



INFORMATION PACK

ILLABO CO OPERATIVE LIMITED

ABN 16 293 773 019

OCTOBER 2023

www.illabo-coop.com



OVERVIEW

Currently there is an opportunity in Illabo to buy the Illabo Hotel.

This information pack summarises how local community members can participate in the purchase of the Illabo Hotel, store, post office and associated land.

The Disclosure Statement details the information necessary to make an investment in the Illabo Co-operative Ltd (“Illabo Co-op”).

OVERVIEW

Objectives

- To bring the hotel, store and post office into community ownership for the benefit of future generations of the community
- To provide a welcoming venue for the local community and all visitors to Illabo
- To promote a gathering space that is inclusive of families and all the community and brings them together
- To provide essential goods and services to the village of Illabo and its surrounding rural districts
- To provide training and employment opportunities for the young and disadvantaged in the Illabo community
- To provide support to local community organisations
- To preserve, enhance and develop the economic and social fabric of the Illabo community; and promote the growth and development of individuals, local business and investment.



OVERVIEW

Activities

The primary activity of the Illabo Co-op will be to own the Illabo Hotel, store and post office for the betterment of the community.

It is hoped that this will also provide the opportunity for:

- training of local people, particularly young people in hospitality; and
- community events.

Ultimately there might be the possibility of donating a share of profits to other local community organisations or to scholarships for assisting young people in the Illabo district to further their education (be that high school, trades or university education).



MANAGEMENT

Co-operative Background

A community meeting was held in April to gauge the interest of the Illabo community in buying the Illabo Hotel. A working group was then formed which reviewed a number of structures as options for owning the Illabo Hotel.

After taking into consideration:

- A preference for a profit-making entity rather than a not-for-profit entity (we believe that the enterprise itself should be run as business that looks to make profits);
- A preference to be able to use some of the profits for community projects; and
- The preference to be able to return funds to investors if the entity was ever wound up (whether because the enterprise was eventually sold or the demand for services are not there because of demographic change);

it was decided that that a co-operative structure would be the most appropriate.

A further community meeting was held in June to see if there was enough interest in this type of community organization. That meeting indicated a high level of support. Following that meeting, the necessary rules and disclosure documents had to be drafted and approval to them obtained by the Department of Fair Trading.

The Statement on the Cooperative Identity states that a cooperative is an:

“AUTONOMOUS ASSOCIATION OF PERSONS UNITED VOLUNTARILY TO MEET THEIR COMMON ECONOMIC, SOCIAL AND CULTURAL NEEDS AND ASPIRATIONS THROUGH A JOINTLY OWNED AND DEMOCRATICALLY-CONTROLLED ENTERPRISE.”



MANAGEMENT

Distributing Co-operative

The structure is a “distributing co-operative”.

It has shares (the shareholders are called “members”). Much like in a company, a member has to purchase the shares and may receive dividends (income) from those shares.

If the Illabo Co-op is wound up, the shareholders receive in proportion to their shareholding, a return based on the net value of the assets of the co-operative. If there is no capital (because the co-operative is insolvent), the shareholders may not receive anything. The liability of the shareholders is limited (the most they can lose is the value of their shareholding much like investing in shares in any company).

Unlike a company, a co-operative may use profit to distribute to community causes, charities etc that are in line with its underlying purpose. It may also provide other benefits to members. Members vote at a general meeting. Co-operatives are said to be a “democratic organization” and voting is one vote per member (in a company, voting is proportional to your shareholding).

Board of Directors

The Illabo Co-op is managed by a board of directors just like a company.

That board is voted in by the members at the annual general meeting. The proposal is to have between 5 and 7 directors.

The directors have obligations similar to those imposed upon directors of companies. Those obligations include:

- A director or other officer of a co-operative must exercise their powers and discharge their duties with the degree of care and diligence of a reasonable person in the circumstances of the cooperative.
- A director or other officer of a co-operative must exercise their powers and discharge their duties:
- Must not improperly use their position or information gained in their position to:
 - gain an advantage for themselves or someone else; or
 - cause detriment to the co-operative.



MANAGEMENT

Board of Directors Responsibilities

Underlying the care and diligence obligation is the “business judgement rule”. This means a director is seen to act with care and diligence if they:

- make a decision in good faith for a proper purpose (taking into account the co-operative principles where relevant and other relevant matters); and
- do not have a material personal interest in the subject matter of the decision; and
- inform themselves about the subject matter of the decision to the extent they reasonably believe to be appropriate; and
- rationally believe that the decision is in the best interests of the Illabo Co-op.

In short to act as though every member of the Illabo Co-op is sitting behind you.

Day to Day Running and Management of the Business

Hotel

The current hotel owner entered into a twelve-month lease as of 1st July 2023 of the hotel, accommodation and store excluding the post office. The current leases have brought vitality and life back to the Illabo Hotel and the community is once again gathering at this hub. The intentions are to continue and extend the current lease. Details will be worked out in consultation with the lessee.

Therefore, while the Hotel is leased, it will be managed and run by the tenants as they see best.

Post Office

The management of the post office on day-to-day basis will be by the current employees. The Illabo Co-op will need to become the licensee/franchisee of Australia Post and a board member will need to undertake the required training.



CAPITAL AND FUNDING

Capital Required

The capital required for Illabo Co-op at the time of formation is

\$585,000	Purchase of land and business
21,415	Stamp Duty
1,500	Legal Costs
25,000	Funding to meet initial business costs
<u>117,085</u>	Kitty for maintenance and repairs
\$750,000	Target capital raising

Funding

The founding group of people who invest in the Illabo Co-op will become members.

Members may purchase shares with each share being worth \$5,000. Members may purchase multiple shares as long as their holding does not exceed 20% of the capital raised.

\$750,000 BEING 150 SHARES AT \$5,000 IS TARGET CAPITAL TO BE RAISED



BUDGET

The current Hotel owner recently been entered into a lease, commenced operation from 1 July 2023. The lessee will be responsible for the pub, kitchen, food service and the four motel rooms. The lease is currently for twelve months period with no option to extend. It is proposed that a longer term lease be granted to the lessee so as to provide some security along with time to grow and build the business and reap the reward for their efforts whilst at the same time ensuring that there is a return to the Co-op that covers the costs of ownership and ongoing maintenance. The details of a new lease are to worked out with the current lessee.

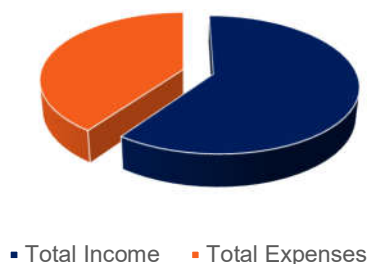
Based upon the financial information that has been made available at the time of preparation of the Disclosure Statement, the forecast Income and Expenditure for the Illabo Co-Op for the next twelve months is outlined below:

Revenue	\$
Lease Income	28,600
Post Office	42,000
Total Revenue	70,600
Expenses	
Rates	2,000
Insurance	6,499
Utilities (water)	1,560
Wages (including super)	37,021
Total Expenses	47,080
Net Income	23,520

Notes:

- *The above estimates exclude professional costs (i.e. legal, accounting etc) as we expect these services will be donated during this period*
- *It is anticipated that all surplus revenue will be used to fund necessary repairs and improvements to the building*

Forecast Income and Expenditure
FY24



INFORMATION AND FULL DETAILS

Contacts

- Mail: PO Box 19, Illabo NSW 2590
- Email: Illabo.coop@gmail.com
- Website: www.illabo-coop.com
- Facebook: www.facebook.com/IllaboCoOp



QR Code for website and information pack



QR Code for Share Purchase Form

Attachments

- Co-operative Formation Disclosure Statement
- Rules of Illabo Co-operative Limited
- Certificate of Registration as a Co-operative



CO-OPERATIVE FORMATION DISCLOSURE STATEMENT

Co-operatives National Law (NSW)

CO-OPERATIVE FORMATION

DISCLOSURE STATEMENT

FOR THE FORMATION OF A DISTRIBUTING CO-OPERATIVE

NAME OF PROPOSED CO-OPERATIVE:

ILLABO CO-OPERATIVE LIMITED

DATE OF APPROVAL:

<u>29</u>	/	<u>08</u>	/	<u>2023</u>
DD		MM		YY

THIS DISCLOSURE STATEMENT IS VALID FOR A PERIOD
OF 6 MONTHS FROM DATE OF APPROVAL
FOR ISSUE WITHIN THE STATE OF NEW SOUTH WALES



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DISCLOSURE STATEMENT

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DISCLOSURE STATEMENT

1. Introduction

Explanation of this statement

The Co-operatives National Law (NSW) (the CNL) requires that a draft disclosure statement for a proposed distributing co-operative is to be presented to the formation meeting. This disclosure statement sets out information necessary to ensure eligible members are adequately informed of the nature and extent of a person's financial involvement or liability as a member of the proposed co-operative.

1.1 Name

Illabo Co-operative Limited

1.2 Registered office

C/- Regional Business Lawyers
Suite 8, 152 Fitzmaurice Street
Wagga Wagga NSW 2650

2. Background and demand for services

2.1 Background to forming the co-operative

An opportunity has arisen to buy the Illabo Hotel. A Committee was formed to look into the possibility of forming a group comprised of local community members to purchase and operate the Illabo Hotel.

The Committee reviewed a number of structures as options for owning the Illabo Hotel. These included proprietary limited company, public company, company limited by guarantee, unit trust, incorporated association and a co-operative structure.

After taking into consideration:

- A preference for a profit-making entity rather than a not-for-profit entity;
- .
- A preference to be able to use some of the profits for community projects; and
- The preference to be able to return funds to investors if the entity was ever wound up;

it was decided that that a co-operative structure would be the most appropriate.

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The Statement on the Cooperative Identity states that a cooperative is an “autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.”

2.2 Objects

The objects of the co-operative are to:

- (a) To bring the hotel, store and post office into community ownership for the benefit of future generations of the community;
- (b) To provide an attractive and welcoming venue for the local community and all visitors to Illabo;
- (c) To promote a gathering space that is inclusive of families and all the community and brings them together;
- (d) To provide essential goods and services to the village of Illabo and its surrounding rural districts;
- (e) To provide training and employment opportunities for the young and disadvantaged in the Illabo community;
- (f) To provide support to local community organisations;
- (g) To preserve, enhance and develop the economic and social fabric of the Illabo community; and
- (h) Promote the growth and development of individuals, local business and investment.

