

FairShares V2.0a – Model Articles for FairShares Co-operatives, Companies and Associations

As at 11th August 2014. Editable versions of each of the following are available from FairShares Association Members (fees may apply).

| Clause | Co-operative | Company | Association |
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| 1 | <p>Definitions. In these Articles:-</p> <p>“the Act” means the Co-operative and Community Benefit Societies Act 2014 and amendments in subsequent Acts.</p> <p>“Cash” includes cheques, electronic fund transfers, IOUs, promissory notes and money orders.</p> <p>“Member” a holder of a Founder, Labour, User or Investor Share.</p> <p>“Beneficiary” a service user, member holding only Investor Shares, or company listed in Clause 54 as a beneficiary of the community dividend.</p> <p>“Qualifying Contribution” means a commitment to trade with the Co-operative in a way that meets the criteria for membership. Qualifying contributions are set for Labour Shareholders and User Shareholders only.</p> <p>“Quorum” a meeting in which a sufficient number of people are present to take decisions.</p> <p>“Ordinary Resolution” means a proposal accepted by a majority of votes cast on a one-shareholder, one-vote basis, irrespective of shareholder class, subject to any adjustments provided for in Clause 23 and 24 of these rules.</p> <p>“Class Resolution” means a proposal accepted by a majority of votes cast in one shareholder class on a one-shareholder one-vote basis.</p> <p>“Special Resolution” means a proposal accepted by a majority of votes cast in each shareholder class separately, on a one-shareholder one-vote basis, plus at least 75% of all members irrespective of shareholder class on a one-shareholder one-vote basis.</p> <p>“Reserves” exclude the current year’s profit and loss account.</p> <p>“Labour Shares” are shares owned by a member who makes qualifying labour contributions in the Co-operative, entitling her or him to participate in Co-operative governance and receive a share of surplus. For the purposes of clarity, any person recognised in UK Employment law as a ‘worker’ will qualify for Labour Shares if they make a qualifying contribution.</p> <p>“User Shares” are shares owned by a member who makes a qualifying contribution through their trading or usage of the Co-operative’s products / services, entitling her or him to participate in Company governance and receive a share of surplus. For the purposes of clarity, any person recognised as a beneficiary or a customer of the co-operative will qualify for User Shares if they make a qualifying contribution.</p> <p>“Investor Shares” are shares owned by a member who invests unremunerated labour or equity capital entitling him or her to a share of the Co-operative’s assets and surplus.</p> <p>“Founder Shares” are shares owned by a founder of the Co-operative, entitling them to participate in governance.</p> <p>“IPS” is a former Industrial and Provident Society, now a Co-operative Society</p> <p>“CIC” is a Community Interest Company.</p> | <p>Definitions. In these Articles:-</p> <p>“the Act” means the Companies Act 1985 and any amendments in force, including those enacted in the Companies Act 1989 and 2006.</p> <p>“Cash” includes cheques, electronic fund transfers, IOUs, promissory notes and money orders.</p> <p>“Member” a holder of a Labour, User, Investor or Founder Share.</p> <p>“Beneficiary” a service user, member holding only Investor Shares, or company listed in Clause 54 as a beneficiary of the community dividend.</p> <p>“Qualifying Contribution” means a commitment to trade with the Company in a way that meets the criteria for membership. Qualifying contributions are set for Labour Shareholders and User Shareholders only.</p> <p>“Quorum” a meeting in which a sufficient number of people are present to take decisions.</p> <p>“Ordinary Resolution” means a proposal accepted by a majority of votes cast on a one-shareholder, one-vote basis, irrespective of shareholder class, subject to any adjustments provided for in Clause 23 and 24 of these rules.</p> <p>“Class Resolution” means a proposal accepted by a majority of votes cast in one shareholder class on a one-shareholder one-vote basis.</p> <p>“Special Resolution” means a proposal accepted by a majority of votes cast in each shareholder class separately, on a one-shareholder one-vote basis, plus at least 75% of all members irrespective of shareholder class on a one-shareholder one-vote basis.</p> <p>“Reserves” exclude the current year’s profit and loss account.</p> <p>“Labour Shares” are shares owned by a member who makes qualifying labour contributions in the Company, entitling her or him to participate in Company governance and receive a share of surplus. For the purposes of clarity, any person recognised in UK Employment law as a ‘worker’ will qualify for Labour Shares if they make a qualifying contribution.</p> <p>“User Shares” are shares owned by a member who makes a qualifying contribution through their trading or usage of the company’s products / services, entitling her or him to participate in Company governance and receive a share of surplus. For the purposes of clarity, any person recognised as a beneficiary or a customer of the organisation will qualify for User Shares if they make a qualifying contribution.</p> <p>“Investor Shares” are shares owned by a member who invests unremunerated labour or equity capital entitling him or her to a share of the Company’s assets and surplus.</p> <p>“Founder Shares” are shares owned by a Company founder, entitling them to govern the company.</p> <p>“IPS” is a former Industrial and Provident Society, now a Co-operative Society</p> <p>“CIC” is a Community Interest Company.</p> | <p>Definitions. In these Articles:-</p> <p>“the Act” means the Act under which the Association was incorporated in England and Wales. If the Association is unincorporated, no Act applies.</p> <p>“Cash” includes cheques, electronic fund transfers, IOUs, promissory notes and money orders.</p> <p>“Member” a Labour, User or Founder Member.</p> <p>“Beneficiary” service users, and organisations listed in Clause 54 as a beneficiary of the community dividend.</p> <p>“Qualifying Contribution” means a commitment to contribute to the Association in a way that meets the criteria for membership. Qualifying contributions are set for Labour Members and User Members only.</p> <p>“Quorum” a meeting in which a sufficient number of people are present to take decisions.</p> <p>“Ordinary Resolution” means a proposal accepted by a majority of votes cast on a one-member, one-vote basis, irrespective of member class, subject to adjustments in Clauses 23 and 24 of these rules.</p> <p>“Class Resolution” means a proposal accepted by a majority of votes cast in one member class on a one-member one-vote basis.</p> <p>“Special Resolution” means a proposal accepted by a majority of votes cast in each member class separately, on a one-member one-vote basis, plus at least 75% of all members on a one-member one-vote basis.</p> <p>“Reserves” exclude the current year’s profit and loss account.</p> <p>“Labour Member” is a member who makes qualifying labour contributions in the Association, entitling her or him to participate in Association governance and allocate their share of surplus to projects developed by the association. For the purposes of clarity, any person recognised in UK Employment law as a ‘worker’ will be eligible for Labour Membership if they make a qualifying contribution.</p> <p>“User Member” is a member who has made a qualifying contribution as a user of the Association’s products / services, entitling her or him to participate in Association governance and allocate a share of the surpluses to projects developed by the association. For the purposes of clarity, any person recognised as a beneficiary or a customer of the organisation will be eligible for User Membership if they make a qualifying contribution.</p> <p>“Funder” is an individual or organisation that invests or donates financial capital to support the Association’s objectives.</p> <p>“Founder Member” is a person who established the Association and who, by virtue of being a founder, has specific rights to contribute to its governance.</p> <p>“IPS” is a former Industrial and Provident Society, now a Co-operative Society.</p> <p>“CIC” is a Community Interest Company.</p> |

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| 2 | Regulations in Companies Act 2006 do not apply unless they are referenced directly in these rules, or are required by statute. | Regulations in Table A in the Schedule to the Companies Regulations 1985, and subsequent amendments in the Companies Act 1989 and 2006 do not apply unless they are referenced directly in these rules. | The Association is subject to statutory regulation according to the Act used for its incorporation. If the Association is unincorporated, statutory regulations do not apply unless referenced directly in these rules. |
| 3 | The name of the Co-operative society is [CO-OPERATIVE NAME] | The name of the Company is [COMPANY NAME] | The name of the Association is [ASSOCIATION NAME] |
| 4 | The registered office of the Co-operative is [Address] in [Great Britain or the Channel Islands]. | The registered office of the Company is in [England and Wales]. | The office of the Association is [Address] in [England and Wales]. |
| 5 | <p>The Co-operative's objects are:</p> <ol style="list-style-type: none"> to engage in commerce and social activities that spread wealth and power amongst the Co-operative's primary stakeholders (producers, employees, customers and service users); to pursue trading activities that are economically, socially and environmentally sustainable, and which improve the well-being of the Co-operative's primary stakeholders; to promote the development of social entrepreneurship; to advance Co-operative Values and Principles that create social capital through participatory management and democratic governance processes; to abide by the internationally recognised values and principles of co-operative identity as defined by the International Cooperative Alliance (ICA), in particular the values of self-help, self-responsibility, democracy, equality and solidarity and the ethical values of honesty, openness, social responsibility and caring for others; to abide by principles of equality of opportunity and oppose forms of discrimination on the grounds of social class, race, ethnic origin, gender, sexual preference, age, disability and religion; and [Add other community interest / public interest objectives here]. | <p>The Company's objects are:</p> <ol style="list-style-type: none"> to engage in commerce that spreads wealth and power amongst the Company's primary stakeholders (producers, employees, customers and service users); to pursue trading activities that are economically, socially and environmentally sustainable, and which improve the well-being of the Company's primary stakeholders; to promote the development of social entrepreneurship; to advance Co-operative Values and Principles that create social capital through participatory management and democratic governance processes; to abide by the internationally recognised values and principles of co-operative identity as defined by the International Cooperative Alliance (ICA), in particular the values of self-help, self-responsibility, democracy, equality and solidarity and the ethical values of honesty, openness, social responsibility and caring for others; to abide by principles of equality of opportunity and oppose forms of discrimination on the grounds of social class, race, ethnic origin, gender, sexual preference, age, disability and religion; and [Add other community interest / public interest objectives here]. | <p>The Association's objects are:</p> <ol style="list-style-type: none"> to engage in activities that improve the well-being of the Association's primary stakeholders (producers, employees, customers and service users); to pursue trading activities that are economically, socially and environmentally sustainable, and which improve the well-being of the Association's primary stakeholders; to promote the development of social entrepreneurship; to advance Co-operative Values and Principles that create social capital through participatory management and democratic governance processes; to abide by the internationally recognised values and principles of co-operative identity as defined by the International Cooperative Alliance, in particular the values of self-help, self-responsibility, democracy, equality and solidarity and the ethical values of honesty, openness, social responsibility and caring for others; to abide by principles of equality of opportunity and oppose forms of discrimination on the grounds of social class, race, ethnic origin, gender, sexual preference, age, disability and religion; and [Add other community interest / public interest objectives here]. |
| 6 | The liability of members is limited. | The liability of members is limited. | The liability of members is defined by the Act used to incorporate the Association. |
| 7 | The Co-operative has the power to do anything which is incidental or conducive to the furtherance of its objects subject to constraints specified in these Articles of Association. | The Company has the power to do anything which is incidental or conducive to the furtherance of its objects subject to constraints specified in these Articles of Association. | The Association has the power to do anything which is incidental or conducive to the furtherance of its objects subject to constraints specified in these Articles of Association. |
| 8 | The Co-operative's initial share capital is [£3] and is allocated to Founder Shareholders: a. [3] Founder Shares of nominal value £1 | The Company's initial share capital is [£1]: a. [1] Founder Shares of nominal value £1 | The Association has no initial share capital. |
| 9 | These rules may be altered only by Special Resolution of all shareholder classes, i.e. passed by a majority of votes cast in each shareholder class separately and an overall 75% of members in favour, on a one-shareholder, one-vote basis. | These rules may be altered only by Special Resolution of all shareholder classes, i.e. passed by a majority of votes cast in each shareholder class separately and an overall 75% of members in favour, on a one-shareholder, one-vote basis. | These Articles of Association may be altered only by Special Resolution of all member classes, i.e. passed by a majority of votes cast in each member class separately, plus an overall 75% of members in favour, on a one-member, one-vote basis. |
| | MEMBERSHIP, CAPITAL AND FAIRSHARES BRANDING | MEMBERSHIP, CAPITAL AND FAIRSHARES BRANDING | MEMBERSHIP, CAPITAL AND FAIRSHARES BRANDING |
