

## Co-operative and Community Benefit Societies Act 2014

### Rules of

### MINDFORYOU Limited

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#### NAME

1. The name of the society shall be MINDFORYOU Limited.

#### REGISTERED OFFICE

2. The registered office of the society shall be at 5 The Willows, Burton On The Wolds, Leicestershire, LE12 5AP

#### INTERPRETATIONS

3. In these rules:

**"Address"** means a postal address or, for the purposes of electronic communication, a fax number, email address or telephone number for receiving text messages;

**"the Act"** refers to the Co-operative and Community Benefit Societies Act 2014 or any Act or Acts amending or in substitution of it or them for the time being in force;

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

**"The Board of Directors" or "Board"** means all those persons appointed to perform the duties of directors of the society and the Trustees of the Charity;

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

**"Charities Act"** means the Charities Act 2011;

**"Charity"** has the meaning as set out in Section 1 of the Charities Act 2011;

**"Charitable Purpose"** means a charitable purpose under section 2 of the Charities Act 2011;

**"Charity Registrar"** means the Charity Commission for England & Wales;

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

**“Connected Person”** means, in relation to a Director, a person with whom the Director shares a common interest such that s/he may reasonably be regarded as benefiting directly or indirectly from any material benefit received by that Person, being either a member of the Director’s family or household or a Person who is a business associate of the Director and does not include a company with which the Director’s only connection is an interest consisting of not more than 1% of the voting rights.

**"Director"** means a director of the society and includes any person occupying the position of director, by whatever name called;

**"Document"** includes, unless otherwise stated, any document sent or supplied in electronic form;

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

**"Employee"** means anyone holding a contract of employment with the Society;

**"Extraordinary Resolution"** means, unless the context requires otherwise, those decisions requiring an extraordinary resolution as detailed under ‘Resolutions’ in these rules;

**"Founder Member"** means a subscriber to these rules for the purposes of registration;

“General Meeting” includes, except where inconsistent with any legal obligation, a physical meeting and/or a meeting held by electronic means (which may also be asynchronous);

**"Member"** has the meaning as detailed under ‘Membership’ in these rules;

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

**"Officer"** has the meaning as detailed under ‘Officers’ in these rules;

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

**"Registrar"** means the Financial Conduct Authority (FCA) or any body that succeeds its function;

**"Regulations"** has the meaning as detailed under ‘Regulations’ in these rules;

**"Rules"** means these Rules;

**"Secretary"** means any person appointed to perform the duties of the Secretary of the society;

**"Society"** means the above named society;

**"Transferable"** means shares that are transferable to another Person who also qualifies for membership of the Society in accordance with these Rules;

**"Voting Representative"** means a Person appointed to attend, speak, represent and/or vote on behalf of a Member (whether a natural person, unincorporated body, firm, partnership, corporate body or otherwise) at a general meeting of the Society.

**"Withdrawable"** means shares with the associated right for the Member to withdraw and receive in return the value of their shares from the Society;

**"Writing"** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied by Electronic Means or otherwise.

## **OBJECTS**

4. The objects of the Society shall be for the public benefit to protect, preserve and enhance the physical and mental health of persons living with dementia, their carers and families across the United Kingdom by all or any of the following means:
  - (a) Provide supported holidays in different environments for those with dementia and their informal carers/family or friends;
  - (b) Bring people with dementia and their informal carers together from all sections of the community for mutual support, shared learning and enjoyment;
  - (c) Organise all aspects of the travel and holiday on behalf of the carer and person living with dementia;
  - (d) Introduce carers and people living with dementia to adaptations to accommodation and aids to daily living;
  - (e) Raise awareness of the activities of the organisation, and share good practice, to promote the positive benefits for carers and those living with dementia and encourage social inclusion

## **POWERS**

5. The Society may do all such lawful things as may further the Society's objects and, in particular:
  - (a) To carry on any trade, industry or business for the benefit of the community which is in furtherance of its objects.
  - (b) To borrow money from its Members and others in order to further its objects providing that the amount outstanding at any one time shall not exceed £10,000,000 (but only in accordance with the restrictions imposed by the Charities Act) and provided that the rate of interest on money borrowed shall not exceed the minimum rate necessary in the opinion of the Board to obtain and retain the capital required to carry out the objects of the Society.
  - (c) To mortgage or charge any of its property, including the assets and undertakings of the Society, present and future, (but only in accordance with the

restrictions imposed by the Charities Act) and to issue loan stock, debentures and other securities for money borrowed or for the performance of any contracts of the Society or its customers or Persons having dealings with the Society.

- (d) To deposit or invest funds in accordance with the Act and the Charities Act.
  - (e) To establish or support any charities, associations or institutions formed for any of the charitable purposes included in the objects of this Society.
  - (f) To receive donations or loans free of interest and to raise funds in order to further its objects but shall not receive money on deposit.
  - (g) To sell, lease or otherwise dispose of all or any part of the property belonging to the Society. In exercising this power, the Society must comply as appropriate with the Charities Act.
  - (h) To establish or acquire subsidiary corporate bodies.
6. The validity of an act done by the Society may not be called into question on the grounds that it is ultra vires (beyond the legal powers of the Society). Any ultra vires action by the Board may be ratified by the Society by a special resolution passed in the way required by s44 of the Act provided that prior written consent to the ratification has been obtained from the Charity Registrar. A separate special resolution must be passed in the same way should the Society wish to relieve a Director from any liability incurred as a result of a breach of duty arising from the Society acting outside its powers.

