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The Secretary  
Hereford Community Land Trust Limited  
Lambe Corner  
36/37 Bridge Street  
Hereford  
HR4 9DJ

Our ref: 7614/Mutuals/LP

25 July 2017

Dear Secretary

### **Registration of Hereford Community Land Trust Limited**

Please find enclosed a certificate of registration attached to the society's registered rules.

The society's register number is **7614**. Please quote this number when contacting us.

### **Annual Return**

Your society will be required to submit an annual return (AR30) and accounts every year. The first annual return should cover the period from **25 July 2017** to **31 March 2018**.

The annual return and accounts must be submitted within 7 months of the end of the society's financial year.

### **Fees**

Your society must pay an annual fee to us. The amount you pay is based on the total assets of the society (as disclosed in the annual return for the preceding year). Invoices are usually sent out in September.

### **More information**

Visit <http://www.fca.org.uk/mutuals>. Or if you have any queries please email [mutual.societies@fca.org.uk](mailto:mutual.societies@fca.org.uk) or phone 0300 500 0597.

Yours faithfully



Lucinda Puls  
**Mutuals Team**

Form B  
R/IP/RA/2

### CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

The FCA acknowledges the registration of the following society under the Co-operative and Community Benefit Societies Act 2014 as a **Community Benefit Society**:

Society name: **Hereford Community Land Trust Limited**

Registration number: **7614**

Registration date: **25 July 2017**



Wrigleys Community Interest Society Model

Society number:

CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

A COMMUNITY BENEFIT SOCIETY

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RULES OF  
HEREFORD COMMUNITY LAND TRUST  
LIMITED

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**CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014**

**Community Benefit Society**

**RULES OF**

**HEREFORD COMMUNITY LAND TRUST LIMITED**

**1. NAME**

- 1.1 The name of the Society shall be Hereford Community Land Trust Limited.

**2. LIMITED LIABILITY**

- 2.1 The liability of the Members is limited to the amount, if any, unpaid on the shares held by them.

**3. OBJECTS**

- 3.1 The Society is formed for the benefit of the community to operate as a community land trust in Hereford and the surrounding area (the "area of benefit").

- 3.2 The Objects of the Society are to further the social, economic and/or environmental interests of people who live and/or work, or who want to live and/or work, in the area of benefit by some or all of the following means:

3.2.1 by acquiring, managing, developing, promoting, providing, holding, leasing, supporting and facilitating community-led land or other asset-based initiatives in the area of benefit (including but not limited to mixed tenure, community-led housing and cohousing), principles of sustainable living to be taken into account in every case and promoted wherever possible;

3.2.2 by providing information, advice, assistance, training, support, facilities, amenities and services incidental to the provision and promotion of community-led housing, cohousing and other community-led land or other asset-based initiatives; and

3.2.3 by carrying out any other activity that the directors consider would further the social, economic and environmental interests of the community in the area of benefit relating to the stewardship of land and other assets,

and the Society shall ensure that any land or assets it owns are not sold or developed except in a manner which the Society approves as being of benefit to the people who live and/or work in the area of benefit.

3.3 The Objects of the Society may be amended in accordance with these Rules. The amendment takes effect when accepted for registration by the Authority.

#### **4. POWERS**

4.1 The Society shall have the power to do all things necessary or expedient for the fulfilment of its Objects.

4.2 Without limitation of Rule 4.1 the Society shall have power:-

- 4.2.1 to employ people, agents and advisers;
- 4.2.2 to borrow money up to the Borrowing Limit;
- 4.2.3 to give security for loans or other obligations;
- 4.2.4 to lend, deposit and advance money and give credit or guarantees and with or without security when lending to Members in accordance with the Act;
- 4.2.5 to act as agent or trustee;
- 4.2.6 to co-operate with other bodies;
- 4.2.7 to support by donation or otherwise, administer and/or set up charities or social enterprises;
- 4.2.8 to accept gifts and to raise funds;
- 4.2.9 to issue shares, bonds and other financial instruments and to repay such instruments;
- 4.2.10 to acquire or hire property of any kind;
- 4.2.11 to let or dispose of property of any kind;
- 4.2.12 to take mortgages, charges, liens and other security obligations;
- 4.2.13 to set aside funds for special purposes or as reserves against future expenditure;
- 4.2.14 to pay or suspend interest on share capital including the suspension of interest indefinitely;
- 4.2.15 to invest its funds in any manner with the powers of a natural person in addition to the powers given by the Act;
- 4.2.16 to obtain advice from a financial expert on investments and to have regard to the suitability of investments and the need for diversification where appropriate;

