an industrial and provident society. It must be a society for carrying on any industry business or trade (including dealings of any description with land) whether wholesale or retail. It must also show ‘to the satisfaction of the [Financial

Services] Authority' that either (i) it is a bona fide co-operative society or (ii) its business is being or is intended to be conducted for the benefit of the community. When section 1 of the Co-operative and Community Benefit Societies Act 2010 is brought into force it will be clear that the registration is *as* one or other of those categories of society.

The only other provision of the legislation relating to the meaning of the term "co-operative society is to be found in section 1(3) of the 1965 Act:

"(3) In this section, the expression "co-operative society" does not include a society which carries on, or intends to carry on, business with the object of making profits mainly for the payment of interest, dividends or bonuses on money invested or deposited with, or lent to, the society or any other person. "

Otherwise the matter is left entirely to the FSA as the registering authority.

The FSA Notes on registering a society ("*Details of Registration*") set out how the FSA's statutory discretion under the IPSA 1965 will be exercised (http://www.fsa.gov.uk/pubs/forms/ms_appform_notes.pdf) and they require a society wishing to register as a co-operative to meet certain conditions:

"Such societies are formed primarily to benefit their own members, who will participate in the business of the society.

To satisfy us that it will be a bona fide co-operative, a society will normally have to fulfil the following conditions, the first four of which also reflect the International Co-operative Alliance's Statement on the Co-operative Identity:

- Community of interest - There should be a common economic, social or cultural need or interest among all members of the co-operative.
- Conduct of business - The business will be run for the mutual benefit of the members, so that the benefit members obtain will stem principally from their participation in the business. Participation may vary according to the nature of the business and may consist of:
 - o buying from or selling to the society;
 - o using the services or amenities provided by it; or
 - o supplying services to carry out its business.
- Control - Control of the society lies with all members. It is exercised by them equally and should not be based, for example, on the amount of money each member has put into the society. In general, the principle of 'one member, one vote' should apply. Officers of the society should generally be elected by the members who may also vote to remove them from office.
- Interest on share and loan capital - Where part of the business capital is the common property of the co-operative, members should receive only limited compensation (if any) on any share or loan capital which they subscribe.

Interest on share and loan capital must not be more than a rate necessary to obtain and retain enough capital to run the business. Section 1(3) of the 1965 Act states that a society may not be a bona fide co-operative if it carries on business with the object of making profits mainly for paying interest, dividends or bonuses on money invested with or lent to it, or to any other person.

- Profits - If the rules of the society allow profits to be distributed, they must be distributed among the members in line with those rules. Each member should receive an amount that reflects the extent to which they have traded with the society or taken part in its business. For example, in a retail trading society or an agricultural marketing society, profits might be distributed among members as a dividend or bonus on purchases from or sales to the society. In other societies (for example, social clubs) profits are not usually distributed among individual members but members benefit through cheaper prices or improvements in the amenities available.
- Restriction on membership - There should normally be open membership. This should not be restricted artificially to increase the value of the rights and interests of current members, but there may be grounds for restricting membership in certain circumstances, which do not offend co-operative principles. For example, the membership of a club might be limited by the size of its premises, or the membership of a self-build housing society by the number of houses that could be built on a particular site.
- Applicants should note that in stating the reasons for registration it is not acceptable merely to quote 'the objects rule'. We expect you to show which of the rules demonstrate that the society will be a bona-fide co-operative."

As the last bullet point indicates, apart from the need to establish that a society meets the "bona fide co-operative" requirement on first registration, it is necessary that it continues to do so. The FSA has power to cancel the registration of a society for failure to adhere to Section 1.

When an application is made to register a co-operative, a copy of its rules is submitted to the FSA. That copy is checked to ensure that the rules do not violate co-operative principles so as to cast doubt on whether the society is a "bona fide co-operative". That process is repeated whenever any application is made to register an amendment to the society's rules and until the amendment is registered it has no legal effect. This system ensures that very considerable freedom is permitted to co-operatives to organise themselves as they choose, so long as the society's rules contain the provisions required by Schedule 1 to the 1965 Act as amended and are consistent with the society's status as a bona fide co-operative.

