

Co-operative and Community Benefit Societies Bill

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A
B I L L

TO

Consolidate certain enactments relating to co-operative societies, community benefit societies and other societies registered or treated as registered under the Industrial and Provident Societies Act 1965, with amendments to give effect to recommendations of the Law Commission and the Scottish Law Commission.

BE IT ENACTED by the Queen’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART 1

REGISTRATION

Introduction

1 Meaning of “registered society” [In01]

- (1) In this Act “registered society” means a society registered under this Act, that is—
 - (a) a society registered under this Act on or after 1 August 2014 (the day of the coming into force of this Act), or
 - (b) (by virtue of section 150(1)) a society that immediately before that date was registered or treated as registered under the 1965 Act.
- (2) In this Act “the 1965 Act” means the Industrial and Provident Societies Act 1965.

*Registration***2 Societies that may be registered [In02]**

- (1) A society for carrying on any industry, business or trade (including dealings of any kind with land) which meets the conditions in subsection (2) may be registered under this Act as –
 - (a) a co-operative society, or
 - (b) a community benefit society.
- (2) The conditions are –
 - (a) that it is shown to the satisfaction of the FCA –
 - (i) in the case of registration as a co-operative society, that the society is a bona fide co-operative society, or
 - (ii) in the case of registration as a community benefit society, that the business of the society is being, or is intended to be, conducted for the benefit of the community,
 - (b) that –
 - (i) the society has at least 3 members, or
 - (ii) the society has 2 members both of which are registered societies,
 - (c) that the society’s rules contain provision in respect of the matters mentioned in section 14, and
 - (d) that the place that under those rules is to be the society’s registered office is in Great Britain or the Channel Islands.
- (3) For the purposes of subsection (2)(a)(i) “co-operative society” does not include a society that 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.
- (4) For registration under this Act as a credit union, see the Credit Unions Act 1979.

3 Registration [In03]

- (1) An application for the registration of a society under this Act is made by sending the following to the FCA –
 - (a) an application for registration, signed by –
 - (i) the society’s secretary and 3 of its members, or
 - (ii) where both or all of its members are registered societies, the secretaries of 2 of those registered societies, and
 - (b) 2 copies of the society’s rules.
- (2) If the FCA is satisfied that the society has complied with the requirements under this Act as to registration, it must –
 - (a) register the society, and
 - (b) give the society an acknowledgment of registration bearing the FCA’s seal.
- (3) A registered society is by virtue of its registration a body corporate by its registered name, with limited liability.
- (4) The society may sue and be sued by its registered name.

- (5) Registration vests in the society all property for the time being vested in any person in trust for the society.
- (6) Any legal proceedings pending by or against the trustees of the society may (once the society is registered) be brought or continued by or against the society.
- (7) The acknowledgement of registration also constitutes an acknowledgment of, and is conclusive evidence of, the registration under this Act of the rules of the society in force at the date of the society's registration.

4 Registration etc: special cases [ln04]

- (1) A society which has any withdrawable share capital may not be registered with the object of carrying on the business of banking.
- (2) Section 66(2) (taking of deposits below limits specified there not to be treated as carrying on the business of banking) applies for the purposes of subsection (1).
- (3) For the prohibition on registering a society whose objects are wholly or substantially those of a credit union otherwise than as a credit union, see section 2(3) of the Credit Unions Act 1979.
- (4) Subsection (5) applies where, for the purpose of securing (and maintaining) approval of its profit sharing scheme in accordance with Part 1 of Schedule 9 to the Income and Corporation Taxes Act 1988, the rules of a society that is a workers' co-operative contain any of the following –
 - (a) provision for membership of the society by trustees of the scheme;
 - (b) provision denying voting rights to those trustees;
 - (c) other provisions which appear to the FCA to be reasonably necessary for that purpose.
- (5) The provisions are to be disregarded in determining –
 - (a) whether the society should be registered as a co-operative society under this Act;
 - (b) if the society is a registered society, whether for the purposes of this Part the society is a bona fide co-operative society.

Cancellation of registration

5 Cancellation of registration: conditions for cancellation [J24]

- (1) The FCA may, in writing, cancel the registration of a registered society if any of conditions A to E is met.
- (2) Condition A is that –
 - (a) the society has requested the cancellation of its registration,
 - (b) the request is evidenced in such way as the FCA from time to time directs, and
 - (c) the FCA considers it appropriate to cancel the registration.
- (3) Condition B is that any of the following is proved to the FCA's satisfaction –
 - (a) that an acknowledgment of registration has been obtained by fraud or mistake;

- (b) that the society has less than 3 members (and does not have 2 members both of which are registered societies);
 - (c) that the society has ceased to exist.
- (4) Condition C is that it is proved to the FCA's satisfaction –
- (a) that the society exists for an illegal purpose, or
 - (b) that the society has wilfully and after notice from the FCA violated any of the provisions of this Act.
- (5) Condition D is that it appears to the FCA –
- (a) in the case of a society registered as a co-operative society, that the condition in section 2(2)(a)(i) is not met;
 - (b) in the case of a society registered as a community benefit society, that the condition in section 2(2)(a)(ii) is not met;
 - (c) in the case of a pre-commencement society, that neither of the conditions in section 2(2)(a) is met.
- (6) Condition E is that –
- (a) the society's registered rules contain provision of a kind authorised by section 22 (rules of agricultural, horticultural or forestry society), and
 - (b) it appears to the FCA that –
 - (i) the society no longer consists mainly of members of a kind mentioned in that section, or
 - (ii) the activities carried on by the society do not mainly consist in making advances to its members for the purposes mentioned there.

6 Cancellation of registration: procedure and effect [\[In024a\]](#)

- (1) The FCA must give a registered society at least 2 months' notice in writing of the proposed cancellation of its registration, specifying briefly the ground of the proposed cancellation.
- (2) Subsection (1) does not apply to any cancellation –
- (a) made by virtue of condition A in section 5 (cancellation at society's request),
 - (b) made by virtue of section 113(2) (cancellation following conversion into a company etc), or
 - (c) made after a relevant certificate within the meaning of section 126 (certificate that society's property has been transferred to persons entitled to it) has been lodged with the FCA.
- (3) If the society appeals under section 9 before the end of the period of notice, its registration may not be cancelled before the date the appeal is determined or abandoned.
- For the FCA's power to suspend the society's registration in these circumstances, see section 8(3).
- (4) For the right of the society to make representations and to be heard by the FCA in a case where condition D in section 5 is relied on, see section 7.
- (5) The FCA must consult the PRA before cancelling the registration of a registered society that is a PRA-authorised person.

- (6) The FCA must ensure that, as soon as practicable after a society's registration is cancelled, notice of the cancellation is published in—
 - (a) the Gazette, and
 - (b) a local newspaper circulating in or about the locality in which the society's registered office is situated.
- (7) As from the date of publication of the notice in the Gazette, the society ceases to be entitled to any of the privileges of this Act as a registered society.
This does not affect any liability incurred by the society (which may be enforced against it as if the cancellation had not occurred).

7 Cancellation of registration: additional procedure in cases involving condition D [ln024b]

- (1) This section applies where the FCA gives a registered society a notice under section 6 (notice of proposed cancellation of registration) specifying a ground set out in condition D in section 5.
- (2) The FCA must consider any representations about the proposed cancellation that the society makes to it in the period of notice.
- (3) If the society requests, the FCA must give the society an opportunity of being heard by the FCA before its registration is cancelled.
- (4) If, at any time after the end of one month from the date the notice is given, it appears to the FCA that there have not been taken the steps which by that time could reasonably have been taken for the purpose of—
 - (a) converting the society into a company, amalgamating it with a company, or transferring its engagements to a company, in accordance with section 113, or
 - (b) dissolving the society under section 120 or 124,the FCA may give such directions as it considers appropriate for securing that the society's affairs are wound up before its registration is cancelled.
- (5) The FCA must consult the PRA before giving directions under subsection (4) to a registered society that is a PRA-authorized person.
- (6) A person who contravenes or fails to comply with a direction under subsection (4) commits an offence.
- (7) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale or imprisonment for a term not exceeding 3 months (or both).

Suspension of registration

8 Suspension of registration [J25]

- (1) If any of conditions C to E in section 5 is met in relation to a society, the FCA may by notice in writing—
 - (a) suspend the society's registration for a term not exceeding 3 months, and
 - (b) from time to time renew any suspension for a term not exceeding 3 months.

- (2) The FCA must give a registered society at least 2 months' notice in writing of the proposed suspension of its registration under subsection (1)(a), specifying briefly the ground of the proposed suspension.
- (3) Where—
 - (a) a notice of proposed cancellation of a society's registration is given under section 6, and
 - (b) before the end of the period of notice, the society appeals under section 9 against the proposed cancellation,
 the FCA may by notice in writing suspend the society's registration from the end of that period until the date the appeal is determined or abandoned.
- (4) The FCA must consult the PRA before suspending, or renewing the suspension of, the registration of a registered society that is a PRA-authorized person.
- (5) The FCA must ensure that, as soon as practicable after the suspension or renewal of suspension of a society's registration, notice of the suspension or renewal is published in—
 - (a) the Gazette, and
 - (b) a local newspaper circulating in or about the locality in which the society's registered office is situated.
- (6) From the date of publication of the notice in the Gazette until the end of the period for which the society's registration is suspended, the society is not entitled to any of the privileges of this Act as a registered society.
This does not affect any liability incurred by the society (which may be enforced against it as if the suspension had not occurred).

Appeals

9 **Appeal against refusal to register or cancellation or suspension of registration** **[26]**

- (1) A society may appeal to the appropriate court from a decision of the FCA—
 - (a) to refuse to register the society (but see subsection (3)),
 - (b) to cancel the society's registration (but see subsections (3) to (5)), or
 - (c) to renew a suspension of the society's registration so far as the renewal provides for the suspension to continue more than 3 months from the date its registration was first suspended.
- (2) "The appropriate court" means—
 - (a) if the society's registered office is in Scotland, the Court of Session;
 - (b) otherwise, the High Court.
- (3) No appeal may be made against—
 - (a) a refusal to register a society on the ground that a condition in section 2(2)(a) is not met, or
 - (b) a decision to cancel a society's registration on the ground that condition D in section 5 is met.
- (4) No appeal may be made against a cancellation within section 6(2).
- (5) An appeal against a decision to cancel a society's registration must be lodged before the end of the period of notice of the proposed cancellation given under section 6.

- (6) If a decision to refuse to register a society is overruled on appeal, the FCA must register the society and give it an acknowledgment of registration under section 3.

PART 2

NAME, RULES, POWERS ETC

Name and charitable status

10 A society's name [ln010]

- (1) A society may not be registered under this Act under a name which in the opinion of the FCA is undesirable.
- (2) The last word in the name of every registered society must be –
- (a) “limited”, or
 - (b) if the society's rules state that its registered office is to be in Wales, either “limited” or “cyfyngedig”.
- This is subject to the following provisions of this section.
- (3) If the FCA is satisfied that a society's objects are wholly charitable or benevolent –
- (a) it may register the society by a name which does not comply with subsection (2), or
 - (b) it may give the society approval under section 13 for a change of name to one that does not comply with that subsection.
- (4) But if it subsequently appears to the FCA that the society (whether in consequence of a change in its rules or otherwise) is not being conducted wholly for charitable or benevolent objects –
- (a) the FCA may direct that the word “limited” (or in an appropriate case “cyfyngedig”) be added as the last word in the society's name, and
 - (b) if it does so, it must give the society notice of the direction.

11 Registered name to be displayed and used [J14C]

- (1) A registered society must ensure that its registered name appears in a conspicuous position and in legible characters on the outside of –
- (a) its registered office, and
 - (b) every other office or place in which its business is carried on.
- (2) A registered society's registered name must appear in legible characters –
- (a) in all of its notices, advertisements and other official publications,
 - (b) in all of its business correspondence,
 - (c) in all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods, purporting to be signed by or on behalf of the society,
 - (d) in all its other business documentation, and
 - (e) on all its websites.
- (3) An officer of a registered society, or any other person acting on behalf of a registered society, who –

- (a) issues or authorises the issue of a document within subsection (2)(a), (b) or (d) that does not comply with subsection (2),
 - (b) signs on behalf of the society a document within subsection (2)(c) that does not comply with subsection (2) or authorises the signing of such a document on its behalf, or
 - (c) causes or authorises the appearance on the internet of a website within subsection (2)(e) that does not comply with subsection (2),
- commits an offence and is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (4) A person convicted of an offence under subsection (3) by virtue of subsection (3)(b) is also personally liable to the holder of the document for the amount specified in the document unless that amount is duly paid by the society.
 - (5) References to a society’s website include a section of any other person’s website that relates to the society if –
 - (a) the society placed the section on the other person’s website, or
 - (b) the society authorised it to be placed there.

12 Charitable status to appear on documents etc [\[J14A\]](#)

- (1) A charitable registered society whose registered name does not include the word “charity” or “charitable” must state the fact that it is a charity in legible characters –
 - (a) in all of its notices, advertisements and other official publications,
 - (b) in all of its business correspondence,
 - (c) in all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods, purporting to be signed by or on behalf of the society,
 - (d) in all conveyances purporting to be executed by or on behalf of the society,
 - (e) in all its other business documentation, and
 - (f) on all its websites.
- (2) Subsection (1) does not apply to any document wholly in Welsh if the society’s registered name includes the word “elusen” or “elusennol”.
- (3) The statement required by subsection (1) must be in English, except that it may be in Welsh if –
 - (a) the document is otherwise wholly in Welsh, and
 - (b) the statement consists of or includes the word “elusen” or “elusennol”.
- (4) An officer of a registered society, or any other person acting on behalf of a registered society, who –
 - (a) issues or authorises the issue of a document within subsection (1)(a), (b) or (e) that does not comply with this section,
 - (b) signs on behalf of the society a document within subsection (1)(c) that does not comply with this section or authorises the signing of such a document on its behalf,
 - (c) executes on behalf of the society a document within subsection (1)(d) that does not comply with this section or authorises the execution of such a document on its behalf,
 - (d) causes or authorises the appearance on the internet of a website within subsection (1)(f) that does not comply with this section,

commits an offence and is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

- (5) A person convicted of an offence under subsection (4) by virtue of subsection (4)(b) is also personally liable to the holder of the document for the amount specified in the document unless that amount is duly paid by the society.
- (6) For the purposes of this section –
 - (a) “conveyance” means any document for the creation, transfer, variation or extinction of an interest in land;
 - (b) references to execution include –
 - (i) purported execution, and
 - (ii) the doing of any act which (though not by itself execution) combined with other acts constitutes execution or purported execution;
 - (c) references to a society’s website include a section of any other person’s website that relates to the society if –
 - (i) the society placed the section on the other person’s website, or
 - (ii) the society authorised it to be placed there.

13 Change of name [J14B]

- (1) A registered society may change its name if –
 - (a) a resolution for that purpose is passed at a general meeting of the society, appropriate notice of the resolution having been given, and
 - (b) the FCA gives its approval in writing to the change of name.
- (2) “Appropriate notice” means –
 - (a) the notice required by the society’s rules for a resolution changing its name, or
 - (b) if the rules do not make special provision about the notice for such resolutions, the notice required by the rules for a resolution to amend the rules.
- (3) A change in the name of a registered society does not affect any right or obligation of the society or of any member (and any pending legal proceedings may be continued by or against the society notwithstanding its new name).

Rules: general

14 Content of a society’s rules [ln020]

A registered society’s rules must contain provision about the following matters –

1. Name

The society’s name (which must comply with section 10).

2. Objects

The objects of the society.

3. Registered office

The place of the society's registered office, to which all communications and notices to the society may be addressed.

4. Membership

The terms of admission of the members, including any society or company investing funds in the society under the provisions of this Act.

5. Meetings, voting, changes to rules

The method of holding meetings, the scale and right of voting, and the method of making, altering or rescinding rules.

6. Committees and officers

The appointment and removal of a committee (by whatever name) and of managers or other officers and their respective powers and remuneration.

7. Maximum shareholding

Determination in accordance with section 24 of the maximum amount of the interest in the shares of the society which may be held by any member otherwise than by virtue of section 24(2).

8. Borrowing powers etc

Determination whether the society may contract loans or receive moneys on deposit subject to the provisions of this Act from members or others, and if so under what conditions, under what security, and to what limits of amount.

9. Shares

Determination whether any or all shares are transferable, and provision for the form of transfer and registration of shares, and for the consent of the committee to transfer or registration.

Determination whether any or all shares are withdrawable, and provision for the method of withdrawal and for payment of the balance due on them on withdrawing from the society.

10. Audit

Provision for the audit of accounts in accordance with Part 7.

11. Withdrawal etc

Determination whether members may withdraw from the society and if so how, and provision for the claims of the representatives of deceased members and of the trustees of the property of bankrupt members (or, in Scotland, members whose estates have been sequestrated), and for the payment of nominees.

12. Application of profits

The way in which the society's profits are to be applied.

13. Seal

If the society is to have a common seal, provision for its custody and use.

14. Investment of society's funds

Determination whether any part of the society's funds may be invested, and if so by what authority and in what way.

15 Rules to bind members [J22]

- (1) A registered society's registered rules bind the society and all its members and all persons claiming through them to the same extent as if –
 - (a) each member had subscribed the member's name and affixed the member's seal to the rules, and
 - (b) there were contained in the rules a covenant on the part of each member and any person claiming through the member to observe the rules (subject to the provisions of this Act).
- (2) But a member of a registered society is not bound by an amendment of the society's rules registered after the person became a member if and so far as the amendment –
 - (a) requires the member to take or subscribe for more shares than the number held by the member at the date of registration of the amendment,
 - (b) requires the member to pay upon the shares held by the member at that date any sum exceeding the amount unpaid upon them at that date, or
 - (c) in any other way increases the liability of that member to contribute to the share or loan capital of the society,unless the member consents in writing to the amendment.
- (3) In its application to Scotland, subsection (1) has effect as if the words “and affixed the member's seal” were omitted.

16 Amendment of rules [J18]

- (1) Any amendment of a registered society's rules is not valid until the amendment is registered under this Act.
- (2) A registered society must give the FCA 2 copies of any amendment to its rules, signed by the society's secretary and –
 - (a) where both or all of its members are registered societies, by the secretaries of 2 of those registered societies;
 - (b) otherwise, by 3 of its members.
- (3) Subsections (1) and (2) do not apply to a change in a society's registered office or name, but –
 - (a) the FCA must be given notice of any change of registered office, and
 - (b) where such notice is given, or where a registered society's name is changed (see section 13), the FCA must register the change of registered office or name as an amendment of the society's rules.
- (4) If the FCA is satisfied that an amendment of a society's rules is not contrary to the provisions of this Act, it must –
 - (a) register the amendment, and
 - (b) give the society an acknowledgment of registration bearing the FCA's seal.

17 Appeal against refusal to register amendment of rules [In026a]

- (1) A society may appeal to the appropriate court from a decision of the FCA refusing registration of an amendment of the society's rules.
- (2) "The appropriate court" means –
 - (a) if the society's registered office is in Scotland, the Court of Session;
 - (b) otherwise, the High Court.
- (3) If the decision is overruled on appeal, the FCA must register the amendment and give the society an acknowledgment of registration under section 16.

18 Duty to provide copy of rules on demand [J23]

- (1) A registered society must give a copy its registered rules to any person who asks for them and (subject to subsection (2)) pays such fee as the society may require.
- (2) No fee is payable where the request is made by a member of the society who has not previously been given a copy of those rules.
- (3) The fee may not exceed £5 or such other amount as the Treasury may by order specify.

*Rules: supplementary provisions***19 Provision of rules with intent to mislead or defraud [In023a]**

- (1) A person commits an offence if, with intent to mislead or defraud, the person gives to any other person –
 - (a) a copy of any rules other than the registered rules of a registered society on the pretence that they are the society's existing rules or that there are no other rules of the society, or
 - (b) a copy of the rules of a society which is not a registered society on the pretence that they are the rules of a registered society.
- (2) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 1 on the standard scale.

20 Creation of offences by a society's rules [In21a]

A registered society's rules may provide that any contravention or failure to comply with any of the rules is an offence, punishable on summary conviction by a fine not exceeding such reasonable sum as is specified by the rules.

21 Rules as to fund for purchase of government securities [J19]

- (1) The rules of a registered society (or a society to be registered under this Act) may make provision for the setting up and administration by the society of a fund for the purchase on behalf of members contributing to the fund of –
 - (a) defence bonds,
 - (b) national saving certificates, or
 - (c) any other securities of Her Majesty's Government in the United Kingdom for the time being prescribed under section 47(1) of the Friendly Societies Act 1974.

- (2) The rules may make provision for enabling persons to become members of the society for the purpose only of contributing to that fund and without being entitled to any rights as members other than rights as contributors to that fund.

22 Rules of agricultural, horticultural or forestry society may provide for loans without security [J20]

- (1) This section applies to a registered society (or a society to be registered under this Act) if –
 - (a) the society consists mainly of members who are –
 - (i) producers of agricultural or horticultural produce or persons engaged in forestry, or
 - (ii) organisations of such producers or persons, and
 - (b) the society’s object or principal object is the making to its members of advances of money for agricultural, horticultural or forestry purposes.
- (2) The fact that the society’s rules provide (or would if amended provide) for the making of such advances without security is not a ground for refusing to register those rules (or the amendment).

23 Supplementary provisions as to rules [J21]

- (1) The rules of a registered society (or any schedule to them) may specify the form of any instrument necessary for carrying the purposes of the society into effect.
- (2) Any provision made by or under this or any other Act requiring or authorising the rules of a registered society to deal with particular matters does not affect the power of a registered society to make rules about any other matter which –
 - (a) are not inconsistent with the provision (or any other provision of this or any other Act), and
 - (b) are not otherwise unlawful.

Maximum shareholding

24 Maximum interest in a society’s withdrawable shares [J15]

- (1) A member of a registered society (or of a society to be registered under this Act) may not have or claim any interest in the society’s withdrawable shares exceeding £20,000.
- (2) Subsection (1) does not apply –
 - (a) to a member that is a registered society,
 - (b) to an authority that acquired the holding by virtue of section 58 or 59(2) of the Housing Associations Act 1985 or section 22 of the Housing Act 1996 (promotion and assistance by local authority of housing associations),
 - (c) if the society is a private registered provider of social housing, to shares acquired by a local authority under the power in section 2 of the Local Government Act 2000 (power of local authority to promote well-being) or section 1 of the Localism Act 2011 (local authority’s general power of competence), or

- (d) to a member who acquired the holding by virtue of paragraph 2 of Part 1 of the Schedule to the Agricultural Credits Act 1923 at a time when section 2 of that Act applied to the society.

25 Power to amend limit in section 24 [In15a]

- (1) The Treasury may by order substitute for the sum for the time being specified in section 24(1) (maximum interest in withdrawable shares) such other sum (not less than £5,000) as they consider appropriate.
- (2) The order may –
- make any provision in connection with the alteration of the limit for the time being applicable under section 24(1) as was made by section 1 of the Industrial and Provident Societies Act 1975 in connection with the alteration made by section 1(1) of that Act, and
 - contain such other transitional, consequential, incidental or supplementary provisions as appear to the Treasury to be necessary or appropriate in that connection.

Power to hold land

26 Power to hold land etc [J38]

- (1) A registered society may –
- (unless its registered rules provide otherwise) hold, purchase or take a lease of any land in its own name;
 - sell, exchange, mortgage or lease any such land;
 - construct, alter or demolish buildings on it.
- (2) No purchaser, assignee, mortgagee or tenant is bound to inquire as to the authority for any such dealing with the land by the society.
- (3) The society's receipt is a discharge for all moneys arising from or in connection with any such dealing.
- (4) In Scotland, this section has effect as if –
- for “exchange” there were substituted “excamb”;
 - for “mortgage” there were substituted “grant a heritable security over”;
 - for “mortgagee” there were substituted “creditor in a heritable security”.

Power to invest etc

27 Power to invest [J39]

- (1) A registered society may invest any part of its funds in or upon any security authorised by its registered rules.
- (2) A registered society may, unless its registered rules provide otherwise, invest any part of its funds –
- in or upon any relevant security of a relevant authority (see subsection (3));
 - in the shares or on the security of –

- (i) any other registered society,
 - (ii) a building society, or
 - (iii) a company registered under the Companies Acts or incorporated by Act of Parliament or by charter, being a society or company with limited liability;
- (c) in or upon any other security in which trustees are for the time being authorised by law to invest (for which purpose sections 1 to 6 of the Trustee Investments Act 1961 apply as if the society were a trustee and its funds were trust property).
- (3) In this section –
- “building society” has the same meaning as in the Building Societies Act 1986;
- “relevant authority” means –
- (a) a billing authority or precepting authority, as defined in section 69 of the Local Government Finance Act 1992,
 - (b) a fire and rescue authority in Wales constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies,
 - (c) a levying body within the meaning of section 74 of the Local Government Finance Act 1988, or
 - (d) a body as regards which section 75 of that Act applies;
- “relevant security” means any mortgage, bond, debenture, debenture stock, corporation stock, annuity, rentcharge, rent or other security (not being securities payable to bearer) that is authorised by or under any Act.

28 Proxy voting by societies [J40]

- (1) A registered society which has invested any part of its funds in the shares or on the security of any other body corporate may appoint one of its members as its proxy (whether or not the member is a shareholder of the body corporate).
- (2) A member appointed under this section is, during the period for which the member is appointed, to be taken by virtue of the appointment as holding the number of shares held by the society for all purposes except –
 - (a) the transfer of any such share, and
 - (b) the giving of a receipt for any dividend on any such share.

Power to restrict use of assets

29 Power to restrict use of assets of a community benefit society [asset01]

- (1) The Treasury may by regulations make provision for enabling any community benefit society, or any community benefit society of a prescribed kind, to ensure that –
 - (a) assets of the society of a prescribed kind,
 - (b) assets of the society specified by it in accordance with the regulations, or
 - (c) all of the society’s assets,cannot be used or dealt with except in a case mentioned in subsection (2).