- 4.2.17 to delegate the management of investments to a financial expert, but only on terms that the performance of the investments is reviewed regularly with the directors;
  - 4.2.18 to arrange for investments or other property of the Society to be held in the name of a nominee company acting under the direction of the directors or controlled by a financial expert acting under their instructions, and to pay any reasonable fee required;
  - 4.2.19 to deposit documents and physical assets with any company registered or having a place of business in England or Wales as custodian and to pay any reasonable fee required;
  - 4.2.20 to insure the property of the Society against any foreseeable risk and take out other insurance policies to protect the Society when required;
  - 4.2.21 to enter into contracts to provide services to or on behalf of other bodies;
  - 4.2.22 to establish or acquire subsidiary companies and other business organisations; and
  - 4.2.23 to do any other lawful thing in pursuance of the Objects of the Society.
- 4.3 The Society may only accept deposits in accordance with the strict limitations of the Act and shall not carry on the business of banking or any other regulated activity except in accordance with the Act and the Financial Services and Markets Act 2000.

## **5. SHARES**

- 5.1 The directors will issue shares with a nominal value of £1 but may, at their discretion, issue at another nominal value. The directors may not issue transferable shares.
- 5.2 The directors may issue different classes of Shares, with such rights, restrictions and obligations as may be determined by them and may set the amounts of any subscriptions.
- 5.3 Unless otherwise specified by the directors on issue and subject to Rule 13, shares shall be withdrawable at the same nominal value as at the date of issue.
- 5.4 Shares may be withdrawn only in accordance with the provisions of these Rules.

- 5.5 The total number of shares issued to any one Member shall not exceed the maximum permitted by law or any maximum shareholding specified by the directors.
- 5.6 Shares shall normally be paid for in full on allotment, but the directors may at their discretion permit a Member to defer some of such payment.

## **6. MEMBERSHIP**

- 6.1 Membership of the Society is open to any individual over the age of sixteen or organisation interested in promoting the Objects who:
- 6.1.1 applies in the form required by the directors;
  - 6.1.2 subscribes for at least the Minimum Shareholding; and
  - 6.1.3 is approved by the directors.
- 6.2 If the Society issues only the Minimum Shareholding to each Member it may also request an annual subscription from such a Member. The annual subscription shall be such reasonable amount sufficient to cover the administration costs of Membership as may be specified by the Board from time to time. If such a subscription is not paid the directors may agree that the Membership of that Member ceases and the Share(s) of that Member are cancelled without reimbursement to the Member.
- 6.3 A Member which is a body corporate or unincorporate may appoint a representative to act on its behalf and remove such representative by notice to the Society.

## **7. TERMINATION OF MEMBERSHIP**

Membership is terminated automatically when a Member ceases to hold any Shares in the Society.

## **8. MEMBER MEETINGS**

### **Calling Members' Meetings**

- 8.1 Members are entitled to attend general meetings in person or by proxy. The appointment of a proxy must be in writing and notified to the Society at least 24 hours before the commencement of the meeting. 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.
- 8.2 A meeting of the Members may be convened by the directors on not less than fourteen clear days' notice of the date, time and place at which the meeting is to be held and the business which is to be transacted. The

Secretary shall also call a meeting of the Members at the written request of ten per cent or more of the membership.

- 8.3 Seventy five per cent of Members may agree, by consent in writing, to a general meeting being held with less notice than required by rule 8.2.
- 8.4 An Annual General Meeting shall be held within six months of the close of each financial year of the Society to deal with the following:
- 8.4.1 the receipt of the accounts and balance sheet and of the reports of the directors and, if relevant, the auditor;
  - 8.4.2 the appointment of an auditor (if required);
  - 8.4.3 the election of any director to the Board;
  - 8.4.4 the application of surplus funds; and
  - 8.4.5 any other issues which the directors think appropriate.

#### **Quorum at General Meetings**

- 8.5 There must be a quorum present before a meeting starts to do business and throughout the meeting. Unless otherwise decided by the Society in General Meeting, a quorum is five Members (present in person or by their authorised representative or by proxy) entitled to vote on the business.
- 8.6 If a quorum is not present at the time set for the general meeting, the meeting shall be reconvened one week later at the same time and place, unless agreed otherwise by the directors. If fewer than the number of Members required for a general meeting under rule 8.5 are present within half an hour of the time the adjourned meeting is scheduled to have started, those Members present shall carry out the business of the meeting.

