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THE CO-OPERATIVE SOCIETIES BILL, 1990.

MEMORANDUM

The object of the Bill is to amend and consolidate the law relating to the constitution and regulation of co-operative societies, to strengthen the role of the Registrar, to define the role of the Board of Directors of the Uganda Co-operative Alliance Ltd. in advising Government on co-operative matters, to enable the co-operative movement participate in arbitration proceedings, and for other connected matters.

JAMES WAPAKABULO,
Minister of Co-operatives and Marketing.

Date of publication:

THE CO-OPERATIVE SOCIETIES BILL, 1990.

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A BILL for a Statute

ENTITLED

THE CO-OPERATIVE SOCIETIES STATUTE, 1990.

A Statute to amend and consolidate the law relating to the constitution and regulation of co-operative societies and for other matters connected therewith.

BE IT ENACTED by the President and the National Resistance Council as follows—

PART I—REGISTRATION.

1. (1) There shall be a Registrar for co-operative societies who shall also be the Commissioner for Co-operative Development for the purposes of this Statute.

Registrar,
Deputy
Registrars
and
Assistant
Registrars.

(2) The Registrar shall be a public officer responsible for providing and administering the services required by societies for their formation, organization, registration, operation and advancement and for carrying out the provisions of this Statute.

(3) There shall be three Deputy Registrars who shall be Deputy Commissioners, one of whom shall be responsible for the administration of co-operative societies, while the other shall be responsible for the implementation of the legal provisions of this Statute.

(4) All officers of the rank of Co-operative Officer and above shall be Assistant Registrars of co-operative societies for the purpose of this Statute.

(5) The Minister may, by statutory order, confer or impose on any Assistant Registrar of co-operative societies all or any of the powers and duties conferred or imposed on the Registrar of co-operative societies by this Statute.

Societies
which may
be
registered.

2. Subject to the provisions of this Statute, a society which has for its object the promotion of the economic and social interests of its members in accordance with co-operative principles, and which in the opinion of the Registrar, is capable of promoting those interests, may be registered under this Statute with or without limited liability; provided that a co-operative union or any apex society shall be registered with limited liability.

Conditions
of
registration.

3. (1) No society shall be registered under this Statute unless,

(a) it consists of at least 30 persons all of whom are qualified for membership of the society under section 12 of this Statute; or

(b) in the case of a secondary society it consists of at least two registered primary societies among its registered members;

(c) in the case a tertiary society it consists of at least two registered secondary societies among its registered members;

(d) in the case of an apex society, it consists of two or more secondary societies.

(2) The Uganda Co-operative Alliance Ltd. shall be the apex body for all registered co-operative societies.

(3) Notwithstanding the provisions of subsection (1) of this section, registered societies which are not affiliated to

any secondary society may be admitted as associate members to a tertiary society.

4. (1) For the purpose of registration an application to register shall be made to the Registrar. Application for Registration.

(2) The application shall be signed,

(a) in the case of a primary society, by at least thirty persons qualified for membership of the society under section 12 of this Statute; and

(b) in the case of a secondary, tertiary or apex society, by a person duly authorized in that behalf by each registered society as the case may be, who is a member of that society.

(3) The application shall be accompanied by three copies of the proposed bye-laws of the society in English; and the persons by whom or on whose behalf such an application is made shall furnish such information in regard to the society as the Registrar may require.

5. (1) If the Registrar is satisfied that a society has complied with the provisions of this Statute, and regulations made thereunder and that its proposed bye-laws are not contrary to the provisions of this Statute, he shall register the society and its bye-laws on probation for a period not exceeding twenty-four months. Registration of a Probationary Society.

(2) If at the expiration of twenty-four months the Registrar is satisfied with the performance of the society, he shall register such society permanently.

(3) If at the expiration of twenty-four months the Registrar is not satisfied with the performance of the society he may either cancel the registration or extend the probationary period by a period not exceeding twelve months; and if after the extension he is still not satisfied with the performance of the society, he shall cancel the registration thereof.

(4) If the Registrar cancels the registration of a society under subsection (3) of this section, then the provisions of sections 61 and 62 of this Statute concerning the appointment of a liquidator and his powers shall apply.

(5) Any society registered under subsection (1) of this section shall become a body corporate by the name under

which it is registered probationary, with perpetual succession and a common seal, and with power to hold movable and immovable property of every description, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purpose of its constitution and any reference in any written law to a registered society shall include a society which is registered under this section.

Indication
of proba-
tionary
registration.

6. A society which is registered under subsection (1) of section 5 shall state in legible letters in all its receipt heads, letter-papers, notices, advertisements or other official publications, that it is registered probationary and shall indicate the same on a signboard in a conspicuous position outside any premises or office in which it carries on its business.

Cancellation
of
registration.

7. (1) At any time during the period of registration of a society under subsection (1) of section 5 of this Statute, the Registrar may, by notice in writing to the person responsible for the running of the society, cancel the probationary registration of such society stating reasons for such cancellation and the society shall, from the date of service of notice, cease to be a registered society.

(2) The cancellation referred to in subsection (1) of this section shall be gazetted and published in at least one of the newspapers in Uganda.

(3) If a society registered under subsection (1) of section 5 of this Statute contravenes or fails to comply with the provisions of section 6 of this Statute, that society and any officer or person who purports to act on its behalf commits an offence and shall be liable to a fine not exceeding one thousand shillings and in the case of a continuing offence to a further fine not exceeding one hundred shillings for each day on which the offence is continued after conviction thereof.

Amendment
of the bye-
laws of a
registered
society.

8. (1) Any registered society may, subject to the provisions of this Statute, amend its bye-laws, including bye-law which declares the name of the society.

(2) No amendment of the bye-laws of a registered society shall be valid until the amendment has been registered under this Statute, for which purpose a copy of the amendment shall be forwarded to the Registrar.

(3) If the Registrar is satisfied that an amendment of the bye-laws is not contrary to the provisions of this Statute, he shall register the amendment.

(4) An amendment which changes the name of a registered society shall not affect any right or obligation of the society or any of its members or past members, and any legal proceedings pending may be continued by or against the society under its new name.

(5) When the Registrar registers an amendment of the bye-laws of a registered society, he shall issue to the society a copy of the amendment certified by him which shall be conclusive evidence of the fact that the amendment has been duly registered.

(6) If it appears to the Registrar that an amendment of the bye-laws of a society is necessary or desirable in the interest of such society, he may call upon the society, subject to any regulations made under this Statute, to make the amendment within such time as he may specify.

(7) If the society fails to make the amendment within the time specified, the Registrar may, after giving the society an opportunity of being heard, himself make and register such amendment, and issue to the society a copy of such amendment, certified by him.

(8) With effect from the date of registration of an amendment under subsection (7) of this section, the bye-laws shall be deemed to have been duly amended accordingly, and the bye-laws as amended shall, subject to any appeal made in accordance with the provisions of this Statute, be binding on the society and its members.

(9) Any society aggrieved by an amendment of its bye-laws made and registered by the Registrar under subsection (7) of this section may appeal against such amendment to the Board in writing within two months of the date of issue of the copy of the amendment.

(10) The decision of the Board on such an appeal under subsection (9) of this section shall, subject to the provisions of section 74 of this Statute, be final.

(11) In this section, "amendment" includes the making of a new bye-law and the variation or revocation of a bye-law.

Appeal to
the Board.

9. From every refusal of the Registrar to register a society or its bye-laws or any amendment of its bye-laws, an appeal shall lie, in accordance with any regulations made under this Statute, to the Board whose decision, subject to the provisions of section 74 of this Statute, shall be final.

Provisions
regarding
name of a
registered
society.

10. (1) No society shall be registered under a name identical with that under which any other existing society is registered, or under any name likely in the opinion of the Registrar, to mislead the members of the public as to its identity.

(2) The word "Co-operative" shall form part of the name of every society registered under this Statute, and the word "Limited" shall be the last word in the name of every society with limited liability registered under this Statute.

Evidence of
registration.

11. (1) A certificate of registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered unless it is proved that the registration of the society has been cancelled.

(2) If the Registrar is satisfied that a society's original certificate of registration has been lost or destroyed, he may issue a duplicate certificate.

PART II—RIGHTS AND LIABILITIES OF MEMBERS.

Qualifica-
tions for
membership.
Cap. 85.