2.3 Preconditions

There must be at least 5 members to form the co-operative. There are no other preconditions that must exist for the co-operative to be formed.

The co-operative will commence activities immediately after formation.

2.4 Demand for services, business plan and feasibility

The promoters have not undertaken formal feasibility studies but anecdotally there appears to be a demand by the community for the hotel to become a venue that is inclusive of all the community and is opening and welcoming.

The postal service is an essential service and the intent is to return it to a full time service that can support local business. As a service it provides banking, bill payments and social security support. This will be done over time and in such a manner as to ensure that the revenue covers any additional staff costs.

There is potential for the general store to enhance its offerings including school lunches and meals for local contractors.

3. Membership

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3.1 Who can be a member

- (a) A member can be either a natural person or any corporate entity.
- (b) A person or entity qualifies to be admitted to membership of the co-operative if there are reasonable grounds for believing they will be an active member of the co-operative.
- (c) Joint membership is permitted.

3.2 Application for membership and shares

Applications for membership must be lodged at the registered office using the application form approved by the board and should be accompanied by payment for:

- the entry fee for an application for membership
- any annual (financial year) subscription
- allotment of at least the minimum number of shares in the co- operative.

The entry fee for an application for membership is \$10.

Any annual (financial year) subscription is determined from time to time by the board and published at the registered office or on the website of the co- operative. It is proposed that there be no annual subscription.

The nominal value of shares in the co-operative is \$5,000 each. The required minimum number of shares for members is 1.

Every application must be considered by the board.

If the board approves of the application, the applicant's name and any other information required under the CNL must be entered in the register of members within 28 days of the board's approval.

The applicant must be notified in writing of the entry in the register and the applicant is then entitled to the privileges attaching to membership.

The board may, at its discretion, refuse an application for membership.

The board need not assign reasons for the refusal. On refusal any amounts accompanying the application for membership must be refunded within 28 days without interest.

3.3 Rights and liabilities attaching to membership and shareholding

Generally

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Active members have the right to nominate another person to be a director of the co-operative and, if they are at least 18 years of age, be nominated.

Members are entitled to be given notice of and to attend all general meetings.

The minimum number of shares a member must hold is 1. No share is to be allotted unless 100% of the nominal value of the share has been paid. Members may hold more than the required minimum number of shares, but no one member can hold more than 20% of the total issued share capital of the co-operative.

There is a fee of up to \$200 (or a lesser amount decided by the board from time to time) for the transfer of shares or debentures.

On winding up of the co-operative a member of the co-operative is liable to the co-operative for any charges payable by the member to the co-operative as required by the rules of the co-operative

Resignation

A member may resign from membership of the co-operative by giving 30 days' notice in writing. Once resignation is effective, the member's shares must be cancelled and forfeited. Subject to the terms of issue of those shares, the share capital is repayable by the co-operative to the member, less any amounts owed by the member to the co-operative (see rule 11).

Expulsion

A member may be expelled from the co-operative if the member:

- (a) fails to discharge their obligations under the rules or any agreement or contract entered into with the co-operative
- (b) prevents or hinders the co-operative from carrying out any of its primary activities
- (c) brings the co-operative into disrepute
- (d) acts contrary to one or more of the co-operative principles.

The procedure for expulsion is governed by the rules (see rule 10). Once expelled, the member's share capital is cancelled and forfeited. The share capital is repayable by the co-operative to the member, less any amounts owed by the member to the co-operative (see rule 11).

Cancelled due to inactivity

Membership must be cancelled if the member does not comply with the active membership rule for 3 calendar years (see rules 4 and 20).

The shares of a member whose membership is cancelled due to inactivity must also be cancelled and repaid subject to any terms of issue of those shares and less any amounts owing by the member to the co-operative.

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The Co-operatives National Law (CNL) provides rules for the repayment of shares of cancelled members as well as resigning or expelled members, including the substitution of securities for those shares.

Liability

The co-operative is a separate legal entity and has limited liability.

Members are not liable for any debts of the co-operative. If the co-operative is wound up and there are insufficient assets of the co-operative to satisfy the co-operative's debts then members bear no personal liability for those debts.

If the co-operative is wound up in insolvency:

- (a) members may lose their share capital
- (b) members will be liable for any fines imposed on them by the co-operative, or any charges payable by them to the co-operative as required by the rules of the co-operative
- (c) members who owe money to the co-operative under a contract will be liable to pay those amounts to the co-operative.

3.4 Voting rights of members

Active members of the co-operative each have one vote at co-operative general meetings. The right to vote is a right of membership and is not related to the number of shares that may be held by a particular member. Only members aged 18 and over may vote.

3.5 Ceasing membership and forfeiture of shares

A person will cease to be a member and may have his or her shares forfeited in the following circumstances:

- if the member is expelled or resigns
- if the membership is cancelled due to inactivity
- for a member that is a natural person – if they become bankrupt or on their death
- for a member that is a corporation – if the corporation becomes insolvent or is deregistered
- if the membership contract is cancelled because of a misrepresentation or mistake in law
- if the member's total shareholding is transferred to another person and the transferee is registered as the holder of the shareholding
- if the member's total shareholding is forfeited under the CNL or these rules
- if the member's total shareholding is purchased by the co-operative under the CNL or these rules

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- if the member's total shareholding is sold by the co-operative under any power in the CNL or these rules and the purchaser is registered as shareholder in the member's place.

3.6 Benefits of membership

Members will be supporting the return to the community of the hotel, store and post office. Each component of these will be providing increased services to the community.

There is the potential of profit which will be directed to both community groups and hopefully scholarships for young people in the community.

The intention is that a portion of the co-operative's surplus funds will be distributed to them.

It should be noted that it is intended to also allocate a portion of the surplus funds to a community fund to provide benefits to disadvantaged people in the community who are not necessarily members of the co- operative.

4. Primary activity and active membership

4.1 Primary activity

The co-operative's active membership rule identifies the co-operative's basic reason for existence, or primary activity, as owning and operating the Illabo Hotel, store and post office for the betterment of the community of Illabo.

4.2 Active membership

Members must satisfy the following obligation in order to be active. Failure to comply with this obligation will mean that a member is not entitled to vote.

The co-operative is required to cancel the membership of any member who has been inactive for the period of 3 calendar years.

In order to be active, a member must:

- participate in at least one meeting of the co-operative each full calendar year; or
- participate in at least one event of the co-operative each full calendar year; or
- purchase goods from the co-operative of at least \$100 each full calendar year.

5. Operation of the cooperative

5.1 Carrying on primary and other activities

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The primary activity of the cooperative will be owning and operating the Illabo Hotel and the the Illabo post office.

The Illabo Hotel and Illabo Post Office are located in the one building, although separate parts of the building. The two are operated as separate businesses and the Illabo Post Office operates under licence from Australia Post.

The Illabo Hotel is leased to a third party. The lease excludes the post office operations. See further comments under "Day to Day Management" below.

The proposed ancillary activities include:

- Provision of small amounts of consumables such as soft drink, milk, bread, lollies, iceblocks at the Post Office.
- Provision of accommodation at the hotel premises;
- Additional hospitality ventures;
- Training of local people, particularly young people in hospitality;
- Community events; and/or
- Potential new accommodation to attract a hotel manager.

A share of profit may be donated to local community organizations or to scholarships for assisting young people in the Illabo district further their education (whether high school, trades or university education).

5.2 Details of pre-registration contracts

There are no pre-registration contracts.

5.3 Details of contracts members will have to enter into with the cooperative

There are no contracts members will have to enter into with the co- operative.

5.4 Contracts with promoters or other parties

There are no contracts with promoters or other parties.

5.5 Details of any interest of proposed directors or members in any contract or proposed contract

The promoters and the proposed directors of the co-operative do not have any direct or indirect interest in any contract or proposed contract with the co-operative.

The co-operative will be committed to corporate governance best practice with a comprehensive conflicts of interest policy in place.

6. Management of the cooperative

6.1 Board of Directors

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The business of the co-operative is to be managed by or under the direction of the board of directors.

The directors and officers of a co-operative have obligations and duties under the CNL and general law. These include:

- acting in good faith - must act honestly and in the best interests of the co-operative and for a proper purpose
- acting with care and diligence - directors need to keep adequately informed of the financial status and business performance of the co-operative and obtain professional advice if necessary
- not misusing position or information - directors must not improperly use their position and information to gain an advantage for themselves or someone else or to cause harm to the co-operative
- avoiding conflicts of interest - any conflict must be declared and dealt with in accordance with the CNL
- preventing insolvent trading - directors must prevent the co-operative incurring a debt whilst it is insolvent or if it will become insolvent as a result of incurring the debt.

The board has and may exercise all the powers of the co-operative that are not required to be exercised by the co-operative in general meeting. Board meetings will be held at least once every 3 months using any technology agreed by the board.

The board must have at least 5 directors and no more than 9. A quorum for meetings will be 50% of the number of directors (for example, in the case of a board with 5 directors, the quorum will be 3).

Directors must be over the age of 18 years and either:

- (a) an active member of the co-operative or a representative of a corporation that is an active member of the co-operative; or
- (b) not an active member but someone who possesses special skills in management or other technical areas of benefit to the co-operative as specified by the board from time to time.

Directors are entitled to be paid expenses for attendance at meetings although it is not expected locals who are active members will require payment. Any other remuneration will be approved by the members at the AGM or at a special general meeting to consider remuneration. Indemnity insurance will be provided.

6.2 Election of directors

The first directors are elected by poll at the formation meeting of the co-operative.

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The term of office of directors is to be 3 years except for the first directors whose terms of office shall be either 1, 2 or 3 and will be determined at the formation meeting in order to provide for staggered director elections over a three-year cycle.

The maximum consecutive period of time that a person can be a director is 6 years.