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- (2) The cases are—
- (a) where the use or dealing is, directly or indirectly—
 - (i) for a purpose that is for the benefit of the community and is of a prescribed kind, or
 - (ii) if no kinds of purpose are prescribed under this paragraph, for any purpose that is for the benefit of the community, or
 - (b) where the circumstances are such as may be prescribed.
- (3) Where under the regulations a society has ensured as mentioned in subsection (1) as respects any of its assets, the assets concerned are “dedicated assets” for the purposes of this section.
- (4) Regulations under this section may, in particular—
- (a) provide for the procedure by which a society may ensure as mentioned in subsection (1);
 - (b) provide for such of a society’s rules as are of a prescribed kind to be unalterable, or for them to be alterable only in prescribed circumstances or in circumstances specified in rules of a prescribed kind;
 - (c) provide that, in any circumstances prescribed under subsection (2)(b), dedicated assets must be dealt with in a prescribed way;
 - (d) make provision for ensuring that any society, company or other person to whom any dedicated assets are transferred in prescribed circumstances cannot use or deal with those assets except in a case mentioned in subsection (2);
 - (e) provide for members of a society who lose property rights as a result of the society’s ensuring as mentioned in subsection (1) to be compensated for that loss (whether by payment of a prescribed amount or of an amount determined in a prescribed way or otherwise), subject to such exceptions as may be prescribed;
 - (f) provide for the enforcement of provisions designed to ensure as mentioned in subsection (1);
 - (g) make provision for the carrying out of investigations by persons appointed by a prescribed person;
 - (h) confer power on a prescribed person to require persons of a prescribed description to provide the prescribed person with information in order to enable or assist that person to perform any of the person’s functions under the regulations;
 - (i) provide for restrictions on the use and disclosure of information obtained by any person in the performance of any function under the regulations.
- (5) Regulations under this section may—
- (a) impose criminal liability;
 - (b) confer functions on a prescribed person;
 - (c) confer jurisdiction on any court;
 - (d) authorise a prescribed person to make rules, binding on persons of a prescribed description, for the purpose of enabling or assisting the prescribed person to perform any of the person’s functions under the regulations;
 - (e) make provision as to the making, publication and enforcement of such rules;
 - (f) provide for a prescribed person to charge fees sufficient to meet the costs of performing any of the person’s functions under the regulations;

- (g) modify, exclude or apply (with or without modifications) any enactment or rule of law;
 - (h) contain such incidental, consequential and supplementary provision as the Treasury consider appropriate;
 - (i) make different provision for different cases.
- (6) Regulations under this section may not create any new criminal offence punishable with imprisonment for more than 7 years.
- (7) In this section –
- “community benefit society” includes a pre-commencement society that meets the condition in section 2(2)(a)(ii);
 - “prescribed” means prescribed by regulations under this section.

PART 3

MEMBERS AND OFFICERS

Register of members and officers

30 Register of members and officers [J51]

- (1) A registered society must keep a register of members and officers (“the register”) at its registered office.
- (2) The following information must be entered on the register in relation to each member –
- (a) the member’s name and postal address;
 - (b) where the member has notified the society of an electronic address for the purposes of receiving notices or documents under this Act, the electronic address and the purposes for which it has been notified;
 - (c) the number of shares held by the member and the amount paid or agreed to be considered as paid on the shares;
 - (d) a statement of other property in the society held by the member (whether in loans, deposits or otherwise);
 - (e) the date the person was entered on the register as a member;
 - (f) (where applicable) the date the person ceased to be a member.
- (3) The following information must be entered on the register in relation to each officer –
- (a) the officer’s name and postal address;
 - (b) where the officer has notified the society of an electronic address for the purposes of receiving notices or documents under this Act, the electronic address and the purposes for which it has been notified;
 - (c) the office held;
 - (d) the date the person took office.
- (4) Where it appears to the society that an electronic address shown on the register pursuant to subsection (2)(b) or (3)(b) is no longer current, the society may remove that address from the register.
- (5) The register may be kept by –
- (a) making entries in bound books, or
 - (b) recording the matters in question in any other way.

- (6) Where the register is kept otherwise than by making entries in a bound book, the society must take adequate precautions for –
 - (a) guarding against falsification, and
 - (b) facilitating its discovery.
- (7) A registered society must –
 - (a) keep a duplicate register at its registered office, containing the information in the register except information about members' shares and other property in the society, or
 - (b) construct the register in such a way that it is possible to open to inspection so much of the information in it as would be contained in a duplicate register without exposing information recorded in it about members' shares and other property in the society.
- (8) A person authorised for the purpose by the FCA may at all reasonable hours, on producing evidence of the authorisation, inspect any entry in a register or duplicate register kept under this section.
- (9) A registered society's register or duplicate register kept under this section, or any other register or list of members or shares kept by the society, is prima facie evidence of any of the following information entered in it –
 - (a) the name, postal address, electronic address and occupation of a member;
 - (b) the number of shares held by a member, the shares' distinguishing numbers (if any), and the amount paid or agreed to be considered as paid on any of those shares;
 - (c) the date a person's name was entered on the register or list as a member;
 - (d) the date any person ceased to be a member.

Provisions about certain kinds of member etc

31 Members under 18 [J28]

- (1) A person under the age of 18 may be a member of a registered society unless the society's registered rules provide otherwise.
- (2) A person under the age of 18 –
 - (a) may enjoy all the rights of a member of a registered society, and
 - (b) if aged 16 or over, may execute all instruments and give all receipts necessary to be executed or given under a society's registered rules.This is subject to the society's registered rules and to the provisions of this Act.
- (3) A person under the age of 16 may not be a member of a registered society's committee or a trustee, manager or treasurer of a registered society.

32 Bodies corporate may be members [J27]

Shares in a registered society may be held by any other body corporate (if that body's regulations so permit) by its corporate name.

33 Society a member of another society: references to members making and signing documents etc [In019a]

- (1) This section applies where a registered society (“society A”) is a member of another registered society (“society B”).
- (2) For the purposes of any enactment relating to a registered society’s members making or signing an application, instrument or document, any reference in the enactment to a member is to be read, in relation to society A as a member of society B, as a reference to 2 members of society A’s committee and its secretary.

Dealings with members

34 Advances to members [J29]

- A registered society’s rules may provide for advances of money to members –
- (a) on the security of real or personal property or, in Scotland, of heritable or moveable estate, or
 - (b) if the society is registered to carry on banking business, in any way that is customary in the conduct of such business.

35 Remedies for members’ debts [J30]

- (1) Money payable by a member to a registered society is a debt due from the member to the society, and is recoverable as a debt –
 - (a) in the county court, or
 - (b) in Scotland, before the sheriff whose jurisdiction contains the society’s registered office or the member’s residence, at the option of the society.
- (2) A registered society has a lien on a member’s shares in the society for any debt due from the member to the society, and may set off any sum credited to the member on those shares in or towards the payment of that debt.

36 Payments in respect of persons lacking capacity [J34]

- (1) This section applies if –
 - (a) a registered society’s committee is satisfied (after considering medical evidence) that a member is incapable of managing the member’s own affairs by reason of a mental disorder or mental disability, and
 - (b) the committee is satisfied that no person has been duly appointed to administer the member’s property on behalf of the member.
- (2) The society may (if it is proved to the committee’s satisfaction that it is just and expedient so to do) pay the amount of any shares, loans, and deposits belonging to the member to a person whom the committee judges proper to receive it on behalf of the member.
- (3) Receipt by that person is a valid discharge to the society for the sum paid.
- (4) Subsections (1) to (3) do not apply where –
 - (a) the member lacks capacity (within the meaning of the Mental Capacity Act 2005) for the purposes of this Act,

- (b) there is a donee of an enduring power of attorney or lasting power of attorney (within the meaning of that Act) or a deputy appointed for the member by the Court of Protection, and
 - (c) the donee or deputy has power in relation to the member for the purposes of this Act.
- (5) In this section references to a member include a person claiming through a member.
- (6) A payment made under this section to a person appearing to the committee at the time of the payment to be entitled under this section is valid and effectual against any demand made upon the committee or society by any other person.

Distribution of member's property in society on death

37 Nomination by member of entitlement to property in society on member's death [J31]

- (1) A member of a registered society may, in accordance with subsection (2), nominate one or more persons to become entitled at the member's death to—
 - (a) the whole of any property in the society (whether in shares, loans or deposits or otherwise) which the member may have at the time of death, or
 - (b) to such part or respective parts of that property as may be specified in the nomination.
- (2) A nomination must be—
 - (a) made in a written statement signed by the member and delivered at or sent to the society's registered office during the member's lifetime, or
 - (b) made in any book kept at the society's registered office.
- (3) The nomination of a person who (at the date of the nomination) is an officer or employee of the society is valid only if that person is the nominator's spouse, civil partner, parent, child, brother, sister, nephew or niece.
- (4) For the purposes of the disposal of any property which is the subject of a nomination, if at the date of death the amount of property in the society comprised in the nomination exceeds £5,000, the nomination is valid to the extent of £5,000 but not further or otherwise.
- (5) A registered society must keep a book recording—
 - (a) the names of all persons nominated under this section, and
 - (b) any revocation or variation of a nomination.

38 Section 37: variation and revocation of nominations [J31a]

- (1) In this section "nomination" means a nomination under section 37.
- (2) A member's nomination may be varied or revoked by—
 - (a) a subsequent nomination by the member, or
 - (b) any similar document in the nature of a revocation or variation signed by the member and delivered at or sent to the society's registered office during the member's lifetime.

- (3) A member's nomination is not revocable or variable by the member's will (or by any codicil to the will).
- (4) Any nomination made by a member who subsequently marries or forms a civil partnership is revoked by the marriage or formation of the civil partnership.
- (5) But if any of the member's property is transferred by an officer of the society in pursuance of the nomination in ignorance of a marriage or civil partnership occurring after the date of the nomination, the nominee's receipt is a valid discharge to the society (and the society is under no liability to any other person claiming the property).

39 Section 37: procedure on death [J32]

- (1) This section applies where a member of a registered society has made a nomination under section 37.
- (2) On receiving satisfactory proof of the member's death, the society's committee must—
 - (a) transfer to a person any property to which the person is entitled under the nomination, or
 - (b) pay the person the full value of that property.

This is subject to section 37(4) (value of nominated property exceeds amount stated there).

- (3) Subsection (2) applies in relation to property consisting of shares in the society even if the society's rules provide that its shares are not transferable.
- (4) But if the transfer of shares to a person in accordance with the nomination would raise the person's share capital beyond the maximum for the time being permitted in the case of the society, the society's committee—
 - (a) must not transfer to the person more of those shares than raises the person's share capital to that maximum, and
 - (b) must pay the person the value of any of those shares not transferred.
- (5) The society may pay any sum falling to be paid under subsection (2) or (4) to a person under the age of 16 ("the nominee") to—
 - (a) a parent or guardian of the nominee, or
 - (b) any other person aged 18 or over who undertakes to hold it on trust for the nominee or to apply it for the nominee's benefit and whom the society considers to be a fit and proper person for the purpose.

The receipt of the parent, guardian or other person is a valid discharge to the society for any sum paid under this subsection.

40 Death of member: distribution of property not exceeding £5,000 [J33]

- (1) This section applies if—
 - (a) a member of a registered society dies,
 - (b) the member's property in the society (as at death) in respect of shares, loans or deposits does not exceed £5,000, and
 - (c) that property is not the subject of a nomination under section 37 (nomination by member of entitlement to property in society on member's death).

- (2) The society's committee may, without letters of administration or probate of any will (or, in Scotland, confirmation) having been obtained, distribute that property among such persons as appear to the committee (on such evidence as it considers satisfactory) to be entitled by law to receive it.
- (3) A payment or transfer made under this section to a person appearing to the committee at the time of the payment or transfer to be entitled under this section is valid and effectual against any demand made upon the committee or society by any other person.

Officers and employees in charge of money etc

41 Security to be given by certain officers [J48]

- (1) This section applies to an officer of a registered society who receives or is in charge of money.
- (2) If the society's rules so require, the officer must (before undertaking the duties of office) give security in such sum as the society's committee may direct conditioned for –
 - (a) the officer rendering an accurate account of all moneys received and paid by the officer on account of the society, at such times as its rules provide or as the society or its committee requires, and
 - (b) the payment of all sums due from the officer to the society.
- (3) The security must be given by the officer –
 - (a) becoming bound, with or without a surety (or, in Scotland, cautioner), as the society's committee may require, in a bond in one of the forms set out in Schedule 1 or in such other form as the committee may approve, or
 - (b) giving the security of a guarantee society.

42 Duty of certain officers and employees to account [J49]

- (1) This section applies to –
 - (a) an officer of a registered society who receives or is in charge of money, and
 - (b) an employee of a registered society who receives or is in charge of money and is not engaged under a special agreement to account.A person to whom this section applies is referred to below as a "relevant person".
- (2) A relevant person must render such an account as the society or its committee may require (to be examined and allowed or disallowed by it) –
 - (a) at such time as the person is required to do so by the society's rules,
 - (b) on demand, or
 - (c) on notice in writing requiring the person to do so, given or left at the person's last or usual place of residence.
- (3) A relevant person must, on demand or on the giving of notice of a kind mentioned in subsection (2)(c), pay over all moneys and deliver all property for the time being in the relevant person's hands or custody to such person as the society or its committee may appoint.

- (4) Duties imposed on a relevant person under subsection (2) or (3) are, after the person's death, to be treated as imposed on the person's personal representatives.
- (5) In case of any neglect or refusal to comply with the preceding provisions of this section, the society may –
 - (a) sue on any bond or security given under section 41, or
 - (b) apply to –
 - (i) the county court (which may proceed in a summary way) or a magistrates' court, or
 - (ii) in Scotland, the sheriff.
- (6) The order of the county court, magistrates' court or sheriff is final and conclusive (despite anything in section 77 of the County Courts Act 1984).

PART 4

A SOCIETY'S CAPACITY AND RELATED MATTERS

Capacity of society and power of committee to bind it

43 Capacity of a society and relationship with its rules [J16A]

- (1) The validity of an act done by a registered society may not be called into question on the ground of lack of capacity by reason of anything in the society's registered rules.
- (2) A member of a registered society may bring proceedings to restrain the doing of an act which would, but for subsection (1), be beyond the society's capacity.
- (3) But proceedings may not be brought in respect of an act to be done in fulfilment of a legal obligation arising from a previous act of the society.
- (4) It remains the duty of the members of a registered society's committee to observe any limitations on their powers flowing from the society's registered rules.
- (5) Action by the members of the committee which would, but for subsection (1), be beyond the society's capacity may be ratified by the society only by a special resolution.
- (6) A special resolution ratifying such action does not affect any liability incurred by a member of the committee or any other person; relief from any such liability must be agreed to separately by special resolution.
- (7) In the case of a charitable registered society whose registered office is in England or Wales, ratification under subsection (5) is ineffective without the prior written consent of the Charity Commission for England and Wales.
- (8) Section 44 contains provisions about special resolutions under this section.
- (9) This section is subject to –
 - (a) section 47 (application to charitable societies);
 - (b) section 48 (transactions with members of the committee and connected persons in excess of powers).

44 Special resolutions under section 43 [ln16a]

- (1) This section supplements section 43.
- (2) A resolution is a “special resolution” if –
 - (a) it is passed at a general meeting by at least 75% of the eligible members who vote, and
 - (b) at least 21 days’ notice of the meeting, specifying the intention to propose the resolution, is given in accordance with the society’s rules.
- (3) In subsection (2) –
 - (a) “eligible member” means a member who is entitled to vote;
 - (b) references to voting are to voting in person or, where the society’s rules allow proxies, by proxy.
- (4) A copy of a special resolution, signed by the chair of the meeting at which the resolution was passed and countersigned by the society’s secretary, must be sent to the FCA and registered by it.
- (5) The resolution does not take effect until a copy of it has been registered.

45 Power of committee to bind society [J16B]

- (1) In favour of a person dealing with a registered society in good faith, the power of the committee to bind the society (or to authorise others to do so) is treated as free of any limitation under the society’s registered rules.
- (2) For this purpose –
 - (a) a person “deals with” a society if the person is a party to any transaction or other act to which the society is a party,
 - (b) a person is not regarded as acting in bad faith by reason only of knowing that an act is beyond the powers of the committee under the society’s registered rules, and
 - (c) a person is presumed to have acted in good faith unless the contrary is proved.
- (3) The references above to limitations on the powers of the committee under the society’s registered rules include limitations deriving –
 - (a) from a resolution of the society in general meeting or a meeting of any class of members, or
 - (b) from any agreement between the society’s members or any class of members.
- (4) Subsection (1) does not affect any right of a member of the society to bring proceedings to restrain the doing of an act which is beyond the powers of the committee.
- (5) But proceedings may not be brought in respect of an act to be done in fulfilment of a legal obligation arising from a previous act of the society.
- (6) Subsection (1) does not affect any liability incurred by a member of the committee, or any other person, by reason of the committee’s exceeding its powers.
- (7) This section is subject to –
 - (a) section 47 (application to charitable societies);

- (b) section 48 (transactions with members of the committee and connected persons in excess of powers).

46 No duty to enquire as to capacity of society or authority of committee [J16C]

A party to a transaction with a registered society is not bound to enquire as to –

- (a) whether the transaction is permitted by the society's registered rules, or
- (b) any limitation on the powers of the committee to bind the society or authorise others to do so.

47 Application of sections 43 and 45 to charitable societies [J16D]

- (1) Sections 43 and 45 (capacity of society not limited by its rules and power of committee to bind society) apply to an act of a charitable registered society only in favour of –
 - (a) a person who –
 - (i) gives full consideration in money or money's worth in relation to the act, and
 - (ii) does not know that the act is not permitted by the society's registered rules or is beyond the powers of the committee (as the case may be), or
 - (b) a person who does not know at the time the act is done that the society is a charity.
- (2) However, where a charitable registered society purports to transfer or grant an interest in property, the fact that –
 - (a) the act was not permitted by the society's registered rules, or (as the case may be)
 - (b) the committee in connection with the act exceeded any limitation on its powers under those rules,does not affect the title of a person who subsequently acquires the property (or any interest in it) for full consideration without actual notice of any such circumstances affecting the validity of the society's act.
- (3) In any proceedings arising out of subsection (1) a person who alleges –
 - (a) that a person knew that an act was not permitted by the society's registered rules or was beyond the powers of the committee, or
 - (b) that a person knew that the society was a charity,has the burden of proving the allegation.

48 Transactions with committee members etc in excess of powers [J16E]

- (1) This section applies where –
 - (a) a registered society enters into a transaction the parties to which include –
 - (i) a member of the society's committee, or
 - (ii) a person connected with such a member, and
 - (b) in connection with the transaction, the society's committee exceeds any limitation on its powers under the society's registered rules.
- (2) The transaction is voidable at the instance of the society.

- (3) Whether or not it is avoided, a party to the transaction who is within subsection (1)(a)(i) or (ii), and any member of the committee who authorised the transaction, is liable—
 - (a) to account to the society for any gain made directly or indirectly by the transaction, and
 - (b) to indemnify the society for any loss or damage resulting from the transaction.
- (4) Nothing in the above provisions excludes the operation of any other enactment or rule of law by virtue of which the transaction may be called in question or any liability to the society may arise.
- (5) The transaction ceases to be voidable if—
 - (a) restitution of any money or other asset which was the subject matter of the transaction is no longer possible,
 - (b) the society is indemnified for any loss or damage resulting from the transaction,
 - (c) rights acquired bona fide for value and without actual notice of the committee's exceeding its powers by a person who is not party to the transaction would be affected by the avoidance, or
 - (d) the transaction is ratified by the society in general meeting in such a way as the case may require.
- (6) A person other than a member of the committee is not liable under subsection (3) if the person shows that at the time the transaction was entered into the person did not know that the committee was exceeding its powers.
- (7) This section does not affect the operation of section 45 (power of committee to bind the society) in relation to any party to the transaction not within subsection (1)(a)(i) or (ii) above.
- (8) But if the transaction is voidable by virtue of this section and valid by virtue of that section in favour of such a person, the appropriate court may, on the application of that person or the society, make such order affirming, severing or setting aside the transaction, on such terms, as appear to the court to be just.
- (9) In the case of a charitable registered society whose registered office is in England or Wales, any ratification of the transaction is ineffective without the prior written consent of the Charity Commission for England and Wales.

49 Section 48: definitions [J16F]

- (1) This section supplements section 48.
- (2) "The appropriate court", in relation to a registered society, means the court having jurisdiction to wind up the society under the provisions of the Insolvency Act 1986 as applied by section 124.
- (3) "Transaction" includes any act.
- (4) The reference in section 48(1) to limitations under the society's registered rules includes limitations deriving—
 - (a) from a resolution of the society in general meeting or a meeting of any class of members, or
 - (b) from any agreement between the society's members or any class of members.

- (5) Sections 252 to 255 of the Companies Act 2006 apply for the purposes of references to a person’s being “connected” with a committee member –
 - (a) as if any reference to a director of a company were to a member of a committee of a registered society, and
 - (b) subject to such other adaptations and modifications as may be specified by regulations made by the Treasury under this section.

Seals

50 Common seal [J37B]

- (1) Notwithstanding any enactment or rule of law, a registered society need not have a common seal.
- (2) A registered society which has a common seal must have its registered name engraved in legible characters on the seal.
- (3) A registered society which decides to have a common seal must not cause such a seal to be made unless its registered rules contain provision for the custody and use of that seal.
- (4) An officer of a registered society, or a person acting on behalf of a registered society, commits an offence if the officer or person uses or authorises the use of a seal purporting to be the society’s common seal which does not have the society’s registered name engraved in legible characters on it.
- (5) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

51 Power of society to have official seal for use abroad [J37E]

- (1) This section applies to a registered society if –
 - (a) it has a common seal, and
 - (b) its objects require or comprise the transaction of business in foreign countries.
- (2) The society may, if authorised by its registered rules, have an official seal for use in any territory, district, or place outside the United Kingdom.
- (3) An “official seal” is a facsimile of the society’s common seal with the addition on its face of the name of every territory, district or place where it is to be used.
- (4) The official seal, when duly affixed to a document, has the same effect as the society’s common seal.

52 Authorisation of use of official seal [J37G]

- (1) If a registered society has an official seal, it may authorise any person appointed for the purpose as respects any territory, district or place appearing on the face of that seal to affix it to any deed or other document to which the society is party there.
- (2) An authorisation for the purposes of subsection (1) must be given –
 - (a) in the case of a society whose registered office is in Scotland, by writing subscribed or authenticated in accordance with the Requirements of Writing (Scotland) Act 1995;

- (b) in any other case, by writing under the society’s common seal.
- (3) As between the society and a person dealing with such an agent, the agent’s authority continues –
 - (a) if a period is mentioned in the authorisation, during that period, or
 - (b) if no period is mentioned there, until notice of the revocation or determination of the agent’s authority has been given to the person dealing with the agent.
- (4) The person affixing the official seal must certify in writing on the deed or other instrument to which the seal is affixed the date on which and the place at which it is affixed.

Execution of documents

53 Methods for execution of documents: England and Wales [J37C]

- (1) This section contains provisions about the execution of documents by a registered society under the law of England and Wales.
- (2) A registered society which has a common seal may execute a document by affixing its common seal to it.
- (3) A document –
 - (a) signed by 2 authorised signatories (see subsection (6)), and
 - (b) expressed (in whatever form of words) to be executed by a registered society,
 has the same effect as if it were executed under the society’s common seal.
- (4) A document executed by a registered society which makes it clear on its face that it is intended by the person or persons making it to be a deed –
 - (a) has effect, upon delivery, as a deed, and
 - (b) is presumed to be delivered upon its being executed by the society, unless a contrary intention is proved.
- (5) In favour of a purchaser –
 - (a) a document is treated as duly executed by a registered society if it purports to be signed by 2 authorised signatories, and
 - (b) where it makes it clear on its face that it is intended by the person or persons making it to be a deed, is treated as delivered upon its being executed.

“Purchaser” here means a purchaser in good faith for valuable consideration, and includes a lessee, mortgagee or other person who for valuable consideration acquires an interest in property.
- (6) The following are “authorised signatories” in relation to a society for the purposes of this section –
 - (a) every member of the society’s committee, and
 - (b) the society’s secretary.
- (7) Subsections (3) to (5) apply whether or not the society has a common seal.

54 Method for execution of contracts under seal: England and Wales [J37]

- (1) A contract which, if made between individuals, would be by law required –

- (a) to be in writing, and
 - (b) to be under seal (if made according to the law of England and Wales), may be made, varied or discharged on behalf of a registered society in writing under its common seal.
- (2) This section does not affect the application of the Corporate Bodies' Contracts Act 1960.
- (3) This section does not apply to Scotland.

55 Execution of documents: Scotland [J37D]

Under the law of Scotland, for the purposes of any enactment –

- (a) providing for a document to be executed by a registered society by affixing its common seal, or
- (b) referring (in whatever terms) to a document so executed, a document signed or subscribed (or, in the case of an electronic document, authenticated) by or on behalf of the society in accordance with the provisions of the Requirements of Writing (Scotland) Act 1995 has effect as if so executed.

56 Execution of documents: presumption of validity of officer's signature [In037]

- (1) This section applies to a document purportedly signed by a person holding an office in a registered society by virtue of which a contract is purportedly made, varied or discharged by or on behalf of the society.
- (2) The signature is presumed, unless the contrary is proved, to be the signature of a person holding that office at the time the signature was made.

Other matters

57 Contracts, deeds and obligations made before registration of society [J37A]

- (1) A contract that purports to be made by or on behalf of a registered society at a time when the society has not been registered under this Act has effect, subject to any agreement to the contrary, as one made with the person purporting to act for the society or as agent for it.
- (2) Accordingly, the contract is to be treated as –
- (a) imposing on the person all the obligations it purports to impose on the society, and
 - (b) conferring on the person all the rights it purports to confer on the society.
- (3) Subsections (1) and (2) apply –
- (a) to the making of a deed under the law of England and Wales, and
 - (b) to the undertaking of an obligation under the law of Scotland,
- as they apply to the making of a contract.
- (4) In subsection (1) –
- (a) the reference to a registered society includes a Northern Ireland society, and
 - (b) the reference to this Act includes the relevant Northern Ireland law.

“Northern Ireland society” and “the relevant Northern Ireland law” have the same meaning as in section 142.

58 Bills of exchange and promissory notes [J36]

A bill of exchange or promissory note is treated as made, accepted or endorsed on behalf of a registered society if made, accepted or endorsed in the name of, or by or on behalf or account of, the society by a person acting under its authority.