12. (1) In order to be qualified for membership of a registered society, a person, other than a registered society or a company incorporated under the Companies Act or an unincorporated body of persons permitted to become a member under section 14 of this Statute, shall,

- (a) have attained the age of eighteen years; and
- (b) be a resident within or in occupation of land within the society's area of operation as prescribed by the relevant bye-law.

(2) A person above the age of twelve years may become a member of a society, but such a person shall not be eligible to act as a committee member of the society until he has reached the age of eighteen years.

(3) When, for the purpose of this section, any question arises as to the age of any person, that question shall be decided by the Registrar, whose decision shall be final.

13. No member, other than a registered society, shall hold more than one-third of the paid-up share capital of any co-operative society. Restriction on share holding.

14. No company incorporated or registered under the Companies Act, and no unincorporated body of persons, shall be entitled to become a member of a registered society, except with the written permission of the Registrar. Restriction on membership. Cap. 85.

15. No member of a registered society shall exercise any of the rights of a member unless and until he has made such payment to the society in respect of membership or has acquired such interest in the society as may be prescribed by any regulations made under this Statute or by the bye-laws of the society. Member not to exercise rights until due payment made.

16. No person shall be a member of more than one registered society with unlimited liability, and save with the written consent of the Registrar, no person shall be a member of more than one registered society having the same or similar objects. Restriction of membership in more than one society.

17. Each member of a registered society shall have one vote only as a member in the affairs of the registered society: Votes of members.

Provided that a registered society, a co-operative union or an apex society which is a member of any other registered society shall have as many votes as may be prescribed by the bye-laws of such other society, and may, subject to such bye-laws, appoint any number of its committee members, not exceeding the number of such votes, to exercise its voting power.

18. (1) The transfer or charge of the share or interest of a member in the capital of a registered society shall be subject to the conditions as to maximum holding for which provision is made in section 16 of this Statute. Restrictions on transfer of share or interest.

(2) In the case of a society registered with unlimited liability, a member shall not transfer or charge any share held by him or his interest in the capital or the society or any part thereof, unless,

- (a) he has held such share or interest for not less than one year; and
- (b) the transfer or charge is made to the society or to a member of the society.

PART III—DUTIES OF REGISTERED SOCIETIES.

Address
of
society.

19. (1) Every registered society shall have a registered address to which notices and communications may be sent, and shall send to the Registrar notice of every change thereof within one month of such change.

(2) Every registered society shall display its name and address on a signboard in a conspicuous position outside its place of business.

Copy of the
Statute,
regulations
bye-Laws,
etc, to be
open for
inspection.

20. Every registered society shall keep a copy of this Statute and of the regulations made thereunder and of its bye-laws and a list of its members open to inspection by any person, free of charge at all reasonable times during business hours at the office of the society.

Audit and
annual
returns
and
accounts.

21. (1) It shall be the duty of every registered society to cause its accounts to be audited at least once in every year by an auditor appointed by the Annual General Meeting and approved by the Registrar and the cost of such audit shall be borne by the society:

Provided that,

- (a) no auditor chosen by a registered society to audit its books shall perform that function for more than three annual audits in succession unless authorized by the Registrar;
- (b) where the registered society is unable to appoint its own auditors, the Registrar may appoint such auditors.

(2) Audits shall be conducted in accordance with generally accepted professional audit standards and in addition include audit of management efficiency.

(3) The auditor shall at all times have access to all books, accounts, papers and securities of a registered society, and every officer of the society shall furnish such information in regard to the transactions and working of the society as the auditor may require.

- (4) The auditor shall have power when necessary,
- (a) to summon at the time of his audit any officer, agent, servant or member of the society whom he has reason to believe can give information in regard to the transactions of the society or the management of its affairs; or
 - (b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to the society by the officer, agent, servant or member in possession of such book, documents, cash or securities.

(5) Every auditor appointed under subsection (1) of this section shall submit a detailed audit report of the accounts and balance sheet to the committee and a true copy of such accounts and balance sheet to the Registrar within three months of its financial year prepared in compliance with generally accepted professional audit standards and in addition include the auditor's opinion on whether or not the business administration of the society has been conducted,

- (a) efficiently;
- (b) in accordance with co-operative principles, and the auditing and accounting provisions of this Statute; and
- (c) in accordance with its objectives, bye-laws and any other decisions made by the Annual General Meeting.

(6) The audited accounts and balance sheet referred to in subsection (5) of this section shall be open for inspection by any member of the public upon payment of such fee as may be fixed by the Registrar.

(7) Where a registered society fails to cause its accounts to be audited in accordance with subsections (1), (2) and (5) of this section, the committee of that society shall be deemed to have relinquished its office; and the Registrar shall convene a special general meeting to elect a new committee unless the Registrar is satisfied that the failure was due to circumstances beyond the committee's control.

22. (1) No person, not being a Registrar or Deputy or Assistant Registrar of co-operative societies as defined in section 1 of this Statute, shall be appointed or approved as an auditor for the audit of the accounts of a registered society.

Qualifica-
tion of
auditors.

unless that person, or in the case of a firm, is a member of a recognized accounting body.

(2) The Minister may, in consultation with the Board and by Statutory Instrument, amend the qualifications of auditors specified in this section.

Estimates
and
expenditure.

23. (1) Every committee of a registered society shall cause estimates of the society's income and expenditure of both revenue and capital to be prepared for the coming twelve months at least one month before the end of its financial year. A copy of such estimates shall be sent to the Registrar for an opinion before they are submitted to the general meeting.

(2) Supplementary estimates may be prepared by a society during the financial year and submitted to the Registrar for an opinion before they are submitted to the Annual General Meeting.

(3) No development capital expenditure shall be made by a registered society before the committee's estimates have been approved by a general meeting.

(4) If a society contravenes or fails to comply with any provision of this section, that society and any officer or person who purports to act on its behalf commits an offence and the Registrar shall impose upon the society or officer or person a fine not exceeding five thousand shillings and in the case of a continuing offence to a further fine not exceeding five hundred shillings for each day on which the offence is continued.

Voluntary
amalgama-
tion of
societies.

24. (1) Any two or more registered societies may, with the prior approval of the Registrar, amalgamate into a single society.

(2) An amalgamation referred to in subsection (1) of this section shall not take place unless,

(a) a general meeting of each of the societies has been called;

(b) each member of the society has had a clear notice of fifteen days of the meeting; and

(c) a preliminary resolution has been passed by a

two-thirds majority of the members present at the meeting for the amalgamation.

(3) An amalgamation of registered societies into one society under this section may be effected without dissolution of the societies concerned or a division of the assets and liabilities of the amalgamated societies and a resolution of the societies passed for the amalgamation shall be sufficient for the transfer of the assets and liabilities of the amalgamated societies to the new society.

25. (1) Any registered society may by a resolution passed under paragraph (c) of subsection (2) of section 24 of this Statute, transfer its assets and liabilities to any other society which agrees to accept them.

Transfer of assets and liabilities to another Society.

(2) The transfer of liabilities referred to in subsection (1) of this section shall not be made to any society without giving a notice in writing of ninety days to the creditors of both or more societies concerned in the transfer of these liabilities.

(3) If a creditor objects to an amalgamation decided upon under section 24 of this Statute or a transfer of liabilities under this section and gives a notice in writing of one month before the date fixed for the amalgamation or transfer of liabilities to the society concerned, the amalgamation or transfer shall not take place until the dues of the creditor have been satisfied or until an agreement for payment of the dues has been made by the society and the creditor.

(4) Any creditor who is not satisfied with the dues paid to him or who does not accept to enter an agreement with the society concerned as provided under subsection (3) of this section may appeal to the Registrar within ninety days from the date of his disagreement with the society and the decision of the Registrar shall be final.

26. (1) Any registered society may, with the prior approval of the Registrar, divide itself into two or more societies in accordance with the procedure laid down by regulations made under this Statute.

Voluntary division of a society.

(2) A division of a society referred to under subsection (1) of this section shall not take place unless,

(a) a general meeting of the members of the society has been called; and

- (b) each member of the society has had a clear notice of at least fifteen days of the meeting; and
- (c) a resolution has been passed by a two-thirds majority of the members present at the meeting providing for the division.