| 10 | <p>Membership and Share Capital. The Co-operative is open to applications for membership in the appropriate class without discrimination, subject to making a qualifying contribution agreed by members in General Meeting. A list of qualifying contributions will be made available to current and prospective members, and will specify: the conditions under which a Labour and/or User share will be issued; the transactions with the Co-operative that qualify an applicant for membership in each class:</p> <ul style="list-style-type: none"> If there are qualifying contributions for both Labour and User Shares, the Co-operative may be branded as a FairShares Social Co-operative. If there are qualifying contributions for User Shares, but no qualifying contributions for Labour Shares, the Co-operative may be branded as a FairShares User Co-operative If there are qualifying contributions for Labour Shares, but no qualifying contributions for User Shares, the Co-operative may be branded as a FairShares Worker Co-operative. If there are no qualifying contributions for either User or Labour Shares, the Co-operative is not a FairShares Co-operative, and shall not be entitled to use FairShares Branding, or call itself a FairShares Co-operative / Social Enterprise. <p>(a) Members who satisfy membership criteria shall be issued Labour and/or User shares reflecting their relationship to the co-operative within the terms set out on the Co-operative's application form. The rights and conditions attaching to shares are:</p> <ol style="list-style-type: none"> Founder Shares: issued at par value to the natural or legal persons who found the enterprise; non-transferable; one vote per shareholder at General Meetings; 1p fixed preference dividend; forfeited on holder's death, bankruptcy or insolvency; cancelled without payment on winding up. Labour Shares: issued at par value to natural or legal persons who make at least one qualifying contribution in respect of labour provided to the co-operative; issued in proportion to their labour contribution; non-transferable; one vote per shareholder at General Meetings; forfeited on holder's death, bankruptcy or insolvency; cancelled upon cessation of contracts pertaining to their labour contribution; cancelled without payment on winding up. User Shares: issued at par value to natural or legal persons who make a qualifying contribution in the use of the co-operative's products and services; non-transferable; one vote per shareholder at General Meetings; forfeited on holder's death, bankruptcy or insolvency; cancelled upon the cessation of a | <p>Membership and Share Capital: The Company is open to applications for membership in the appropriate class without discrimination, subject to making a qualifying contribution agreed by members in General Meeting. A list of qualifying contributions will be made available to current and prospective members, and will specify: the conditions under which a Labour and/or User share will be issued; the transactions with the Company that qualify an applicant for membership in each class:</p> <ul style="list-style-type: none"> If there are qualifying contributions for both Labour and User Shares, the Company may be branded as a FairShares Social Enterprise. If there are qualifying contributions for User Shares, but no qualifying contributions for Labour Shares, the Company may be branded as a FairShares User-Owned Social Enterprise If there are qualifying contributions for Labour Shares, but no qualifying contributions for User Shares, the Company may be branded as a FairShares Employee-Owned Social Enterprise. If there are no qualifying contributions for either User or Labour Shares, the Company is not a FairShares Company / Social Enterprise, and shall not be entitled to use FairShares Branding, or call itself a FairShares Company / Social Enterprise. <p>(a) The rights and conditions attaching to shares are:</p> <ol style="list-style-type: none"> Founder Shares: issued at a £1 par value to the natural or legal persons who found the enterprise; non-transferable; one vote per shareholder at General Meetings (except as defined in Clauses 23 and 24); 1p fixed preference dividend; forfeited on holder's death, bankruptcy or insolvency; cancelled without payment on winding up. Labour Shares: issued at par value to natural or legal persons who make at least one qualifying contribution in respect of labour provided to the co-operative; issued in proportion to their labour contribution; non-transferable; one vote per shareholder at General Meetings; forfeited on holder's death, bankruptcy or insolvency; cancelled upon cessation of contracts pertaining to their labour contribution; cancelled without payment on winding up. User Shares: issued at par value to natural or legal persons who make a qualifying contribution in the use of the co-operative's products and services; non-transferable; one vote per shareholder at General Meetings; forfeited on holder's death, bankruptcy or insolvency; cancelled upon the cessation of a trading | <p>Membership. The Association is open to applications for membership in the appropriate class without discrimination, subject to making a qualifying contribution agreed by members in General Meeting. A list of qualifying contributions will be made available to current and prospective members, and will specify: the conditions under which Labour and/or User Membership will be offered; the transactions with the Association that qualify an applicant for membership.</p> <ul style="list-style-type: none"> If there are qualifying contributions for both Labour and User Members, the Association may be branded as a FairShares Association. If there are qualifying contributions for User Members, but no qualifying contributions for Labour Members, the Association may be branded as a FairShares User Association. If there are qualifying contributions for Labour Members, but no qualifying contributions for User Members, the Association may be branded as a FairShares Labour Association. If there are no qualifying contributions for either User or Labour Members, the Association is not a FairShares Association, and shall not be entitled to use FairShares branding, or call itself a FairShares Association. <p>(a) Members who satisfy membership criteria shall be accepted as Labour and/or User Members reflecting their contribution to the Association within the terms set out on the Association's application form. The rights and conditions attaching to membership are:</p> <ol style="list-style-type: none"> Founder Membership: non-transferable; one vote per member at General Meetings; cancelled on the member's death, bankruptcy or insolvency; cancelled on winding up. Labour Membership: offered to natural or legal persons who make at least one qualifying contribution in respect of labour provided to the Association; non-transferable; one vote per member at General Meetings; cancelled on holder's death, bankruptcy or insolvency; cancelled upon cessation of the qualifying contribution; cancelled on winding up. User Membership: offered to natural or legal persons who make a qualifying contribution through use of the association's products and services; non-transferable; one vote per member at General Meetings; cancelled on member's death, bankruptcy or insolvency; cancelled upon a cessation of the qualifying contribution; cancelled on winding up. |

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| | <p>trading relationship; cancelled without payment on winding up.</p> <p>(iv) Investor Shares: issued to any natural or legal person (subject to the statutory maximum allowed by the Act at the time of issue); issued at a par value of £1 to investors of equity capital upon payment; issued as 'Member Shares' to providers of labour in proportion to the Capital Gain created by their labour; issued as 'Member Shares' to customers / service users in proportion to the Capital Gain created by their trading activity; one vote per shareholder in General Meeting; redeemable after [3] years or termination of membership or retirement or death; redeemable by transfer (with compensation at par value) to one of the following:</p> <ol style="list-style-type: none"> A FairShares Labour Association, Employee Benefit Trust or other Co-operative Society established for the purpose of buying and selling (redeeming) Labour shareholders' investor shares and managing them for the benefit of the Co-operative's employees; A FairShares Association, Charitable Trust, Charitable Company or Charitable Incorporated Organisation established for the purpose of buying and selling (redeeming) members' investor shares and manage them for public benefit; A FairShares User Association, Community Interest Company, Community Benefit Society, FairShares Association, Co-operative or Company created or selected to purchase (redeem) members' Investor Shares and manage them for community benefit. <p>(v) Interest at up to [3%] above the bank base rate of the Co-operative's bank will be paid each year on the balance in each members' Investor Share Account subject to any cap applied in Act.</p> <p>(vi) For the avoidance of doubt, upon death, a member's Founder, User and Labour shares are cancelled without payment, and the member's Investor Shares are redeemed at par value and paid into their estate for the benefit of their next of kin.. A member's next of kin may not inherit their Investor Shares.</p> <p>(vii) For the avoidance of doubt, each member has only one vote at General Meetings, irrespective of the number of shares and number of share classes held.</p> <p>(b) Alteration of Share Capital. The Co-operative may issue only new Labour, User or Investor Shares.</p> | <p>relationship; cancelled without payment on winding up.</p> <p>(iv) Investor Shares: issued to any natural or legal person; issued at the fair price to investors of equity capital upon payment; issued as 'Member Shares' to providers of labour in proportion to the Capital Gain created by their labour; issued as 'Member Shares' to customers / service users in proportion to the Capital Gain created by their trading activity; one vote per shareholder in General Meeting; transferable after [3] years or termination of membership or retirement or death (with compensation at the fair price) to one of the following:</p> <ol style="list-style-type: none"> A FairShares Labour Association, Employee Benefit Trust or other Co-operative Society established for the purpose of buying and selling (redeeming) Labour shareholders' investor shares and managing them for the benefit of the Company's employees; A FairShares Association, Charitable Trust, Charitable Company or Charitable Incorporated Organisation established for the purpose of buying and selling (redeeming) members' investor shares and managing them for public benefit; A FairShares User Association, Community Interest Company, Community Benefit Society, FairShares Company or FairShares Co-operative created or selected to purchase (redeem) members' investor shares and manage them for community benefit. <p>(v) For the avoidance of doubt, upon death, a member's Founder, User and Labour shares are cancelled without payment, and the member's Investor Shares will be transferred to other members or organisations established in accordance with Clause 10(a)(iv) with compensation at the Fair Price, then paid into their estate for the benefit of their next of kin. A member's next of kin may not inherit their Investor Shares.</p> <p>(vi) For the avoidance of doubt, each member has only one vote at General Meetings, irrespective of the number of shares and number of share classes held.</p> <p>(b) Alteration of Share Capital. The Company may issue only new Labour, User or Investor Shares.</p> | <p>(iv) For the avoidance of doubt, upon death, a members' Founder, User and Labour memberships are cancelled, and all benefits linked to their memberships cease.</p> <p>(v) For the avoidance of doubt, a member has only one vote at General Meetings, irrespective of the number of memberships they hold.</p> <p>(b) Alteration of Member Classes. The Association may not create additional classes of member, and may only offer Labour or User memberships after formation.</p> |
| 11 | <p>Redemption and Transfer of Investor Shares.</p> <p>(a) Providing a member is not in debt to the Co-operative, their Investor Shares may be redeemed under the following terms using capital in the Co-operative's Redemption Fund. The Redemption Fund is limited to one half of the Co-operative's Reserves at the start of the accounting period.</p> <ol style="list-style-type: none"> If the Redemption Fund contains no funds, members' Investor Shares may not be redeemed except to settle a claim by a member's next of kin following the member's death. Investor Shares can be redeemed after [3] years, on termination of membership or retirement or death or insolvency. If the Redemption Fund contains insufficient funds to satisfy all redemption requests, the members holding Investor Shares longest will be redeemed first. Investor Shares may be transferred (with compensation at par value) to institutions in accordance with Clause 10 (a)(iv). <p>(b) The 5 members with the largest number of Investor Shares should be listed, together with their contact details, at the start of the register of members.</p> <p>(c) Nothing in these rules requires title to securities to be evidenced or transferred by a written instrument if the Act permits otherwise.</p> | <p>Transfer of Investor Shares.</p> <p>(a) Investor Shares may be sold (redeemed) at the 'fair price' (see Clause 15) to institutions in accordance with Clause 10 (a)(iv), providing the Investor Shareholder is not in debt to the Company.</p> <p>(b) The 5 members who have traded the most Investor Shares over the last 5 years should be listed, together with their contact details, at the start of the register of members.</p> <p>(c) Nothing in these articles requires title to securities to be evidenced or transferred by a written instrument if the Act permits otherwise.</p> | <p>Transfer of Member Benefits.</p> <p>Subject to the agreement of the Association's Board of Trustees, a member may transfer the benefits (but not the rights) of membership to:</p> <ol style="list-style-type: none"> An Trust or Co-operative Society established for the benefit of members; A Charitable Trust, Charitable Company or Charitable Incorporated Organisation that creates public benefits consistent with the objects of the Association; A Community Interest Company, Community Benefit Society, FairShares Association, Co-operative or Company that creates community benefits consistent with the objects of the Association. |
| 12 | <p>Equity Capital Stakes. The number of Investor Shares (equity) that can be bought or allocated to a member is capped by the Act. Subject to this cap, the following rules apply:</p> <ol style="list-style-type: none"> Every natural and legal person (management committee member, employee, supplier or self-employed contractor) who makes a qualifying contribution will be offered Labour Shares proportionate to their qualifying contributions at the conclusion of any probationary period agreed by the Co-operative. They will also be offered a chance to purchase Investor Shares to the value of [15%] of their initial labour contract (i.e. a person's annual salary, or projected annual value of the contract for services) after 366 days (1 year + 1 day) of continuous service; Every natural and legal person (user, customer) who makes a qualifying contribution will be offered User Shares in proportion to their qualifying contributions. They will also be offered a chance to purchase Investor Shares to the value of [15%] of the value of their product and service purchases from the Co-operative; The Co-operative may organise a third-party loan or grant of money for an existing member for the purpose of establishing their Investor Shareholding; Subject to special resolution, the provisions in clauses 12 (b) and (c) can be applied to other legal entities (companies, co-operatives, associations, charities etc.) who support | <p>Equity Capital Stakes.</p> <ol style="list-style-type: none"> Every natural and legal person (director, employee, supplier or self-employed contractor) who makes a qualifying contribution will be offered Labour Shares proportionate to their qualifying contributions at the conclusion of any probationary period agreed by the Company. They will also be offered a chance to purchase Investor Shares to the value of [15%] of their initial labour contract (i.e. a person's annual salary, or projected annual value of the contract for services) after 366 days (1 year + 1 day) of continuous service; Every natural and legal person (user, customer) who makes a qualifying contribution will be offered User Shares in proportion to their qualifying contributions. They will also be offered a chance to purchase Investor Shares to the value of [15%] of the value of their product and service purchases from the Company; The Company may organise a third-party loan or grant of money for an existing member for the purpose of establishing their Investor Shareholding; A contract for labour (director, employee or contractor) may specify that part of the remuneration will be made in the form of Investor Shares; After the anniversary of a contract to supply labour(12 months), Investor Shares | <p>Equity Capital Stakes.</p> <p>The Association will not issue Equity Capital Stakes (shares) to members or third parties.</p> |

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| | <p>the work of the Co-operative.</p> <p>(e) The Management Committee (MC) shall not be entitled to withhold share offers or prevent share transfer, or reject applications for membership on the grounds of social class, age, politics, race, creed, religion, culture, ethnic origin, sex or sexual orientation, marital status or disability.</p> | <p>offered by the Directors can be purchased at the then current Fair Price as defined in 15(b) and 15(c);</p> <p>(f) Subject to special resolution, the provisions in clauses 12 (a) to (d) can be applied to other legal entities (companies, co-operatives, associations, charities etc.) who support the work of the Company.</p> <p>(g) The Directors shall not be entitled to withhold share offers or prevent share transfers, or reject applications for membership, on the grounds of social class, age, politics, race, creed, religion, culture, ethnic origin, sex or sexual orientation, marital status or disability.</p> | |
| 13 | <p>Valuation.</p> <p>(a) Pre-emption rights are excluded.</p> <p>(b) The Co-operative is to be valued at the start of every financial year, and this is the "Reference Value".</p> <p>(c) At incorporation, the Reference Value of the Co-operative is £0.</p> <p>(d) Thereafter, the Reference Value shall be calculated from the book value of fixed assets plus 20 (twenty) times the Investor Share for the previous accounting period (see Clause 44).</p> <p>(e) A Class Resolution can require revaluation of the Co-operative or any of its assets.</p> | <p>Valuation.</p> <p>(a) Pre-emption rights are excluded.</p> <p>(b) The Company is valued at the start of every financial year, and this is the "Reference Value".</p> <p>(c) At incorporation, the Reference Value of the Company is £0.</p> <p>(d) Thereafter, the Reference Value shall be calculated as the book value of fixed assets plus 20 (twenty) times the Investor Share for the previous accounting period (see Clause 44).</p> <p>(e) A Class Resolution can require revaluation of the Company or any of its assets.</p> | <p>Valuation.</p> <p>(a) The Association is valued at the start of every financial year, and this is the "Reference Value".</p> <p>(b) At incorporation, the Reference Value of the Association is £0.</p> <p>(c) Thereafter, the Reference Value shall be calculated as the book value of fixed assets plus 7 times the Surplus for the previous accounting period (see Clause 37).</p> <p>(d) A Class Resolution can require revaluation of the Association or any of its assets.</p> |
