

**MODEL RULES FOR COMMUNITY LAND TRUSTS**

**sponsored by Land for People Central Community Land Trust (Number  
IP30058R)**

**RULES of**

**WYE COMMUNITY FARM LIMITED**

**Registered under the Industrial & Provident Societies Act 1965 to 2003**

**on 18 July 2007**

**Register No: 30276 R**

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## PART A

### NAME AND OBJECTS

#### Name

1. The name of the society shall be Wye Community Farm Limited (“the association”).

#### Objects

2. The association is formed for the benefit of the Community of Wye, Kent, and its surrounding area (the area of benefit).
  - 2.1 Its objects (the "objects") shall be to carry on for the benefit of the Community:
    - 2.1.1 The production of food particularly for the local community;
    - 2.1.2 The support of a wide range of non-agricultural enterprises;
    - 2.1.3 the sympathetic management of the land to protect and enhance Wye's biodiversity, heritage and landscape quality;
    - 2.1.4 the provision of employment, education, training and volunteering opportunities;
    - 2.1.5 the researching of sustainable farming through community land trusteeship, public involvement and other methods.
  - 2.2 Definitions

In addition to the definitions at Rule 124 the following shall apply to these Rules:

|                               |  |
|-------------------------------|--|
| <b>“Charities”</b>            | are organisations which are established for exclusively charitable purposes in accordance with the law of England and Wales;   |
| <b>"Community Land Trust"</b> | are organisations which are: charitable or not for private profit; are Community controlled organisations, which acquire and hold land for the benefit of the Community; |
| <b>"Community"</b>            | is a group of people linked to the area of benefit for a variety of individual reasons, including living or working in or visiting that area                             |

#### Non-profit

3. There is no rule 3.

4. Nothing shall be paid or transferred by way of profit to members of the association but this rule shall not prevent payments to members to provide capital for the association in accordance with rule 14.

## **PART B**

### **POWERS OF ASSOCIATION, BOARD AND MEMBERS**

#### **Powers**

5. Without limiting its general powers, but in the promotion of its objects, the association shall have power to do the following except as expressly prohibited in these Rules:
  - 5.1 To promote or carry out research;
  - 5.2 To provide advice;
  - 5.3 To publish or distribute information;
  - 5.4 To transfer assets to, support (including financial support), administer, set up or co-operate with other charities or bodies not trading for profit;
  - 5.5 To acquire, hire or let or dispose of property of any kind;
  - 5.6 To employ paid or unpaid agents, staff or advisers;
  - 5.7 Subject to rules 108-110 to borrow money or issue loan stock for the purposes of the association on such terms as the association thinks fit;
  - 5.8 Subject to rule 111 to invest the funds of the association;
  - 5.9 To give guarantees;
  - 5.10 To do anything else within the law which promotes or helps to promote the objects;
  - 5.11 To pay for indemnity insurance for the board members;
  - 5.12 To work with others in promoting Community Land Trusts both in and outside of the area of benefit.
6. The association shall not have power to receive money on deposit in any way which would require authorisation under the Financial Services and Markets Act 2000 or any other authority required by statute unless it has such authorisation.

#### **Powers of the board**

7. The business of the association shall be directed by the board.
  8. Apart from those powers which must be exercised in general meeting:
    - 8.1 by statute; or
    - 8.2 under these rules
- all the powers of the association may be exercised by the board for and in the name of the association.

9. The board shall have power to:
  - 9.1 delegate, in writing, the exercise of any of its powers to committees and to employees of the association (subject to rule 52) on such terms as it determines. Such delegation may include any of the powers and discretions of the board; and
  - 9.2 make such bye-laws as they may deem necessary or expedient or convenient for the proper conduct and management of the association, including bye-laws to regulate the procedure at general meetings and meetings of the board; to regulate conflicts of interest; and to specify criteria for the selection of potential members of the board Provided that:
    - 9.2.1 no bye-law shall be inconsistent with or shall affect or repeal anything contained in these Rules; and
    - 9.2.2 the association in general meeting shall have the power to alter, add to or repeal such bye-laws and the Board shall adopt such means as they think sufficient to bring to the notice of the members all bye-laws, which shall be binding on all members.

#### **Limited powers of members in general meeting**

10. The association in general meeting can only exercise the powers of the association expressly reserved to it by these rules or by statute.

#### **General**

11. The certificate of an officer of the association that a power has been properly exercised shall be conclusive as between the association and any third party acting in good faith.
12. A person acting in good faith who does not have actual notice of any regulations shall not be obliged to see or enquire if the board's powers are restricted by such regulations.

## **PART C**

### **MEMBERS AND GENERAL MEETINGS**

#### **Obligations of members**

13. All members agree to be bound by the obligations on them as set out in these rules. When acting as members they shall act at all times in the interests of the association and, for the benefit of the Community, as guardians of the objects of the association.