The legislation does not prescribe the content of the society's constitution even in respect of matters such as governance, share capital, distribution of surplus, or members' voting rights. The question of whether particular provisions of the society's rules are to be permitted is always decided on the basis of whether or not those provisions are consistent with co-operative principles as applied by the FSA.

However, the use of model rules provided in advance by sponsoring organisations is encouraged by the availability of a very substantially reduced registration fee if such rules are used.

The use of the word "co-operative" in the name of a business registered as a company or a limited liability partnership (LLP) requires the approval of the Secretary of State for Business Innovation and Skills. In practice, this allows the Registrar of Companies to apply the test used by the FSA for the registration of an industrial and provident society as a co-operative before a company or LLP registration is permitted with the word "co-operative" in the name. The same obligation is imposed on anyone using the word in the name of an unregistered partnership established by agreement between individuals without registration under the Partnership Act 1890 (Companies Act 2006 sections 55(1) & 1194(1) and the Company, Limited Liability Partnership and Business Names (Sensitive Words and Expressions) Regulations SI 2009/2615 schedule 1).

2. Co-operative Social Object: definition, content, legal effects

A number of points about the development of the UK legislation assist in understanding the UK regime. The division of industrial and provident societies into co-operatives and societies for the benefit of the community was first introduced by the Prevention of Fraud (Investments) Act 1939 to counteract the fraudulent use of the society form to evade the prospectus requirements of the Companies Acts. Before that, no reference to, or definition of co-operatives, was to be found in the legislation (see Snaith I, "What Is an Industrial and Provident Society?" (2001) 34 *Journal of Co-operative Studies* 34.1 April 2001 pp 37-42). However, the Co-operative and Community Benefit Societies Act 2010 reinforces that division by requiring registration as one or the other and adopts that terminology as the title of the UK legislation, partly to address the obscurity of the "industrial and provident society" label.

The first two requirements of the FSA for the registration of a society as a co-operative set out the required objective of a co-operative society:

"• Community of interest - There should be a common economic, social or cultural need or interest among all members of the co-operative.

- Conduct of business - The business will be run for the mutual benefit of the members, so that the benefit members obtain will stem principally from their participation in the business. Participation may vary according to the nature of the business and may consist of:
 - o buying from or selling to the society;
 - o using the services or amenities provided by it; or
 - o supplying services to carry out its business. "

This emphasises the need for a common interest or interests among the members and the need to run the business for mutual benefit rather than profits on capital

investments. member benefit is to arise from their participation in the business as suppliers, customers or employees rather than as holders of capital.

In February 2012, the FSA began consultation on advice it had commissioned from the Law firm Cobbetts LLP which was given with a view to the development by the FSA of new Guidelines for the registration of societies either as co-operatives or community benefit societies. They can be accessed at <http://snaithscoplawnnews.blogspot.co.uk/2012/05/advice-to-fsa-on-new-registration.html>

It seems from the tenor of that document that more emphasis may be placed on the maintenance of co-operative attributes in societies and that this may in future be a matter subject to annual reporting or even reporting of new issues of shares so that the FSA can ensure that societies continue to comply with requirements after registration and between filings of proposed rule amendments. However, the new guidance is still subject to consultation and is unlikely to be implemented for some time.

In particular, that document incorporates a Table linking the ICA Co-operative Principles, the FSA registration requirements and specific questions to be addressed to the society (see Appendix).

2.1. The interest of Members: modes of pursuing it

The first two points in the current FSA Notes on the nature of a bona fide co-operative (referred to above) make clear that the concepts of community of interest among members and the conduct of business for mutual benefit are central to the registration process for co-operatives under the current legislation. It is important to note that the societies governed by the legislation can either be registered as bona fide co-operatives or societies established for the benefit of the community. The distinction generally made between the two is that co-operatives operate primarily for the benefit of their members while community benefit societies operate in the interests of people other than their members who constitute the community that they serve.