PART 5

CHARGES OVER A SOCIETY’S ASSETS

CHAPTER 1

CHARGES: ENGLAND AND WALES

59 Charges on assets of English and Welsh societies [k01]

- (1) This section applies to an instrument executed by a registered society whose registered office is in England or Wales which creates or is evidence of a fixed or floating charge on assets of the society.
- (2) If an application for the recording of the charge is made in accordance with subsection (3), the instrument is not a bill of sale for the purposes of the Bills of Sale Acts 1878 and 1882 and is not invalidated by those Acts.
- (3) An application is made by delivering to the FCA (by post or otherwise), within the period of 21 days beginning with the date of execution of the instrument (subject to any extension under section 60) –
 - (a) a copy of the instrument, authenticated in the manner directed by the FCA,
 - (b) such additional particulars relating to the charge, authenticated in the manner directed by FCA, as may be required by the FCA, and
 - (c) the appropriate fee.
- (4) If an application is made in accordance with subsection (3), the FCA must –
 - (a) give the person who makes the application an acknowledgment of the application, bearing the FCA’s seal,
 - (b) place the copy of the instrument included in the application, a note of any particulars included in it, and a copy of the acknowledgement on a file kept by the FCA in respect of the society, and
 - (c) make the file available for inspection during office hours by members of the public on payment of the appropriate fee.
- (5) “The appropriate fee” means the fee required by rules made in accordance with paragraph 23 of Schedule 1ZA to the Financial Services and Markets Act 2000.
- (6) This section does not apply to a debenture registered under section 14 of the Agricultural Credits Act 1928 (debenture of registered society creating floating charge over farming stock).

60 Section 59: power to extend time for making application or to rectify errors
[k01a]

- (1) This section applies where –
 - (a) a registered society has executed an instrument to which section 59 applies, and
 - (b) it appears to the FCA (on the application of the society or any other person claiming the benefit of the instrument) that by reason of inadvertence or other sufficient cause –
 - (i) an application for recording the charge was not made within the period mentioned in section 59(3), or
 - (ii) any matters were omitted from, or mis-stated in, such an application.
- (2) The FCA may, on such terms as it considers appropriate, give a direction –
 - (a) extending the period for making such an application, or
 - (b) requiring the omission or mis-statement to be rectified.

61 Notification of transactions relating to charges recorded under section 59
[k01b]

- (1) The FCA may, under section 143, make provision for –
 - (a) the giving to the FCA of notice of any release, discharge or other transaction relating to a charge in respect of which an application under section 59 has been made;
 - (b) the inclusion in the file mentioned in that section of any such notice appearing to the FCA to relate to the charge.
- (2) Nothing in this section limits the generality of the power to give directions conferred by section 143.

CHAPTER 2

CHARGES: SCOTLAND

62 Floating charges created by Scottish societies [k04]

- (1) The relevant provisions (which relate to floating charges) apply to a registered society as they apply to an incorporated company, subject to the general and specific modifications mentioned below.
- (2) In this Chapter “the relevant provisions” means –
 - (a) Chapter 1 of Part 18 of the Companies Act 1985 (“the 1985 Act”), and
 - (b) section 122(2) of the Insolvency Act 1986 (“the 1986 Act”).
- (3) The general modifications are –
 - (a) a reference to a company or incorporated company is to be read as a registered society;
 - (b) a reference to the registrar or the registrar of companies is to be read as the FCA;
 - (c) a reference (however expressed) to –
 - (i) registration of a floating charge,

- (ii) registration in accordance with Chapter 2 of Part 25 of the Companies Act 2006, or
 - (iii) delivery to, or receipt by, the registrar of particulars for registration,
- is to be read as delivery to the FCA of any document required by section 63(2) to be so delivered.
- (4) The specific modifications are –
 - (a) in section 462(2) of the 1985 Act and section 122(2) of the 1986 Act, a reference to the Court of Session is to be read as any sheriff court;
 - (b) section 462(5) of the 1985 Act is subject only to such provisions of that Act as apply (by virtue of section 124) to registered societies;
 - (c) section 466 of that Act has effect as if subsections (4) and (5) and the words “subsection (4) of” in subsection (6) were omitted.
 - (5) Subsection (6) applies where any assets of a registered society are subject to –
 - (a) a floating charge created under the relevant provisions as applied by this section, and
 - (b) an agricultural charge created under Part 2 of the Agricultural Credits (Scotland) Act 1929 (“the 1929 Act”).
 - (6) Sections 463(1)(c) and 464(4)(b) of the 1985 Act have effect for the purpose of determining the relative ranking of those charges as if the agricultural charge were a floating charge created under the relevant provisions and registered under the 1985 Act at the same time as it was registered under Part 2 of the 1929 Act.
 - (7) This Chapter does not apply in relation to a registered society whose registered office is in England or Wales.

63 Filing of information relating to charges created by virtue of section 62 [k04z]

- (1) This section applies in relation to a floating charge created by a registered society under the relevant provisions as applied by section 62.
- (2) The following must be delivered to the FCA (by post or otherwise) within the period of 21 days beginning with the day of execution of the instrument creating the charge (or within any extended period allowed under subsection (6)) –
 - (a) a copy of the instrument, authenticated in the manner directed by the FCA,
 - (b) a note, authenticated in the manner directed by the FCA, of such particulars relating to the charge as may be required by the FCA, and
 - (c) the appropriate fee.
- (3) If subsection (2) is not complied with, the charge is void against any person other than the society.
- (4) Where a person delivers to the FCA a document within subsection (2)(a) or (b) together with the appropriate fee, the FCA must –
 - (a) give the person an acknowledgement, bearing the FCA’s seal, that states the date and time of delivery,
 - (b) place the document and a copy of the acknowledgement on a file kept by the FCA in respect of the society, and

- (c) make the file available for inspection during office hours by members of the public on payment of the appropriate fee.
- (5) Subsection (6) applies if it appears to the FCA (on the application of the society or any other person claiming the benefit of the instrument) that by reason of inadvertence or other sufficient cause –
 - (a) a duly authenticated copy of the instrument was not delivered to the FCA within the period of 21 days mentioned in subsection (2), or
 - (b) any matters were omitted from, or mis-stated in, the note under subsection (2)(b).
- (6) The FCA may, on such terms as it considers appropriate, give a direction –
 - (a) extending the period, or
 - (b) requiring the omission or mis-statement to be rectified.
- (7) “The appropriate fee” means the fee required by rules made by the FCA (in accordance with paragraph 23 of Schedule 1ZA to the Financial Services and Markets Act 2000).

64 Notification of charges etc: Scotland [k04a]

- (1) The FCA may, under section 143, make provision for –
 - (a) the giving to the FCA of notice of any release, discharge or other transaction relating to a charge created by an instrument a copy of which has been delivered to the FCA in pursuance of section 63;
 - (b) the giving to the FCA of notice of any security granted by a registered society over any of its assets otherwise than under the relevant provisions as applied by section 62;
 - (c) the inclusion in the file mentioned in section 63 of any notice within paragraph (a) or (b) of this subsection.

Nothing in this subsection limits the generality of the power to give directions conferred by section 143.

- (2) The Court of Session may by Act of Sederunt make rules prescribing the nature of the documents with which, in relation to a charge of a kind mentioned in subsection (1)(a), the creditor may require to be provided for identifying the assets affected by the charge and establishing the society’s title to them.

CHAPTER 3

DUTY OF RECEIVER OR MANAGER TO ACCOUNT

65 Duty to account etc of receiver or manager of a society’s property [J50]

- (1) This section applies to a receiver or manager of a registered society’s property who has been appointed under the powers contained in any instrument.
- (2) The receiver or manager must –
 - (a) within one month from the date of appointment, notify the FCA of the appointment;
 - (b) within one month (or such longer period as the FCA may allow) after the end of each relevant period, deliver to the FCA a return showing receipts and payments in that relevant period;

- (c) within one month after ceasing to act as receiver or manager, deliver to the FCA a return showing –
- (i) receipts and payments in the final period, and
 - (ii) the total amount of payments and receipts in all preceding relevant periods.

References here to receipts and payments are to receipts and payments of the receiver or manager.

- (3) For the purposes of subsection (2) the relevant periods are –
- (a) the period of 6 months beginning with the date of appointment, and
 - (b) each subsequent period of 6 months for which the person is receiver or manager.
- (4) If the society is a PRA-authorized person –
- (a) the receiver or manager must send to the PRA a copy of any notification or return sent under subsection (2) to the FCA;
 - (b) the FCA must consult the PRA before allowing a period of more than one month under subsection (2)(b).

PART 6

BANKING AND LENDING BY SOCIETIES

Banking

66 Registered society with withdrawable share capital not to carrying on banking etc [J16]

- (1) A registered society which has any withdrawable share capital must not carry on the business of banking.
- (2) For this purpose the taking of deposits of not more than £400 in any one payment and not more than £400 for any one depositor, payable on not less than 2 clear days’ notice, is not to be treated as carrying on the business of banking.
- (3) A registered society which takes deposits must not make any payment of withdrawable capital while any payment due on account of any deposit is unsatisfied.
- (4) A registered society which contravenes this section commits an offence and is liable on summary conviction to a fine not exceeding level 1 on the standard scale.

67 Power to amend figures in section 66(2) [ln016c]

- (1) The Treasury may by order substitute for the sums for the time being specified in section 66(2) such other sums (being not less than the minimum sums) as they consider appropriate.
- (2) The “minimum sums” are –
 - (a) in the case of the first sum specified in section 66(2) (the limit of deposits that can be taken at any one time), £10;
 - (b) in the case of the second sum specified there (the maximum amount that can be taken from any one depositor), £250.

- (3) The order may –
 - (a) make any provision in connection with altering the limits for the time being applicable under section 66(2) as was made by section 1 of the Industrial and Provident Societies Act 1978 in connection with the alteration made by section 1(1) of that Act, and
 - (b) contain such other transitional, consequential, incidental or supplementary provisions as appear to the Treasury to be necessary or appropriate in that connection.

68 Society carrying on banking must display statement [ln016a]

- (1) A registered society which carries on the business of banking must display a statement complying with section 69 in a conspicuous position in –
 - (a) its registered office, and
 - (b) every other office or place of business belonging to the society where the business of banking is carried on.
- (2) Section 66(2) (taking of deposits below limits specified there not to be treated as carrying on the business of banking) applies for the purposes of this section.
- (3) A registered society which fails to comply with this section commits an offence and is liable on summary conviction to a fine not exceeding level 1 on the standard scale.

69 Section 68: form of statement [ln016b]

- (1) The statement required by section 68 is to be in the following form (or as near to it as is possible in the circumstances) –
 - 1 Capital of the society –
 - (a) nominal amount of each share;
 - (b) number of shares issued;
 - (c) amount paid up on shares.
 - 2 Liabilities of the society on the relevant date –
 - (a) on judgments;
 - (b) on specialty;
 - (c) on notes or bills;
 - (d) on simple contract;
 - (e) on estimated liabilities.
 - 3 Assets of the society on the relevant date –
 - (a) government securities (stating them);
 - (b) bills of exchange and promissory notes;
 - (c) cash at the bankers;
 - (d) other securities.
- (2) “The relevant date” is –
 - (a) 1 January (for the period beginning with the first Monday in the following February and ending immediately before the first Monday in the following August);

- (b) 1 July (for the period beginning with the first Monday in the following August and ending immediately before the first Monday in the following February).

Discharge of charges securing lending by a registered society

70 Discharge of mortgages of land in England and Wales [J41]

- (1) This section applies where –
- (a) there is a mortgage or other assurance (“the charge”) of any property in England or Wales to a registered society,
 - (b) a receipt in full for all moneys secured by the charge on the property is endorsed on, or annexed to, the charge,
 - (c) the receipt is in a form set out in Part 1 of Schedule 2 or is in any other form specified in the society’s rules (or in a schedule to those rules), and
 - (d) the receipt is signed by 2 members of the society’s committee and countersigned by its secretary (or, if the society is in liquidation, is signed by the liquidator or liquidators for the time being, described as such).
- (2) For the purposes of the provisions of section 115 of the Law of Property Act 1925 (reconveyances of mortgages by endorsed receipts) specified below, the receipt is treated as meeting the requirements of subsection (1) of that section –
- (a) subsection (1) so far as it relates to the operation of a receipt of a kind mentioned in that subsection;
 - (b) if the receipt states the name of the person who pays the money, subsection (2);
 - (c) subsections (3), (6), (8), (10) and (11);
 - (d) where consistent with the terms of the form used for the receipt, subsection (7).

71 Discharge of securities: land in Scotland [J42]

- (1) This section applies to land in Scotland that is held in security by a registered society by virtue of a heritable security.
- (2) If the heritable security is constituted by an ex facie absolute conveyance (whether or not qualified by a back letter), a receipt in Form C in Part 2 of Schedule 2 (or as nearly as may be in that form) that is endorsed on or annexed to the conveyance has the following effect on being registered in the General Register of Sasines –
- (a) it effectually discharges the heritable security and disburdens the land comprised in it, and
 - (b) it vests that land in the person entitled to it at the date the receipt is granted, in the same way and to the same effect as if the society had granted a conveyance containing all usual and necessary clauses and the conveyance had been duly registered in the General Register of Sasines.
- (3) In any other case, a receipt in Form D in Part 2 of Schedule 2 (or as nearly as may be in that form) that is endorsed on or annexed to the deed constituting the heritable security, upon being registered in the General Register of Sasines, effectually discharges the heritable security and disburdens the land comprised in it, in the same way and to the same effect as if the society had

granted a discharge containing all usual and necessary clauses and the discharge had been duly registered in the General Register of Sasines.

- (4) The fee payable in respect of the registration of the receipt may not exceed 25 pence.
- (5) In this section –
 - “a receipt”, in relation to any security, means a receipt for all moneys advanced by the society on the security of the property comprised in the security;
 - “conveyance” and “deed” have the meaning given by the Conveyancing (Scotland) Act 1924.

72 Discharge of securities: other property in Scotland [j42a]

- (1) This section applies to property other than land that is held in security by a registered society in Scotland.
- (2) A receipt in Form E in Part 2 of Schedule 2 (or as nearly as may be in that form) –
 - (a) discharges the security, and
 - (b) vests the property comprised in it in the person entitled to it at the date the receipt is granted without the necessity of any further deed.
- (3) But where the original security was intimated to any person, a receipt has the effect mentioned in subsection (2) only when it is duly intimated to that person.
- (4) The fee payable in respect of the registration of the receipt may not exceed 25 pence.
- (5) In this section –
 - “a receipt”, in relation to any security, means a receipt for all moneys advanced by the society on the security of the property comprised in the security;
 - “deed” has the meaning given by the Conveyancing (Scotland) Act 1924.

73 Receipt on payment of moneys secured to a society [J43]

On payment of all moneys intended to be secured to a registered society on the security of any property, the debtor (or the debtor’s successor or representatives) is entitled to a receipt in the appropriate form specified in Schedule 2.

PART 7

ACCOUNTS, AUDIT AND ANNUAL RETURNS

Books of account

74 Duty to keep books of account etc [a001]

- (1) A registered society must ensure that proper books of account are kept with respect to its transactions and its assets and liabilities.

- (2) The duty under subsection (1) includes a duty to ensure that there are kept such books as are necessary to –
 - (a) give a true and fair view of the state of the society’s affairs, and
 - (b) explain its transactions.
- (3) A registered society must establish and maintain a satisfactory system of control of its –
 - (a) books of account,
 - (b) cash holdings, and
 - (c) receipts and remittances.

75 Form of books of account [a002]

- (1) A registered society may keep a book of account by –
 - (a) making entries in bound books, or
 - (b) recording the matters in question in any other way.
- (2) Where a book of account is kept otherwise than by making entries in a bound book, the society must take adequate precautions for –
 - (a) guarding against falsification, and
 - (b) facilitating its discovery.

Year of account

76 Year of account: societies registered on or after 8 January 2012 [a099]

- (1) This section applies to a registered society registered on or after 8 January 2012.
- (2) The society’s first year of account is the period of more than 6 months but not more than 18 months that –
 - (a) begins with the date of the society’s registration, and
 - (b) ends with its accounting reference date.
- (3) Each subsequent year of account –
 - (a) begins immediately after the end of the previous year of account, and
 - (b) ends with its next accounting reference date.
- (4) In each calendar year, the society’s “accounting reference date” is (subject to subsection (5)) the last day of the month in which the anniversary of the society’s registration falls.
- (5) The society may by notice to the FCA specify a new accounting reference date having effect in relation to its current and subsequent years of account.
- (6) A notice under subsection (5) must state whether the current year of account –
 - (a) is to be shortened, so as to come to an end on the first occasion on which the new accounting reference date falls or fell after the beginning of the year of account, or
 - (b) is to be extended, so as to come to an end on the second such occasion.
- (7) A notice extending the current year of account has no effect if –
 - (a) it is given less than 5 years after the end of a year of account that was extended under this section, or

- (b) it would extend the year of account so that its period would exceed 18 months.
- (8) If the society is terminated by an instrument of dissolution under section 120, its last year of account ends with the date of the instrument of dissolution.

77 Year of account: societies registered on or before 7 January 2012 [a098]

- (1) This section applies to a registered society to which section 76 (year of account: societies registered on or after 8 January 2012) does not apply.
- (2) A year of account –
 - (a) begins immediately after the end of the previous year of account, and
 - (b) ends with –
 - (i) the date of the last balance sheet published by the society in the relevant period, or
 - (ii) if no balance sheet is published in that period, the 31 December in that period.
- (3) The “relevant period” –
 - (a) begins with the 31 August following the beginning of the year of account, and
 - (b) ends with the following 31 January.
- (4) The society may by notice to the FCA alter the date on which its current and subsequent years of account end to a date other than that provided for by subsection (2)(b).
- (5) A notice under subsection (4) must state whether it extends or shortens the current year of account.
- (6) A notice extending the current year of account has no effect if –
 - (a) it is given less than 5 years after the end of a year of account that was extended under this section, or
 - (b) it would extend the year of account so that its period would exceed 18 months.
- (7) If the society is terminated by an instrument of dissolution under section 120, its last year of account ends with the date of the instrument of dissolution.

Accounts and balance sheets

78 Duty to prepare revenue accounts [a003a]

A registered society must ensure that there is prepared, in respect of each year of account –

- (a) a revenue account for that year which deals with the society’s affairs as a whole, or
- (b) two or more revenue accounts for that year which deal separately with particular businesses carried on by the society.

79 Accounts and balance sheets to give a true and fair view [a003]

- (1) A revenue account of a registered society must give a true and fair view of –

- (a) the income and expenditure of the society as a whole (if the account deals with the society's affairs as a whole), or
- (b) the income and expenditure of the society in respect of a particular business carried on by it (if the account deals with that business),
- for the period to which the account relates.
- (2) Where two or more revenue accounts are prepared in respect of a registered society for a year of account (see section 78(b)), the accounts when considered together must give a true and fair view of the income and expenditure of the society as a whole for that year.
- (3) A balance sheet of a registered society must give a true and fair view of the state of the society's affairs as at the date of the balance sheet.
- (4) A member of a registered society's committee commits an offence if the member fails to take all reasonable steps to secure that –
- (a) a revenue account of the society complies with subsection (1),
- (b) revenue accounts of the society to which subsection (2) applies comply with that subsection, or
- (c) a balance sheet of the society complies with subsection (3).
- (5) No offence is committed if the person had reasonable grounds to believe, and did believe, that a competent and reliable person was charged with the duty of securing that the relevant subsection was complied with and was in a position to discharge that duty.
- (6) In proceedings for an offence under this section it is for the defendant to prove the matters mentioned in subsection (5).
- (7) A person guilty of an offence under this section is liable on summary conviction –
- (a) in England and Wales, to a fine;
- (b) in Scotland, to a fine not exceeding level 5 on the standard scale.

80 Duty to display latest balance sheet at registered office [\[J47\]](#)

A registered society must, at all times, display a copy of its latest balance sheet in a conspicuous position at its registered office.

81 Restrictions on publication of accounts and balance sheets [\[a004\]](#)

- (1) A registered society must not publish a revenue account or balance sheet unless the account or balance sheet complies with such of the requirements set out in the following table as apply in relation to it.

	<i>Accounts and balance sheets to which requirement applies</i>	<i>Requirement</i>
1	Any revenue account or balance sheet	Must be signed by – (a) the society's secretary, and (b) two members of its committee, acting on behalf of the committee.

	<i>Accounts and balance sheets to which requirement applies</i>	<i>Requirement</i>
2	Year end revenue account or balance sheet, where section 82 (duty to appoint auditors) applies to the society for the relevant year of account	Must— (a) have been audited by the auditors appointed under section 82, and (b) incorporate a report by them stating whether, in their opinion, it complies with section 79(1) or (3) (true and fair view).
3	Year end revenue account or balance sheet, where section 84 (duty to obtain report in certain cases where section 82 disapplied) applies to the society for the relevant year of account	Must— (a) have obtained a report under section 84(2)(a) on it, and (b) incorporate so much of the report as relates to it. This ceases to apply if a direction under section 85 is made in respect of the relevant year of account (see row 7).
4	Interim revenue account or balance sheet, where section 82 applies to the society for the relevant year of account and the preceding year of account	Must— (a) have been audited by the auditors last appointed under section 82, and (b) incorporate a report by them stating whether, in their opinion, it complies with section 79(1) or (3).
5	Interim revenue account or balance sheet, where— (a) a resolution under section 83 is in force in respect of the relevant year of account, and (b) section 82 applies to the society for the preceding year of account	Must incorporate a report by an appropriate person stating whether, in the person’s opinion, it complies with section 79(1) or (3). “Appropriate person” here means— (a) a qualified auditor, or (b) any person (if the society made an appointment under section 82(2)(b) for the preceding year and no direction under section 85 has been made in respect of that year).

	<i>Accounts and balance sheets to which requirement applies</i>	<i>Requirement</i>
6	Interim revenue account or balance sheet, where section 84 applies to the society for the year of account preceding the relevant year of account	Must incorporate a report by a qualified auditor stating whether, in the auditor's opinion – (a) it is in agreement with the books of account kept by the society under section 74, and (b) (on the basis of the information contained in those books of account) it complies with the requirements of this Act.
7	Year end or interim revenue account or balance sheet, where – (a) section 82 did not apply to the society for the relevant year of account because of a resolution under section 83, and (b) a direction under section 85 (power to require accounts etc for past years to be audited) has been given in respect of that year of account	Must incorporate a report by the auditors appointed pursuant to the direction stating whether, in their opinion, it complies with section 79(1) or (3).

- (2) The requirements in the rows 4 to 7 of the table do not apply to an interim revenue account or balance sheet that –
- (a) is published together with the latest year end revenue account and balance sheet, which comply with the applicable requirements in row 2, 3 or 7 (as the case may be), and
 - (b) is marked in legible characters in a prominent position “UNAUDITED REVENUE ACCOUNT” or “UNAUDITED BALANCE SHEET” (as the case may be).
- (3) In this section –
- “interim balance sheet” means a balance sheet relating to the position at any time other than the end of a year of account;
- “interim revenue account” means a revenue account for any period within a year of account except one ending at the end of that year;
- “relevant year of account” means the year of account to which the revenue account or balance sheet relates;
- “year end balance sheet” means a balance sheet relating to the position at the end of a year of account;
- “year end revenue account” means a revenue account for –
- (a) a year of account, or
 - (b) any period within a year of account which ends at the end of that year.

Auditing of accounts etc

82 Duty to appoint auditors [a005]

- (1) In each year of account, a registered society must (subject to subsection (2)) appoint one or more qualified auditors to audit its accounts and balance sheet for that year.
- (2) If the society is a small society for the year of account, it must –
 - (a) make an appointment under subsection (1) for that year, or
 - (b) appoint two or more persons who are not qualified auditors to audit its accounts and balance sheet for that year.
- (3) The FCA may give a direction to a society that is a small society for the current year of account, requiring it to make an appointment under subsection (1) for that year.
- (4) For the purposes of this Part a registered society is a “small society” for a year of account if –
 - (a) the total amount of its receipts and payments in respect of the preceding year of account did not exceed £5,000,
 - (b) it had no more than 500 members at the end of that year, and
 - (c) the total value of its assets at the end of that year did not exceed £5,000.
- (5) The Treasury may by regulations –
 - (a) substitute for any sum or number for the time being specified in subsection (4) such other sum or number as the Treasury consider appropriate;
 - (b) prescribe what receipts and payments of a society are to be taken into account for the purposes of that subsection.

The regulations may make different provision for different cases or circumstances.

- (6) This section is subject to section 83 (power of certain societies to disapply this section).

83 Power of certain societies to disapply section 82 [a006]

- (1) A registered society may by resolution disapply section 82 (duty to appoint auditors) in respect of a year of account if –
 - (a) the total value of its assets at the end of the preceding year of account did not exceed £2,800,000, and
 - (b) its turnover for that preceding year did not exceed £5,600,000.
- (2) The resolution must be passed at a general meeting at which –
 - (a) less than 20% of the total votes cast are cast against the resolution, and
 - (b) less than 10% of the society’s members for the time being entitled under its rules to vote cast their votes against the resolution.
- (3) Subsection (1) does not apply to a society that –
 - (a) is a credit union,
 - (b) is a subsidiary,
 - (c) has a subsidiary,

- (d) holds a deposit or has at any time since the end of the preceding year of account held a deposit (other than a deposit in the form of withdrawable share capital), or
 - (e) is registered in the register of social landlords maintained under section 20(1) of the Housing (Scotland) Act 2010 (asp 17).
- (4) The FCA may by notice to a society disapply subsection (1) in relation to the year of account in which the notice is given.
- (5) A resolution under subsection (1) has no effect if, at any time before the end of the year of account to which it relates –
- (a) the society is within a paragraph of subsection (3), or
 - (b) the society is given a notice under subsection (4).
- (6) Subsection (1) applies in relation to a registered society that is a charity or recognised body as if for paragraph (b) there were substituted –
- “(b) its gross income for that preceding year did not exceed £250,000.”
- (7) In subsection (6) “recognised body” has the meaning given by article 3(6)(c) of the Charities and Trustee Investment (Scotland) Act 2005 (Consequential Provisions and Modifications) Order 2006 (SI 2006/242).
- (8) Where a society’s year of account is for a period other than a calendar year, the figure in subsection (1)(b) (including that provision as it has effect by virtue of subsection (6)) is to be proportionately adjusted.

84 Duty to obtain report in certain cases where section 82 is disapplied [\[aO12\]](#)

- (1) This section applies to a registered society for a year of account (“the year”) if –
- (a) section 82 (duty to appoint auditors) does not apply to the society for the year because of a resolution under section 83 (power to disapply auditing requirements), and
 - (b) the society’s turnover in the preceding year of account exceeded £90,000.
- (2) The society must, within the period of 28 days beginning immediately after the end of the year, appoint a qualified auditor to make –
- (a) a report on its accounts and balance sheet for the year which states, in the auditor’s opinion –
 - (i) whether its revenue account, any other account to which the report relates, and balance sheet are in agreement with its books of account kept under section 74, and
 - (ii) (on the basis of the information contained in those books of account) whether the revenue account and balance sheet comply with the requirements of this Act, and
 - (b) a report relating to the preceding year of account which states whether, in the auditor’s opinion, the financial criteria for the exercise of the power conferred by section 83 were met in relation to the year.