#### **Nature of shares**

14. The association's share capital shall be raised by the issue of shares. The directors may make provision for different classes of shares and assign to such classes different rights provided that each share have the nominal value of one pound and shall carry no right to dividend or bonus, but may carry the right to interest of a maximum amount which in the opinion of the Board, is necessary to obtain and retain the capital of the association required to carry out the objects of the association.
15. The shares in the association shall be of the nominal value of £1.00 and shall be withdrawable only and not transferable except on death or bankruptcy.
16. The Board shall allot to members upon their admission the shares for which they have applied, and subject to the Act, shall allot from time to time any shares or shares subsequently applied for. The Board may determine to credit interest on share capital by the allotment of further shares.

#### **Nature of members**

17. A member of the association is a person or body who holds at least one share in the association. Membership is open to any person interested in promoting the Objects.
18. The following cannot be members:
  - 18.1 a person under the age of 16;
  - 18.2 a person who has been expelled as a member, unless authorised by special resolution at a general meeting.
19. No member other than a registered society shall have an interest in the shares of the association exceeding such amount as may be prescribed by the Act. The minimum shareholding is one share. Each member shall have only one vote. There is no maximum number of members and the minimum is three.
20. A share cannot be held jointly except by trustees and by not more than 4 named trustees.

#### **Admission of members**

21. The board of the association shall admit members to the association.
22. Each person specified in Rule 21 shall become a member on delivery to the secretary of a signed acceptance to undertake the obligations of:

- 22.1 a member; and
- 22.2 payment of the sum of one pound in respect of each share.
- 23. An application for membership shall be in such form as the board may prescribe and shall contain an application for any minimum shareholding which the Board may set from time to time. Upon the Board approving an application for membership the applicant shall for the purpose of the rules be deemed to be a member and the number of shares applied for shall be issued to the applicant.
- 24. The name of the applicant and the other necessary particulars shall be entered in the register of members. A share certificate in the association and a copy of its rules shall be issued to the applicant.
- 25. A member who is a nominee of a body unincorporated shall have entered against the member's name in the register the name of the body unincorporated by whom the member has been nominated.

### **Ending of membership**

- 26. A member shall cease to be a member if:
  - 26.1 they die; or
  - 26.2 holding one share only, they withdraw from the association by giving one month's notice to the secretary; or
  - 26.3 upon ceasing to hold any shares; or
  - 26.4 in the case of a body corporate on ceasing to be a body corporate; or
  - 26.5 upon expulsion under the following rule.
- 27. Members may be expelled forthwith by resolution of a general meeting for conduct deemed detrimental to the association, provided that notice of the conduct alleged against them is given to them at least one calendar month before the meeting at which the resolution is to be considered and they are given an opportunity thereat to answer such allegations.
- 28. Any persons who have been expelled from membership shall be paid the full sum paid or credited on any shares in the association held by them at the date of the resolution for their expulsion and their shares shall be cancelled, provided that any amount due but not paid shall not be a debt against the association.
- 29. If the auditors or any independent qualified accountants appointed for the purpose by the directors certify at any time, that the aggregate of the association's liabilities and the amount of its issued share capital exceeds its assets then (unless in the meantime the excess has been removed) the Board may determine that the amount of the excess or any part of it shall be apportioned among the members in proportion to but not beyond the amount of the nominal. Value of the shares paid up and held by each member at the close of business on the date of such determination and the appropriate number of shares held by each member shall be cancelled accordingly.

## Withdrawal of Multiple Shares

30. If Members hold more than one share they may withdraw their shares upon giving six months notice to the association provided that:
- 30.1 All withdrawals shall be paid in the order in which the notices were received by the association;
  - 30.2 Except where a member withdraws from the association as provided for by the following rule members shall not be entitled to withdraw shares so as to leave them with less than the minimum shareholding;
  - 30.3 The directors may waive the notice required for a withdrawal and any direct payment to be made without notice or on such shorter notice as they consider fit;
  - 30.4 The right to withdraw may by resolution of the directors be suspended either wholly or partially and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal which have been received and remain unpaid at the time the resolution suspending the right to withdraw is passed by the directors. Where the suspension is for a fixed period such period may be extended from time to time by a resolution of the directors;
  - 30.5 During any period when the right of withdrawal has been suspended under Rule 30.4, the shares of deceased members may, if the directors so determine, be withdrawn by their personal representatives upon giving such notice as the directors may require;
  - 30.6 The amount to be paid to a member on withdrawal shall be the amount paid up or credited on the shares to be withdrawn;
  - 30.7 Interest shall be payable on any share in respect of which a notice of withdrawal has been given until the date of repayment;

And any share withdrawn in accordance with this rule shall be cancelled.

