

**THE INDUSTRIAL AND PROVIDENT
SOCIETIES ACT, 1893. PUBLISHED
BY DIRECTION OF THE CO-
OPERATIVE UNION; WITH AN
INTRODUCTION BY J. C. GRAY**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649535651

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VARIOUS

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Great Britain. Statutes

THE
INDUSTRIAL AND PROVIDENT
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PUBLISHED BY DIRECTION OF
THE CO-OPERATIVE UNION.

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WITH AN
INTRODUCTION
BY
J. C. GRAY,
GENERAL SECRETARY.

*Co-operative Union -
334E-C79*

MANCHESTER:
PUBLISHED BY THE CO-OPERATIVE UNION LIMITED, LONG MILGATE.

1894.

C. W.

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THE
INDUSTRIAL AND PROVIDENT
SOCIETIES ACT, 1893.

INTRODUCTION AND EXPLANATORY NOTES.

FOLLOWING the practice which was adopted in regard to the Industrial and Provident Societies Act, 1876, the United Board have thought it desirable to issue the new Act of 1893 in a form which will facilitate reference by societies, together with some instructions as to its provisions and requirements relating to the administration of societies.

The Industrial and Provident Societies Act, 1893, which came into force on the 1st January, 1894, is the result of action taken by the Central Board of the Co-operative Union, for the purpose of amending the Act of 1876 on the lines of experience gained in the actual working of co-operative societies.

The Congress of Rochdale authorised the Central Board to prepare such a Bill, and the Bristol Congress confirmed that action.

**PREVIOUS LEGISLATION RELATING TO
INDUSTRIAL AND PROVIDENT SOCIETIES.**

By the kindness of E. W. Brabrook, Esq., Chief Registrar of Friendly Societies, we are enabled to give the following summary of past legislation affecting Industrial and Provident Societies :—

The Friendly Societies Act, 1884 (4 and 5 William IV. c. 40), allowed of the formation of societies for any "purpose which is not illegal." The Friendly Societies Act, 1846 (9 and 10 Vict., c. 27), allowed of the establishment of societies "for the frugal investment of the savings of the members, for better enabling them to purchase food, firing, clothes, or other necessaries, or the tools or implements of their trade or calling, or to provide for the education of their children or kindred." The Friendly Societies Act, 1850 (18 and 14 Vict., c. 115), contained the like provision. The Industrial and Provident Societies Act, 1852 (15 and 16 Vict., c. 91), commonly called Mr. Slaney's Act, and founded on the report of the committee on the savings of the middle and working classes, 1850 (of which he was chairman), made further provision for such societies. It was amended by the Industrial and Provident Societies Act, 1854 (17 Vict., c. 25), and the Industrial and Provident Societies Act, 1856 (19 and 20 Vict., c. 40). These Acts were consolidated and amended by the Industrial and Provident Societies Act, 1862 (25 and 26 Vict., c. 87). This Act was amended by the Industrial and Provident Societies Act, 1867 (30 and 31 Vict., c. 117), and by the Industrial and Provident Societies Act, 1871 (34 and 35 Vict., c. 80). These Acts were consolidated and amended by the Industrial and Provident Societies Act, 1876 (39 and 40 Vict., c. 45), which Statute is practically re-enacted with some important amendments by the present Act.

THE INDUSTRIAL AND PROVIDENT SOCIETIES ACT OF 1893.

In this introduction the Act is referred to by the number of its Sections, and by the order in which they appear.

SECTIONS 1 AND 2.—*Title and Extent.*

These sections specify the title of the Act, and state when it comes into operation, and how far it extends.

SECTION 8.—*Existing Societies.*

This section brings under the control of the new Act *all existing societies* which have been registered under any previous Act relating to Industrial and Provident Societies.

SECTION 4.—*Objects for which a Society may be formed.*

Under the Act of 1876 societies could only be registered for the purpose of carrying on any *labour, trade, or handicraft*. By the provisions of the new Act power is given to register societies for carrying on any *industries, businesses, or trades* authorised by their rules, thus giving greater latitude as regards the purposes for which a society may be registered. This section also limits the interest to be held by any individual in the *shares* of the society to £200 sterling. This limitation does not debar societies from taking, and individuals from holding, *loans* beyond this amount.

SECTION 5.—*How to Register a Society.*

CLAUSE (1). Society must have at least seven members.

CLAUSE (2). Form of application (see Form A, pages 182, 183, and 184) to be obtained from the Registrar [or from the Co-operative Union], then to be filled up and signed by seven members and the secretary, and sent with two copies of the rules of the society for registration.

CLAUSE (3). The name chosen for the society must not be identical with or closely resemble that of any other society.

CLAUSE (5). The word "limited" must be the last word in the name of the society.