85 Power to require accounts etc for past years to be audited by qualified auditor [\[a014\]](#)

- (1) The FCA may give a direction under this section to a registered society in respect of any relevant year.

- (2) A “relevant year”, in relation to a society, is any year of account before the current year of account for which –
 - (a) the society was a small society and made an appointment under section 82(2)(b) (appointment of non-qualified auditors), or
 - (b) section 82 did not apply to the society because of a resolution under section 83 (power to disapply auditing requirements).
- (3) If a direction is given –
 - (a) the society must appoint one or more qualified auditors to audit its accounts and balance sheet for the relevant year, and
 - (b) if the society sent its annual return for the relevant year to the FCA before the date of the direction, the society must (after audit, and within 3 months from receipt of the direction) send to the FCA a further annual return complying with the requirements of this Part (other than as to the time it is given).

86 Auditors: content of report and powers [a011]

- (1) This section applies where a registered society has appointed auditors under section 82 for a year of account (“the year”).
- (2) The auditors must make a report to the society on –
 - (a) the accounts examined by them, and
 - (b) the society’s revenue account and balance sheet for the year.
- (3) The report must state –
 - (a) whether, in the auditors’ opinion, the revenue account and balance sheet for the year give a true and fair view of the matters mentioned in section 79(1) to (3);
 - (b) whether that revenue account and balance sheet comply with the other requirements of this Act;
 - (c) if the report relates to any other accounts, whether those accounts give a true and fair view of any matter to which they relate.
- (4) In preparing the report, the auditors must carry out such investigations as will enable them to form an opinion as to –
 - (a) whether the society has kept proper books of account, and maintained a satisfactory system of control over its transactions, in accordance with section 74;
 - (b) whether the revenue account, any other accounts to which the report relates, and the balance sheet are in agreement with the society’s books of account.
- (5) If –
 - (a) the auditors are of opinion that the society has failed to comply with section 74, or
 - (b) the revenue account, any other accounts to which the report relates and the balance sheet are not in agreement with its books of account,this must be stated in the report.
- (6) Each of the auditors –
 - (a) has a right of access at all times to the society’s books, deeds and accounts and to all other documents relating to its affairs, and

- (b) is entitled to require from the society’s officers such information and explanations as the auditor considers necessary for the performance of the auditors’ duties.
- (7) If the auditors fail to obtain all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit, this must be stated in the report.
- (8) The auditors are entitled –
 - (a) to attend any general meeting of the society;
 - (b) to receive all notices of, and other communications relating to, any general meeting which any member of the society is entitled to receive;
 - (c) to be heard at any meeting which they attend on any part of the business of the meeting which concerns them as auditors.

87 Persons appointed under section 81 or 84: powers etc [a013]

- (1) This section applies to a person appointed by a registered society –
 - (a) for the purposes of making a report of a kind mentioned in any of rows 4 to 6 of the table in section 81 (report on interim revenue account or balance sheet), or
 - (b) under section 84 (duty to obtain report in certain cases where section 82 disapplied).
- (2) For the purposes of the appointment, the person –
 - (a) has a right of access at all times to the society’s books, deeds and accounts and to all other documents relating to its affairs, and
 - (b) is entitled to require from the society’s officers such information and explanations as the person considers necessary.
- (3) If the person fails to obtain all the information and explanations which, to the best of the person’s knowledge and belief, are necessary for the purposes of doing what the person has been appointed to do, this must be stated in the person’s report.
- (4) The person is entitled –
 - (a) to receive notice of, and attend, any general meeting of the society at which a relevant matter is discussed, and
 - (b) to be heard at any such general meeting which the person attends on any part of the business of the meeting which relates to a relevant matter.
- (5) In subsection (4) “relevant matter” means –
 - (a) any report made by the person, or
 - (b) any matter which is relevant to what the person has been appointed to do.

Annual returns

88 Annual returns [J46]

- (1) A registered society must, within the period of 7 months beginning immediately after the end of a year of account, send to the FCA –

- (a) a return relating to its affairs for that year (the society’s “annual return” for that year),
 - (b) a copy of each balance sheet made during that year, and
 - (c) a copy of any relevant auditor’s report for that year.
- (2) The annual return –
- (a) must contain the society’s revenue account for that year prepared in accordance with section 78 and a balance sheet as at the end of that year, and
 - (b) may contain other accounts only if they have been reported on under section 84(2)(a) or 86.
- (3) “Relevant auditor’s report” means –
- (a) if section 82 (duty to appoint auditors) applies for that year, the auditor’s report on the society’s accounts for that year and any auditor’s report on a balance sheet made during that year;
 - (b) otherwise, any report for that year required by section 84.
- (4) The powers under sections 143 and 144 to determine the form of an annual return and the particulars to be contained in annual returns are subject to subsection (2).

89 Duty to provide copy of annual return on demand [j46a]

- (1) A registered society must give a copy of its latest annual return, free of charge, to any member or person interested in the society’s funds who asks for it.
- (2) Where a request under subsection (1) is made, the following must be supplied with the annual return –
- (a) a copy of –
 - (i) the auditors’ report on the accounts and balance sheet contained in the return, or
 - (ii) if section 82 (duty to appoint auditors) does not apply to the society for the year of account to which the annual return relates, any report required by section 84(2)(a);
 - (b) the society’s latest group accounts (if any).
- (3) A society is regarded as having given a person a copy of its latest annual return and the documents required by subsection (2) to be supplied with that return (“the relevant documents”) if the following conditions are met –
- (a) the person has agreed (generally or specifically) that the society may make the relevant documents available to the person on a website (and has not revoked that agreement);
 - (b) the society has notified the person of the following –
 - (i) the website address;
 - (ii) the presence of the documents on the website;
 - (iii) the place on the website where the documents may be accessed;
 - (iv) how to access them;
 - (c) the documents are present on the website for the whole of the period –
 - (i) beginning with the day the notification under paragraph (b) is sent (or, if later, the day the documents first appear on the website), and

- (ii) ending with the day the annual return ceases to be the society's latest annual return.
- (4) If any of the documents is absent from the website for part of the period referred to in subsection (3)(c), the absence is to be disregarded if it is wholly attributable to circumstances that it would not be reasonable to have expected the society to prevent or avoid.

Auditors

90 Meaning of “qualified auditor” [a009]

In this Part “qualified auditor” means a person eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006.

91 Persons ineligible for appointment as auditors etc [a010]

- (1) This section applies to an appointment by a registered society of a person—
- (a) as auditor of the society,
 - (b) for the purposes of making a report of a kind mentioned in row 5 or 6 of the table in section 81 (report on interim revenue account or balance sheet), or
 - (c) under section 84 (duty to obtain report in certain cases where section 82 disapplied).
- (2) None of the following may be appointed—
- (a) an officer or employee of the society or any connected registered society;
 - (b) an employee, employer or partner of a person within paragraph (a);
 - (c) a person prohibited by section 1214 of the Companies Act 2006 (independence requirement) from acting as statutory auditor of a company that is a subsidiary of the society.
- (3) For this purpose, a society is “connected with” another society if—
- (a) one of them is a subsidiary of the other, or
 - (b) they are both subsidiaries of another registered society.
- (4) An appointment made in contravention of this section is ineffective for the purposes of this Part.
- (5) For the purposes of subsection (2), a society's auditor is not to be regarded as an employee of the society (and the auditor is not an “officer” - see section 149).

92 Re-appointment and removal of qualified auditors [a007]

- (1) A qualified auditor appointed to audit a registered society's accounts and balance sheet for the preceding year of account (“the existing auditor”) is re-appointed as the society's auditor for the current year of account.
This is subject to the following provisions of this section.
- (2) The existing auditor is not re-appointed if a resolution is passed at a general meeting of the society—
- (a) appointing another person instead of the existing auditor,

- (b) providing expressly that the existing auditor is not to be re-appointed, or
 - (c) disapplying section 82 (duty to appoint auditors) in relation to the current year of account.
- (3) The existing auditor is not re-appointed if the auditor –
- (a) has given the society notice in writing of the auditor’s unwillingness to be appointed,
 - (b) is ineligible for appointment for the current year of account (see subsection (5)), or
 - (c) has ceased to act as the society’s auditor by reason of incapacity.
- (4) The existing auditor is not automatically re-appointed by virtue of subsection (1) if –
- (a) notice is given of a resolution to appoint a person in place of the existing auditor, and
 - (b) the resolution cannot be proceeded with at the meeting –
 - (i) because of the death or incapacity of the person, or
 - (ii) because the person is ineligible for appointment for the current year of account.
- (5) For the purposes of this section a person is ineligible for appointment for the current year of account if –
- (a) the person’s appointment in relation to the society is prohibited by section 91, or
 - (b) the person is not a qualified auditor at the time when the question of the person’s appointment falls to be considered, and the society is not a small society in respect of that year.

93 Resolutions relating to appointment or removal of auditors [a008]

- (1) This section applies to a resolution at a general meeting of a registered society –
- (a) appointing another person as auditor in place of the existing auditor, or
 - (b) providing expressly that the existing auditor is not to be re-appointed.
- “The existing auditor” has the same meaning as in section 92.
- (2) The resolution is effective only if notice of the intention to move it is given to the society at least 28 days before the meeting.
- (3) Where notice under subsection (2) is given –
- (a) the society must send a copy of the notice to the existing auditor as soon as possible,
 - (b) if the society is required by its rules to give notice of the meeting to its members, it must (if it is practicable to do so) give them notice of the resolution at the same time and in the same way as it gives notice of the meeting, and
 - (c) if the society does not give notice under paragraph (b), it must give its members notice of the resolution at least 14 days before the meeting by –
 - (i) advertisement in a newspaper having an appropriate circulation, or
 - (ii) in any other way allowed by the society’s rules.

- (4) Where—
- (a) section 92(4) applies in relation to the resolution (resolution to appoint a person in place of the existing auditor cannot be proceeded with), and
 - (b) the society's rules provide that an auditor can be appointed by a resolution passed at a general meeting only if the society is given notice of the intended resolution before the meeting,
- a resolution passed at the meeting re-appointing the existing auditor or appointing an auditor in place of that auditor is effective even though notice of the resolution has not been given.
- (5) Any provision of this section which requires notice to be given to the society's members or confers any right upon a member is to be read, in the case of a meeting of delegates appointed by members, as requiring the notice to be given to the delegates or conferring the right upon a delegate.

94 Resolutions relating to auditors: auditors' representations [a008a]

- (1) This section applies where a registered society has given notice of a resolution to which section 93 (resolutions relating to auditors) applies to the existing auditor (within the meaning of that section).
- (2) The auditor may—
- (a) at any time before the date of the general meeting, make representations in writing to the society (not exceeding a reasonable length) with respect to the intended resolution;
 - (b) notify the society that the auditor intends to make such representations;
 - (c) request that the society's members are given notice of—
 - (i) the auditor's intention to make representations, or
 - (ii) any representations made by the auditor and received by the society before notice of the intended resolution is given to its members.
- (3) Where the society receives representations or a notification of intended representations before the date when notice of the intended resolution is required by section 93(3) to be given to its members, the society must—
- (a) in any notice of the resolution given to members, state—
 - (i) that it has received the representations or notification, and
 - (ii) that a copy of any representations received by the society before the date of the general meeting will be given to any member who makes a request for them before that date, and
 - (b) send a copy of any such representations to any member who makes such a request.
- See section 95 for provisions about providing a copy of the representations by placing them on a website.
- (4) The auditor may require any representations made by the auditor before the date of the general meeting to be read out at the meeting.
This does not affect the auditor's right to be heard orally.
- (5) But if, on the application of the society or any other person, the appropriate court is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter—
- (a) copies of the representations need not be sent out, and
 - (b) the representations need not be read out at the meeting.

- (6) The appropriate court may order the auditor to pay all or part of the society's costs (or, in Scotland, expenses) on an application under this section, even if the auditor is not a party to the application.
- (7) The "appropriate court" means –
 - (a) if the society's registered office is in Scotland, the Court of Session;
 - (b) otherwise, the High Court.
- (8) Any provision of this section which requires notice to be given to the society's members or confers any right upon a member is to be read, in the case of a meeting of delegates appointed by members, as requiring the notice to be given to the delegates or conferring the right upon a delegate.

95 Section 94: provision of auditor's representations by making available on website [a008b]

- (1) This section applies where a society is required by section 94(3)(b) to send a person a copy of the representations referred to there.
- (2) The society is regarded as sending the person a copy of a document containing the representations if the following conditions are met –
 - (a) the person has agreed (generally or specifically) that the society may make the document available to the person on a website (and has not revoked that agreement);
 - (b) the society has notified the person of the following –
 - (i) the website address;
 - (ii) the presence of the document on the website;
 - (iii) the place on the website where the document may be accessed;
 - (iv) how to access it;
 - (c) the document is present on the website for the whole of the period –
 - (i) beginning when the notification is sent (or, if later, when the document first appears on the website), and
 - (ii) ending 28 days after the day the notification is sent (or, if later, the day the document first appears on the website).
- (3) If the document is absent from the website for part of the period referred to in subsection (2)(c), the absence is to be disregarded if it is wholly attributable to circumstances that it would not be reasonable to have expected the society to prevent or avoid.

96 Remuneration of qualified auditors [a015]

- (1) The Treasury may by regulations prescribe the maximum rates of remuneration to be paid by registered societies for –
 - (a) the audit of their accounts and balance sheets by qualified auditors;
 - (b) the making of a report (a "relevant report") for the purposes of –
 - (i) row 5 or 6 of the table in section 81, or
 - (ii) section 84(2)(a) or (b) (duty to obtain report in certain cases where section 82 disappplied).
- (2) The regulations may make different provision for different cases or circumstances.
- (3) An auditor or person appointed to make a relevant report –

- (a) must not ask for or receive, and
 - (b) is not entitled to receive,
- remuneration in excess of the rate prescribed by the regulations in respect of the auditor's or person's service.

Group accounts

97 Group accounts [a018]

- (1) This section applies to a registered society (“the parent society”) which has subsidiaries at the end of a year of account (“the relevant year”).
- (2) The society must ensure that accounts (“group accounts”) are prepared for that year dealing with the state of affairs and income and expenditure of the society and its subsidiaries.
- (3) The group accounts must give a true and fair view of the state of affairs and income and expenditure of the society and the subsidiaries dealt with as a whole, so far as concerns members of the society.
- (4) The group accounts must comprise such accounts and contain such particulars as the Treasury may by regulations prescribe.
The regulations may make different provision for different cases or circumstances.
- (5) If a subsidiary's year of account does not coincide with that of the parent society, the group accounts must deal with—
 - (a) the subsidiary's state of affairs as at the end of its year of account ending with or last before the end of the relevant year, and
 - (b) its income and expenditure for that year of account.
 This is subject to any direction made by the FCA, on the application of the parent society's committee or with the consent of that committee.
- (6) The parent society must submit the group accounts for the relevant year for audit to the auditors appointed to audit the society's accounts and balance sheet for that year.
- (7) The auditors must make a report to the society on the group accounts, stating—
 - (a) whether the accounts have been properly prepared in accordance with the requirements of this Part and any regulations made under it;
 - (b) whether, in their opinion, the accounts give a true and fair view of the matters mentioned in subsection (3).
- (8) The parent society must send the group accounts and a copy of the auditors' report on them to the FCA together with its annual return for the relevant year.

98 Section 97: exceptions [a019]

- (1) This section supplements section 97.
- (2) A registered society is not required to prepare group accounts for a year of account if, at the end of the year, it is the wholly owned subsidiary of another body corporate incorporated in Great Britain.
- (3) Group accounts need not deal with a subsidiary if in the opinion of the parent society's committee, approved by the FCA—

- (a) it is impracticable, or would be of no real value to the society’s members, in view of the insignificant amounts involved,
 - (b) it would involve expense or delay out of proportion to the value to those members,
 - (c) the result would be misleading, or harmful to the business of the society or any of its subsidiaries, or
 - (d) the business of the society and that of the subsidiary are so different that they cannot reasonably be treated as a single undertaking.
- (4) A society is not required to prepare group accounts if, by virtue of subsection (3), the accounts would not need to deal with any of the society’s subsidiaries.
- (5) For the purposes of section 97, no account is to be taken of a subsidiary in relation to a year of account if –
- (a) by virtue of subsection (3) or this subsection, there was no requirement for the subsidiary to be dealt with in group accounts of the parent society for the previous year of account, and
 - (b) the society’s auditors include in the appropriate report, made on or before the relevant date, a certificate to the effect that they agree with the society’s committee that the following continued to apply throughout the year of account –
 - (i) the reason given by the committee in its last opinion in respect of the subsidiary to have been approved by the FCA under subsection (3), and
 - (ii) the grounds given by the committee in that opinion for that reason.
- (6) For the purposes of subsection (5)(b) –
- the “appropriate report” is –
 - (a) if the society is under a duty to ensure that group accounts are prepared for the year of account, the auditors’ report on those accounts;
 - (b) otherwise, the auditor’s report under section 86;
 - the “relevant date” is the last date for making the annual return for the year of account.
- (7) For the purposes of this section a registered society is a “wholly owned subsidiary” of another body corporate if each of its members is –
- (a) that other body corporate,
 - (b) a wholly owned subsidiary of that body, or
 - (c) a nominee of that body or such a subsidiary.
- (8) If the society is a PRA-authorized person, the FCA must not give an approval under this section unless it has consulted the PRA.

Interpretation of Part 7

99 Meaning of company being a “subsidiary” of a society [a020]

- (1) For the purposes of this Part, a company is a subsidiary of a registered society if –
- (a) the society is a member of the company and controls the composition of its board of directors, or

- (b) the society holds more than half in nominal value of the company's equity share capital.
- (2) For this purpose, a society is regarded as controlling the composition of a company's board of directors if the society, by exercising a power exercisable by it without the consent or concurrence of any other person, can appoint or remove the holders of all or a majority of the directorships.
- (3) For the purposes of subsection (2), a society is treated as having power to appoint to a directorship if –
- (a) a person can be appointed to it only if the society exercises a power of a kind mentioned in that subsection in favour of the person,
 - (b) a person's appointment to it follows necessarily from the person's appointment as a member of the society's committee, or
 - (c) the directorship is held by the society.
- (4) In determining whether a company is a subsidiary of a registered society –
- (a) any shares held or power exercisable by the society in a fiduciary capacity are treated as not held or exercisable by it;
 - (b) subject to paragraphs (c) and (d), any shares held or power exercisable by any person as a nominee for the society are treated as held or exercisable by the society (but this does not apply where the society is concerned only in a fiduciary capacity);
 - (c) no account is to be taken of any shares held or power exercisable by any person by virtue of the provisions of –
 - (i) any debentures of the company, or
 - (ii) a trust deed for securing any issue of such debentures;
 - (d) any shares held or power exercisable by the society or a nominee for the society (not being held or exercisable as mentioned in paragraph (c)) are treated as not held or exercisable by the society if –
 - (i) the ordinary business of the society includes the lending of money, and
 - (ii) the shares are held or power is exercisable by way of security only for the purposes of a transaction entered into in the ordinary course of that business.
- (5) For the meaning of “company” and “equity share capital” see section 101.

100 Meaning of society being a “subsidiary” of another society [a020a]

- (1) For the purposes of this Part, a registered society (S) is a “subsidiary” of another registered society (P) if –
- (a) P is a member of S and controls the composition of its committee, or
 - (b) P can exercise a majority of the votes to which S's members are entitled under its rules.
- (2) For this purpose P is regarded as controlling the composition of S's committee if –
- (a) P can appoint and remove all or a majority of the committee's members, by exercising a power that is exercisable by it without the consent or concurrence of any other person, or
 - (b) P is a member of the committee and, by exercising such a power, can appoint and remove the remaining members or such number of members as, together with itself, would constitute a majority.

- (3) For the purposes of subsection (2) P is treated as having power to appoint a person to membership of S's committee if –
 - (a) the person can be appointed only if P exercises a power of a kind mentioned in subsection (2)(a) in favour of the person, or
 - (b) the person's appointment follows necessarily from the person's appointment as a member of P's committee.
- (4) Section 99(4) applies (with necessary modifications) for the purposes of this section as it applies for the purposes of section 99.

101 Interpretation of Part 7 [\[a030\]](#)

In this Part –

“company” includes any body corporate other than a registered society;

“deposit” is to be read with –

- (a) section 22 of the Financial Services and Markets Act 2000,
- (b) any relevant order under that section, and
- (c) Schedule 2 to that Act;

“equity share capital”, in relation to a company, means its issued share capital excluding any part of it which (as regards dividends and capital) carries no right to participate beyond a specified amount in a distribution;

“qualified auditor” has the meaning given by section 90;

“small society” has the meaning given by section 82;

“subsidiary” has the meaning given by sections 99 and 100;

“turnover”, in relation to a society, means the amounts derived from the provision of goods and services falling within the society's activities after deduction of –

- (a) trade discounts,
- (b) value added tax, and
- (c) any other taxes based on the amounts so derived.

PART 8

INSPECTION AND INVESTIGATIONS

Power to inspect books etc

102 Power of members etc to inspect own account and society's register [\[ln102\]](#)

- (1) A member of a registered society, and any person having an interest in its funds, must be allowed to inspect the following at all reasonable hours –
 - (a) the person's own account, and
 - (b) all entries in the society's duplicate register kept under section 30 (register of members and officers) or, if no duplicate register is kept, all entries in its register kept under that section except those made under section 30(2)(c) and (d) (shares and property of members).
- (2) Subsection (1) is subject to any regulations as to the time and manner of inspection which may from time to time be made by the society's general meetings.

103 Power of society to make rules authorising inspection of books [ln103]

- (1) A registered society may by its rules authorise the inspection of such of its books upon such conditions as may be specified in the rules.
- (2) The rules may not authorise a person to inspect another person's loan or deposit account without that other person's written consent.
- (3) Subsection (2) does not apply to inspection by an officer of the society or a person specially authorised by a resolution of the society.

104 Power of FCA to appoint accountant or actuary to inspect a society's books [ln104]

- (1) The FCA may, on the application of at least 10 qualifying members of a registered society, appoint an accountant or actuary to inspect the society's books and to report on them; but this is subject to subsection (3).
- (2) "Qualifying member" means a person who, immediately before the date of the application, has been a member for at least one year.
- (3) The members who make the application must deposit with the FCA as security for the costs of the proposed inspection such sum as the FCA may require.
- (4) The expenses of and incidental to the inspection are to be met –
 - (a) by the applicants,
 - (b) out of the society's funds, or
 - (c) by the society's members, officers, former members or former officers, in such proportions as the FCA directs.
- (5) A person appointed under this section has power to –
 - (a) make copies of any of the society's books, and
 - (b) take extracts from those books,at all reasonable hours at the society's registered office or at any other place where the books are kept.
- (6) The FCA must communicate the results of any inspection under this section to the applicants and the society.

105 Power of FCA to obtain information for certain purposes [ln105]

- (1) The FCA may by notice in writing require a registered society or an officer or former officer of a registered society –
 - (a) to produce to the FCA such books, accounts and other documents relating to the society's business, and
 - (b) to provide the FCA with such other information relating to that business,as the FCA considers necessary for the exercise of a relevant power.
- (2) A "relevant power" is any power which the FCA has by virtue of –
 - (a) section 5(5) or 7, or
 - (b) paragraph 15 of Schedule 3.
- (3) The notice must be served on the society or other person.

- (4) The notice may contain a requirement that any information provided in accordance with the notice is to be verified by a statutory declaration.
- (5) A society or other person who fails to comply with a notice under this section commits an offence.
- (6) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale or imprisonment for a term not exceeding 3 months (or both).

106 Section 105: Recovery of FCA’s costs [ln106]

- (1) This section applies where the FCA has exercised its powers under section 105 in relation to a society.
- (2) The FCA may, if it considers it just to do so, direct that the expenses incurred by it in exercising the powers (or any part of those expenses) are to be met –
 - (a) out of the society’s funds, or
 - (b) by the society’s officers or former officers (or any of them).
- (3) Any sum which the society or other person is required by a direction to pay is a debt due from the society or person to the FCA.

Inspectors and special meetings

107 Appointment of inspectors and calling of special meetings [ln107]

- (1) The FCA may, on the application of at least 10% of a registered society’s members or (if less) 100 members –
 - (a) appoint one or more inspectors to examine into and report on the society’s affairs, or
 - (b) call a special meeting of the society.
- (2) An application must be supported by such evidence for the purpose of showing that the applicants have good reason for requiring the examination or meeting (and do not have malicious motives) as the FCA directs.
- (3) The society must be given such notice of the application as the FCA directs.
- (4) The FCA may require the applicants to give security for the costs of the proposed examination or meeting before exercising its powers under subsection (1).
- (5) The expenses of and incidental or preliminary to an examination or special meeting are to be met –
 - (a) by the applicants,
 - (b) out of the society’s funds, or
 - (c) by the society’s members, officers, former members or former officers, in such proportions as the FCA directs.

108 Section 107: examinations and special meetings [ln108]

- (1) This section supplements section 107.
- (2) An inspector may –

- (a) require the production of any (or all) of the society’s books, accounts, securities and documents;
 - (b) examine on oath its officers, members, agents and employees in relation to its business (and may for that purpose administer oaths).
- (3) The FCA may direct –
- (a) the time and place of a special meeting;
 - (b) the matters to be discussed and determined at the meeting.
- (4) A special meeting has –
- (a) all the powers of a meeting called in accordance with the society’s rules;
 - (b) the power to appoint its own chair (despite anything in the society’s rules).

General restriction on inspection

109 General restriction on inspection of books [ln101]

Save as provided by this Act, no member or other person has a right to inspect a registered society’s books.

PART 9

AMALGAMATIONS, CONVERSIONS, DISSOLUTION ETC

Amalgamations and transfers of engagements between societies

110 Amalgamation of societies [ln110]

- (1) Any two or more registered societies may, by special resolution of each of them, become amalgamated together as one society.
- (2) The amalgamation may involve the dissolution or division of the funds of any of the societies.
- (3) On the amalgamation, the property of each of the societies vests in the amalgamated society without the need for any form of conveyance other than that contained in the special resolution.
- (4) Section 112 contains provisions about special resolutions under this section.
- (5) The amalgamation does not prejudice any right of a creditor of any of the societies.

111 Transfer of engagements between societies [ln112]

- (1) A registered society (society A) may by special resolution transfer its engagements to any other registered society (society B) which undertakes to fulfil those engagements.
- (2) If the resolution approves the transfer of all or part of society A’s property to society B, the property vests in society B without any conveyance or assignment (or, in Scotland, assignation).
- (3) Section 112 contains provisions about special resolutions under this section.

