

RULES

FOR



CO-OPERATIVE SOCIETY LTD

PART I. – GENERAL.

1. INTERPRETATION.

In these Rules, unless the contrary intention appears –

“Act” means the *Co-operative Societies Act* (Chapter 389);

“Board” means the Board of Directors of the Society duly elected in

“Registrar” means the Registrar of Co-operative Societies appointed under the Act;

“Rules” means the Rules’

“Society” means the Society as named in Rule 2.

2. NAME.

The name of the Society shall be theCo-operative Society Limited.

3. ADDRESS.

(1) The Postal address of the Society shall be

.....

(2) The Society’s office and normal place of business shall be situated

at

4. LIMITED LIABILITY.

(1) The liability of a member of the Society shall be limited to –

(a) the nominal value of shares held by him; and

(b) any fees and charges due to the Society by him and unpaid.

(2) The liability of a past member for the debts of the society shall be limited to those debts incurred before the expulsion, death or withdrawal of the member from the Society, and shall continue for one year from the date of withdrawal, death or expulsion of the member from the Society.

5. OBJECTS.

The objects of the Society shall be to promote the economic, social and cultural interests of its members and in particular –

(a) to market, store and process such produce of its members as the Board shall from time to time decide; and

(b) to provide supplies and services to its members as the Board shall from time to time decide; and

(c) to operate a retail store for the benefit of its members and the better distribution of consumer goods; and

(d) to cultivate and produce agricultural products that the Board shall from time to time decide; and

(e) to manufacture what the Board shall from time to time decide; and

(f) to do all such things as are incidental or conducive to the attainment of the objects

6. CO-OPERATIVE PRINCIPLES.

The Society shall at all times follow the following Co-operative Principles:-

1st Principle: Voluntary and open membership: Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibility of membership, without gender, social, racial, political, or religious discrimination.

2nd Principle: Democratic Member Control: Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting right (one member, one vote), and co-operatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation: Members contribute equitably to, and democratically control, the capital of their co-operatives. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence: Co-operatives are autonomous self-help organizations controlled by their members. If they enter into agreement with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information: Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

6th Principle: Co-operation among Co-operatives: Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and interregional structures.

7th Principle: Concern for Community: While focusing on member needs and wishes, co-operatives work for the sustainable development of their communities.

PART II. – MEMBERSHIP.

7. ADMITTANCE TO MEMBER.

- (1) Subject to the provisions of the Act and these Rules, members shall be admitted to the Society on application to the Board and on approval by a majority of the Board.
- (2) Membership is on an individual basis.

8. LIMITATION OF MEMBERSHIP.

- (1) The persons to whom membership is limited are;
.....
.....
- (2) The areas of operations to which the Society is limited are;
.....
.....

9. EXTENT OF MEMBERSHIP.

- The members of the Society shall be –
- (a) all those who are shown in the register of members as having joined the society at a date previous to the adoption of these Rules; and
 - (b) all those join the society in accordance with these Rules.

10. MEMBERSHIP.

- A person who –
- (a) is also a member of any other society, organization, trade or profession whose interests may conflict with those of the Society; or
 - (b) who is not of good character; or
 - (c) who does not come within the area or group of persons for whom membership is limited in Rule 7(1); or
 - (d) has not reached 18 years of age,
is not eligible to be a member of the Society.

11. RIGHT TO APPEAL.

- (1) A person who is refused membership may appeal in writing to a General Meeting of the Society to reconsider his application for membership.
- (2) An appeal under Sub-rule (1) to the General Meeting shall be through the Secretary who shall submit the appeal to the General Meeting along with the Board’s reasons for refusing membership.
- (3) The General Meeting may uphold the decision of the Board to refuse membership or may accept the person’s application for membership.

12. MEMBERSHIP FEE.

Each new member shall pay a membership fee of **K(_____)** upon acceptance of his/her membership.

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13. NOTICE OF RESIGNATION.

A member who wishes to withdraw his membership shall give to the Secretary three month's notice of his intention to withdraw.

14. MEMBERS SUBJECT TO RULES.

A member shall, on admission to the Society, be held to accept these Rules and shall sign the register as evidence of his free acceptance of admission to the Society.

15. INFRINGEMENT OF BY-LAWS.

(1) The Board may fine a member for any infringement of these Rules.

(2) A fine under Sub-rule (1) shall not exceed **K(_____)**

16. EXPULSION FROM MEMBERSHIP.

(1) The Board may by a two-thirds vote, at a Board meeting duly called, expel a member from the Society.