### **BORROWING**

- 7. The Society shall have the power to borrow money from its Members and others in order to further its objects providing that the amount outstanding at any one time shall not exceed £10,000,000.
- 8. The Society shall have the power to mortgage or charge any of its property, including the assets and undertakings of the Society, present and future, and to issue loan stock, debentures and other securities for money borrowed or for the performance of any contracts of the Society or its customers or Persons having dealings with the Society.
- 9. The rate of interest on money borrowed, except on money borrowed by way of bank loan or overdraft or from a finance house or on mortgage from a building society or local authority, shall not exceed 5% per annum or 2% above the Bank of England base rate at the commencement of the loan, whichever is the greater.
- 10. The Society may receive from any Person, donations or loans free of interest in order to further its objects but shall not receive money on deposit.

### **FINANCIAL SERVICES AND MARKETS ACT 2000 ACTIVITY**

- 11. For the avoidance of doubt the Society shall not engage in any activity by virtue of any of these Rules that would require a permission from the Registrar to carry on that activity without first having applied for and obtained such permission.

## **INVESTMENT OF FUNDS**

12. The Society, with the authority of the Board, may invest any part of its funds in the manner set out in Section 27 of the Act.

## **MEMBERS**

13. The Society shall be owned and controlled by its Members on a fair and equitable basis.
14. The first Members of the Society are those Persons subscribing to these Rules and will be known as the Founder Members. The Board may at its discretion admit to membership any individual, corporate body or nominee of an unincorporated body, firm or partnership who supports the objects of the Society and who has paid or agreed to pay any subscription or other sum due in respect of membership for the time being in force.

### **Applications for Membership**

15. No natural person shall be admitted into membership of the Society unless they have attained the age of 16. All those wishing to become a Member must support the objects of the Society and complete an application for membership which shall include an application for at least one share in the Society. Such an application form must be approved by the Directors and the Directors must approve each application for membership.
16. A corporate body which is a Member shall by resolution of its governing body appoint a representative who may during the continuance of her/his appointment be entitled to exercise all such rights and powers as the corporate body would exercise if it were an individual person. Each such corporate body Member shall supply notification in Writing to the Society of its choice of representative.

### **Member Commitment**

17. All Members agree to participate in general meetings and take an active interest in the operation and development of the Society and its business. Members have a duty to respect the confidential nature of the business decisions of the Society.

### **Termination of Membership**

18. A Member shall cease to be a Member of the Society immediately that they:
  - (a) Fail to hold the minimum shareholding; or
  - (b) Fail to pay the annual subscription (if any) within 3 months of it falling due; or
  - (c) Resign in Writing to the Secretary; or
  - (d) Are expelled from membership in accordance with these Rules; or
  - (e) Die, are wound up or go into liquidation.

### **Expulsion from Membership**

19. A Member may be expelled for conduct prejudicial to the Society by an Extraordinary Resolution, provided that the grounds for expulsion have been specified in the notices calling the meeting and that the Member whose expulsion is to be considered shall be given the opportunity to make representations to the meeting or, at the option of the Member, an individual who is there to represent them (who need not be a Member of the Society) has been allowed to make representations to the general meeting.
20. If on due notice having been served the Member fails to attend the meeting the meeting may proceed in the Member's absence.
  - (a) An expelled Member may be paid the nominal value of shares held by them at the time of expulsion;
  - (b) No Member expelled from membership shall be re-admitted except by an Extraordinary Resolution.

### **PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER**

21. In accordance with section 37 of the Act, a Member may nominate one or more persons to whom property which that Member holds in the Society may be transferred on death. On receiving a satisfactory proof of death of a Member who has made a nomination the Society shall, in accordance with the Act, either transfer or pay the full value of the property comprised in the nomination to the individual or individuals entitled thereunder. Any property held by a Member who dies or becomes bankrupt which is not dealt with by nomination under this Rule shall be dealt with as follows:

Upon a claim being made by:

- (a) The personal representative of a deceased Member; or
- (b) The trustee in bankruptcy of a Member who is bankrupt; or
- (c) The Office Holder to any property in the Society belonging to such a Member,

the Society shall transfer or pay property to which the personal representative, trustee in bankruptcy or Office Holder has become entitled as that person may direct them.

### **SHARE CAPITAL**

22. The shares of the Society shall be of the nominal value of £1. The minimum shareholding required of a Member shall be defined as such number of fully paid shares as the Board may determine subject to the Act, or as may be required by a particular offer of shares, or, failing such determination or requirement, shall be one share.
23. A Member may apply for shares in tranches of shares which are smaller in number than the minimum shareholding, provided that any Member who does not achieve the minimum shareholding within 12 months of their first payment may, at the discretion of the Board, cease to be a Member. Any person ceasing to be a Member under this rule shall have the value of their shares as at the date on which they ceased to be a Member returned to them and the relevant shares shall be cancelled.

24. Application for shares shall be made to the Board of the Society who shall allot to Members, upon their admission, the share or shares for which they have applied provided that the total number of shares allotted to any Member shall not exceed the maximum shareholding permitted by law. Shares shall be paid for in full on allotment.
25. If a Member who is required to withdraw from membership under these Rules is unable to transfer their shares and the right to withdraw shares has been suspended, then the nominal value of their share capital shall be converted into loan stock upon such terms as may be agreed between the Board and the Member, or their personal representative or trustee in bankruptcy, provided that such agreement shall require the repayment of the loan within a period not exceeding three years.
26. Shares shall be withdrawable only in accordance with the provisions of these Rules. Shares shall be non-Transferable except:
  - (a) On death or bankruptcy; or
  - (b) (in the case of an unincorporated organisation or partnership), on a change of nominee(s) and only to the new nominee(s).