- (4) The transfer of engagements does not prejudice any right of a creditor of either society.

112 Special resolutions under section 110 or 111 [ln111]

- (1) This section supplements sections 110 and 111.
- (2) A resolution is a “special resolution” if –
 - (a) the resolution is passed at a general meeting by at least two-thirds of the eligible members who vote,
 - (b) notice of this meeting (“the first meeting”), specifying the intention to propose the resolution, is given in accordance with the society’s rules,
 - (c) the resolution is confirmed at a subsequent general meeting by over half of the eligible members who vote,
 - (d) notice of this meeting (“the second meeting”) is duly given, and
 - (e) the second meeting is held at least 14 days, and no more than one month, from the day of the first meeting.
- (3) In subsection (2) –
 - (a) “eligible member” means a member entitled under the society’s rules to vote;
 - (b) references to voting are to voting in person or, where the rules allow proxies, by proxy.
- (4) A declaration that the resolution has been carried, made at a general meeting of a kind mentioned in subsection (2) by the chair of that meeting, is conclusive evidence of that fact.
- (5) Within 14 days from the day of the second meeting, the society must send the FCA a copy of the special resolution that is –
 - (a) signed by the chair of the second meeting, and
 - (b) countersigned by the society’s secretary.
- (6) The FCA must register the copy of the special resolution received under subsection (5).
- (7) The special resolution does not take effect until the copy of it has been registered.
- (8) Nothing in subsection (5) invalidates registration after the end of the 14 days mentioned there.
- (9) If one or more of the societies is a PRA-authorized person, the FCA must send a copy of the special resolution to the PRA.

Conversion of society into company etc

113 Conversion of society into a company, amalgamation with a company etc [ln113]

- (1) A registered society may by special resolution determine to –
 - (a) convert itself into a company,
 - (b) amalgamate with a company, or
 - (c) transfer its engagements to a company.

In this section “company” means a company under the Companies Acts.

- (2) A registered society's registration under this Act becomes void and (subject to section 126) must be cancelled by the FCA if the society –
 - (a) is registered as a company,
 - (b) amalgamates with a company, or
 - (c) transfers all its engagements to a company.
- (3) Section 114 contains provisions about special resolutions under this section.
- (4) Section 115 contains further provisions about the conversion of a society into a company.
- (5) An amalgamation or transfer of engagements does not prejudice any right of a creditor of the society.

114 Special resolutions under section 113 [ln114]

- (1) This section supplements section 113.
- (2) A resolution is a “special resolution” if –
 - (a) the resolution is passed at a general meeting by at least 75% of the eligible members who vote,
 - (b) at least 50% of the eligible members vote on the resolution,
 - (c) notice of this meeting (“the first meeting”), specifying the intention to propose the resolution, is given in accordance with the society's rules,
 - (d) the resolution is confirmed at a subsequent general meeting by over 50% of the eligible members who vote,
 - (e) notice of this meeting (“the second meeting”) is duly given, and
 - (f) the second meeting is held at least 14 days, and no more than one month, from the day of the first meeting.
- (3) In this section –
 - (a) “eligible member” means a member entitled under the society's rules to vote;
 - (b) references to voting are to voting in person or, where the rules allow proxies, by proxy.
- (4) A declaration that –
 - (a) all reasonably practicable steps have been taken to ascertain the number of eligible members, and
 - (b) the resolution has been carried,made at a general meeting of a kind mentioned in subsection (2) by the chair of that meeting, is conclusive evidence of those facts.
- (5) Within 14 days from the day of the second meeting, the society must send the FCA a copy of the special resolution that is –
 - (a) signed by the chair of the second meeting, and
 - (b) countersigned by the society's secretary.
- (6) The FCA must register the copy of the special resolution received under subsection (5).
- (7) The special resolution does not take effect until the copy of it has been registered.
- (8) Nothing in subsection (5) invalidates registration after the end of the 14 days mentioned there.

- (9) If the society is a PRA-authorized person, the FCA must send a copy of the special resolution to the PRA.

115 Conversion of society into a company: supplementary [ln113a]

- (1) This section applies in relation to the conversion of a society into a company under section 113.
- (2) Where –
 - (a) a special resolution for converting a registered society into a company contains the particulars required by the Companies Acts to be contained in a company’s memorandum of association, and
 - (b) the FCA has registered a copy of it,a copy of it under the FCA’s stamp and seal has the same effect as a memorandum of association duly authenticated under the Companies Acts.
- (3) Registration of a registered society as a company does not affect –
 - (a) any right or claim for the time being subsisting against the society, or
 - (b) any penalty for the time being incurred by the society.
- (4) For the purpose of enforcing any such right, claim or penalty, the society may be sued and proceeded against in the same way as if it had not become registered as a company.
- (5) Any such right or claim, and the liability to any such penalty, has priority as against the company’s property over all other rights or claim against, or liabilities of, the company.

Conversion of company into society

116 Conversion of company into a registered society [ln115]

- (1) A company registered under the Companies Acts may by special resolution determine to convert itself into a registered society.
- (2) The resolution must –
 - (a) be accompanied by a copy of the society’s rules, and
 - (b) appoint 3 members of the company (“the appointed members”) to perform the functions mentioned in subsections (3) and (4).
- (3) The appointed members and the company’s secretary (or, if it has no secretary, a director of the company) must sign the rules.
- (4) The resolution must provide either –
 - (a) that the appointed members are authorised to accept any alterations to the rules made by the FCA without further consulting the company, or
 - (b) that the appointed members must lay any such alterations before the company in general meeting for acceptance.
- (5) A copy of the special resolution and the society’s rules must be sent to the FCA.
- (6) On registering the society under this Act, the FCA must (in addition to giving it an acknowledgement of registration under section 3) give it a certificate similarly sealed or signed that the society’s rules have been registered.

- (7) The name under which the company is registered as a registered society must not include the word “company”.
- (8) A copy of the special resolution and the FCA’s certificate must be sent to the registrar of companies, for registration by the registrar.
- (9) The conversion takes effect on the registrar registering the resolution and certificate.
- (10) On the conversion taking effect, the company’s registration under the Companies Acts becomes void and the registrar must cancel the registration.

117 Conversion of company into a society: member’s shareholding in company exceeds maximum permitted amount [ln116]

- (1) This section applies in relation to a resolution under section 116 where the nominal value of the company’s shares held by a member other than a registered society exceeds the amount specified in section 24(1) (maximum shareholding).
- (2) The resolution may provide for the conversion of the shares representing that excess into a transferable loan stock –
 - (a) bearing such rate of interest as may be fixed, and
 - (b) repayable on such conditions as are determined by the resolution.

118 Conversion of company into a society: no effect on liabilities [ln117]

- (1) Registration of a company as a registered society does not affect –
 - (a) any right or claim for the time being subsisting against the company, or
 - (b) any penalty for the time being incurred by the company.
- (2) For the purpose of enforcing any such right, claim or penalty, the company may be sued and proceeded against in the same way as if it had not been registered as a society.
- (3) Any such right or claim, and the liability to any such penalty, has priority as against the society’s property over all other rights or claims against, or liabilities of, the society.

Voluntary arrangements and administration

119 Power to apply provisions about company arrangements and administration [admin01]

- (1) The Treasury may with the concurrence of the Secretary of State by order provide for a company arrangement or administration provision to apply (with or without modifications) in relation to registered societies.
- (2) “Company arrangement or administration provision” means –
 - (a) a provision of Part 1 of the Insolvency Act 1986 (company voluntary arrangements);
 - (b) a provision of Part 2 of that Act (administration);
 - (c) Part 26 of the Companies Act 2006 (compromise or arrangement with creditors).

- (3) The order may not provide for a company arrangement or administration provision to apply in relation to a society that is –
 - (a) a private registered provider of social housing, or
 - (b) registered as a social landlord under Part 1 of the Housing Act 1996 or Part 2 of the Housing (Scotland) Act 2010 (asp 17).
- (4) The order may –
 - (a) make provision generally or for a specified purpose only;
 - (b) make different provision for different purposes;
 - (c) make transitional, consequential or incidental provision.
- (5) Provision made by virtue of subsection (4)(c) may, in particular –
 - (a) apply an enactment (with or without modifications);
 - (b) amend an enactment (including any provision of this Act except this section).
- (6) Section 277 of the Enterprise Act 2002 (power of Secretary of State to make supplementary, consequential or incidental provision) has effect as if this section were part of that Act.

Dissolution by an instrument of dissolution

120 Dissolution of society by an instrument of dissolution [ln119]

- (1) A registered society may be dissolved by an instrument of dissolution that –
 - (a) complies with subsection (2), and
 - (b) is approved in a way mentioned in subsection (3).
- (2) The instrument must set out –
 - (a) the society’s assets and liabilities in detail;
 - (b) the number of members and the nature of their interests in the society;
 - (c) any creditors’ claims, and the provision to be made for their payment;
 - (d) the intended appropriation or division of the society’s funds and property (unless the instrument states that this is to be left to the award of the FCA or PRA).
- (3) The ways in which the instrument may be approved are as follows –
 - (a) by at least 75% of the society’s members consenting to it, that consent being testified by their signatures to the instrument;
 - (b) in the case of a dormant society that is not a credit union, by a special resolution of the society;
 - (c) in the case of a credit union, by a special resolution of the society that is confirmed by the appropriate authority.
- (4) An alteration in an instrument of dissolution may be made –
 - (a) by the consent of at least 75% of the society’s members, testified by their signatures to the alteration, or
 - (b) if the instrument was approved by a special resolution of the society, by a further special resolution.
- (5) Section 121 contains provisions about special resolutions under this section.
- (6) In subsection (3)(b) “dormant society” means a society –

- (a) whose accounts for the current year of account and the two years of account preceding it show no accounting transactions except—
 - (i) fees paid to the FCA;
 - (ii) fees paid to the PRA;
 - (iii) payments of dividends;
 - (iv) payments of interest; and
 - (b) that has notified the FCA that it is dormant.
- (7) For the purposes of subsection (3)(c) the appropriate authority is treated as confirming a special resolution unless it notifies the society in writing to the contrary within 21 days of the society sending a copy of the resolution to it.

121 Special resolutions under section 120 [ln119a]

- (1) This section supplements section 120.
- (2) A resolution is a “special resolution” if—
 - (a) the resolution is passed at a general meeting by at least two-thirds of the eligible members who vote,
 - (b) notice of this meeting (“the first meeting”), specifying the intention to propose the resolution, is given in accordance with the society’s rules,
 - (c) the resolution is confirmed at a subsequent general meeting by over half of the eligible members who vote,
 - (d) notice of this meeting (“the second meeting”) is duly given, and
 - (e) the second meeting is held at least 14 days, and no more than one month, from the day of the first meeting.
- (3) In this section—
 - (a) “eligible member” means a member entitled under the society’s rules to vote;
 - (b) references to voting are to voting in person or, where the rules allow proxies, by proxy.

122 Instruments of dissolution: notification to FCA etc [ln121]

- (1) This section applies in relation to an instrument of dissolution within section 120(1).
- (2) The instrument must be sent to the FCA (and, if the society is a PRA-authorized person, the PRA), accompanied by a statutory declaration that all relevant provisions of this Act have been complied with.
- (3) The statutory declaration must be made by the society’s secretary and—
 - (a) 3 members, or
 - (b) both members (if the society consists solely of 2 registered societies).
- (4) A copy of any special resolution under section 120—
 - (a) signed by the chair of the second meeting, and
 - (b) countersigned by the society’s secretary,must be sent to the FCA (and, if the society is a PRA-authorized person, the PRA) within the period of 14 days beginning with the day of the second meeting.

- (5) The FCA must register the instrument of dissolution (and any alterations to it) in the same way as an amendment of the society’s rules.
But it must not register it until it has received the society’s annual return for its last year of account (see section 76(8) or 77(7)).
- (6) The FCA must register a copy special resolution received under subsection (4) at the same time as it registers the instrument of dissolution (and any alterations to it).
- (7) The instrument of dissolution (and any alterations to it) are binding on the society’s members.
- (8) In this section “the second meeting” has the same meaning as in section 121.

123 Instruments of dissolution: advertisement, dissolution etc [ln122]

- (1) Where the FCA receives an instrument of dissolution of a society under section 122, it must ensure that notice of the dissolution is advertised in—
 - (a) the Gazette, and
 - (b) a newspaper circulating in or about the locality in which the society’s registered office is situated.
- (2) Subject to subsection (3), the society is dissolved from—
 - (a) the date of the advertisement, or
 - (b) if later, the date the certificate under section 126 is lodged with the FCA; and the requisite consents to, or approval of, the instrument of dissolution are treated as duly obtained without proof of the signatures to it or of the special resolution (as the case may be).
- (3) Subsection (2) does not apply if—
 - (a) within the period of 3 months from the date of the Gazette in which the advertisement appears, a member of the society or a person interested in or having a claim on its funds commences proceedings in the appropriate court to set aside the dissolution of the society, and
 - (b) the dissolution is accordingly set aside.
- (4) The “appropriate court” means—
 - (a) the county court, or
 - (b) in Scotland, the sheriff having jurisdiction in the locality in which the society’s registered office is situated.
- (5) A person who takes proceedings to set aside the dissolution of a society must send the FCA (and, if the society is a PRA-authorised person, the PRA) notice of the proceedings—
 - (a) within 7 days after the commencement of proceedings, or
 - (b) if earlier, by the end of the period mentioned in subsection (3)(a).
- (6) If an order setting aside the dissolution of a society is made, the society must send the FCA (and, if the society is a PRA-authorised person, the PRA) notice of the order within 7 days after the making of the order.

*Dissolution on winding up***124 Dissolution of society on winding up [ln118]**

- (1) A registered society may be dissolved on its being wound up in pursuance of an order or resolution made as is directed in the case of companies.
- (2) The provisions relating to the winding up of companies have effect in relation to a registered society as if the society were a company, subject to the following modifications –
 - (a) a reference to the registrar of companies is to be read as the FCA;
 - (b) a reference to a company registered in Scotland is to be read as a registered society whose registered office is in Scotland;
 - (c) if the society is wound up in Scotland, the court having jurisdiction is the sheriff court whose jurisdiction contains the society’s registered office.
- (3) Where a resolution for the voluntary winding up of a registered society is passed –
 - (a) the society must send a copy of it to the FCA (and, if the society is a PRA-authorized person, the PRA) within 15 days after it is passed, and
 - (b) a copy of it must be annexed to every copy of the society’s registered rules issued after it is passed.
- (4) In this section “company” means a company registered under the Companies Acts.
- (5) This section is subject to section 126 (dissolution to occur only after society’s property has been dealt with).

125 Liability of existing and former members in winding up [ln120]

- (1) This section applies where a registered society is wound up by virtue of section 124.
- (2) The liability of an existing or former member to contribute for payment of the society’s debts and liabilities, the expenses of winding up, and the adjustment of the rights of contributories amongst themselves, are qualified as follows –
 - (a) a former member whose membership ceased at least one year before the beginning of the winding up is not liable to contribute;
 - (b) a former member is not liable to contribute in respect of a debt or liability contracted after the person’s membership ceased;
 - (c) a former member is not liable to contribute unless it appears to the court that the contributions of the existing members are insufficient to satisfy the just demands on the society;
 - (d) the maximum contribution that a person may be required to make is the amount (if any) unpaid on the shares in respect of which the person is liable as an existing or former member;
 - (e) in the case of a withdrawable share that has been withdrawn, a person is treated as ceasing to be a member in respect of that share as from the date of the notice or application for withdrawal.

Restriction on dissolution etc

126 Dissolution etc to occur only after society’s property dealt with [In125]

- (1) This section applies where –
 - (a) a registered society’s engagements are transferred under section 111 or 113, or
 - (b) a registered society is to be dissolved in accordance with section 120 or 124.
- (2) The society must not be dissolved, and its registration must not be cancelled, until a relevant certificate has been lodged with the FCA.
- (3) “Relevant certificate” means a certificate certifying that all property vested in the society has been duly conveyed or transferred by the society to the persons entitled, signed by –
 - (a) the liquidator, or
 - (b) the secretary or some other officer of the society approved by the FCA.

PART 10

OFFENCES

Offences

127 General offences [In239]

- (1) A person (whether a registered society, an officer or member of a registered society, or any other person) commits an offence if the person –
 - (a) fails to do anything (including giving a notice or sending a return or other document) that the person is by this Act required to do,
 - (b) fails to allow anything to be done that the person is by this Act required to allow to be done,
 - (c) wilfully neglects or refuses to do any act, or to provide any information, required for the purposes of this Act by the FCA or PRA or by any other person authorised under this Act,
 - (d) does anything forbidden by this Act, or
 - (e) makes a return required by this Act, or wilfully provides information required by this Act, that is in any respect false or insufficient.
- (2) A registered society commits an offence if it –
 - (a) contravenes, or fails to comply with, any provision of Part 7 except section 76, 77, 80, 88(1) or 89(1), or
 - (b) fails to comply with a direction under section 82(3).
- (3) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

128 Offences by societies to be also offences by officers etc [In240]

- (1) Where a registered society commits an offence under this Act, the offence is treated as also having been committed by –

- (a) every officer of the society who is bound by its rules to fulfil the duty of which the offence is a breach, or
 - (b) if there is no such officer, every member of its committee.
- (2) In proceedings against a person alleged to have committed an offence under this Act by virtue of subsection (1)(b), it is a defence to prove –
 - (a) that the person was ignorant of the commission of the offence, or
 - (b) that the person attempted to prevent the commission of the offence.
- (3) Subsection (1) does not apply to an offence under section 127 consisting of a failure to comply with section 12 or 50(2) or (3).
- (4) For the purposes of this section as it applies in relation to a failure to comply with section 124(3)(a), a liquidator of a society is treated as an officer of it.

129 Continuing offences [\[ln241\]](#)

- (1) An act or default constituting an offence under this Act constitutes a new offence in every week during which it continues.
- (2) Subsection (1) does not apply in relation to an offence under section 79.

130 Misappropriation of a society's property etc [\[J71\]](#)

- (1) A person who, by false representation or deception, and with fraudulent intent, obtains possession of any property of a registered society commits an offence.
- (2) A person who has any property of a registered society in the person's possession commits an offence if, with fraudulent intent, the person –
 - (a) withholds or misapplies the property, or
 - (b) wilfully applies any part of the property to purposes which are not authorised by the society's rules or which are not in accordance with this Act.
- (3) A person guilty of an offence under this section is liable on summary conviction –
 - (a) to a fine not exceeding level 2 on the standard scale with costs or expenses,
 - (b) to be ordered to deliver up the property or to repay all moneys improperly applied, and
 - (c) in default of such delivery or repayment or of the payment of any such fine, to be imprisoned for a term not exceeding 3 months.
- (4) If in proceedings against a person for an offence under this section it is not proved that the person acted with fraudulent intent, the person may be ordered to deliver up any property belonging to the society or to repay any money improperly applied, with costs or expenses.

131 Falsification of a society's records etc [\[J72\]](#)

- (1) A person commits an offence if, with intent to falsify a relevant document or to evade any of the provisions of this Act, the person –
 - (a) makes an entry in the relevant document,
 - (b) removes or omits anything from the relevant document, or

- (c) orders or allows the making of such an entry or the removal or omission of anything from the relevant document.
- (2) “Relevant document” means –
 - (a) any balance sheet of a registered society,
 - (b) any contribution or collecting book of a registered society, or
 - (c) any return or document required to be sent, produced or delivered for the purposes of this Act.
- (3) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

Prosecution of offences

132 Prosecution of offences: persons who may bring proceedings and time for bringing them [J73]

- (1) This section applies to summary proceedings for –
 - (a) an offence under this Act that is punishable with a fine, or
 - (b) an offence under a registered society’s rules (see section 20).
- (2) The proceedings may be brought by the following –
 - (a) in the case of proceedings in respect of an offence under a society’s rules, the society;
 - (b) in the case of proceedings by virtue of section 127 in respect of neglect or a failure to do any act, or provide any information, required by the PRA –
 - (i) the FCA (after notifying the PRA), or
 - (ii) the PRA (after notifying the FCA);
 - (c) in the case of proceedings by virtue of any of section 130(1) to (3) –
 - (i) the registered society in question,
 - (ii) any member of that society authorised by the society, the society’s committee or the FCA, or
 - (iii) the FCA (except in Scotland);
 - (d) in any other case, any person aggrieved or (except in Scotland) the FCA.
- (3) Except in Scotland, no other person may bring proceedings.
- (4) The FCA, the PRA or the Lord Advocate (“the prosecutor”) –
 - (a) may (despite any limitation on the time for bringing proceedings contained in any Act) bring proceedings for the offence at any time within one year of the discovery of the offence by the prosecutor, but
 - (b) may not bring proceedings more than 3 years after the commission of the offence.

133 Prosecution of societies: service of summons etc [J75]

- (1) This section applies to proceedings taken against a registered society for an offence under this Act that is punishable with a fine.
- (2) The summons or other process is sufficiently served –
 - (a) by leaving a true copy of it at the society’s registered office, or

- (b) if that office is closed, by posting that copy on the outer door of the office.

PART 11

MISCELLANEOUS AND GENERAL

Application of company law etc

134 Power to amend this Act to assimilate to company law [comp02]

- (1) This section applies where, on any modification of the enactments in force relating to companies, it appears to the Treasury to be expedient to modify the relevant provisions of this Act for the purpose of assimilating the law relating to companies and the law relating to registered societies.
- (2) The Treasury may by order make such modifications of the relevant provisions of this Act as they consider appropriate for that purpose.
- (3) The “relevant provisions” of this Act are the provisions of this Act for the time being in force except—
 - (a) this section;
 - (b) section 2(1), (2)(a), (c) and (d), (3) and (4);
 - (c) sections 5 to 9;
 - (d) section 16(1) and (2);
 - (e) section 17;
 - (f) section 29;
 - (g) sections 36 to 40;
 - (h) sections 110 to 123;
 - (i) section 126;
 - (j) sections 135 and 136;
 - (k) paragraph 15 of Schedule 3.
- (4) An order under this section may modify the relevant provisions of this Act so as to—
 - (a) confer power to make orders, regulations, rules or other subordinate legislation;
 - (b) create criminal offences;
 - (c) provide for the charging of fees, but not any charge in the nature of taxation.
- (5) An order under this section may—
 - (a) make consequential amendments of, or repeals in, the provisions listed in subsection (3);
 - (b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient.
- (6) In this section “modification” includes any additions.
- (7) The reference in subsection (1) to modifications of the enactments relating to companies includes any modification whether effected by—
 - (a) an Act passed after the passing of the Industrial and Provident Societies Act 2002, or

- (b) an instrument made after the passing of that Act, under an Act whenever passed.

135 Power to apply company law provisions on investigations, names and dissolution etc [comp01]

- (1) The Treasury may by regulations –
 - (a) make provision applying any provision mentioned in subsection (2) to registered societies, or
 - (b) make provision for registered societies corresponding to any such provision,in either case, with such modifications as appear to the Treasury to be appropriate.
- (2) The provisions are –
 - (a) Parts 14 and 15 of the Companies Act 1985 (investigations);
 - (b) Part 5 of the Companies Act 2006 (company names);
 - (c) Part 31 of that Act (dissolution and restoration to the register).
- (3) Regulations made by virtue of subsection (2)(a) may amend or repeal any of sections 104 to 108 (inspections, information powers etc).
- (4) Regulations made by virtue of subsection (2)(b) may amend or repeal section 10 or 11 (or both) (provisions about a society's name).
- (5) Regulations made by virtue of subsection (2)(c) may amend or repeal –
 - (a) section 5(3)(c) (cancellation of registration: society having ceased to exist);
 - (b) section 126 (dissolution etc to occur only after society's property dealt with).
- (6) Subsections (3) to (5) are not to be read as restricting the power conferred by section 136 (power to make consequential amendments).
- (7) The regulations may –
 - (a) confer power to make orders, regulations and other subordinate legislation;
 - (b) create criminal offences, but only –
 - (i) in circumstances corresponding to an offence under the Companies Acts, and
 - (ii) subject to a maximum penalty no greater than is provided for in respect of the corresponding offence;
 - (c) provide for the charging of fees, but not any charge in the nature of taxation.
- (8) The regulations may contain such supplementary, incidental and transitional provisions as appear to the Treasury to be necessary or expedient.
- (9) Before making any regulations under this section the Treasury must consult such persons as appear to them to be appropriate.

136 Section 135: power to make consequential amendments [comp03]

- (1) The Treasury may by regulations make such amendments of enactments as appear to them to be appropriate in consequence of any provision made by or under section 135.
- (2) This power is exercisable in relation to –
 - (a) this Act (except this section), and
 - (b) any enactment passed or made before the commencement of the relevant provision.
- (3) In this section “enactment” includes –
 - (a) an enactment contained in subordinate legislation within the meaning of the Interpretation Act 1978,
 - (b) an enactment contained in, or in an instrument made under, an Act of the Scottish Parliament,
 - (c) an enactment contained in, or in an instrument made under, a Measure or Act of the National Assembly for Wales, and
 - (d) an enactment contained in, or in an instrument made under, Northern Ireland legislation within the meaning of the Interpretation Act 1978.
- (4) The regulations may contain such supplementary, incidental and transitional provisions as appear to the Treasury to be necessary or expedient.

*Determination of disputes***137 Determination of disputes in accordance with a society’s rules [dis01]**

- (1) If a registered society’s rules give directions as to the way in which relevant disputes are to be determined, a relevant dispute is to be determined in the way directed by the rules (subject to the following provisions of this section).
- (2) “Relevant dispute” means a dispute between a registered society or an officer of a registered society and –
 - (a) a member,
 - (b) a person aggrieved who ceased to be a member not more than 6 months previously (“a relevant former member”),
 - (c) a person claiming through a member or relevant former member, or
 - (d) a person claiming under the society’s rules.
- (3) Any dispute which would, under the rules, fall to be determined by the FCA or PRA is to be referred to the county court (or, in Scotland, to the sheriff) for determination.
- (4) In England and Wales, any dispute which would, under the rules, be referred to justices is to be determined by a magistrates’ court (subject to subsection (6)).
- (5) In Scotland, any dispute which would, under the rules, be referred to justices, a justice of the peace court or a court of summary jurisdiction is to be determined by the sheriff.
- (6) If the parties to the dispute consent, the dispute may be determined –
 - (a) in England and Wales, by the county court;
 - (b) in Scotland, by the sheriff.