(3) A resolution passed under subsection (2) of this section (hereinafter referred to as a preliminary resolution) shall contain proposals for the distribution of the assets and liabilities of the divided society among the societies in which it is proposed to be divided and shall prescribe the area of operation of, and specify the members who may constitute each of the new societies.

(4) A copy of the preliminary resolution shall be sent to all the members of the society and its creditors and any other person whose interests may be affected by the division shall be informed in writing by the society.

(5) Any member of the divided society may notify the society in writing, within three months from the receipt of the preliminary resolution, of his intention not to belong to any of the new societies and any creditor may demand from the society within the said period a return of the amount due to him.

(6) Any other person whose interests are affected by the division of the society may submit his claim in writing to the society.

(7) After the period of three months from the sending of the resolution under subsection (4) of this section to the members and creditors of the society, a special general meeting of the society shall be called to consider the preliminary resolution.

(8) A special meeting of the society shall not be called under subsection (7) of this section unless each member of the society has had a notice of fifteen days in writing informing him of the meeting.

(9) If, at the meeting called under subsection (7) of this section, a preliminary resolution is confirmed by a two-thirds majority of the members present, either without any change or with such changes, which, in the opinion of the Registrar, are not material, the Registrar may register, the

new societies and their bye-laws and on such registration, the registration of the old society shall be deemed to have been cancelled and the society shall be deemed to be dissolved from the date of the cancellation.

(10) The opinion of the Registrar as to whether the changes made in the preliminary resolution made under subsection (9) of this section are or are not material shall be final and no appeal shall lie therefrom.

(11) At the special meeting of the society held under subsection (7) of this section, provision shall be made by another resolution for,

- (a) the repayment of the share capital of all the members who have given notice under subsection (5) of this section;
- (b) the satisfaction of the claims of all the creditors who have given notice under subsection (5) of this section;
- (c) the satisfaction of the claims of any other person who has given notice under subsection (6) of this section as the Registrar decided or securing their claims in the manner decided by the Registrar:

Provided that no member, creditor or any other person shall be entitled to any repayment or satisfaction until the preliminary resolution is confirmed under subsection (9) of this section.

(12) The registration of new societies under subsection (9) of this section shall be sufficient to vest the assets and liabilities of the divided society in the new societies in accordance with the provisions of the preliminary resolution.

PART IV—DUTIES OF THE BOARD AND PRIVILEGES OF REGISTERED SOCIETIES.

27. A society on registration shall become a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to hold movable and immovable property of every description, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purpose of its constitution.

Societies to
be bodies
corporate.

Board of
Directors
of the
Uganda Co-
operative
Alliance
Ltd.

28. The Board of Directors of the Uganda Co-operative Alliance Ltd. shall, subject to the bye-laws and any directions issued by the general meeting of the Alliance,

- (a) consider and make recommendations to Government on matters of policy relating to the co-operative movement;
- (b) make representations to the Government as it may think fit in relation to any matter affecting registered co-operative societies in general or any particular registered society which such societies generally or any such society may request the Board to bring to the notice of Government;
- (c) carry out any other duty assigned to it under the provisions of this Statute.

Bye-laws
to bind
members.

29. (1) The bye-laws of a registered society shall, when registered, bind the society and the members thereof to the same extent as if they were signed by each member, and contain obligations on the part of each member, his heirs, executors, administrators and assignees, to observe all the provisions of the bye-laws.

(2) It shall not be competent for a member of a registered society to contest any suit, claim, action or proceedings between such member and the society or any other member of the society on the ground that any bye-law of the society constitutes a contract in restraint of trade.

Contract
with
members
to dispose
of produce.

30. (1) A registered society, having as one of its objects the disposal of any agricultural produce, may contract with its members either in its bye-laws or by a separate document, that they shall dispose of all their produce, or of such amounts or descriptions as may be stated therein, to or through the society, and may in the contract provide for payment of a specific sum per unit of weight or other measure as liquidated damages for infringement of the contract, and such sum shall be a debt due to the society.

(2) Any such contract as is mentioned in subsection (1) of this section shall create in favour of the society a first charge upon all produce mentioned therein, whether existing or future.

(3) The covenants or obligations imposed by any such contract as is mentioned in subsection (1) of this section shall run with any lands, trees, buildings or other structures men-

tioned therein, and shall be binding on all assignees and transferees, and any transfer or conveyance of property subject to such contract shall be deemed to operate also as a like transfer or assignment of the contract.

(4) No contract entered into under the provisions of this section shall be contested in any court on the ground that it constitutes a contract in restraint of trade.

31. (1) The bye-laws of a registered society may, subject to the provisions of any regulations made under this Statute provide for the imposition of fines on its members for any infringement of its bye-laws but no such fine shall be imposed upon any member until written notice of intention to impose the fine and the reason therefore has been transmitted to him and he has had an opportunity of showing cause against the imposition of the fine, and, if he so desires, of being heard with or without witnesses.

Imposition
of fines
upon
members.

(2) Any such fine may be recovered by suit in any competent court.

(3) The whole or any part of such fine may be set-off against any moneys due to such member in respect of produce delivered by him to the society.

(4) A member shall not be deemed to have infringed the bye-laws of a registered society by reason of his having failed to deliver produce to the society if such failure was due to the fact that before becoming a member of the society such member had contracted to deliver such produce to some other person.

(5) It shall be the duty of every person applying for membership of a registered society to disclose to the society particulars of all such contracts as are mentioned in subsection (4) of this section.

32. Subject to the prior claims of the Government on property of its debtors and of landlords in respect of rent, or any money recoverable as rent, or to any prior charge duly registered under this Statute or under any other law for the time being in force, a registered society shall have a first charge,

Charge on
agricultural
produce and
certain other
materials
and articles.

(a) upon agricultural produce of a member or past member, at any time within two years from

the date when seed or manure was advanced or agricultural services were supplied, or money was lent to such member or past members in respect of the unpaid portion of such advance supplied services on loan;

(b) in respect of the supply of cattle, fodder for cattle, agricultural or industrial implements or machinery, or raw material for manufacture or building or for the loan of money for the purchase of any of such animals or things to be supplied or purchased in whole or in part from any such loan or on any articles manufactured from raw materials supplied or purchased.

Charge and set-off in respect of shares or interest of members.

33. A registered society shall have a first charge upon the shares or interest in the capital and on the deposits of a member or past member and upon any dividend, bonus or accumulated funds payable to a member or past member in respect of any debt due from such member or past member to the society, and may set-off any sum credited or payable to such member or past member in or towards payment of any such debt.

Share of interest not liable to attachment.

34. Subject to the provisions of section 31 of this Statute, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member, and a trustee in bankruptcy under the law relating to bankruptcy for the time being in force shall not be entitled to or have any claim on such share or interest:

Provided that, where a society is dissolved, the property in the shares of any member who has been adjudicated as bankrupt under the provisions of any such law relating to bankruptcy shall vest in the trustee in bankruptcy.

Liability of past member.

35. The liability of a past member for the debts of a registered society as they existed at the time when he ceased to be a member shall continue for a period of two years from the date of his ceasing to be a member:

Provided that in the case of a society with limited liability, if the first audit of the accounts of the society after his ceasing to be a member discloses a credit balance in

favour of the society, the financial liability of such past member shall forthwith cease.

36. The estate of a deceased member shall be liable for a period of one year from the time of his decease for the debts of a registered society as they existed at the time of his decease:

Liability of estate of deceased member.

Provided that in the case of a society with limited liability, if the first audit of the accounts of the society after his decease discloses a credit balance in favour of the society, the financial liability of such estate shall forthwith cease.

37. (1) On the death of a member, a registered society may transfer the share or interest of the deceased member to the person nominated in accordance with any regulations made under this Statute, or, if there is no person so nominated, to such person as may appear to the committee of the society to be the legal personal representative of the deceased member or may pay to such nominee or legal personal representative, as the case may be, a sum representing the value of such member's share or interest, ascertained in accordance with any regulations made under this Statute or the bye-laws of the society:

Transfer of interest on death of member.

Provided that,

- (a) in the case of a society with unlimited liability, such nominee or legal personal representative, as the case may be, may require payment by the society of the value of the share or interest of the deceased member ascertained in the manner mentioned in this subsection; or
- (b) in the case of a society with limited liability, the society shall transfer the share or interest of the deceased member to such nominee or legal personal representative, as the case may be, being qualified in accordance with any regulations made under the provisions of this Statute and the bye-laws for membership of the society, or, on his application within one month of the death of the deceased member, to any person specified in the application who is so qualified.

