

All previous rules rescinded

Registered No 2313 R(S)

RULES OF
Tay Forth Machinery Ring
LIMITED

SAOS Model Rule A 2000

Registered under the Industrial
and Provident Societies Act
on

01 May 1989

Registered Office

Newhill Farm
Glenfarg
Perth
PH2 9QN

Prepared by the

SCOTTISH AGRICULTURAL ORGANISATION SOCIETY LIMITED

Rural Centre, West Mains, Ingliston, Midlothian EH28 8NZ

RULES OF TAY FORTH MACHINERY RING LIMITED

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RULES OF

Tay Forth Machinery Ring Limited

NAME, SEAL, REGISTERED OFFICE

1 **NAME** The name of the Society shall be:

Tay Forth Machinery Ring Limited (hereinafter referred to as "the Society").

2 **USE OF NAME** The name of the Society shall be displayed in a conspicuous position and in letters easily legible on the outside of the registered office and every other office or place in which the business of the Society is carried on and shall be mentioned in legible characters in all business letters, bills, invoices, receipts, letters of credit, notices, advertisements and other official publications of the Society and in all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods purporting to be signed by or on behalf of the Society.

3 **SEAL** The Society shall have a seal on which shall be engraved in legible characters the name of the Society. The seal shall be kept in the custody of the Secretary or such other officer as the Board shall direct and shall be used only under the authority of a duly recorded resolution of the Board. The impression of the seal on any document shall be attested by the signatures of two Directors and the Secretary.

4 **REGISTERED OFFICE** The registered office of the Society shall be situated at

Newhill Farm, Glenfarg, Perth, PH2 9QN.

The situation of the registered office may be changed by a resolution of the Board notified within fourteen days to the Registry of Friendly Societies in the form for the time being prescribed by law.

OBJECTS AND POWERS

5 **OBJECTS** The objects of the Society, acting as an agent, shall be to carry on for the benefit of the members

(1) the trade, industry or business of a co-operative association of agricultural, horticultural, fishing, aquaculture and/or forestry producers including any one or more of the following, namely,

- (a) supplying to members goods required for the production of produce;
- (b) rendering to members services (or providing to members amenities) in connection with the production of such produce;

(2) any other trades, industries or businesses deemed by the Board to be capable of being carried on in connection with the above objects or to be likely to enhance the value of or render more profitable the business of the members or the Society's property or undertaking.

6 POWERS

(1) The Society shall have powers to do all or any things which it deems to be necessary or expedient for the furtherance or attainment of one or more of its objects or to be incidental to or consequential upon one or more of its objects, including the powers to enter into and to enforce contracts with members and others, and to deal in any way, whether by purchase, sale or letting or otherwise, with land or buildings.

(2) Without prejudice to the generality of paragraph (1) of this Rule, the Society may give any guarantee or surety for any debt or liability of a member or of a subsidiary or an associated company of the Society and may give or award pensions, annuities, gratuities, superannuation or other allowances or benefits or charitable aid to any persons who are or have been employed by, or who are serving or have served, the Society and to the wives, widows, children and other relatives and dependants of such persons and may set up, establish, support and maintain superannuation or other funds or schemes (whether contributory or non contributory) for the purpose.

MEMBERSHIP

7 MEMBERS The members of the Society shall be those persons who are members on the date of registration of these Rules (including any person by or on behalf of whom these Rules have been properly signed as a member for registration purposes but who was not a member before that date) and such other persons who may apply for membership. The Board may at its discretion admit to membership any person who supports the objects of the Society and who has paid or agreed to pay the annual subscription on the terms set out by the society.

8 ADMISSION A person intending to become a member shall apply to the Society for a share or shares within the limits stated in Rule 10, and the Board shall decide in its absolute discretion whether to accept or refuse the application. On acceptance into membership a person shall be issued with the share or shares applied for, and shall pay to the Society the nominal value thereof, and shall be entered in the register of members.

9 SHARES Shares shall be of the nominal value of **£1**, and shall be neither withdrawable nor transferable except as provided in Rule 14.

10 SHAREHOLDINGS Each individual member or partnership shall at all times hold at least **twenty five shares**. Each society and each company which is a member shall at all times hold at least **twenty five shares**. No member other than a registered society shall have an interest in the shares of the Society exceeding the limit for the time being provided by the Act. Every member who has signed the application to register the Society shall be deemed to have applied thereby for not less than the number of shares to be held by a member in terms of this Rule which shall be paid for in full after registration of the Society.