- (7) Neither subsection (1) nor the society’s rules prevents a person, in accordance with the Financial Ombudsman scheme, from having a complaint dealt with under the scheme before or instead of being determined in the way directed by the rules.

138 Determination of disputes under section 137: application to the court [dis01a]

- (1) This section applies where –
 - (a) section 137 applies in relation to a relevant dispute,
 - (b) an application is made to the society in question for a reference under its rules, and
 - (c) no determination is made within 40 days after the application is made.
- (2) A person within a paragraph of section 137(2) who is a party to the dispute may apply the appropriate court, which may hear and determine the matter in dispute.
- (3) The appropriate court is –
 - (a) in England and Wales, the county court or a magistrates’ court;
 - (b) in Scotland, the sheriff.
- (4) “Relevant dispute” has the same meaning as in section 137.

139 Determination of disputes otherwise than under a society’s rules [dis02]

- (1) This section applies in relation to a relevant dispute if the registered society’s rules contain no directions as to the determination of relevant disputes.
- (2) The dispute may be determined –
 - (a) in England and Wales, by the county court;
 - (b) in Scotland, by the sheriff.
- (3) Alternatively, in England and Wales, a person within a paragraph of section 137(2) who is a party to the dispute may apply to a magistrates’ court, which may hear and determine the matter in dispute.
- (4) “Relevant dispute” has the same meaning as in section 137.

140 Determination of disputes: supplementary [dis03]

- (1) Where a determination under section 137(1) or (6) or section 139(2) is made in a dispute –
 - (a) the determination is binding and conclusive on all parties without appeal;
 - (b) in England and Wales, the determination is not removable into any court of law or restrainable by injunction;
 - (c) an application may be made to the county court (or, in Scotland, the sheriff) for enforcement of the determination.
- (2) The county court (or, in Scotland, the sheriff) may order the expenses of determining a dispute under section 137, 138 or 139 to be paid –
 - (a) out of the society’s funds, or
 - (b) by such parties to the dispute as it considers appropriate.

- (3) In England and Wales a magistrates' court may, for the purposes of the hearing or determination of a dispute under section 137, 138 or 139, grant either party –
 - (a) such disclosure as to documents and otherwise, and
 - (b) such inspection of documents,
 as it considers necessary for the just and expeditious disposal of the dispute.
- (4) An order under subsection (3) for disclosure to be made on behalf of a society is to be disclosure by such of its officers as the court may determine.
- (5) The court to which a dispute is referred under section 137(3) to (6), 138 or 139 may at the request of either party state a case on any question of law arising in the dispute for the opinion of the High Court or the Court of Session (as the case may be).

Other miscellaneous provisions

141 Recovery of costs and expenses [74]

Any costs or expenses ordered or directed by the FCA or PRA to be paid by any person under this Act are recoverable summarily (or, in Scotland, are recoverable) as a civil debt.

Northern Ireland societies

142 Northern Ireland societies whose rules are recorded by the FCA [ni01]

- (1) This section applies to a Northern Ireland society (“the Northern Ireland society”) if –
 - (a) copies of its rules, registered under the relevant Northern Ireland law, are sent to the FCA to be recorded by it, and
 - (b) the copies have been recorded by the FCA.
- (2) For the purposes of the operation of this Act in Great Britain and the Channel Islands (“the relevant area”) –
 - (a) references in the provisions specified in subsection (3) to a registered society include the Northern Ireland society (but see subsection (5)), and
 - (b) for the purposes of those provisions –
 - (i) the Northern Ireland society,
 - (ii) the rules mentioned in subsection (1), and
 - (iii) any amendments to the rules registered and recorded as mentioned in subsection (1),
 are in the relevant area treated as a society, rules and amendments duly registered under this Act by the FCA.
- (3) The provisions are –
 - (a) sections 2(2)(b)(ii), 3(1)(a)(ii) and (3) to (6), 5(3)(b), 11(1) to (4), 13(3), 15, 16(2)(a), 18, 19, 20, 24(2)(a), 26, 27(2)(b), 28, 30(9), 33, 35, 36, 41, 42, 50, 53 to 56, 58, 66, 68, 70 to 73, 109 to 112, 115(3) to (5), 127(1), 128, 130 to 132, 137 to 140, 143 and 146;
 - (b) paragraph 3 of Schedule 3.

- (4) In the application of section 109 (general restriction on inspection of books) by virtue of this section, the reference to this Act is to be read as the relevant Northern Ireland law.
- (5) This section does not confer any power, or impose any obligation or liability, with respect to the doing (or not doing) of anything outside the relevant area.
- (6) In this section –
 - “Northern Ireland society” means a society registered under the relevant Northern Ireland law;
 - “the relevant Northern Ireland law” means the law for the time being in force in Northern Ireland for purposes corresponding to the purposes of this Act.
- (7) Nothing in Article 22 of the Government of Ireland (Companies, Societies, &c.) Order 1922 (SR & O 1922/184) applies –
 - (a) in relation to a Northern Ireland society, or
 - (b) in relation to this Act.

Documents

143 Form of documents etc [doc01]

- (1) Every return and other document required for the purposes of this Act –
 - (a) must be made in such form as the FCA may direct,
 - (b) must contain such particulars as it may direct, and
 - (c) must be delivered in such way as it may direct.
- (2) The FCA must register and record those documents, together with any observations it considers appropriate to make on them.
- (3) The FCA must consult the PRA before issuing a direction which relates to a return or other document a copy of which is required to be sent to the PRA.

144 Form etc of electronic documents sent to FCA or PRA [doc04]

- (1) The FCA or PRA (“the authority”) may impose requirements as to the form, authentication and manner of delivery of documents sent electronically to it under this Act.
- (2) As regards authentication, the authority may –
 - (a) require the document to be authenticated by a particular person or a person of a particular description;
 - (b) specify the means of authentication;
 - (c) require the document to contain or be accompanied by the name or registered number of the society to which it relates (or both).
- (3) As regards the manner of delivery, the authority may specify requirements as to the hardware and software to be used, and technical specifications (for example, matters relating to protocol, security, anti-virus protection or encryption).
- (4) The power conferred by this section does not authorise the authority to require documents to be delivered electronically.

- (5) Requirements imposed under this section must not be inconsistent with requirements imposed by this Act or any other enactment with respect to the form, authentication and delivery of the document concerned.
- (6) In this section, a document is sent electronically if it is sent by electronic means or in electronic form.

145 Fees for inspection and copying of documents [doc03]

The FCA or PRA may charge a person a reasonable fee before—

- (a) allowing the person to inspect a document held by it in connection with this Act, or
- (b) providing the person with a copy of such a document (or a copy of part of such a document).

146 Certain documents to be received in evidence [doc02]

- (1) This section applies to a document issued, received or created by—
 - (a) the FCA, or
 - (b) an inspector under this Act,for the purposes of, or in connection with, this Act.
- (2) A document bearing the FCA’s seal or stamp is to be received in evidence without further proof.
- (3) A document purporting to have been signed by—
 - (a) a person authorised to do so on behalf of the FCA, or
 - (b) an inspector under this Act,is, in the absence of any evidence to the contrary, to be received in evidence without proof of the signature.

*Regulations and orders***147 Regulations and orders [orders]**

- (1) Regulations and orders of the Treasury under this Act are to be made by statutory instrument.
- (2) A statutory instrument containing—
 - (a) regulations under section 29, 135 or 136, or
 - (b) an order under section 134,may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.
- (3) A statutory instrument containing regulations or an order under section 18, 25, 49, 67, 82, 96 or 119 is subject to annulment in pursuance of a resolution of either House of Parliament.

*Interpretation***148 Meaning of “electronic form”, “by electronic means” etc [elec01]**

- (1) The following provisions apply for the purposes of this Act.

- (2) A document or information is sent in electronic form if it is sent –
- (a) by electronic means (for example, by email or fax), or
 - (b) by any other means while in electronic form (for example, sending a disk in the post).
- References to electronic copy have a corresponding meaning.
- (3) A document or information is sent by electronic means if it is –
- (a) sent initially and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and
 - (b) entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means.
- References to “electronic means” have a corresponding meaning.
- (4) A document or information sent in electronic form must be sent in a form, and by a means, that the sender reasonably considers will enable the recipient –
- (a) to read it, and
 - (b) to retain a copy of it.
- (5) For the purposes of this section, a document or information can be read only if –
- (a) it can be read with the naked eye, or
 - (b) to the extent that it consists of images (for example photographs, pictures, maps, plans or drawings), it can be seen with the naked eye.
- (6) The provisions of this section apply whether the provision of this Act uses the word “send” or uses other words (such as “deliver”, “issue”, “produce”, “provide” or “supply”) to refer to the sending of a document or information.

149 Interpretation of Act [\[interp\]](#)

In this Act, except where the context otherwise requires –

- “the 1965 Act” has the meaning given by section 1;
 - “amendment”, in relation to a registered society’s rules, includes a new rule and a resolution rescinding a rule;
 - “annual return” has the same meaning as in section 88;
 - “the appropriate authority” means –
 - (a) in relation to a society that is a PRA-authorized person, the PRA;
 - (b) in relation to any other society, the FCA;
 - “charitable registered society” means a registered society that is a charity;
 - “charity” (except in section 10) –
 - (a) has the meaning given by section 1(1) of the Charities Act 2011 (as modified, in the case of a society whose registered office is in Scotland, by section 7(2) of that Act);
 - (b) but in relation to a society whose registered office is in any of the Channel Islands, it means a society established for charitable purposes only (“charitable purposes” having the meaning given by the law of that Island);
- and similar expressions are to be read accordingly;
- “committee”, in relation to a society, means the society’s management committee or other directing body;
 - “the Companies Acts” means –

- (a) the Companies Acts as defined in section 2(1) of the Companies Act 2006, or
 - (b) any law for corresponding purposes in force in any of the Channel Islands,
- and includes corresponding earlier Acts or laws;
- “credit union” means a registered society that is registered as a credit union;
- “electronic address” means any number or address used for the purposes of sending or receiving documents or information by electronic means;
- “electronic copy”, “electronic form” and “electronic means” have the same meaning as in section 148;
- “enactment” (except in section 136 and Schedule 5) includes –
- (a) an enactment contained in subordinate legislation within the meaning of the Interpretation Act 1978,
 - (b) an enactment contained in, or in an instrument made under, an Act of the Scottish Parliament, and
 - (c) an enactment contained in, or in an instrument made under, a Measure or Act of the National Assembly for Wales;
- “the FCA” means the Financial Conduct Authority;
- “the Financial Ombudsman scheme” means the scheme established under Part 16 of the Financial Services and Markets Act 2000;
- “Gazette”, in relation to a registered society, means such one or more of the following as apply –
- (a) the London Gazette, if the society’s registered office is in England, Wales or the Channel Islands or it carries on business there;
 - (b) the Edinburgh Gazette, if the society’s registered office is in Scotland or it carries on business there;
 - (c) the Belfast Gazette, if the society’s rules are recorded in Northern Ireland;
- “heritable security” has the same meaning as in the Conveyancing (Scotland) Act 1924 except that it includes a security constituted by *ex facie* absolute disposition or assignation;
- “meeting”, in relation to a society, includes (where the society’s rules allow it) a meeting of delegates appointed by members;
- “officer”, in relation to a registered society –
- (a) includes any treasurer, secretary, member of the committee, manager or employee of the society (except an employee appointed by the society’s committee), but
 - (b) does not include an auditor appointed by the society in accordance with the requirements of Part 7;
- “persons claiming through a member” includes the heirs, executors or administrators and assignees of a member and (where nomination is allowed) the person’s nominee;
- “the PRA” means the Prudential Regulation Authority;
- “PRA-authorized person” has the meaning given by section 2B of the Financial Services and Markets Act 2000;
- “pre-commencement society” has the meaning given by section 150;
- “registered”, in relation to a society’s name or office, means the name or office for the time being registered under this Act in respect of the society;

“registered rules”, in relation to a registered society, means the rules registered under this Act, as amended by any amendment of the rules that has been so registered;

“registered society” has the meaning given by section 1;

the FCA’s “seal” means the seal provided for in regulations made under section 109(1)(b) of the Friendly Societies Act 1974 (and any reference to a document sealed by the FCA is to be read accordingly);

PART 12

FINAL PROVISIONS

150 Pre-commencement societies [In200]

- (1) Any reference to a society registered under this Act includes a society that, immediately before 1 August 2014, was registered or treated as registered under the 1965 Act (a “pre-commencement society”).
- (2) In relation to a pre-commencement society –
 - (a) any reference to an acknowledgement of the registration under this Act of a society, its rules or any amendment of its rules includes an acknowledgement of the registration under the 1965 Act of the society, its rules or an amendment (and anything treated, immediately before 1 August 2014, as such an acknowledgement);
 - (b) any reference to rules or amendments of rules registered under this Act includes rules or amendments registered under the 1965 Act (and anything treated, immediately before 1 August 2014, as rules or amendments registered under that Act).
- (3) In this section “reference” means a reference (expressed or implied) in this Act, another enactment or an instrument or document.
- (4) Schedule 3 contain provisions applying in relation to certain pre-commencement societies.

151 Amendments, repeals etc [repeals]

- (1) Schedule 4 contains consequential amendments.
- (2) Schedule 5 contains transitional provisions and savings.
- (3) Schedule 6 contains transitory modifications etc.
- (4) The provisions listed in Schedule 7 are repealed or revoked to the extent specified.

152 Channel Islands [ci01]

- (1) Her Majesty may by Order in Council provide for any provision of this Act, or of any instrument made under it, to extend (with or without modifications) to any of the Channel Islands.
- (2) Any such Order in Council may make such transitional, incidental or supplementary provision as appears to Her Majesty to be necessary or expedient.

153 Extent [extent]

- (1) Subject as follows, this Act extends to England and Wales and Scotland.
- (2) Chapter 1 of Part 5 extends to England and Wales only.
- (3) Chapter 2 of Part 5 extends to Scotland only.
- (4) The following provisions also extend to Northern Ireland –
 - (a) this section;
 - (b) sections 136, 147, 154 and 155;
 - (c) Schedule 5.
- (5) Any amendment, repeal or revocation made by this Act extends to any part of the United Kingdom to which the provision amended, repealed or revoked extends.
- (6) Nothing in this section applies to section 152 (Channel Islands).

154 Commencement [comm]

- (1) This Act comes into force on 1 August 2014.
- (2) Subsection (1) does not apply to paragraphs 2 and 3 of Schedule 6.

155 Short title [shorttitle]

This Act may be cited as the Co-operative and Community Benefit Societies Act 2014.

SCHEDULES

SCHEDULE 1

Section 41

FORMS OF BOND FOR OFFICERS OF SOCIETY [j48s]

PART 1

FORMS APPLICABLE IN ENGLAND, WALES AND CHANNEL ISLANDS

Form A

Know all persons by these presents, that we, A.B. of , one of the officers of the Limited, hereinafter referred to as “the Society”, whose registered office is at in the county of , and C.D., of (as surety on behalf of the said A.B.), are jointly and severally held and firmly bound to the said society in the sum of , to be paid to the said society, or its certain attorney, for which payment well and truly to be made we jointly and severally bind ourselves, and each of us by himself, our and each of our heirs, executors, and administrators, firmly by these presents. Sealed with our seals. Dated the day of

Whereas the above-bounden A.B. has been duly appointed to the office of of the Society, and he, together with the above-bounden C.D. as his surety, have entered into the above-written bond, subject to the condition hereinafter contained:

Now therefore the condition of the above-written bond is such, that if the said A.B. do render a just and true account of all moneys received and paid by him on account of the society, at such times as the rules thereof appoint, and do pay over all the moneys remaining in his hands, and assign and transfer or deliver all property (including books and papers) belonging to the society in his hands or custody to such person or persons as the society or the committee thereof appoints, according to the rules of the society, together with the proper and legal receipts or vouchers for such payments, then the above-written bond shall be void, but otherwise shall remain in full force.

Sealed and delivered in the presence of

Form B

Know all persons by these presents that I , of , in the county of , am firmly bound to Limited, hereinafter referred to as “the Society,” whose registered office is at , in the county of , in the sum of pounds sterling to be paid to the said society or its assigns, for

which payment to be truly made to the said society or its certain attorney or assigns I bind myself, my heirs, executors, and administrators, by these presents sealed with my seal.

[And know further that I [we] as surety [sureties] for the above-named principal obligor and such obligor are jointly and severally bound to the society in the sum aforesaid to be paid to the society or its assigns, for which payment to be truly made to the society or its certain attorney or assigns we firmly bind ourselves and each of us and each of our heirs, executors, and administrators by these presents sealed with our seals.]

Dated the day of

The condition of the above-contained bond is that if the said ... faithfully execute the office of ... to the society during such time as he continues to hold the same in virtue either of his present appointment, or of any renewal thereof if such office is of a renewable character [without wasting, embezzling, losing, misspending, misapplying, or unlawfully making away with any of the moneys, goods, chattels, wares, merchandise or effects whatsoever of the said society at any time committed to his charge, custody, or keeping by reason or means of his said office], and render a true and full account of all moneys received or paid by him on its behalf as and when he is required by the committee of the society for the time being, and pay over all the moneys remaining in his hands from time to time, and assign, transfer, and deliver up all securities, books, papers, property, and effects whatsoever of or belonging to the society in his charge, custody, or keeping, to such person or persons as the said committee may appoint, according to the rules or regulations of the society for the time being, together with the proper or legal receipts or vouchers for such payments; and in all other respects well and faithfully perform and fulfil the said office of ... to the society according to the rules thereof, then the above-mentioned bond shall be void and of no effect; but otherwise shall remain in full force.

Sealed and delivered by the above named

[The words between brackets against which we have set our initials being first struck out*] in the presence of us and

*If no words are struck out in the bond or condition, strike out these words and let the witnesses set their initials in the margin.

PART 2

FORM APPLICABLE IN SCOTLAND

Form C

I, AB, of....., hereby bind and oblige myself to the extent of £..... as cautioner for CD, a person employed by the society, that he, the said CD, shall on demand faithfully and truly account for all moneys received and paid to him for the use, benefit or advantage of the said society, and also

assign and transfer or deliver all property (including books and papers) belonging to the said society in his hands or custody, and that to such person or persons as the said society or the committee thereof appoint, according to the rules of the said society.

Testing clause+

+ Note. In the case of a traditional document, subscription of it by the cautioner will be sufficient for the document to be formally valid, but witnessing of it may be necessary or desirable for other purposes (see the Requirements of Writing (Scotland) Act 1995, which also makes provision as regards the authentication of an electronic document).

SCHEDULE 2

Sections 70 to 73

FORM OF RECEIPT ON MORTGAGE, HERITABLE SECURITY ETC [j43s]

PART 1

FORMS APPLICABLE IN ENGLAND AND WALES

Form A

The Limited hereby acknowledges to have received all moneys intended to be secured by the [within (or above) written] [annexed] deed [and by a further charge dated etc *or otherwise as required*].

Dated this day of

.. .. *Members of the Committee*

.. .. *Secretary*

Form B

The Limited hereby acknowledges that it has this day of received the sum of pounds representing all moneys intended to be secured by the [within (or above) written] [annexed] deed [and by a further charge dated etc *or otherwise as required*], the payment having been made by C.D. of and E. F. of

.. .. *Members of the Committee*

.. .. *Secretary*

NOTE If the persons paying are not entitled to the equity of redemption but are paying the money out of a fund applicable to the discharge of the mortgage or other assurance, insert a statement to that effect.

A statement may also be inserted as to whether the receipt is or is not to operate as a transfer of the benefit of the mortgage or other assurance.

PART 2

FORMS APPLICABLE IN SCOTLAND

Form C

The ... Limited acknowledges that (1) the foregoing disposition granted by A (with consent) in favour of the said society dated ... and recorded in the Division of the General Register of Sasines for ... on ... was granted in security only of a loan of ... pounds made by the said society to the said ... , and (2) the said society have received payment of all moneys secured by the said disposition.

Testing clause (see the Note below).

Form D

The ... Limited acknowledges to have received repayment of all moneys secured by the foregoing bond and disposition in security [bond and assignation in security] [bond and such other deed of heritable security as may have been agreed] granted by A in the said society's favour dated ... and recorded in the Division of the General Register of Sasines for ... on ...

Testing clause (see the Note below).

Form E

The ... Limited hereby acknowledges to have received repayment of all moneys secured by the foregoing [*describe deed*] by A in the said society's favour.

Testing clause (see the Note below).

NOTE

In the case of a traditional document, subscription of it by the granter is sufficient for the document to be formally valid, but the witnessing of it may be necessary or desirable for other purposes (see the Requirements of Writing (Scotland) Act 1995, which also makes provision as regards the authentication of an electronic document).

SCHEDULE 3

Section 150

PROVISION FOR CERTAIN PRE-COMMENCEMENT SOCIETIES [LN200s]

Introduction

- 1 In this Schedule –
 - “the 1893 Act” means the Industrial and Provident Societies Act 1893;
 - “the 1975 Act” means the Industrial and Provident Societies Act 1975;
 - “the 1978 Act” means the Industrial and Provident Societies Act 1978.

Section 5 (cancellation of registration): societies registered before 26 July 1938

- 2 (1) Condition D of section 5 (cancellation of registration) does not apply to a society registered or treated as registered under the 1893 Act before 26 July 1938 if no invitation to subscribe for or to acquire or offer to acquire securities, or to lend or deposit money, has been made on or after that date by or on behalf of the society.

(2) See also paragraph 15 of this Schedule (power to apply for winding up of a society on grounds similar to that in Condition D).

Powers of a society registered on or before 1 January 1894

- 3 In the case of a society which was a registered society under the 1893 Act on 1 January 1894, the society or its members may exercise any power given by this Act and not made to depend on the provisions of the society's rules despite anything in any of its rules registered before 12 September 1893.

Section 15: amendments registered on or before 27 March 1928 increasing a member's financial contribution

- 4 Section 15(2) (amendments of rules increasing members' financial contributions do not apply to existing members unless they consent in writing) does not apply to amendments registered on or before 27 March 1928.

Preservation of certain rules facilitating investment in government securities (section 21)

- 5 Any rule which, immediately before the coming into force of this Act, had effect as if duly passed by a registered society by virtue of section 11(2) of the 1965 Act (continuation of rules included by virtue of section 8(3) of the Societies (Miscellaneous Provisions) Act 1940) is to continue to be treated as duly passed by the society.

Maximum shareholding (section 24): effect of certain resolutions on society's rules

- 6 (1) This paragraph applies to a resolution of a society's committee that, immediately before this Act comes into force, has effect by virtue of any of the following –
 - section 6(2) or (3) of the 1965 Act,
 - section 1(2) of the 1975 Act,
 - article 4(1) of the Industrial and Provident Societies (Increase in Shareholding Limit) Order 1981 (SI 1981/395),

article 4(1) of the Industrial and Provident Societies (Increase in Shareholding Limit) Order 1994 (SI 1994/341).

(The effect of such a resolution is to increase the limit on members' shareholdings, contained in a society's rules.)

- (2) The society's rules continue to have effect subject to the resolution.
- (3) The society's committee may not vary or revoke the resolution.
- (4) But if any amendment of the society's rules is registered, the rules have effect as if the resolution had not been passed.
 This does not affect any interest in the society's shares held by a member immediately before the date of registration of the amendment.

Maximum deposits: effect of resolution on rules of societies registered before 27 April 1952

- 7 (1) This paragraph applies to a registered society that was registered under the 1893 Act before 27 April 1952 ("the relevant date") if –
 - (a) the society's rules permit the taking of deposits up to, but not exceeding, 10 shillings in any one payment and £20 for any one depositor,
 - (b) no amendment of its rules has been registered since the relevant date, and
 - (c) the society's committee has since the relevant date resolved, by a resolution recorded in writing, that for the limits of 10 shillings and £20 there are to be substituted specified higher limits not exceeding £2 and £50 respectively.
- (2) The society's registered rules have effect subject to the resolution.
- (3) The society's committee may not vary or revoke the resolution.
- (4) But if any amendment of the society's rules is registered, the rules have effect as if the resolution had not been passed.
 This does not affect any sums standing deposited with the society immediately before the date of registration of the amendment.

Maximum deposits: effect on certain resolutions on society's rules

- 8 (1) This paragraph applies to a resolution of a society's committee that, immediately before this Act comes into force, has effect by virtue of any of the following –
 - section 1(2) or (3) of the 1978 Act,
 - article 4(1) or (2) of the Industrial and Provident Societies (Increase in Deposit-taking Limits) Order 1981 (SI 1981/394).
 (The effect of such a resolution is to increase the limit on deposits, contained in a society's rules.)
- (2) The society's rules continue to have effect subject to the resolution.
- (3) The society's committee may not vary or revoke the resolution.
- (4) But if any amendment of the society's rules is registered, the rules have effect as if the resolution had not been passed.
 This does not affect any interest in the funds of the society held by a depositor immediately before the date of registration of the amendment.

The 1968 Act: consequential amendments to rules

- 9 (1) Despite anything contained in its rules, a registered society's committee may, by a resolution passed in the appropriate period, make such amendments of its rules as may be consequential on the provisions of the Friendly and Industrial and Provident Societies Act 1968.
- (2) "The appropriate period" is the period –
- (a) beginning with 26 July 1968, and
 - (b) ending with 25 July 1969 or, if later, the first date after 26 July 1968 on which an amendment of the society's rules is registered.
- (3) The FCA is not required to register an amendment of the society's rules unless any consequential amendments made by virtue of sub-paragraph (1) –
- (a) have been made before the application for registration of that amendment, or
 - (b) are to be effected by that amendment.

Section 37 (nomination by member of entitlement to property in society on member's death): nominations made before 5 August 1954

- 10 Section 37(4) applies in relation to a nomination made before 5 August 1954 as if for "£5,000" there were substituted "£100".

Section 50 (common seals)

- 11 Section 50(3) does not apply to decisions made before 20 October 2003.

Section 59 (charges on assets of English and Welsh societies): instruments executed before 14 September 1967

- 12 Section 59 does not apply in relation to an instrument executed before 14 September 1967.

Section 103 (inspection of books: power to authorise inspection)

- 13 Section 103 does not apply to rules made before 12 September 1893.

Section 109 (inspection of books: general restriction)

- 14 Section 109 has effect despite any rule made by the society before 12 September 1893.

Part 9: winding up of societies registered before 26 July 1938

- 15 (1) The FCA or PRA ("the authority") may present a petition to the court for the winding up of a registered society that was registered or treated as registered under the 1893 Act before 26 July 1938 if it appears to the authority –
- (a) that it meets neither of the conditions in section 2(2)(a), and
 - (b) that the winding up of the society would be in the interests of persons who have invested or deposited money with the society or any other person.