| 14 | <p>Share Issues</p> <p>(a) The Co-operative may only issue new Labour, User or Investor shares at par value.</p> | <p>Share Issues.</p> <p>(a) Excluding issues of Member Shares, a "Major Issue" of Investor Shares (increasing issued Investor Shares by more than 50% within 6 months) must be at a share price agreed by ordinary resolution.</p> <p>(b) Any other issue of Investor Shares should be at the Fair Price (see 15 (b) and 15 (c)).</p> | <p>Shares</p> <p>The Association may purchase shares in other organisations that support its objects.</p> |
| 15 | <p>Capital Gains and Member Shares.</p> <p>(a) The "Capital Gain Fraction" is 0.5, and may be changed only by special resolution.</p> <p>(b) If the Co-operative's value at the end of an accounting period (the "New Value") is greater than its Reference Value, then Capital Gain = (New Value – Reference Value) x [Capital Gain Fraction] and:</p> <p style="padding-left: 40px;">the "Workers' Gain" is Capital Gain / 2;</p> <p style="padding-left: 40px;">the "Users' Gain" is Capital Gain / 2;</p> <p style="padding-left: 40px;">"Member Shares" equals 1 share for each £1 of Capital Gain.</p> <p>This number of Member Shares shall be issued as Investor Shares to Labour and User Shareholders by any of the following means:</p> <p>i) Issuing new Investor Shares to the value of Workers' Gain credited as fully paid to those holding Labour Shares in proportion to the number of Labour Shares held at the commencement of the accounting period;</p> <p>ii) Issuing new Investor Shares to the value of Users' Gain credited as fully paid to those holding User Shares in proportion to the number of User Shares held at the commencement of the accounting period;</p> <p>iii) Transferring the ownership of Investor Shares (with compensation at par value) from existing investor shareholders who wish to sell to Labour Shareholders in proportion to the number of Labour Shares held at the commencement of the accounting period, capped at the Workers' Gain;</p> <p>iv) Transferring the ownership of Investor Shares (with compensation at par value) from existing investor shareholders who wish to sell to User Shareholders in proportion to the number of User Shares held at the commencement of the accounting period, capped at the Users' Gain;</p> <p>v) Any combination of 15 i) to iv) that has the effect of acquiring for Labour and User Shareholders the number of 'Member Shares' to which they are entitled.</p> <p>Worked Example – Calculating the Capital Gain and Member Shares</p> <p><i>Investor Shares Issued:</i> 45,000</p> <p><i>Capital Gain Fraction:</i> 0.5 (50%)</p> <p><i>Reference Value:</i> £60,000</p> <p><i>New Value:</i> £75,000</p> <p><i>Capital Gain</i> £7,500 (75,000 – 60,000 = 15,000, then multiply by 50% to get 7,500)</p> <p><i>Workers' Gain:</i> = £7,500 / 2 = £3,750</p> <p><i>Users' Gain:</i> = £7,500 / 2 = £3,750</p> <p><i>Number of Member Shares:</i> = 7,500</p> <p><i>Investor Shares (Revised):</i> 45,000 + 7,500 = 52,500</p> <p>The maximum shareholding for each member is capped by the Act – at the time of writing this was 100,000.</p> | <p>Capital Gains, Member Shares and the Fair Price.</p> <p>(a) The "Capital Gain Fraction" is 0.5, and may be changed only by special resolution.</p> <p>(b) If the Company's value at the end of an accounting period (the "New Value") is greater than its Reference Value, then Capital Gain = (New Value – Reference Value) x [Capital Gain Fraction] and:</p> <p style="padding-left: 40px;">the "Workers' Gain" is Capital Gain / 2;</p> <p style="padding-left: 40px;">the "Users' Gain" is Capital Gain / 2;</p> <p style="padding-left: 40px;">the new Fair Price is (New Value – Capital Gain) ÷ (Investor Shares Issued);</p> <p style="padding-left: 40px;">the # of Member Shares is (Capital Gain) ÷ (new Fair Price);</p> <p>This number of Member Shares shall be issued as Investor Shares to Labour and User Shareholders by any of the following means:</p> <p>i) Issuing Investor Shares to the value of Workers' Gain credited as fully paid to those holding Labour Shares in proportion to the number of Labour Shares held at the commencement of the accounting period;</p> <p>ii) Issuing Investor Shares to the value of Users' Gain credited as fully paid to those holding User Shares in proportion to the number of User Shares held at the commencement of the accounting period;</p> <p>iii) Purchasing Investor Shares (at the New Fair Price) from existing investor shareholders to the value of Workers' Gain and then issuing them to Labour Shareholders in proportion to the number of Labour Shares held at the commencement of the accounting period, capped at the Workers' Gain;</p> <p>iv) Purchasing Investor Shares (at the New Fair Price) from existing investor shareholders to the value of Users' Gain and then issuing them to User Shareholders in proportion to the number of User Shares held at the commencement of the accounting period, capped at the Users' Gain;</p> <p>v) Any combination of 15 i) to iv) that has the effect of acquiring for Labour and User Shareholders the number of 'Member Shares' to which they are entitled.</p> <p>(c) Otherwise, the new Fair Price is (New Value) ÷ (number of Investor Shares in issue).</p> <p>Worked Example – Calculating the Fair Price and Member Shares</p> <p><i>Investor Shares Issued:</i> 45,000</p> <p><i>Capital Gain Fraction:</i> 0.5 (50%)</p> <p><i>Reference Value:</i> £60,000 (Existing fair price = £1.33)</p> <p><i>New Value:</i> £75,000</p> <p><i>Capital Gain</i> £7,500 (75,000 – 60,000 = 15,000, then multiply by 50% to get 7,500)</p> <p><i>Workers' Gain:</i> = £7,500 / 2 = £3,750</p> <p><i>Users' Gain:</i> = £7,500 / 2 = £3,750</p> <p><i>New Fair Price</i> = (£75,000 - £7,500) / 45,000 = £1.50</p> <p><i>Number of Member Shares:</i> = 7,500 / 1.5 = 5,000</p> <p><i>Investor Shares (Revised):</i> 45,000 + 5,000 = 50,000</p> | <p>Capital Gains and Members' Investor Accounts</p> <p>(a) The "Capital Gain Fraction" is 0.5, and may be changed only by special resolution.</p> <p>(b) If the Association's value at the end of an accounting period (the "New Value") is greater than its Reference Value, then Capital Gain = (New Value – Reference Value) [Capital Gain Fraction] and:</p> <p style="padding-left: 40px;">the "Workers' Gain" is Capital Gain / 2;</p> <p style="padding-left: 40px;">the "Users' Gain" is Capital Gain / 2;</p> <p style="padding-left: 40px;">Investor Accounts £1 credit for each £1 of Capital Gain.</p> <p>Members' Investor Accounts are restricted funds held for Labour and User Members to allocate to projects developed by the Association's executive/board members. Credits to be issues as follows:</p> <p>i) Credit each Labour Members' Investor Account with [Workers' Gain] / [Number of Labour Members];</p> <p>ii) Credit [Users' Gain] to a restricted fund controlled collectively by User Members.</p> <p>Worked Example – Calculating Member Account Credits</p> <p><i>Capital Gain Fraction:</i> 0.5 (50%)</p> <p><i>Reference Value:</i> £60,000</p> <p><i>New Value:</i> £75,000</p> <p><i>Capital Gain</i> £15,000</p> <p><i>Workers' Gain:</i> = £15,000 * 0.5) / 2 = £3,750</p> <p><i>Users' Gain:</i> = £15,000 * 0.5) / 2 = £3,750</p> <p><i>Credits to Investor Accounts:</i> = £7,500</p> |

| Clause | Co-operative | Company | Association |
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| 16 | <p>Borrowing and Investment.</p> <p>(a) Borrowing: the MC may exercise all the powers of the Co-operative to borrow money at commercial rates, and to mortgage or charge its undertaking, property and assets (present or future) and to issue debentures provided that:</p> <ol style="list-style-type: none"> No borrowing is authorised that exceeds the value of the Reserves unless: <ol style="list-style-type: none"> The lender does not take a charge over the assets of the co-operative; the loan amount or credit agreement is unsecured (i.e. does not require the Co-operative to offer security); the borrowing secures for the co-operative an asset or contract with a value greater than the amount borrowed. The borrowing is authorised by an Ordinary Resolution. <p>(b) Commercial Investments: the MC may exercise all the powers of the Co-operative to make commercial investments, provided that the sum invested does not exceed one half of Reserves.</p> <ol style="list-style-type: none"> The balance of Reserves must be held in current or deposit accounts, low-risk stocks, bonds or accessible savings accounts. <p>(c) Social investments may be made each year in accordance with Clause 10(iv) providing they total no more than one half of the opening balance of the Redemption Fund for that year.</p> | <p>Borrowing and Investment.</p> <p>(a) Borrowing: the Board of Directors may exercise all the powers of the Company to borrow money at commercial rates, and to mortgage or charge its undertaking, property and assets (present or future) and to issue debentures provided that:</p> <ol style="list-style-type: none"> No borrowing is authorised that exceeds the value of the Reserves unless: <ol style="list-style-type: none"> The lender does not take a charge over the assets of the Company; the loan amount or credit agreement is unsecured (i.e. does not require the Company to offer security); the borrowing secures for the Company an asset or contract with a value greater than the amount borrowed. The borrowing is authorised by an Ordinary Resolution. <p>(b) Commercial Investments: the Board may exercise all the powers of the Company to make commercial investments, provided that the sum invested does not exceed one half of Reserves.</p> <ol style="list-style-type: none"> The balance of Reserves must be held in current or deposit accounts, low-risk stocks, bonds or accessible savings accounts. <p>(c) Social investments may be made each year in accordance with Clause 10(iv) providing they total no more than one half of the opening balance of the Redemption Fund for that year.</p> | <p>Borrowing and Investment.</p> <p>(a) Borrowing: the Board of Trustees may exercise all the powers of the Association to borrow money at commercial rates, and to mortgage or charge its undertaking, property and assets (present or future) and to issue debentures provided that:</p> <ol style="list-style-type: none"> No borrowing is authorised that exceeds the value of the Reserves unless: <ol style="list-style-type: none"> The lender does not take a charge over the assets of the Association; the loan amount or credit agreement is unsecured (i.e. does not require the Association to offer security); the borrowing secures for the Association an asset or contract with a value greater than the amount borrowed. The borrowing is authorised by an Ordinary Resolution. <p>(b) Commercial Investments: the Board may exercise all the powers of the Association to make commercial investments, providing that the sum invested does not exceed one half of Reserves.</p> <ol style="list-style-type: none"> The balance of Reserves must be held in current or deposit accounts, low-risk stocks, bonds or accessible savings accounts. <p>(c) Social investments may be made each year in accordance with Clause 10(iv) providing they total no more than one half of the opening balance of the Redemption Fund for that year.</p> |
| | GOVERNANCE | GOVERNANCE | GOVERNANCE |
| 17 | Management Committee (MC) members may call General Meetings and, on the requisition of members holding a tenth or more of the shares in any class, must convene a General Meeting for a date not later than 4 weeks after receipt of the requisition. | The Directors may call General Meetings and, on the requisition of members holding a tenth or more of the shares in any class, must convene a General Meeting for a date not later than 4 weeks after receipt of the requisition. | The Trustee Board (MC) may call General Meetings and, on the requisition of 1/10 th of members must convene a General Meeting for a date not later than 4 weeks after receipt of the requisition. |
| 18 | <p>In each financial year, a minimum of one General Meeting will be held in addition to the Annual General Meeting (AGM).</p> <p>(a) No business shall be transacted at a General Meeting unless a quorum of members is present. Unless and until otherwise decided by General Meeting, two-fifths of the membership shall be the quorum, subject to the number of members being more than [10] and less than [50].</p> <p>(b) In the event of the membership exceeding [50] the quorum shall be [20].</p> <p>(c) In the event of the membership being less than [10], the quorum shall be one-half subject to a minimum of [3].</p> <p>(d) No business shall be transacted at a General Meeting until the meeting has agreed a chairperson. Whenever a President is in post, the President will chair the General Meeting. If a President is not in post, or the President is not present, the meeting will elect one of the MC members to chair the meeting. If no MC member is present, the meeting may elect a chairperson from amongst those present.</p> | <p>In each financial year, a minimum of one General Meeting will be held in addition to the Annual General Meeting (AGM).</p> <p>(a) No business shall be transacted at a General Meeting unless a quorum of members is present. Unless and until otherwise decided by General Meeting, two-fifths of the membership shall be the quorum, subject to the number of members being more than [10] and less than [50].</p> <p>(b) In the event of the membership exceeding [50] the quorum shall be [20].</p> <p>(c) In the event of the membership being less than [10], the quorum shall be one-half subject to a minimum of [3].</p> <p>(d) No business shall be transacted at a General Meeting until the meeting has agreed a chairperson. Whenever a President is in post, the President will chair the General Meeting. If a President is not in post, or the President is not present, the meeting will elect one of the Directors to chair the meeting. If no Director is present, the meeting may elect a chairperson from amongst those present.</p> | <p>In each financial year, a minimum of one General Meeting will be held in addition to the Annual General Meeting (AGM).</p> <p>(a) No business shall be transacted at a General Meeting unless a quorum of members is present. Unless and until otherwise decided by General Meeting, two-fifths of the membership shall be the quorum, subject to the number of members being more than [10] and less than [50].</p> <p>(b) In the event of the membership exceeding [50] the quorum shall be [20].</p> <p>(c) In the event of the membership being less than [10], the quorum shall be one-half subject to a minimum of [3].</p> <p>No business shall be transacted at a General Meeting until the meeting has agreed a chairperson. Whenever a President is in post, the President will chair the General Meeting. If a President is not in post, or the President is not present, the meeting will elect one of the Trustees to chair the meeting. If no Trustee is present, the meeting may elect a chairperson from amongst those present.</p> |
| 19 | <p>The General Meeting can set corporate policy, approve/reject social enterprise plans, and take decisions about acquisition and disposal of property, and partnership arrangements with other organisations.</p> <p>(a) A proposal to acquire another organisation may be taken by Ordinary Resolution.</p> <p>(b) A proposal to merge or sell the Co-operative must be put as a Special Resolution.</p> <p>(c) A proposal to wind up or dissolve the Co-operative must be put as a Special Resolution.</p> | <p>The General Meeting can set corporate policy, approve/reject social enterprise plans, and take decisions about acquisition and disposal of property, and partnership arrangements with other organisations.</p> <p>(a) A proposal to acquire another organisation may be taken by Ordinary Resolution.</p> <p>(b) A proposal to merge or sell the Company must be put as a Special Resolution.</p> <p>(c) A proposal to wind up or dissolve the Company must be put as a Special Resolution.</p> | <p>The General Meeting can set corporate policy, approve/reject social enterprise plans, and take decisions about acquisition and disposal of property, and partnership arrangements with other organisations.</p> <p>(a) A proposal to acquire another organisation may be taken by Ordinary Resolution.</p> <p>(b) A proposal to merge with another Association must be put as a Special Resolution.</p> <p>(c) A proposal to wind up or dissolve the Association must be put as a Special Resolution.</p> |