6.3 First directors and officers

The names and experience of those who have consented to being nominated for election as directors are:

- (a) Fiona Hamilton. Fiona owns her own successful business selling plastic glassware through which she has extensive experience in dealing with the hospitality industry. Fiona is highly experienced in event management. Fiona also has a creative mindset that is critical to the success of the proposed venture.
- (b) Georgiena Ryan. Georgiena Ryan is a solicitor with 25 years of experience. Georgiena has worked in private practice and in-house with an international bank and an international investor of managed funds in agriculture. Georgiena was the company secretary and director of the Australian subsidiaries of the investment funds and chaired the Risk & Compliance committee. Georgiena is an Accredited Specialist in Business Law.
- (c) Nicole Hopkins is a town planner who has worked for Junee Shire Council. Nicole has served on many local community committees and with her husband operates a cattle stud and farming business.
- (d) James Croker. James lives locally and has worked in the livestock industry as stock agent for 27 years and has strong negotiation and sales skills. James has a Responsible Service of Alcohol certificate. James has a passion for the local community and has served on many local committees.
- (e) Casey Ryan. Casey is a Chartered Accountant (provisional). Casey brings strong financial skills to the board with over 20 years of experience consulting to a variety of business clients. She has developed a wide knowledge base covering tax and business advisory services.

6.4 Day to day management

The current hotel owner has entered into a 12 month lease of the hotel (excluding the store and post office). Therefore during the term of the lease, it will be managed by the tenants.

The management of the post office on day to day basis will be by the current employees.

The co-operative will need to become the licensee/franchisee of Australia Post and a board member will need to undertake the required training.

Within 12 months a manager may be appointed to manage all aspects of the business on a full time basis. If the proposed tenants are willing and are the right people this opportunity will be first offered to them. The new tenants have indicated a desire for a longer term lease. If a suitable arrangement with them can be reached that is mutually beneficial then a new lease will be entered into at the end of the current lease.

7. Financial management

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7.1 Start up funds

The capital required for the co-operative at the time of formation is \$632,915 comprising \$585,000 for the purchase of land and business, stamp duty of \$21,415, legals of \$1500 and \$25,000 to meet initial business costs.

The purchase price includes the following:

- Land on which the hotel is situated
- Additional land which is adjacent to the hotel and allows for expansion
- Hotel business
- Post office business under licence from Australia Post
- Plant and equipment associated with the hotel including furniture and kitchen equipment
- Some minor amounts of stock associated with the post office. There is no hotel stock included in the purchase.

It will be a condition of the purchase contract or a condition prior to entry of contract that a valuation be obtained.

The promoters wish to source funds of \$750,000 of which the additional funding would be used to upgrade the buildings and surrounds.

Internal Source of Funds:

The number of persons, who qualify for membership of the co-operative and have indicated in writing their intention to join the co-operative, is 40. There are another 30 persons who have indicated verbally their intention to join the co-operative. Illabo is a tightly held, strong community with family ties that run many generations. We therefore anticipate that in addition to current community members that there will be interest from former members of the Illabo community and from people who are extended family members of those in the community. Anecdotally there is a lot of interest from these groups of people.

Illabo also has a number of facilities in the form of community owned showground, the motorcross and car racing as well as privately owned campdrafting facilities. The annual show attracts people from across the Cootamundra, Junee and Wagga districts including many from across NSW who come to the annual dog show at the showground. The showground has over the years hosted country music festivals, teen events, camping and family reunions and even University course weekends. Every second year Illabo hosts a melodrama that is nearly always sold out over a number of weekends. It is expected that there will be a cross-section of people involved in these events who will have an interest in the Hotel becoming a community asset and being more available and open at times of community events.

We expect to raise the full \$750,000 from prospective members.

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External Source of Funds:

The co-operative does not initially have any external source of funds. A number of businesses have indicated an intention to be sponsors of the co-operative. There is the potential to raise additional funds from this source.

It is not intended at this stage to raise funds by borrowing either from third party financiers or from members.

If sufficient funds to purchase the hotel (\$632,912) are not raised by 31 December 2023, the co-operative will be wound up and funds returned to members, less the costs of establishment and due diligence in purchasing the hotel. We estimate the costs of incurred in establishment to be less than \$10,000. Those costs include the formation expenses, the valuation expenses and the costs incurred in due diligence on the purchase.

A projected income and expenditure statement and a cash flow for the first year of operation of the proposed co-operative follow.

7.2 Formation expenses

The formation expenses are \$394 being the fees charged by the Office of Fair Trading to approve the rules, the disclosure statement and apply for formation.

7.3 Returns to members

The current intention is that surplus funds of the co-operative that do not need to be retained to build up the resources of the co-operative will be distributed to members by dividend.

It should be noted that dividends are limited under the CNL and the Co- operative National Regulations (CNR) to being not more than 10% more than the maximum rate of the nominal value of interest payable on a Commonwealth Bank 5 year term deposit of \$100,000 offered during the relevant financial year.

7.4 Accounting and auditing

Custom Accounting, Cootamundra, will be responsible for the general accounting and financial functions of the co-operative.

The books of account will be maintained at the registered office and will be available for inspection by any member during normal business hours.

The co-operative's accounts will be set up using an online accounting package such as Xero. The cost of this package will be paid by the co-operative.

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The co-operative will at least initially be a small co-operative, as defined in the CNL, and as such it is not required to appoint an auditor or to provide members with audited financial statements.

The CNR require that a small co-operative will provide its members with basic minimum financial statements prior to each annual general meeting.

Members interested in the financial records and financial position of the co-operative are entitled to request access to these records. Illabo Co-operative Ltd will be committed to member accountability and transparency.

Members have a statutory right to require that the co-operative present audited or reviewed financial statements at any time on reasonable notice.

Mrs Casey Ryan is an employee of Custom Accounting. Appropriate "Chinese Walls" will be in place to ensure independence.

8. Risks

The risks associated with the establishment of the co-operative are:

- Insufficient funds are raised.
- That one or more of the hotel, the shop or the post office are not a viable business;
- There is risk that the current tenant may not wish to remain. Preliminary negotiations have indicated that the tenant would like to take on a lease for a 5 year term.
- Australia Post changes its model of service and terminates the licence for the post office.
- There is a risk that the licence for the post office may not be renewed either because of a breach of the licence or Australia Post decides to change its model of operation in rural areas.
- There is a risk that the liquor licence is cancelled due to the tenant breaching the terms of licence.
- If the proposed co-operative fails to raise sufficient funds to purchase the property and businesses, members may lose some or all of their share capital where those funds have been utilized for establishment expenses.
- Members may be called upon to provide compulsory loans to the co-operative where this is approved by a special resolution of the co-operative passed by

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means of a special postal ballot. It is not the intention of the Board to seek compulsory loans from Members at this time.

- Members who wish to resign may not receive all of their share capital if the balance sheet of the co-operative at the time of resignation disclosed a loss or deficiency the amount of capital there will be a proportionate reduction in that amount to be repaid to the resigning member.
- On ceasing membership, members may not be repaid their share capital for up to 10 years where the Board considers repayment would adversely affect the financial position of the co-operative.
- If members fail to comply with their active membership obligation, they are unable to vote and if they are inactive for the required period the Board is required to cancel their membership.

The core investment of the Illabo Co-operative Limited is in land and buildings in the small village of Illabo. There is a risk that if the land and buildings are sold that the sale price may be less than the purchase price and members may lose some or all of the money they have paid for their shares.

9. Annexures

9.1 Projected income and expenditure

The projections are based on the current operation of the business by the current owner, which is considered to be a worst-case scenario. The tenants that have taken over the hotel have already seen the turnover of the hotel return to levels that were seen prior to the current owner operating the business.

The lease is a stable form of income and the post office is a fixed income. As the business develops, negotiations will take place with the lessees to ensure that there is agreement reached that benefits both landlord and tenant to ensure that they share equitably in the profits of the business and allow the premises to be further developed.

The current Hotel lease agreement is for 12 months and commenced on 1 July 2023 at the amount of \$550 GST inclusive, per week.

If the purchase of the Hotel proceeds, it is the initial intention of the Co-operative to extend the terms of the existing lease agreement for a minimum period of 3 years, with an option to extend.

A 5% increase has been applied to the lease amount from 1 July 2024, noting that the terms of the revised lease agreement will need to be negotiated.

Post office income has been calculated based upon the minimum monthly payment as per the existing Contract with Australia Post.

Any additional sales related to the Post Office are calculated on a Commission basis. At the time of preparing the Forecast Financial Reports, we have been unable to obtain sufficient financial information to support what this amount is per annum, and therefore the income has been excluded from the projections.

General Store sales are considered to be immaterial in nature and have therefore also been excluded from the projections.

APPROVED

Salaries and Wages are inclusive of superannuation and have been calculated using the NSW minimum wage plus the minimum superannuation guarantee rate. The costs of workers compensation has been included under Insurance.

The Salaries and Wages are for the cost of the staff to operate the Post Office and General Store. A 5% increase has also been applied to the wages from 1 July 2024.

It is expected that the full funds will be raised based on the feedback from initial community expression of interest.

It is expected that the full funds will be raised based on the feedback from initial community expression of interest.

9.2 Cash flow budget

10. Further investigation

It is not possible for a disclosure statement to include all material relevant to the proposed cooperative's circumstances and to the circumstances of each prospective member. Proposed members are advised to make further enquiries and to obtain professional advice if they consider this is necessary.

APPROVED

DISCLAIMER OF LIABILITY:

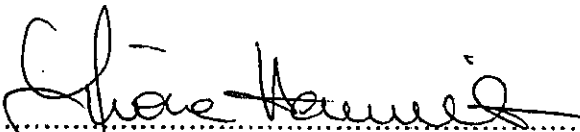
This disclosure statement has been approved by the Registrar of Co-operatives for the purpose of section 25(4) of the Co-operatives National Law (NSW) (the CNL). This approval is not to be taken in any way as an indication that the disclosure statement sets out all information that may be relevant to the proposal.

Approval does not relate in any way to the merits or otherwise of the co-operative's proposed activities. No responsibility as to the contents of the disclosure statement and attachments and annexures that form part of this document and the associated Rules which all collectively make up the formation documentation, is to be taken by the Registrar, NSW Fair Trading or by any of its servants or agents.