11 JOINT SHAREHOLDING In the case of a partnership being a member its shares shall be held by the partners jointly. All acts done or notices given in respect of a share held jointly shall be taken to be valid if done or given by or to the person designated from time to time for this purpose by the joint holders by written notification to the Secretary or, in the absence of any such notification, the person whose name stands first in the register of members as a joint holder of that share.

12 CESSATION OF MEMBERSHIP

(1) The membership of any person shall terminate only on the happening of any of the following events, namely,

- (a) he is expelled from membership under Rule 13
- (b) being a sole trader he dies, or is declared bankrupt
- (c) being a body corporate, it is dissolved
- (d) at any time after that person has become a member a period of sixty days elapses during which he is not a party to a current member's agreement
- (e) **he does not pay his annual subscription on the terms set out by the society or**

(2) Subject to the provisions of Rule 14(2), 14(3) and 14(4), on the termination of a person's membership the share held by him shall be cancelled and any sum paid up thereon forfeited.

13 EXPULSION OF MEMBERS A member may be expelled for conduct considered prejudicial to the Society by a resolution passed by the Board, but no member shall be expelled without first being given at least fourteen days' notice of the Board meeting at which the resolution is to be proposed specifying the alleged grounds for expulsion, and without being given an opportunity to attend the meeting to answer allegations or to make written representations to the Board which shall be read by the Chairman to the meeting. On expulsion the member shall forthwith be paid the amount standing to his credit in respect of any shares in the Society held by him at the date of the resolution of expulsion, and such shares shall be cancelled upon such payment being tendered, whether the member accepts the tender or not. No expelled member shall be readmitted except by a resolution passed by the Board in a Board meeting.

14 DEATH, DISSOLUTION OR BANKRUPTCY OF MEMBER

(1) Subject to Rule 12(2) and to paragraphs (2), (3) and (4) of this Rule, upon receiving a claim from the personal representative of a deceased member or the trustee in bankruptcy of a bankrupt member to any property in the Society of the deceased or bankrupt member the Board at its discretion either shall transfer the shares and the property to which the personal representative or trustee in bankruptcy has become entitled or shall pay an equivalent sum in either case to or to the order of the personal representative or trustee in bankruptcy.

(2) If within three months after the date of death of a member who is a sole trader his personal representative makes an application to the Board for the shares held by that member to be transferred to him then the Board shall decide in its absolute discretion whether to accept or refuse the application and if the Board accepts the application then the personal representative shall be entered in the register of members as the holder of those shares and shall be taken to have entered into an identical member's agreement to the one to which that member was a party on that date for the remainder of the term thereof and to have ratified every contract purporting to have been made thereunder by the Society on behalf of that member or his estate prior to the date of acceptance into membership of the personal representative.

(3) If within three months after the date of the dissolution of a member which is a body corporate a person who was a member of that body corporate immediately before its dissolution makes an application to the Board for the shares held by that body corporate to be transferred to him then the Board shall decide in its absolute discretion whether to

accept or reject the application and if the Board accepts the application then that person shall be entered in the register of members as the holder of those shares and shall be taken to have entered into an identical member's agreement to the one to which the body corporate was a party on that date for the remainder of the term thereof and to have ratified every contract purporting to have been made thereunder by the Society on behalf of that person prior to his acceptance into membership.

(4) In the event of the death of an individual or the dissolution of a body corporate who or which is a partner in a partnership which is a member the remaining partner shall give the Society written notification of that event whereupon the name of the deceased or dissolved partner shall be removed from the register of members and unless the Board decides otherwise the remaining partner shall continue to have all of the rights and obligations of that partnership under these Rules and under the member's agreement to which that partnership was a party immediately before the death or dissolution.

15 NOMINATIONS A member may nominate in accordance with the Act a person to whom any of his property in the Society (other than his share) shall be transferred on his death. On receiving satisfactory proof of the death of a member who has made a nomination which is valid under the Act the Board at its discretion either shall transfer the property comprised in the nomination to the extent that it is so valid or shall pay an equivalent sum to the person or persons entitled thereunder.

16 REGISTER The Society shall keep at its registered office a register of members containing the following particulars:-

- (1) the names and addresses of the members;
- (2) a statement of the number of shares held by each member and of the amount paid or agreed to be considered as paid on the shares of each member;
- (3) the date at which each person was entered on the register as a member and the date on which any person ceased to be a member;
- (4) a statement of other property in the Society, whether in loans, deposits or otherwise, held by each member; and
- (5) the names and addresses of the officers of the Society, with the offices held by them respectively and the date on which they assumed office.

The Board shall ensure that the Register is kept in such a way permitted by the Act and that the particulars required by the Act to be available for inspection are readily accessible without the need to disclose the other particulars contained in the Register.