The FSA notes provide about community benefit societies :

"Conduct of business - The business must be run primarily for the benefit of people who are not members of the society, and must also be in the interests of the community at large. It will usually be charitable or philanthropic in character. "

This contrast sharpens the focus that co-operatives are for the mutual benefit of their own members and when it is combined with the concept. In terms of the advice on new guidance, it is notable that the questions linked to the ICA Principles and registration requirements deal with this matter under the autonomy principle and focus on which needs and aspirations of members the society seeks to meet, how the society will meet them and member participation in that process.

2.2. Co-operative advantage and ways to assign it to members

2.2.1. Provision and regulation of patronage refunds

Section 1(3) of the 1965 Act makes clear that a co-operative society must not carry on "business with the object of making profits mainly for the payment of interest, dividends or bonuses on money invested or deposited".

However, the FSA's current note reflects the ICA principle by clearly permitting a patronage refund:

"Profits - If the rules of the society allow profits to be distributed, they must be distributed among the members in line with those rules. Each member should receive an amount that reflects the extent to which they have traded with the society or taken part in its business. For example, in a retail trading society or an agricultural marketing society, profits might be distributed among members as a dividend or bonus on purchases from or sales to the society. In other societies (for example, social clubs) profits are not usually distributed among individual members but members benefit through cheaper prices or improvements in the amenities available."

2.2.2 Concept/legal nature of patronage refunds and distinction from dividends (as remuneration of the capital provided by members)

Confusingly, it is the practice of many UK co-operatives to refer to the patronage refund as a "dividend" while specifying that it is a "dividend on purchases" in the case of a consumer co-operative. This term has been used from the earliest days of the UK co-operative movement in the mid- nineteenth century. It is also reflected in the FSA Note which refers to "dividend or bonus".

However, it is clear from both section 1(3) of the 1965 Act and the FSA Note quoted above that the payment of such an amount as a proportion of profits distributed to members cannot be provided on the basis of capital invested in the society. The term "patronage refund" is little known in the UK. The commonest term is "dividend".

2.2.2.1. Remuneration of capital in co-operatives

This issue is dealt with more fully in Chapter 3. However, it is worth noting here that the legislation and the current FSA Note accept the payment of "interest" on capital in a co-operative.

The current FSA Note reads:

"Interest on share and loan capital - Where part of the business capital is the common property of the co-operative, members should receive only limited compensation (if any) on any share or loan capital which they subscribe. Interest on share and loan capital must not be more than a rate necessary to obtain and retain enough capital to run the business. Section 1(3) of the 1965 Act states that a society may not be a bona fide co-operative if it carries on business with the object of making profits mainly for paying interest, dividends or bonuses on money invested with or lent to it, or to any other person."

This reflects the ICA Principle but raises a difficulty by the use of the words "a rate necessary to obtain and retain enough capital to run the business". Those words could be interpreted to mean a market rate and even to extend to a rate related to profits. This would be in danger of undermining the central co-operative idea of limiting the return on capital. The approach in most model rules over the years has been to set a maximum possible rate for both loan and share capital related to the rate set by the central bank on the basis that it should reflect the rate paid on bank deposits.

However, concern has been raised recently because, if interest is paid at a generous fixed rate on member share or loan capital before any return to members by way of patronage refund is paid, a disproportionate amount of profits is used up to reward capital. This may then cast doubt on the ethos and purpose of the society as a co-operative. As a result the questions on this issue in the advice (see Appendix) seek to arm the regulator with information on the basis of which a judgement about this can be made by asking about the intended use of surpluses, financial commitments made to people supplying share and loan capital and the ratio of total interest to total trading surplus.

2.2.3. Right to patronage refunds?

It is clear from the FSA Note and from the Act that the question of entitlement to a patronage refund is left to the society's own rules. The rules usually provide for a decision on the basis of a recommendation from the board of directors confirmed by a decision of the general meeting of members. The rules will often prevent the general meeting from deciding on a larger distribution than the board recommends but may well permit it to approve a lower amount than is recommended.

Once the decision has been made in accordance with the rules members may well have a legally enforceable right to their refund. Before that point they will have no legal claim to a refund.

