



## FALKLAND ISLANDS

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### Co-operative Societies Ordinance 1985

(ORDINANCE No. 15 OF 1985)

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## FALKLAND ISLANDS

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### Co-operative Societies Ordinance 1985

AN ORDINANCE To provide for the formation and regulation of co-operative societies.

*[DATE OF COMMENCEMENT: 1ST JANUARY 1986]  
(Unless otherwise indicated)*

#### PART I PRELIMINARY

##### 1 Short title

This Ordinance may be cited as the Co-operative Societies Ordinance 1985.

*[Revision w.e.f. 31/07/2017]*

##### 2 Interpretation

In this Ordinance, unless the context otherwise requires-

**"bonus"** means a share of the profits of a registered society divided among its members in proportion to the amount of business done with the society by them from which the profits of the society were derived;

**"by-laws"** means the registered by-laws made by a society in the exercise of any power conferred by this Ordinance, and includes registered amendments thereto;

**"committee"** means the governing body of a registered society to whom the management of its affairs is entrusted;

**"dividend"** means a share of the profits of a registered society divided among its members in proportion to the share capital held by them;

**"member"** includes a person or registered society joining in the application for the registration of a society and a person or registered society admitted to membership after registration in accordance with the by-laws;

**"officer"** includes a chairman, secretary, treasurer, member of committee, or other person empowered under the rules or by-laws to give directions concerning the business of a registered society;

**"registered society"** means a co-operative society registered under this Ordinance;

**"Registrar"** means the Registrar of Co-operative Societies appointed under section 3 and includes a person when exercising such of the powers of the Registrar as may have been conferred upon him under that section;

**"rules"** means rules made under this Ordinance.

## **PART II REGISTRATION**

### **3 Appointment of Registrar of Co-operative Societies and assistant registrars**

The Governor may appoint a person to be Registrar of Co-operative Societies for the Falkland Islands and may appoint persons to assist such Registrar, and may by notice published in the Gazette confer on any such persons all or any of the powers of the Registrar under this Ordinance.

### **4 Societies which may be registered**

(1) Subject to the provisions hereinafter contained, a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, may be registered under this Ordinance with or without limited liability as the Registrar may decide.

(2) The liability of a society which includes at least one registered society among its members shall be limited.

### **5 Conditions of registration**

(1) No society, other than a society of which a member is a registered society, shall be registered under this Ordinance, which does not consist of at least ten persons each of whom is qualified under section 21 for membership.

(2) The word "co-operative" shall form part of the name of every registered society.

(3) The word "Limited" shall be the last word in the name of every society registered with limited liability under this Ordinance.

(4) When for the purposes of this section any question arises as to age, residence or occupation of land constituting the qualification of any person, that question shall be decided by the Registrar whose decision shall be final.

## **6 Application by a society for registration**

(1) A society which desires to be registered under this Ordinance shall make application to the Registrar.

(2) The application shall be signed-

- (a) in the case of a society of which no member is a registered society, by at least ten persons qualified in accordance with the requirements of section 21; and
- (b) in the case of a society of which a member is a registered society, by a duly authorized person on behalf of every such registered society, and, where all the members of the society are not registered societies, by ten other members, or, when there are less than ten other members, by all of them.

(3) The application shall be accompanied by copies of the proposed by-laws of the society, and such other information with regard to the society as the Registrar may require.

## **7 Registration and appeal from refusal to register**

(1) If the Registrar is satisfied that a society has complied with the provisions of this Ordinance and the Rules, and that its proposed by-laws are not contrary to this Ordinance or to the Rules, he may, if he considers fit, register the society and its by-laws. An appeal shall lie to the Governor in Council against the refusal of the Registrar to register any society within one month from the date of such refusal.

(2) On registration the society shall pay such fee as may be required by the rules.

## **8 Society to become body corporate upon registration**

Upon registration a society shall become a body corporate by the name under which it is registered with perpetual succession and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings, and to do all things necessary for the purpose of its constitution.