#### **Withdrawal of share capital**

27. Shares may be withdrawn by Members upon giving three months' notice to the Society (though the Board retain sole discretion to return money paid for them), provided that:
  - (a) All withdrawals shall be paid in the order in which the notices were received by the Society;
  - (b) A Member shall not be entitled to withdraw shares which would leave them with less than the minimum shareholding, unless they intend to terminate their membership of the Society;
  - (c) The Board may waive the notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit;
  - (d) The Board may, at their sole discretion, suspend the right to withdraw either wholly or partially and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal which have been received and remain unpaid at the time the Board suspends the right to withdraw. Where the suspension is for a fixed period, such period may be extended from time to time by the Board;
  - (e) During any period when the right of withdrawal has been suspended under the provision immediately above, the shares of deceased Members may, if the Board agree, be withdrawn by their personal representatives upon giving such notice as the Board may require;
  - (f) The amount to be paid to a Member on withdrawal shall be the amount paid up or credited on the shares to be withdrawn, except where the shares are subject to a reduction in their value in accordance with the provisions of these Rules;
  - (g) At the discretion of the Board, interest shall be payable on any share in respect of which a notice of repayment has been given until the date of repayment.

28. Any share withdrawn in accordance with these Rules shall be cancelled.
29. Members may withdraw from the Society by withdrawing all their shares in the Society in accordance with these Rules or, if the right to withdraw has been suspended, by surrendering all their shares to the Society. Upon such surrender the Board may at their discretion pay to the withdrawing Member the amount paid up or credited on the shares surrendered.
30. The Society may deduct such reasonable sum to cover any administrative costs of withdrawal from the monies payable to a Member on the withdrawal of shares in the Society.

#### **Reduction in Share Values**

31. If the Society's Auditors (or any independent qualified accountants appointed for this purpose by the Board) certify at any time that the aggregate of the Society's liabilities plus the amount of its issued share capital exceeds its assets, then (unless in the meantime the excess has been removed) the Board may determine that the amount of this excess, or part of it, shall be apportioned among the Members in proportion to (but not beyond) the amount of the nominal value of the shares paid up and held by each Member. This apportionment shall be based on the value of the shares paid up and held by each Member at the close of business on the date of such determination. The value of shares held by each Member shall be reduced accordingly for the purposes of withdrawal of shares, provided that the value of shares held by any Member shall not be reduced below the minimum shareholding as specified in these Rules.

#### **Lien on Shares and Right of Offset**

32. The Society shall have a lien on the shares of a Member for any debt due to it by the Member and may offset any sum standing to the Member's credit with the Society in or towards payment of such debt.

#### **UNTRACED MEMBERS**

33. Where the Society has evidence that a Member no longer lives at the address shown in its register of Members "registered address", then subject to carrying out the following procedures, the Secretary may remove the name of such Member from the register of Members, and the Society may then cancel that Member's shares and forfeit to the Society the amount standing to the credit of such Member in the share register of the Society, together with any sum of money representing interest credited to the Member in the books of the Society in respect of their shares (together referred to as "credit accounts").
34. The procedures are as follows:
  - (a) The Secretary shall take all reasonable steps to establish whether there is a forwarding address, and if there is one, to contact the Member at the forwarding address with the information set out below.
  - (b) The Secretary shall cause advertisements to be posted conspicuously in all places of business of the Society to which Members have access, giving the following information:



- (i) advising that the Society intends to, after a notice period of not less than two calendar months, revise its register of Members removing those Members no longer living at their registered address;
- (ii) providing contact details, including via Electronic Means for any Person wishing to update their registered address, or to withdraw from membership of the Society

At the end of the notice period, the Secretary shall update the register of Members by removing those Members no longer residing at their registered address, cancelling their shares.

### **GENERAL MEETINGS**

- 35. The Society shall, within six months of the end of the financial year, hold a general meeting of the Members as its annual general meeting and shall specify the meeting as such in the notice calling it.
- 36. The business of an annual general meeting shall comprise, where appropriate:
  - (a) The receipt of the accounts and balance sheet and of the reports of the Board and Auditor (if any);
  - (b) The appointment of an Auditor, if required;
  - (c) The election of the Board or the results of the election if held previously by ballot;
  - (d) The application of profits;
  - (e) The transaction of any other business included in the notice convening the meeting.

### **Calling a General Meeting**

- 37. The Secretary, at the request of the Board of Directors, may convene a general meeting of the Society. The purpose of the general meeting shall be stated in the notice of the meeting.
- 38. The Board of Directors upon an application signed by one-tenth of the total number of Members, or 100 Members, whichever is the lesser, delivered to the registered office of the Society, shall convene a general meeting. The purpose of the general meeting shall be stated in the application for and notice of the meeting. No business other than that stated in the notice of the meeting shall be conducted at the meeting.
- 39. If within one month from the date of the receipt of the application the Board has not convened a general meeting to be held within six weeks of the application, any three Members of the Society acting on behalf of the signatories to the application may convene a general meeting, and shall be reimbursed by the Society for any costs incurred in convening such a meeting.