31. Members may withdraw from the association by withdrawing all their shares in the association in accordance with the preceding rule or, if the right to withdraw has been suspended as provided for in that rule, by surrendering all their shares to the association. Upon such surrender the directors may in their discretion pay to the withdrawing member the amount paid up or credited in the shares surrendered.

## Raising money through public offers of securities

32. If the association seeks to raise monies through the public offer of securities then the provisions of this clause will apply:-

### 32.1 Business Principles

The association will apply the following principles in the pursuit of its objects:

32.1.1 It will conduct its business with integrity;

32.1.2 It will conduct its business with due skill, care and diligence;

32.1.3 It will take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems;

32.1.4 It will maintain adequate financial resources;

32.1.5 It will pay due regard to the interests of its members and treat them fairly.

32.2 Financial Promotions

The association shall not communicate any inducement or invitation to purchase withdrawable share capital or any other instrument which the association may issue from time to time without taking advice from a suitably qualified person.

32.3 Member Identification

The association will take reasonable steps to verify the identity of members. The association will retain a copy of all documents seen to verify the identity of a member for six years after the person ceases to be a member.

32.4 Money Laundering

The association will appoint a Money Laundering Reporting Officer (MRLO). The functions of the MLRO will be:

32.4.1 To establish and maintain procedures to prevent money laundering;

32.4.2 To establish and maintain awareness among the association's staff of the procedures to prevent money laundering, including the provision of training;

32.4.3 Receiving internal money laundering reports on suspicious activity;

32.4.4 Making external reports to any appropriate authority established for that purpose if it is considered that the suspicion is justified.

32.5 Systems and Controls

The association will maintain reasonable and proper financial and management systems and controls taking account of the nature, scale and complexity of its business.

32.6 Fidelity Insurance

The association will at all times maintain in force a policy of insurance which provides cover against any description of loss suffered or liability incurred by reason of the fraud or other dishonesty of any of its officers or employees.

**Annual general meeting**

33. The association shall hold a general meeting called the annual general meeting within six calendar months after the close of each of its financial years.

34. The functions of the annual general meeting shall be:

- 34.1 to receive the annual report which shall contain:
- the revenue accounts and balance sheets for the last accounting period
  - the auditor's report on those accounts and balance sheets
  - the board's report on the affairs of the association
  - the board's statement of the values and objectives of the association
  - a statement of the current obligations of board members to the board and the association
  - a statement of the skills, qualities and experience required by the board amongst its members
- 34.2 to consider the strategic policies of the association;
- 34.3 to appoint the auditor;
- 34.4 to elect independent board members;
- 34.5 to transact any other general business of the association included in the notice convening the meeting.

### **Special general meetings**

35. All general meetings other than annual general meetings shall be special general meetings and shall be convened either:
- 35.1 upon an order of the board; or
- 35.2 upon a written requisition signed by one-tenth of the members stating the business for which the meeting is to be convened;
- 35.3 if within twenty-eight days after delivery of a requisition to the secretary a meeting is not convened, the members who have signed the requisition may convene a meeting.
36. A special general meeting shall not transact any business that is not included in the notice convening the meeting.

### **Calling a general meeting**

37. All general meetings shall be convened by at least fourteen clear days' written notice posted or delivered to or sent by e mail to every member at the address given in the register of members and to each of the association's subsidiaries at its registered office. The notice shall state whether the meeting is an annual or special general meeting, the time, date and place of the meeting, and the business for which it is convened.
38. Any accidental failure to get any notice to any member or any subsidiary shall not invalidate the proceedings at that general meeting. A notice or communication sent by

post to a member at their address shown in the register of members shall be deemed to have arrived two days after being posted.

### **Proceedings at general meetings**

39. Before any general meeting can start its business there must be a quorum present. A quorum is two members.
40. A meeting held as a result of a member's requisition will be dissolved if too few members are present half an hour after the meeting should begin.
41. All other general meetings with too few members will be adjourned to the same day, at the same time and place in the following week. If too few members are present within half an hour of the same time the adjourned meeting should have started, those members present shall carry out the business of the meeting.
42. The chair of any general meeting can adjourn the meeting if the majority of the members present in person or by proxy agree. An adjourned meeting is a continuation of the original meeting. The date of all resolutions passed is the date they were passed (as opposed to the date of the original meeting). There is no need to give notice of an adjournment or to give notice of the business to be transacted.
43. At all general meetings of the association the chair of the board shall preside. If there is no such chair or if the chair is not present or is unwilling to act, the deputy (if any) shall chair the meeting, failing which the members present shall elect a member to chair the meeting. The person elected shall be a member of the board if one is present and willing to act.
44. Each of the association's subsidiaries shall be entitled to appoint a representative to attend any general meeting. A subsidiary's representative shall be entitled to speak in relation to any matter to be considered at the meeting but shall not be entitled to vote.