It is open to societies to provide no patronage refund or distribution to members but to build reserves or provide facilities for the use of members. that can be done either by making no provision for distributions to members in the rules or by choosing not to make any although the rules permit them.

3. Cooperative social object and cooperative membership (and non-user, investor, members)

For co-operatives, 2006 saw the liberalisation of FSA policy on the use of "investor shares" for non-user investor members. The FSA document permits co-operatives to have non-user investor members who hold "Investor Shares", subject to restrictions to protect the interests of user members. These include restricted voting rights for investor members, compliance with applicable regulatory requirements under FSMA 2000, and an overriding requirement that the society remains, in the FSA's view, a "bona fide co-operative" (*Investor Membership of Co-operatives registered under the*

Industrial and Provident Societies Act 1965 A Policy Note by Michael Cook and Ramona Taylor, Financial Services Authority, 2006 <http://snaithscoplawnnews.blogspot.co.uk/2012/05/non-user-investor-members-in-uk-co.html>). This change was uncontroversial among those consulted by the FSA as it addressed the need of co-operatives to raise capital.

However, this possibility for raising more capital may be of considerably more use and interest now that the statutory limit on holdings by members other than industrial and provident societies has been removed for non-withdrawable shares in societies (The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 SI 2011/2687 article 3 <http://www.legislation.gov.uk/uksi/2011/2687/made>).

4. Cooperative activity with members: regulation

For most co-operatives, there is no particular regulation of transactions or other activities with members. Consumer co-operative members have the same rights against the co-operative from which they buy goods as any consumer would have against a retail business with which they made a contract. Similarly, the employee members of a worker co-operatives have contracts of employment with the society which is their employer. Their rights under employment law are unaffected by their dual status as members of the co-operative. In both of these cases and in any other case in which a member makes a contract of purchase sale or employment with their co-operative the fact that the society is registered and so has corporate personality permits contractual relationships between members and the co-operative society itself to be governed by the normal rules of contract law without regard to the membership of one party in the other.

In a case in which the nature of the business is such that particular legislative provisions apply between the parties, the usual regulatory provisions will apply if the legislation makes no different provision. One example of the exclusion of co-operatives from the usual regulatory provisions is the position of fully mutual housing co-operatives registered under the 1965 Act. Such societies are excluded from provisions giving most social tenants (whose landlords are housing associations registered as community benefit societies or local authorities) security of tenure. For fully mutual co-operative society tenant-members the relationship is governed by the rules of the co-operative, the tenancy agreement, and the underlying case law (Housing Act 1985, section 80). A recent Supreme Court case confirms this absence of statutory regulation and indicates that the tenant-member's rights depend on the interpretation of the agreement between the co-operative and the tenant on the basis of its express terms, the context in which it was made, and the interaction of the agreement with the established case law on landlord and tenant (*Berrisford v Mexfield Housing Co-operative Limited* [2011]UKSC 52).

In another particular example, credit unions are regulated under the Financial Services and Markets Act 2000 as particular financial services organisations although they are subject to particular rules which may differ from those applicable to banks. That, however, is mainly due to the modest scale of credit union businesses and the limited range of activities that they are permitted to undertake as much as the particular nature

of these societies as financial co-operatives (See Financial Services Authority, Credit Unions New Sourcebook ("CREDS") at <http://fsahandbook.info/FSA/html/handbook/CREDS>).

5. Activity with non-members

For tax purposes, a separate set of rules apply to a society seeking to deduct from its profits for corporation tax purposes the amount of any such distribution. To be allowed to do that, the society must be involved in "mutual trading". That means that the contributors to and participators in a surplus must be identical, the surplus must go back to contributors, surplus contributions must be returned and the members must control the common fund. A body will not pass the tests for mutual trading if its legal framework does not include these rules (HMRC, BIM24100 - Mutual trading: essential requirements <http://www.hmrc.gov.uk/manuals/bimmanual/BIM24100.htm>). Most consumer co-operative societies will not meet these conditions as they trade with non-members as well as members. That means that they do pay corporation tax on their profits.