## **9 Evidence of registration**

A certificate of registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered, unless it is proved that the registration of the society has been cancelled.

# **PART III DUTIES AND PRIVILEGES OF SOCIETIES**

## **10 Amendment of by-laws of a registered society**

(1) Any registered society may, subject to this Ordinance and the rules, amend its by-laws, including the by-law which declares the name of the society.

(2) No amendment of the by-laws of a registered society shall be valid until that amendment has been registered under this Ordinance, for which purpose copies of the amendment shall be forwarded to the Registrar.

(3) If the Registrar is satisfied that an amendment of the by-laws of a registered society is not contrary to this Ordinance or to the rules he may, if he thinks fit, register the amendment. An appeal shall lie to the Governor in Council against the refusal of the Registrar to register any amendment of any by-law.

(4) An amendment which changes the name of a society shall not affect any right or obligation of the society or of any of its members or past members, and any legal proceedings pending may be continued by or against the society under its new name.

(5) When the Registrar registers an amendment of the by-laws of a registered society he shall issue to that society a copy of the amendment certified by him which shall be conclusive evidence of the fact that the amendment has been duly registered.

## **11 Address of society**

Every registered society shall have an address, registered in accordance with the rules, to which all notices and communications may be sent, and shall send to the Registrar notice of every change of that address.

## **12 Copy of Ordinance, rules and by-laws to be open to inspection**

Every registered society shall keep a copy of this Ordinance and of the rules and of its by-laws and a list of its members open to inspection, free of charge, at all reasonable times at the registered address of the society.

## **13 Disposal of produce to or through a registered society**

(1) A registered society which has as one of its objects the disposal of any article produced or obtained by the work or industry of its members, whether the produce of agriculture, animal husbandry, forestry, fisheries, handicrafts or otherwise, may provide in its by-laws or may otherwise contract with its members-

- (a) that every member who produces such article shall dispose of the whole or any specified amount, proportion or description thereof to or through the society; and
- (b) that any member who is proved or adjudged in such manner as may be prescribed by the rules to be guilty of a breach of such by-laws or contract shall pay to the society as liquidated damages a sum ascertained or assessed in the manner prescribed by the by-laws.

(2) No contract entered into under the provisions of this section shall be contested in any court on the ground only that it constitutes a contract in restraint of trade.

#### **14 Creation of charge in favour of registered society**

(1) Subject to any prior claim of the Crown on the property of the debtor and to the lien or claim of a landlord in respect of rent or any money recoverable as rent and in the case of immovable property to any prior registered charge thereon-

- (a) any debt or outstanding demand payable to a registered society by any member or past member shall be a first charge on all crops or other agricultural produce, felled timber or other forest produce, marine produce, fish (freshwater and salt-water), livestock, fodder, agricultural, industrial and fishing implements, plant, machinery, boats, tackle and nets, raw materials, stock in trade and generally all produce of labour and things used in connection with production raised, purchased or produced in whole or in part from any loan whether in money or in goods given to him by the society:

Provided that nothing therein contained shall affect the claim of any bona fide purchaser or transferee without notice;

- (b) any outstanding demands or dues payable to a registered housing society by any member or past member in respect of rent, shares, loans or purchase money or any other rights or amounts payable to such society shall be a first charge upon his interest in the immovable property of the society.

#### **15 Charge and set-off in respect of shares or interest of member or past member**

A registered society shall have a charge upon the shares or interest in the capital and on the deposits of a member or past member or deceased member and upon any dividend, bonus, or profits payable to a member or past member or to the estate of a deceased member in respect of any debt due to the society from such member or past member or estate, and may set off any sum credited or payable to a member or past member or the estate of a deceased member in or towards payment of any such debt.

#### **16 Share or interest not liable to attachment or sale**

Subject to section 15, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member, and neither his assignee in insolvency nor a receiver duly appointed shall be entitled to, or have any claim on, such share or interest.