(2) A registered society shall pay all other moneys due to the deceased member from the society to such nominee or legal personal representative, as the case may be.

(3) All transfers and payments made by a registered society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

Registers and books of societies and copies thereof shall be received in evidence in certain circumstances.

38. (1) Any register or list of members or of shares, which is kept by any registered society shall be *prima facie* evidence of any of the following particulars entered therein,

- (a) the date on which the name of any person was entered in such register or list as member;
- (b) the date on which any such person ceased to be a member.

(2) A copy of any entry in a book of a registered society regularly kept in the course of business shall, if certified in accordance with any regulations made under this Statute, be received in any suit or legal proceedings as *prima facie* evidence of the existence of such entry, and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as the original entry itself is admissible.

Restriction on the production of societies books.

39. No officer of a registered society shall, in any legal proceedings to which the society is not a party, be compelled to produce any of the society's books the contents of which can be proved under section 38 of this Statute, or to appear as a witness to prove the matters, transactions and accounts therein recorded unless by order of the court made for special cause.

Power to exempt from duty or tax.

40. (1) The Minister for the time being responsible for finance may, by statutory order, in the case of a registered society or class of registered societies, reduce or remit,

- (a) the duty or tax which, under any law for the time being in force, may be payable in respect of the accumulated funds of the society or of the dividends or other payments received by the members of the society on account of accumulated funds;
- (b) the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of a registered society or by

an officer or member and relating to the business of such society or any class of such instruments are respectively chargeable;

(c) any fee payable under any law relating to registration for the time being in force.

(2) In the case of a division, an amalgamation or transfer of some or all of the assets of a registered society, the Minister shall remit the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of such society or by its officer or member and relating to the business of such society or any class of such instruments are respectively chargeable.

PART V—PROPERTY AND FUNDS OF REGISTERED SOCIETIES.

41. A registered society shall not make a loan to any person other than a member :

Restrictions on loans.

Provided that,

(a) with the general or special sanction of the Registrar, a registered society may make loans to another registered society; and

(b) subject to the prior approval in writing of the Registrar and subject to such conditions as he may impose, a registered society may stand surety for a loan to be granted to an employee of that society where such a loan is for the benefit of that society.

42. (1) A registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as the Registrar may, from time to time, in writing authorise.

Restrictions on borrowing

(2) For the purposes of this section, credit on current account for a period of more than ninety days and a deposit of money under a hire-purchase agreement shall be deemed to be a loan within the meaning of this section.

43. Save as provided in sections 41 and 42 of this Statute, the transactions of registered persons other than members shall be subject to such prohibitions and restrictions, if any, as the Registrar may, from time to time, in writing, direct.

Restrictions on other transactions with such non-members.

(4) Every society shall, with the approval of the Registrar, establish a contributory provident fund for payment of pensions to its permanent employees at the time of their retirement.

47. Subject to the provisions of sections 45 and 46 of this Statute the net balance of each year, with any sum available for distribution from previous years, may be distributed as may be prescribed by any regulations made under this Statute or by the bye-laws of the registered society.

Distribution of net balance.

48. (1) There shall be a National Co-operative Education Fund to which every registered co-operative society shall contribute one *per centum* per annum of its turnover.

Contribution to educational fund.

(2) Fifty per cent of the Education Fund set aside under subsection (1) of this section shall be sent to the secondary society to which the society is affiliated while the remaining fifty per cent shall be retained by the society and used to carry out its own educational programmes.

(3) In case of a secondary society, or a primary society not affiliated to any secondary society, fifty per cent of the education fund set aside under subsection (1) of this section, shall be sent to Uganda Co-operative Alliance Ltd while the remaining fifty per cent of the fund shall be used by the secondary society or primary society to carry out its own educational programmes.

(4) The Uganda Co-operative Alliance Ltd shall make quarterly returns to the Registrar accounting for collections and utilization of the education fund.

49. The provisions contained in Schedule 1 to this Statute shall apply in relation to the registration of charges against the property of a registered society.

Registration of charges

PART VI—SUPERVISION AND INSPECTION OF AFFAIRS.

50. Any officer, agent, servant or member of a registered society who is required by the Registrar, or any person authorised in writing by the Registrar, so to do shall, at such place and at such time as the Registrar may direct, produce all moneys, securities, books, accounts and documents the property of, or relating to the affairs of, such society which are in the custody of such officer of such society, agent, servant or member and which are under his control.

Production of cash and books of society.

Ad hoc
Commit-
tee of
Inquiry

51. (1) The Registrar in consultation with the Board may hold an inquiry or direct a person authorised by him by order in writing in that behalf to hold an inquiry into the constitution, working and financial condition of a registered society.

(2) On receipt of a resolution demanding an inquiry passed by not less than two-thirds of the members present at a general meeting of the society which has been duly advertised, the Registrar in consultation with the Board shall cause such an inquiry.

(3) During the period of inquiry referred to in subsections (1) and (2) of this section, the Chief Executive and other officers or employees may be suspended from duty by the Registrar as he may deem necessary to facilitate the smooth holding of the inquiry.

(4) (a) Where the Chief Executive has been suspended in accordance with subsection (3) of this section, a caretaker manager shall be appointed by the Registrar in consultation with the Board.

(b) Such caretaker manager shall remain in office until either the former Chief Executive is reinstated or a new one is appointed, provided, that he shall not stay in that office for more than three months after the report of the committee of inquiry has been submitted.

(5) If during the course of inquiry cause arises to dissolve the committee of the society, the Registrar, in consultation with the Board, shall dissolve such a committee and convene within thirty days, a special general meeting to replace such a committee.

(6) All officers and members of the society shall produce such cash, accounts, books, documents and securities of the society and furnish any information in regard to the affairs of the inspected society as the Registrar or such person authorized by the Registrar may require.

Inspection of
books of
indebted
society.

52. (1) The Registrar may, if he thinks fit, on the application of a creditor or a registered society, direct a person authorized by him in writing in that behalf to inspect the books of the society :

Provided that,

- (a) the application satisfies the Registrar that the debt is a sum then due, and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and
- (b) the applicant deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.

(2) The Registrar shall communicate the results of any inspection to the creditor.

53. Where an inquiry is held under section 51 or an inspection is made under section 52 of this Statute, the Registrar may make an award apportioning the costs or such part of the costs as he may think fit, between the society, the members or creditor demanding an inquiry or inspection, and the officer or former officers of the society.

Cost of inquiry.

54. Any award under section 53 of this Statute may be recovered in any court of competent jurisdiction in the same manner as a decree of such court.

Recovery of an award under section 53.

PART VII—DISSOLUTION OF A REGISTERED SOCIETY.

55. (1) If the Registrar, after holding an inquiry under section 51 or after making an inspection under section 52 of this Statute, or on receipt of an application made by two-thirds of the members of a registered society, is of the opinion that the society ought to be dissolved, he may make an order for the cancellation of registration of the society.

Cancellation of registration after inquiry or inspection.

(2) Any member of a registered society may, within two months from the date of an order made under subsection (1) of this section, appeal from such order to the Board:

(3) Where no appeal is presented within two months from the making of an order under subsection (1) of this section cancelling the registration of a society, the order shall take effect on the expiry of that period; where an appeal is presented within two months, the order shall not take effect until it is confirmed by the Board.

(4) No registered society shall be wound-up, save by an order of the Registrar.

Cancellation for reasons.

56. (1) The Registrar may, on his motion, by order in writing, cancel the registration of any society, if satisfied that—

- (a) the registration was obtained by fraud or mistake; or
- (b) the society exists for an illegal purpose; or
- (c) the society has wilfully, after notice by the Registrar, contravened any of the provisions of this Statute, the regulations or the bye-laws; or
- (d) the society is no longer operating in accordance with co-operative principles; or
- (e) the number of members of the society has fallen below the minimum required by this Statute; or
- (f) the society has not commenced operations or has ceased to operate for two consecutive years.

(2) A society shall liquidate when two-thirds of its share capital has been lost, unless it can convince the Registrar that the loss will be made good within six months from the date of discovery of the insolvency.

(3) An appeal against an order made under subsection (1) or (2) of this section shall be lodged with the Board within one month from the date of receipt of the order.

Winding-up.

