**FAQs**

**Co-operative and Community Benefit Societies Act 2014**

**When does the new Act come into force?**

The Co-operative and Community Benefit Societies Act 2014 comes into force on the 1August 2014. It affects existing societies and changes how new societies are registered.

**We are an existing society registered under the Industrial and Provident Societies Act 1965; do we need to amend our rules?**

There is no requirement to amend the rules. However, you may wish to do so if the rules refer to the previous legislation. For many societies, the 2014 Act may present an opportunity to review the society’s current rules to check whether they are still fit for purpose and/or take advantage of some of the changes that have been implemented in 2014.

More information on the 2014 legislative changes can be found here.

Co-operatives UK can assist with a rules review. More information can be found here.

**We are a co-operative, registered as a limited company, does the Act affect our society?**

No, the Act only affects existing societies registered before the 1st August 2014 and new organisations that what to register as a co-operative or a community benefit society after the 1st August 2014.

**Our rules refer to our society as a co-operative. Can we still refer to our society as a co-operative?**

Yes, you can continue to promote the society as a co-operative, provided that you can demonstrate, if necessary, that the society is a bona fide co-operative. However, if the society was registered before the 1st August 2014, the new Act refers to the society as a ‘registered society’ and the FCA will recognise the society as such. As such, any business stationery, such as letter headed paper, invoices etc should not refer to the society as a ‘co-operative society’ but as a ‘registered society’ under the Co-operative and Community Benefit Society’s Act 2014.

**We are an existing society with the word ‘co-operative’ in our name. Do we have change our name?**

There is no requirement to amend the society’s name and it can still promote itself as a co‑operative. However, you must clearly state on business stationery and anywhere it would refer to being registered under the new Act that it is a ‘registered society’ **not a** ‘co-operative society.’

**We are an existing society and want to be registered under the new Act as a co-operative society. Is this possible?**

Yes, it is possible. However, it is likely that this change cannot be achieved by a simple rule amendment and it will be necessary to (a) register a new co-operative society with the FCA under the new Act; and (b) transfer engagements from the existing society to the new co-operative society. Once the transfer is complete, the co-operative society will operate under a new registration number.

**We are an existing society and promote ourselves as a co-operative are there any disadvantages to remaining as a ‘registered society’ rather than re-registering as a ‘co-operative society’ under the new Act?**

No, the new Act applies to ‘registered societies, ‘co-operative societies’ and ‘community benefit societies,’ regardless of the type of society. However, if you think there is added value in marketing the society as a co-operative then you may consider registering under the new Act as a ‘co-operative society.’

**Do we need to tell anyone that our society is subject to new legislation?**

The new Act is a consolidation of previous industrial and provident society law, so provided that the society refers to itself accurately under the new Act and amends any reference to the previous law on business materials (eg) letterheads, there is no legal requirement to tell anyone that the society is subject to a new Act.

However, you may wish to inform the society’s advisors. For example, the society’ s accounts and auditors will need to be aware that any accounts prepared or audit carried out for the society post 1 August 2014 will be subject to the requirements under Part 7 of the new Act.

**We need to file documents with the FCA shortly, should we wait?**

In short, yes. Any filing with the FCA is usually required to be accompanied by a statutory form. The FCA is currently updating these to reflect the new Act, which should be available shortly on its [website](http://www.fca.org.uk/firms/firm-types/mutual-societies/industrial).

If you are filing documents in addition to the statutory form, please ensure that any references to society legislation refers to the new Act.

**We want to take advantage on the new share capital limits. Do we need to amend our rules?**

Before 6th April 2014, an individual could subscribe up to a limit of £20,000 in withdrawable share capital. This has now been increased to the new limit of £100,000.

Although the legislation has changed, societies must comply with their own rules. If the rules state that ‘members can hold withdrawable shares up to a statutory limit’ then this rule is flexible enough to enable individual members to hold £100,000 in withdrawable share capital in the society.

If a specific shareholding is referenced in the rules, this limit will stand and the society will need to carry out a rule amendment to change this limit.

The amount that can be invested in non-withdrawable shares is unlimited.

Co-operatives UK can assist with an amendment of rules. More information can be found here.