### **Notices**

40. The Directors shall call the annual general meeting giving 14 Clear Days' notice to all Members. All other general meetings shall be convened with at least 14 Clear Days' notice but may be held at shorter notice if so agreed in Writing by 90% of the Members.
41. Notices of meetings shall either be given to Members personally or sent to them at their Address or alternatively, if so agreed by the Society in general meeting, notices of general meetings may be displayed conspicuously at the registered office and in all other places of business of the Society to which Members have access. Notices shall specify the date, time and place at which the meeting is to be held, and the business which is to be transacted at that meeting. A general meeting shall not transact any business other than that specified in the notices calling the meeting.
42. A notice sent to a Member's Address shall be deemed to have been duly served 48 hours after its posting. The accidental omission to send any notice to or the non-receipt of any notice by any Person entitled to receive notice shall not invalidate the proceedings at the meeting.
43. All notices shall specify the date, time and place of the meeting along with the general nature of business to be conducted and any proposed resolutions.
44. If the Society has appointed an Auditor in accordance with these Rules they shall be entitled to attend general meetings of the Society and to receive all notices of and communications relating to any general meeting which any Member of the Society is entitled to receive. The Auditor shall be entitled to be heard at any meeting on any part of the business of the meeting which is of proper concern to an Auditor.

#### **Quorum**

45. No business shall be transacted at a general meeting unless a quorum of Members is present which shall include those Members not present in Person. Unless amended by Extraordinary Resolution, a quorum shall be 3 Members or 10% of the membership, whichever is the greater.

#### **Chairing General Meetings**

46. The chairperson of the Society shall facilitate general meetings. If s/he is absent or unwilling to act at the time any meeting proceeds to business then the Members present shall choose one of their number to be the chairperson for that meeting.

#### **Attendance and Speaking at General Meetings**

47. A Member is able to exercise the right to speak at a general meeting and is deemed to be in attendance when that Person is in a position to communicate to all those attending the meeting. The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a general meeting, it is immaterial whether any two or more Members attending are in the same place as each other, provided that they are able to communicate with each other.
48. The chairperson of the meeting may permit other persons who are not Members of the Society to attend and speak at general meetings, without granting any voting rights.

### **Voting Representative**

49. A Voting Representative may be appointed by a Member to represent them at a general meeting and may speak and vote on behalf of the Member. A Voting Representative need not be a Member.
50. In order to appoint a Voting Representative, the Member should provide a valid appointment, in Writing, to the Board at least 2 clear days prior to the general meeting for which they are appointed. If the requirements in this rule are not met, the appointment shall not be valid and the Voting Representative shall not be entitled to attend or vote at the general meeting.
51. No person, other than the chair, may act as a Voting Representative for more than three Members.
52. Any question as to the validity of a Voting Representative shall be determined by the Chair of the relevant general meeting.
53. A Voting Representative shall only act in accordance with the instructions given to them by the appointing Member, and if it is reasonably determined by the Chair of the relevant general meeting that a Voting Representative is acting outside those instructions, then the Chair has the right to prevent the Voting Representative from speaking or voting and may request that the Voting Representative leaves the relevant general meeting.

### **Adjournment**

54. If a quorum is not present within half an hour of the time the general meeting was due to commence, or if during a meeting a quorum ceases to be present, the chairperson must adjourn the meeting.
55. The chairperson of a general meeting may adjourn the meeting whilst a quorum is present if:
  - (a) The meeting consents to that adjournment; or
  - (b) It appears to the chairperson that an adjournment is necessary to protect the safety of any persons attending the meeting or to ensure that the business of the meeting is conducted in an orderly manner.
56. The chairperson must adjourn the meeting if directed to do so by the meeting.
57. When adjourning a meeting the chairperson must specify the date, time and place to which it will stand adjourned or that the meeting is to continue at a date, time and place to be fixed by the Directors.
58. If the meeting is adjourned for 14 days or more, at least 7 Clear Days' notice of the adjourned meeting shall be given in the same manner as the notice of the original meeting.
59. No business shall be transacted at an adjourned meeting other than business which could properly have been transacted at the meeting if the adjournment had not taken place.

60. If within half an hour of the time the adjourned meeting was due to commence a quorum is not present, the Members present shall constitute a quorum and shall carry out the business of the meeting.

### **Voting**

61. Every Member, which shall include those Members not present in Person, shall have one vote on any question to be decided in general meeting
62. A resolution put to the vote at a general meeting shall be decided on a show of hands unless a paper ballot is demanded in accordance with these Rules. A declaration by the chairperson that a resolution has on a show of hands been carried or lost with an entry to that effect recorded in the minutes of the general meeting shall be conclusive evidence of the result. Proportions or numbers of votes in favour for or against need not be recorded.
63. In the case of an equality of votes, whether on a show of hands or a poll, the chairperson shall not have a second or casting vote and the resolution shall be deemed to have been lost.

### **Paper Ballot**

64. A paper ballot on a resolution may be demanded before or on the declaration of the result of the show of hands by three Members at a general meeting.
65. If a paper ballot is duly demanded it shall be taken in such a manner as the chairperson directs, provided that no Member shall have more than one vote, and the result of the ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded.
66. The demand for a paper ballot shall not prevent the continuance of a meeting for the transaction of any other business than the question upon which a ballot has been demanded. The demand for a paper ballot may be withdrawn.