57. (1) Where the Registrar, after an inquiry has been held under section 51 is of the opinion that the society ought to be wound up, he may make an order directing it to be wound up and may appoint a liquidator for the purpose and fix his remuneration which shall be paid out of the funds of the society.

(2) Where no liquidator is appointed, the assets and liabilities of the society shall vest in the Registrar.

Application of Companies Act etc.

58. (1) Upon the winding-up of any registered society, the provisions of the Companies Act mentioned in Schedule 2 to this Statute shall, subject to the modifications mentioned in subsection (2) of this section by statutory order, apply in relation thereto as if such provisions had been expressly enacted in this Statute.

(2) For the purposes of this Statute, the provisions of the Companies Act mentioned in Schedule 2 to this Statute shall have effect as if for references to "company", "the commencement of the winding-up", "winding-up order", "contributor" and "director", "manager or other officer", there were substituted references to "society", "the date of dissolution", "order for the cancellation of the registration of a society", "member of a society" and "officer or manager of a society", respectively.

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59. Where the registration of a society is cancelled, the society shall cease to exist as a corporate body as from the date of dissolution.

Effective date of cancellation.

60. On the making of an order to cancel the registration of a society, a copy of such order shall be placed on the file maintained by the Registrar in respect of the society and gazetted and published in at least one of the newspapers in Uganda.

Copy of order to be filed by Registrar.

61. Where the registration of a society is cancelled under section 55 or 56 of this Statute, the Registrar may appoint one or more persons to be a liquidator or liquidators of the society and all the property of the society shall vest in such liquidator or liquidators with effect from the date of dissolution.

Appointment of liquidator.

62. A liquidator appointed under section 61 of this Statute shall, subject to the guidance and control of the Registrar and to any limitation imposed by the Registrar or by an order made under section 63 of this Statute, shall have the following powers,

Powers of liquidator.

(a) to appoint a day, in the manner prescribed by regulations made under this Statute, before which the creditors whose claims are not already recorded in the books of the society shall state their claims for admission, or be excluded from any distribution made before they have proved them;

(b) to institute and defend suits and other legal proceedings by and on behalf of the society by his name of office and appear in court as litigant in person on behalf of the society;

- (c) to refer disputes to arbitration in the manner prescribed by regulations made under this Statute;
- (d) to determine from time to time the contributions to be made by the members and past members, and by the estate of deceased members of the society, respectively, to the assets of the society;
- (e) to investigate all claims against the society and, subject to the provisions of this Statute, decide questions of priority arising between claimants;
- (f) to call such meetings of members as may be necessary for the proper conduct of the liquidation;
- (g) to sell the assets of the society;
- (h) to carry on the business of the society so far as may be necessary for the proper liquidation of the affairs of the society;
- (i) to determine from time to time, by what persons and in what proportion the costs of the liquidation are to be borne;
- (j) to take possession of the books, documents and assets of the society;
- (k) to arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Registrar;
- (l) to give such directions in regard to the disposal of the books and documents of the society as may appear to him to be necessary for winding-up the affairs of the society;
- (m) to compromise, with the approval of the Registrar, any claim by or against the society; and
- (n) to apply to the Registrar for his discharge from the duties of liquidator after completion of the liquidation proceedings.

Powers of Registrar in liquidation.

63: (1) A liquidator shall exercise his powers subject to powers of the control and revision by the Registrar who may,

- (a) rescind or vary any order made by a liquidator and make whatever new order is required;
- (b) remove a liquidator from office and appoint a new liquidator;
- (c) call for all books, documents and assets of the society;
- (d) by order in writing, limit the powers of a liquidator under section 62 of this Statute;
- (e) require accounts to be rendered to the Registrar by the liquidator at the Registrar's discretion;
- (f) procure the auditing of the liquidator's accounts and authorise the distribution of the assets of the society;
- (g) make an order for the remuneration of the liquidator;
- (h) grant a discharge to the liquidator on application by him after completion of the liquidation proceedings;
- (i) require any member of a society and any trustee, banker, receiver, agent or officer of the society to pay, deliver, convey, surrender or transfer forthwith, or within such time as he shall direct, to the liquidator any money, property or books and papers in his hands to which the society is *prima facie* entitled;
- (j) appoint a special manager of the business of a society whose registration has been cancelled and determine his remuneration and what, if any, security he shall give for the proper performance of his duties; or
- (k) refer any subject of dispute between a liquidator and any third party to arbitration if that party shall have consented in writing to be bound by the decision of the arbitrator.

(2) The decision of an arbitrator on any matter referred to him under paragraph (k) of subsection (1) of this section shall be binding upon the parties and shall be enforceable in like manner as an order made by the Registrar under paragraph (a) of subsection (1) of this section.

Appeal
against an
order of
a liquida-
tor or
Registrar.

64. Any person aggrieved by an order of a liquidator or the Registrar given under section 62 or paragraph (a) of subsection (1) of section 63 of this Statute may appeal against such order to the Board whose decision shall, subject to the provisions of section 74 of this Statute, be final.

Closure
of liqui-
dation.

65. (1) In the liquidation of a society whose registration has been cancelled, the funds, including the reserve fund, shall be applied first to the costs of liquidation including the remuneration of the liquidator, then to the discharge of the liabilities of the society, then to the payment of the share capital and then, if the bye-laws of the society so permit, to the payment of a dividend at a rate not exceeding ten *per centum* per annum for any period for which no disposal of the net surplus was made.

(2) When the liquidation of a society has been closed, the claim of any creditor of that society who has not received what is due to him under the approved scheme of distribution shall be barred by prescription on the expiry of one year from the date of the order cancelling the registration of the society.

(3) Any surplus remaining after the application of the funds to the purposes specified in subsection (1), and any sums unclaimed under subsection (2) of this section shall—

- (a) be distributed amongst the members at the time of dissolution (or their legal personal representatives) in proportion to the value of the business of each such member with the society during the three years immediately preceding the date of dissolution or, if the society has not existed for such period, during the existence of the society, or if the society has done no business during these three years, then in proportion to the share capital held by them at such date;
- (b) if it is impracticable to make a distribution in accordance with paragraph (a) whether through insufficiency of funds or otherwise, be paid, (either in whole or as to any residue of a partial distribution) into a central fund as the Registrar may determine.

Commis-
sion of
offence.

66. If the liquidator of a society whose registration has been cancelled alleges that any of the offences mentioned in

sections 322, 323, 324, 325, 326 or 327 of the Companies Act has been committed, he shall report the facts to the Registrar who shall forward a copy of such report to the Director of Public Prosecutions for the institution of such proceedings as may be necessary.

67. (1) Any person convicted of an offence under this part of this Statute shall not be an officer of a registered society or in any way whether directly or indirectly be concerned in or take part in the management of a society for a period of five years from the date he is released from prison or he pays a fine.

Convicted officers not to be officers of a society.

(2) Any person acting in contravention of the provisions of this section commits an offence and shall be liable on conviction to imprisonment for a period not exceeding two years.

68. Offence under this Part of this Statute shall be punishable by a subordinate court presided over by a Chief Magistrate or a Magistrate Grade I having jurisdiction over the place in which the alleged offence was committed.

Offences.

PART VIII—SURCHARGE AND ATTACHMENT.

69. (1) Where it appears that any person who has taken part in the organisation or management of a registered society or any past or present officer of the society has misapplied or retained or become liable or accountable for any money or property of that society or has been guilty of misfeasance, or breach of trust in relation to the society, the Registrar may, of his own motion or on the application of the liquidator or of any creditor or member, examine into the conduct of that person and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of the society by way of compensation in regard to the misapplication, retainer, dishonesty or breach of trust as the Registrar thinks just.

Powers of Registrar to surcharge officers, etc.

(2) Any moneys (including interest) awarded by an order made under subsection (1) of this section to be repaid or contributed to a registered society shall, without prejudice to any other mode of recovery, be a civil debt recoverable primarily in any competent court.

(3) This section shall apply notwithstanding that the act in respect of which the Registrar has made an order under subsection (1) of this section may constitute an offence under any other law for the time being in force.

Appeal to
Minister.

70. Any person aggrieved by an order of the Registrar made under section 69 of this Statute may appeal to the Minister within twenty-one days from the date of such order and the decision of the Minister shall, subject to the provisions of section 74 of this Statute, be final.

Attach-
ment of
property.