17 INSPECTION OF BOOKS The Society shall allow a member or person having an interest in the funds of the Society to inspect at any reasonable time his own account and such of the particulars contained in the Register as are required by the Act to be available for inspection by him.

18 DISPUTE Any dispute between the Society or any of its officers acting in their capacity as such and

- (1) a member or
- (2) any person aggrieved who has ceased to be a member not more than six months previously or
- (3) any person claiming through a member or any such person aggrieved or

(4) a person claiming under these Rules

shall be referred to a sole arbiter appointed by agreement between the Society and such member or person or, in default of agreement, appointed by the President of the Law Society of Scotland.

GENERAL MEETINGS

19 ANNUAL GENERAL MEETING

(1) The first annual general meeting shall be held within eighteen months of the date of registration of the Society at such time and place as the Board shall decide. In every year following that in which the first annual general meeting is held an annual general meeting shall be held at such time and place as the Board shall decide but so that not more than fifteen months elapse between one annual general meeting and the next.

(2) The business of an annual general meeting shall be the consideration of the accounts and balance sheet and the reports of the Board and, where applicable, the Auditor for the last preceding accounting year, the election of Directors, the appointment, where applicable, of the Auditor and such other business as the Board shall decide.

20 SPECIAL GENERAL MEETINGS

(1) All general meetings other than annual general meetings shall be called special general meetings.

(2) The Board may at any time convene a special general meeting and shall do so upon receiving a requisition in writing to that effect signed by not less than 10% of the members and stating the purpose for which the meeting is required to be convened. If within twenty-one days after receipt by the Board of a valid requisition no notices duly convening a special general meeting for the purpose stated in the requisition have been sent to members then the members who signed the requisition may convene a special general meeting for that purpose and shall be reimbursed by the Society for all expenses reasonably incurred thereby.

(3) No business shall be transacted at a special general meeting other than that set out in the notice convening the meeting and any matters arising therefrom.

21 NOTICE

(1) Every general meeting shall be convened by delivering to every member at his address as shown in the Register and to the Auditor of the Society not less than fourteen clear days' notice thereof in writing specifying the day, hour and place of the meeting and the business to be transacted. In the case of an annual general meeting, the notice shall designate it as such and shall be accompanied by a copy of the accounts for the last preceding financial year and any report of the Auditor thereon.

(2) The accidental omission to give any member notice of a general meeting or the non-receipt of a notice by any member shall not invalidate the proceedings at the meeting.

(3) A general meeting not convened in compliance with paragraph (1) shall be deemed to have been properly convened if all the members of the Society are present in person or by proxy and agree that the meeting shall be deemed to have been properly convened.

22 QUORUM

(1) No business shall be transacted at a general meeting unless a quorum is present. Except as provided in paragraph (2) of this Rule, a quorum shall be **10 members present in person** or such other number of members as shall be determined from time to time by resolution of the Society in general meeting, but in any event not less than two.

(2) If within thirty minutes of the time appointed for a meeting a quorum is not present then the meeting if convened upon the requisition of members shall be dissolved but in any other case shall stand adjourned to a time and place to be decided by the Board, being not more than fourteen days later. Not less than seven days' notice shall be given to every member of the day, hour and place of the adjourned meeting and the business to be transacted and if at that meeting a quorum is not present within thirty minutes of the appointed time then the persons present shall be a quorum.

23 CHAIRMAN At every general meeting the Chairman or, in his absence, the Vice-Chairman of the Board shall preside. If within fifteen minutes of the time appointed for the meeting neither the Chairman nor the Vice-Chairman is present then the members present in person or by proxy shall choose a Director or, in the absence of all the Directors, one of those present and entitled to vote to preside.

24 ADJOURNMENTS The chairman of a meeting with the consent of the meeting may and if so directed by the meeting shall adjourn the meeting from time to time and from place to place. No business shall be transacted at an adjourned meeting other than the business left unfinished at the original meeting.

25 VOTING

(1) Subject to any provision in these Rules or in any statute or statutory instrument requiring a vote on any matter to be taken in a special way or requiring a special majority for any matter, a resolution put to the vote at a general meeting shall be decided by a simple majority and on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded by the Chairman or by not less than three members present in person or by proxy. The demand for a poll may be withdrawn.

(2) Unless a poll is so demanded and the demand is not withdrawn a declaration by the chairman of the meeting that on a show of hands a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority and an entry to that effect in the book containing the minutes of the proceedings shall be conclusive evidence of the fact without proof of the number or proportion of votes recorded in favour of or against the resolution.

