



QUESTION:

What are Industrial & Provident Societies?

ANSWER:

Industrial and provident societies (also known as co-ops) are registered under the Industrial and Provident Societies Acts, 1893-1978.

The 1893 Act provides for a society to be registered to engage in any industry, business or trade authorised by its rules. Registration under the Acts renders a society a body corporate with limited liability. Industrial and provident societies, better known as co-operatives, operate across a wide range of industries, trades and businesses. The biggest and best-known are in the agriculture and food areas.

In order to register an industrial and provident society, the grouping involved, which must consist of at least seven people, must draw up a set of rules governing the operation of the society. The rules must, as a minimum, contain the matters required to be provided for by the second Schedule of the Industrial and Provident Societies Act 1893. The rules, together with the prescribed application form and fee are submitted to the Registrar for examination and, once the rules are found to be in accordance with statute, the society will be registered.

There are a number of representative groups for co-operatives with whom the Registrar has agreed forms of Model Rules which can be used in the registration of societies. The Irish Co-operative Organisation Society Limited (ICOS) has agreed Model Rules for straightforward co-operatives, as well as co-operatives involved in horticulture, fishing, sheep breeding and group water schemes. Other representative groups are the National Association of Building Co-operatives Limited and the Co-operative Development Society Limited.

Annual Return

After registration, a society must have its accounts audited each year by a registered auditor. A society must make an annual return to the Registrar by 31 March and the return must be accompanied by the audited accounts. Blank annual return forms are issued by the Registry of Friendly Societies each year.

If a society amends any of its rules, it must apply to the Registrar to have the amendment registered. The Registrar will register the amendment when he is satisfied that it is in accordance with statute. An amendment to the registered rules is not valid until it has been registered by the Registrar.

Change of Registered Office

If a society changes its registered office it must notify the Registrar.

Change of Name, Amalgamation, Transfer of Engagements and Conversion

A society may by special resolution change its name, amalgamate with or transfer its engagements to another society or convert itself into a company. Each of these processes requires that the society applies to the Registrar to have the process registered.

Termination/Cancellation

The Registrar can cancel the registration of a society where

- he is satisfied that the number of members has been reduced to less than seven;
- that registration was obtained by fraud or mistake;
- the society has ceased to function, if he thinks fit at the request of the society or, with the approval of the Minister for Enterprise, Trade and Employment,
- it is proved to his satisfaction that the society exists for an unlawful purpose, or the society has, after notice from the Registrar, violated any provisions of the Acts.

This latter provision has been used by the Registrar in recent years to cancel the registration of several hundred societies which had failed to furnish annual returns, despite repeated reminders.

A society seeking to have its registration cancelled should apply to the Registry.

Dissolution

A society can also be dissolved under the provisions of the Companies Acts, 1963 to 2009 in regard to the winding up of companies.

Another method of dissolution is by means of an instrument of dissolution with the consent and signatures of three quarters of the members. This form of dissolution is only available to agricultural and fishing co-operatives.

Commentaries on provisions of legislation are not intended to be a legal or comprehensive interpretation. Professional advice should be sought in specific circumstances. For further information on statutory requirements, or any provision of the Companies Acts, 1963 to 2009, please contact our Company Secretarial Department on:

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