### **Resolutions**

67. Decisions at general meetings shall be made by passing resolutions:
- (a) The following decisions must be made by Extraordinary Resolution:
    - (i) Decisions to expel Members;
    - (ii) Any amendment to the Society's Rules, provided that no amendment shall be made that would result in the Society ineligible to be a Charity in law;
    - (iii) The decision to wind up the Society.
  - (b) Decisions set out in these Rules required to be passed by special resolution must be passed in the way required by the Act. All other decisions shall be made by ordinary resolution.

68. An Extraordinary Resolution is one passed by a majority of not less than 75% of votes cast at a general meeting and an ordinary resolution is one passed by a simple majority (51%) of votes cast.
69. Unless the Act specifically requires a special resolution to be passed at a general meeting, a resolution may be passed as a written resolution. A written resolution may consist of several identical Documents signed by one or more Members and may also be agreed by a ballot of members which takes place by Electronic Means and postal means.

### **DIRECTORS**

70. The Society shall have a Board of Directors comprising not less than three Directors.
71. The initial Directors of the Society from registration until the first annual general meeting shall be appointed by the Founder Members.
72. Only persons who are aged 18 years or more may serve on the Board of Directors.
73. Directors may not derive benefits from the Society other than as permitted in these Rules.
74. The Board of Directors shall be elected by and from the Society's Members. The maximum number of Directors serving on the Board shall be determined by a general meeting of the Society from time to time.

### **Retirement Cycle**

75. At the first annual general meeting all elected Directors shall stand down. At every subsequent annual general meeting one-third of the elected Directors, or if their number is not a multiple of three then the number nearest to one-third, shall retire from office. The Directors to retire shall be the Directors who have been longest in office since their last election. Where Directors have held office for the same amount of time the Directors to retire shall be decided by lot. A retiring Director shall be eligible for re-election.

### **Co-option of Directors**

76. In addition the Board of Directors may co-opt up to two external independent Directors who need not be Members and are selected for their particular skills and/or experience. Such external independent Directors shall serve a fixed period determined by the Board of Directors at the time of the co-option, subject to a review at least every 12 months. External independent Directors may be removed from office at any time by a resolution of the Board of Directors.
77. The Board of Directors may at any time fill a casual vacancy on the Board by co-option. Such co-opted individuals must be Members of the Society and will hold office as a Director only until the next annual general meeting.

### **Powers and Duties of the Board of Directors**

78. The business of the Society shall be managed by the Board which may exercise all such powers of the Society as may be exercised and done by the Society and as are

not by statute or by these Rules required to be exercised or done by the Society in general meeting.

79. All decisions made by a meeting of the Board of Directors or by any person acting as a Director shall remain valid even if it is later discovered that there was some defect in the Director's appointment or that the individual had previously been disqualified from acting as a Director.
80. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Society shall be signed, drawn, accepted, endorsed, or otherwise executed in such manner as the Board shall from time to time direct.
81. Without prejudice to its general powers, the Board may exercise all the powers of the Society to borrow money and to mortgage or charge its undertaking and property or any part of it and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Society or of any third party.
82. No Regulation made by the Society in general meeting shall invalidate any prior act of the Board which would have been valid had that Regulation not been made.
83. Any ultra vires action by the Board may be ratified by the Society by a special resolution passed in the way required by s44 of the Act. A separate special resolution must be passed in the same way should the Society wish to relieve a Director from any liability incurred as a result of a breach of duty arising from the Society acting outside its powers

### **Delegation**

84. Subject to these Rules, the Directors may delegate any of the powers which are conferred on them under these Rules to any Person or committee, by such means, to such an extent, in relation to such matters and on such terms and conditions as they think fit.
85. The Directors may specify that any such delegation may authorise further delegation of the powers by any Person to whom they are delegated.
86. The Directors may revoke any delegation in whole or in part or alter any terms and conditions.

### **Sub-Committees**

87. A sub-committee acting within the delegated authority of the Board must follow procedures which are based as far as they are applicable on those provisions of these Rules which govern the taking of decisions by Directors.
88. The Directors may make Regulations for all or any sub-committees, provided that such Regulations are not inconsistent with these Rules.
89. All acts and proceedings of any sub-committee must be fully and promptly reported to the Directors.

### **PROCEEDINGS OF THE BOARD OF DIRECTORS**

### **Calling a Meeting of the Board of Directors**

90. Any Director may, and the Secretary on the requisition of a Director shall, call a meeting of the Board of Directors by giving reasonable notice of the meeting to all Directors. Notice of any meeting of the Board of Directors must be in Writing and indicate the date, time and place of the meeting and, if the Directors participating in the meeting will not be in the same place, how they will communicate with each other. The Board may unanimously agree to hold a Board meeting at shorter notice.

### **Proceedings of a Meeting of the Board of Directors**

91. The Board of Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
92. A Director is able to exercise the right to speak at a meeting of the Board of Directors and is deemed to be in attendance when that person is in a position to communicate to all those attending the meeting. The Directors may make whatever arrangements they consider appropriate to enable those attending a meeting of the Board of Directors to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a meeting of the Board of Directors, it is immaterial whether any two or more Directors attending are in the same place as each other.
93. Questions arising at any meetings of the Board shall be decided by a majority of votes. In the case of an equality of votes the status quo shall be maintained and the Board of Directors may choose to refer the matter to a general meeting of the Society.
94. A written resolution, circulated to all Directors and signed by a simple majority (51%) of Directors, shall be valid and effective as if it had been passed at a Board meeting duly convened and held. A written resolution may consist of several identical Documents signed by one or more Directors.
95. The Board of Directors may, at its discretion, invite other persons to attend its meetings with or without speaking rights and without voting rights. Such attendees will not count toward the quorum.