(3) No poll shall be demanded on the election of the chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken in such manner and at such time as the chairman of the meeting directs and any business other than that upon which the poll has been demanded may be proceeded with pending the taking of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

(4) On a show of hands every member present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote. In the case of an equality of votes the chairman of the meeting shall have a second or a casting vote.

(5) No objection shall be raised to the qualification of any person to vote except at the meeting or adjourned meeting at which the vote objected to is cast or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection

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made in due time shall be referred to the chairman of the meeting whose decision shall be final and binding.

- 26 **REPRESENTATION OF BODIES CORPORATE AND PARTNERSHIPS** Every member which is a body corporate or a partnership may appoint an individual to act as its representative at general meetings. Every such appointment shall be made by written notification to the Society and may be revoked in the like manner. A duly appointed representative shall be entitled to attend general meetings and to speak and vote in place of the member which appointed him and when present at a general meeting shall be treated for all purposes of these Rules as being that member present in person.
- 27 **PROXIES** Any member or duly appointed representative of a member may appoint a proxy to attend a meeting and speak and vote on his behalf. Every such appointment shall be notified to the Society in writing signed by the member or representative making it or under authority conferred to him and deposited 48 hours before the meeting at the registered office of the Society. A proxy need not be a member.

BOARD OF DIRECTORS

- 28 **AUTHORITY** The business of the Society shall be conducted by the Board of Directors which shall act in all things for and in the name of the Society and which may exercise all such powers of the Society as are not by statute or by these Rules required to be exercised by the Society in general meeting, including the power to appoint any person to be the agent of the Society for such purposes and on such conditions as they determine.
- 29 **COMPOSITION**
- (1) Subject to Rules 32 to 35 inclusive, from the date of registration of these Rules, the Board shall consist of the Directors in office at that date where they are registered as a complete amendment of rules or such Directors as are appointed by the persons by or on behalf of whom these Rules have been properly signed as members upon first registration of the Society as the case may be.
- (2) From the end of the first annual general meeting after the registration of these Rules the Board shall consist of such number of Directors elected in accordance with Rule 31, being not less than three, as the Society in general meeting shall decide and such additional Directors (if any) as may be appointed in accordance with Rule 32 but, subject to Rule 32(2), the total number of Directors shall not exceed ten.
- 30 **ROTATION OF DIRECTORS** At the first annual general meeting all the Directors shall retire from office and at the second and every subsequent annual general meeting one-third of the Directors (other than any Managing Director, any Director due to retire under Rule 32 and any Director to whom Rule 43 applies) or the number nearest to one-third shall retire from office. Subject to Rule 34, the Directors to retire under this Rule shall be those who have been longest in office since their last appointment or re-appointment but as between Directors who have been in office an equal length of time, unless they agree otherwise, those to retire shall be decided by lot. If a Director is not re-appointed at an annual general meeting, he shall vacate office at the conclusion thereof.
- 31 **ELECTION OF DIRECTORS**
- (1) A Director retiring at an annual general meeting shall be taken to be nominated for re-election unless he clearly indicates his wish not to stand for re-election. No other

person shall be eligible for election at that meeting unless not less than seven clear days before the date appointed for the meeting there has been delivered to the registered office notice in writing signed by a member of his intention to nominate that person and also notice in writing signed by that person of his willingness to accept nomination.

(2) If the total number of persons nominated or taken as nominated in accordance with paragraph (1) of this Rule at an annual general meeting does not exceed the number of vacancies to be filled then all such persons shall be taken to have been elected unless in regard to any of those persons a resolution to the contrary is passed at that meeting. If the number so nominated or taken as nominated exceeds the number of vacancies then a poll shall be held at the meeting in which all the appointments shall be put to the vote concurrently and every member present in person or by proxy shall be entitled to vote for no more candidates than the number of vacancies to be filled and that same number of candidates who respectively receive the higher totals of votes shall fill the vacancies. In the event of candidates receiving an equal number of votes, the chairman shall have a casting vote.

(3) Notwithstanding paragraph (2) of this Rule, the election or re-election under this Rule of a person who has attained sixty-five years of age shall be invalid unless his age is declared to the meeting before the question of the election of Directors is considered by the meeting.

32 APPOINTMENT BY BOARD

(1) The Board may appoint as an additional Director or to fill a casual vacancy on the Board any person who is eligible in accordance with Rule 33. A Director so appointed shall retire at the end of the next following annual general meeting at which he may stand for election without express nomination but he shall not be taken into account in determining the Directors to retire by rotation. No appointment shall be made under this paragraph if on the making of the appointment the total number of Directors for the time being in office apart from any Director appointed under paragraph (2) of this Rule will exceed the maximum specified in Rule 29(2).

