

# **Information on the registration of benefit of the community societies under the Industrial and Provident Societies Act 1965**



**All our notes are available in large print or on tape, if required.**

**[Contact addresses and telephone numbers](#) are given at the end of this information note.**

**This note is for information only. It is not a full statement of legal obligations under the Industrial and Provident Societies Acts 1965. You may wish to seek legal advice on how to comply with the legislation.**

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## **Information on the registration of benefit of the community societies under the Industrial and Provident Societies Act 1965**

**This note relates to registration under the Industrial and Provident Societies Acts.**

**It is intended for societies that are formed to benefit the community at large by their activities, rather than to benefit their own members.**

**If you intend to form a society whose activities will be primarily for the benefit of the members, please refer to the separate note headed [‘Information on the registration of bona fide co-operative societies’](#).**

**Many different types of organisation may register as industrial and provident societies and so they may be subject to different additional legislation and entitled to different privileges, depending on the nature of their business. For example, clubs may be subject to licensing regulations, and housing associations subject to housing legislation.**

**You should therefore ensure, if necessary by contacting the relevant authorities or by obtaining legal advice, that the society is aware of and complies with any special legislation or regulations applying to its business.**

**We may ask for further details of the nature of the society's business. Applicants for registration will be asked to:**

- **indicate on the application to register ([Form A](#)) that the proposed society will operate for the benefit of the community;**
- **give special reasons why the society should be registered as an industrial and provident society rather than as a company (see [paragraph 3](#) below); and**
- **complete the declaration by charity trustee form.**

**This classification, and the special reasons for registration as an industrial and provident society, will subsequently appear as part of the public record of the society if the application is successful.**

## **Introduction**

- 1 This note is intended only as a guideline about registering a benefit of the community society under the Industrial and Provident Societies Act 1965 (the 1965 Act). It does not incorporate all the statutory requirements and you should not assume the information is exhaustive. The responsibility lies with each society to ensure that its own rules cover all that is required by law for the activities it proposes to carry on and you should seek legal advice if necessary.

It is also the responsibility of each society to ensure its rules are prudent, fair, clear and well drafted. By this we mean that the rules and sub-sections are suitably and sequentially numbered and that any internal cross-referencing to other rules or sub-sections is correct and the whole is internally consistent. The language used should be modern, clear, and capable of being understood by all members.

- 2 A society qualifies for registration as an industrial and provident society if:

- it is a society for carrying on an industry, business or trade; **and**
- **either**

(i) In the case where its business will be run for the benefit of the community (that is, people other than its own members), there are [special reasons](#) why it should be registered as an industrial and provident society rather than as a company under the Companies Acts; **or** it is

- (ii) a [bona fide co-operative](#).

## Special reasons for registration

3. There is no statutory definition of ‘special reasons’. The reasons for registration as an industrial and provident society rather than as a company should be ‘special’ in that there is some concrete advantage or benefit to be gained that would be lost or unobtainable as a company. **The fact that the society is to be run for the benefit of the community is not itself a special reason.** Each application will be judged on its own merits. For further advice please telephone us using the [contact numbers](#) given at the end of this note.

**The Financial Services Authority (the FSA), may cancel a society’s registration if at any time it appears that the society no longer complies with the conditions of registration. You may therefore be asked to re-state your special reasons for registration at any time, and in particular if you apply to amend the nature or objects of the society, or to amend the society’s rules.**

Genuine and persuasive reasons might be for example:

- a society might wish to operate on the basis of “one member, one vote”;
- there might be practical business reasons (which should be explained);
- a society might be part of a group structure of societies sharing common accounting or IT systems; or
- a society, which is already registered, might find the costs involved in converting to a company prohibitive and likely to result in its own demise.

This is not intended to be an exhaustive list; societies will have their own special reasons that they will wish to submit to us.

## Conditions - structure and purposes

4. We will normally expect a society to fulfil these conditions:

- **Conduct of business**

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

- **Interest on share and loan capital**

It is unusual for a benefit of the community society to issue more than nominal share capital (for example, one £1 share per member). Where it does issue more than nominal share capital or where members make loans to the society, or both, any interest paid must not be more than a reasonable rate necessary to obtain and retain enough capital to run the business.

- **Profits and assets**

The society's rules must not allow either profits or the society's assets to be distributed to the members. Profits must generally be used to further the objects of the society by being ploughed back into the business. Where profits are used in part for another purpose, that purpose should be similar to the main object of the society, for example for philanthropic or charitable purposes. The rules must specify the beneficiary or beneficiaries, if any.

Where the rules of the society allow assets to be sold, the proceeds of the sale should be used to further the society's business activities only.