(2) A member may be expelled for any of the following reasons:-

(a) he no longer meets the requirements for membership as stipulated in these Rules;

(b) he carries out or attempts to carry out any act which is seriously detrimental to the Society;

(c) any other reason stated in these Rules.

(3) The Secretary shall, within five days from the date on which the member is expelled, notify him in writing of the action of the Board and the reasons.

(4) An appeal against expulsion by the Board may be taken by the member at the next General Meeting of the Society, provided that written notice of intention to appeal shall be given by him to the Secretary within 30 days from the date of receipt of the notice referred to in Sub-rule (3).

(5) At the meeting referred to in Sub-rule (4), a majority of members present may confirm or rescind the action of the Board.

(6) The expulsion of a member shall take effect –

(a) where no notice of appeal has been given within the time for appealing, upon the expiration of such time; and

(b) where an appeal has been made, upon the date of confirmation by the members of the General Meeting.

17. SHARES OF MEMBERS UPON RESIGNATION OR EXPULSION.

- (1) All amounts paid in on shares or as deposits by a member who is expelled or withdraws from the Society and any related dividends or interests shall be paid to the member.
- (2) Payments under Sub-rule (1) shall be made as funds become available and after deducting all amounts due from them to the Society.
- (3) Any shares repaid pursuant to this rule shall be deemed to have been withdrawn by notice given on the date of such expulsion or withdrawal, as the case may be.

18. CESSATION OF RIGHTS.

A member who is expelled or withdraws from the Society shall have no further rights in the Society but shall not, by such expulsion or withdrawal, be released from any remaining liability to the Society.

19. RESTRICTION ON WITHDRAWAL OF SHARES OF MEMBERS IN MANAGEMENT.

- (1) No member entrusted with or participating in the direct management of the affairs of the Society shall withdraw or transfer or otherwise dispose of his shares, during the term of his office.
- (2) In the case of insolvency of the Society any such withdrawal or transfer made by a member within four months preceding such insolvency shall be null and void, and such member shall remain liable to creditors of the Society to the extent of such shares so disposed of or transferred.

PART III. – MEETINGS.

20. ANNUAL GENERAL MEETINGS.

- (1) The Annual General meeting of the Society shall be held within three months of the close of the financial year.
- (2) The members shall be given two weeks' written notice of the meeting and the reports are to be made available to the members prior to the meeting.

21. FUNCTIONS OF ANNUAL GENERAL MEETING.

The functions of the Annual General Meeting of the Society are –

- (a) to consider and confirm the minutes of the previous Annual General Meeting and of any other intervening general meeting; and
- (b) to adopt the annual Budget; and
- (c) to appoint an auditor to audit the accounts; and

- (d) to consider the auditor's report, the reports of the Board any report made by the registrar in respect of the previous financial year; and

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- (e) to approve the financial statements and determine the frequency of financial statements to be produced for the members; and
- (f) to consider and determine the maximum amount the Society may borrow; and
- (g) to consider and resolve the manner in which any available net surplus shall be distributed or invested subject to the provisions of the Act; and
- (h) to consider and adopt any amendments to these Rules; and
- (i) to elect Directors; and
- (j) to decide appeals of persons whose application for memberships has been rejected by the Board; and
- (k) to hear and decide upon any complaints brought by members aggrieved by a decision of the Board, provided that notice of the intention to bring such complaints before the meeting has been given to the Secretary or Manager at least two days prior to the meeting; and
- (l) to give directives to the Board and confer upon it and or the management any powers required for the smooth running of the Society; and
- (m) to order any inquiries into any matter of the Society; and
- (n) to transact any other general business of the Society of which due notice has been given to members.

22. SPECIAL GENERAL MEETING.

- (1) A Special General Meeting of the Society shall be called quarterly to update the members on the progress and developments within the Society.
- (2) A Special General Meeting may transact any business of the Society of which due notice has been given to members.

23. NOTICE OF MEETINGS AND DECISIONS.

- (1) Written notice of any General Meeting, Board meeting or other decision affecting members shall be displayed outside the Society's office and place of business for at least two weeks prior to the meeting or decision, and shall constitute due notification or promulgation of the same.
- (2) Any matter for discussion requiring prior notification of members shall be notified in the same manner.

24. POWER OF MEMBERS TO REQUEST A SPECIAL GENERAL MEETING.

- (1) A Special General Meeting of the Society shall be convened by the Board on receipt of a request for such a meeting signed by at least one-fifth or 20 of the members or delegates of the Society, whichever is the lesser.
- (2) A request referred to in Sub-rule (1) must state the purposes of the meeting.
- (3) If the Board fails to convene a meeting in accordance with Sub-rule (1) within one month of receiving the request for the meeting, the members making the

requisition may request the Registrar in writing to convene the meeting.