The responsibility for ensuring that the CNL has been complied with in relation to the preparation of the disclosure statement lies with those issuing the statement. Persons making false or misleading statements in a disclosure statement may be liable for criminal penalties and expose themselves to civil liability to anyone who suffers loss as a consequence.

CERTIFICATION:

We the undersigned, certify that this is a copy of the disclosure statement which was presented to the formation meeting on 21/8/2023 for the purpose of forming a co-operative to be known as Illabo C-operative Limited.


..... Chairperson of formation meeting
Signature


..... Secretary of formation meeting
Signature

APPROVED



RULES OF THE ILLABO CO-OPERATIVE

Certification of Rules

We the undersigned, certify that this is a copy of the rules that was:

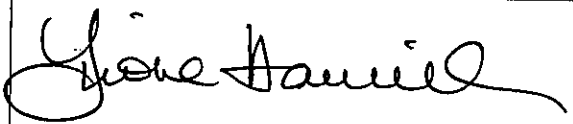
(a) Approved by the Registry; and

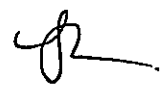
(b) Presented to the formation meeting without amendment on;

29/08/2023	ILLABO
(Date)	(Location)

for the purpose of forming a co-operative to be known as:

ILLABO CO-OPERATIVE LIMITED
(Name of Co-operative)

FIONA ELIZABETH HAMILTON	
Chairperson of Formation Meeting	Signature

GEORGIENA JACQUELINE RYAN	
Secretary of Formation Meeting	Signature

Certification Note: This certification is signed at the Formation Meeting, which is held after the Rules have been approved by the Registrar and returned to the sponsors of the proposed co-operative.

RULES OF ILLABO CO-OPERATIVE LIMITED

Distributing Co-operative New South Wales

Approved by the Registrar on: 29 August 2023

Adopted by the co-operative at its formation meeting on:

29 Aug 2023

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APPROVED

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CATEGORY ONE – Co-operative’s name, primary activities and active membership

1. CO-OPERATIVE NAME

1.1 The name of the co-operative is Illabo Co-operative Limited.

2. DEFINITIONS

2.1 In these rules:

- (a) Either of the words **Law** or **Act** means the co-operatives legislation applying in the State or Territory where the co-operative is registered.
- (b) **co-operatives legislation** means the Co-operatives National Law (“CNL”) and the Co-operatives National Regulations (“CNR”).
- (c) **corporate member** means a member that is also an incorporated body, including a company or incorporated association.
- (d) **corporate representative** means a person appointed to represent the interests and exercise the rights of a corporate member.
- (e) **co-operative principles** means the co-operative principles adopted under the co-operatives legislation applying in the State or Territory where the co-operative is registered.
- (f) **legal personal representative** comprises a solicitor, attorney, trustee, executor or any other person lawfully appointed to represent the interests of a natural person, who is unable to manage their affairs through mental or physical incapacity or because the person is deceased
- (g) **year** means the co-operative’s financial year as defined in these rules.

2.2 Unless specifically defined, words and expressions have the same meaning as they have in the applicable co-operatives legislation.

3. PRIMARY ACTIVITIES

3.1 The primary activities of the co-operative are to own and operate the Illabo Hotel and the Illabo Post Office for the betterment of the community of the district and village of Illabo.

4. ACTIVE MEMBERSHIP

4.1 In order to establish and maintain active membership of the co-operative, a member must participate in at least one meeting or event of the co-operative each full calendar year or purchase goods from the cooperative of at least \$100 each full calendar year.

5. CANCELLATION OF MEMBERSHIP FOR INACTIVITY

5.1 The board must cancel a person’s membership if:

- (a) the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for the required period; or
- (b) the member is not active and has not been active within the meaning of rule 4.1 for the required period.

5.2 In this rule the required period is 3 years.

CATEGORY TWO – Membership and member rights and obligations

6. MEMBER QUALIFICATIONS

- 6.1 A person qualifies for membership of the co-operative if they are able to use or contribute to the services of the co-operative.

7. MEMBER APPLICATIONS, FEES AND ANNUAL SUBSCRIPTIONS

- 7.1 Persons, being individuals or corporations, may apply for membership by completing the application for membership approved by the board.
- 7.2 Applications for membership must be lodged at the registered office of the co-operative using the application form approved by the board, and should be accompanied by payment of:
- (a) any application fee as determined by the board from time to time and published at the registered office;
 - (b) payment for the allotment of the minimum number of shares in the co-operative required under rule 20.2; and
 - (c) payment of the annual subscription under rule 21.1, if any.
- 7.3 Two or more persons may apply for joint membership of the co-operative.
- 7.4 Every application for membership must be considered by the board.
- 7.5 If the board approves the application, the applicant's name and any other information required under the Law must be entered in the register of members within 28 days of the board's approval.
- 7.6 The applicant must be notified in writing of the entry in the register and the applicant is then entitled to the privileges attaching to membership.
- 7.7 The board may, at its discretion, refuse an application for membership.
- 7.8 The board need not provide reasons for the refusal. On refusal, any amounts accompanying the application for membership, other than the application fee referred to in paragraph 7.2(a) of this rule, must be refunded within 28 days without interest.

8. WHEN MEMBERSHIP CEASES

- 8.1 A person will cease to be a member of the co-operative in each of the following circumstances and as otherwise provided by the Law if:
- (a) the person's membership is cancelled in accordance with these rules or the Law;
 - (b) the member is expelled or resigns under these rules;
 - (c) the contract of membership is rescinded on the ground of misrepresentation or mistake;
 - (d) for a member that is a corporation, the corporation is deregistered;
 - (e) for a member who is a natural person and not a joint member with other persons, the member dies;
 - (f) the member's total shareholding is transferred or sold to another person under these rules and the name of the transferee is entered in the register of members in respect of the shareholding;
 - (g) the member's total shareholding is forfeited under the Law or these rules;

- (h) the member's total shareholding is purchased by the co-operative under the Law; or
- (i) the amount paid up on the member's shares is repaid to the member under these rules.

8.2 Except as otherwise provided by the Law a person will not cease to be a member of a co-operative if the person:

- (a) becomes bankrupt and their property is subject to control under laws relating to bankruptcy; or
- (b) is a corporate member that becomes insolvent and subject to control under laws relating to the insolvency.

9. MEMBER RESIGNATION

9.1 A member may resign from a co-operative by giving one month's notice in writing or such lesser period of time approved by the board in a particular case.

10. EXPELLING A MEMBER

10.1 A member may be expelled from the co-operative by special resolution on the grounds:

- (a) that the member has seriously or repeatedly failed to discharge their obligations to the co-operative under these rules, or any contract or memorandum of understanding entered into by the member with the co-operative; or
- (b) that the member has acted in a way that has:
 - (i) prevented or hindered the co-operative in carrying out its primary activity or one or more of its primary activities; or
 - (ii) brought the co-operative into disrepute; or
 - (iii) been contrary to one or more of the co-operative principles and has caused the co-operative harm.

10.2 Written notice of the proposed special resolution must be given to the member at least 28 days before the date of the meeting at which the special resolution is to be moved, and the member must be given a reasonable opportunity of being heard at the meeting.

10.3 At the general meeting when the special resolution for expulsion is proposed each of the following procedures apply:

- (a) at the meeting, the member must be afforded a full opportunity to be heard and is entitled to call witnesses and cross-examine witnesses called against the member;
- (b) if the member fails to attend at the time and place mentioned, without reasonable excuse, the member's alleged conduct must be considered and the co-operative may decide on the evidence before it, despite the absence of the member;
- (c) once the alleged conduct is considered, the co-operative may decide to expel the member concerned;
- (d) the co-operative must make a decision on expulsion by secret ballot of those

members who are either present or represented by a legal personal representative, corporate representative or a proxy, and who are entitled to vote; and

- (e) the special resolution is passed if at least two-thirds of the members voting in the secret ballot vote in favour of the expulsion.

10.4 Expulsion of one joint member means expulsion of all members holding membership jointly with the expelled member.

10.5 An expelled member must not be re-admitted as a member unless the re-admission is approved by special resolution.

10.6 A member re-admitted must not have restored to them any shares that were cancelled on their expulsion.

11. FINANCIAL CONSEQUENCES OF RESIGNATION OR EXPULSION

11.1 In this rule deficiency means the amount of any reduction of the value of the total shares issued by the co-operative, represented by the co-operative's net asset value, as disclosed in the balance sheet of the co-operative last reported before the date that the member resigns or is expelled.

11.2 If a member is expelled or resigns from the co-operative, all amounts owing by the former member to the co-operative become immediately payable in full.

11.3 The shares of an expelled or resigning member must be cancelled as at the day of expulsion or resignation, and the cancellation must be noted in the register of shares.

11.4 Subject to paragraph 11.5 of this rule and the written terms of any other class of shares issued, the co-operative must pay to the expelled or resigning member the amount of capital paid up on the former member's shares at the time of expulsion or resignation, less any amount owing by the former member to the co-operative.

11.5 The co-operative may deduct from the amount of capital paid up on the shares of the expelled or resigning member an amount equal to the proportion of any deficiency.

11.6 Payment to the expelled or resigning member of any amount owing by the co-operative to the former member must be made no later than one year from the date of expulsion or resignation unless the provisions of s128 of the CNL apply.

11.7 If a member has prepaid an annual subscription, and the amount of the annual subscription is less than \$200 the co-operative may retain the whole of the prepaid annual subscription; or the amount of the annual subscription is greater than \$200 the co-operative must refund a pro-rated amount for the remainder of the subscription period less any reasonable costs incurred in administering a refund.

12. MEMBERSHIP SUSPENSION

12.1 The board of the co-operative may suspend a member for not more than one year on the grounds that the member has:

- (a) contravened any of these rules;
- (b) failed to discharge obligations to the co-operative, whether under these rules, a contract or memorandum of understanding; or
- (c) acted detrimentally to the interests of the co-operative.

12.2 In order to suspend a member, the board must give written notice to the member of its intention to suspend membership. Such written notice must include the grounds for suspension and allow the member a reasonable time and opportunity to respond in

writing to the notice.