### **Quorum**

96. The quorum necessary for the transaction of business at a meeting of the Board of Directors shall be 50% of the Directors or 3 Directors, whichever is the greater and shall include those Directors not present in person.
97. If at any time the total number of Directors in office is less than the quorum required, the Directors are unable to take any decisions other than to appoint further Directors or to call a general meeting so as to enable the Members to appoint further Directors.

### **Chairing Board Meetings**

98. The chairperson shall facilitate meetings of the Board of Directors. If s/he is absent or unwilling to act at the time any meeting proceeds to business then the Directors present shall choose one of their number to be the chairperson for that meeting.

### **CONFLICTS OF INTERESTS AND CONFLICTS OF LOYALTIES**

### **Declaring Conflicts of Interest**

99. A Director must declare the nature and extent of any interest, direct or indirect, which s/he has in a proposed transaction or arrangement with the Society or in any transaction or arrangement entered into by the Society which has not previously been declared. A Director must absent him/herself from any discussions of the Board in which it is possible that a conflict will arise between his/her duty to act solely in the interests of the Society and any personal interest (including but not limited to any personal financial interest).

### **Authorising Conflicts of Interest**

100. If a conflict of interest arises for a Director because of a duty of loyalty owed to another Person (and for the purposes of this rule only refers to such a conflict which does not involve a direct or indirect benefit of any nature to a Director or to a Connected Person), the unconflicted Directors may authorise such a conflict of interest where the following conditions apply:
- (a) The conflicted Director is absent from the part of the meeting at which there is discussion of any arrangement or transaction affecting that other Person;
  - (b) The conflicted Director does not vote on any such matter and is not counted when considering whether a quorum of Directors is present at the meeting; and
  - (c) The unconflicted Directors consider it is in the best interests of the Society to authorise the conflict of interest in the circumstances applying.
101. A Director who is a Member of the Society is permitted to be part of the quorum, speak and vote at any Directors' meeting on any matter to do with interest on shares, provided that they declare an interest on that agenda item and the Conflicts of Interest and Conflicts of Loyalties provisions in these Rules shall not apply.

### **Permitted benefits to Directors and Members**

102. The property and funds of the Society must only be used for promoting the Objects and do not belong to the Members but:
- (a) Members who are not Directors or Connected Persons may be employed by or enter into contracts with the Society and receive reasonable and proper payment or expenses for goods and services supplied.
  - (b) Subject to compliance with the rule entitled 'Conflicts of Interest' in these Rules, Members, Trustees and Connected Persons may be paid interest at a reasonable rate on money lent to the Society and be paid interest on shares subject to the 'Payment of Interest' rule in these Rules;
  - (c) Members, Trustees and Connected Persons may be paid a reasonable rent or hiring fee for property or equipment let or hired to the Society.
  - (d) Members, Trustees and Connected Persons may receive benefits from the Society in their capacity as a Beneficiary.



103. A Director must not receive any payment of money or other material benefit (whether directly or indirectly) from the Society, except:
- (a) As permitted under the rule entitled 'Payment for supply of goods and/or services' in these Rules;
  - (b) Reimbursement of reasonable out of pocket expenses actually incurred in running the Society
  - (c) The benefit of indemnity insurance as permitted by the Charities Act;
  - (d) An indemnity in respect of any liabilities properly incurred in running the Society (including the costs of a successful defence to criminal proceedings); and
  - (e) Where authorised by the court or the Act.

**Payment for supply of goods and/or services**

104. Any Director or Connected Person may enter into a written contract with the Society, as permitted by the Charities Act, to supply goods and/or services in return for a payment or other material benefit but only if:
- (a) The goods and/or services are actually required by the Society and the Directors decide that it is in the best interests of the Society to enter into such a contract;
  - (b) The nature and level of the remuneration is no more than is reasonable in relation to the value of the goods and/or services and is set in accordance with the Conflicts of Interest rules in these Rules; and
  - (c) No more than half of the Directors are parties to a contract in respect of goods and/or services in any financial year.

**Termination of a Director's Appointment**

105. A person ceases to be a Director of the Society as soon as:
- (a) Where that person is a Director by virtue of their membership of the Society, that person ceases to be a Member of the Society;
  - (b) That person resigns from office in Writing to the Secretary of the Society, and such resignation has taken effect in accordance with its terms;
  - (c) That person is removed from office by an ordinary resolution of the Society in general meeting, (but only if at least three Directors will remain in office) the notices for which specified that the question of the Director's removal was to be considered;
  - (d) That person is prohibited from being a Director by law;
  - (e) That person is disqualified from acting as a trustee by virtue of sections 178 and 179 of the Charities Act 2011 (or any statutory re-enactment or modification of those provisions);

- (f) That person fails to meet the fit and proper person test under the Finance Act 2010 and/or refuses to sign a declaration, as required by the Society confirming that they are fit and proper person;
- (g) A bankruptcy order is made against that person;
- (h) In the written opinion, given to the Society, of a registered medical practitioner treating that person, has become physically or mentally incapable of acting as a Director and may remain so for more than three months.