#### **One Member One Vote**

- 8.7 Every Member present in person, by proxy or by authorised representative shall have one vote on any subject regardless of the number of Shares held by a Member. The Chair of the Society shall preside at a general meeting and shall not be entitled to any second or casting vote. If the Chair is not present within 10 minutes of the start of the meeting the Members present shall elect a Chair of the general meeting.

#### **Decisions at General Meetings**

- 8.8 Questions arising at a meeting of the Members shall be resolved by a simple majority of votes, unless a higher majority is required by these Rules or by any law or enactment.

#### **Decision by Ballot**

- 8.9 At any meeting of the Members a resolution put to the vote of the Members shall be decided by a show of hands unless the directors resolve, or unless at least 10% of the Members present at the meeting request, that the matter should be put to a secret ballot. The directors may make any reasonable rules to regulate the running of a secret ballot.

#### **Decision by postal vote**

- 8.10 The directors may permit decisions to be taken at general meetings by a combination of postal voting and voting in person or by proxy provided that each Member has only one vote.

#### **Written Resolutions of Members**

- 8.11 Except where a statutory provision seeks to protect creditors or future members by way of decision-making at a general meeting or a decision seeking the removal of a director, a written resolution signed by a majority of those entitled to vote at a meeting (or, where required by law, a greater majority) is as valid as a resolution actually passed at that meeting. For this purpose the written resolution may be set out in more than one document and will be treated as passed on the date of the last signature required to reach the relevant majority.
- 8.12 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

#### **Meetings held by electronic means**

- 8.13 A general meeting may be held either in person or by suitable electronic means agreed by the directors in which all participants may communicate with all the other participants.

### **9. ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-MEMBERS**

- 9.1 Directors may attend and speak at general meetings. The Chair of the meeting may permit other persons who are not:
- (a) Members, or
  - (b) otherwise entitled to exercise the rights of Members in relation to general meetings,
- to attend and speak at a general meeting.

### **10. TRANSFER OF SHARE CAPITAL**

[Not used]

## **11. WITHDRAWAL OF SHARE CAPITAL**

### **Withdrawal on Notice**

- 11.1 With the directors' approval, Shares may be withdrawn on three months' notice provided that:
- 11.1.1 the notice to withdraw Shares must be sent to the Society, must give details of the Shares to be withdrawn and be by the withdrawing Member or authorised by the withdrawing Member through a secure electronic transaction procedure approved by the directors;
  - 11.1.2 unless a Member is withdrawing all of his/her Shares, the withdrawal must not leave the Member with fewer Shares than the Minimum Shareholding; and
  - 11.1.3 the directors may specify on an issue of Shares that no withdrawal of Shares issued on the same date shall be permitted during the first three years from the date of the issue of Shares or from the date it carries on a qualifying trade whichever is the later; and
  - 11.1.4 the directors are satisfied that, at the date of withdrawal, the Society is able to continue as a going concern for the 12 months following the withdrawal.

### **Waiver and Suspension of Withdrawal**

- 11.2 The directors may waive the notice period required for a withdrawal of Shares.
- 11.3 The directors may suspend the right to withdraw Shares either wholly or partially and either indefinitely or for a fixed period. The directors may apply the suspension to any notices of withdrawal, which have been received and remain unpaid, or only to specified classes or issues of Shares. Where the suspension is for a fixed period, such period may be extended from time to time by the directors.
- 11.4 Should the directors choose to suspend the right to withdraw all Members must be notified of such a change within ten days of it having come into force.
- 11.5 During any period of suspension, the Shares of a deceased or bankrupt Member may, if the directors so determine, be withdrawn in accordance with this Rule 11.

### **Amount Payable on Withdrawal of Shares**

- 11.6 The amount to be paid to a Member on a withdrawal shall be the amount credited as paid on the Shares to be withdrawn except where the Shares

have been reduced in value under Rule 13. The directors may deduct a reasonable administration fee in respect of the withdrawal.

- 11.7 Interest up to the date of repayment may, at the discretion of the directors, be payable on any Share in respect of which a notice of withdrawal has been given.