### **Proxies**

45. A proxy can be appointed by delivering a written appointment to the registered office at least two days before the date of the meeting at which the proxy is authorised to vote. It must be signed by the member or a duly authorised attorney. Any proxy form delivered late shall be invalid. Any question as to the validity of a proxy shall be determined by the chair of the meeting whose decision shall be final. A proxy need not be a member of the association.

### **Voting**

46. Subject to the provisions of these rules or of any statute, a resolution put to the vote at a general meeting shall, except where a ballot is demanded or directed, be decided upon a show of hands.
47. On a show of hands every member present in person and on a ballot every member present in person or by proxy shall have one vote. In case of an equality of votes the chair of the meeting shall have a second or casting vote.
48. Unless a ballot is demanded (either before or immediately after the vote), a declaration by the chair that a resolution on a show of hands has been carried or lost, unanimously or

by a particular majority, is conclusive. An entry made to that effect in the book containing the minutes of the proceedings of the association, shall be conclusive evidence of that fact.

49. Any question as to the acceptability of any vote whether tendered personally or by proxy, shall be determined by the chair of the meeting, whose decision shall be final.
50. A ballot on a resolution may be demanded by any three members at a meeting (in person or by proxy) or directed by the chair (and such demand or direction may be withdrawn). A ballot may be demanded or directed after a vote on the show of hands, and in that case the resolution shall be decided by the ballot.
51. A ballot shall be taken at the meeting at such time and in such manner as the chair shall direct. The result of such a ballot shall be deemed to be the resolution of the association in general meeting.

## **PART D**

### **THE BOARD**

#### **Functions**

52. The association shall have a board (in these rules referred to as “the board”) which shall direct the affairs of the association in accordance with its objects and rules. Amongst its functions shall be to:
- 52.1 define and ensure compliance with the values and objectives of the association and with the strategic policies determined by the annual general meeting and ensure these are set out in each annual report;
  - 52.2 establish policies and plans to achieve the association’s objectives and to implement its strategic policies;
  - 52.3 approve each year’s accounts prior to publication and approve each year’s budget;
  - 52.4 establish and oversee a framework of delegation and systems of control;
  - 52.5 agree policies and make decisions on all matters that create significant financial risk to the association or which materially affect material issues of principle;
  - 52.6 monitor the association’s performance in relation to these plans, budgets, controls and decisions;
  - 52.7 appoint (and if necessary remove) the chief executive (if any);
  - 52.8 satisfy itself that the association’s affairs are conducted in accordance with generally accepted standards of performance and propriety;
  - 52.9 take appropriate advice;
- and none of these functions 52.1 to 52.9 inclusive shall be capable of delegation.

#### **Composition of the board**

- 53.
- 53.1 The board shall consist of up to twelve board members, or of such greater number not exceeding fifteen (including co-optees) as may be determined by the association in general meeting.
  - 53.2 Board members shall be selected having regard to the desire to secure representation from a variety of interest groups and other stakeholders from the area of benefit (or any part) with an interest in promoting the Objects and with the intent of optimising the range of skills and experience available to the association.

- 53.3 Except at first when the first board members will be chosen by the persons who signed the application for registration by the Society the Board Members will be appointed in accordance with Rules 56-58 and 61-63.
- 54.
- 54.1 The board shall in its annual report set out the obligations of every board member to the board and to the association. The board shall review and may amend the obligations of board members from time to time.
- 54.2 No board member may act as such until they have signed and delivered to the board a statement, confirming that they will meet their obligations to the board and to the association. The board may vary the form of statement from time to time.
55. Any board member who has not signed such statement without good cause within one month of election or appointment to the board shall immediately cease to be a board member.
56. The board may appoint co-optees to serve on the board to fill any vacancies on such terms as the board resolves and may remove such co-optees. A co-optee may act in all respects as a board member.
57. Not more than five co-optees can be appointed to the board or to any committee at any one time.
58. No one can become or remain a board member or be the Chief Executive or Secretary of the association at any time if:
- 58.1 they are disqualified from acting as a director of a company for any reason; or
- 58.2 they are bankrupt or subject to an agreement with their creditors; or
- 58.3 they have been convicted of an indictable offence within the last five years; or
- 58.4 they are not a member of the association; or
- 58.5 they have absented themselves from four consecutive meetings of the board without special leave of absence from the board; or
- 58.6 they are prohibited by the Financial Services Authority from undertaking controlled function (as specified in the FSA Handbook);
- and any board member who at any time ceases to qualify under this rule shall immediately cease to be a board member.
59. Any board member who reaches the age of seventy shall retire at the next annual general meeting and may only be re-elected or appointed for a period of one year at a time.
60. A board member may be removed from the board by a special resolution at a general meeting.

61. Whenever the number of board members is less than permitted by these rules, the board may appoint a further board member in addition to the board's power to co-opt. Any board member so appointed shall retire at the next annual general meeting.