71. Where the Registrar is satisfied that any person, with intent to defraud or delay the execution of any order which may be made against him under section 62 or section 69 of this Statute, or of any decision that may be given in a dispute referred to the arbitrators under the provisions of this Statute and for the time being in force, is about to dispose of the whole or any part of his property, the Registrar may, unless adequate security is furnished, order the conditional attachment of such property and such attachment shall have the same effect as if made by a competent court.

PART IX—SETTLEMENT OF DISPUTES.

Settlement
of dispu-
tes.

72. (1) If any dispute touching the business of a registered society arises,

- (a) among the members, past members and person claiming through members, past members and deceased members; or
- (b) between a member, past member or person claiming through a member, past member or deceased member, and the society, its committee or an officer or past officer of the society; or
- (c) between the society or its committee and an officer or past officer of the society; or
- (d) between the society and any other registered society,

such dispute shall be referred to an arbitrator or arbitrators for decision.

(2) A claim by a registered society for any debt demand or demand due to it from a member, past memb

or the nominee, heir or legal representative of a deceased member, whether such debt or demand be admitted or not, shall be deemed to be a dispute within the meaning of subsection (1) of this section.

(3) The parties to a dispute may agree upon an arbitrator or arbitrators for purposes of deciding the dispute.

(4) Where there is failure of agreement upon an arbitrator or arbitrators, each party shall appoint one arbitrator and the two appointed arbitrators shall appoint a third arbitrator, to decide the dispute.

(5) If a party fails to appoint an arbitrator as required under subsection (4) of this section within thirty days of receipt of a request to do so from the other party, or if the two arbitrators fail to agree on a third arbitrator within thirty days of their appointment, the appointment shall be made, upon request of either party, by the General Secretary of Uganda Co-operative Alliance Ltd.

(6) If an appointed arbitrator refuses or neglects to act, or is incapable of acting or dies or is removed, the parties shall fill the vacancy.

(7) If the parties fail to fill the vacancy under subsection (6) of this section within seven days from the date the vacancy occurs, either party may apply to the General Secretary of Uganda Co-operative Alliance Ltd. to fill the vacancy which he shall do after giving the other party an opportunity of being heard.

(8) The provisions of the Arbitration Act shall, to the extent that they are not inconsistent with this Statute, apply to an arbitration under this Statute. Cap. 55

(9) Any party aggrieved by an award made under this section may appeal therefrom to the Board within two months from the date of the award.

(10) An arbitrator appointed under the provisions of this section may,

- (a) summon witnesses and call for any accounts, books, documents or any information which he considers relevant to the matter in question;
- (b) administer an oath or affirmation to any witness giving evidence before him;

(c) refer any point of law to the High Court for its decision; and

(d) amend the terms of the order of reference with the consent of the two parties to the dispute.

(11) When the arbitrator has made his award, he shall sign it, and shall give notice to the parties of the making thereof, and of the amount of the fees and charges payable to him in respect of the arbitration and award.

(12) The arbitrator(s) shall, at the request of any party to the arbitration or any person claiming under him, and upon payment of the fees and charges due in respect of the arbitration and award, and of the costs and charges of filing the award, cause the award, or a signed copy of it to be filed in the court; and notice of the filing shall be given to the parties by the arbitrator(s).

(13) Where the arbitrator(s) refers a case to court on a point of law under paragraph (c) of subsection (10) of this section, the court shall make its decision and if the decision affects the amount of the award, it shall be increased or reduced, as the case may be, and the court shall execute the award as soon as possible.

(14) The award of an arbitrator or arbitrators under this section shall, if no appeal is preferred to the Board under subsection (9) of this section or if such appeal is abandoned or withdrawn, be final and shall not be called in question in any court and shall be enforced in the same manner as if the award had been a judgement of a court.

(15) Notwithstanding the provisions of this section, any debt arising out of embezzlement, loss of cash or misappropriation of a co-operative society's funds, shall not be the subject of settlement by arbitration, but shall be referred by the arbitrator(s) to a competent court for settlement.

Protection
of arbitra-
tor(s).

73. No matter or thing done by the arbitrator(s) under section 72 of this Statute shall, if it is done *bona fide* for the purpose of executing any provisions of the said section, subject the arbitrator(s) to any civil liability.

Appeal to
court
from de-
cision
of the
Board.

74. (1) Any decision of the Board on an appeal to it from a decision of the arbitrator(s) under section 72 of this Statute, or by virtue of any other provisions of this Statute shall be

subject to an appeal to the court on a point of law and the decision of the court shall then be final.

(2) The Chief Justice may make rules of court regulating the procedure and practice of the hearing of appeals by a court under this section.

75. A party to a dispute under section 72 of this Statute shall not engage a legal representative before the arbitrator(s) save on a reference to the court on a point of law or on appeal from a decision of the Board under section 74, or at the filing of the award to the court.

Legal representation not allowed before arbitrator(s).

PART X—GENERAL.

76. (1) No officer or member of a registered society shall receive any remuneration, salary, commission or other payment from the society for services rendered to the society unless the society has after consultation with the Registrar by resolution passed at a general meeting of the society, approved the payment of such remuneration, or salary, except after commission or other payment.

Remuneration of officers.

(2) No officer or member of a registered society shall receive any remuneration, salary, commission or other payment from any person other than the society in respect of any business or transaction entered into by the society:

Provided that in special circumstances the society may, after consultation with the Registrar, by a resolution passed at a general meeting of the society, consent to such remuneration, salary, commission or other payment being made.

(3) Any officer or member of a registered society who receives any remuneration, salary, commission or other payment in contravention of the provisions of subsection (1) or (2) of this section commits an offence and shall be liable on conviction to a fine not exceeding two thousand shillings or to imprisonment for a period not exceeding six months or to both; and shall, if convicted for contravening the provisions of subsection (1) of this section, be ordered to repay the remuneration, salary, commission or other payment received from the society, and default in such payment shall be treated in the same manner as default in paying a fine imposed by a competent court.

(4) Notwithstanding the provisions of subsections (1) and (2) of this section, where in the opinion of the Registrar a registered society has improperly paid or consented to the payment to an officer or member of any remuneration, salary, commission or other payment, the Registrar may report the matter to the Board. If the Board is of the opinion that such remuneration, salary, commission or other payment has been improperly paid, or payment has been improperly consented to, it may, by order published in the *Gazette*, declare that the society shall not, for a period to be stated in the order, pay or consent to the payment to an officer or member of the society of any such remuneration, salary, commission or other payment except with the approval of the Registrar. Any society which contravenes any such order and any officer or member who is knowingly a party to such contravention commits an offence and shall be liable on conviction, to a fine not exceeding two thousand shillings or to imprisonment for a period not exceeding six months or to both.

Prohibition
of the use
of the
word
"Co-ope-
rative"

77. (1) No person other than a registered society shall trade or carry on business under any name or title of which the word "Co-operative" is part without the sanction of the Registrar.

(2) Any person who contravenes the provisions of this section commits an offence and shall be liable on conviction to a fine not exceeding ten thousand shillings for each day on which the offence is continued after conviction therefor.

Regula-
tions.