- 12.3 The board must convene a board meeting to consider suspension of the member and must permit the member to attend the meeting and address the board on the matter of the suspension.
- 12.4 If the board resolves to suspend a member then it must provide the member with written notice of such suspension, the terms of the suspension and the reasons for suspension.
- 12.5 During the period of suspension, the member:
 - (a) loses any rights (except the right to vote) arising as a result of membership; and
 - (b) is not entitled to a refund, rebate, relief or credit for amounts paid or payable to the co- operative under these rules.
- 12.6 A member may appeal against the decision of the board to suspend membership within 14 days of the board's decision.
- 12.7 An appeal against suspension may be dealt with at a general meeting of the co- operative called to consider a special resolution to confirm or overturn the suspension decision by the board.
- 12.8 An appeal against suspension shall follow the same procedure set out for the expulsion of a member under rule 10.3.
- 12.9 A decision by the board to suspend a member does not take effect until the time for appeal has expired or the appeal against such suspension has been determined.

13. DISPUTE RESOLUTION

- 13.1 The grievance procedure set out in this rule applies to disputes under these rules between:
 - (a) a member and another member; or
 - (b) a member and the co-operative.
- 13.2 If a dispute arises, a party cannot commence any court or arbitration proceedings relating to the dispute unless it has complied with the provisions of this rule, except where a person seeks urgent interlocutory relief.
- 13.3 The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days of:
 - (a) the dispute coming to the attention of each party; or
 - (b) a party giving notice, to each of the other parties involved, of the dispute or grievance.
- 13.4 If the parties are unable to resolve the dispute at the meeting, or if a party fails to attend that meeting, the parties must, as soon as is practicable, hold a meeting in the presence of a mediator.
- 13.5 The mediator is, where possible, to be chosen by agreement between the parties. In the absence of agreement between the parties:
 - (a) for a dispute between a member and another member, the mediator is to be a person appointed by the board; or
 - (b) for a dispute between a member and the co-operative, the mediator is to be a person appointed by the Australian Mediation Association or some other body

that provides alternative dispute resolution services.

- 13.6 The mediator may be a member of the co-operative, unless they are party to the dispute.
- 13.7 The parties to the dispute must, in good faith, attempt to settle the dispute by mediation.
- 13.8 The mediator, in concluding the mediation, must:
- (a) give the parties to the mediation process every opportunity to be heard; and
 - (b) allow due consideration by all parties of any written statement submitted by any party; and
 - (c) ensure that natural justice is accorded to the parties to the dispute throughout the mediation process.
- 13.9 The mediator cannot determine the dispute.
- 13.10 The mediation must be confidential and without prejudice.
- 13.11 The costs of the mediation are to be shared equally between the parties unless otherwise agreed.
- 13.12 This rule does not apply to any dispute:
- (a) as to the construction or effect of any mortgage or contract contained in any document, or
 - (b) involving the expulsion or suspension of a member.
- 13.13 If the mediation process does not resolve the dispute, either party may seek resolution through arbitration or legal action.
- 13.14 In this rule the word member includes any person who was a member not more than 6 months before the dispute occurred.

14. FINES PAYABLE BY MEMBERS

- 14.1 No fines are to be imposed on members in any circumstances.

15. LIABILITY OF MEMBERS

- 15.1 A member is liable to the co-operative for the amount, if any, unpaid on the shares held by the member, together with any charges, including application fees or regular subscriptions payable by the member to the co-operative under these rules.
- 15.2 Joint members are jointly and severally liable for any amount unpaid on shares and for any other amounts referred to in rule 15.1 above.

16. VOTING ENTITLEMENTS

- 16.1 Each member has one vote at a general meeting of the co-operative.
- 16.2 Each joint membership has one vote at a general meeting of the co-operative which may be exercised by the person first named in the members' register for that joint membership.
- 16.3 A corporate member must appoint a corporate representative who will exercise that member's right to vote.
- 16.4 An appointment of a corporate representative must be in writing and lodged with the co-operative either at the time the corporation becomes a member or no later than seven days before any general meeting of the co-operative so that the member can exercise their vote at that meeting.

17. DEATH OF A MEMBER

17.1 The legal personal representative of a deceased member may apply to the board for a transfer of the deceased member's shares in a form approved by the board.

18. RIGHTS AND LIABILITIES OF MEMBERS WHO ARE BANKRUPT, INSOLVENT OR OTHERWISE INCAPABLE

18.1 The shares of an individual member who becomes bankrupt or a corporate member who becomes insolvent may be transferred to the member's trustee, administrator or liquidator, as the case may be, in accordance with the laws dealing with such events.

18.2 A legal personal representative appointed to administer the affairs of a member who, through mental or physical incapacity, is incapable of managing their affairs, may be registered as the holder of the member's shares and the rights and liabilities of membership vest in the legal personal representative during the period of the appointment.

18.3 The liabilities attaching to the shares of a member under bankruptcy, insolvency or mental or physical incapacity continue in accordance with the Law.

18.4 The board may decide to suspend some or all active membership obligations where a legal personal representative has been appointed for a member, if there are grounds to believe that the member's mental or physical incapacity is temporary.

19. ENTITLEMENTS AND LIABILITIES OF PERSONS REGISTERED AS TRUSTEE, ADMINISTRATOR ETC

19.1 A person who is entitled to hold shares in the co-operative, because of the death, bankruptcy, insolvency or incapacity of a member, is entitled to the dividends and other advantages of membership of the co-operative, other than the right to vote, as soon as their entitlement arises. The person entitled to hold the shares may only exercise the right to vote if that person is registered as a member of the co-operative.

19.2 A person referred to in rule 19.1 who is registered as the holder of shares in the co-operative has the same liabilities in relation to the shares as the member on whose behalf the shares are held.

19.3 The board has the same right to decline or to suspend registration of a share transfer by a person referred to rule 19.1 as it would for a share transfer by a member.

CATEGORY THREE – Capital and finance

20. SHARE CAPITAL AND MINIMUM SHAREHOLDING FOR MEMBERSHIP

20.1 The initial capital of the co-operative must be raised by the issue of member shares at the fixed price of \$5000 each.

20.2 A member must hold a minimum of 1 fully paid member shares in the co-operative and must not hold or have a relevant interest in more than 20% of the nominal value of issued share capital of the co-operative unless permitted to do so under the Law.

20.3 A share in the co-operative does not carry a vote.

20.4 The right to vote in the co-operative is attached to membership.

20.5 Shares that comprise the minimum shareholding required for membership under this rule may not be transferred to another person and may not be repurchased by the co-operative.

21. ANNUAL SUBSCRIPTIONS

21.1 There is no annual subscription.

22. ADDITIONAL MEMBER SHARES

- 22.1 A member may subscribe for additional member shares above the minimum required under rule 20.2, provided that the member does not hold or have a relevant interest in more than 20% of the nominal value of issued share capital of the co-operative.
- 22.2 Additional member shares may be fully or partly paid.

23. CALLS ON SHARES

- 23.1 The board may from time to time make calls on the members for any amounts unpaid on their shares. A call can be made for payment of any amount unpaid whether it is for the fixed price of the share or any premium attached to the share.
- 23.2 Each member must, on receiving at least 14 days' notice of the time and place of payment, pay to the co-operative, at the time and place specified, the amount called on in relation to the shares.
- 23.3 The directors may revoke or postpone a call.
- 23.4 A call is taken to have been made when the resolution of the board authorising the call is notified to members.
- 23.5 A call can be made for payment of the full amount unpaid or that the amount unpaid is to be paid in specified instalments.
- 23.6 The joint holders of a share are jointly and severally liable to pay all calls for the share.
- 23.7 If an amount called for a share is not paid by the time fixed for payment, the share may be forfeited under rule 25.1.
- 23.8 Where the terms of issue of a share require payment of the share price or any premium by specified instalments, the time when an instalment is due and payable is taken to be a properly made call. If the instalment amount is not paid, the share may be forfeited under rule 25.1.
- 23.9 The board may, in relation to the issue of shares, differentiate between the holders in the amount of calls to be paid and the times of payment.
- 23.10 The board may accept from a member all or part of the money uncalled and unpaid on shares held by the member.

24. SHARE PREMIUMS

- 24.1 The board of the co-operative may decide to issue member shares with a premium.
- 24.2 Issuing shares with a premium does not alter the fixed price of member shares set out in rule 20.1.
- 24.3 If shares are issued with a premium an amount equal to the total amount or value of the premiums on the shares must be transferred to a share premium account and is to be treated as paid up share capital.
- 24.4 Funds in the share premium account may be used to:
- (a) pay for unissued shares to be issued to members as bonus shares;
 - (b) pay up, in whole or in part, the balance unpaid on shares previously issued to members;
 - (c) pay dividends, if the dividends are satisfied by the issue of shares to members; or
 - (d) write off the preliminary expenses of the co-operative.

24.5 Shares may not be issued at a discount to their fixed price.

25. SHARE FORFEITURE

- 25.1 If a member fails to pay a call or instalment of a call by the day appointed for payment, the board may, at any time that any part of the call or instalment remains unpaid, serve a notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest that may have accrued.
- 25.2 The notice must name a further day for payment that allows at least a further 14 days for payment required to be made. The notice must also state that, in the event of non-payment on or before the time appointed, the shares for which the call was made will be liable to be forfeited.
- 25.3 If the requirements of the notice served under this rule are not complied with, any share in respect of which the notice has been given may at any time be forfeited by a resolution of the board.
- 25.4 Forfeiture of shares includes forfeiture of all dividends declared for the forfeited shares and not actually paid before forfeiture.
- 25.5 Forfeited shares must be cancelled.
- 25.6 A person whose shares have been forfeited under these rules stops being a member if as a result of the forfeiture, the person no longer holds the minimum number of shares required under rule 20.2.
- 25.7 A statutory declaration in writing by a director, the chief executive officer or secretary of the co-operative stating that a share in the co-operative has been forfeited and cancelled on a date stated in the declaration, is proof of that fact as against all persons claiming to be entitled to the share.
- 25.8 The co-operative has set-off rights against share capital as specified in the Law.