Even where trading is not mutual, "Dividends" on purchases received by a trader from a co-operative society should be regarded as discounts and taken into account for tax purposes to the extent to which those purchases qualify for a tax deduction or allowance. (See *Pope v Beaumont* [1941] 24TC78.) and 'Dividends' on sales made by a trader to or through co-operative societies (for example, egg packing stations and auction societies) should be treated as additions to the sale proceeds and, therefore, as trading receipts" (See HMRC, BIM24560 - Mutual trading: distributions: dividends from a co-operative society <http://www.hmrc.gov.uk/manuals/bimmanual/BIM24560.htm>).

This separate treatment of the question of the nature of a co-operative for registration purposes and for tax makes the issue of trading only with members unimportant as part of a co-operative definition in the UK. In addition, the UK consumer co-operatives have long traded with non-members to a very considerable extent. The perception is that if all customers are able to become members and there are no artificial restrictions on membership, the co-operative principles are met. In that situation, profits from trade can be distributed to members despite the fact that a considerable proportion of the trade was with non-members.

There would, however, presumably come a point at which the FSA would decide that a very large proportion of trade with non-members called the society's status as a bona fide co-operative into question.

6. Indirect mutuality (in coop groups): reference to chapter 5 (?)

This question is dealt with more fully in Chapter 5. The basic UK position is that the legislation makes little explicit provision for the formation of groups by and from co-operative societies. However, section 3 of the 1965 Act lays down that a registered society is a corporate body. As such it is free to hold shares or otherwise be a member of any other society or company. Thus one society can be a member of another and section 6(1)(a) of the Act permits one registered society to hold an unlimited number

of withdrawable shares in another while limiting the holding of other persons whether human beings or corporate bodies. In addition the Friendly and Industrial and Provident Societies Act 1968 which lays down the the accounting . requirements for societies provides explicitly for group accounts to be kept by groups of societies or groups of societies and companies. Section 15 of that Act defines the expression subsidiary for that purpose in the context of one society being a subsidiary of another and of any other kind of corporate body (including a company) being a subsidiary of a society. this is a clear acknowledgement of the legality of groups of co-operatives and of mixed groups in which other types of corporate body are subsidiaries of co-operatives.

7. Cooperatives with different/particular social object (and social cooperatives)

Although the distinction between societies registered as bona fide co-operatives and those registered and community benefit societies is focused on the contrast between the objective of mutual member benefit in co-operatives and more altruistic objectives in other societies, a society can be structured as a co-operative and pursue altruistic objectives by, for example, stipulating such objectives in its rules, preventing any surplus distribution to members as patronage refund.

However, it is only community benefit societies and Community Interest Companies that are able, without the use of trust devices, to ensure that it is impossible for the value of their assets to be released for other purposes (Co-operatives and Community Benefit Societies Act 2003, section 1 and Community Benefit Societies (Restriction on Use of Assets) Regulations 2006 SI 2006/264). It is always possible for a large enough majority of the members of a co-operative society, by one or more rule amendments, conversion to a different business structure, or dissolution, to unlock value for the members (Industrial and Provident Societies Act 1965 sections 1 & 50-55).

8. Cooperative social object and governance issues: reference to chapter 2 “Cooperative governance”

Issues about the governance of co-operatives will be fully explored in chapter 2. However, it can be noted here that democratic control by the membership is one of the key characteristics used by the FSA in its current Notes on the meaning of "bona fide co-operative" which provide:

"Control - Control of the society lies with all members. It is exercised by them equally and should not be based, for example, on the amount of money each member has put into the society. In general, the principle of ‘one member, one vote’ should apply. Officers of the society should generally be elected by the members who may also vote to remove them from office"

This embodies the principle of one member one vote but says little about expectations for secondary co-operatives or those with a large membership and delegate systems

for electing the central board. some of these issues are further elaborated by Co-operative UK's Codes of Best Practice on Co-operative Governance for consumer and worker co-operatives (<http://www.uk.coop/corporate-governance>).