| 20 | <p>Corporate policy and social enterprise plans are implemented by a Chief Executive Officer or Executive Team appointed by the Directors. The board will stipulate their authority whenever appointed.</p> <p>(a) When no Chief Executive Officer or Executive Team is in post, the director with the most Labour Shares will assume the responsibilities of the Chief Executive Officer until a new Chief Executive Officer or Executive Team can be appointed.</p> <p>(b) If the situation in 20(a) arises, and two or more directors have the same number of Labour Shares, the one with the most Investor Shares will assume the responsibilities of the Chief Executive Officer until a new Chief Executive Officer or Executive Team is appointed.</p> <p>(c) The Chief Executive Officer and Executive Team are responsible to the General Meeting and Board of Directors for the organisation and management of the company and the implementation of the Company's social enterprise plans.</p> | <p>Corporate policy and social enterprise plans are implemented by a Chief Executive Officer or Executive Team appointed by MC Members. The MC will stipulate their authority whenever appointed.</p> <p>(a) When no Chief Executive Officer or Executive Team is in post, the MC member with the most Labour Shares will assume the responsibilities of the Chief Executive Officer until a new Chief Executive Officer or Executive Team can be appointed.</p> <p>(b) If the situation in 20(a) arises, and two or more directors have the same number of Labour Shares, the longest serving member will assume the responsibilities of the Chief Executive Officer until a new Chief Executive Officer or Executive Team is appointed.</p> <p>(c) The Chief Executive Officer or Executive Team is responsible to the General Meeting and MC for the organisation and management of the co-operative and the implementation of the co-operative's social enterprise plans.</p> | <p>Corporate policy and social enterprise plans are implemented by a Chief Executive Officer or Executive Team appointed by Trustees. The Trustees will stipulate their authority whenever appointed.</p> <p>(a) When no Chief Executive Officer or Executive Team is in post, the longest serving Trustee holding a Labour Membership will assume the responsibilities of the Chief Executive Officer until a new Chief Executive Officer or Executive Team can be appointed.</p> <p>(b) If the situation in 20(a) arises, and two or more Trustees have the same length of service as a Labour Member, the responsibilities of the Chief Executive Officer shall be shared between them until a new Chief Executive Officer or Executive Team is appointed.</p> <p>(c) The Chief Executive Officer or Executive Team is responsible to the General Meeting and Trustees for the organisation and management of the Association and the implementation of the Association's social enterprise plans.</p> |

| Clause | Co-operative | Company | Association |
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| 21 | Every Founder, Labour and User Shareholder can attend, speak and propose resolutions at a General Meeting, can stand (subject to clauses 30 and 31) for election as an MC Member and can cast one vote at General Meetings (except as provided for in clauses 23 and 24). | Every Founder, Labour, User and Investor shareholder can attend, speak and propose resolutions at a General Meeting, can stand (subject to clauses 30 and 31) for election as a Director and can cast one vote at General Meetings (except as provided for in clauses 23 and 24). | Every Founder, Labour, User Member can attend, speak and propose resolutions at a General Meeting, can stand (subject to clauses 30 and 31) for election as a Trustee and can cast one vote at General Meetings (except as provided for in clauses 23 and 24). |
| 22 | Any person can act as a proxy for a member at General Meeting. An instrument appointing a proxy must be written in a usual form, or a form approved by the MC Members. (a) A proxy may act for a maximum of one other member at General Meetings (i.e. can cast a maximum of two votes, including their own). | Any person can act as a proxy for a member at General Meeting. An instrument appointing a proxy must be written in a usual form, or a form approved by the Directors. (a) A proxy may act for a maximum of one other member at General Meetings (i.e. can cast a maximum of two votes, including their own). | Any person can act as a proxy for a member at General Meeting. An instrument appointing a proxy must be written in a usual form, or a form approved by the Directors. (a) A proxy may act for a maximum of one other member at General Meetings (i.e. can cast a maximum of two votes, including their own). |
| 23 | Decisions at General Meetings are made by passing resolutions with a show of hands, unless a poll is demanded by at least 2 members. Unless required by law or by these articles, all decisions will be made by Ordinary Resolution, i.e. passed by a simple majority of votes cast. (a) For Ordinary Resolutions taken by a show of hands, Founder, Labour, User and Investor shareholders have one vote each, irrespective of the number of shares held and irrespective of the class(s) of share held. (b) For Ordinary Resolutions where a poll is called, only Labour Shareholders, User Shareholders and Investor Shareholders vote. Each shareholder votes once, irrespective of the number of shares held. Their vote counts toward each shareholder class in which they hold shares. Founder shareholders vote only if they also hold Labour, User and/or Investor Shares. (c) If a poll is requested by at least 2 members, the chairperson must offer each shareholder class a chance to pass a Class Resolution in accordance with the provisions of Clause 25 before proceeding with the poll. | Decisions at General Meetings are made by passing resolutions with a show of hands, unless a poll is demanded by at least 2 members. Unless required by law or by these articles, all decisions will be made by Ordinary Resolution, i.e. passed by a simple majority of votes cast. (a) For Ordinary Resolutions taken by a show of hands, Founder, Labour, User and Investor shareholders have one vote each, irrespective of the number of shares held and irrespective of the class(s) of share held. (b) For Ordinary Resolutions where a poll is called, only Labour Shareholders, User Shareholders and Investor Shareholders vote. Each shareholder votes once, irrespective of the number of shares held. Their vote counts toward each shareholder class in which they hold shares. Founder shareholders vote only if they also hold Labour, User and/or Investor Shares. (c) If a poll is requested by at least 2 members, the chairperson must offer each shareholder class a chance to pass a Class Resolution in accordance with the provisions of Clause 25 before proceeding with the poll. | Decisions at General Meetings are made by passing resolutions with a show of hands, unless a poll is demanded by at least 2 members. Unless required by law or by these articles, all decisions will be made by Ordinary Resolution, i.e. passed by a simple majority of votes cast. (a) For Ordinary Resolutions taken by a show of hands, Founder, Labour and User members have one vote each irrespective of the class(s) of membership held. (b) For Ordinary Resolutions where a poll is called, only Labour Members and User Members shall vote. Each member votes once, irrespective of the number of memberships held. Their vote counts toward each member class in which they hold membership. Founder members vote only if they also have a Labour or User membership. (c) If a poll is requested by at least 2 members, the chairperson must offer each member class a chance to pass a Class Resolution in accordance with the provisions of Clause 25 before proceeding with the poll. |
| 24 | On a show of hands or a poll every member holding a share who is present in person or by proxy, has one vote. (a) In the event of a poll, the total number of labour, user and investor votes for and against the resolution will be recalculated using the following formulae (see clause 44 for [Investor Share Fraction]; see clause 40 for [Labour Share Fraction] and [User Share Fraction]): i) [Investor Votes For] / [Investor Votes Cast] * [Investor Share Fraction] ii) [Investor Votes Against] / [Investor Votes Cast] * [Investor Share Fraction] iii) [Labour Votes For] / [Labour Votes Cast] * [Labour Share Fraction] iv) [Labour Votes Against] / [Labour Votes Cast] * [Labour Share Fraction] v) [User Votes For] / [User Votes Cast] * [User Share Fraction] vi) [User Votes Against] / [User Votes Cast] * [User Share Fraction] (b) The total vote for the resolution is the aggregate of i), iii) and v) (c) The total vote against the resolution is the aggregate of ii), iv) and vi) (d) For the resolution to pass, the aggregate of i), iii) and v) must be greater than 0.5, otherwise the resolution is not passed. Worked Example – Taking a Poll for an Ordinary Resolution at a General Meeting Investor Votes Cast: 30 Investor Votes For: 18 = 18 / 30 * 30% = 18.0% Investor Votes Against: 12 = 12 / 30 * 30% = 12.0% Investor Share Fraction: 30% Labour Votes Cast: 17 Labour Votes For: 5 = 5 / 17 * 35% = 10.3% Labour Votes Against: 12 = 12 / 17 * 35% = 24.7% Labour Share Fraction: 35% User Votes Cast: 170 User Votes For: 40 = 40 / 170 * 35% = 8.2% User Votes Against: 130 = 130 / 170 * 35% = 26.8% User Share Fraction: 35% Total For = 18% + 10.3% + 8.2% = 36.5% Total Against = 12% + 24.7% + 26.8% = 63.5% The resolution is defeated. | On a show of hands or a poll every member holding a share who is present in person or by proxy, has one vote. (a) In the event of a poll, the total number of labour, user and investor votes for and against the resolution will be recalculated using the following formulae (see clause 44 for [Investor Share Fraction]; see clause 40 for [Labour Share Fraction] and [User Share Fraction]): i) [Investor Votes For] / [Investor Votes Cast] * [Investor Share Fraction] ii) [Investor Votes Against] / [Investor Votes Cast] * [Investor Share Fraction] iii) [Labour Votes For] / [Labour Votes Cast] * [Labour Share Fraction] iv) [Labour Votes Against] / [Labour Votes Cast] * [Labour Share Fraction] v) [User Votes For] / [User Votes Cast] * [User Share Fraction] vi) [User Votes Against] / [User Votes Cast] * [User Share Fraction] (b) The total vote for the resolution is the aggregate of i), iii) and v) (c) The total vote against the resolution is the aggregate of ii), iv) and vi) (d) For the resolution to pass, the aggregate of i), iii) and v) must be greater than 0.5, otherwise the resolution is not passed. Worked Example – Taking a Poll for an Ordinary Resolution at a General Meeting Investor Votes Cast: 30 Investor Votes For: 18 = 18 / 30 * 30% = 18.0% Investor Votes Against: 12 = 12 / 30 * 30% = 12.0% Investor Share Fraction: 30% Labour Votes Cast: 17 Labour Votes For: 5 = 5 / 17 * 35% = 10.3% Labour Votes Against: 12 = 12 / 17 * 35% = 24.7% Labour Share Fraction: 35% User Votes Cast: 170 User Votes For: 40 = 40 / 170 * 35% = 8.2% User Votes Against: 130 = 130 / 170 * 35% = 26.8% User Share Fraction: 35% Total For = 18% + 10.3% + 8.2% = 36.5% Total Against = 12% + 24.7% + 26.8% = 63.5% The resolution is defeated. | On a show of hands or a poll every member who is present in person or by proxy, has one vote. (a) In the event of a poll, the total number of labour and user votes for and against the resolution will be recalculated using the following formulae: i) [Labour Votes For] / [Labour Votes Cast] * 0.5 ii) [Labour Votes Against] / [Labour Votes Cast] * 0.5 iii) [User Votes For] / [User Votes Cast] * 0.5 iv) [User Votes Against] / [User Votes Cast] * 0.5 (b) The total vote for the resolution is the aggregate of i) and iii). (c) The total vote against the resolution is the aggregate of ii) and iv). (d) For the resolution to pass, the aggregate of i) and iii) must be greater than 0.5, otherwise the resolution is not passed. Worked Example – Taking a Poll for an Ordinary Resolution at a General Meeting Labour Votes Cast: 17 Labour Votes For: 5 = 5 / 17 * 50% = 14.7% Labour Votes Against: 12 = 12 / 17 * 50% = 35.3% Labour Share Fraction: 50% User Votes Cast: 170 User Votes For: 40 = 40 / 170 * 50% = 11.8% User Votes Against: 130 = 130 / 170 * 50% = 38.2% User Share Fraction: 50% Total For = 14.7% + 11.8% = 26.5% Total Against = 12% + 24.7% = 73.5% The resolution is defeated. |
| 25 | A Class Resolution passed by any shareholder class can amend an Ordinary Resolution so that it becomes a Special Resolution (with the exception of contract terminations described in clause 51). (a) A Special Resolution is passed if: i. a majority of votes cast in each shareholder class separately (on a one-shareholder one-vote basis) are in favour of the resolution; ii. at least 75% of all members cast their vote in favour of the resolution, irrespective of shareholder class, on a one-shareholder one-vote basis. | A Class Resolution passed by any shareholder class can amend an Ordinary Resolution so that it becomes a Special Resolution (with the exception of contract terminations described in clause 51). (a) A Special Resolution is passed if: i. a majority of votes cast in each shareholder class separately (on a one-shareholder one-vote basis) are in favour of the resolution; ii. at least 75% of all members cast their vote in favour of the resolution, irrespective of shareholder class, on a one-shareholder one-vote basis. | A Class Resolution passed by any member class can amend an Ordinary Resolution so that it becomes a Special Resolution (with the exception of contract terminations described in clause 51). (a) A Special Resolution is passed if: i. a majority of votes cast in each member class separately (on a one-member one-vote basis) are in favour of the resolution; ii. at least 75% of all members cast their vote in favour of the resolution, irrespective of member class, on a one-member one-vote basis. |

| Clause | Co-operative | Company | Association |
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| 26 | Unless a poll is demanded, a declaration by the chairperson at the meeting that a resolution has, on a show of hands, been carried or lost and an entry to that effect in the book containing the minutes of the proceedings shall be conclusive evidence of the fact without proof of the number or proportions of the votes recorded in favour or against a resolution. | Unless a poll is demanded, a declaration by the chairperson at the meeting that a resolution has, on a show of hands, been carried or lost and an entry to that effect in the book containing the minutes of the proceedings shall be conclusive evidence of the fact without proof of the number or proportions of the votes recorded in favour or against a resolution. | Unless a poll is demanded, a declaration by the chairperson at the meeting that a resolution has, on a show of hands, been carried or lost and an entry to that effect in the book containing the minutes of the proceedings shall be conclusive evidence of the fact without proof of the number or proportions of the votes recorded in favour or against a resolution. |
| 27 | A written resolution signed by all members is valid as if properly passed at a General Meeting. | A written resolution signed by all members is valid as if properly passed at a General Meeting. | A written resolution signed by all members is valid as if properly passed at a General Meeting. |
| 28 | The proceedings of a meeting are not invalidated by the accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, a person entitled to receive notice. | The proceedings of a meeting are not invalidated by the accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, a person entitled to receive notice. | The proceedings of a meeting are not invalidated by the accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, a person entitled to receive notice. |