## **12. SURRENDER OF SHARES**

- 12.1 If the right to withdraw has been suspended, Members may terminate their Membership by surrendering their entire Shareholding to the Society at which point the Shares will be cancelled. The surrender must be made in such form as the directors require.
- 12.2 The directors have the right to refuse a surrender of shareholding and may at their discretion pay to the Member who is surrendering Shares any amount not exceeding the nominal value of the Shares.

## **13. REDUCTION IN SHARE VALUES**

- 13.1 If at any time the Society's auditors (or, if the Society does not have auditors, another qualified independent accountant) certify that the Society's liabilities plus its share capital exceed its assets, the directors may resolve to redenominate the nominal value of all issued Shares to 10 pence or to any multiple of 10 pence.
- 13.2 The directors may then further resolve that a Member's shareholding will be redenominated so that the member's total shareholding reflects the Society's value using the new nominal value of the Shares. Where such calculation will lead to a Member's Shareholding comprising a fractional balance of a 10 pence Share the Member's Shareholding shall be rounded down to the nearest 10 pence Share.
- 13.3 Following the resolution pursuant to Rule 13.2 the original balance of the nominal value of the Shares shall be cancelled and no right to interest or dividend or the balance of nominal value following cancellation shall exist.

## **14. SHARE TRANSFERS ON DEATH OR BANKRUPTCY OF A MEMBER**

- 14.1 Members may nominate a person to whom any property which that Member holds in the Society shall be transferred on death in accordance with section 37 of the Act, up to the limits imposed by that Act.
- 14.2 Any property held by a Member who dies or becomes bankrupt which is not dealt with by a nomination under Rule 14.1 shall be dealt with in accordance with the instructions of the Member's duly appointed personal representative or trustee in bankruptcy.

14.3 The directors may request any evidence (including without limitation evidence of death or due appointment or lack of revocation) which they deem appropriate prior to making a transfer, shall request a receipt from the transferee and shall register a transfer, once approved, in the Register of Members.

## 15. UNTRACED MEMBERS

15.1 Where a Member holds more than the Minimum Shareholding in the Society, the Society shall be entitled to cancel Shares of a Member if and provided that:

15.1.1 during the period of twelve years prior to the date of the publication of the advertisement referred to in rule 15.1.2 below (or, if published on different dates, the later date) all warrants and cheques in respect of the shares in question sent in the manner authorised by these regulations have remained uncashed; and

15.1.2 the Society shall on expiry of the twelve years have inserted advertisements, both in a leading London newspaper or on the Official Gazette website and in a newspaper circulating or on a newspaper website in the area of the address at which service of notices upon such Member or other person may be effected in accordance with these regulations, giving notice of its intention to cancel the Shares; and

15.1.3 during the period of twelve years and the period of three months following the publication of the advertisement the Society shall have received indication neither of the whereabouts nor of the existence of such member or person.

15.2 The Society shall be entitled to cancel the Share of a Member if a Member, who has been issued only the Minimum Shareholding in the Society, has not responded, for a period of three years, to the Society to a request for verification of address for communication with the Member.

15.3 To give effect to any such cancellation the Society may appoint any person to execute as transferor an instrument of cancellation of the Shares and such instrument shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to such shares and the title of the transferee shall not be affected by any irregularity or invalidity in such actions.

15.4 Subject to Rule 15.5 the net proceeds of any cancellation of Shares in accordance with this Rule 15 shall belong to the Society.

15.5 The Society shall be obliged to account to the former Member or other person previously entitled for an amount equal to the nominal amount of

any shareholding if the Shares cancelled are for an amount greater than £25.

- 15.6 The Society shall enter the name of such former Member or other person in the books of the Society as a creditor for the amount calculated pursuant to Rule 15.5.
- 15.7 No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Society shall not be required to account for any money earned.
- 15.8 The monies may be employed in the business of the Society or invested in such investments (other than Shares of the Society) as the directors may from time to time think fit.

## **16. DIRECTORS' POWERS AND RESPONSIBILITIES**

### **Number of Directors**

- 16.1 The board of directors when complete shall consist of at least five and not more than nine directors. Only Members of the Society who are over 16 years old shall be eligible to be appointed as a director.