#### **17 Transfer of share or interest on death of member**

(1) On the death of a member, a registered society may transfer the share or interest of the deceased member to the person nominated in accordance with the rules made in that behalf or, if there is no person so nominated, to such person as may appear to the committee to be the heir or legal representative of the deceased member or may pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member's share or interest, as ascertained, in accordance with the rules or by-laws:

Provided that-

- (a) in the case of a society with unlimited liability, such nominee, heir or legal representative, as the case may be, may require payment by the society of the value of the share or interest of the deceased member ascertained as aforesaid;
- (b) in the case of a society with limited liability, the society may transfer the share or interest of the deceased member to such nominee, heir or legal representative, as the case may be, being qualified in accordance with the rules and by-laws for membership of the society, or on his application within six months of the death of the deceased member to any person specified in the application who is so qualified.

(2) A registered society shall pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(3) All transfers and payments made by a registered society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

## **18 Deposits by or on behalf of minors**

(1) A registered society may receive deposits from or for the benefit of minors and it shall be lawful for a registered society to pay such minors the interest which may become due on such deposits. Any deposits made by a minor may, together with the interest accrued thereon, be paid to that minor; and any deposit made on behalf of a minor may, together with the interest accrued thereon, be paid to the guardian of that minor for the use of the minor.

(2) The receipt of any minor or guardian for money paid to him under this section shall be a sufficient discharge of the liability of the society in respect of that money.

## **19 Register or list of members**

Any register or list of members kept by any registered society shall be prima facie evidence of any of the following particulars entered therein:

- (a) the date at which the name of any person was entered in such register or list as a member;
- (b) the date at which any such person ceased to be a member.

## **20 Proof of entry in book of registered society**

(1) A copy of any entry in a book of a registered society regularly kept in the course of business shall, if certified in such manner as may be prescribed by the rules, be received in any legal proceeding, civil or criminal, as prima facie evidence of the existence of such entry and shall be admitted as evidence of the matter, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

(2) No officer of any such society shall, in any legal proceedings to which the society is not a party, be compelled to produce any of the society's books, the contents of which can be proved under subsection (1) or to appear as a witness to prove any matters, transactions or accounts therein recorded, unless the court for special reason so directs.

**PART IV  
RIGHTS AND LIABILITIES OF MEMBERS**

**21 Qualifications for membership of registered society**

In order to be qualified for membership of a registered society, a person, other than a registered society, must-

- (a) have attained the age of eighteen years;
- (b) be resident within or in occupation of land within the society's area of operation as described by the by-laws.

**22 No member to exercise rights until prescribed payment made or interest acquired**

No member of a registered society shall exercise the rights of a member unless or until he has made such payment to the society in respect of membership or acquired such interest in the society, as may be prescribed by the rules or by-laws.

**23 Restriction of membership of loan societies**

Except with the sanction of the Registrar, no person shall be a member of more than one registered society whose primary object is to grant loans to its members.

**24 Votes of members**

No member of any registered society shall have more than one vote in the conduct of the affairs of the society:

Provided that-

- (a) in the case of an equality of votes the chairman shall have a casting vote;
- (b) in the case of societies of which a registered society is a member that society may have such voting powers as are provided in the rules.

**25 Voting for registered society by proxy**

A registered society which is a member of any other registered society may appoint any one of its members as its proxy for the purpose of voting in the conduct of the affairs of such other registered society.

**26 Acts and contracts of members who are minors**

The minority of any member of a registered society shall not debar that person from executing any instrument or giving any acquittance necessary to be executed or given under this Ordinance or the rules made hereunder, and shall not be a ground for invalidating or avoiding any contract entered into by any such person with the society; and any such contract entered into by any such person with the society, whether as principal or as surety, shall be enforceable at law or against such person notwithstanding his minority.

## **27 Limit on ownership of share capital**

No member, other than a registered society, shall hold more than one-fifth of the share capital of any registered society.

## **28 Conditions and restrictions on transfer or charge of share or interest-**

(1) The transfer or charge of the share or interest of a member or past member or deceased member in the capital of a registered society shall be subject to such conditions as to maximum holding as may be prescribed by this Ordinance or by the rules.