78. (1) The Minister in consultation with the Board shall make regulations for the carrying out of the provisions of this Statute.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may,

- (a) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of a society and the procedure in the matter of such applications;
- (b) prescribe the matters in respect of which a society may or shall make bye-laws and for the procedure to be followed in making, altering and the rescission of bye-laws, and the

conditions to be satisfied prior to such making, alteration or rescission;

- (c) prescribe the conditions to be complied with by persons applying for admission or admitted as members and provide for the election and admission of members, and the payment to be made and the interests to be acquired before the exercise of the right of membership;
- (d) regulate the manner in which funds may be raised by means of shares or debentures or otherwise;
- (e) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings;
- (f) provide for appointment, minimum qualifications of members of a committee, suspension and removal of members of a committee and other officers and for the procedure at meetings of a committee, for the powers to be exercised and the duties to be performed by a committee and other officers;
- (g) provide for audit of the accounts and books to be kept by a society and the charges if any to be made for such audit;
- (h) provide for the form of the final accounts and the balance sheet to be prepared annually and any other statements and schedules relating thereto;
- (i) provide for the establishment of a supervision and audit fund;
- (j) provide for the periodical publication of a balance sheet showing the assets and liabilities of a society;
- (k) provide for the persons by whom and the form in which copies of entries in books of societies may be certified;
- (l) provide for the inspection of documents and registers at the Registrar's office and the fees to be paid therefor and for the issue of copies of such documents or registers;

- (m) provide for the formation and maintenance of a register of members and, where the liability of members is limited by shares, of the register of shares;
- (n) provide for the resignation and expulsion of members and for the payments, if any, to be made to members who resign or are expelled and for the liabilities of past members;
- (o) provide for the mode in which the value of deceased member's interest shall be ascertained and, subject to the provisions of section 37 of this Statute, for the nomination of a person to whom such interest may be paid or transferred;
- (p) provide for the mode in which the value of the interest of a member who has become of unsound mind and incapable of managing his affairs shall be ascertained and for the nomination of any person to whom such interest may be paid or transferred;
- (q) fix the conditions under which a society may grant loans to its members and the maximum amount of such loans and prescribe the payments to be made and the conditions to be complied with by members applying for loans the period for which the loans, may be made and the amount which may be lent to an individual member;
- (r) provide for the manner of formation and maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of the society;
- (s) prescribe the extent to which a society may limit the number of its members;
- (t) prescribe the conditions under which accumulated funds may be distributed to the members of a society with unlimited liabilities, and subject to the provisions of subsection (2) of section 45 of this Statute, prescribe the maximum

rate of dividend which may be paid by societies;

- (u) prescribe the procedure to be followed in appeals made to the Registrar or the Board under the provisions of this Statute;
- (v) prescribe the accounts and books to be kept by a society;
- (w) prescribe the returns to be submitted by a society to the Registrar and the person by whom and the form in which such returns shall be submitted;
- (x) prescribe the fees to be paid on applications, registrations and other acts undertaken by the Registrar or his representative under the provisions of this Statute; and
- (y) prescribe anything required by this Statute to be prescribed.

(3) In any case where the Registrar is satisfied that a substantial number of members of any society are unacquainted with the English language, he may cause any regulations made under this section to be translated into a language with which such members are acquainted and be made known to such members in a manner customary for the community to which such members belong:

Provided that on any matter of interpretation the English version of the regulations shall prevail.

79. (1) It shall be an offence under this Statute if;

- (a) a registered society or an officer or a member thereof fails to do or to allow to be done any act or thing which is required to be done by this Statute or by any regulations made under this Statute; or
- (b) a registered society or an officer or a member thereof does anything prohibited by this Statute or by regulations under this Statute; or
- (c) a registered society or an officer or a member thereof knowingly neglects or refuses to do any act or to furnish any information required

Offences
and
penalties.

for the purposes of this Statute by the Registrar, or any person duly authorised in that behalf by the Registrar; or

- (d) a registered society or an officer or member thereof knowingly makes a false return or furnishes false information; or
- (e) any person knowingly or without reasonable excuse disobeys any summons, requisition or lawful order issued under the provisions of this Statute, or does not furnish any information lawfully required from him by a person authorised to do so, or which he is required to furnish, under the provisions of this Statute; or
- (f) any person acts or purports to act as an officer of a registered society when not entitled to do so; or
- (g) registered society or an officer or member thereof knowingly performs any act which requires the consent or approval of the Registrar without having first obtained such consent or approval.

(2) Every society, officer or member of a registered society or other person guilty of an offence under this section shall be liable on conviction, where no other penalty is provided under this Statute, to a fine not exceeding five thousand shillings or to imprisonment for a period not exceeding six months or to both.

Penalty
for solici-
ting viola-
tion of
contracts

80. Any person, firm or company having knowledge or notice of the existence of a contract described in section 30 of this Statute, who solicits or persuades or assists any person to sell or deliver produce in violation of that contract commits an offence and shall be liable on conviction to a fine not exceeding five thousand shillings for each offence and shall in addition be ordered to pay the society concerned such damages as the court may see fit.

Application
of other
laws.

81. (1) Nothing in this Statute shall be deemed to relieve any society from any of its obligations under any other laws governing or regulating its business activities.

(2) Where such laws conflict with this Statute, the Statute shall be construed with such modifications, adaptations and qualifications as are necessary to enable the society to conform to the laws governing or regulating its business activities.

82. (1) The provisions of the Companies Act, other than those mentioned in sections 58 and 66 of this Statute and of the Business Names Registration Act shall not apply to a registered society.

Certain laws not to apply Cap. 85 Cap. 87

(2) Notwithstanding the provisions of the Trade Unions Decree 20 of 1976, no registered society shall be deemed to be a trade union.

Decree 20 of 1976.

83. In this Statute, unless the context otherwise requires,

Interpretation.

'agricultural produce' means the produce of farms, gardens, orchards and forests including all dairy produce and all products of animal husbandry, and shall be deemed to include all the products of fishes and fishing and peasant handicrafts;

'apex society' means a registered society under this Statute, the membership of which is restricted to co-operative unions and includes a society established to serve the co-operative movement by providing facilities for banking, insurance and the supply of goods or services;

'Board' means the Board of Directors of the Uganda Co-operative Alliance Ltd.;

'bonus' means a share of the surplus of a registered society divided among its members in proportion to the volume of business done with the society by them from which the surplus of the society was derived;

'bye-laws' means the registered bye-laws made by a society in the exercise of any power conferred by this Statute, and includes a registered amendment of such bye-laws;

'committee' means the governing body of a registered society to which the management of its affairs is entrusted and includes a Board of Directors;

- “Commissioner” means the Commissioner for Co-operative Development and includes the Deputy Commissioners for Co-operative Development when acting for the Commissioner;
- “co-operative union” means a registered society under this Statute, the membership of which is restricted to primary societies;
- “court” in relation to a registered society, means a court presided over by a Chief Magistrate or Magistrate Grade I, and in relation to a union of two or more registered societies means the High Court;
- “date of dissolution” means the date on which the Registrar’s order cancelling the registration of a society takes effect;
- “dividend” means a share of surplus of a registered society divided among its members in proportion to the share capital held by them;
- “member” includes a person or a registered society joining in the application for the registration of a society, to membership after registration in accordance with the bye-laws;
- “Minister” means the Minister responsible for co-operatives and marketing;
- “primary society” means a registered society under this Statute, the membership of which consists of individual persons and includes other bodies approved by the Registrar under section 14 of this Statute;
- “probationary society” means a society registered provisionally under subsection (1) of section 5 of this Statute;
- “officer” includes a Chairman, Secretary, Treasurer, member of committee, employees, or other person empowered under any regulations made under the provisions of this Statute or bye-laws of a registered society to give directions in regard to the business of a registered society;
- “registered society” means a co-operative society

registered or deemed to be registered under this Statute;

“Registrar” means the Registrar of co-operative societies and includes the Deputy Registrars of co-operative societies;

“winding-up” means all proceedings subsequent to the cancellation of the registration of a society.

84. (1) The Co-operative Societies Act is hereby repealed.

Repeal and
Saving
Act 30
of 1970.

(2) Notwithstanding the provisions of subsection (1)

of this section,

(a) any society and any bye-laws of a society registered under the Act, repealed by this Statute, shall be deemed to have been registered under this Statute;

(b) any register kept in pursuance of the provisions of the Act, repealed by this Statute, shall be deemed to be part of the register to be kept in pursuance of the provisions of this Statute;

(c) any document referring to the Act, repealed by this Statute, shall be construed as referring to the corresponding provisions of this Statute; and

(d) any orders, directions, appointments and other acts lawfully done under the Act, repealed by this Statute and in the force of this Statute, shall be deemed to have been made under the corresponding provisions of this Statute and shall continue to have effect accordingly.

SCHEDULES.

SCHEDULE 1.

REGISTRATION CHARGES

1. (1) Subject to the provisions of this Schedule, every charge to which this paragraph applies created by a registered society shall, so far as any security on the society's property is thereby conferred,

Registration

be void against the liquidator and any creditor of the society unless the particulars of the charge prescribed by regulations made under this Statute, together with the instrument, if any, by which the charge is created or evidenced, or a copy thereof verified in the manner prescribed by regulations made under this Statute are delivered to the Registrar for registration within thirty days after the date of the creation of the charge, but without prejudice to any contract or obligations for when a charge becomes void under this paragraph the money secured thereby shall immediately become payable.