## **OFFICERS**

106. The Board shall elect from among their own number a chairperson and such other Officers as they may from time to time decide. These Officers shall have such duties and rights as may be bestowed on them by the Board or by law and any Officer appointed may be removed by the Board. A serving Officer who is not re-elected to the Board at the annual general meeting shall nevertheless continue in office until the first Board meeting following the annual general meeting.

## **SECRETARY**

107. The Board of Directors shall appoint a Secretary of the Society for such term and at such remuneration and upon such conditions as they think fit. Any Secretary so appointed may also be removed by them.
108. A provision of the Act or these Rules requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting in both capacities.

## **DISPUTES**

109. In the event of a dispute between the Society or its Board and a Member of the Society or a former Member, such dispute shall be referred to an independent arbitrator whose appointment is acceptable to both parties to the dispute or in the absence of agreement to be nominated by the Secretary General of Co-operatives UK (or any role or body that succeeds to its function). The decision of such an arbitrator shall be binding. In the event that a dispute cannot, for whatever reason, be concluded by reference to an arbitrator, the matter may be referred to the county court (or in Scotland, to the sheriff). Any Person bringing a dispute must, if so required, deposit with the Society a reasonable sum (not exceeding £100) to be determined by the Board. The arbitrator will decide how the costs of the arbitration will be paid and what should be done with the deposit.

## **REGULATIONS**

110. The Society in a general meeting, or the Board of Directors, may from time to time make, adopt and amend such Regulations in the form of bye-laws, standing orders, secondary rules or otherwise as they think fit for the management, conduct and regulation of the affairs of the Society and the proceedings and powers of the Board of Directors and sub-committees. Such Regulations (if any) shall be made available to Members. No Regulation shall be made which is inconsistent with these Rules or the

Act. All Members of the Society and the Board of Directors shall be bound by such Regulations whether or not they have received a copy of them.

### **LIABILITY OF MEMBERS**

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

### **PAYMENT OF INTEREST ON SHARE CAPITAL**

112. In order to meet its obligation to carry on its business for the benefit of the community, the Society may raise share capital as required to carry out its objects, provided that:

- (a) Any payment of interest on share capital shall not be more than is necessary in the opinion of the Board to obtain and retain the capital necessary to carry out the objects of the Society.
- (b) The payment of interest on share capital shall only be permitted if the rate shall have been declared in advance of the period for which interest will become payable.
- (c) The Board must be able to justify the rate of interest payable on share capital by reference to available commercial rates for borrowing.
- (d) The rate of interest shall not be such that it is the motivation for a person to buy shares.
- (e) The Board may suspend payments of interest temporarily or indefinitely by informing members of the suspension.
- (f) In the accounts of the Society the payment of interest is an expense of the Society before its surplus is calculated.

### **APPLICATION OF PROFITS**

113. The profits of the Society shall be applied solely towards the promotion of the Objects and do not belong to the Members.

### **AMALGAMATION, TRANSFER OF ENGAGEMENTS AND CONVERSION**

114. The Society may, by special resolution passed in the way required by section 111 of the Act, amalgamate with, or transfer its engagements to another registered society that holds charitable status. The Society may also accept a transfer of engagements and assets by a resolution of the Board or by general meeting.

115. The Society may, by a special resolution passed in a way required by section 113 of the Act, amalgamate with, or transfer its engagements to, or convert to a company that is a charity in law, subject to at least the same degree of restriction on the distribution of profits and assets as imposed on this Society by virtue of these Rules. In relation to calling a general meeting for the purpose of such resolution, the following provisions shall apply:

- (a) The Society shall give to Members not less than two months' notice of the meeting;

- (b) Notice of the meeting shall be posted in a prominent place at the registered office and at all trading premises of the Society to which Members have access;
- (c) The notice shall be accompanied by a separate statement setting out for Members:
  - (i) the reasons for the proposal;
  - (ii) whether the proposal has the support of the Board of the Society;
  - (iii) what alternative proposals have been considered, and whether they are viable;
  - (iv) details of the number of shares in the Society held by Members of the Board, and Persons connected with them;
  - (v) a recommendation by reputable independent financial advisors that the Members should support the proposal rather than any alternative proposal.
- (d) Where the separate statement is contained in another Document, information shall be provided in the notice specifying where Members can obtain a copy of the Document.

## **DISSOLUTION**

116. The Society may be dissolved:

- (a) In accordance with section 119 of the Act by an instrument of dissolution;
- (b) In accordance with section 123 of the Act in pursuance of a winding up order or by a resolution made or passed as directed in regard to companies by the Insolvency Act 1986; or
- (c) In accordance with section 125 of the Act, after administration an administrator issues a notice to dissolve the Society without prior winding-up.

117. If on the winding up or dissolution of the Society any of its assets remain to be disposed of after its liabilities are satisfied, these assets shall not be distributed among the members, but shall be transferred instead to some other Charity or charities having objects similar to or compatible with the Objects as may be decided by the Directors and recommended and approved by the Members in general meeting.

## **ADMINISTRATIVE ARRANGEMENTS**

### **Means of Communication**

118. A Member may provide their consent to receive communications from the Society by Electronic Means.

119. A notice sent to a Director's Address shall be deemed to have been duly served 48 hours after its posting. A Director may agree with the Society that notices or Documents sent to her/him in a particular way are to be deemed to have been

received within a specified time of their being sent, and for the specified time to be less than 48 hours.

### **Seal**

120. If the Society has a seal, it shall only be used by the authority of the Board of Directors acting on behalf of the Society. Every instrument to which the seal shall be attached shall be signed by a Director and countersigned by a second Director or the Secretary.