- **Dissolution**

The society's rules must not allow its assets to be distributed to its members on dissolution. The rules should state that on dissolution the assets should be transferred, for example, to some other body with similar objects. If no such body exists, the rules should state that the assets must then be used for similar charitable or philanthropic purposes.

## **Other conditions of registration**

5. Every industrial and provident society must also satisfy the following conditions:

- It must have at least **three** members, or where membership comprises other societies, a minimum of **two** registered societies.
- The rules of the society must include all the matters required by Schedule 1 of the 1965 Act (these are set out in the application form – [Form A](#)).
- The proposed name of the society must not be undesirable. As a general rule any proposed name must not be similar to any existing society, charity or company name. There are also certain words (for example, names with a Royal connection) for which special permission may need to be sought. We may comment on whether or not a proposed name may be suitable and/or available, on receiving a formal application for registration. We cannot, however, reserve a name in advance of registration, or guarantee that it will still be available at registration.
- A simple check that a prospective society can do before applying for a particular name is to look at the local telephone directory, 'Yellow Pages', Companies House and Charity Commission's websites to see if there are any organisations listed with the same or similar names.
- Further information on names may be found in our information note '[Choosing a Name for your Society](#)'.

## **Effects and privileges of registration**

6. The benefits or privileges of registration as an industrial and provident society are:

- **Limited Liability** – this means that the personal liability of its members is limited to the amount of their unpaid share capital.

- **Corporate body status**, – unless steps are taken to terminate its registration under the 1965 Act it will continue to exist even if its membership changes. Also, the society can act, sue and be sued, and own property, land and other assets in its own name without the need for trustees.

It is outside the scope of this note to provide a complete list of all the other effects of registration, but the following are also important:

- The rules are a binding contract between a society and all its members.
- Contracts on behalf of the society can be made, varied or discharged in the same manner as between private individuals.
- Debts due to the society from members are recoverable through a court of law. The society may set off any sum credited on the shares in or towards payment of a debt owed to the society by the member.
- If the society's objects are charitable in law, as a registered industrial and provident society it is an "exempt charity" and may not also register with the Charity Commission. Although mostly not subject to regulation by the Charity Commission, an exempt charity **is** subject to the legal rules generally applicable to charities and certain provisions of the Charities Act 1993. For more information, societies based in **England and Wales** should contact the [Charity Commission](#) at one of the addresses given at the end of this note.
- An exempt charity may be able to claim certain tax exemptions. Societies should contact the [Inland Revenue](#), addresses are given at the end of this note.

## Obligations of registration

7. Once registered, a society must:

- keep proper books of account and maintain satisfactory systems of control of those books, cash holdings and all receipts and payments;
- submit an accounting return every year, by the due date, accompanied by a set of accounts.
- [contact telephone number](#) for advice on **annual returns, accounts and auditing requirements** are given at the end of this note;
- give notice of any change of its registered office; and
- apply to the FSA to amend any of its rules or to change its name, as no amendment is valid until it has been registered by us.

Although the above are the most important requirements, there are other obligations set out in the 1965 Act. Failure to comply with them could lead to prosecution. You should take legal advice on your obligations.

## Financial costs of registration

8. Before registering you will need to consider not only the initial start-up costs but also the potential costs of running a society. You should make sure that money is available to meet these commitments. It might be useful to consider costs under the following broad headings:
- Registration fee.
  - [Sponsoring body](#) fee(s) (where appropriate).
  - Annual audit fee (where appropriate).
  - Annual running costs, including the periodic fee payable to the FSA.

## Applying for registration through sponsoring bodies

9. Societies are, for the most part, run by their members and as such the rules should reflect the intentions and wishes of the members, taking legal advice as necessary. Our role is to register rules that are registrable under the 1965 Act and to reject those that are not. **It is not our duty to advise whether a rule is in a society's best interests.** That is for the society to decide.

Most societies applying for registration under the 1965 Act do so through one of the sponsoring bodies that has agreed model rules with us. Each of these bodies, listed in a [separate information note](#), provides one or more models for the types of societies they promote. Using model rules limits the chance of mistakes, reduces the fee payable to us and can shorten the time taken between application and registration.

## Procedure for registration

10. Fees for registration are listed in our [Application fees note](#).
- You must use [Form A](#) to apply for registration.
  - Applications using model rules must be submitted through, and endorsed by, the relevant sponsoring body if you wish to pay a reduced fee.
  - Send two bound rulebooks with the application form. Both the rulebooks and the application form must be signed by the same people, and the signatures must be originals - **not** photocopies. The secretary of a society can sign both in their capacity as a member and also as the secretary. **Do not use correcting fluid to correct mistakes on the application form or in the rulebooks. Cross through any mistakes in ink, make the correction in ink and have it initialled by all signatories.**
  - We would prefer the rule books to be bound and preferably be A4 size, no larger, with a margin on each page at least two centimetres wide so that we can file the rules on the public record file. This also contains other documents the filing of



which is required under the 1965 and subsequent Acts. These are broadly, those documents that concern the constitution of the society, and also its annual returns. The file is available for public inspection.