### **Powers and Responsibilities of Directors**

- 16.2 The directors are responsible for the management of the Society's business, for which purpose they may exercise all the powers of the Society set out in these Rules which are not reserved for the Members.
- 16.3 The Members may, by special resolution, direct the directors to take or refrain from taking, specified action. No such special resolution invalidates anything which the directors have done before the passing of the resolution.
- 16.4 In addition to all powers expressly conferred upon them and without detracting from the generality of their powers under the Rules, the directors shall have the following powers, namely:
  - (a) to spend the funds of the Society in such a manner as they shall consider most beneficial for the achievement of the Objects;
  - (b) to invest in the name of the Society such part of the Society's funds as they see fit;
  - (c) to enter into contracts on behalf of the Society;
  - (d) to borrow or raise money and to mortgage or charge the Society's undertaking, property and uncalled capital and to issue debentures, debenture stock and other securities as security for any debt, liability or obligation of the Society or of any third party;

- (e) to make loans to and accept deposits from Members and others with such security and subject to such conditions and limits of amount as may be specified by the Members in General Meeting and subject to any further requirements imposed by the Act and at law;
- (f) to make rules which govern the taking of decisions by directors;
- (g) to establish procedures to assist the resolution of disputes or differences within the Society.

### **Directors may delegate**

16.5 Subject to the Rules, the directors may delegate any of the powers which are conferred on them under the Rules:

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and
- (e) on such terms and conditions;

as they think fit and if the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated. The directors may revoke any delegation in whole or part, or alter its terms and conditions.

### **16.6 Committees**

16.6.1 Committees to which the directors delegate any of their powers must follow procedures which are based, as far as they are applicable, on those provisions of the Rules which govern the taking of decisions by directors.

16.6.2 The directors may make rules of procedure for all or any committees, which prevail over rules of procedure derived from the Rules if they are not consistent with them.

## **17. APPOINTMENT AND RETIREMENT OF DIRECTORS**

### **Methods of appointing directors**

17.1 The first directors will be the subscribing members of the Society.

17.2 Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director –

17.2.1 by ordinary resolution of the members in general meeting; or

17.2.2 by a decision of the directors, but such person shall hold office until the AGM following her/his appointment.

### **Rotation of Directors**

18. One third (or the number nearest one third) of the directors must retire at each AGM, those longest in office retiring first and the choice between any of equal service being made by drawing lots. A retiring director shall be eligible for re-election.

### **19. TERMINATION OF DIRECTOR'S APPOINTMENT BY MEMBERS' RESOLUTION**

19.1 Directors may be appointed or removed at any time by ordinary resolution of the Members (but only if at least two directors will remain in office). If a director is to be removed, the resolution must be passed not less than 14 days after the views of the director concerned have been invited.

19.2 Where the director has made representations to the Members, the Members shall for 14 days be given the opportunity to consider those representations, prior to any resolution being made.

### **Automatic Termination of Director's Appointment**

19.3 A director's term of office automatically terminates if he or she:

19.3.1 retires or is removed from office pursuant to Rules 17, 18 or 19.1;

19.3.2 ceases to be a Member;

19.3.3 that person is prohibited by law from being a director of a company;

19.3.4 is prohibited by the Relevant Authority from undertaking a controlled function;

19.3.5 a bankruptcy order is made against the person;

19.3.6 a composition is made with that person's creditors generally in satisfaction of that person's debts

19.3.7 a registered medical practitioner who is treating that person gives a written opinion to the directors, stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

19.3.8 is absent from three consecutive meetings of the directors and is asked by a majority of the other directors to resign;

19.3.9 is removed by a resolution passed by two-thirds of the directors, excluding the director subject to the proposed removal; or

19.3.10 notification is received by the Society that the director is resigning from office and such resignation has taken effect in accordance with its terms (but only if at least one director will remain in office).

## **20. Alternate Directors and Technical Defects**

20.1 Directors shall not be entitled to appoint alternate directors.

20.2 A technical defect in the appointment of a director of which the directors are unaware at the time does not invalidate decisions taken at a meeting.

## **21. NUMBER AND DECISION MAKING AT DIRECTORS' MEETINGS**

21.1 The directors must hold at least three meetings or such other minimum as the directors may decide and report to the Members each year.

21.2 Every issue may be determined by a simple majority of the votes cast at a meeting, but a written resolution signed by a majority of the directors is as valid as a resolution passed at a meeting. For this purpose the resolution may be contained in more than one document and will be treated as passed on the date of the last signature required to reach a majority.

21.3 At a meeting of the directors every director has one vote on each issue. The Chair of a meeting shall not be entitled to any second or casting vote.

21.4 A procedural defect of which the directors are unaware at the time does not invalidate decisions taken at a meeting.