CLAUSE (6). A society must be registered in that part of the United Kingdom in which its registered office is situate, *i.e.*, England and Wales, Scotland, or Ireland, but if a society intends to carry on business in more than one part, its rules should also be recorded by the Registrar of the other part.

The names and addresses of the Registrars are as follows:—

ENGLAND AND WALES.—E. W. Brabrook, Esq. (Chief Registrar), J. D. S. Sim, Esq. (Assistant Registrar), 28, Abingdon Street, Westminster, London, S.W.

SCOTLAND.—R. Addison Smith, Esq., 48, New Register House, Edinburgh.

IRELAND.—D. O'C. Miley, Esq., 16, Dame Street, Dublin.

SECTIONS 6, 7, AND 8.—*Acknowledgment or Refusal of Registry.*

These sections provide that the Registrar shall issue an acknowledgment or certificate of registry to all societies complying with the provisions of the Act, and in the event of his refusal to issue such acknowledgment the applicants for registration are given the right of appeal to the courts. The acknowledgment of registry is given in the following form, and should be carefully preserved, as it is conclusive evidence of a society's corporate existence:—

"ACKNOWLEDGMENT OF REGISTRY OF SOCIETY.

"The _____ LIMITED is registered under the Industrial and Provident Societies Act, 1898, this ____ day of

[Seal or stamp of Central Office, or signature of Assistant Registrar for Scotland or Ireland.]"

SECTION 9.—*Cancelling and Suspension of Registry.*

The registration of a society may be cancelled or suspended—

- (a) If at any time the number of its members is reduced below seven; or if such registration has been obtained by fraud or mistake;
- (b) If the society requests it, on such evidence as the Registrar may require; or
- (c) If the society is proved to exist for an illegal purpose, or if it violates any of the provisions of the Act.

A society whose registration is cancelled or suspended ceases to enjoy any of the privileges or the protection of the Act, and its members incur an unlimited liability for its debts.

SECTION 10, CLAUSE (1).—*What the Rules must contain.*

The rules must contain provisions for all matters mentioned in Schedule II. of the Act, as follows :—

MATTERS TO BE PROVIDED FOR BY THE RULES OF SOCIETIES REGISTERED UNDER THIS ACT.

1. Object, name, and registered office of the society.
2. Terms of admission of the members, including any society or company, investing funds in the society under the provisions of this Act.
3. Mode of holding meetings, scale and right of voting, and of making, altering, or rescinding rules.
4. The appointment and removal of a committee of management, by whatever name, of managers or other officers, and their respective powers and remuneration.
5. Determination of the amount of interest, not exceeding two hundred pounds sterling, in the shares of the society which any member other than a registered society may hold.
6. Determination whether the society may contract loans or receive money on deposit, subject to the provisions of this Act, from members or others; and, if so, under what conditions, on what security, and to what limits of amount.
7. Determination whether the shares or any of them shall be transferable, and provision for the form of transfer and registration of the shares, and for the consent of the committee thereto; determination whether the shares, or any of them, shall be withdrawable, and provision for the mode of withdrawal and for payment of the balance due thereon on withdrawing from the society.
8. Provision for the audit of accounts and for the appointment of auditors or a public auditor.
9. Determination whether and how members may withdraw from the society, and provision for the claims of the representatives of deceased members, or the trustees of the property of bankrupt members, and for the payment of nominees.
10. Mode of application of profits.

11. Provisions for the custody and use of the seal of the society.
12. Determination whether, and by what authority, and in what manner, any part of the capital may be invested.

The statutory duties of the society should also be set forth in the rules for the information of the members.

In regard to the matters above-mentioned it should be observed that—

I. Any society registered under the Industrial and Provident Societies Act may hold shares in another society if the rules of the society in which the investment is proposed to be made permit, and to any extent specified in such rules; but a joint-stock company or other body corporate cannot hold more than £200, which is also the limit fixed for individual members.

II. A society may contract loans in any manner specified in its rules, and up to any limit stated therein. It should be understood, however, that there is a great distinction between *loans* and *deposits*. Loans can only be received where the conditions of repayment are secured either by agreement, bond, mortgage, or other legal form. Deposits at call can be dealt with only within such limits as are fixed by Section 19 (3), and provision must be made in the rules for dealing with such deposits.

Societies should make their rule regarding loans as wide as possible. An *agreement* is the simplest and easiest form of security; but this can only be used where the rules of a society permit it. For the guidance of societies the following model regulations for a loan department, together with a form of loan agreement, are inserted here:—

MODEL REGULATIONS FOR THE CONDUCT OF A LOAN DEPARTMENT.

_____ Co-operative Society Limited.

REGULATIONS OF LOAN DEPARTMENT.

1. Loans may be received either from members or non-members.