## Useful addresses: exempt charities

The Charity Commission

Harmsworth House  
13-15 Bouverie Street  
LONDON EC4Y 8DP

2nd Floor  
20 King's Parade  
Queen's Dock  
LIVERPOOL L3 4DQ

Woodfield House  
Tangier  
Taunton  
SOMERSET TA1 4BL

Enquiries: 0870 333 0123 (all three offices can be contacted on this enquiry point number)

Inland Revenue, FICO (Charity Title)  
Unit 380C St John's House  
Merton Road  
Bootle  
MERSEYSIDE L69 9BB. (Tel. 0151 472 6000)

For societies based in **Scotland**, any question of charitable status or tax exemptions should be referred to:

Inland Revenue, FICO (Scotland)  
Meldrum House  
Drumshergh Gardens  
Edinburgh  
EH3 7UL (Tel. 0131 777 4040)

### ● **Contacts**

For queries on rules and applications to register or to obtain other application or registration forms:

Mutual Societies Registration  
Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

 **020 7066 8002**

Email: [mutual.societies@fsa.gov.uk](mailto:mutual.societies@fsa.gov.uk)

For queries on annual returns and accounts and audit requirements:

**☎ 0845 606 9966**

Email: [mutualsann@fsa.gov.uk](mailto:mutualsann@fsa.gov.uk)



**Form A**  
**Industrial and Provident Societies Act 1965**

**Application for the registration of a society,  
pursuant to section 2 of the Act**

To the Financial Services Authority

*1. We, the signatories to section 5 of this form, being three members and the secretary of a society, hereby apply for the registration of the society under the Industrial and Provident Societies Act 1965 under the name:*

**Limited**

*and enclose two printed copies of its rules, both of which have been signed by each of us.*

*If there any timing factors that you would like us to take into account in registering the society, for example, if you would like registration to be effective by, on, or after a particular date, please provide details below. NB: We will try to accommodate preferences, but cannot guarantee a particular registration date.*

**2(a). The rules contain provisions in respect of the matters mentioned in Schedule 1 to the Act as follows:-**

<i>Matters to be provided for</i>	<i>Number of rule</i>
(a) The name of the society.	(a)
(b) The objects of the society.	(b)
(c) The registered office of the society, to which all communications and notices to the society may be addressed.	(c)
(d) The terms of admission of the members, including any society or company investing funds in the society under the provisions of the said Act.	(d)
(e) The mode of holding meetings, the scale and right of voting, and the mode of making, altering or rescinding rules.	(e)
(f) The appointment and removal of a Committee of Management, (by the name of ..... ) and of managers or other officers, and their respective powers and remuneration.	(f)
(g) The maximum amount of interest in the shares of the society which may be held by any member otherwise than by virtue of section 6(1) (a) (b) or (c) of the said Act.	(g)
(h) Whether the society may contract loans or receive money on deposit subject to the provisions of the said Act from members or others; and, if so, under what conditions, under what security, and to what limits of amount.	(h)
(i) Whether the shares or any of them shall be transferable, the form of transfer and registration of the shares, and the consent of the committee thereto; whether the shares or any of them shall be withdrawable, and the mode of withdrawal, and the payment of the balance due thereon on withdrawing from the society.	(i)
(j) The audit of accounts by one or more auditors appointed by the society in accordance with the requirements of the Friendly and Industrial and Provident Societies Act 1968.	(j)
(k) Whether and, if so, how members may withdraw from the society, and provision for the claims of the representatives of deceased members or the trustees of the property of bankrupt members, or, in Scotland, members whose estate has been sequestrated, and for the payment of nominees.	(k)
(l) The mode of application of profits.	(l)
(m) If the society is to have a common seal, provision for its custody and use.	(m)
(n) Whether and, if so, by what authority, and in what manner, any part of the society's funds may be invested.	(n)

2.(b) Please state here \_\_\_\_\_ the date that each year is to be the society's 'financial year-end' and place a tick in the box to confirm that the society's proposed rules do not provide for any different date. If the date is intended to be a date that falls outside the 'statutory period' (31 August to 31 January) then the reasons as to the preferred financial year-end date should be submitted with this application.