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25. POWER OF REGISTRAR TO CONVENE A SPECIAL GENERAL MEETING.

- (1) The Registrar may at any time request the Board to convene a Special General Meeting of the Society and may also direct what matters shall be discussed at that meeting.
- (2) Where the Board fails to convene a meeting within the period specified by the Registrar, the Registrar may convene the meeting.

26. QUORUM AT GENERAL MEETINGS.

- (1) The quorum necessary for the transaction of business shall be one-fourth or (___) of all members qualified to vote, whichever is the lesser.
- (2) No business shall be transacted at any general meeting unless a quorum of members is present.

27. FAILURE TO ACHIEVE A QUORUM.

- (1) If, within one hour after the time fixed for a general meeting, the members present are not sufficient to form a quorum, such meeting shall be considered as dissolved if it is convened on the requisition of members and in all other cases it shall stand adjourned to the same day in the next week at the same time and place.
- (2) If at the adjourned meeting a quorum is not present within one hour from the time fixed for the meeting the members present shall form a quorum, provided that a general meeting with such reduced quorum shall not have power to amend these Rules.

28. VOTING AT GENERAL MEETINGS.

- (1) Except as otherwise provided in the Act or in these Rules, any question referred to the members present at a general meeting shall be decided by consensus, and if no consensus can be reached, by majority of votes.
- (2) At any general meeting resolution put to vote shall be decided by a show of hands unless voting by a call of names or by ballot is demanded by at least five of the members present.
- (3) Regardless of the number of shares held each member shall be entitled to only one vote.
- (4) In the case of an equality of votes the motion shall be held to be rejected.
- (5) The chairman shall have no casting vote.

29. MINUTES OF GENERAL MEETINGS.

- (1) Minutes of the general meetings shall be entered in the minute book and shall contain –
 - (a) the names of members present at the meeting and the name of the chairman who presided; and
 - (b) the time the meeting commenced and ended; and
 - (c) all resolutions and decisions taken at the meeting.
- (2) The minutes of each general meeting shall be read at the next following general meeting, and when signed by the chairman and the Secretary of that meeting, whether following confirmation or amendments, they shall be evidence of anything contained therein.

PART IV. – BOARD OF DIRECTORS.

30. THE BOARD.

- (1) The Board shall consist of (___) Directors, who shall be elected at the Annual General Meeting.
- (2) Only a member may be appointed a Director of the Society.
- (3) A Director shall be entitled to such remuneration as is fixed by the Board to be paid in such manner as is fixed by the Board.
(To be included only where a Director is to receive remuneration.)
- (4) A Director shall not be entitled to remuneration.
(To be included only where a Director is not to receive remuneration).

31. TERM OF THE BOARD.

The term of office of the Directors shall be (___) years.

32. RE-ELECTION OF DIRECTORS.

A Director shall be eligible for election for a maximum of two terms after which a Director has to vacate office for at least two years.

33. VACANT BOARD POSITIONS.

If during the term of office of a Board a vacancy occurs in the Board, the Board may, and if the number of Directors falls below three shall, co-opt a member of the Society to serve on the Board until the next General Meeting of the Society.

34. FUNCTIONS OF THE BOARD.

The functions of the Board are to –

- (a) ensure the provisions of these Rules and the Act are applied; and
- (b) convene General Meetings of the Society; and

- (c) plan for the development of the Society; and
- (d) hear reports on the progress of the Society; and
- (e) supervise the management of the Society; and

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- (f) keep, or caused to be kept, precise and accurate records and accounts of the Society; and
- (g) present to the General Meeting reports, plan, budgets and program of activities for the Society; and
- (h) take all necessary measures to safeguard the funds, assets, stocks and property of the Society and implement all decisions of the General Meetings; and
- (i) keep members periodically informed of the affairs of the Society; and
- (j) effect all such other matters as may be required to further the objects of the Society.

35. BOARD QUORUM.

At any meeting of the Board (___) Directors constitute a quorum.

36. ELECTION OF CHAIRMAN AND DEPUTY CHAIRMAN.

The Board shall elect from among the Directors a Chairman and a Deputy Chairman.