| 29 | <p>Management Committee Members (Directors). The Co-operative shall have a Management Committee (MC) of between three and [nine] members, except in the following circumstances:</p> <p>(a) The Co-operative is in receipt of grant or loan funding from a public authority, charitable body or other asset-locked organisation (e.g. a credit union, community cooperative or community interest company), in which case the minimum number of Directors shall be three representing at least two shareholder classes, with at least one financial specialist.</p> <p>(b) The Co-operative has [50] or more members, in which case the minimum number of directors shall be five with at least one representing each shareholder class, and at least one financial specialist.</p> | <p>Directors. The Company shall have a Board of between one and [nine] directors except in the circumstances described in clauses 29(a) and (b). A sole director shall have authority to exercise all the powers and authorities vested in the Directors unless:</p> <p>(a) The company is in receipt of grant or loan funding from a public authority, charitable body or other asset-locked organisation (e.g. a credit union, community cooperative or community interest company), in which case the minimum number of directors shall be three representing at least two shareholder classes, with at least one financial specialist.</p> <p>(b) The company has [50] or more members, in which case the minimum number of directors shall be five with at least one representing each shareholder class, with at least one financial specialist.</p> | <p>Trustees. The Association shall have a Board of between three and [nine] Trustees except in the circumstances described in 29(a) and (b):</p> <p>(a) The Association is in receipt of grant or loan funding from a public authority, charitable body or other asset-locked organisation (e.g. a credit union, community cooperative or community interest company), in which case the minimum number of Trustees shall be three representing at least two member classes, with at least one financial specialist.</p> <p>(b) The Association has [50] or more members, in which case the minimum number of Trustee shall be five with at least one representing each member class, with at least one financial specialist.</p> |
| 30 | <p>If the Co-operative has fewer than [50] members, MC members will be proposed by the Founders or existing MC members and confirmed by Ordinary Resolution.</p> <p>(a) Co-operative directors may freely negotiate contracts of any value until the Co-operative files its first set of accounts. Thereafter, the MC may freely negotiate contracts to the value of [25%] of the co-operative's annual turnover (as reported in the previous year's filed accounts). Contracts in excess of this amount require General Meeting approval.</p> <p>(b) A director may be removed at General Meeting by Ordinary Resolution.</p> | <p>If the Company has fewer than [50] members, directors will be proposed by the Founders or existing Directors and approved by a vote of existing directors.</p> <p>(a) Directors may freely negotiate contracts of any value until the Company files its first set of accounts. Thereafter, directors may freely negotiate contracts to the value of [25%] of the company's annual turnover (as reported in the previous year's filed accounts). Contracts in excess of this amount require General Meeting approval.</p> <p>(b) A director may be removed at General Meeting by an Ordinary Resolution, or after a vote of no-confidence at a meeting of the Directors.</p> | <p>If the Association has fewer than [50] members, Trustees will be proposed by the Founders or existing Trustees and approved by a vote of existing Trustees.</p> <p>(a) Trustees may freely negotiate contracts of any value until the Association files its first set of accounts. Thereafter, Trustees may freely negotiate contracts to the value of [25%] of the Association's annual turnover (as reported in the previous year's filed accounts). Contracts in excess of this amount require General Meeting approval.</p> <p>(b) A Trustee may be removed at General Meeting by an Ordinary Resolution, or after a vote of no-confidence at a meeting of existing Trustees.</p> |
| 31 | <p>If the Co-operative has [50] or more members, directors and a president will be elected annually as follows.</p> <p>(a) Labour Shareholders will elect a maximum of [two] directors (one will be subject to re-election by rotation every two-years).</p> <p>(b) User Shareholders will elect a maximum of [two] directors (one will be subject to re-election by rotation every two-years).</p> <p>(c) Investor Shareholders (if applicable) will elect a maximum of [two] directors (one will be subject to re-election by rotation every two-years).</p> <p>(d) Founder Shareholders will elect a maximum of [two] directors, who may be removed only by the provisions set out in 31(f).</p> <p>(e) A maximum of [one] director may be appointed (co-opted) by the other directors for their specialist financial skills.</p> <p>(f) A director may be removed from office at any General Meeting by a Class Resolution of a shareholder class that elected him or her, or by Ordinary Resolution.</p> <p>(g) A Co-operative President will be elected from amongst the MC members on a poll of all shareholders (one vote per shareholder) at the Annual General Meeting. The President has a non-executive role in the running of the Co-operative, and is responsible for overseeing MC meetings, maintaining the public image of the Co-operative, and facilitating good communications between MC Members and co-operative members. The President has a casting vote at MC and General Meetings, but is not required to use it.</p> <p>(h) In the absence of a President, or if a President is not elected, the holder(s) of Founder Shares will fulfil this role (as set out in 31(g)).</p> <p>(i) A director cannot be removed by other directors except at General Meeting (as set out in 31 (f)).</p> <p>(j) Co-operative directors may freely negotiate contracts to the value of [12.5%] of the Co-operative's annual turnover (as reported in the previous year's filed accounts). Contracts in excess of this amount require General Meeting approval.</p> | <p>If the Company has [50] or more members, directors and a president will be elected annually as follows.</p> <p>(a) Labour Shareholders will elect a maximum of [two] directors (one will be subject to re-election by rotation every two-years), following Table A of the Companies Act 1985.</p> <p>(b) User Shareholders will elect a maximum of [two] directors (one will be subject to re-election by rotation every two-years), following Table A of the Companies Act 1985.</p> <p>(c) Investor Shareholders (if applicable) will elect a maximum of [two] directors (one will be subject to re-election by rotation every two-years), following Table A of the Companies Act 1985.</p> <p>(d) Founder Shareholders will elect a maximum of [two] directors, who may be removed only by the provisions set out in 31(f).</p> <p>(e) A maximum of [one] director may be appointed (co-opted) by the other directors for their specialist financial skills.</p> <p>(f) A director may be removed from office at any General Meeting by a Class Resolution of a shareholder class that elected him or her, or by Ordinary Resolution.</p> <p>(g) A Company President will be elected from the Directors on a poll of all shareholders (one vote per shareholder) at the Annual General Meeting. The President has a non-executive role in the running of the Company, and is responsible for overseeing board meetings, maintaining the public image of the Company, and facilitating good communications between Directors and company members. The President has a casting vote at board and General Meetings, but is not required to use it.</p> <p>(h) In the absence of a President, or if a President is not elected, the holder(s) of Founder Shares will fulfil this role (as set out in 31(g)).</p> <p>(i) A Director cannot be removed by other Directors except at General Meeting (as set out in 31 (f)).</p> <p>(j) Company directors may freely negotiate contracts to the value of [12.5%] of the Company's annual turnover (as reported in the previous year's filed accounts). Contracts in excess of this amount require General Meeting approval.</p> | <p>If the Association has [50] or more members, Trustees and a President will be elected annually as follows.</p> <p>(a) Labour Members will elect a maximum of [two] Trustees (one will be subject to re-election by rotation every two-years).</p> <p>(b) User Members will elect a maximum of [two] Trustees (one will be subject to re-election by rotation every two-years).</p> <p>(c) Founder Members will elect a maximum of [two] Trustees, who may be removed only by the provisions set out in 31(f).</p> <p>(d) A maximum of [one] Trustee may be appointed (co-opted) by the other Trustees for their specialist financial skills.</p> <p>(e) A Trustee may be removed from office at any General Meeting by a Class Resolution of a member class that elected him or her, or by Ordinary Resolution.</p> <p>(f) A President will be elected from the Trustees on a poll of all members (one vote per member) at the Annual General Meeting. The President has a non-executive role in the running of the Association, and is responsible for overseeing board meetings, maintaining the public image of the Association, and facilitating good communications between Trustees and association members. The President has a casting vote at board and General Meetings, but is not required to use it.</p> <p>(g) In the absence of a president, or if a president is not elected, the holder(s) of Founder Shares will fulfil this role (as set out in 31(g)).</p> <p>(h) A Trustee cannot be removed by other Trustees except at General Meeting (as set out in 31 (f)).</p> <p>(i) Association Trustees may freely negotiate contracts to the value of [12.5%] of the Association's annual turnover (as reported in the previous year's filed accounts). Contracts in excess of this amount require General Meeting approval.</p> |
| 32 | <p>MC meetings may be held between General Meetings by any means defined within the Act (as amended by the Electronic Communications Order 2011).</p> <p>(a) All acts done by any meeting of the MC or by any person acting as a member of the MC, even if it be afterwards discovered that there was some defect in the appointment of any MC member or person acting as such, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be an MC member.</p> | <p>Directors' meetings may be held between General Meetings by any means defined within the Act (as amended by the Electronic Communications Order 2011).</p> <p>(a) All acts done by any meeting of the Directors or by any person acting as a member of the Board shall, even if it be afterwards discovered that there was some defect in the appointment of any Board members or person acting as such, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Board member.</p> | <p>Trustees' meetings may be held between General Meetings by any means defined within the Act, including video and audio conferencing.</p> <p>(a) All acts done by any meeting of the Trustees or by any person acting as a member of the Board shall, even if it be afterwards discovered that there was some defect in the appointment of any Board members or person acting as such, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Board member.</p> |

| Clause | Co-operative | Company | Association |
|--------|--|---|--|
| | EXPENSES, BENEFITS and PAY | EXPENSES, BENEFITS and PAY | EXPENSES, BENEFITS and PAY |
| 33 | <p>Providers of labour (management committee members, employees, self-employed contractors) shall be paid reasonable expenses wholly incurred in relation to furthering the interests of the Co-operative.</p> <p>(a) A schedule of acceptable fringe benefits and expenses may be agreed by Ordinary Resolution. Any expenses paid, or fringe benefits provided, outside the scope of an agreed schedule must be itemised in the annual accounts.</p> <p>(b) Fringe benefits and expenses must be itemised and recorded in such a way that they can be inspected by any member during normal office hours.</p> | <p>Providers of labour (directors, employees, self-employed contractors) shall be paid reasonable expenses wholly incurred in relation to furthering the business of the Company.</p> <p>(a) A schedule of acceptable fringe benefits and expenses may be agreed by Ordinary Resolution. Any expenses paid, or fringe benefits provided, outside the scope of an agreed schedule must be itemised in the annual accounts.</p> <p>(b) Fringe benefits and expenses must be itemised and recorded in such a way that they can be inspected by any member during normal office hours.</p> | <p>Providers of labour (Trustees, employees, self-employed contractors) shall be paid reasonable expenses wholly incurred in relation to furthering the business of the Association.</p> <p>(a) A schedule of acceptable fringe benefits and expenses may be agreed by Ordinary Resolution. Any expenses paid, or fringe benefits provided, outside the scope of an agreed schedule must be itemised in the annual accounts.</p> <p>(b) Fringe benefits and expenses must be itemised and recorded in such a way that they can be inspected by any member during normal office hours.</p> |
| 34 | <p>Remuneration has three components: Basic Wages (“Pay”), Labour Share dividends and Investor Shares.</p> <p>(a) Each provider of labour is subject to one or more contracts (employment contract, contract for services or co-operative membership) which controls the manner in which they are remunerated for their labour. These articles, including subsequent modifications, are part of any contract between the Co-operative and those providing labour (management committee members, shareholders, employees, self-employed contractors). All members of the Co-operative shall be provided with a copy of these rules upon agreement or variation of a contract to supply labour.</p> <p>(b) Labour may be recognised solely through co-operative membership and remunerated solely through Labour Share dividends. A formal contract of employment will be issued if, in the view of the MC, ‘employee status’ tests used in employment tribunals have been, or are expected to be, satisfied (i.e. a person works regular hours, receives regular pay, has agreed holiday entitlements and is subject to regular supervision etc.).</p> <p>(c) If the Co-operative issues contracts of employment to members of staff, the maximum ratio between the hourly rate of the highest and lowest paid member of staff shall be [3:1]. This ratio can only be amended by a Class Resolution in a meeting of Labour Shareholders. This ratio may not be amended by Ordinary Resolution.</p> <p>(d) At the start of each accounting period, if the Co-operative has any employees, an amount equal to (Basic Wages × Current Inflation Rate) will be set aside for increases in Basic Wages. The application of any remuneration system to employees and self-employed contractors is at the discretion of the CEO or Executive Team (unless overridden by the procedure set out in clause 49). If the budget for increases in remuneration is not distributed within an accounting period, any unused part must be issued as Investor Shares to Labour Shareholders in proportion to Labour Shareholdings.</p> <p>(e) An increase in the budget set in 34(d) can only be passed by Special Resolution.</p> <p>(f) MC members’ pay and conditions follow the same principles as other co-operative members and employees.</p> | <p>Remuneration has three components: Basic Wages (“Pay”), Labour Share dividends and Investor Share dividends.</p> <p>a. Each provider of labour is subject to one or more contracts (employment contract, contract for services or company membership) which controls the manner in which they are remunerated for their labour. These articles, including subsequent modifications, are part of any contract between the Company and those providing labour (directors, shareholders, employees, self-employed contractors). All members of the company shall be provided with a copy of these rules upon agreement or variation of a contract to supply labour.</p> <p>b. Labour may be recognised solely through company membership and remunerated solely through Labour Share dividends. A formal contract of employment will be issued if, in the view of the Directors, ‘employee status’ tests used in employment tribunals have been, or are expected to be, satisfied (i.e. a person works regular hours, receives regular pay, has agreed holiday entitlements and is subject to regular supervision etc.).</p> <p>c. If the Company issues contracts of employment to members of staff, the maximum ratio between the hourly rate of the highest and lowest paid member of staff shall be [3:1]. This ratio can only be amended by a Class Resolution in a meeting of Labour Shareholders. This ratio may not be amended by Ordinary Resolution or Special Resolution.</p> <p>d. At the start of each accounting period, if the Company has any employees, an amount equal to (Basic Wages × Current Inflation Rate) will be set aside for increases in Basic Wages. The application of any remuneration system to employees and self-employed contractors is at the discretion of the CEO or Executive Team (unless overridden by the procedure set out in clause 49). If the budget for increases in remuneration is not distributed within an accounting period, any unused part must be distributed as Investor Shares in proportion to Labour Shareholdings.</p> <p>e. An increase in the budget set in 34(d) can only be passed by Special Resolution.</p> <p>f. Directors’ pay and conditions follow the same principles as other Company members and employees.</p> | <p>Remuneration has one component: Basic Wages (“Pay”).</p> <p>a. Each provider of labour is subject to one or more contracts (employment contract, contract for services or Association membership) which controls the manner in which they are remunerated for their labour. These articles, including subsequent modifications, are part of any contract between the Association and those providing labour (Trustees, members, employees, self-employed contractors). All members of the Association shall be provided with a copy of these rules upon agreement or variation of a contract to supply labour.</p> <p>b. Labour may be recognised solely through Association membership. A formal contract of employment will be issued if, in the view of the trustees, ‘employee status’ tests used in employment tribunals have been, or are expected to be, satisfied (i.e. a person works regular hours, receives regular pay, has agreed holiday entitlements and is subject to regular supervision etc.). If employee status tests are not met, the Trustees may consider negotiating a volunteer agreement for Labour Members.</p> <p>c. If the Association issues contracts of employment to members of staff, the maximum ratio between the hourly rate of the highest and lowest paid member of staff shall be [3:1]. This ratio can only be amended by a Class Resolution in a meeting of Labour Members. This ratio may not be amended by Ordinary Resolution or Special Resolution.</p> <p>d. At the start of each accounting period, if the Association has any employees, an amount equal to (Basic Wages × Current Inflation Rate) will be set aside for increases in Basic Wages. The application of any remuneration system to employees and self-employed contractors is at the discretion of the CEO or Executive Team (unless overridden by the procedure set out in clause 49). If the budget for increases in remuneration is not distributed within an accounting period, any unused part must be distributed to Members’ Investor Accounts in equal proportions.</p> <p>e. An increase in the budget set in 34(d) can only be passed by Special Resolution.</p> <p>f. Trustees’ do not receive Pay, but will otherwise enjoy the same terms and conditions as other Association members and employees, except where this is in conflict with the Act (where appropriate).</p> |