- (2) This paragraph applies to the following charges,
- (a) a charge for the purpose of securing any issue of debentures;
 - (b) a charge created or evidenced by an instrument which, if executed by an individual, would require registration as a bill of sale;
 - (c) a charge on immovable property, wherever situated, or any interest therein;
 - (d) a charge on book debts of the society;
 - (e) a floating charge on the property of the society.

(3) Where a negotiable instrument has been given to secure the payment of any book debts of a registered society, the deposit of the instrument for the purpose of securing an advance to the society shall not for the purposes of this paragraph be treated as a charge on those book debts.

(4) The holding of debentures entitling the holder to a charge on immovable property shall not for the purpose of this paragraph be deemed to be an interest in immovable property.

(5) In this Schedule "charge" includes a mortgage, and a letter of hypothecation.

Duty of
society to
register
charges
created by
society.

2. (1) It shall be the duty of a registered society to send to the Registrar for registration the particulars of every charge created by the society to which paragraph 1 of this Schedule applies, but registration of any charge may be effected on the application of any person interested therein.

(2) Where registration is effected on the application of some person other than the society, that person shall be entitled to recover the society the amount of any fees properly paid by him to the Registrar of registration.

(3) If any registered society makes default in sending to the Registrar of registration the particulars of any charge to which paragraph 1 of this Schedule applies created by the society, then, unless the registration has been effected by some other person, the society and every officer and member thereof who is knowingly a party to the default commits an offence and shall be liable on conviction to a fine not exceeding five hundred shillings for every day during which the default continues.

3. (1) Where a registered society acquires any property which is subject to a charge to which paragraph 1 of this Schedule would apply if the charge had been created by the society after the acquisition of the property, the society shall cause the particulars of the charge prescribed by regulations made under this Statute, together with a copy (certified in the manner prescribed by regulations made under this Statute to be a correct copy) of the instrument, if any, by which the charge was created or is evidenced, to be delivered to the Registrar for registration within thirty days after the date on which the acquisition is completed.

Duty of society to register charges existing on property acquired.

(2) If default is made in complying with the provisions of this paragraph, the society and every officer who is in default commits an offence and is liable on conviction to a fine not exceeding five hundred shillings.

4. (1) The Registrar shall keep, with respect of each registered society, a register in the form prescribed by regulations made under this Statute of all charges requiring registration under the provisions of this Schedule, and shall, on payment of the fee prescribed by regulations made under this Statute, enter in the register with respect to any such charge following the particulars,

Register of charges.

- (a) if the charge is a charge created by the society, the date of its creation and if the charge was a charge existing on property acquired by the society, the date of the acquisition of the property;
- (b) the amount secured by the charge;
- (c) short particulars of the property charged; and
- (d) the person entitled on the charge.

(2) The Registrar shall issue a certificate under his hand of the registration of any charge registered in pursuance of the provisions of this Schedule, stating the amount thereby secured, and the certificate shall be conclusive evidence that the requirements of this Schedule as to registration have been complied with.

(3) The register kept in pursuance of this paragraph shall be open to inspection by any person on payment of the fee prescribed by regulations made under this Statute.

(4) The Registrar shall keep a chronological index, in such form and containing such particulars as may be prescribed by regulations made under this Statute, of the charges entered in the register.

Endorsement of certificate of registration or debentures.

5. (1) Every registered society shall cause every certificate of registration issued under paragraph 4 of this Schedule to be endorsed on every debenture or certificate of debenture stock which is issued by the society, and the payment of which is secured by the charge so registered :

Provided that nothing in this sub-paragraph shall be construed as requiring a society to cause a certificate of registration of any charge so given to be endorsed on any debenture or certificate of debenture stock issued by the society before the charge was created.

(2) If any person knowingly and wilfully authorises or permits the delivery of any debenture or certificate of debenture stock which under the provisions of this paragraph is required to have endorsed on it a certificate of registration without the certificate being so endorsed upon it, he shall, without prejudice to any other liability commit an offence and be liable on conviction to a fine not exceeding one thousand shillings.

Entry of satisfaction.

6. The Registrar may, on evidence being given to his satisfaction that the debt for which any registered charge was given has been paid or satisfied, order that a memorandum of satisfaction be entered on the register, and shall, if required, furnish the society with a copy thereof.

Rectification of register of charges.

7. The Registrar on being satisfied that the omission to register a charge within the time required by this Statute, or that the omission or mis-statement of any particular with respect to any such charge or in memorandum of satisfaction was accidental, or due to inadvertence or some other good cause, or is not of a nature to prejudice the position of creditors or members of the society, or that on other grounds, it is just and equitable to grant relief, may, on the application of the registered society or any person interested and on such terms and conditions as seem to the Registrar just and expedient, order that the time for registration shall be extended or as the case may be that the omission or mis-statement shall be rectified.

8. (1) If any person obtains an order for the appointment of a receiver or manager of the property of a registered society, or appoints such a receiver or manager under any powers contained in any instrument, he shall, within seven days from the date of the order or of the appointment under the said powers, give notice of the fact to the Registrar, and the Registrar shall, on payment of the fee prescribed by regulations made under this Statute, enter the fact in the register of charges.

Registration of the appointment of receiver.

(2) Where any person appointed receiver or manager of the property of a registered society under the powers contained in any instrument ceases to act as such receiver or manager, he shall, on so ceasing give the Registrar notice to that effect, and the Registrar shall enter the notice in the register of charges.

(3) If any person makes default in complying with the requirements of this paragraph, he commits an offence and shall be liable on conviction to a fine not exceeding one hundred shillings for every day during which the default continues.

9. Every registered society shall cause a copy of every instrument creating any charge requiring to be registered under the provisions of this Schedule to be kept at the registered address of the society.

Copies of instruments creating charges to be kept by society.

10. (1) Every registered society shall keep at the registered address of the society a register of charges and enter therein all charges specifically affecting property of the society and all floating charges on the property or assets of the society, giving in each case a short description of the property charged, the amount of the charge and the names of the persons entitled thereto.

Society's registers of charges.

(2) If any officer of the society knowingly and wilfully authorise or permits the omission of any entry required to be made in pursuance of this paragraph in any such register, he commits an offence and shall be liable on conviction to a fine not exceeding five hundred shillings.

11. (1) The copies of the instruments creating any charge required to be registered under the provisions of this Schedule with the Registrar, and the register of charges kept by the registered society in pursuance of paragraph 10 of this Schedule, shall be open during business hours (but subject to such reasonable restrictions as the society in general meeting may impose, so, however, that not less than two hours in each day shall be allowed for

Right of inspection.

inspection) to the inspection of any creditor or member of the society without fee, and the register of charges shall also be open to the inspection of any other person on payment of such fee, not exceeding one hundred shillings for each inspection, as the society may determine.

(2) If inspection of the said copies or register is refused, any officer of the society refusing inspection, or who knowingly and wilfully permits such refusal, commits an offence and shall be liable to a fine not exceeding five hundred shillings together with a further fine not exceeding five hundred shillings for every day during which the refusal continues, and the court may by order compel an immediate inspection of the copies or register.

SCHEDULE 2.

PROVISIONS OF THE COMPANIES ACT WHICH SHALL APPLY TO THE WINDING-UP OF A SOCIETY

<i>No. of Section</i>	<i>Description of section</i>
223	Definition of inability to pay debts.
226	Power to stay or restrain proceedings against company.
227	Avoidance of disposition of property, etc., after commencement of winding-up.
228	Avoidance of attachment, etc.
231	Action stayed on winding-up order.
232	Effect of winding-up order.
254	Power to stay winding-up.
266	Power to summon persons suspected of having property of company, etc.
269	Power to arrest absconding contributory.
313	Debts of all descriptions may be proved.
314	Application of bankruptcy rules in winding-up to insolvent companies.
315	Preferential payments (except subsection (6) thereof).
316	Fraudulent preference.

- 318 Effect of floating charge.
- 320 Restriction of rights of creditor as to execution or attachment in case of company being wound-up (except proviso (a) to subsection (1) thereof).
- 321 Duties of bailiff as to goods taken in execution.
- 322 Offences by officers of companies in liquidation.
- 323 Penalty for falsification of books.
- 324 Fraud by officers of companies which have gone into liquidation.
- 325 Officers of company failing to account for loss of part of company's property.
- 326 Liability where proper accounts not kept.
- 327 Responsibility for fraudulent trading of persons concerned.