37. BOARD MEETINGS.

- (1) The Board shall meet when convened by the Chairman or, in his absence, by the Deputy Chairman as often as the interests of the Society shall require and at least once every three months.
- (2) A Board meeting shall be convened on the request of one third of the Directors.
- (3) All Directors shall be given at least one week's written notice of the meeting.

38. VOTING AT BOARD MEETINGS.

The decisions of the Board shall be taken by a majority vote and in the case of an equality of votes, the Chairman shall have a casting vote.

39. RESIGNATION OF A DIRECTOR.

A Director may resign voluntarily giving written notice of his resignation to the Board.

40. CESSATION OF BOARD MEMBERSHIP.

A Director shall cease to hold office in accordance with Section 72 of the Act.

41. REGULAR FINANCIAL REPORTS.

The Board shall cause to be produced regular financial reports to be made available to members at least quarterly or at a frequency determined by the Annual General Meeting.

42. DUTIES OF CHAIRMAN.

- (1) The Chairman shall preside at all General Meetings and at all meetings of the Board.

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- (2) In the absence of the Chairman his functions shall be carried out by the Deputy Chairman, and in the absence of both the Chairman and the Deputy Chairman at any meeting, by any other person elected by a majority of those present at that meeting.
- (3) The Chairman shall have the rights conferred upon him by the Rules and in particular the right to order the closure of a discussion and to put a matter to the vote.

PART V. – OFFICERS OF THE SOCIETY.

43. APPOINTMENT OF OFFICERS.

- (1) The Board shall appoint officers of the Society, being a Secretary and a Treasurer and a Manager of the Society.
- (3) The appointment of an officer of the Society may be revoked –
 - (a) by resolution by the Board; or
 - (b) by direction of the Registrar under Section 16(1) of the Act.
- (4) The Board –
 - (a) shall fix the remuneration to be paid to officers of the Society; and
 - (b) may fix an amount to be paid by an officer of the Society to the Society where that officer has, or is to have, the receipt or custody or charge of any moneys belonging to the Society.

44. DUTIES OF SECRETARY.

The duties of the Secretary include the duty in accordance with the Act and these Rules -

- (a) to maintain, correctly and up-to date, all the records, papers and registers of the Society; and
- (b) to keep an inventory of the property belonging to the Society; and
- (c) to be a signatory of the Society and conduct its correspondence; and
- (d) to summon and attend the meetings of the Board and to record the proceedings of such meetings in a minute book; and
- (e) to perform all the duties entrusted to him by the Board.

45. DUTIES OF TREASURER.

The duties of the Treasurer shall include the duty in accordance with the Act and these Rules –

- (a) to take charge of all financial transactions of the Society, including all money received by the Society from a bank, from members and from other persons, and to make disbursements in accordance with the directions of the Board; and

- (b) to prepare or cause to be prepared all the receipts, vouchers and documents required by these Rules or called for by the Board;
- (c) to be responsible for the proper and punctual keeping of all the accounts and account books of the Society; and
- (d) to be a signatory of the Society.

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46. DUTIES OF MANAGER.

The duties of the Manager shall include the duty in accordance with the Act and these Rules –

- (a) to manage the business and property of the Society; and
- (b) to attend the meetings of the Society and of the Board and to carry out all the instructions of the Board; and
- (c) as far as practicable to be present at the Society's office during the hours of business; and
- (d) to record or cause to be recorded the whole of the transactions of the Society in the books prescribed for that purpose.

PART VI. – PROPERTY, FUNDS AND OPERATION OF THE SOCIETY.

47. COMPOSITION OF CAPITAL.

The capital of the Society shall be composed of –

- (a) the share capital of the society in accordance with Section 57 of the Act; and
- (b) loans and deposits contracted or accepted by the Board on behalf of the Society in accordance with these Rules; and
- (c) undistributed surplus; and
- (d) the Reserve Fund; and
- (e) such other funds as may from time to time be formed in accordance with a decision of the General Meeting.

48. SHARE SUBSCRIPTIONS.

- (1) All shares are to be fully paid up prior to allotment.
- (2) In addition to the qualifications prescribed by the Act every member shall hold not less than one fully paid share in the Society.
- (3) Subject to Section 60 of the Act, the Board may, from time to time, prescribe the number of shares that each member is allotted and the scheme for payment of such shares, subject to the scheme being approved by a General Meeting, and the method of payment may include payment in cash, kind, labour, service or leaving the share surplus, to which the member is entitled, with the Society.

49. USE OF FUNDS.

All funds and resources of the Society are to be devoted to the stated objects of the Society or as provided for under the Act or these Rules.