### **Election to the board**

62. In every notice for an annual general meeting the board shall set out its requirements for the skills, qualities and experience which it needs from the board members. The notice shall state the extent to which those requirements are met by those board members continuing in office, and those retiring and intending to re-offer themselves for election.
  - 62.1 At the first annual general meeting all the elected board members shall retire from office.
  - 62.2 At every subsequent annual general meeting one third of the elected board members shall retire from office, or if their number is not a multiple of three then the nearest to one third, shall retire from office.
  - 62.3 Board members who retire shall be those who have been longest in office since they were last elected or re-elected to the board. If the choice is between people who became elected board members on the same day those to retire shall be chosen by lot if not agreed.
  - 62.4 Anybody appointed to fill a casual vacancy under rule 61 during the year and who retires for that reason shall not count towards the one third to retire.
  - 62.5 Any retiring board member having completed six or more years' continuous service on the board shall not be eligible for re-election until the next following annual general meeting. They shall be subject to the provisions of rule 66.2.
63.
  - 63.1 If at an annual general meeting, the candidates for election as board members do not exceed the number of vacancies on the board the chair shall declare those candidates to have been duly elected.
  - 63.2 If the number of candidates exceeds the number of vacancies the meeting shall elect the board members by ballot in such a manner as the chair directs.
64. In an election at a general meeting every member present in person or by proxy other than the retiring board member shall have one vote for every vacancy but shall not give more than one vote to any one candidate.
65. In casting their votes in an election, members shall endeavour to ensure that the board possesses the quality, skills and experience which the association has from time to time determined that it requires.

### **Candidates for the board**

- 66.

- 66.1 Any elected board member who is retiring and is seeking re-election at the annual general meeting shall notify the secretary of his/her intention to seek re-election at the annual general meeting by the same date.
- 66.2 In addition a candidate, who is seeking election or re-election as an elected board member, must be proposed and seconded by two members. A candidate who is already a member may not propose or second his or her own candidature. Notice of the proposal must be given to the association (marked for the attention of the Secretary) not less than 21 days before the date appointed for the meeting at which the election or re-election is to be made stating the particulars that would, if the candidate was elected would be required to be included in the associations register of directors together with confirmation of the candidates willingness to be appointed and details of two members who second that proposal.
- 66.3 Notice of any candidates under Rule 66.2 shall be sent to all members entitled to receive notice of a general meeting not less than 7 days before that meeting is held

### **Quorum for the board**

67.

- 67.1 Except at first when two board members shall be a quorum; once the board shall have more than eight board members four board members shall form a quorum. The board may determine a higher number.
- 67.2 If the number of board members falls below the number necessary for a quorum, the remaining board members may continue to act but the only power that the board may exercise shall be to call a general meeting of the association to bring the number of the board members up to that required by these rules.

### **Board members' interests**

68. Subject to Rule 69 and 70 no board member or member of the committee shall have any financial interest:

- 68.1 personally; or
- 68.2 as a member of a firm; or
- 68.3 as a director or other officer of a business trading for profit; or
- 68.4 in any other way whatsoever

in any contract or other transaction with the association, unless it is expressly permitted by a decision of the board. The board shall establish a written policy relating to board members' interests.

69. A board member or member of the committee may be an employee of the association, and a board member, member of the committee or a connected person may enter into a contract with the association to supply goods or services in return for a payment or other material benefit if:

- 69.1 the goods or services are actually required by the association;
  - 69.2 the nature and level of the benefit is no more than reasonable in relation to the value of the goods or services and is set at a meeting of the board members in accordance with the procedure in Rule 71; and
  - 69.3 no more than one half of the Board members are interested in such a contract in any financial year; and
70. The association shall not pay or grant any benefit to anyone who is a board member or a member of a committee, except:
- 70.1 Payment of indemnity insurance as mentioned in Rule 5.12;
  - 70.2 Contractual payments as permitted under rule 69;
  - 70.3 The grant of a tenancy by the association at the direction of another body to a board member, co-optee or member of a committee;
  - 70.4 Reimbursement of properly authorised expenses to board members, co-optees and members of committees when actually incurred on the association's business;
  - 70.5 Payment of interest on shares in accordance with rule 14.
71. Any board member or member of a committee, having an interest in any arrangement between the association and someone else shall disclose their interest, before the matter is discussed by the board or any committee. Unless it is expressly permitted by the board in its written policy they shall not remain present while the matter is discussed unless requested to do so by the board or committee, they shall be absent during the vote and have no vote on the matter in question, and shall not be counted in the quorum for that part of the meeting. Any decision of the board or of a committee shall not be invalid because of the subsequent discovery of an interest which should have been declared.
72. Every board member and member of a committee shall ensure that the secretary at all times has a list of all other bodies in which they have an interest as:
- 72.1 a director or office; or
  - 72.2 as a member of a firm; or
  - 72.3 as an official or elected member of any statutory body; or
  - 72.4 as the owner or controller of more than 2% of a company the shares in which are publicly quoted or more than 10% of any other company; or
  - 72.5 as the occupier of any property owned or managed by the association; or
  - 72.6 any other significant or material interest
73. If requested by a majority of the board or members of a committee at a meeting convened specially for the purpose, a board member or member of a committee failing to disclose an interest as required by these rules shall vacate their office either permanently or for a period of time.