### **Registers**

121. The Board of Directors shall ensure accurate registers are maintained which shall include a register of Members, a share register, register of Directors and a register of Officers.

#### **Register of Members**

122. The Board shall ensure that the register is maintained in accordance with the Act and that the particulars required by the Act are available for inspection and accessible without the need to disclose other particulars contained in the register.

#### **Register of Directors and Officers**

123. The Society shall maintain a register of Directors and Officers which shall include the following particulars:
- (a) Name of the Director;
  - (b) Address of the Director;
  - (c) The date on which they assumed office;
  - (d) The date on which they vacated office; and
  - (e) The position held by a Director if s/he is also an Officer and the date on which the Director assumed and vacated her/his Officer position.

### **Amendments to Rules**

124. Any of these Rules may be rescinded or amended, or a new rule made, by an Extraordinary Resolution passed either as a written resolution or at a general meeting of the Society called in accordance with these Rules. The notice of which shall include details of the changes to be proposed at that meeting. No amendment of these Rules is valid until registered with the Registrar in accordance with the Act and no amendment may be made that causes the Society to cease to be a Charity in law.

### **Copies of the Society's Rules**

125. A copy of these Rules and any amendments made to them shall be given free of charge to every Member upon admission to membership and shall be provided to any other Person on demand and on payment of the statutory fee chargeable for the time being in force.

## **Minutes**

126. The Society shall ensure that minutes are kept of all:
- (a) Proceedings at general meetings of the Society; and
  - (b) Proceedings at meetings of the Board of Directors and its sub-committees which include names of the Directors present, decisions made and the reasons for those decisions.

## **Annual Return**

127. Every year and within the period prescribed by the Act, the Secretary shall send the annual return in the prescribed form to the Registrar. The annual return shall be accompanied by:
- (a) A copy of the Auditor's report on the Society's accounts for the period covered by the annual return or a copy of such other report (if any) as is required by statute for such a period; and
  - (b) A copy of each balance sheet made during that period and report of the Auditor or other appropriate person as required by statute on that balance sheet.
128. The Society shall on demand supply free of charge to any Member or any person with an interest in the funds of the Society a copy of the latest annual return together with a copy of the Auditor's report on the accounts and balance sheet contained in the annual return and the Auditor's Report (if any).
129. The Society shall at all times keep a copy of the latest balance sheet of the Society together with a copy of the corresponding Auditor's report (if any) hung up in a conspicuous place at the registered office and displayed on the Society's website (if any).

## **Audit**

130. Unless the Society meets the criteria set out in section 83(2) of the Act or may disapply the audit requirement in accordance with section 84 of the Act, the Board shall in each financial year appoint an Auditor as required by section 83(1) of the Act, to audit the Society's accounts and balance sheet for the year. This provision also applies if the Society is in its first financial year.
131. The following persons shall not be appointed as Auditor of the Society:
- (a) An Officer or Employee of the Society;
  - (b) A person who is a partner or employee of, or who employs an Officer of, the Society.
132. The Board may appoint an Auditor to fill a casual vacancy occurring between general meetings.
133. An Auditor for the preceding financial year shall be re-appointed as Auditor of the Society for the current financial year unless:

- (a) S/he has given notice in writing to the Secretary of his/her unwillingness to be re-appointed; or
- (b) S/he is ineligible for appointment as Auditor of the Society for the current financial year; or
- (c) S/he has ceased to act as Auditor of the Society by reason of incapacity.

134. Any ordinary resolution of a general meeting of the Society either to remove an Auditor from office or to appoint another person as Auditor shall not be effective unless notice of the proposed resolution has been given to the Society at least 28 days prior to the meeting at which the resolution is to be considered. At least 14 days' notice of such resolution must then be given to Members of the Society in the manner prescribed in these Rules and in Writing to the Auditor(s).

### **Social Accounting and Reporting**

135. In addition to any financial accounts required by the Act, the Members may resolve to undertake an account of the activities of the Society which will endeavour to measure its social and environmental performance using whatever methodology the Members deem appropriate. Following the completion of such an account the Society shall report any findings to its Members and other stakeholders.

### **Indemnity and Insurance**

136. Subject to the rule entitled 'Permitted benefits to Directors and Members' , any Director or former Director of the Society may be indemnified out of the Society's assets against:
- (a) Any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Society;
  - (b) Any liability incurred by that Director in connection with the activities of the Society;
  - (c) Any other liability incurred by that Director as an Officer of the Society in defending themselves successfully against any criminal or civil proceedings for breach of duty.
137. The above rule does not authorise any indemnity which would be prohibited or rendered void by any provision of law.
138. The Directors may decide to purchase and maintain insurance, at the expense of the Society, for the benefit of any Director or former Director of the Society in respect of any loss or liability to the extent permitted by the Charities Act.

| <b>Signatures of Founder Members</b> | <b>Full Names of Founder Members in BLOCK CAPITALS (no initials)</b> |
|--------------------------------------|--|
| 1.                                   | CAROL SARGENT  |
| 2.                                   | VIKTOR TODOROV   |

|                               |   |
|-------------------------------|---|
| 3.                            | MARY BUTLER   |
| <b>Signature of Secretary</b> | <b>Full Name of Secretary in BLOCK CAPITALS<br/>(no initials)</b> |
| 1.                            | CAROL SARGENT   |

- Accepted as a model by the Financial Conduct Authority 2017 v.1 -