26. REPURCHASE OF SHARES

- 26.1 A members' shares held in excess of the minimum shareholding required under rule 20.2 may be purchased and repaid by the co-operative on request by the member.
- 26.2 A request to purchase shares is subject to the restrictions under s107 Co-operatives National Law.
- 26.3 The board of the co-operative may refuse any request by a member to purchase shares and repay any capital.
- 26.4 The co-operative must cancel any shares that have been purchased.

27. SHARE TRANSFERS

- 27.1 A share may not be sold or transferred except:
- (a) with the consent of the board, and to a person who is qualified to be admitted to membership of the co-operative; or
 - (b) as otherwise provided by these rules or the Law.
- 27.2 The instrument of transfer of a share must be:
- 27.3 signed by or for the transferor and the transferee; and
- 27.4 be accompanied by:
- (a) the transfer fee determined by the board, such transfer fee being no more than the amount of the application fee for membership; and
 - (b) evidence showing the right of the transferor to make the transfer.

- 27.5 The board must refuse to register a transfer of shares if the transfer is:
- (a) in respect of shares that are the minimum share capital required for membership under rule 20.2;
 - (b) is contrary to the terms of issue of the shares;
 - (c) to a person not qualified to be a member; or
 - (d) in respect of shares on which the co-operative has a lien or charge.
- 27.6 If the board refuses to register a transfer of shares it must send notice of the refusal to the transferee within 28 days after the day the board declined to register the transfer.
- 27.7 The board of the co-operative must not consent to the sale or transfer of shares that would result in a member having an interest (including a beneficial interest) in more than 20% of the issued share capital of the co-operative.
- 27.8 The transferor is taken to remain the holder of the share until the name of the transferee is entered in the register of members.
- 27.9 The board must maintain a record of all transfers in the co-operative's register of members and their shareholdings.
- 27.10 The board may suspend the registration of transfers during the 45 days immediately before the annual general meeting in each year.

28. TRANSFER OF SECURITIES OTHER THAN SHARES

- 28.1 Securities other than shares may be transferred using an instrument or form approved by the board that is executed by or on behalf of the transferor and the transferee.
- 28.2 The transferor is taken to remain the holder of the security until the transferee's name is entered in the register of security holders.
- 28.3 The board may decline to register an instrument or form transferring a security other than a share if:
- (a) the transfer would be contrary to the terms of issue of such security, or
 - (b) the transfer fee (as noted on the transfer form or instrument) is not paid to the co-operative for the transfer of registration.
- 28.4 The board of the co-operative may require the instrument or form of transfer to be accompanied by:
- (a) the relevant security certificate(s) and any other evidence the board reasonably requires showing the right of the transferor to make the transfer; and
 - (b) evidence of the payment of any government duty where such duty is payable.
- 28.5 If the co-operative refuses to register a transfer of securities under this rule, it must, within 28 days after the date on which the transfer was lodged with it, send to the transferee notice of the refusal.

29. ISSUE OF CO-OPERATIVE CAPITAL UNITS (CCUs)

- 29.1 The board may confer an interest in the capital of the co-operative by issuing CCUs in accordance with the Law.
- 29.2 At a meeting of CCU holders, each CCU holder is entitled to one vote per CCU held.

- 29.3 The rights of the holders of CCUs may be varied only in the way and to the extent provided by their terms of issue and only with the consent of at least 75% of those holders of CCUs who, being entitled to do so, cast a formal vote to accept the variation at a meeting.
- 29.4 The holder of a CCU has, in the person's capacity as a holder of a CCU, none of the rights or entitlements of a member of the co-operative.
- 29.5 The holder of a CCU is entitled to receive notice of all relevant meetings of the co-operative and all other documents in the same manner as the holder of a debenture of the co-operative.

CATEGORY 4 – Board of directors and board meetings

30. BOARD OF DIRECTORS

- 30.1 The business of the co-operative is to be managed by or under the direction of the board of directors, and for that purpose the board has and may exercise all the powers of the co-operative that are not required to be exercised by the co-operative in a general meeting.
- 30.2 The board must have at least 5 directors and no more than 9.
- 30.3 The board may, by resolution, delegate any of its powers (other than this power of delegation) provided that the delegation:
- (a) is in writing;
 - (b) is only a delegation of power to a committee that includes a minimum of two directors; and
 - (c) the instrument of delegation clearly describes the power delegated and any limitations on the exercise of such delegated power.

31. QUALIFICATIONS OF DIRECTORS

- 31.1 A person is not qualified to be a director of the co-operative unless the person is a natural person over the age of 18 years and is either:
- (a) an active member of the co-operative or a representative of a corporation that is an active member of the co-operative; or
 - (b) not an active member but who possesses special skills in management or other technical areas of benefit to the co-operative as specified by the board from time to time.
- 31.2 A person qualified to be a director under rule 31.1(a) is known as a member director. A person qualified under rule 31.1(b) is known as a non-member director or independent director.
- 31.3 The board of directors must have a majority of member directors.

32. FIRST DIRECTORS AND TERMS OF OFFICE

- 32.1 The first directors are those directors who are elected and appointed at the formation meeting.
- 32.2 The term of office of the first directors shall be determined at the formation meeting in order to enable their retirement by rotation (one, two or three years) and in any event shall be no more than three years ending on the day of the third annual general meeting (AGM) after the formation meeting.

32.3 The term of office for a director (other than a first director) is three years, ending on the day of the third AGM after that director's election. The maximum number of consecutive terms a director may hold office is two.

33. ELECTION OF DIRECTORS

33.1 The members of the board are to be elected in the manner specified in this rule.

33.2 At an AGM at which there are vacancies in the office of director as a result of retirement or due to a casual vacancy, the vacated office may be filled in the following manner:

33.3 At least six weeks before the AGM, the board must:

- (a) notify all members of the number of directors retiring at the AGM and any casual vacancies to be filled; and
- (b) advise the members of:
 - (i) their eligibility to nominate as a director; and
 - (ii) the duties and responsibilities of a director; and
 - (iii) the anticipated remuneration (if any); and
 - (iv) the nomination and election procedures.

33.4 A notice must also be displayed at the place of business of the co-operative inviting nominations of persons to serve as directors.

33.5 A nomination for election of a member director must:

- (a) be signed by two or more members; and
- (b) provide details of the qualifications and experience of the person nominated; and
- (c) be accompanied by a notice in writing signed by the person consenting to their nomination.

33.6 A nomination for election of a non-member or independent director must:

- (a) be signed by two member directors; and
- (b) provide details of the qualifications and experience of the person nominated; and
- (c) be accompanied by a notice in writing signed by the nominee consenting to their nomination.

33.7 The nomination and the notice of consent must be lodged with the secretary of the co-operative at least 30 days before the AGM.

33.8 The secretary, or an officer nominated by the board, must give details of each person who has been nominated to members with the notice of the AGM. Details to be provided to members must include:

- (a) the nominee's name; and
- (b) the nominee's qualifications and experience; and
- (c) the nominee's length of any previous service as a director of the co-operative or with any other co-operative.

33.9 If the number of nominees equals the number of vacancies, the nominees must be

declared elected at the AGM.

- 33.10 If there are insufficient nominees to fill all vacancies, the nominees must be declared elected at the AGM and any remaining vacancies will become casual vacancies.
- 33.11 If the number of nominees exceeds the number of vacancies, the election of directors must be conducted at the meeting by ballot as follows:
- 33.12 A returning officer is elected at the meeting. The directors, the secretary and anyone who has an interest in the election are not eligible to be the returning officer.
- 33.13 All nominees are to be listed on the ballot form in alphabetical order.
- 33.14 The returning officer is responsible for determining the validity of and counting of the votes.
- 33.15 If there is an equality of votes, there must be a new ballot.
- 33.16 The returning officer is to declare the election results.

34. REMOVAL OF A DIRECTOR

- 34.1 The co-operative may by resolution under the Law, with special notice, remove a director before the end of the director's period of office, and may by a simple majority appoint another person in place of the removed director. The person appointed must retire when the removed director would otherwise have retired.
- 34.2 For the purposes of this rule, special notice is a notice required under the Law to be given two months prior to the meeting at which the resolution is to be considered.

35. WHEN A DIRECTOR VACATES OFFICE AND CASUAL VACANCIES

- 35.1 In addition to the circumstances set out in s179 of the CNL, a director vacates office if the director dies or becomes unable to manage their affairs by reason of mental incapacity.
- 35.2 The board may appoint a qualified person to fill a casual vacancy in the office of director that arises because of an event referred to in rule 35.1 or because there were insufficient nominees for election at an AGM.
- 35.3 A person appointed to fill a vacancy under rule 35.2 is appointed until the next AGM.

36. ALTERNATE DIRECTORS

- 36.1 The board may appoint a person to act as a director (an alternate director) in the place of an absent director (the principal director).
- 36.2 A person is qualified to be appointed as an alternate director for:
 - (a) a member director, if the person is an active member or is a corporate representative for an active corporate member; or
 - (b) a non-member director, if the person holds similar skills or expertise to the principal director.
- 36.3 An alternate director holds office until the next AGM or until the next general meeting held to elect directors to fill any vacancies (whichever is earlier).
- 36.4 An alternate director for a director (the principal director) vacates office:
 - (a) in similar circumstances or cases to those in which the principal director would vacate office under these rules or
 - (b) if the alternate director is removed from office by the board as alternate director for failure, without its leave, to attend a meeting of the board at which the principal director is absent.

37. DIRECTOR REMUNERATION

37.1 Directors' remuneration must be approved at a general meeting.

38. BOARD MEETINGS

38.1 Meetings of the board are to be held as often as may be necessary for properly conducting the business of the co-operative and must be held at least every 3 months.

38.2 A meeting may be held with one or more of the directors participating by using a form of communication that allows reasonably contemporaneous and continuous communication between the directors taking part in the meeting.

38.3 Questions arising at a meeting must be decided by a majority of votes.

38.4 If votes are equal, the chairperson has a second or casting vote, but only if the chairperson is a member director.

38.5 Other than in special circumstances decided by the chairperson, at least 48 hours' notice must be given to the directors of all meetings of the board, without which the meeting cannot be held.

39. QUORUM AT BOARD MEETINGS

39.1 The quorum for a meeting of the board is 50% of the number of directors (or if that percentage of the number of directors is not a whole number, the whole number next higher than 50%).