| 35 | <p>(a) “Total Revenue” means sales plus earnings from services provided plus any other income, but excludes proceeds of new issues of securities or loans obtained.</p> <p>(b) “Profit” is equal to Total Revenue less cost of materials and services less depreciation less rents less interest.</p> | <p>(a) “Total Revenue” means sales plus earnings from services provided plus any other income, but excludes proceeds of new issues of securities or loans obtained.</p> <p>(b) “Profit” is equal to Total Revenue less the cost of materials and services, less depreciation, less rents, less interest.</p> | <p>(c) “Total Revenue” means sales plus earnings from services provided plus any other income, but excludes proceeds of new issues of securities or loans obtained.</p> <p>(d) “Profit” is equal to Total Revenue less the cost of materials and services, less depreciation, less rents, less interest.</p> |
| 36 | “Associated Costs” means the costs directly associated with a given amount of Pay, including employee’s and employer’s contributions to insurance schemes, superannuation, healthcare plan, childcare, staff club and any other benefits deducted from pay, together with sickness, maternity, paternity or other statutory pay, and Pay-As-You-Earn income tax. | “Associated Costs” means the costs directly associated with a given amount of Pay, including employee’s and employer’s contributions to insurance schemes, superannuation, healthcare plan, childcare, staff club and any other benefits deducted from pay, together with sickness, maternity, paternity or other statutory pay, and Pay-As-You-Earn income tax. | “Associated Costs” means the costs directly associated with a given amount of Pay, including employee’s and employer’s contributions to insurance schemes, superannuation, healthcare plan, childcare, staff club and any other benefits deducted from pay, together with sickness, maternity, paternity or other statutory pay, and Pay-As-You-Earn income tax. |
| 37 | <p>“Surplus” is equal to Profit, less Pay including their Associated Costs, less Corporation Tax.</p> <p>(a) The first [£10,000] of surplus or 30% of profits (whichever is greater) will be allocated to Reserves as working capital. This amount will be deducted from Surplus before calculating User Share Dividends, Labour Share Dividends and Investor Share Interest.</p> <p>(b) Half the amount transferred to Reserve will set aside as a Redemption Fund to satisfy member requests to redeem Investor Shares as set out in Clause 11.</p> | <p>“Surplus” is equal to Profit, less Pay including their Associated Costs, less Corporation Tax.</p> <p>(a) The first [£10,000] of Surplus or 30% of Profits (whichever is greater) will be allocated to Reserves as working capital. This amount will be deducted from Surplus before calculating User Share Dividends, Labour Share Dividends and Investor Share Dividends.</p> <p>(b) Half of the Surplus transferred to reserves will be held in a “Redemption Fund”, set aside to fund the creation of organisations defined in Clause 10(a)(iv) that enable members to sell their Investor Shares.</p> | <p>“Surplus” is equal to Profit, less Pay including their Associated Costs, less Corporation Tax.</p> <p>(a) The first [£10,000] of Surplus or 30% of Profits (whichever is greater) will be allocated to Reserves as working capital. This amount will be deducted from Surplus before calculating the credits to pay into members’ Investor Accounts (see Clause 15).</p> <p>(b) Half of the Surplus transferred to reserves will be held in a “Social Investment Fund”, set aside to fund the creation of organisations defined in Clause 10(a)(iv) that enable members to transfer member benefits to organisations that pursue member, community and public benefit consistent with the objects of the Association.</p> |
| 38 | <p>Additional Capital Expenditure, Extraordinary and Research and Development Costs in excess of [£5,000] not financed by a fundraising campaign must either:</p> <p>(a) be deducted from Surplus, <i>or</i></p> <p>(b) be paid for from Reserves,</p> <p>or as determined by special resolution or a qualified accountant. Any member may ask a qualified accountant to determine if an item comes under these categories.</p> | <p>Additional Capital Expenditure, Extraordinary and Research and Development Costs in excess of [£5,000] not financed by an Investor Share Issue must either:</p> <p>(a) be deducted from Surplus in exchange for new Investor Shares credited as fully-paid, <i>or</i></p> <p>(b) be paid for from Reserves,</p> <p>or as determined by special resolution or a qualified accountant. Any member may ask a qualified accountant to determine if an item comes under these categories.</p> | <p>Additional Capital Expenditure, Extraordinary and Research and Development costs in excess of [£5,000] must either:</p> <p>(a) be deducted from Surplus in exchange for credits to members’ Investor Accounts, <i>or</i></p> <p>(b) be paid for from Reserves,</p> <p>or as determined by special resolution or a qualified accountant. Any member may ask a qualified accountant to determine if an item comes under these categories.</p> |
| 39 | “Labour Share” and “User Share” . The Labour and User Share of Surplus, distributed in | “Labour Share” and “User Share” . The Labour and User Share of Surplus, distributed in | “Labour Share” and “User Share” . The Labour and User Share of Surplus, distributed as |

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| | <p>dividends, is calculated by multiplying [Surplus] (if greater than zero) for the relevant period by the [Labour Share Fraction] and [User Share Fraction]. If [Surplus] is less than or equal to zero, no Labour Share Dividends or User Share Dividends are paid.</p> <p>(a) In the event that there are no Labour Shareholders to pay dividends, the Co-operative shall establish or increase a restricted fund to the value of the Labour Share. The MC may exercise discretion on how to allocate the restricted fund to projects that improve the well-being of the Co-operative's workforce.</p> <p>(b) In the event that there are no User Shareholders to pay dividends, the Co-operative shall establish or increase a restricted fund to the value of the User Share. The MC may exercise discretion on how to allocate the restricted fund to projects that improve the well-being of the Co-operative's users.</p> | <p>dividends, is calculated by multiplying [Surplus] (if greater than zero) for the relevant period by the [Labour Share Fraction] and [User Share Fraction]. If [Surplus] is less than or equal to zero, no Labour Share or User Share dividends are paid.</p> <p>(a) In the event that there are no Labour Shareholders to pay dividends, the Company shall establish or increase a restricted fund to the value of the Labour Share. The Board of Directors may exercise discretion on how to allocate the restricted fund to projects that improve the well-being of the Company's workforce.</p> <p>(b) In the event that there are no User Shareholders to pay dividends, the Company shall establish or increase a restricted fund to the value of the User Share. The Board of Directors may exercise discretion on how to allocate the restricted fund to projects that improve the well-being of the Company's users.</p> | <p>credits to members' Investor Accounts, is calculated by multiplying [Surplus] (if greater than zero) for the relevant period by the [Labour Share Fraction] and [User Share Fraction]. If [Surplus] is less than or equal to zero, no Labour Share or User Share is credited to members' Investor Accounts.</p> <p>(a) In the event that there are no Labour Members, the Association shall establish or increase a restricted fund to the value of the Labour Share. The Board of Trustees may exercise discretion on how to allocate this restricted fund to projects that improve the well-being of the Association's workforce.</p> <p>(b) In the event that there are no User Members, the Association shall establish or increase a restricted fund to the value of the User Share. The Board of Trustees may exercise discretion on how to allocate the restricted fund to projects that improve the well-being of the Association's users.</p> |
| 40 | <p>“Labour Share Fraction” and “User Share Fraction”</p> <p>(a) The Labour Share Fraction is [0.35] and User Share Fraction is [0.35] and may be changed only by Special Resolution.</p> <p>(b) No Labour or User Shareholder may receive a dividend of more than [Surplus] x [Labour Share Fraction].</p> | <p>“Labour Share Fraction” and “User Share Fraction”</p> <p>(a) The Labour Share Fraction is [0.35] and User Share Fraction is [0.35] and may be changed only by Special Resolution. If the Labour Share Fraction or User Share Fraction is decreased, Investor Shares credited as fully paid at the fair price must be given to holders of Labour and User Shares in proportion to the projected loss of dividends for the next 3 years.</p> <p>(b) No Labour or User Shareholder may receive a dividend of more than [Surplus] x [Labour Share Fraction].</p> | <p>“Labour Share Fraction” and “User Share Fraction”</p> <p>The Labour Share Fraction is [0.35] and the User Share Fraction is [0.35] and may be changed only by Special Resolution.</p> |
| 41 | <p>“Labour Share Dividends” and “User Share Dividends”</p> <p>At the end of an accounting period, the Labour Share and User Share will be issued to each Labour and User shareholder in the form of new Investor Shares. The number of Investor Shares issued is based on the following calculations:</p> $\begin{aligned} &[\text{Labour Share}] \times (\text{Member's Labour Shareholding} / \text{All Issued Labour Shares}) \\ &+ \\ &[\text{User Share}] \times (\text{Member's User Shareholding} / \text{All Issued User Shares}). \end{aligned}$ | <p>“Labour Share Dividends” and “User Share Dividends”</p> <p>At the end of an accounting period, the Labour Share and User Share are distributed as dividends to each Labour and User shareholder using the following formulae:</p> $\begin{aligned} &[\text{Labour Share}] \times (\text{Member's Labour Shareholding} / \text{All Issued Labour Shares}). \\ &[\text{User Share}] \times (\text{Member's User Shareholding} / \text{All Issued User Shares}) \end{aligned}$ | <p>“Labour Member Credits” and Restricted Funds for Labour and User Members</p> <p>At the end of an accounting period, the Labour Share is credited <i>pro rata</i> to Labour members' Investor Accounts:</p> <p>a) The total Labour Share distributed is added to a restricted fund that can be allocated only by Labour Members (up to the maximum in their Investor Accounts). If there are no Labour Members, clause 39 applies for the purposes of allocating the fund.</p> <p>b) The total User Share distributed is added to a restricted fund that can be allocated only by User Members. If there are no User Members, clause 39 applies for the purposes of allocating the fund.</p> <p>c) If the Association has Labour Members, the Labour Share shall be managed by them.</p> <p>d) If the Association has User Members, the User Share shall be managed by them.</p> <p>e) The elected representative(s) of Labour Members shall be responsible for convening meetings of Labour Members to agree social investment projects that are consistent with the objects of the Association. Each Labour Member shall choose individually which project their proportion of the Labour Share shall support.</p> <p>f) The elected representative(s) of User Members shall be responsible for convening meetings of User Members to agree social investment projects that are consistent with the objects of the Association. User Members shall vote collectively on which projects to support.</p> |
| 42 | At the discretion of the MC members, members and employees may be advanced a proportion of their projected Labour Share dividends on a regular basis in addition to monthly Pay. Advances must be listed in the Annual Accounts and deducted from the Labour Share before calculating Labour Share Dividends. | At the discretion of the directors, members and employees may be advanced a proportion of their projected Labour Share dividends on a regular basis in addition to monthly Pay. Advances must be listed in the Annual Accounts and deducted from the Labour Share before calculating Labour Share Dividends. | No money from the Labour Share or User Share restricted funds may be paid out for the private benefit of individual Labour or User Members. The money shall be spent in ways that are consistent with the objects of the Association. For the avoidance of doubt, spending on the welfare needs of Labour and User members shall be deemed <i>consistent</i> with the objects of the Association. |
| 43 | Providers of labour (management committee members, employees, self-employed contractors) may, subject to mutual consent, be part-paid by the issue of Investor Shares, credited as fully paid. | Providers of labour (directors, employees, self-employed contractors) may, subject to mutual consent, be part-paid by the issue of Investor Shares, credited as fully paid. | No money from the Labour Share or User Share may be paid out for the private benefit of Founder Members. |
| 44 | <p>Investor Share Dividends are paid after Labour and User Share dividends.</p> <p>(a) The “Investor Share Fraction” is [0.30] and the “Investor Share” is [Surplus] x [Investor Share Fraction]. This may be changed only by Special Resolution.</p> <p>(b) No dividends are paid on Investor Shares. Interest is payable (see Clause 10(v)) subject to a cap which is calculated as follows:</p> $[\text{Surplus}] \times [\text{Investor Share Fraction}] \times (1 - [\text{Capital Gain Fraction}]).$ <p>(c) Interest is divided <i>pro rata</i> between all Investor Shareholders based on the number of Investor Shares held by each member <i>before</i> Member Shares are allocated for the same accounting period.</p> <p>(d) The interest must be paid within [6] calendar months of the end of the accounting period. Interest at the Co-operative's Bank overdraft rate is to accumulate on unpaid interest after this time.</p> | <p>Investor Share Dividends are paid after Labour and User Share dividends.</p> <p>(a) The “Investor Share Fraction” is [0.30] and the “Investor Share” is [Surplus] x [Investor Share Fraction]. This may be changed only by special resolution.</p> <p>(b) The Investor Share Dividend paid in any accounting period is the lowest of the following:</p> <ol style="list-style-type: none"> that which may be paid by law; the [Investor Share] x (1 – [Capital Gain Fraction]); <i>and</i> the balance of the profit and loss account, if greater than zero; <p>(c) otherwise it is zero.</p> <p>(d) The dividend is divided equally between all Investor Shares.</p> <p>(e) Dividends, if payable, must be paid within [6] calendar months of the end of the accounting period. Interest at the Company's bank overdraft rate is to accumulate on unpaid dividends after this time.</p> | <p>Investor Account Credits are paid after Labour and User Member Credits.</p> <p>(a) The “Investor Share Fraction” is [0.3] and the “Investor Share” is [Surplus] x [Investor Share Fraction]. This may be changed only by special resolution.</p> <p>(b) Investor Account credits in any accounting period is the lowest of the following:</p> <ol style="list-style-type: none"> the [Investor Share] x (1 – [Capital Gain Fraction]); <i>and</i> the balance of the profit and loss account, if greater than zero; <p>(c) otherwise it is zero.</p> <p>(d) The credits are divided equally between all members' with an Investor Account and may be allocated by each member to social investment projects consistent with the objects of the Association.</p> |