(2) In the case of a society registered with unlimited liability, a member shall not transfer any share held by him or his interest in the capital of the society or any part thereof, unless-

- (a) he has held such share or interest for not less than one year; and
- (b) the transfer or charge is made to the society, or to a member of the society, or to a person whose application for membership has been accepted by the committee.

## **29 Liability of past member and estate of deceased member for debts of society**

(1) The liability of a past member for the debts of a registered society as they existed on the date on which he ceased to be a member shall not continue for a period of more than two years reckoned from that date.

(2) The estate of a deceased member shall not be liable for the debts of a registered society as they existed on the date of his death for a period that is longer than the liability of his estate for any other debt.

## **PART V PROPERTY AND FUNDS REGISTERED SOCIETIES**

### **30 Restriction on loans by registered society**

(1) A registered society shall not, except as provided in section 33, make any loan to any person other than a member.

(2) Except with the permission of the Registrar a registered society shall not lend money on the security of any movable property other than produce or goods in which the society is authorized to deal.

(3) The Governor may by order prohibit or restrict the lending of money on mortgage of any description of immovable property of any registered society.

### **31 Deposits and loans received by registered society**

A registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by the rules or by-laws.

### **32 Transactions of registered society with non-members**

Save as provided in sections 30 and 31, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions as may be prescribed by the rules.

### **33 Investment or deposit of funds of registered society**

A registered society may invest or deposit its funds-

- (a) in a savings bank, or with any bank or person carrying on the business of banking approved for this purpose by the Registrar; or
- (b) in any securities issued or guaranteed by a Government within the Commonwealth; or
- (c) with any other registered society approved for this purpose by the Registrar; or
- (d) in any other mode allowed by the rules.

### **34 Disposal of profits**

(1) The Financial Secretary shall from time to time prescribe by order in the Gazette the fraction of the net profits of every registered society that shall be carried to a fund to be called the reserve fund, which shall be employed as prescribed by the rules. After deduction of any tax which may have been charged on a registered society in accordance with the provisions of the Income Tax Ordinance, the remainder of such profits and any profits of past years available for distribution may be divided among the members by way of dividend or bonus, or allocated to any funds constituted by the society, to such extent or under such conditions as may be prescribed by the rules or by-laws:

*[S. 2(a)/Ord. 3/2002/w.e.f. 13/03/2002.]*

Provided that, in the case of a society with unlimited liability, no distribution of profits shall be made except by authority given by the Governor in Council by order.

(2) Any registered society may, with the sanction of the Registrar, after the fraction of the net profits provided for in subsection (1) has been carried to a reserve fund, contribute an amount not exceeding 10 per cent of the remaining net profits to any charitable purpose or to a common-good fund.

## **PART VI AUDIT, INSPECTION AND INQUIRY**

### **35 Audit**

(1) . . .

*[S. 2(b)/Ord. 3/2002/w.e.f. 13/03/2002.]*

(2) . . .

*[S. 2(b)/Ord. 3/2002/w.e.f. 13/03/2002.]*

- (3) Every person appointed to audit the accounts of a society shall have power when necessary-
- (a) to summon at the time of his audit any officer, agent, servant or member of the society whom he has reason to believe can give material information about any transactions of the society or the management of its affairs; or
  - (b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to the society by the officer, agent, servant or member in possession of such book or document, cash or securities.

*[S. 2(c)/Ord. 3/02/w.e.f. 13/03/02.]*

### **36 Registrar to have access to books, accounts, papers and securities of registered society**

The Registrar, or any person authorized in writing by the Registrar, shall at all times have access to all the books, accounts, papers and securities of a registered society, and shall be entitled to inspect the cash in hand; and every officer of the society shall furnish such information concerning the transactions and working of the society as the person making such inspection may require.