## **22. CALLING A DIRECTORS' MEETING**

22.1 Any director may call a directors' meeting by giving 7 days' notice of the meeting to the directors or by authorising the Secretary (if any) to give such notice. Directors may unanimously agree to shorter notice.

22.2 Notice of any directors' meeting must indicate:

(a) its proposed date and time;

(b) where it is to take place;

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting, including by suitable electronic means;

(d) the proposed business of the meeting..

- 22.3 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 22.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Society not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

### **23. PARTICIPATION IN DIRECTORS' MEETINGS**

- 23.1 Subject to the Rules, directors participate in a directors' meeting, or part of a directors' meeting, when:
- (a) the meeting has been called and takes place in accordance with the Rules, and
  - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 23.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 23.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is located.

### **24. QUORUM FOR DIRECTORS' MEETINGS**

- 24.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 24.2 The quorum for a directors' meeting is three.
- 24.3 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision to co-opt an additional director under rule 17.2.2 or to call a general meeting so as to enable the Members to appoint further directors.

### **25. CHAIRING OF DIRECTORS' MEETINGS**

- 25.1 The directors may appoint any director to chair their meetings.
- 25.2 The person so appointed for the time being is known as the Chair.
- 25.3 The directors may terminate the Chair's appointment at any time.

25.4 If the Chair is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

## **26. DIRECTORS' DISCRETION TO MAKE FURTHER RULES**

26.1 The directors may make and revoke from time to time, in accordance with these Rules and the Act, regulations which are binding on the Society relating to proceedings of meetings of the Society and on their own decision making processes.

## **27. CONFLICTS OF INTEREST**

27.1 Subject to Rule 27.3, any director who is in any way, directly or indirectly, interested in an existing or a proposed transaction or arrangement with the Society will not be entitled to be counted in the quorum of, and participate and vote at, any meeting of directors or any committee of directors of the Society where such matter is discussed.

27.2 If Rule 27.3 applies, a director who is interested in an actual or proposed transaction or arrangement with the Society is to be counted as participating in the decision making process for quorum and voting purposes.

27.3 This Rule applies when-

27.3.1 The Society by ordinary resolution disapplies the provisions of Rule 27.1; or

27.3.2 A majority of the directors, (other than the director with the conflict) consider that the potentially conflicted director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

27.3.3 The director's conflict of interest arises from a permitted cause.

27.4 It shall be a permitted cause which arises as a result of the director being a Member of the Society or subscribing for shares in the Society.

27.5 A director shall always declare at the start of a directors' meeting any actual or potential conflict of interest arising from the agenda of the meeting.

27.6 The directors may request by majority decision any director to withdraw from a meeting of directors or committee of directors when they have a Conflict of Interest, or withdraw from voting at such meeting unless Rule 27.3 applies.

## **28. DIRECTORS' REMUNERATION**

28.1 The directors may be paid:

- (a) for their services to the Society as directors; and
- (b) for any other service which they undertake for the Society.

28.2 The remuneration of directors shall be decided by the Board within guidelines determined from time to time by the Society.

## **29. DIRECTORS' EXPENSES**

29.1 The Society may pay any reasonable expenses which the directors properly incur in connection with their attendance at:

- (a) meetings of directors or committees of directors,
- (b) general meetings, or
- (c) separate meetings of the holders of any class of shares or of debentures of the Society, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Society.

## **30. APPLICATION OF PROFITS**

Subject to Rule 31, the profits and property of the Society shall be used to further the purposes of the Society.

## **31. PAYMENTS TO MEMBER AND DIRECTORS**

31.1 Members and directors may:

- 31.1.1 be paid interest at a reasonable rate on money lent to the Society;
- 31.1.2 be paid a reasonable rent or hiring fee for property or equipment let or hired to the Society; and
- 31.1.3 be paid reasonable and proper remuneration or expenses for services provided to the Society.

31.2 Members and directors may be paid interest on their Shares, provided that such payments are no more than is necessary in the opinion of the directors to obtain and retain the capital required to carry on the Society's business.

## **32. INDEMNITY AND INSURANCE**

### **Indemnity**

32.1 Subject to Rule 32.2 a director and a retired director of the Society may be indemnified out of the Society's assets against –

- 32.1.1 any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the Society;
  - 32.1.2 any liability incurred by that director in connection with the activities of the Society; or
  - 32.1.3 any other liability incurred by that director as an officer of the Society in defending themselves successfully against any criminal or civil proceedings for breach of duty.
- 32.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of law.