39.2 For a quorum, the number of member directors must outnumber the non-member directors by at least one.

40. CHAIRPERSON OF THE BOARD

40.1 The chairperson of the board is to be elected by the board and may be removed by resolution of the board. On a resolution to remove the chairperson, the chairperson is not entitled to cast a vote.

40.2 If no chairperson is elected or the chairperson is not present within 15 minutes after the time fixed for holding the meeting or is unwilling to act as chairperson of the meeting, the directors present may choose one of their number to be chairperson of the meeting until the chairperson attends and is willing to act as chairperson.

41. MINUTES OF BOARD AND OTHER MEETINGS

41.1 The board must keep minutes of all meetings and, in particular, of:

- (a) all appointments of officers and employees made by the directors; and
- (b) the names of the directors present at each meeting of the board or of a board committee; and
- (c) all resolutions and proceedings at all general meetings of the co-operative, board meetings and committee meetings.

41.2 Minutes must be entered in the appropriate records within 28 days of when the meeting to which they relate was held.

41.3 The minutes are to be signed and confirmed by the chairperson within a reasonable time after the meeting to which they relate was held.

41.4 Members do not have access to the minutes of board or committee meetings, but may write to the board to request access to such minutes.

CATEGORY 5 – Member meetings

42. GENERAL MEETINGS

- 42.1 An AGM must be held on a date and at a time decided by the board within five months of the end of the co-operative's financial year or within any further time allowed by the Registrar.
- 42.2 The board may, whenever it considers appropriate, call a special general meeting of the co- operative.
- 42.3 General meetings may be held using technology that permits a member to participate contemporaneously in the meeting and enables the member to hear proceedings, ask questions of the board or the auditor and to cast a vote.

43. NOTICE OF GENERAL MEETINGS AND MEMBER RESOLUTIONS

- 43.1 At least 14 days' notice of a general meeting must be given.
- 43.2 The period of notice is calculated by starting from the day after the notice is served or taken to be served, and is taken to include the day on which the meeting is to be held.
- 43.3 Notice must be served on each member of the co-operative and any other persons who are entitled to receive such notices under the Law.
- 43.4 The notice must state the place, day and hour of the meeting and if the meeting is to be conducted using technology, the notice must include instructions about how to participate in the meeting.
- 43.5 The notice must state what ordinary business is to be considered and, if there is to be any special business, the general nature of any special business.
- 43.6 The notice must also include any business that members have notified their intention to move at the meeting provided that rule 43.7 has been complied with.
- 43.7 Members who together are able to cast at least 20% of the total number of votes that are able to be cast at a meeting of the co-operative, and who have a resolution that requires a decision by the members at a general meeting, must serve written notice of it on the co- operative.
- 43.8 If the co-operative has been served with notice under rule 43.7 the resolution is to be considered at the next general meeting that occurs more than two months after the notice is served or taken to be served.

44. BUSINESS OF THE AGM

- 44.1 The ordinary business of the AGM of the co-operative must be:
 - (a) to confirm minutes of the preceding general meeting (whether annual or special); and
 - (b) to receive from the board, auditors or officers of the co-operative:
 - (c) the financial reports or financial statements of the co-operative for the financial year;
 - (d) a report on the state of affairs of the co-operative; and
 - (e) the board's solvency resolution stating whether or not there are reasonable grounds to believe that the co-operative will be able to pay its debts as and when they become due and payable; and
 - (f) to approve any payments of fees to directors; and
 - (g) to elect directors to fill any vacancies on the board.

- 44.2 The AGM may also transact special business, notice of which has been given to members under these rules.
- 44.3 All business of a general meeting, other than business of the AGM that is ordinary business, is special business.

45. QUORUM AT GENERAL MEETINGS

- 45.1 An item of business cannot be considered or decided at a general meeting unless a quorum of members is present.
- 45.2 If the number of active members of the co-operative is less than or equal to ten, the quorum is five active members.
- 45.3 If the number of active members is more than ten, then the greater of 6 active members, or 10% of the active membership, present constitutes a quorum.
- 45.4 A member is present for the purpose of these rules if the member is entitled to vote and is physically present, or is represented by their legal personal representative or corporate representative, or is attending via video link or other technology that enables the member to participate in the proceedings.
- 45.5 A proxy given to another member does not entitle the person giving the proxy to be counted as a member who is present for the purposes of rule 45.2.
- 45.6 If a quorum is not present within half an hour after the appointed time for a meeting, the meeting, if called on the requisition of members, must be dissolved. In any other case it must be adjourned to the same day, time and place in the next week.
- 45.7 If a quorum is not present within half an hour after the time appointed for an adjourned meeting, the members present constitute a quorum.

46. CHAIRPERSON AT A GENERAL MEETING AND ADJOURNMENTS

- 46.1 The chairperson of the board may preside as chairperson at every general meeting of the co- operative.
- 46.2 If there is no chairperson, or if at a meeting the chairperson is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the members present must choose someone from their number to be chairperson (until the chairperson attends and is willing to act).
- 46.3 The chairperson may, with the consent of a meeting at which a quorum is present (and must if directed by the meeting) adjourn the meeting to a different time and place.
- 46.4 The only business that can be transacted at an adjourned meeting is the business left unfinished at the meeting from which the adjournment took place.
- 46.5 It is not necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting unless the meeting is adjourned for 14 days or more, in which case notice of the adjourned meeting must be given just as for the original meeting.

47. ATTENDANCE AND VOTING AT GENERAL MEETINGS

- 47.1 The right to vote attaches to membership and not shareholding.
- 47.2 Each active member has only one vote at a meeting of the co-operative.
- 47.3 In the case of a joint membership:
- (a) Joint members have only one vote between them,
 - (b) Every joint member is entitled to attend and be heard at a general meeting, and

- (c) In the event of a dispute between joint members as to which member will vote (subject to the grant of any proxy or power of attorney), the joint member whose name appears first in the register of members is entitled to vote.

47.4 A resolution, other than a special resolution, must be decided by simple majority.

47.5 Subject to paragraphs 6 and 7 of this rule, a question for decision at any general meeting must be decided on a show of hands of members attending the meeting.

47.6 A poll may be demanded on any question for decision.

47.7 If before a vote is taken or before or immediately after the declaration of the result on a show of hands:

- (a) the chairperson directs that the question is to be determined by a poll; or
- (b) at least five members present in person or represented by proxy demand a poll; the question for decision must be determined by a poll.

47.8 The poll must be taken when and in the manner that the chairperson directs.

47.9 A poll on the election of a chairperson or on the question of adjournment must be taken immediately and without debate.

47.10 Once the votes on a show of hands or on a poll have been counted a declaration by the chairperson that a resolution has been carried (unanimously or by a majority) or lost is evidence of that fact.

47.11 The result of the vote must be entered in the minute book.

48. VOTING ON A SHOW OF HANDS OR ON A POLL

48.1 On a show of hands at a general meeting, each member who is present in accordance with rule 45.4 may only exercise one vote.

48.2 On a poll called at a general meeting, each member

- (a) who is present in accordance with rule 45.4, or
- (b) who is represented by a proxy (but only if proxies are allowed under rule 50.2), may only exercise one vote.

49. DETERMINING THE OUTCOME WHEN VOTES ARE EQUAL

49.1 If the chairperson of the meeting is a member of the co-operative, he or she may exercise a second, casting vote where the votes in favour and against a resolution are equal.

49.2 If the chairperson is not a member of the co-operative, he or she has no second, casting vote

49.3 Where the votes in favour of and against a resolution are equal and the chairperson does not cast a second vote, the resolution fails.

50. PROXY VOTING

50.1 For the purposes of this rule:

- (a) a directed proxy is a document appointing a person to vote on behalf of a member and where the document specifies how the member's vote is to be cast on a particular matter, and
- (b) an undirected proxy is a document appointing a person to vote on behalf of a member and the document contains no direction on how the member's vote is to be cast.

- 50.2 Voting may be by proxy at a general meeting.
- 50.3 The document appointing a proxy must be in writing signed by the appointer or the appointer's representative, provided that any such representative has authority to appoint a proxy.
- 50.4 A document appointing a proxy may only appoint a person who is an active member of the co-operative as their proxy.
- 50.5 If the document appointing the proxy is a directed proxy, the proxy is not entitled to vote on the resolution other than as directed in the proxy document.
- 50.6 A person may be appointed as a proxy by no more than five members where the proxy is an undirected proxy.
- 50.7 A person may be appointed as a proxy by any number of members where the documents are directed proxies.
- 50.8 A document appointing a proxy is not valid unless it is delivered, either by post or electronic means, to the registered office of the co-operative at least 48 hours before the time for holding the meeting or any adjournment of that meeting.
- 50.9 A vote given in accordance with a directed proxy is valid unless the co-operative receives notice in writing at its registered office of the death or unsoundness of mind of the appointer, or revocation of that directed proxy, before the start of the meeting or adjourned meeting at which the proxy document is used.

51. POSTAL BALLOTS

- 51.1 For the purposes of this rule:
- (a) a postal ballot includes a ballot conducted by the use of technology, such as email or other voting software; and
 - (b) a ballot paper means a ballot paper in paper or electronic form.
- 51.2 A postal ballot may be held in respect of any matter that may be decided by the members at general meeting under rule 42.
- 51.3 In determining whether to hold a postal ballot on a matter for decision by members, the board must take into consideration the following matters:
- (a) whether a postal ballot would facilitate a more democratic decision by members, and
 - (b) whether a postal ballot is time and cost effective.
- 51.4 A postal ballot must be held in respect of a matter that may be decided by members, where members who together are able to cast at least 20 % of the total number of votes able to be cast at a meeting of the co-operative, require the board to conduct the vote by postal ballot.
- 51.5 The board may determine in a particular case whether the matter to be decided by postal ballot should be a secret ballot and whether votes may be returnable by fax or other electronic means or both.
- 51.6 If fax or electronic means for voting are used, members who have limited or no access to the fax or electronic means, must not be prejudiced, and must have reasonable time to be advised of the postal ballot, to consider, record and return their vote.
- 51.7 The board is to appoint a returning officer to conduct the postal ballot. In default of such an appointment, the secretary is the returning officer.