### **37 Inquiry and inspection**

(1) The Registrar may of his own motion, and shall on the application of a majority of the committee, or of not less than one-third of the members of a registered society, hold an inquiry or direct that some person appointed by him by order in writing published in the Gazette, hold an inquiry into the constitution, working, and financial condition of a registered society; and all officers and members of the society shall furnish such information concerning the affairs of the society and produce the cash in hand and such books, accounts, papers and securities of the society as the Registrar or the person appointed by him may require.

(2) The Registrar shall, on the application of a creditor of a registered society, inspect or direct that some person appointed by him in writing inspect the books of the society, if the applicant-

- (a) proves that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and
- (b) deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.

(3) The Registrar shall communicate the results of any such inspection to the creditor and to the society into whose affairs inquiry has been made.

(4) Where an inquiry is held under subsection (1) or an inspection is made under subsection (2), the Registrar may apportion the costs or such part of the costs as he may consider right between the registered society, the members demanding an inquiry, the officers or former officers of the society, and the creditor, if any, on whose application the inquiry was made.

(5) Any sum awarded by way of costs against any society or person under this section may be recovered on application to the Magistrate's Court in like manner as a fine imposed by such court.

## **PART VII DISSOLUTION**

### **38 Dissolution**

(1) If the Registrar, after holding an inquiry or making an inspection under section 37, or on receipt of an application made by three-quarters of the members of a registered society, is of opinion that the society ought to be dissolved, he may make an order for the cancellation of the registration of the society.

(2) Any member of a registered society may, within two months from the date of an order under subsection (1), appeal from such order to the Governor in Council.

(3) Where no appeal is presented within two months from the making of an order cancelling the registration of a society, the order shall take effect on the expiry of that period. Where an appeal is presented within two months, the order shall not take effect until it is confirmed.

(4) Where the Registrar makes an order for the cancellation of the registration of a society under subsection (1), he may make such further order as he may think fit for the custody of the books and documents and the protection of the assets of the society until the order cancelling registration takes effect.

(5) No registered society shall be wound up save by an order of the Registrar.

### **39 Cancellation of registration for lack of membership**

The Registrar may, by order in writing, cancel the registration of any registered society other than a society which includes among its members one or more registered societies, if at any time it is proved to his satisfaction that the number of the members has been reduced to less than ten. Every such order shall take effect from the date thereof.

### **40 Effect of cancellation of registration**

Where the registration of a society is cancelled by any order under section 38 or 39 the society shall cease to exist as a corporate body from the date on which the order takes effect, hereinafter referred to as the date of dissolution:

Provided that any privileges conferred on the society by or under sections 14, 15, 16 and 17 shall be deemed to be vested in any liquidator appointed for the society by the Registrar.

### **41 Appointment of liquidators**

Where the registration of a society is cancelled under sections 38 and 39 the Registrar may appoint one or more persons to be, subject to his direction and control, the liquidator or liquidators of the society.

### **42 Powers of liquidator**

(1) A liquidator appointed under section 41 shall, subject to the guidance and control of the Registrar and to any limitations imposed by the Registrar by order under section 43, have power to-

- (a) determine from time to time the contribution to be made by members and past members or by the estates of deceased members of the society to its assets;
- (b) appoint a day by notice before which creditors whose claims are not already recorded in the books of the society shall state their claims for admission or to be excluded from any distribution made before they have proved them;
- (c) decide any question of priority which arises between creditors;
- (d) refer disputes to arbitration and institute and defend suits and other legal proceedings on behalf of the society by his name or office;
- (e) decide by what persons and in what proportions the costs of liquidation are to be borne;
- (f) give such directions concerning the collection and distribution of assets as may be necessary in the course of winding up the society;
- (g) compromise any claim by or against the society provided that the sanction of the Registrar has first been obtained;
- (h) call such general meetings of members as may be necessary for the proper conduct of the liquidation;
- (i) take possession of the books, documents and assets of the society;
- (j) sell the property of the society;
- (k) carry on the business of the society so far as may be necessary for winding it up beneficially:

Provided that the liquidator of a credit society may not issue any loan; and

- (l) arrange for the distribution of the assets of the society in a convenient manner after a scheme of distribution has been approved by the Registrar.