References

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HMRC, BIM24560 - *Mutual trading: distributions: dividends from a co-operative society* <http://www.hmrc.gov.uk/manuals/bimmanual/BIM24560.htm>

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Appendix

Extract from Advice by Cobbetts LLP to the Financial Services Authority February 2012

The advice stated (at pages 4-7):

"It has been accepted, correctly in our view, that the question whether a society is a bona fide co-operative society should be decided by reference to the Statement on the

Co-operative Identity of the International Co-operative Alliance. We suggest that the following represents a practical and principled approach in determining whether the question can be answered affirmatively. We also suggest that, in accordance with present practice, applicants for registration should be asked to identify how the Principles are reflected in the specific rules of the proposed society."

Principles	Requirement(s) to be satisfied	Suggested question(s)
<p>1st Principle: Voluntary and Open Membership Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.</p>	<p>That membership is essentially open.</p>	<p>Who can be a member? Are there any restrictions on membership?</p>
<p>2nd Principle: Democratic Member Control Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.</p>	<p>That members control the society democratically, and not (for example) based on the amount of money each member has put into the society. That members actively participate in setting policies and making decisions. That elected representatives are accountable to the membership.</p>	<p>How are votes distributed between members? If not one member one vote, please explain why. How do members exercise control over the committee? What effective voice do members have in the running of the society? How are elected representatives accountable to the membership? What are the qualifications for election to office?</p>

<p>3rd Principle: Member Economic Participation</p> <p>Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.</p>	<p>That every member holds at least one share</p> <p>That no category of members has a disproportionate influence on the conduct of the society's affairs</p> <p>That any distribution to members of surpluses not needed by the business is based on members' trade with the society.</p> <p>That the only payment to members for the use of their capital is in the form of interest and that, if any interest is paid, the amount is both fixed and limited to a comparatively modest level</p>	<p>What categories of membership does the society have, or may it have, and what share rights are attached to those categories?</p> <p>How does the society intend to use surpluses?</p> <p>What, if any, financial commitment has the society given/will it give to those who provide the intended share or loan capital?</p> <p>Where a commitment has been made, how will the total amount of interest to be paid compare with the likely total amount of trading surplus (EBITDA)?</p>
<p>4th Principle: Autonomy and Independence</p> <p>Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital</p>	<p>That the society is a self-help organisation to meet the needs and aspirations of its members.</p> <p>That the society is independent of external providers of finance, of government, and of other commercial interests.</p>	<p>What needs and/or aspirations of members does the society seek to meet?</p> <p>What will it do to meet those needs and/or aspirations?</p> <p>How will members participate in the process of meeting those needs and aspirations?</p> <p>Has the society entered into/will the</p>

<p>from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.</p>		<p>society enter into any agreement (other than normal commercial agreements) which compromises/may compromise the members' control of the society, its business and affairs?</p>
<p>5th Principle: Education, Training and Information Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.</p>	<p>That the society has a commitment to the training and education of its members and to promoting the Principles</p>	<p>What commitment does the society have to education and training? What commitment does the society have to promoting the Co-operative Principles?</p>
<p>6th Principle: Co-operation among Co-operatives Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.</p>	<p>That the society sees the benefit of working together with other co-operatives</p>	<p>What commitment does the society have to engage with other co-operative organisations?</p>
<p>7th Principle: Concern for Community Co-operatives work for the sustainable development of their communities through</p>	<p>That the society is committed to the sustainable development of the community or communities in which it operates</p>	<p>What commitment does the society have to the sustainable development of the community or communities in which it operates?</p>

policies approved by their members.		
Other Issues		
A co-operative as a subsidiary	That if the society is intended to be a wholly-owned subsidiary of another (parent) co-operative, this will not prejudice the society's commitment to the Principles	Is it the intention that the society will be a wholly-owned subsidiary of another society? If so, how will this impact on the fulfilment by the society of the Co-operative Principles?

It is important to note that the document which contains this Table is as yet under consultation and this procedure has not yet been adopted by the FSA. However, it provides a useful supplement to the published Notes to be found on the FSA website.