74. A board member, co-optee or member of a committee shall not have an interest for the purposes of rules 68 to 71 as a board member, director or officer of any other body whose accounts are or ought to be consolidated with the association's accounts.
75. Board members, co-optees or members of committees who are tenants of the association shall not have an interest for the purpose of rule 71 in any decision affecting all or a substantial group of tenants.

### **Meetings of the board**

76. The board shall meet at least three times every calendar year. At least seven days written notice of the date and place of every board meeting shall be given by the secretary to all board members and co-optees.
77. Meetings of the board may be called by the secretary, or by the chair, or by two board members who give written notice to the secretary specifying the business to be carried out. The secretary shall send written notice to all board members and co-optees to the board as soon as possible after receipt of such a request. The secretary shall call a meeting on at least seven but not more than fourteen days' notice to discuss the specified business. If the secretary fails to call such a meeting then the chair or two board members, whichever is the case, shall call such a meeting.

### **Management and delegation**

78. The board may delegate any of its powers under written terms of reference to committees or to employees (subject to rule 52). Those powers shall be exercised in accordance with any written instructions given by the board.
79. The membership of any committee shall be determined by the board. Every committee shall include one board member or co-optee to the board. The board will appoint the chair of any committee and shall specify the quorum.
80. All acts and proceedings of any committee shall be reported to the board.
81. No committee can incur expenditure on behalf of the association unless at least one board member or co-optee of the board on the committee has voted in favour of the resolution and the board has previously approved a budget for the relevant expenditure.

### **Miscellaneous provisions**

82. All decisions taken at a board or any committee meeting in good faith shall be valid even if it is discovered subsequently that there was a defect in the calling of the meeting, or the appointment of the members at a meeting.
83. A resolution in writing sent to all board members and signed by three quarters of the board members or all the members of a committee shall be as valid and effective as if it had been passed at a properly called and constituted meeting of the board or committee.
84. Meetings of the board can take place in any manner which permits those attending to hear and comment on the proceedings.
85. A board member acting in good faith shall not be liable to the association for any loss.

## **PART E**

### **CHAIR, CHIEF EXECUTIVE, SECRETARY AND OTHER OFFICERS**

#### **The chair**

86. The association shall have a chair, who shall also chair board meetings, and shall be elected by the board.
87. The chair on election shall hold office until the commencement of the first board meeting after the next annual general meeting of the association (or until the chair resigns as chair). The first item of business for any board meeting when there is no chair or the chair is not present shall be to elect the chair. The chair shall at all times be a member and a board member. In the case of any equality of votes, the chair shall have a casting vote.
88. The chair of the association may be removed at a board meeting called for the purpose provided the resolution is passed by at least two thirds of the members of the board at the meeting.

#### **The chair's responsibilities**

89. The chair shall seek to ensure that:
  - 89.1 the board's business and the association's general meetings are conducted efficiently;
  - 89.2 all board members are given the opportunity to express their views;
  - 89.3 a constructive working relationship is established with, and support provided for the chief executive (if any);
  - 89.4 the board delegates sufficient authority to its committees, the chair, the chief executive (if any), and others to enable the business of the association to be carried on effectively between board meetings;
  - 89.5 the board receives professional advice when it is needed;
  - 89.6 the association is represented as required; and
  - 89.7 the association's affairs are conducted in accordance with generally accepted codes of performance and propriety.
90. The chair shall seek to ensure that there is a written statement of the chair's responsibilities which shall be agreed with the board, and reviewed from time to time.

#### **The Chief Executive**

91. The association may have a chief executive appointed by the board. The chief executive shall be appointed on a written contract of employment, which shall include a clear statement of the duties of the chief executive.

### **The secretary**

92. The association shall have a secretary who shall be appointed by the board and who may be an employee. The secretary shall in particular:
  - 92.1 summon and attend all meetings of the association and the board and keep the minutes of those meetings; and
  - 92.2 keep the registers and other books determined by the board; and
  - 92.3 make any returns on behalf of the association to the Financial Services Authority; and
  - 92.4 have charge of the seal of the association if any; and
  - 92.5 be responsible for ensuring the compliance of the association with the rules

### **Other officers**

93. The board may designate as officers such other executives, internal auditor and staff of the association on such terms (including pay) as it from time to time decides.