50. CONTRACTS WITH MEMBERS

The Society may make a contract of a kind specified in Section 44 of the Act.

(To be included only where contracts permitted)

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51. CONTRACTS WITH MEMBERS NOT PERMITTED.

The Society shall not make a contract with a member of the kind specified in Section 44 of the Act.

(To be included only where contracts not permitted).

52. TRADE WITH NON-MEMBERS.

Non members may trade with the Society and any surplus arising from such trade shall be allocated to the Statutory Reserve Fund.

53. FINANCIAL YEAR.

The financial year of the Society shall be the calendar year from January to December.

54. MANAGEMENT OF FUNDS.

- (1) The Board shall authorize the opening of a bank account in the name of the Society at a convenient branch of a bank licensed under the Banks and Financial Institution Act.
- (2) The bank account shall be operated by the Treasurer of the Society in accordance with the following requirements:-
 - (a) all moneys received by the Society, other than such amount approved by the Board as is necessary for the day-to day- expenses of the Society, shall be paid into the account;
 - (b) moneys shall be paid out of the account only –
 - (i) for the purposes of the Society; and
 - (ii) after authority to make the payment has been authorized by the Board;
 - (c) cheques drawn on the account, shall be signed by the Chairman of the Board, the Treasurer and the Secretary;
 - (d) drafts, bills of exchange, promissory notes and other instruments shall only be –
 - (i) issued in connection with the purposes of the Society; and
 - (ii) issued after authority for the issuance is given by the Board; and
 - (iii) signed by the Chairman of the Board, the Treasurer and the Secretary.

55. ADVANCES TO MEMBERS.

- (1) The Society may make an advance to a member in accordance with this Rule.
- (2) A member may make an application in writing for an advance to the Secretary for consideration by the Board.

- (3) An application under Sub-rule (2) shall specify –
- (a) the amount of advance request; and
 - (b) the purpose of the advance; and
 - (c) the period within which the advances is to be repaid.

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- (4) The Board shall consider an application under this Rule and may grant or reject the application.
- (5) Where an application is granted under Sub-rule (4), the advance shall be made subject to the following conditions:-
- (a) that the advances shall be used only for the purpose stated in the application;
 - (b) that the advance shall be repaid in accordance with the terms agreed by the Board;
 - (c) such other conditions as the Board may impose.
(To be included where advances to members permitted).

56. ADVANCES TO MEMBERS NOT PERMITTED.

The Society shall not make an advance to a member.
(To be included where advances to members not permitted).

57. FURTHER POWERS OF SOCIETY.

The Society may do all or any of the following things permitted by Section 38(2) of the Act:-
[specify the things permitted to be done].

(To be included only where the Society is to have one or more of the powers referred to in Section 38(2) of the Act).

58. SOCIETY NOT TO HAVE FURTHER POWERS.

The Society shall not have any of the powers referred to in Section 38(2) of the Act.
(To be included only where the Society is not to have any of the powers referred to in Section 38(2) of the Act).

PART VI. – MISCELLANEOUS.

59. SUMS DUE TO SOCIETY.

Any sum due from any member on any account to the Society may at any time be set off against any payment of any sum due to the member by the Society.

60. CREDIT TRANSACTIONS PROHIBITED.

All transactions between members of the Society and the Society shall be in cash only and under no circumstances shall members be permitted credit.

61. DISPUTE SETTLEMENT.

Where a dispute arises regarding the affairs of the Society –

- (a) the Board shall seek to resolve the conflict by mediation; and

- (b) where the dispute involves the Board, the conflicting parties shall nominate a mediator to try and resolve the conflict to the satisfaction of all parties; and
- (c) where the dispute cannot be settled informally within the Society, either party shall have the right to appeal to the Registrar.

62. SIGNATORIES TO CONTRACTS.

Any contract or document (other than those referred to in Rule 53) executed by the Board on behalf of the Society shall bear the signature of the Chairman and the Secretary.

63. ALTERATIONS, ETC., TO RULES.

These Rules, or any Rule forming part of these Rules, may be amended or repealed, or any new Rule may be added to these Rules, at a Special General Meeting of the Society by a majority of members present and voting.

64. ACCEPTANCE OF RULES

.....Co-operative Society Ltd at its meeting number
and by resolution number.....of/.../... has resolved that it added
 clause 64 to these Rules, accepted these Rules and passed it.

WITNESSED BY:

1) *DIRECTOR:* *SIGNATURE:*

DATE: /.../.....

2) *DIRECTOR:* *SIGNATURE:*

DATE:/.../.....