- (2) The FCA must consult the PRA before presenting a petition in respect of a PRA-authorized person.
- (3) The PRA must consult the FCA before presenting a petition.

SCHEDULE 4

Section 151

CONSEQUENTIAL AMENDMENTS [AMENDS]

PART 1

AMENDMENTS OF THE CREDIT UNIONS ACT 1979

- 1 The Credit Unions Act 1979 is amended as follows.
- 2 (1) Section 1 (registration) is amended as follows.
 - (2) In subsection (1) –
 - (a) for the words before paragraph (a) substitute “A society may be registered under the Co-operative and Community Benefit Societies Act 2014 (“the 2014 Act”) as a credit union if –”;
 - (b) after paragraph (a) insert –

“(aa) the society has at least 21 members;”
 - (c) in paragraph (e) for “the 1965 Act” substitute “the 2014 Act”;
 - (d) in paragraph (f) for “the 1965 Act” substitute “the 2014 Act”;
 - (e) in the words after paragraph (f) omit “shall be registered as, and”.
 - (3) After subsection (1) insert –

“(1ZA) See section 4 of the 2014 Act for the prohibition on registering a society with withdrawable share capital with the object of carrying on the business of banking.”
 - (4) In subsection (1B) for “issue an acknowledgement of registration under section 2(3) of the 1965 Act to a credit union” substitute “register a society under the 2014 Act as a credit union”.
 - (5) In subsection (1D) for “issues an acknowledgement of registration to a credit union under that section” substitute “registers a society as a credit union”.
 - (6) For the heading substitute “Registration”.
- 3 (1) Section 2 (supplementary provisions as to registration) is amended as follows.
 - (2) For subsections (1) and (2) substitute –
 - “(1) The following provisions of the 2014 Act do not apply in relation to registration as a credit union –
 - (a) section 2 (societies that may be registered);
 - (b) section 4(2) (taking of certain deposits not to be regarded as carrying on the business of banking);
 - (c) section 14 (content of a society’s rules).
 - (2) Section 3(2) of the 2014 Act (registration) applies to registration as a credit union as if the reference to compliance with the requirements

of that Act were, subject to subsection (1) of this section, to compliance with the provisions as to registration of that Act and this Act.”

- (3) In subsection (3) for “the 1965 Act” substitute “the 2014 Act”.
- 4
- (1) Section 3 (use of name “credit union” etc) is amended as follows.
 - (2) In subsection (3D)(b)(ii) for “the 1965 Act” substitute “the 2014 Act”.
 - (3) In subsection (4) for “section 5(5) of the 1965 Act” substitute “section 10(3) and (4) of the 2014 Act”.
- 5
- (1) Section 4 (rules) is amended as follows.
 - (2) For subsection (3) substitute –
 - “(3) In section 16(4) of the 2014 Act (registration of amendment of rules where not contrary to that Act) as it applies to credit unions, the reference to that Act is to be read as a reference to that Act and this Act.”
 - (3) For subsection (5) substitute –
 - “(5) Section 21 and paragraph 5 of Schedule 3 of the 2014 Act (rules as to fund for purchase of government securities) do not apply to credit unions.”
- 6
- (1) Section 6 (minimum number of members) is amended as follows.
 - (2) In subsection (1), omit the words from “and, accordingly” to the end.
 - (3) After that subsection insert –
 - “(1A) Accordingly, references in the following provisions to 3 members are to be read as 21 members –
 - (a) section 3(1)(a)(i) of the 2014 Act as it applies to an application for registration as a credit union;
 - (b) section 5(3)(b) of that Act as it applies to the cancellation of a credit union’s registration;
 - (c) section 116(2) as it applies to the conversion of a company into a credit union.”
- 7
- In section 7(3) (shares) for “section 24(1) of the 1965 Act” substitute “section 39(2) of the 2014 Act”.
- 8
- (1) Section 7A (power to issue interest-bearing shares) is amended as follows.
 - (2) In subsection (1)(c), for “section 9 of the Friendly and Industrial and Provident Societies Act 1968” substitute “section 86 of the 2014 Act”.
 - (3) In subsection (5) for “section 3A of the Friendly and Industrial and Provident Societies Act 1968” substitute “section 81 of the 2014 Act”.
- 9
- (1) Section 17 (power to require information) is amended as follows.
 - (2) In subsection (1) –
 - (a) for “subsection (1) of section 48 of the 1965 Act” substitute “section 105 of the 2014 Act”;
 - (b) for “subsections (2) and (3) of section 48 of the 1965 Act” substitute “sections 105(5) and (6) and 106 of the 2014 Act”.

- (3) In subsection (1A) –
- (a) for “subsection (1) of section 48 of the 1965 Act” substitute “section 105 of the 2014 Act”;
 - (b) for “subsections (2) and (3) of section 48 of the 1965 Act” substitute “sections 105(5) and (6) and 106 of that Act”.
- 10 (1) Section 18 (power to appoint inspector and call meeting) is amended as follows.
- (2) In subsection (1) –
- (a) for “section 49 of the 1965 Act” substitute “section 107 of the 2014 Act”;
 - (b) for “the 1965 Act” (in the second place where it occurs) substitute “the 2014 Act”.
- (3) In subsection (3) for “Subsections (5) and (6) of the said section 49” substitute “Section 108 of the 2014 Act”.
- 11 (1) Section 20 (cancellation or suspension of registration etc) is amended as follows.
- (2) For subsections (1) and (1A) substitute –
- “(1) Section 5 of the 2014 Act (grounds for cancellation of registration) applies in relation to a credit union as if it were modified specified in subsections (1ZA) to (1ZD).
- (1ZA) In subsection (1) for “any of conditions A to E” there were substituted “any of conditions A to F”.
- (1ZB) In subsection (4)(b) (condition C), after “this Act” there were inserted “or the Credit Unions Act 1979”.
- (1ZC) For subsection (5) (condition D) there were substituted –
- “(5) Condition D is that it appears to the FCA that the credit union’s rules provide for one or more common bonds involving a connection with a locality and the requirements of section 1B of the Credit Unions Act 1979 are no longer met.”
- (1ZD) After subsection (6) there were inserted –
- “(7) Condition F is that the credit union’s permission under Part 4A of the Financial Services and Markets Act 2000 has been cancelled or the credit union has received a warning notice under section 55Z of that Act.””
- (3) In subsection (1B) for “under section 16 of the 1965 Act by virtue of subsection (1A)” substitute “by virtue of condition F in section 5 of the 2014 Act”.
- (4) For subsections (1C) and (1D) substitute –
- “(1C) Section 7 of the 2014 Act (cancellation of registration: additional procedure in certain cases) applies in relation to credit unions as if references to condition D included condition F.
- (1D) Section 9 of the 2014 Act (appeals) applies in relation to credit unions as if the reference to condition D included condition F (accordingly,

- no appeal may be made against a decision to cancel a credit union’s registration on the ground that condition F is met).”
- (5) In subsection (1E) for “by virtue of subsection (1A)” substitute “by virtue of condition F in section 5 of the 2014 Act”.
- (6) In subsection (2)(b) for “the Industrial and Provident Societies Acts 1965 to 1978” substitute “the 2014 Act”.
- 12 (1) Section 21 (amalgamations and transfers of engagements) is amended as follows.
- (2) In subsection (1) for “sections 50 and 51 of the 1965 Act” substitute “sections 110 to 112 of the 2014 Act”.
- (3) In subsection (3) –
- (a) for “section 50 or section 51 of the 1965 Act” substitute “section 110 or 111 of the 2014 Act”;
- (b) in paragraph (a) for “of the Industrial and Provident Societies Acts 1965 to 1978” substitute “the 2014 Act”.
- (4) In subsection (3A)(a) for “section 50 or section 51 of the 1965 Act” substitute “section 110 or 111 of the 2014 Act”.
- 13 In section 22 (no conversion of credit union into company etc) for “Section 52 of the 1965 Act” substitute “Sections 113 to 115 of the 2014 Act”.
- 14 (1) Section 23 (conversion of company into credit union) is amended as follows.
- (2) Omit subsections (1) and (2).
- (3) In subsection (3) for “that section” substitute “section 116 of the 2014 Act (conversion of company into a registered society)”.
- (4) After subsection (4) insert –
- “(5) Section 117 of the 2014 Act (member’s shareholding in company exceeds maximum permitted amount) does not apply in relation to the conversion of a company into a credit union.”
- 15 In section 26 (prohibition on subsidiaries) for the words from “section 15” to the end substitute “Part 7 of the 2014 Act”.
- 16 (1) Section 28 (provisions as to offences) is amended as follows.
- (2) For subsection (1) substitute –
- “(1) In Part 10 of the 2014 Act (offences) as it applies to credit unions, references to that Act include this Act.”
- (3) In subsection (3) –
- (a) for “the 1965 Act” substitute “the 2014 Act”;
- (b) for “section 66(2) of that Act” substitute “section 132(4) of that Act”.
- (4) In subsection (4) for “section 62 of the 1965 Act” substitute “section 128 of the 2014 Act”.
- 17 (1) Section 31 (interpretation etc) is amended as follows.
- (2) In subsection (1) –

- (a) insert (as the first definition) –
 “the 2014 Act” means the Co-operative and
 Community Benefit Societies Act 2014;”;
- (b) in the definition of “credit union” for “the 1965 Act” insert “the 2014 Act”.
- (3) In subsection (2) for the words from the beginning to “the 1965 Act” substitute “Sections 141, 143 to 146, 148 and 149 of the 2014 Act”.
- (4) In subsection (3) –
- (a) for “the 1965 Act” substitute “the 2014 Act”;
- (b) for “sections 6, 12, 19, 21, 30 and 31.” substitute “sections 22, 24, 26, 27, 32, 33 and 34 and paragraph 6 of Schedule 3.”
- (5) In subsection (4) –
- (a) for the words from the beginning to “the 1965 Act” substitute “The following provisions of the 2014 Act”;
- (b) at the end insert “ –
- (a) section 66(1) (society with withdrawable share capital not to carry on the business of banking);
- (b) sections 76 and 77 (year of account);
- (c) section 80 (duty to display latest balance sheet);
- (d) section 88 (annual returns);
- (e) section 89 (duty to provide copy of annual return).”
- 18 (1) Section 32 (Northern Ireland) is amended as follows.
- (2) In subsection (1) for “section 76 of the 1965 Act” substitute “section 142 of the 2014 Act”.
- (3) In subsection (2) for “the Industrial and Provident Societies Acts 1965 to 1978” (in both places) substitute “the 2014 Act”.
- 19 (1) Schedule 1 (rules) is amended as follows.
- (2) In paragraph 1 for “subsections (1) and (2) of section 5 of the 1965 Act” substitute “section 10(1) and (2) of the 2014 Act”.
- (3) For paragraph 11 substitute –
- “11 Provision for the audit of accounts in accordance with Part 7 of the 2014 Act.”

PART 2

AMENDMENTS OF OTHER ACTS

Forged Transfers Act 1891

- 20 (1) Section 3 of the Forged Transfers Act 1891 (application to industrial societies etc) is amended as follows.
- (2) In the existing provision (which becomes subsection (1)) –
- (a) omit “industrial provident;”;
- (b) after “Parliament” insert “, and to any registered society;”.

(3) After that subsection insert—

“(2) “Registered society” means—

- (a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014, or
- (b) a society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969.”

Transport Act 1968

- 21 In section 10B(6)(b) of the Transport Act 1968 (boundaries of power under section 10A) for the words from the beginning to “1965 or” substitute “a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered or deemed to be registered under”.

Local Government Act 1972

- 22 (1) Schedule 12A to the Local Government Act 1972 (access to information: exempt information) is amended as follows.
- (2) In paragraph 8 for sub-paragraph (d) substitute—
- “(d) the Co-operative and Community Benefit Societies Act 2014;”.
- (3) In paragraph 19 for sub-paragraph (d) substitute—
- “(d) the Co-operative and Community Benefit Societies Act 2014;”.

Industrial Common Ownership Act 1976

- 23 In section 2(1)(a) of the Industrial Common Ownership Act 1976 (common ownership enterprises and co-operative enterprises) for sub-paragraph (ii) (not including the “and” at the end of it) substitute—
- “(ii) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014;”.

Company Directors Disqualification Act 1986

- 24 (1) Section 22E of the Company Directors Disqualification Act 1986 (application of Act to registered societies) is amended as follows.
- (2) For subsection (1) substitute—
- “(1) In this section “registered society” has the same meaning as in the Co-operative and Community Benefit Societies Act 2014 (“the 2014 Act”).”
- (3) In subsection (3) for “the 1965 Act: see section 74(1) of that Act” substitute “the 2014 Act: see section 149 of that Act”.
- (4) In subsection (4) —
- (a) in paragraph (a) for “the 1965 Act” substitute “the 2014 Act”;
 - (b) in paragraph (c) —

- (i) in sub-paragraph (i) for “section 47 or 49(1) of the 1965 Act” substitute “section 104 or 107 of the 2014 Act”;
 - (ii) in sub-paragraph (ii) for “section 48 of the 1965 Act” substitute “section 105 of the 2014 Act”.
- (5) For subsection (6) substitute –
- “(6) “The legislation relating to registered societies” means the Credit Unions Act 1979 and the Co-operative and Community Benefit Societies Act 2014.”
- (6) For the heading substitute “Application of Act to registered societies”.

Finance Act 1986

- 25 In section 24(5) of the Finance Act 1986 (approved profit sharing schemes: workers’ co-operatives) –
- (a) omit paragraph (a);
 - (b) for “each of those Acts” substitute “that Act”;
 - (c) for “those Acts” (in the second place it occurs) substitute “that Act”.

Income and Corporation Taxes Act 1988

- 26 In section 187(10) of the Income and Corporation Taxes Act 1988 (interpretation of sections 185 and 186 and Schedules 9 and 10) –
- (a) for “registered industrial and provident society” substitute “registered society”;
 - (b) for “section 1 of the Industrial and Provident Societies Act 1965” substitute “section 2 of the Co-operative and Community Benefit Societies Act 2014”;
 - (c) after “case may be,” insert “section 1 of”.

Local Government and Housing Act 1989

- 27 The Local Government and Housing Act 1989 is amended as follows.
- 28 In section 67(1) (application of, and orders under, Part 5) –
- (a) at the end of paragraph (d) (before the “and”) insert –
 - “(da) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014;”;
 - (b) in paragraph (e) omit “under the Industrial and Provident Societies Act 1965 or”.
- 29 In section 69(8) (companies subject to local authority influence) for “an industrial and provident society” substitute “a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014”.

Taxation of Chargeable Gains Act 1992

- 30 The Taxation of Chargeable Gains Act 1992 is amended as follows.
- 31 (1) Section 140E (merger leaving assets within UK tax charge) is amended as follows.

- (2) In subsection (1)(b) for “society registered under the Industrial and Provident Societies Act 1965” substitute “registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014”.
- (3) In subsection (9)(a) for “society registered under the Industrial and Provident Societies Act 1965” substitute “registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014”.
- 32 In section 140F(1)(b) (merger: assets outside UK tax charge) for “society registered under the Industrial and Provident Societies Act 1965” substitute “registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014”.
- 33 In section 140G(1)(b) (treatment of securities issued on merger) for “society registered under the Industrial and Provident Societies Act 1965” substitute “registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014”.
- 34 (1) Section 170 (interpretation of sections 171 to 181) is amended as follows.
- (2) In subsection (2)(c) for “registered industrial and provident society” substitute “registered society”.
- (3) In subsection (9)(c) for “registered industrial and provident society” substitute “registered society”.
- 35 In the heading before section 217D for “Industrial and provident societies” substitute “Registered societies”.
- 36 In section 217D(3)(a) (disposal of assets on union, amalgamation or transfer of engagements) for paragraph (a) substitute –
- “(a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969,”.
- 37 In section 7AC (exemptions for disposals by companies with substantial shareholdings) in paragraph 26(4) for “registered industrial and provident society” substitute “registered society”.

Housing Act 1996

- 38 The Housing Act 1996 is amended as follows.
- 39 For “an industrial and provident society” (in each place except in section 1A) substitute “a registered society”.
- 40 In section 1A (Welsh bodies) for paragraph (b) (not including the “or” at the end of it) substitute –
- “(b) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 (in this Part, a “registered society”) whose registered office for the purposes of that Act is in Wales,”.
- 41 In section 2(1)(b) (eligibility for registration) for the words from “a society” to “1965” substitute “a registered society”.
- 42 (1) Section 48(2) (powers of the manager: transfer of engagements) is amended as follows.

- (a) in sub-paragraph (2) for paragraphs (a) to (c) substitute—
 - “(a) section 110 of the Co-operative and Community Benefit Societies Act 2014 (“the 2014 Act”) (amalgamation of societies),
 - (b) section 111 of that Act (transfer of engagements), or
 - (c) section 113 of that Act (conversion of society into a company etc);”;
 - (b) in sub-paragraph (4)(b) for the words from “section 55(3)” to the end substitute “section 124(3)(a) of the 2014 Act.”;
 - (c) in sub-paragraph (5)—
 - (i) for the words from “section” to “1965” substitute “section 122 of the 2014 Act”;
 - (ii) for “section 58(6)” substitute “section 123”.
- (7) In paragraph 13(4) for the words from “section 53” to “society)” substitute “section 116 of the Co-operative and Community Benefit Societies Act 2014 (conversion of company into registered society)”.
- (8) In paragraph 14(1)(b) for “section 55(1)(a) of the Industrial and Provident Societies Act 1965” substitute “section 124 of the Co-operative and Community Benefit Societies Act 2014”.
- (9) In paragraph 15—
- (a) in sub-paragraph (1)(b) for the words from “section 55(1)(a)” to “dissolution)” substitute “section 120 or 124 of the Co-operative and Community Benefit Societies Act 2014 (dissolution by instrument of dissolution or by winding up)”;
 - (b) in sub-paragraph (2) for “the Industrial and Provident Societies Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.
- (10) In paragraph 15H—
- (a) in sub-paragraph (1)(b) for “another industrial and provident society” substitute “another registered society”;
 - (b) in sub-paragraph (3) for “another industrial and provident society” substitute “another registered society”;
 - (c) in sub-paragraph (4) for “section 50 of the Industrial and Provident Societies Act 1965” substitute “section 110 of the Co-operative and Community Benefit Societies Act 2014”.
- (11) In the heading before paragraph 17 for “Industrial and provident societies” substitute “Registered societies”.
- (12) In paragraph 17—
- (a) in sub-paragraph (1) for “industrial and provident societies” substitute “registered societies”;
 - (b) for sub-paragraph (2) substitute—
 - “(2) Section 84 of the Co-operative and Community Benefit Societies Act 2014 (“the 2014 Act”) (duty to obtain accountant’s report) has effect, in its application to such a landlord, with the omission of subsection (1)(b) (accountant’s report required only where turnover exceeds a specified sum).”;

- (c) in sub-paragraph (4) for paragraph (b) substitute –
 “(b) section 82 of the 2014 Act (duty to appoint auditors) did not apply for the year because of a resolution under section 83 of that Act (power to disapply auditing requirements).”;
- (d) for sub-paragraph (5) substitute –
 “(5) In this paragraph “qualified auditor” and “year of account” have the same meaning as in Part 7 of the 2014 Act.”

Greater London Authority Act 1999

- 49 In section 34A(4) of the Greater London Authority Act 1999 (restriction on exercise of certain powers except through a taxable body) in paragraph (b) of the definition of “company” for the words from the beginning to “1965 or” substitute “a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered or deemed to be registered under”.

Financial Services and Markets Act 2000

- 50 The Financial Services and Markets Act 2000 is amended as follows.
- 51 In section 138K(5)(c) (consultation: mutual societies) for “the Industrial and Provident Societies Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.
- 52 In section 355(1) (interpretation of Part 24) in the definition of “body” for “an industrial and provident society” substitute “a registered society”
- 53 Section 417(1) (definitions) is amended as follows.
- (1) Omit the definition of “industrial and provident society”.
- (2) Insert in the appropriate place –
 ““registered society” (except where otherwise indicated) means –
 (a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014, or
 (b) a society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969.”.
- 54 In Part 2 of Schedule 11A (transferable securities) in paragraph 7(2) for sub-paragraph (d) substitute –
 “(d) a registered society that –
 (i) is registered under the Co-operative and Community Benefit Societies Act 2014 as a community benefit society,
 (ii) is a pre-commencement society within the meaning of that Act that was registered in accordance with section 2(2)(a)(ii) of that Act, or
 (iii) is registered in accordance with section 1(2)(b) of the Industrial and Provident Societies Act (Northern Ireland) 1969;”.

Political Parties, Elections and Referendums Act 2000

- 55 The Political Parties, Elections and Referendums Act 2000 is amended as follows.
- 56 In section 26(8)(b) (financial structure of registered party: adoption of scheme) for the words from “or a society” to “1965 or” substitute “, a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered (or deemed to be registered) under”.
- 57 In section 54(2)(g) (permissible donors) for the words from “or a society” to “1965 or” substitute “, a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered (or deemed to be registered) under”.
- 58 In Schedule 6 (details to be given in donation reports) in paragraph 2A(11) for “or industrial and provident society” substitute “, a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered (or deemed to be registered) under the Industrial and Provident Societies Act (Northern Ireland) 1969,”.
- 59 In Schedule 6A (details to be given in transaction reports) in paragraph 2A(10) for “or industrial and provident society” substitute “, a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered (or deemed to be registered) under the Industrial and Provident Societies Act (Northern Ireland) 1969,”.

Land Registration Act 2002

- 60 In section 91(9A) of the Land Registration Act 2002 (electronic dispositions: formalities), for “subsection (3) of section 29C of the Industrial and Provident Societies Act 1965” substitute “subsection (3) of section 53 of the Co-operative and Community Benefit Societies Act 2014”.

Income Tax (Earnings and Pensions) Act 2003

- 61 (1) In Part 4 of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 (approved share incentive plans: types of shares that may be awarded) paragraph 28 is amended as follows.
- (2) In sub-paragraph (4) for “a registered industrial and provident society which is a co-operative society” substitute “a registered co-operative society”.
- (3) For sub-paragraph (5) substitute –
- “(5) In sub-paragraph (4) “registered co-operative society” means –
- (a) a society registered as a co-operative society under the Co-operative and Community Benefit Societies Act 2014,
 - (b) a pre-commencement society (within the meaning of that Act) that is a co-operative society within the meaning of section 2 of that Act, or
 - (c) a society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 that is a co-operative society within the meaning of section 1 of that Act.”

Licensing Act 2003

- 62 The Licensing Act 2003 is amended as follows.
- 63 In section 64(2) (additional conditions for supply of alcohol) for “industrial and provident societies” substitute “registered societies”.
- 64 (1) Section 65 (industrial and provident societies, friendly societies etc) is amended as follows.
- (2) In the heading for “Industrial and provident societies” substitute “Registered societies”.
- (3) In subsection (1) for paragraph (a) substitute –
- “(a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014,”.

Companies (Audit, Investigations and Community Enterprise) Act 2004

- 65 The Companies (Audit, Investigations and Community Enterprise) Act 2004 is amended as follows.
- 66 (1) Section 15D(4)(g) (permitted disclosure of information obtained under compulsory powers) is amended as follows.
- (2) In sub-paragraph (i) omit “or to industrial and provident societies”.
- (3) After that sub-paragraph insert –
- “(ia) the Credit Unions Act 1979,”.
- (4) At the end of sub-paragraph (iv) (before the “or”) insert –
- “(v) the Co-operative and Community Benefit Societies Act 2014;”.
- 67 In section 53(b) (ceasing to be a community interest company) for “an industrial and provident society” substitute “a registered society”.
- 68 (1) Section 56 (becoming an industrial and provident society) is amended as follows.
- (2) In subsection (1) for “section 53 of the Industrial and Provident Societies Act 1965” substitute “section 116 of the Co-operative and Community Benefit Societies Act 2014”.
- (3) In the heading for “an industrial and provident society” substitute “a registered society”.

Fire and Rescue Services Act 2004

- 69 In section 5B(3)(b) of the Fire and Rescue Services Act 2004 (boundaries of power under section 5A) for the words from the beginning to “1965 or” substitute “a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered or deemed to be registered under”.

Housing Act 2004

- 70 (1) In Schedule 14 to the Housing Act 2004 (building that are not HMOs for certain purposes) paragraph 2B is amended as follows.

- (2) In sub-paragraph (3) for paragraph (a) (not including the “and” at the end of it) substitute –
- “(a) is registered as a co-operative society under the 2014 Act or is a pre-commencement society (within the meaning of that Act) that meets the condition in section 2(2)(a)(i) of that Act,”.
- (3) In sub-paragraph (4) for the definition of “the 1965 Act” substitute –
- ““the 2014 Act” means the Co-operative and Community Benefit Societies Act 2014;”.

Income Tax (Trading and Other Income) Act 2005

- 71 The Income Tax (Trading and Other Income) Act 2005 is amended as follows.
- 72 In sections 367 and 369 for “industrial and provident society payments” substitute “payments by registered societies or certain co-operatives”.
- 73 (1) Section 379 (industrial and provident society payments) is amended as follows.
- (2) For the heading substitute “Payments by registered societies or certain co-operatives”.
- (3) In subsection (1)(a) for “registered industrial and provident society” substitute “registered society”.
- (4) In subsection (2) for the definition of “registered industrial and provident society” (not including the “and” at the end of it) substitute –
- ““registered society” means –
- (a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014, or
- (b) a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969,”.
- 74 In section 483(3) (exclusion of credit union group life policies) for paragraph (a) (not including the “or” at the end of it) substitute –
- “(a) the Co-operative and Community Benefit Societies Act 2014,”.

Companies Act 2006

- 75 The Companies Act 2006 is amended as follows.
- 76 (1) Section 461(4)(g) (permitted disclosure of information obtained under compulsory powers) is amended as follows.
- (2) In sub-paragraph (i) omit “or to industrial and provident societies”.
- (3) After that sub-paragraph insert –
- “(ia) the Credit Unions Act 1979,”.

- (4) At the end of sub-paragraph (iv) (before the “or”) insert –
 “(v) the Co-operative and Community Benefit Societies Act 2014;”.
- 77 In section 1099(3)(e) (registrar’s index of company names etc) for “the Industrial and Provident Societies Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.
- 78 (1) In Part 2 of Schedule 2 (permitted disclosure for purposes of section 948 of Act) paragraph 37 is amended as follows.
- (2) In sub-paragraph (a) omit “or to industrial and provident societies”.
- (3) After sub-paragraph (aa) insert –
 “(ab) the Credit Unions Act 1979;”.
- (4) After sub-paragraph (d) insert –
 “(e) the Co-operative and Community Benefit Societies Act 2014.”
- 79 (1) In Part 2 of Schedule 11A (permitted disclosure for purposes of section 1224A of Act) paragraph 52 is amended as follows.
- (2) In sub-paragraph (a) omit “or to industrial and provident societies”.
- (3) After sub-paragraph (aa) insert –
 “(ab) the Credit Unions Act 1979;”.
- (4) After sub-paragraph (d) insert –
 “(e) the Co-operative and Community Benefit Societies Act 2014.”