(2) Subject to the Rules, any liquidator appointed under this Ordinance shall so far as such powers are necessary for carrying out the purposes of this section have power to summon and enforce the attendance of persons and witnesses and to compel the production of documents by the same means in the manner as is provided in the case of the Senior Magistrate.

### **43 Powers of Registrar to control liquidation**

A liquidator shall exercise his powers subject to the control and revision of the Registrar who may-

- (a) rescind or vary any order made by a liquidator and make whatever new order is required;
- (b) call for all books, documents and assets of the society;
- (c) remove a liquidator from office;
- (d) by order in writing limit the powers of a liquidator under section 42;
- (e) require accounts to be rendered to him by the liquidator;

- (f) procure the auditing of the liquidator's accounts and authorize the distribution of the assets of the society;
- (g) make an order for the remuneration of the liquidator; or
- (h) refer any dispute between a liquidator and a third party to arbitration if that party has consented in writing to be bound by the decision of the arbitrator.

#### **44 Enforcement of decision of arbitrator and order by liquidator or arbitrator**

(1) The decision of an arbitrator on any matter referred to him under section 43 shall be binding upon the parties and shall be enforceable in like manner as an order made by the Registrar under that section.

(2) An order made by a liquidator or by the Registrar under section 42 or 43 shall be enforced by the Magistrate's Court in like manner as a decree of that court.

#### **45 Limitation of jurisdiction of civil court**

Save as is hereinbefore expressly provided, no court shall have any jurisdiction in respect of any matter concerned with the dissolution of a registered society under this Ordinance.

#### **46 Application of funds on liquidation and closing of liquidation**

(1) In the liquidation of a society whose registration has been cancelled, the funds, including the reserve fund, shall be applied first to the costs of liquidation, then to the discharge of the liabilities of the society, then to the payment of the share capital and then, provided the by-laws of the society permit, to the payment of a dividend at a rate not exceeding 10 per cent per annum for any period for which no disposal of profits was made.

(2) When the liquidation of a society has been closed and any creditor of the society has not claimed or received what is due to him under the scheme of distribution, notice of the closing of the liquidation shall be published in the Gazette; and all claims against the funds of the society liquidated shall be void when two years have elapsed from the date of publication of the Gazette notice.

(3) Any surplus remaining after the application of the funds to the purposes specified in subsection (1) and the payment of any claims for which an action is instituted under subsection (2) shall be available for distribution to members who have done business with the society during any part of the preceding ten financial years and the broken period prior to the dissolution in accordance with a scheme approved by the Registrar but under which the share of the distribution to be received by each member shall so far as may be practicable be calculated in relation to the amount of money invested with the society by that member and the amount of profits earned by the society on that member's business during the said period.

**PART VIII  
SURCHARGE AND ATTACHMENT**

**47 Power of Registrar to make order for payment of money or restoration of property**

(1) Where, in the course of the winding-up of a registered society, it appears that any person who has taken part in the organization or management of such society or any past or present officer of the society has misapplied or retained or become liable or accountable for any money or property of such society or has been guilty of misfeasance or breach of trust in relation to such society, the Registrar may, on the application of the liquidator or of any creditor or contributory, examine into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of such society by way of compensation concerning the misapplication, retainer, dishonesty or breach of trust as the Registrar considers fit.

(2) This section shall apply notwithstanding that the act is one for which the offender may be criminally responsible.

**48 Appeal to Governor in Council**

Any person aggrieved by an order of the Registrar made under section 47 may appeal to the Governor in Council within twenty-one days from the date of such order and the decision of the Governor shall be final and conclusive.

**PART IX  
DISPUTES**

**49 Settlement of disputes**

(1) If any dispute touching the business of a registered society arises-

- (a) among members, past members and persons claiming through members, past members and deceased members; or
- (b) between a member, past member or person claiming through a member, past member or deceased member, and the society, its committee or any officer of the society; or
- (c) between the society or its committee and any officer of the society; or
- (d) between the society and any other registered society,

such dispute shall be referred to the Registrar for decision. A claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member, shall be deemed to be a dispute touching the business of the society within the meaning of this subsection.