### **Miscellaneous**

94. Every officer or employee shall be indemnified by the association for any amount reasonably incurred in the discharge of their duty.
95. Except for the consequences of their own dishonesty or gross negligence no officer or employee shall be liable for any losses suffered by the association.

## **PART F**

### **FINANCIAL CONTROL AND AUDIT**

#### **Auditor**

96. Unless it is not required by the Act, the association shall appoint an auditor to act in each financial year. They must be qualified as provided by Section 7 of the Friendly and Industrial and Provident Societies Act 1968.
97. The following cannot act as auditor:
  - 97.1 an officer or employee of the association;
  - 97.2 a person employed by or employer of, or the partner of, an officer or employee of the association.
98. An auditor must be appointed by resolution at a general meeting.
99. The association's first auditor shall be appointed at a general meeting within three months of its registration. The board may make the appointment if no meeting is held within three months. The board may appoint an auditor to fill a casual vacancy.
100. Where an auditor is appointed to audit the accounts for the preceding year, they shall be re-appointed to audit the current year's as well unless:
  - 100.1 a general meeting has appointed someone else to act or has resolved that the auditor cannot act; or
  - 100.2 the auditor does not want to act and has told the association so in writing; or
  - 100.3 the person is not qualified or falls within rule 97 (above); or
  - 100.4 the auditor has become incapable of acting; or
  - 100.5 notice to appoint another auditor has been given.
101.
  - 101.1 Not less than twenty-eight days' notice shall be given for a resolution to appoint another person as auditor, or to forbid a retiring auditor being re-appointed.
  - 101.2 The association shall send a copy of the resolution to the retiring auditor and also give notice to its members at the same time and in the same manner if possible.
  - 101.3 If not, the association shall give notice by advertising in a local newspaper at least 14 days before the proposed meeting. The retiring auditor can make representations to the association which must be notified to its Members under Section 6 of the Friendly and Industrial and Provident Societies Act 1968.

### **Auditor's duties**

102. The findings of the auditor shall be reported to the association, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968.
103. The board shall produce the revenue account and balance sheet audited by the auditor, and the auditor's report at each annual general meeting. The board shall also produce its report on the affairs of the association which shall be signed by the person chairing the meeting which adopts the report.

### **Accounting requirements**

104. The end of the accounting year must be a date allowed by the Financial Services Authority.
105. The association shall keep proper books of account detailing its transactions, its assets and its liabilities, in accordance with Sections 1 and 2 of the Friendly and Industrial and Provident Societies Act 1968.
106. The association shall establish and maintain satisfactory systems of control of its books of account, its cash and all its receipts and payments.

### **Annual returns and balance sheets**

107. Every year, within the time specified by legislation, the secretary shall send the association's annual return to the Financial Services Authority. The return shall be up-to-date to the time specified in the Act, or such other date allowed by the Financial Services Authority. The annual return shall be accompanied by the auditor's reports for the period of the return and the accounts and balance sheets to which it refers.

### **Borrowing**

108. The total borrowings of the association at any time shall not exceed £100 million (one hundred million pounds) or such a larger sum as the association determines from time to time in general meeting.
109. The rate of interest payable at the time terms of borrowing are agreed on any money borrowed shall not exceed the rate of interest which, in the opinion of the board, is reasonable having regard to the terms of the loan. The board may delegate the determination of the said interest rate within specified limits to an officer, board member or a committee.
110.
  - 110.1 In respect of any proposed borrowing, for the purposes of rule 108, the amount remaining undischarged of any deferred interest or index-linked monies previously borrowed by the association or on any deep discounted security shall be deemed to be the amount required to repay such borrowing in full if such pre-existing borrowing became repayable in full at the time of the proposed borrowing; and
  - 110.2 For the purposes of rule 108 in respect of any proposed borrowing intended to be on index-linked or on any deep discounted security the amount of borrowing

shall be deemed to be the proceeds of such proposed borrowing receivable by the association at the time of the proposed borrowing.

### **Investment**

111. The funds of the association may be invested by the board as it determines as if it were absolutely entitled to the assets of the association.

## **PART G**

### **MISCELLANEOUS AND STATUTORY, REGISTERED OFFICE AND NAME**

112. The association's registered office is at 2a Briar Close, Bramble Lane, Wye, Ashford, Kent TN25 5HB or at such other place as the Board may decide from time to time and register with the Financial Services Authority in accordance with the Act.
113. The association's registered name must:
- 113.1 be placed prominently outside every office or place of business; and
  - 113.2 be engraved on its seal; and
  - 113.3 be stated on its business letters, notices, adverts, official publications, cheques and invoices.
114. **Disputes**
- 114.1 Any dispute on a matter covered by the rules shall be dealt with in the County Court if the dispute is between:
- the association and an officer; or
  - the association and a member; or
  - the association and a person claiming to be a member; or
- the association and a person who was a member in the last six months.