| 45 | Cash Instead of Shares. The MC can offer all Investor Shareholders a chance to receive cash payments instead of taking their Labour and User Share Dividends as new Investor Shares. | Shares instead of dividends. The directors can offer all Investor shareholders the choice of receiving additional Investor Shares credited as fully paid, instead of some or all of the dividend. The directors must specify a procedure fair to all Investor Shareholders for | Shares instead of Credits. The trustees may not issue share capital in lieu of Investor Account Credits. |

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| | | exercising this choice. | |
| 46 | No additional sum may be transferred from the profit and loss account to Reserves unless it represents new Investor Shares credited as fully-paid, or is approved by special resolution, or is required by law. | No additional sum may be transferred from the profit and loss account to Reserves unless it represents new Investor Shares credited as fully-paid, or is approved by special resolution, or is required by law. | At the discretion of members in General Meeting, additional sums may be transferred from the profit and loss account to Reserves before Investor Account Credits are calculated. |
| | ACCOUNTING AND AUDITING | ACCOUNTING AND AUDITING | ACCOUNTING AND AUDITING |
| 47 | <p>Financial and social accounts will be prepared for MC and General Meetings by a person with appropriate bookkeeping and accounting skills / qualifications. They will use accounting conventions agreed by the MC, or as required by the Act. Any member or person authorised in writing by a member may inspect the accounting records during normal working hours.</p> <p>(a) If the Co-operative has fewer than [50] members, the MC may put an ordinary resolution to the General meeting to approve one of the following:</p> <ol style="list-style-type: none">Either: the appointment of independent accountants and/or auditors to undertake financial and social audits;Or: an application for exemption from audit under the relevant accounting regulations; <p>(b) If the Co-operative has [50] or more members:</p> <ol style="list-style-type: none">The MC shall recommend a choice of financial and social auditors for approval in General Meeting.The selected financial auditor shall audit the Co-operative's financial accounts prior to their approval in General Meeting for filing with the relevant regulatory authority.The selected social auditor shall assist with audit of the internal democracy and decision-making of the Co-operative, the wages, health and safety, skill sharing and educational opportunities of its members and employees, or other matters concerning the overall personal or job satisfaction of members and employees; an assessment of the Co-operative's activities externally, including effects on people, the environment and other organisations.An audit committee of up to four people (comprising non-MC members from at least two shareholder classes) will be elected at each AGM.The purpose of the audit committee is:<ol style="list-style-type: none">to assist and check the preparation of financial records presented to General Meetings so that they are accurate, authentic and meet the needs of members;to assist and check the preparation of the information needed for a social audit;to organise elections to the MC at the AGM in accordance with Clause 31;to record, check and authenticate that the procedures in clauses 17 to 27 are being followed when voting takes place in a General Meeting. | <p>Financial and social accounts will be prepared for Board and General Meetings by a person with appropriate bookkeeping and accounting skills / qualifications. They will use accounting conventions agreed by the Board, or as required by the Act. Any member or person authorised in writing by a member may inspect the accounting records during normal working hours.</p> <p>(a) If the Company has fewer than [50] members, the Board may put an ordinary resolution to the General meeting to approve one of the following:</p> <ol style="list-style-type: none">Either: the appointment of independent accountants and/or auditors to undertake financial and social audits;Or: an application for exemption from audit under the provisions of the Act; <p>(b) If the Company has [50] or more members:</p> <ol style="list-style-type: none">The board shall recommend a choice of financial and social auditors for approval in General Meeting.The selected financial auditor shall audit the company's financial accounts prior to their approval in General Meeting for filing with Companies House.The selected social auditor shall assist with audit of the internal democracy and decision-making of the Company, the wages, health and safety, skill sharing and educational opportunities of its members and employees, or other matters concerning the overall personal or job satisfaction of members and employees; an assessment of the Company's activities externally, including effects on people, the environment and other organisations.An audit committee of up to four people (comprising non-Board members from at least two shareholder classes) will be elected at each AGM.The purpose of the audit committee is:<ol style="list-style-type: none">to assist and check the preparation of financial records presented to General Meetings so that they are accurate, authentic and meet the needs of members;to assist and check the preparation of the information needed for a social audit;to organise elections to the Board at the AGM in accordance with Clause 31;to record, check and authenticate that the procedures in clauses 17 to 27 are being followed when voting takes place in a General Meeting. | <p>Financial and social accounts will be prepared for Board and General Meetings by a person with appropriate bookkeeping and accounting skills / qualifications. They will use accounting conventions agreed by the Board, or as required by the Act. Any member or person authorised in writing by a member may inspect the accounting records during normal working hours.</p> <p>(a) If the Association has fewer than [50] members, the Board may put an ordinary resolution to the General meeting to approve one of the following:</p> <ol style="list-style-type: none">Either: the appointment of independent accountants and/or auditors to undertake financial and social audits;Or: an application for exemption from audit under the provisions of the relevant Act; <p>(b) If the Association has [50] or more members:</p> <ol style="list-style-type: none">The board shall recommend a choice of financial and social auditors for approval in General Meeting.The selected financial auditor shall audit the Association's financial accounts prior to their approval in General Meeting for filing with Companies House.The selected social auditor shall assist with audit of the internal democracy and decision-making of the Association, the wages, health and safety, skill sharing and educational opportunities of its members and employees, or other matters concerning the overall personal or job satisfaction of members and employees; an assessment of the Association's activities externally, including effects on people, the environment and other organisations.An audit committee of up to four people (comprising non-Board members from at least two member classes) will be elected at each AGM.The purpose of the audit committee is:<ol style="list-style-type: none">to assist and check the preparation of financial records presented to General Meetings so that they are accurate, authentic and meet the needs of members;to assist and check the preparation of the information needed for a social audit;to organise elections to the Board at the AGM in accordance with Clause 31;to record, check and authenticate that the procedures in clauses 17 to 27 are being followed when voting takes place in a General Meeting. |
| 48 | <p>Accountants, Auditors and Independent Experts. These must be chosen by ordinary resolution.</p> <p>(a) The financial auditor (if appointed) shall be from a Recognised Qualifying Body (RQB).</p> <p>(b) Accountants, Auditors and Independent Experts shall require the accounts to record Members Capital and Co-operative Capital separately.</p> <ol style="list-style-type: none">"Members' Capital" is defined as the sum of the value of members' Investor Shareholdings."Co-operative Capital" is defined as the sum of grants and donations received from public authorities, charitable bodies and other asset-locked social enterprises, plus any capital that members' are required by the Act to convert, or have voluntarily converted, to Co-operative Capital. | <p>Accountants, Auditors and Independent Experts. These must be chosen by ordinary resolution.</p> <p>(a) The financial auditor (if appointed) shall be from a Recognised Qualifying Body (RQB).</p> <p>(b) Accountants, Auditors and Independent Experts shall require the accounts to record Members Capital and Community Capital separately.</p> <ol style="list-style-type: none">"Members' Capital" is defined as the sum of the value of members' Investor Shareholdings."Co-operative Capital" is defined as the sum of grants and donations received from public authorities, charitable bodies and other asset-locked social enterprises (e.g. community benefit societies or community interest companies), plus any capital that members' are required by the Act to convert, or have voluntarily converted, to Co-operative Capital. | <p>Accountants, Auditors and Independent Experts. These must be chosen by ordinary resolution.</p> <p>(a) The financial auditor (if appointed) shall be from a Recognised Qualifying Body (RQB).</p> <p>(b) All capital invested in the Association shall be treated in the accounts as Co-operative Capital.</p> |
| | DISPUTE RESOLUTION AND INTELLECTUAL PROPERTY | DISPUTE RESOLUTION AND INTELLECTUAL PROPERTY | DISPUTE RESOLUTION AND INTELLECTUAL PROPERTY |
| 49 | <p>Labour Contract Revaluations. In the event of a dispute, the escalation procedure is:</p> <p>(a) Valuation by a recruitment agency or recruitment consultant agreeable to all parties;</p> <p>(b) Appeal (with resolution) subject to a vote at General Meeting;</p> <p>(c) Advisory, Conciliation and Arbitration Service (ACAS).</p> <p>In the event that a labour contract revaluation leads to a breach of the ratio between the highest and lowest paid member of staff (as set in clause 34(c)) the revaluation will only be applied if Labour Shareholders pass a Class Resolution adjusting the ratio to permit the new level of pay. Until such time as a Class Resolution is passed, the maximum pay permissible is capped in accordance with the current ratio (e.g. if the ratio is 3:1, the maximum pay is 3x the lowest paid).</p> | <p>Labour Contract Revaluations. In the event of a dispute, the escalation procedure is:</p> <p>(a) Valuation by a recruitment agency or recruitment consultant agreeable to all parties;</p> <p>(b) Appeal (with resolution) subject to a vote at General Meeting;</p> <p>(c) Advisory, Conciliation and Arbitration Service (ACAS).</p> <p>In the event that a labour contract revaluation leads to a breach of the ratio between the highest and lowest paid member of staff (as set in clause 34(c)) the revaluation will only be applied if Labour Shareholders pass a Class Resolution adjusting the ratio to permit the new level of pay. Until such time as a Class Resolution is passed, the maximum pay permissible is capped in accordance with the current ratio (e.g. if the ratio is 3:1, the maximum pay is 3x the lowest paid).</p> | <p>Labour Contract Revaluations. In the event of a dispute, the escalation procedure is:</p> <p>(a) Valuation by a recruitment agency or recruitment consultant agreeable to all parties;</p> <p>(b) Appeal (with resolution) subject to a vote at General Meeting;</p> <p>(c) Advisory, Conciliation and Arbitration Service (ACAS).</p> <p>In the event that a labour contract revaluation leads to a breach of the ratio between the highest and lowest paid member of staff (as set in clause 34(c)) the revaluation will only be applied if Labour Members pass a Class Resolution adjusting the ratio to permit the new level of pay. Until such time as a Class Resolution is passed, the maximum pay permissible is capped in accordance with the current ratio (e.g. if the ratio is 3:1, the maximum pay is 3x the lowest paid).</p> |
| 50 | <p>Relationship Disputes. In the event of a dispute between two or more members, the escalation procedure is:</p> <p>(a) Mediation by the President, or a Director, a management consultant, trade union official, Co-operatives UK official, Social Enterprise Europe Director, FairShares Association Founder, Regional Co-operative Council official or other third-party</p> | <p>Relationship Disputes. In the event of a dispute between two or more members, the escalation procedure is:</p> <p>(a) Mediation by the President, or a Director, a management consultant, trade union official, Social Enterprise Europe Director, FairShares Association Founder, Regional Social Enterprise Network official or other third-party agreeable to all parties;</p> | <p>Relationship Disputes. In the event of a dispute between two or more members, the escalation procedure is:</p> <p>(a) Mediation by the President, or a Trustee, a management consultant, trade union official, Social Enterprise Europe Director, FairShares Association Founder, National Council for Voluntary Organisation (NCVO) official, Regional Council for Voluntary</p> |

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| | agreeable to all parties; (b) Appeal (with resolution) subject to a vote at General Meeting; (c) Advisory, Conciliation and Arbitration Service (ACAS). | (b) Appeal (with resolution) subject to a vote at General Meeting; (c) Advisory, Conciliation and Arbitration Service (ACAS). | Service (CVS) official or other third-party agreeable to all parties; (b) Appeal (with resolution) subject to a vote at General Meeting; (c) Advisory, Conciliation and Arbitration Service (ACAS). | | | | | | | | | | | | | | | | | | | | |
| 51 | Except in the case of resignation or voluntary termination by both parties, a member's employment, supplier contract or co-operative membership may be terminated only after an Ordinary Resolution proposing the termination of the contract has been passed in General Meeting. (a) Termination is subject to the satisfaction of all lawful terms contained in the member's employment and/or trading contract(s). A resolution to terminate an employment or supplier contract, or co-operative membership, cannot be modified by Class Resolution to become a Special Resolution (clause 25 does not apply). | Except in the case of resignation or voluntary termination by both parties, a member's employment, supplier contract or company membership may be terminated only after an Ordinary Resolution proposing the termination of the contract has been passed in General Meeting. (a) Termination is subject to the satisfaction of all lawful terms contained in the member's employment and/or trading contract(s). A resolution to terminate an employment or supplier contract, or company membership, cannot be modified by Class Resolution to become a Special Resolution (clause 25 does not apply). | Except in the case of resignation or voluntary termination by both parties, a member's employment, supplier contract or Association membership may be terminated only after an Ordinary Resolution proposing the termination of the contract has been passed in General Meeting. (a) Termination is subject to the satisfaction of all lawful terms contained in the member's employment and/or trading contract(s). A resolution to terminate an employment or supplier contract, or Association membership, cannot be modified by Class Resolution to become a Special Resolution (clause 25 does not apply). | | | | | | | | | | | | | | | | | | | | |
| 52 | The Co-operative may pay for Management Committee Members' and officers' indemnity insurance against liabilities related to the Co-operative's business, excluding negligence and/or fraud. | The Company may pay for Directors' and officers' indemnity insurance against liabilities related to Company business, excluding negligence and/or fraud. | The Association may pay for Trustees' and officers' indemnity insurance against liabilities related to Association business, excluding negligence and/or fraud. | | | | | | | | | | | | | | | | | | | | |