51.8 Ballot papers must be sent to all voting members at least 21 days before the closing date of the postal ballot.

51.9 Ballot papers are to be in the form approved by the board and must include the following:

- (a) particulars of the matter to be decided by postal ballot;
- (b) an explanation of how to lodge a valid vote;
- (c) the majority required to pass the vote; and
- (d) notice of the closing time and date of the postal ballot.

51.10 This rule does not apply to special postal ballots.

52. SPECIAL POSTAL BALLOTS

52.1 For the purposes of this rule:

- (a) a special postal ballot includes a ballot conducted by the use of technology, such as email or other voting software, and
- (b) a ballot paper means a ballot paper in paper or electronic form.

52.2 Where a special postal ballot is required under the Law, the board may determine in a particular case whether the special postal ballot should be a secret ballot and whether votes may be returnable by fax or other electronic means or both.

52.3 If fax or electronic means for voting are used, members who have limited or no access to the fax or electronic means, must not be prejudiced in any way and must have reasonable time to be advised of the postal ballot, to consider, record and return their vote.

52.4 The board is to appoint a returning officer to conduct the special postal ballot. In default of such an appointment, the secretary is the returning officer.

52.5 Ballot papers must be sent to members at least 28 days before the closing date of the special postal ballot.

52.6 Ballot papers are to be in the form approved by the board and must include the following:

- (a) particulars of the matter to be decided by special postal ballot;
- (b) all documents required for special postal ballots as set out under the Law; and
- (c) an explanation of how to lodge a valid vote;
- (d) the majority required to pass the vote; and
- (e) notice of the closing time and date of the special postal ballot.

53. SPECIAL RESOLUTIONS

53.1 A notice of special resolution is required to be given to members at least 21 days before the vote or ballot time (or 28 days in the case of a special postal ballot).

53.2 The notice of special resolution must state:

- (a) the intention to propose the special resolution; and
- (b) the wording of the proposed special resolution; and
- (c) the reasons for proposing the special resolution; and
- (d) the effect of the special resolution being passed.

- 53.3 A special resolution is passed if:
- (a) two-thirds of the active members who cast a vote, vote in favour of the resolution at a general meeting or in a postal ballot of members; or
 - (b) three-quarters of those active members who cast a vote, vote in favour of the resolution in a special postal ballot of members.
- 53.4 A Significant Member Resolution as defined in rule 54.1 must also comply with minimum member participation requirements prescribed in that rule.

54. MINIMUM MEMBER PARTICIPATION FOR SIGNIFICANT MEMBER RESOLUTIONS

- 54.1 A significant member resolution means a resolution put to members for:
- (a) approval of the making of an offer to which s374 CNL applies;
 - (b) an agreement to a compromise or arrangement between the co-operative and any of its members under s414(1)(b) CNL;
 - (c) approval to make an application for a merger or transfer of engagements under s396(1)(a) CNL;
 - (d) approval to make an application for the co-operative to become registered or incorporated under legislation other than co-operatives legislation under s404 CNL;
 - (e) the approval of the sale or disposal of all or part of the undertaking of the co-operative under s359 CNL, where the sale or disposal represents 50% or more of the total value of its undertaking;
 - (f) the approval of the winding up of the co-operative under s445 CNL;
 - (g) the approval of an alteration of these rules to the extent that the alteration has the effect of amending this rule 54.1 in any manner, including by removal.
- 54.2 Notwithstanding anything to the contrary in these rules, a significant member resolution will be approved only if (and will be deemed not to have been approved unless):
- (a) in the case of a postal ballot or special postal ballot conducted for the purpose of the significant member resolution, greater than 50% of all active members cast a formal and valid vote; and
 - (b) in the case of a significant member resolution put to a general meeting, greater than 50% of all active members vote on the resolution in person or by proxy.

CATEGORY SIX – Accounts and administration

55. FINANCIAL YEAR

- 55.1 The financial year of the co-operative ends on 30 June.

56. BANK ACCOUNTS

- 56.1 The board must have at least one financial institution account, electronic or otherwise, in the name of the co-operative, into which all amounts received by the co-operative must be paid as soon as possible after receipt.
- 56.2 All cheques, bills of exchange, promissory notes and other negotiable instruments

drawn on the account of the co-operative must be signed by two authorised officers or employees of the co-operative.

- 56.3 The board may authorise one or more officers or employees of the co-operative to operate an electronic account in the name of the co-operative, without the need for a second written or electronic signature, provided that the authority is restricted to:
- (a) transactions conducted in the ordinary course of the co-operative's business; and
 - (b) subject to a monetary limit specified in the board's written authorisation.

57. MEMBER FINANCIAL STATEMENTS AND AUDIT

- 57.1 For the purposes of this rule basic financial statements comprise:
- 57.2 an income and expenditure statement that sets out the appropriately classified sources of income and expenses incurred in the operation of the co-operative
- (a) a balance sheet;
 - (b) a statement of changes in equity; and
 - (c) a cash flow statement.
- 57.3 Subject to paragraph 3 of this rule and any other provisions of the Law, the co-operative must provide members with basic financial statements no later than 7 days before the AGM.
- 57.4 If under the Law members or the Registrar direct the co-operative to prepare a financial report and the direction requires that the financial report be audited or reviewed, the board must appoint an auditor within one month of the direction.
- 57.5 An auditor appointed under paragraph 57.4 of this rule holds office until the financial report prepared as a result of the direction has been audited or reviewed in accordance with the directions and sent to members or the Registrar as directed.
- 57.6 If the co-operative is a large co-operative as defined in the Law, it must appoint an auditor to prepare financial statements in accordance with the Law.

58. PROVISION FOR LOSS

- 58.1 The board must make appropriate provision in the co-operative's accounts for losses. When reporting to members the board must indicate whether a loss is expected to continue and whether there is any resulting material prejudice to the co-operative's solvency.

59. DISTRIBUTION OF SURPLUS OR RESERVES

- 59.1 The co-operative may dispose of any reserves or surplus arising in a financial year from the business of the co-operative, in accordance with the Law.
- 59.2 A part of the surplus, but not more than 10% arising in any year from the business of the co-operative may be applied to support any activity approved by the co-operative.

60. SAFEKEEPING OF SECURITIES

- 60.1 Shares, debentures, charges and any other certificates or documents or duplicates of them pertaining to securities owned by the co-operative must be safely kept by the co-operative in the way and with provision for their security as the board directs.

61. CO-OPERATIVE SEAL

- 61.1 This rule applies if the co-operative chooses to authenticate a document under its

common seal.

- 61.2 The co-operative's name and registration number must appear on its common seal and any official seal. The common seal must be kept at the registered office in safe custody in the manner directed by the board.
- 61.3 The co-operative may have one or more official seals for use outside the State or Territory in place of its common seal. Each of the additional seals must be a facsimile of the common seal with the addition on its face of the name of the place where the co-operative is registered, and any other requirements under the legislation of that other State or Territory.
- 61.4 The seal of the co-operative must not be affixed to an instrument other than under a resolution of the board. Two directors, or one director and the secretary, must be present and must sign all instruments sealed while the seal is affixed.

62. AMENDMENT AND COPIES OF RULES

- 62.1 Any amendment of the rules must be approved by special resolution.
- 62.2 A proposal to amend any rules must be made in a form approved by the board and clearly shows the existing rule or rules concerned and the proposed amendment to those rules.
- 62.3 A member is entitled to a copy of the rules, being a current consolidated set of the rules, on payment to the co-operative of the following amount:
- (a) For a hard copy of the rules – \$10.
 - (b) For an electronic copy of the rules – Nil.

63. NOTICES AND OTHER DOCUMENTS TO MEMBERS

- 63.1 In addition to any other requirements of the Law regarding notices to members, a notice or other document required to be given to a member of the co-operative may be given by the co-operative to any member by any form of technology (for example, by fax or email), where the member has given consent and notified the co-operative of the relevant contact details.
- 63.2 If a notice is sent by post, service is taken to be effected at the time at which the properly addressed and prepaid letter would be delivered in the ordinary course of post. In proving service by post, it is sufficient to prove that the envelope containing the notice was properly addressed and posted.
- 63.3 A notice forwarded by some other form of technology is taken to have been served, unless the sender is notified of a malfunction in transmission, on the day of transmission if transmitted during a business day, otherwise on the next following business day.
- 63.4 A notice may be given by the co-operative to joint members by giving the notice to the joint member named first in the register of members.
- 63.5 A notice may be given by the co-operative to the person entitled to a share in consequence of the death, incapacity or bankruptcy of a member by sending it through the post in a prepaid letter addressed to that person by name. Alternatively, it can be addressed to the person in their capacity as the representative of the deceased, incapacitated person, trustee, or liquidator, as the case may be, and:
- (a) the address should be that supplied for the purpose by the person claiming to be entitled; or
 - (b) if no such address has been supplied, the notice can be given in the manner in

which it would have been given if the death, incapacity or bankruptcy had not occurred.

64. WINDING UP

- 64.1 The winding up of the co-operative must be in accordance with the Law.
- 64.2 If on the winding up or dissolution there remains any property after the satisfaction of all the co-operative's debts and liabilities this must be distributed in the following manner:
- (a) first, repayment of amounts paid up on shares or other securities issued by the co-operative in accordance with their terms of issue; then
 - (b) any remaining surplus must be distributed to members of the co-operative in proportion to their shareholding, subject to the terms of issue of any other securities issued by the co-operative.
- 64.3 If on the winding up or dissolution there is a deficiency, members are liable to contribute to the deficiency to the extent of any amount unpaid on the shares they hold and any charges payable by them to the co-operative, as required by these rules.

REGISTERED
01 Sept 2023

Lin S

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Fair
Trading

Certificate of Registration as a Co-operative

This is to certify

Illabo Co-operative Limited

is registered as a co-operative in New South Wales
and incorporated under the *Co-operatives National Law (NSW)*

Registration Number:

NSWC23013

Date of Registration:

01 September 2023

Issued by NSW Fair Trading on 01 September 2023.



Lin S

Delegate of the Registrar of Co-operatives