3. Is membership a condition of obtaining the benefits or facilities offered by the society?

Yes

No

By virtue of its rules, the society is (please tick only one of the boxes below):

A bona fide co-operative

A benefit of the community society

Please say, by reference to individual rules, how this is demonstrated

4. If the society is intended to be a benefit of the community society, please also complete the following:

(a) what are the special reasons why the society is seeking registration as an industrial and provident society and not as a company:

(b) What groups or categories of people are the society's activities intended to benefit?

(c) How is it intended to fund the activities of the society? If the society proposes to issue withdrawable share capital, please state whether there will be any limit (apart from the statutory limit) on the subscription of individual members and state the limit that will be set:

(d) Will the society have charitable objects? (If 'yes', the trustees should submit a completed copy of the form 'Declaration of Charitable Trustees' with this application.)

Yes/No

(e) Please provide details of any 'close links' which the society or any member of its committee has, or intends to have, with any other society, company or authority. For this purpose:

- any material contract or arrangement which it is anticipated that the society will enter into in order to undertake its business; and
- any other directorships or senior positions held by members of the committee; would be regarded as evidence of a 'close link' with another society, company or authority.

[Please note that, if the application is successful, this form will be placed on the society's public record file. If applicants wish any of the information provided in response to question 4(d) above to be treated as confidential, the words 'set out on a separate sheet' should be entered above and the particulars provided on a separate sheet attached to this form and signed by the same signatories.

**5. Signatures of Applicants**

1. Full Name [BLOCK LETTERS] .....signature.....

Address(BLOCK LETTERS) .....

2. Full Name [BLOCK LETTERS] .....signature.....

Address(BLOCK LETTERS) .....

3. Full Name [BLOCK LETTERS] .....signature.....

Address(BLOCK LETTERS) .....

Signature of Secretary..... Full Name [BLOCK LETTERS] .....

Address(BLOCK LETTERS) .....

Date application submitted: ..... Name and address where communications are to be sent:  
.....  
...

**For completion by sponsoring bodies**

*The information provided in this form is correct to the best of my knowledge and belief. I have been satisfied by the applicants that the special reasons for wishing to register as a society for the benefit of the community under the Industrial & Provident Societies Act 1965 entered in section 4(a) are genuinely applicable to the business which they propose to undertake.*

Signed on behalf of Sponsoring Body:	Fee Paid:
Name of Sponsoring Body:	Number of chargeable Amendments:
Date:	

# Declaration by Charity Trustees



**This form is for completion by persons who will have responsibility for the management of a society for the benefit of the community, which has charitable objects**

The full names (including previous or alternative names), address, occupation, date of birth and signature of **every** person who is, or it is known will be, a trustee, should be provided on the form. The 'charity trustees' of a charity registered under the Industrial & Provident Societies Act 1965 are the persons having the general control and management of the administration of the charity (s97(1) of the *Charities Act 1993*). These will normally be the society's committee of management, its chief executive and secretary.

We will check the information provided in this form against various databases to confirm that those named actually exist and are not disqualified from acting as charity trustees. If you have moved home in recent months the address you give may not match those on the databases we use to verify the information supplied in this form. If this is likely to affect you, please attach evidence of your current address such as a copy of a utility bill or some other formal correspondence and also provide details of previous addresses.

**Certain people are disqualified from acting as charity trustees. S72 of the Charities Act 1993 and ss35-37 of the Criminal Justice and Court Services Act 2000 set these out.**

In England and Wales, the Charity Commission publishes guidance on the function of a trustee and the penalties and consequences of acting whilst disqualified. Prospective trustees are recommended to read CC3 '*Responsibilities of Charity Trustees*', which may be obtained from the Charity Commission. Details of how to contact the Charity Commission are set out below.

### **The Charity Commission**

Telephone: 0870 333 0123

Guidance is available for download from the Commission's website:

[www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)

**We do not need to be notified when trustees cease to hold office. However, new appointments should be advised to us on this form. The form will *not* be placed on the society's public record file.**

Further copies of this form can be obtained by telephoning 020 7066 8002 or downloaded from <http://www.fsa.gov.uk/>

### ***After completion, the form should be returned to:***

Mutual Societies Registration  
The Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

# Declaration by Charity Trustees



Please complete in black ink using CAPITAL LETTERS

We the undersigned declare that:

- We are willing to act as charity trustees in respect of the above society and are fully aware of the society's purpose;
- We are not disqualified from acting as trustees; ***(it is an offence to act as a trustee whilst disqualified)***;
- We understand the responsibilities involved in running a charity.

***Please complete in BLOCK CAPITAL LETTERS***

Sheet number

Name of society; and  
registration number  
if known

Title (Mr/Mrs/Ms etc)

Family name

Other names

Full private address

  
  

Postcode

Date of birth

Occupation

Signature

**Please complete in BLOCK CAPITAL LETTERS**

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