| 53 | Intellectual Property (IP). The Co-operative shall record which members have created and contributed intellectual property (IP) to further co-operative objects, and ensure that ownership of all IP remains vested in its creator(s). For the avoidance of doubt, the Co-operative shall not own IP created by members before, during or after their period of membership unless ownership is freely and voluntarily transferred by those members to the Co-operative. (a) All IP created by members while working for the co-operative will be vested in them individually and/or collectively. (b) As a condition of membership and/or employment, all IP created by members during their work for the co-operative shall be licensed to the Co-operative under a Creative Commons Licence for both non-commercial and commercial trading, with permission to adapt, share and re-use the IP in product and service development. Any product or service offered will use the same Creative Commons licence unless a variation of this is negotiated with the creator(s) of the IP. i. Where a member creates (or members create) IP for the Co-operative during their period of membership, the Co-operative shall have an exclusive right to use and commercialise the IP while they remain a member. If the member leaves the co-operative, upon termination of their membership, the co-operative shall retain a non-exclusive right to continue using and adapting their IP in both non-commercial and commercial ventures. ii. Members who leave the Co-operative retain a non-exclusive right to use IP they created for the Co-operative in both non-commercial and commercial ventures. (c) IP transferred to the Co-operative by members, and IP bought by the Co-operative from third parties, shall be owned collectively by all members and made freely available to them for non-commercial use and private study. (d) The Co-operative shall use its best endeavours to manage IP as if it were an 'intellectual commons' for the benefit of Co-operative members. | Intellectual Property (IP). The Company shall record which members have created and contributed intellectual property (IP) to further company objects, and ensure that ownership of all IP remains vested in its creator(s). For the avoidance of doubt, the Company shall not own IP created by members before, during or after their period of membership unless ownership is freely and voluntarily transferred by those members to the Company. (a) All IP created by members while working for the Company will be vested in them individually and/or collectively. (b) As a condition of membership and/or employment, all IP created by members during their work for the Company shall be licensed to the Company under a Creative Commons Licence for both non-commercial and commercial trading, with permission to adapt, share and re-use the IP in product and service development. Any product or service offered will use the same Creative Commons licence unless a variation of this is negotiated with the creator(s) of the IP. i. Where a member creates (or members create) IP for the Company during their period of membership, the Company shall have an exclusive right to use and commercialise the IP while they remain a member. If the member leaves the Company, upon termination of their membership, the Company shall retain a non-exclusive right to continue using and adapting their IP in both non-commercial and commercial ventures. ii. Members who leave the Company retain a non-exclusive right to use IP they created for the Company in both non-commercial and commercial ventures. (c) IP transferred to the Company by members, and IP bought by the Company from third parties, shall be owned collectively by all members and made freely available to them for non-commercial use and private study. (d) The Company shall use its best endeavours to manage IP as if it were an 'intellectual commons' for the benefit of Company members. | Intellectual Property (IP). The Association shall record which members have created and contributed intellectual property (IP) to further the objects of the Association, and ensure that ownership of all IP remains vested in its creator(s). For the avoidance of doubt, the Association shall not own IP created by members before, during or after their period of membership unless ownership is freely and voluntarily transferred by those members to the Association. (a) All IP created by members while working for the Association will be vested in them individually and/or collectively. (b) As a condition of membership and/or employment, all IP created by members during their work for the Association shall be licensed to the Association under a Creative Commons Licence for both non-commercial and commercial trading, with permission to adapt, share and re-use the IP in product and service development. Any product or service offered will use the same Creative Commons licence unless a variation of this is negotiated with the creator(s) of the IP. i. Where a member creates (or members create) IP for the Association during their period of membership, the Association shall have an exclusive right to use and commercialise the IP while they remain a member. If the member leaves the Association, upon termination of their membership, the Association shall retain a non-exclusive right to continue using and adapting their IP in both non-commercial and commercial ventures. ii. Members who leave the Association retain a non-exclusive right to use IP they created for the Association in both non-commercial and commercial ventures. (c) IP transferred to the Association by members, and IP bought by the Association from third parties, shall be owned collectively by all members and made freely available to them for non-commercial use and private study. (d) The Association shall use its best endeavours to manage IP as if it were an 'intellectual commons' for the benefit of Association members. | | | | | | | | | | | | | | | | | | | | |
| | DISSOLUTION | DISSOLUTION | DISSOLUTION | | | | | | | | | | | | | | | | | | | | |
| 54 | <p>Upon dissolution, a qualified accountant or auditor will calculate the value of “residual assets” ([Investor Shares] + [accumulated profit and loss account] + [assets – liabilities]). After satisfaction of all creditors, residual assets will be distributed to Investor Shareholders in proportion to the shares they have accumulated after satisfying the following requirement:</p> <p>(a) If the Co-operative has received grant funding from a public authority, charitable body or other asset-locked social enterprise (e.g. a community benefit society or community interest company), a qualified accountant or auditor will verify the amount of Co-operative Capital, and calculate a “community dividend fraction” and “community dividend”. The community dividend fraction will be calculated using the formula shown in 54 (a) (i). The community dividend will be calculated using the formula shown in 54 (a) (ii):</p> <p>i. [Co-operative Capital] / ([Co-operative Capital] + [Members' Capital])</p> <p>ii. ([Members' Capital] + [profit and loss account] + [other assets]) * [community dividend fraction].</p> <table><tr><td colspan="2">Worked Example – Calculating the Community Dividend</td></tr><tr><td><i>Co-operative Capital</i></td><td>£100,000</td></tr><tr><td><i>Members' Capital</i></td><td>£345,000</td></tr><tr><td><i>Profit and Loss Account</i></td><td>£200,000</td></tr><tr><td><i>Assets - Liabilities</i></td><td>£100,000</td></tr></table> <p><i>Community Dividend Fraction</i> = 100,000 / (100,000 + 345,000) = 22%</p> <p><i>Residual Assets</i> = 345,000 + 200,000 + 100,000 = £645k</p> | Worked Example – Calculating the Community Dividend | | <i>Co-operative Capital</i> | £100,000 | <i>Members' Capital</i> | £345,000 | <i>Profit and Loss Account</i> | £200,000 | <i>Assets - Liabilities</i> | £100,000 | <p>Upon dissolution, a qualified accountant or auditor will calculate the value of “residual assets” ([shareholder funds] + [accumulated profit and loss account] + [assets – liabilities]). After satisfaction of all creditors, residual assets will be distributed to Investor Shareholders in proportion to their shareholding after satisfying the following requirement:</p> <p>(a) If the Company has received grant funding from a public authority, charitable body or other asset-locked social enterprise (e.g. a community benefit society or community interest company), a qualified accountant or auditor will verify the amount of Co-operative Capital, and calculate a “community dividend fraction” and “community dividend”. The community dividend fraction will be calculated using the formula shown in 54 (a) (i). The community dividend will be calculated using the formula shown in 54 (a) (ii):</p> <p>iii. [Co-operative Capital] / ([Co-operative Capital] + [Members' Capital])</p> <p>iv. ([Members' Capital] + [profit and loss account] + [other assets]) * [community dividend fraction].</p> <table><tr><td colspan="2">Worked Example – Calculating the Community Dividend</td></tr><tr><td><i>Co-operative Capital</i></td><td>£100,000</td></tr><tr><td><i>Members' Capital</i></td><td>£345,000</td></tr><tr><td><i>Profit and Loss Account</i></td><td>£200,000</td></tr><tr><td><i>Assets - Liabilities</i></td><td>£100,000</td></tr></table> <p><i>Community Dividend Fraction</i> = 100,000 / (100,000 + 345,000) = 22%</p> <p><i>Residual Assets</i> = 345,000 + 200,000 + 100,000 = £645k</p> | Worked Example – Calculating the Community Dividend | | <i>Co-operative Capital</i> | £100,000 | <i>Members' Capital</i> | £345,000 | <i>Profit and Loss Account</i> | £200,000 | <i>Assets - Liabilities</i> | £100,000 | <p>Upon dissolution, a qualified accountant or auditor will calculate the value of “residual assets” ([Investor Accounts] + [accumulated profit and loss account] + [assets – liabilities]). After satisfaction of all creditors, residual assets will be distributed to other Associations, Co-operatives and FairShares or Community Interest Companies that share the objects of the Association:</p> <p>(a) The Association may specify which organisations the residual assets will be distributed to. Unless otherwise agreed in writing, residual assets will be divided equally between the following bodies:</p> <p>Organisation Name: _____</p> <p>FairShares / CIC Company No: _____</p> <p>or Charity / Foundation / Association No: _____</p> <p>or Co-operative Registration Number: _____</p> <p>Organisation Name: _____</p> <p>FairShares / CIC Company No: _____</p> <p>or Charity / Foundation / Association No: _____</p> <p>or Co-operative Registration Number: _____</p> <p>(b) In finalising the dissolution of the Association, and subject to the requirements of Insolvency Law, debts and payments to creditors and members will be satisfied in the following order:</p> |
| Worked Example – Calculating the Community Dividend | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Co-operative Capital</i> | £100,000 | | | | | | | | | | | | | | | | | | | | | | |
| <i>Members' Capital</i> | £345,000 | | | | | | | | | | | | | | | | | | | | | | |
| <i>Profit and Loss Account</i> | £200,000 | | | | | | | | | | | | | | | | | | | | | | |
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| <i>Co-operative Capital</i> | £100,000 | | | | | | | | | | | | | | | | | | | | | | |
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| <i>Profit and Loss Account</i> | £200,000 | | | | | | | | | | | | | | | | | | | | | | |
| <i>Assets - Liabilities</i> | £100,000 | | | | | | | | | | | | | | | | | | | | | | |

| Clause | Co-operative | Company | Association |
|--------|---|--|--|
| | <p><i>Community Dividend</i> = £645k * 22% = £144,944</p> | <p><i>Community Dividend</i> = £645k * 22% = £144,944</p> | |
| | <p>(b) If the total value of residual assets is greater than [£5,000], not less than [community dividend] will be divided equally between the following bodies:</p> <p>Organisation Name: _____</p> <p>FairShares / CIC Company No: _____</p> <p>or Charity / Foundation / Association No: _____</p> <p>or Co-operative Registration Number: _____</p> <p>Organisation Name: _____</p> <p>FairShares / CIC Company No: _____</p> <p>or Charity / Foundation / Association No: _____</p> <p>or Co-operative Registration Number: _____</p> <p>Organisation Name: _____</p> <p>FairShares / CIC Company No: _____</p> <p>or Charity / Foundation / Association No: _____</p> <p>or Co-operative Registration Number: _____</p> | <p>(b) If the total value of residual assets is greater than [£5,000], not less than [community dividend] will be divided equally between the following bodies:</p> <p>Organisation Name: _____</p> <p>FairShares / CIC Company No: _____</p> <p>or Charity / Foundation / Association No: _____</p> <p>or Co-operative Registration Number: _____</p> <p>Organisation Name: _____</p> <p>FairShares / CIC Company No: _____</p> <p>or Charity / Foundation / Association No: _____</p> <p>or Co-operative Registration Number: _____</p> <p>Organisation Name: _____</p> <p>FairShares / CIC Company No: _____</p> <p>or Charity / Foundation / Association No: _____</p> <p>or Co-operative Registration Number: _____</p> | <p>i) Outstanding debts to employees, workers and contractors (e.g. wages/fees)</p> <p>ii) Outstanding debts to other priority creditors (e.g. VAT and taxes)</p> <p>iii) Outstanding debts to suppliers (e.g. unpaid supplier invoices)</p> <p>iv) Outstanding debts to other creditors (e.g. loan balances)</p> <p>v) Payment of the community dividend</p> <p>vi) Division of remaining residual assets to like-minded Associations, Co-operatives and Companies.</p> <p>(c) In the event of a failure to agree within 6 months of dissolution which association(s), co-operative(s) and companies should receive the [community dividend], or in the event that the organisations in Clause 56(b) have all closed, the [community dividend] will be donated to the FairShares Association (c/o Social Enterprise Europe Ltd) to be reinvested in FairShares Associations, Co-operatives and Companies.</p> |
| | <p>(c) Any remaining assets will be divided equally between Investor Shareholders in proportion to number of shares held at the end of the previous year's trading. For the avoidance of doubt, changes in balances since the previous year end will be ignored for the purposes of calculating the share of residual assets paid out when the co-operative is dissolved.</p> <p>(d) In finalising the dissolution of the Co-operative, and subject to the requirements of Insolvency Law, debts and payments to creditors and shareholders will be satisfied in the following order:</p> <p>i) Outstanding debts to employees, workers and contractors (e.g. wages/fees)</p> <p>ii) Outstanding debts to other priority creditors (e.g. VAT and taxes)</p> <p>iii) Outstanding debts to suppliers (e.g. unpaid supplier invoices)</p> <p>iv) Outstanding debts to other creditors (e.g. loan balances)</p> <p>v) Payment of the community dividend</p> <p>vi) Division of remaining residual assets to Investor Shareholders</p> <p>e) In the event of a failure to agree within 6 months of dissolution which association(s), co-operative(s) and companies should receive the community dividend, or in the event that the organisations in Clause 56(b) have all closed, the [community dividend] will be donated to the FairShares Association (c/o Social Enterprise Europe Ltd) to be reinvested in FairShares Associations, Co-operatives and Companies.</p> | <p>(c) Any remaining assets will be divided equally between Investor Shareholders in proportion to the number of Investor Shares reported in the company's most recent Annual Return, or as set out in the registration document at Companies House (if no Annual Return has been filed). For the avoidance of doubt, changes in shareholdings since registration (if not filed in an Annual Return), or since the most recent Annual Return, will be ignored for the purposes of calculating the share of residual assets paid out when the Company is dissolved.</p> <p>(d) In finalising the dissolution of the company, and subject to the requirements of Insolvency Law, debts and payments to creditors and shareholders will be satisfied in the following order:</p> <p>i) Outstanding debts to employees, workers and contractors (e.g. wages/fees)</p> <p>ii) Outstanding debts to other priority creditors (e.g. VAT and taxes)</p> <p>iii) Outstanding debts to suppliers (e.g. unpaid supplier invoices)</p> <p>iv) Outstanding debts to other creditors (e.g. loan balances)</p> <p>v) Payment of the community dividend</p> <p>vi) Division of remaining residual assets to Investor Shareholders</p> <p>(e) In the event of a failure to agree within 6 months of dissolution which association(s), co-operative(s) and companies should receive the community dividend, or in the event that the organisations in Clause 56(b) have all closed, the [community dividend] will be donated to the FairShares Association (c/o Social Enterprise Europe Ltd) to be reinvested in FairShares Associations, Co-operatives and Companies.</p> | |