(2) The Registrar may, on receipt of a reference under subsection (1)-

- (a) decide the dispute himself; or
- (b) refer it for disposal to an arbitrator.

(3) Any party aggrieved by the award of the arbitrator or arbitrators may appeal therefrom to the Registrar within such period and in such manner as may be prescribed.

(4) A decision of the Registrar under subsection (2) or on appeal under subsection (3) shall be final and shall not be called in question in any civil court.

(5) The award of the arbitrator or arbitrators under subsection (2) shall, if no appeal is preferred to the Registrar under subsection (3), or if any such appeal is abandoned or withdrawn, be final and shall not be called in question in any civil court and shall be enforced in the same manner as if the award had been a judgment of a civil court.

## **50 Case stated on question of law**

(1) Notwithstanding anything contained in section 49 the Registrar at any time when proceeding to a decision under this Ordinance, or the Governor at any time when an appeal has been made to him against any decision of the Registrar under this Ordinance, may refer any question of law arising out of such decision for the ruling of the court.

(2) The ruling given on such question shall be final.

## **PART X RULES**

### **51 Rules**

(1) The Governor may by order make all such rules as may be necessary for the purpose of carrying out or giving effect to the principles and provisions of this Ordinance.

(2) In particular, and without prejudice to the generality of the power conferred by subsection (1), such rules may provide for-

- (a) forms to be used and the conditions to be complied with in applying for the registration of a society and the procedure for such applications;
- (b) conditions to be complied with by persons applying for admission or admitted as members, election and admission of members from time to time, and the payment to be made and interest to be acquired before exercising rights of membership;
- (c) subject to the provisions of section 27, the maximum number of shares or portion of the capital of a registered society which may be held by a member;
- (d) the extent to which a registered society may limit the number of its members;
- (e) withdrawal and expulsion of members and payments to be made to members who withdraw or are expelled, and the liabilities of past members;
- (f) general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings;

- (g) appointment, suspension and removal of the members of the committee and other officers, and the procedure at meetings of the committee, and the powers to be exercised and the duties to be performed by the committee and other officers;
- (h) matters in respect of which a society may or shall make by-laws and the procedure to be followed in making, altering and rescinding by-laws, and the conditions to be satisfied prior to such making, alteration or rescission;
- (i) the manner in which funds may be raised by means of shares or debentures or otherwise;
- (j) conditions to be observed by a registered society applying for financial assistance from Government;
- (k) the payments to be made, the conditions to be complied with and the forms of the bonds, instruments or other documents to be executed by members applying for loans or cash credits, the period for which the loans may be made or credits granted, and the maximum amount which may be lent and the maximum credit which may be allowed to individual members with or without the consent of the Registrar;
- (l) the manner in which the value of a deceased member's interest shall be ascertained, and for the nomination of a person to whom such interest may be paid or transferred;
- (m) the manner in which the value of the interest of a member who has become of unsound mind and incapable of managing himself or his affairs shall be ascertained and the nomination of any person to whom such interest may be paid or transferred;
- (n) formation and maintenance of reserve funds, and the objects to which such funds may be applied, and investment of any funds under the control of any registered society;
- (o) conditions under which profits may be distributed to the members of a society with unlimited liability and the maximum rate of dividend which may be paid by societies;
- (p) accounts and books to be kept by a registered society, and for the periodical publication of a balance sheet showing the assets and liabilities of a registered society;
- (q) audit of the accounts of registered societies and for the charges, if any, to be made for such audit and the levy of contributions from all or any registered societies to a fund to be used for the audit and supervision of existing societies and co-operative education and the administration of such a fund and the Governor may by rules made under this paragraph enable a society, subject to conditions and other provisions of such rules, to dispense with the audit of its accounts;