### **Minutes, seal, registers and books**

115. The minutes of all general meetings and all board and committee meetings shall be recorded, agreed by the relevant subsequent meeting and signed by whoever chairs the meeting and kept safe.
116. The secretary shall keep the seal. It shall not be used except under the board's authority. It must be affixed by one board member signing and the secretary countersigning or in such other way as the board resolves. The board may in the alternative authorise the execution of deeds in any other way permitted by law.
117. The association must keep at its registered office:
- 117.1 the register of members showing:
- the names and addresses of all the members; and
  - a statement of all the shares held by each board member and the amount paid for them; and
  - a statement of other property in the association held by the member; and
- the date that each member was entered in the register of members

- 117.2 a duplicate register of members showing the names and addresses of members and the date they became members.
- 117.3 a register of the names and addresses of the officers, their offices and the dates on which they assumed those offices as well as a duplicate.
- 117.4 a register of holders of any loan.
- 117.5 a register of mortgages and charges on land.
- 117.6 a copy of the rules of the association.
118. The association must display a copy of its latest balance sheet and auditors report at its registered office.
119. The association shall give to all members on request copies of its last annual return with the auditor's report on the accounts contained in the return, free of charge.
120. The secretary shall give a copy of the rules of the association to any person on demand who pays such reasonable sum as permitted by law.
121. **Amendment of rules**
- 121.1 The rules of the association may be rescinded or amended, but not so as to stop the association being a charity.
- 121.2 Rules 2; 3; 4; 5, 6, 14, 53, 67, 77, 121 and 123 can only be amended or rescinded by three fourths of the votes cast at a general meeting. Any other rule can be rescinded or amended by two thirds of the votes cast at a general meeting.
- 121.3 Amended rules shall be registered with the Financial Services Authority as soon as possible after the amendment has been made. A copy of the amended rules shall be issued to all members immediately after registration. An amended rule is not valid until it is registered.

## **Dissolution**

122. The association may be dissolved by a three fourths majority of members who sign an instrument of dissolution in the form prescribed bylaw ; or by winding-up under the Act.
123. Any property that remains, after the association is wound-up or dissolved and all debts and liabilities dealt with, the members may resolve to give or transfer to a charitable body with objects within or similar to that of the association.

## **Interpretation of terms**

124. In these rules, including this rule, unless the subject matter or context are inconsistent:-
- 124.1 words importing the singular or plural shall include the plural and singular respectively;
- 124.2 words importing gender shall include the male and female genders;

- 124.3 any reference to an Act shall include any amendment or re-enactment from time to time;
- 124.4 any reference to the Financial Services Authority includes reference to the statutory successor carrying on its relevant functions;
- 124.5 “amendment of rules” shall include the making of a new rule and the rescission of a rule, and “amended” in relation to rules shall be construed accordingly;
- 124.6 “the association” shall mean the association of which these are the registered rules;
- 124.7 “board” shall mean the board appointed in accordance with Part D and “board member” or “member of the board” or director shall mean a member of the board for the time being;
- 124.8 “indemnity insurance” means insurance against personal liability incurred by any board member for an act or omission which is or is alleged to be a breach of trust or breach of duty, unless the board member concerned knew that, or was reckless whether, the act or omission was a breach of trust or breach of duty
- 124.9 “minimum shareholding” means the minimum amount of shares the board shall from time to time require a new member to purchase;
- 124.10 "objects" shall mean the objects of the association set out in Rule 2;
- 124.11 “officer” shall include the chair and secretary of the association and any board member for the time being and such other persons as the board may appoint under rule 93;
- 124.12 "person" includes, where the context allows, any individual, corporation, firm, partnership, joint venture, association, organisation, or other body of persons, whether incorporated or not incorporated and whether now existing or to be formed after the date of adoption of these Rules;
- 124.13 “persons claiming through a member” shall include their personal representatives and also their nominees where a nomination has been made;
- 124.14 “property” shall include all real and personal estate (including loan stock certificates, books and papers);
- 124.15 “register of members” means the register kept in accordance with rule 117.1;
- 124.16 “secretary” means the officer appointed by the board to be the secretary of the association or other person authorised by the board to act as the secretary’s deputy;
- 124.17 “member” shall mean one of the persons referred to in rule 17 and means “member” as defined by the Act;
- 124.18 “the Act” shall mean the Industrial and Provident Societies Acts 1965 to 2003;
- 124.19 “these rules” shall mean the registered rules of the association for the time being;

- 124.20 references to any provision in any Act shall include reference to such provision as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations made under such provision;
- 124.21 “special resolution” means a resolution at a general meeting passed by a two thirds majority of all members who vote in person or by proxy.