### **Insurance**

- 32.3 The directors may purchase and maintain insurance, at the expense of the Society, for the benefit of any director or retired director in respect of any relevant loss.
- 32.4 In this Rule a “relevant loss” means any loss or liability which has been or may be incurred by a director in connection with that director’s duties or powers in relation to the Society including a successful defence of the director or retired director in criminal or civil proceedings for breach of duty.

## **33. RESTRICTION ON USE OF ASSETS**

- 33.1 Pursuant to regulations made under section 29 of the Co-operatives and Community Benefit Societies Act 2014:
- 33.1.1 all of the Society's assets are subject to a restriction on their use;
  - 33.1.2 the Society must not use or deal with its assets except:
    - (a) where the use or dealing is, directly or indirectly, for a purpose that is for the benefit of the community;
    - (b) to pay a Member of the Society the value of his share capital or interest on such capital;
    - (c) to make a payment pursuant to section 39 (proceedings on death of nominator), 40 (provision for intestacy) or 36 (payments in respect of mentally incapable persons) of the Co-operative and Community Benefit Societies Act 2014;
    - (d) to make a payment in accordance with the rules of the society to trustees of the property of bankrupt Members or, in Scotland, Members whose estate has been sequestrated;

- (e) where the society is to be dissolved or wound up, to pay its creditors;  
or
- (f) to transfer its assets to one or more of the following:
  - (i) a prescribed community benefit society whose assets have been made subject to a restriction on use and which will apply that restriction to any assets so transferred;
  - (ii) a community interest company;
  - (iii) a registered social landlord which has a restriction on the use of its assets which is equivalent to a restriction on use and which will apply that restriction to any assets so transferred;
  - (iv) a charity (including a community benefit society that is a charity); or
  - (v) a body, established in Northern Ireland or a State other than the United Kingdom, that is equivalent to any of those persons.

33.2 Any expression used in this Rule which is defined for the purposes of Regulations made under section 29 of the 2014 Act shall have the meaning given by those Regulations.

33.3 Pursuant to regulation 7 of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006, this Rule 33 may not be altered by the Members.

#### **34. AMENDMENT OF RULES**

34.1 Save for Rule 33, any of these Rules may be rescinded or amended, or a new Rule made, by a vote of a three-quarters majority of those Members of the Society voting at a General Meeting or by written resolution.

34.2 No amendment of these Rules is valid until it is registered by the Authority in accordance with the Act.

#### **35. RECORDS, AUDIT AND SECRETARY**

##### **Records**

35.1 The directors must comply with the requirements of the Acts as to keeping financial records, the appointment of auditors, audit of accounts and the preparation and transmission to the Authority of:

35.1.1 annual returns;

35.1.2 annual reports; and

35.1.3 annual statements of account.

35.2 The directors must keep proper records of:

35.2.1 all proceedings at Members' meetings;

35.2.2 all proceedings at meetings of the directors;

35.2.3 all reports of committees; and

35.2.4 all professional advice obtained.

35.3 Accounting records relating to the Society must be made available for inspection by any director at any time during normal office hours and may be made available for inspection by Members who are not directors if the directors so decide.

35.4 A copy of the Society's latest available balance sheet and statement of account must be supplied on request to any director or Member. A copy must also be supplied, within two months, to any other person who makes a written request and pays the Society's reasonable costs.

35.5 A copy of the Society's latest available balance sheet will be displayed at all times in a prominent position at the Registered Office of the Society

#### **Audit**

35.6 The Members shall vote annually at the AGM (or at a general meeting before the AGM in the first period following incorporation) whether to have an audit carried out by a registered auditor or to have unaudited accounts.

35.7 If the Society has an audit by a qualified auditor the auditor shall be appointed by the directors where there is a vacancy.

#### **Secretary**

35.8 The directors may appoint a secretary for such term, upon such remuneration and upon such conditions as they think fit and any secretary appointed may be removed by them.

### **36. MERGERS**

36.1 The Society shall have power to accept the transfer of engagements from or to amalgamate with any other society registered under the Act in accordance with the requirements of the Acts.

## **37. DISSOLUTION**

- 37.1 The Society may be dissolved or wound up in any manner provided for by the Act.
- 37.2 If the Society is dissolved, the assets (if any) remaining after provision has been made for all its liabilities shall be applied in accordance with Rule 33.