*[S. 2(d)/Ord. 3/2002/w.e.f. 13/03/2002.]*

- (r) returns to be submitted by registered societies to the Registrar, and the persons by whom and the form in which the same are to be made;
- (s) the persons by whom, and the form in which, copies of entries in books of registered societies may be certified;
- (t) formation and maintenance of a register of members and where the liability of members is limited by shares, of a register of shares;

- (u) inspection of documents and registers at the Registrar's office and the fees to be paid therefor and the issue of copies of such documents or registers;
- (v) the manner in which any question as to the breach of any by-law or contract relating to the disposal of produce to or through a society may be determined, and the manner in which the liquidated damages for any such breach may be ascertained or assessed;
- (w) the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before the Registrar or such arbitrator or arbitrators;
- (x) the procedure to be followed by a liquidator appointed under section 41 and the cases in which appeals shall lie from the orders of such liquidator;
- (y) forms and fees and the procedure to be observed and all other matters connected with or incidental to the presentation, hearing and the disposal of appeals under this Ordinance or the rules.

## **PART XI MISCELLANEOUS**

### **52 Recovery of sums due to Government**

(1) All sums due from a registered society or from an officer or member or past member of a registered society as such to the Government may be recovered in the manner provided for the recovery of debts due to the Government under the law for the time being in force.

(2) Sums due from a registered society to the Government and recoverable under subsection (1) may be recovered, first, from the property of the society; secondly, in the case of a society of which the liability of members is limited, from members, subject to the limit of their liability; and thirdly, in the case of other societies, from the members.

### **53 Exemption from registration requirements**

Notwithstanding anything contained in this Ordinance the Governor may by order subject to such conditions as he may impose, exempt any society from any of the requirements of this Ordinance as to registration.

### **54 Exemption of registered societies from provisions of Ordinance**

The Governor may by order exempt any registered society or class of registered societies from any of the provisions of this Ordinance, or may direct that such provisions shall apply to any registered society or class of registered societies with effect from such date or with such modifications as may be specified in the order.

### **55 Exemption from fees**

The Governor may by order exempt any registered society or class of registered societies from-

- (a) the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of a registered society, or by an officer or member, and

relating to the business of such society, or any class of such instruments as are respectively chargeable; or

- (b) any fee payable under the law of registration for the time being in force.

## **56 Prohibition of use of word "co-operative"**

(1) No person other than a registered society shall trade or carry on business under any name or title of which the word "co-operative" is part without the authority of the Governor given by order.

(2) Any person who contravenes the provision of this section commits an offence and is liable on conviction to a fine not exceeding level 2 on the standard scale and in the case of a continuing offence of a further fine not exceeding level 1 on the standard scale for each day during which the offence continues.

*[Revision w.e.f. 31/07/2017]*

## **57 Certain laws not to apply to registered societies**

The Companies and Private Partnership Ordinance and any law relating to trade unions shall not apply to registered societies.

## **58 Offences and penalties**

- (a) Any registered society or an officer or member thereof wilfully neglecting or refusing to do any act or to furnish any information required for the purposes of this Ordinance by the Registrar or other persons duly authorized by him in this behalf; and
- (b) any person wilfully or without any reasonable excuse disobeying any summons, requisition or lawful written order issued under the provisions of this Ordinance, or failing to furnish any information lawfully required from him by a person authorized to do so under the provisions of this Ordinance,

commits an offence and is liable on conviction to a fine not exceeding level 4 on the standard scale.

*[Revision w.e.f. 31/07/2017]*

## **59 Penalty for fraud or misappropriation**

If any person obtains possession by false representation or imposition of any property of a society, or having it in his possession, withholds or misapplies it, or wilfully applies any part thereof to purposes other than those expressed or directed in the rules of the society and authorized by this Ordinance, he commits an offence and, on the complaint of the society, or of any members authorized by the society, or the committee thereof, or of the Registrar, is liable on conviction to a fine not exceeding level 5 on the standard scale, and to be ordered to deliver up all such property or to repay all moneys applied improperly, and in default of such delivery or repayment, or of the payment of such fine, to a term of imprisonment for five years.

*[Revision w.e.f. 31/07/2017]*