Building Societies (Funding) and Mutual Societies (Transfers) Act 2007

- 80 The Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 is amended as follows.
- 81 (1) Section 3 (transfers of subsidiaries to other mutuals) is amended as follows.
- (2) In subsection (10) for paragraph (c) substitute –
 “(c) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014;”.
- (3) In subsection (11) for paragraph (c) substitute –
 “(c) sections 113 to 115 of the Co-operative and Community Benefit Societies Act 2014;”.
- 82 In section 4(5) (transfers to subsidiaries: distribution of funds) for paragraph (c) substitute –
 “(c) in relation to a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014, the resolution required by section 113 of that Act.”

Income Tax Act 2007

- 83 The Income Tax Act 2007 is amended as follows.
- 84 (1) Section 151(1) (interpretation of Chapter 6 of Part 4) is amended as follows.

- (2) In the definition of “excluded company” in paragraph (d) for “registered industrial and provident society” substitute “registered society”.
- (3) For the definition of “registered industrial and provident society” substitute –
- ““registered society” means –
- (a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014, or
- (b) a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969.”.
- 85 In section 198A(9) (excluded activities: subsidised generation or export of electricity) for the definitions of “community benefit society” and “co-operative society” substitute –
- ““community benefit society” means –
- (a) a society registered as a community benefit society under the Co-operative and Community Benefit Societies Act 2014, or
- (b) a pre-commencement society (within the meaning of that Act) that meets the condition in section 2(2)(a)(ii) of that Act;
- “co-operative society” means –
- (a) a society registered as a co-operative society under the Co-operative and Community Benefit Societies Act 2014, or
- (b) a pre-commencement society (within the meaning of that Act) that meets the condition in section 2(2)(a)(i) of that Act;”.
- 86 In section 309A(9) (excluded activities: subsidised generation or export of electricity) for the definitions of “community benefit society” and “co-operative society” substitute –
- ““community benefit society” means –
- (a) a society registered as a community benefit society under the Co-operative and Community Benefit Societies Act 2014, or
- (b) a pre-commencement society (within the meaning of that Act) that meets the condition in section 2(2)(a)(ii) of that Act;
- “co-operative society” means –
- (a) a society registered as a co-operative society under the Co-operative and Community Benefit Societies Act 2014, or
- (b) a pre-commencement society (within the meaning of that Act) that meets the condition in section 2(2)(a)(i) of that Act;”.
- 87 In section 853(2)(b)(iii) (meaning of “deposit-taker”) for “the Industrial and Provident Societies Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.

- 88 In section 874(5)(a) (duty to deduct from certain payments of yearly interest) for “registered industrial and provident society” substitute “registered society”.
- 89 (1) Section 887 (industrial and provident society payments) is amended as follows.
- (2) For the heading substitute “Payments made by registered societies”.
- (3) In subsection (1)(a) for “registered industrial and provident society” substitute “registered society”.
- (4) In subsection (2) for “registered industrial and provident society” substitute “registered society”.
- (5) For subsection (5) substitute –
- “(5) In this Chapter “registered society” means –
- (a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014, or
- (b) a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969.”
- 90 In section 991(3)(c) (meaning of “bank”) for “the Industrial and Provident Societies Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.
- 91 (1) Schedule 4 (index of defined expressions) is amended as follows.
- (2) Omit the entries for “registered industrial and provident society”.
- (3) In the appropriate place insert –

“registered society (in Chapter 6 of Part 4)	section 151(1)
registered society (in Chapter 3 of Part 15)	section 887(5)”.

Serious Crime Act 2007

- 92 (1) Section 27(12) of the Serious Crime Act 2007 (powers to wind up companies etc: England and Wales and Scotland) is amended as follows.
- (2) Omit the definition of “industrial and provident society”.
- (3) In the definition of “relevant body” for paragraph (c) substitute –
- “(c) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014;”.

Housing and Regeneration Act 2008

- 93 The Housing and Regeneration Act 2008 is amended as follows.
- 94 For “an industrial and provident society” (in each place) substitute “a registered society”.

- 95 For “industrial and provident society” (in each place except in section 275, in the entry for “industrial and provident society in section 276, or in the expression “an industrial and provident society”) substitute “registered society”.
- 96 In section 79(1)(b) (English bodies) for “the Industrial and Provident Societies Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.
- 97 (1) Section 134 (non-audited industrial and provident society) is amended as follows.
- (2) For subsection (2) substitute –
- “(2) Section 84 of the Co-operative and Community Benefit Societies Act 2014 (“the 2014 Act”) (duty to obtain accountant’s report) applies to the society as if subsection (1)(b) were omitted (accountant’s report required only where turnover exceeds specified sum).”
- (3) In subsection (3)(a) for the words from “section 4” to the end substitute “section 82 of the 2014 Act (duty to appoint auditors) did not apply because of a resolution under section 83 of that Act (power to disapply auditing requirements).”
- (4) For subsection (5) substitute –
- “(5) “Qualified auditor” and “year of account” have the same meaning as in Part 7 of the 2014 Act.”
- 98 (1) Section 157 (extra powers of manager of industrial and provident society) is amended as follows.
- (2) In subsection (2) for “section 50 of the Industrial and Provident Societies Act 1965” substitute “section 110 of the Co-operative and Community Benefit Societies Act 2014”.
- (3) In subsection (3) for “sections 51 and 52 of the Industrial and Provident Societies Act 1965” substitute “section 111 or 113 of the Co-operative and Community Benefit Societies Act 2014”.
- 99 In section 161(2) (company: conversion into industrial and provident society) for “section 53 of the Industrial and Provident Societies Act 1965” substitute “section 116 of the Co-operative and Community Benefit Societies Act 2014”.
- 100 In section 163 (industrial and provident society: restructuring) for subsection (3) substitute –
- “(3) The following provisions of the Co-operative and Community Benefit Societies Act 2014 are the restructuring provisions –
- “(a) section 110 (amalgamation of societies);
- (b) section 111 (transfer of engagements between societies);
- (c) section 113 (conversion of society into a company etc).”
- 101 In section 164(3) (industrial and provident society: winding up) for “section 55 of the Industrial and Provident Societies Act 1965” substitute “section 124 of the Co-operative and Community Benefit Societies Act 2014”.
- 102 (1) Section 165 (industrial and provident society: dissolution) is amended as follows.

- (2) In subsection (1)(b) for “section 58 of the Industrial and Provident Societies Act 1965.” substitute “section 120 of the Co-operative and Community Benefit Societies Act 2014.”
- (3) In subsection (2) –
- (a) for “section 58(5)” substitute “section 122”;
 - (b) for “section 58(6)” substitute “section 123”.
- 103 (1) Section 167 (transfer of property) is amended as follows.
- (2) In subsection (1)(a) for “section 55(a) or (b) of the Industrial and Provident Societies Act 1965” substitute “section 120 or 124 of the Co-operative and Community Benefit Societies Act 2014”.
- (3) In subsection (5) –
- (a) omit paragraph (a);
 - (b) at the end of paragraph (c) (before the “or”) insert –
 - “(ca) the Co-operative and Community Benefit Societies Act 2014,”.
- 104 In section 212(6) (industrial and provident societies: change of rules) for “section 10(1) of the Industrial and Provident Societies Act 1965” substitute “section 16(2) of the Co-operative and Community Benefit Societies Act 2014”.
- 105 In section 255(4) (amalgamation) for “section 50 of the Industrial and Provident Societies Act 1965” substitute “section 110 of the Co-operative and Community Benefit Societies Act 2014”.
- 106 In section 270 (meaning of “officer”) for “section 74 of the Industrial and Provident Societies Act 1965” substitute “section 149 of the Co-operative and Community Benefit Societies Act 2014”.
- 107 In section 271(4) (meaning of “subsidiary” and “associate”) for “the Friendly and Industrial and Provident Societies Act 1968” substitute “Part 7 of the Co-operative and Community Benefit Societies Act 2014”.
- 108 In section 275 (general) –
- (a) omit the definition of “industrial and provident society”;
 - (b) in the appropriate place insert –
 - ““registered society” has the same meaning as in the Co-operative and Community Benefit Societies Act 2014,”.
- 109 In section 276 (index of defined terms) –
- (a) omit the entry for “industrial and provident society”;
 - (b) in the appropriate place insert –

“Registered society	Section 275”.
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Local Transport Act 2008

- 110 In section 102C(6)(b) of the Local Transport Act 2008 (boundaries of power under section 102B) for the words from the beginning to “1965 or” substitute “a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered or deemed to be registered under”.

Corporation Tax Act 2009

- 111 The Corporation Tax Act 2009 is amended as follows.
- 112 For “registered industrial and provident society” (in each place where those words occur except in Schedule 4) substitute “registered society”.
- 113 For “the Industrial and Provident Societies Act 1965” (in each place) substitute “the Co-operative and Community Benefit Societies Act 2014”.
- 114 For “industrial and provident societies” (in each place where those words occur except in section 465 or in the short title of an enactment) substitute “registered societies”.
- 115 In section 465(3)(d) (exclusion of distributions except in tax avoidance cases) for “registered industrial and provident societies” substitute “registered societies”.
- 116 In section 499 (industrial and provident society payments treated as interest under loan relationship) in the heading for “Industrial and provident society” substitute “Registered society”.
- 117 In Schedule 4 (index of defined expressions) –
- (a) omit the entry for “registered industrial and provident society”;
 - (b) after the entry for “registered pension scheme” insert –

“registered society	section 1119 of CTA 2010”.
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Finance Act 2009

- 118 In section 124(2) of the Finance Act 2009 (mutual societies: tax consequences of transfers of business etc) for paragraph (c) substitute –
- “(c) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014.”

Local Democracy, Economic Development and Construction Act 2009

- 119 The Local Democracy, Economic Development and Construction Act 2009 is amended as follows.
- 120 For “an industrial and provident society” (in each place) substitute “a registered society”.
- 121 In section 40(4) (exclusions) for the words from “subsection (1)” to the end substitute “ –
- (a) the society is a small society (within the meaning of Part 7 of the Co-operative and Community Benefit Societies Act 2014) for that year, or
 - (a) section 82 of that Act (duty to appoint auditors) does not apply to the society for that year because of a resolution under section 83 of that Act (power to disapply auditing requirements).”
- 122 In section 43(6)(c) (right of entity to appoint auditor to conduct statutory audit) for sub-paragraph (i) (not including the “or” at the end of it)

- substitute –
- “(i) section 82 of the Co-operative and Community Benefit Societies Act 2014,”.
- 123 (1) Section 44(4) (functions of auditor not appointed to conduct statutory audit) is amended as follows.
- (2) For paragraphs (b) and (c) (not including the “and” at the end of paragraph (c)) substitute –
- “(b) section 86(3) to (8) of the Co-operative and Community Benefit Societies Act 2014 apply in relation to that report as they apply to a report under section 86(2) of that Act,
- (c) section 127(2) of that Act applies in relation to any contravention of section 86(6) of that Act (as applied by paragraph (b)),”.
- (3) In paragraph (d) –
- (a) for “section 13” substitute “section 97”;
- (b) for “subsection (5)” substitute “subsection (7)”.
- 124 (1) Section 54(1) (interpretation) is amended as follows.
- (2) In paragraph (c) of the definition of “financial year” for the words from “the Friendly” to the end substitute “Part 7 of the Co-operative and Community Benefit Societies Act 2014;”.
- (3) Omit the definition of “industrial and provident society”.
- (4) In the appropriate place insert –
- ““registered society” has the meaning given by section 1 of the Co-operative and Community Benefit Societies Act 2014;”.
- 125 In section 113B(6) (boundaries of power under section 113A) –
- (a) omit the “or” at the end of paragraph (a);
- (b) for paragraph (b) substitute –
- “(b) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014, or
- (c) a society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969.”

Corporation Tax Act 2010

- 126 The Corporation Tax Act 2010 is amended as follows.
- 127 For “registered industrial and provident society” (in each place where those words occur except in sections 90 and 1119 and Schedule 4) substitute “registered society”.
- 128 In section 47 (registered industrial and provident societies) for the heading substitute “Registered societies”.
- 129 (1) Section 90(1) (interpretation of Chapter 5 of Part 4) is amended as follows.
- (2) In the definition of “excluded company” for “registered industrial and provident society” substitute “registered society”.

- (3) For the definition of “registered industrial and provident society” substitute –
- ““registered society” means –
- (a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014, or
- (b) a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969.”.
- 130 In section 151(2) (meaning of 75% subsidiary) for “registered industrial or provident society” substitute “registered society”.
- 131 In section 645(3) (tests to be satisfied by the association) for the words from “a society” to the end substitute “ –
- (a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014, or
- (b) a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969.”
- 132 In section 653(3)(a) (approval of self-build societies) for “the Industrial and Provident Societies Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.
- 133 In section 654(1) (delegation of powers to Regulator of Social Housing) for “the Industrial and Provident Societies Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.
- 134 In the table in section 1001 (provisions related to paragraphs A to H in section 1000(1)) for “industrial and provident society” substitute “registered society”.
- 135 In section 1029(1) (overview of Chapter 3 of Part 23) –
- (a) in paragraph (g) for “industrial and provident societies” substitute “registered societies”;
- (b) in paragraph (h) for “industrial and provident society” substitute “registered society”.
- 136 In the heading before section 1055 for “Industrial and provident society” substitute “Registered society”.
- 137 In section 1055 (industrial and provident societies: interest and share dividends) in the heading for “Industrial and provident societies” substitute “Registered societies”.
- 138 In section 1056(1)(b) (dividend or bonus relating to transactions) for “an industrial and provident society” substitute “a registered society”.
- 139 (1) Section 1119 (definitions) is amended as follows.
- (2) Omit the definition of “registered industrial and provident society”.
- (3) After the definition of “registered pension scheme” insert –
- ““registered society” means –
- (a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014,

- (b) a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969, or
- (c) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society,”.
- 140 In section 1120(3)(c) (meaning of “bank”) for “the Industrial and Provident Societies Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.
- 141 In Schedule 4 (index of defined expressions) –
- (a) omit the entries for “registered industrial and provident society”;
- (b) after the entry for “registered pension scheme” insert –

“registered society (except in Chapter 5 of Part 4)	section 1119
registered society (in Chapter 5 of Part 4)	section 90(1)”.

Finance Act 2010

- 142 In Part 3 of Schedule 1 to the Finance Act 2010 (bank payroll tax) in paragraph 44(9)(j) for “the Industrial and Provident Societies Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.

Taxation (International and Other Provisions) Act 2010

- 143 (1) Section 118 of the Taxation (International and Other Provisions) Act 2010 (introduction to section 119) is amended as follows.
- (2) In subsection (2)(b) for “society registered under the Industrial and Provident Societies Act 1965” substitute “registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014”.
- (3) In subsection (11) in the definition of “co-operative society” for “society registered under the Industrial and Provident Societies Act 1965” substitute “registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014”.

Charities Act 2011

- 144 The Charities Act 2011 is amended as follows.
- 145 (1) Section 229 (application for conversion by registered society) is amended as follows.
- (2) In subsection (1) for “the Co-operative and Community Benefit Societies and Credit Unions Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.
- (3) In subsection (5) for the words from “section” to the end substitute “section 114 of the Co-operative and Community Benefit Societies Act 2014.”
- 146 (1) Schedule 3 (exempt charities) is amended as follows.

- (2) In paragraph 26 for “the Co-operative and Community Benefit Societies and Credit Unions Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.
- (3) In paragraph 27 for “the Co-operative and Community Benefit Societies and Credit Unions Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.

Finance Act 2011

- 147 In Part 8 of Schedule 19 to the Finance Act 2011 (bank levy) in paragraph 73(1)(j) for “the Industrial and Provident Societies Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”.

Localism Act 2011

- 148 The Localism Act 2011 is amended as follows.
- 149 In section 4(4)(b) (limits on doing things for commercial purpose in exercise of general power) for the words from the beginning to “1965 or” substitute “a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered or deemed to be registered under”.
- 150 In section 190(3) (transfer of property of Homes and Community Agency etc) in paragraph (b) of the definition of “company” for the words from the beginning to “1965 or” substitute “a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered or deemed to be registered under”.
- 151 In section 191(5) (abolition of London Development Agency and transfer of its property etc) in paragraph (b) of the definition of “company” for the words from the beginning to “1965 or” substitute “a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered or deemed to be registered under”.
- 152 In section 200(9) (transfers of property etc to a Mayoral development corporation) in paragraph (b) of the definition of “company” for the words from the beginning to “1965 or” substitute “a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered or deemed to be registered under”.
- 153 In section 216(4) (transfers of property, rights and liabilities) in paragraph (b) of the definition of “company” for the words from the beginning to “1965 or” substitute “a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a society registered or deemed to be registered under”.

Public Bodies Act 2011

- 154 (1) Section 36(1) of the Public Bodies Act 2011 (interpretation) is amended as follows.
- (2) In the definition of “community benefit society” –
- (a) in paragraph (a) for “the Co-operative and Community Benefit Societies and Credit Unions Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”;

- (b) for paragraph (b) (not including the “or” at the end of it) substitute –
 - “(b) a pre-commencement society (within the meaning of that Act) that meets the condition in section 2(2)(a)(ii) of that Act,”.
- (3) In the definition of “co-operative society” –
 - (a) in paragraph (a) for “the Co-operative and Community Benefit Societies and Credit Unions Act 1965” substitute “the Co-operative and Community Benefit Societies Act 2014”;
 - (b) for paragraph (b) (not including the “or” at the end of it) substitute –
 - “(b) a pre-commencement society (within the meaning of that Act) that meets the condition in section 2(2)(a)(i) of that Act,”.

SCHEDULE 5

Section 151

TRANSITIONALS AND SAVINGS [SAVING01]

Continuity of the law

- 1 The repeal and re-enactment of provisions by this Act does not affect the continuity of the law.
- 2 (1) This paragraph applies to a reference (express or implied) in this Act, another enactment or an instrument or document, to a provision of this Act.
 - (2) The reference is, subject to its context, to be read as being or including a reference to the corresponding provision repealed by this Act (or any earlier corresponding provision), in relation to times, circumstances or purposes in relation to which that provision had effect.
- 3 (1) Sub-paragraph (2) applies to a reference (express or implied) in any enactment, instrument or document to a provision repealed by this Act.
 - (2) The reference is, subject to its context, to be read as being or including a reference to the corresponding provision of this Act, in relation to times, circumstances or purposes in relation to which that provision has effect.
- 4 Any power conferred by an Act that is exercisable in relation to a provision repealed by this Act is exercisable in relation to the corresponding provision of this Act.
- 5 Anything done, or having effect as if done, under (or for the purposes of or in reliance on) a provision repealed by this Act, and in force or effective immediately before the time this Act comes into force, has effect after that time as if done under (or for the purposes of or in reliance on) the corresponding provision of this Act.
- 6 (1) Paragraphs 1 to 5 have effect in place of section 17(2) of the Interpretation Act 1978.
 - (2) Those paragraphs are subject to any specific transitional provision or saving contained in this Act.
 - (3) Nothing in this Schedule affects any other provision of the Interpretation Act 1978.

Effect of old transitionals and savings

- 7 The repeals made by this Act do not affect the operation of any transitional provision or saving relating to the coming into force of a provision reproduced in this Act in so far as the transitional provision or saving is not specifically reproduced in this Act but remains capable of having effect in relation to the corresponding provision of this Act or otherwise.
- 8 (1) The repeal by this Act of an enactment previously repealed subject to savings does not affect the continued operation of those savings.
- (2) The repeal by this Act of a saving on the previous repeal of an enactment does not affect the operation of the saving in so far as it is not specifically reproduced in this Act but remains capable of having effect.

Use of existing forms etc

- 9 Any reference to an enactment repealed by this Act which is contained in a document made, served or issued after the repeal comes into force is, subject to its context, to be read as being or including a reference to the corresponding provision of this Act.

Meaning of “enactment”

- 10 In this Schedule “enactment” includes—
- (a) an enactment contained in subordinate legislation within the meaning of the Interpretation Act 1978,
 - (b) an enactment contained in, or in an instrument made under, an Act of the Scottish Parliament,
 - (c) an enactment contained in, or in an instrument made under, a Measure or Act of the National Assembly for Wales, and
 - (d) an enactment contained in, or in an instrument made under, Northern Ireland legislation within the meaning of the Interpretation Act 1978.

SCHEDULE 6

Section 151

TRANSITORY MODIFICATIONS ETC [TRANS01]

Establishment of a single county court

- 1 (1) This paragraph applies if section 17(1) of the Crime and Courts Act 2013 (establishment of a single county court) has not been brought into force before the time this Act comes into force.
- (2) Until the day section 17(1) of that Act comes into force—
- (a) section 35(1) of this Act has effect as if the reference to the county court were to the county court whose jurisdiction contains the society’s registered office or the member’s residence, at the option of the society;
 - (b) section 123(4) of this Act has effect as if the reference to the county court were to the county court having jurisdiction in the locality in which the society’s office is situated;

- (c) section 140(2) of this Act has effect as if the reference to the county court were to a county court.

Amendments relating to the punishment of offences in England and Wales

- 2 (1) Sub-paragraphs (3) to (5) come into force in accordance with provision made by the Secretary of State by order.
Different provision may be made for different purposes and different areas.
- (2) Section 330(2) to (4) of the Criminal Justice Act 2003 apply in relation to the power conferred by sub-paragraph (1).
- (3) In section 7(7) of this Act (penalty for offence under that section), for the words from “to a fine” to the end substitute –
- “(a) in England and Wales, to a fine not exceeding level 3 on the standard scale;
 - (b) in Scotland, to a fine not exceeding level 3 on the standard scale or imprisonment for a term not exceeding 3 months (or both).”
- (4) In section 105(6) of this Act (penalty for offence under that section), for the words from “to a fine” to the end substitute –
- “(a) in England and Wales, to a fine not exceeding level 3 on the standard scale;
 - (b) in Scotland, to a fine not exceeding level 3 on the standard scale or imprisonment for a term not exceeding 3 months (or both).”
- (5) This paragraph does not affect the penalty for any offence committed before it comes into force.
- (6) Section 333 of the Criminal Justice Act 2003 (power to make supplementary provision etc) has effect as if this paragraph were part of that Act.

Amendments relating to charges in Scotland

- 3 (1) Part 17 of the Bankruptcy and Diligence etc (Scotland) Act 2007 (asp 3) (general and miscellaneous) has effect as if sub-paragraphs (3) to (7) were part of that Act.
- (2) Accordingly, those sub-paragraphs come into force in accordance with an order made under section 227 of that Act.
- (3) This Act is amended as follows.
- (4) For section 62 substitute –
- “61 Floating charges: Scotland**
- (1) Part 2 of the Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3) (“the 2007 Act”) applies to a registered society as it applies to an incorporated company.
 - (2) Subsection (3) applies where any assets of a registered society are subject to –
 - (a) a floating charge created under Part 2 of the 2007 Act (as applied by this section), and

- (b) an agricultural charge created under Part 2 of the Agricultural Credits (Scotland) Act 1929.
- (3) For the purposes of determining the relative ranking of those charges, the following provisions of the 2007 Act apply as if the agricultural charge were a floating charge created under Part 2 of that Act on the date of creation of the agricultural charge –
 section 40(1) to (3) (including as subject to section 41(1) to (4)),
 section 45(3)(c).”
- (5) Omit section 63.
- (6) In section 64(1), for paragraph (b) substitute –
 “(b) any security, except a floating charge, granted by a registered society over any of its assets;”.
- (7) In section 64, references to section 63 are to be treated as references to that section as it had effect immediately before its repeal by sub-paragraph (5).

SCHEDULE 7

Section 151

REPEALS AND REVOCATIONS [REPEALSCHEDULE]

Acts

<i>Short title</i>	<i>Extent of repeal</i>
Industrial and Provident Societies Act 1965 (c. 12)	The whole Act.
Industrial and Provident Societies Act 1967 (c. 48)	The whole Act.
Friendly and Industrial and Provident Societies Act 1968 (c. 55)	The whole Act.
Industrial and Provident Societies Act 1975 (c. 41)	The whole Act.
Industrial and Provident Societies Act 1978 (c. 34)	The whole Act.
Financial Services and Markets Act 2000 (c. 8)	Part 4 of Schedule 18.
Enterprise Act 2002 (c. 40)	Section 255(1)(a).
Industrial and Provident Societies Act 2002 (c. 20)	The whole Act.
Co-operatives and Community Benefit Societies Act 2003 (c. 15)	The whole Act.
Criminal Justice Act 2003 (c. 44)	In Schedule 25, paragraphs 60 and 61.
Fire and Rescue Services Act 2004 (c. 21)	In Schedule 1, paragraph 19.
Charities Act 2006 (c. 50)	In Schedule 8, paragraph 47.

<i>Short title</i>	<i>Extent of repeal</i>
Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)	Section 49.
Co-operative and Community Benefit Societies and Credit Unions Act 2010 (c. 7)	Sections 1 and 2. Section 4.
Charities Act 2011 (c. 25)	In Schedule 7, paragraphs 14 and 16. In Schedule 9, paragraphs 5, 27 and 28.
Localism Act 2011 (c. 20)	Section 185(3) and (4).
Land Registration etc. (Scotland) Act 2012 (asp 5)	In Schedule 5, paragraph 15.
Crime and Courts Act 2013 (c. 22)	In section 61 – (a) subsection (14); (b) in subsection (15), the words “and (14)”. In Schedule 9 – (a) in paragraph 52, the entry for section 60(8)(a) of the 1965 Act; (b) paragraph 91.

Subordinate legislation

<i>Title</i>	<i>Extent of revocation</i>
The Industrial and Provident Societies (Increase in Deposit-taking Limits) Order 1981 (S.I. 1981/394)	The whole order.
The Industrial and Provident Societies (Increase in Shareholding Limit) Order 1981 (S.I. 1981/395)	The whole order.
The Industrial and Provident Societies (Increase in Shareholding Limit) Order 1994 (S.I. 1994/341)	The whole order.
The Friendly and Industrial and Provident Societies Act 1968 (Audit Exemption) (Amendment) Order 2006 (S.I. 2006/265)	The whole order.