## **38. NOTICES**

- 38.1 Notices under the Rules may be sent by hand, by post or by suitable electronic means including website notification where the Member has agreed to this.
- 38.2 The only address at which a Member is entitled to receive notices sent by post or email is an address in the UK shown in the register of Members.
- 38.3 Notices sent to the Society by post or by hand must be sent to its Registered Office.
- 38.4 Any notice in writing given in accordance with these Rules is to be treated for all purposes as having been received:
- 38.4.1 24 hours after being sent by electronic means or delivered by hand to the relevant address;
  - 38.4.2 two clear days after being sent by first class post to that address;
  - 38.4.3 three clear days after being sent by second class or overseas post to that address;
  - 38.4.4 on the date of publication of a newspaper containing the notice;
  - 38.4.5 on being handed to the Member personally; or,
  - 38.4.6 if earlier, as soon as the Member acknowledges actual receipt.
- 38.5 A technical defect in the giving of notice or receipt of email notice of which the directors are unaware at the time does not invalidate decisions taken at a meeting.
- 38.6 A member shall notify the Society immediately of any change in address including email address.

## **39. REGISTERED OFFICE, SEAL AND SIGNING**

### **Registered Office**

The Registered Office of the Society shall be Lambe Corner, 36/37 Bridge Street, Hereford HR4 9DJ or such other address as may be determined by the directors and notified to the Authority.

### **Seal and signing**

- 39.1 The Society may have a seal which shall only be used by the authority of directors.
- 39.2 Sealed documents shall be witnessed by the signature of two directors or a director and secretary.
- 39.3 The Society may also execute documents without a seal with the authority of the directors in the same manner as with a seal or otherwise as permitted by law.

## **40. INTERPRETATION**

40.1 The meaning of certain words used in the Rules:

<b>Words</b>	<b>Definition</b>
"the Act"	the Co-operative and Community Benefit Societies Act 2014;
"Authority"	the Financial Conduct Authority (or its successor or replacement body acting as the registering authority for societies under the Acts);
"Board"	all the persons for the time being appointed as directors of the Society
"Borrowing Limit"	£2,000,000 or such other sum as shall be agreed by the directors from time to time
"Chair"	the person who presides at meetings of the directors as appointed in Rule 25;
"clear day"	means a complete day excluding the day on which the meeting is to take place and the day on which (as appropriate) notice is given, the request received or the sum deposited or tendered;
"Conflict of Interest"	includes a conflict of interest and duty and a conflict of duties;

"director"	a director of the Society, which includes any person occupying the position of director, by whatever name called;
"electronic means"	has the meaning given in Section 148 of the Act;
"Member" or "Membership"	refer to membership of the Society. A Member is a Member of the Society;
"Minimum Shareholding"	means five shares or such other number of Shares as may be determined by the directors for the relevant class or issue of Shares or by the terms of any Share issue;
"month"	means a calendar month;
"Objects"	the Objects of the Society as defined in Rule 3;
"qualifying trade"	means a trade which satisfies the requirements of HM Revenue and Customs' Venture Capital Schemes Manual;
"Relevant Authority"	the relevant regulator of financial services;
"Registered Office"	has the meaning set out in Rule 39;
"Rules"	the Society's Rules;
"Society"	the Society governed by these Rules;
"written" or "in writing"	refers to a legible document on paper including a fax message or in electronic form;
"year"	means a calendar year.

40.2 References to an Act of Parliament are to that Act as amended or re-enacted from time to time and to any subordinate legislation made under it.

40.3 The singular shall include the plural where the context requires.

40.4 The masculine and feminine genders shall include the neuter gender.

We wish to form a Society under the above Rules

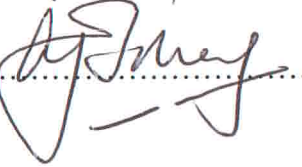
Signed by the Subscribing Members      Full Name in Block Capitals (no initials)

1..... 

..... ANTHONY ALAN JOHNSON.....

2..... 

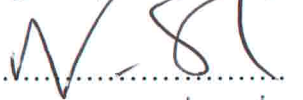
..... EDWARD NICHOLAS SHERWOOD.....

3..... 

..... MR. ADRIAN JOHN TILLEY.....

Signed by the Secretary

Full Name in Block Capitals (no initials)

..... 

..... EDWARD NICHOLAS SHERWOOD.....

Dated 29/6/2017