(2) The Board may appoint to the office of Director a person who is not eligible in accordance with Rule 33 but the Directors appointed under this paragraph shall not exceed 50% of the number in office who are so eligible. A Director so appointed shall have the full voting and other rights and responsibilities of a Director and shall retire at the end of the next following annual general meeting after which he may be re-appointed under this paragraph if still not so eligible but he shall not be taken into account in determining the Directors to retire by rotation. The Board may make an appointment under this paragraph notwithstanding that on the making of the appointment the total number of Directors for the time being in office will exceed the maximum specified in Rule 29(2). A Director appointed under this rule will receive such remuneration and expenses as the Board may decide.

33 ELIGIBILITY FOR OFFICE except as provided in Rule 32(2), to be eligible to serve as a Director a person shall be a member of the Society or an employee of a member of the Society or a member of a body corporate or a partnership which is a member of the Society.

34 REMOVAL OF DIRECTOR The Society in general meeting may by resolution remove any Director from the Board before the expiration of his period of office and may appoint another person in his stead. The person so appointed shall hold office only for so long as his predecessor would have done but may then stand for re-election without express nomination.

35 DISQUALIFICATION OF DIRECTOR A person shall cease to be a Director if he

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- (1) ceases to be qualified in accordance with Rule 33 or
- (2) is disqualified by law from becoming the director of a company or
- (3) is removed from office in accordance with Rule 34 or
- (4) becomes subject to a bankruptcy order or makes any composition or scheme of arrangement with his creditors generally or
- (5) becomes of unsound mind or a patient for the purpose of any statute relating to mental health or otherwise incapax.
- (6) resigns his office by giving to the Board notice in writing signed by him and the resignation is accepted by the Board or, not being accepted, is not withdrawn within seven days of receipt by the Board or
- (7) is absent from meetings of the Board continuously for a period of six months without leave of absence expressed by a duly recorded resolution of the Board or
- (8) in the opinion of a majority of the Board trades in competition with the Society, whether as a sole trader or in partnership, or is a Director or employee of a body corporate which competes in business with the Society or holds a controlling interest in such a body corporate.

- 36 DELEGATION OF POWERS** The Board may delegate any of its powers to such committees of Directors as it thinks fit. Any committee so formed shall comply with any directions given by the Board. The proceedings of any committee shall be regulated in accordance with the Rules relating to the regulation of any proceedings of the Board.
- 37 MEETINGS** The Board shall meet for the dispatch of business and regulate its meetings as it thinks fit. Any two Directors may and on the requisition of any two Directors the Secretary shall convene a meeting of the Board.
- 38 NOTICE** Every Director shall be given not less than seven days' written notice of every meeting of the Board unless the circumstances justify the giving of a shorter period of notice or the giving of notice otherwise than in writing but the accidental omission to give notice to any Director or the non-receipt of notice by a Director shall not invalidate the proceedings at any meeting.
- 39 QUORUM** The quorum for a meeting of the Board shall be 50% of the Directors then in office or such other number as the Board shall from time to time decide, but in any event not less than two Directors.
- 40 VOTING** Subject to any provision in these Rules requiring a special majority for any decision, questions arising at any meeting of the Board shall be decided by a simple majority. In the case of an equality of votes the chairman of the meeting shall have a second or a casting vote.
- 41 CHAIRMAN** The Chairman for the time being of the Board or, in his absence the Vice-Chairman shall preside at meetings of the Board. If neither the Chairman nor the Vice-Chairman is present within fifteen minutes of the time appointed for a meeting the Directors present may choose one of their number to preside.

- 42 **REMUNERATION OF DIRECTORS** The Directors shall be entitled to be reimbursed for all expenses reasonably incurred by them in attending meetings of the Board or incurred in their capacity as Directors in connection with the business of the Society. Subject to Rules 32(2) and 45(2), the Directors may be paid such remuneration for their services as the Society in general meeting may approve.
- 43 **DIRECTOR BECOMING SURETY** Should any Director with the consent of the Board become surety for any debt or liability of the Society he shall not be removed from office under Rule 34 nor shall he be required to retire by rotation until the Society has discharged the debt or liability.

OFFICERS

44 **CHAIRMAN AND VICE-CHAIRMAN**

(1) At its first meeting after the registration of the Society and subsequently at its first meeting after every annual general meeting the Board shall elect from the Directors a Chairman and a Vice-Chairman who, subject to paragraph (2) of this Rule, shall hold office until the corresponding meeting of the Board in the following year when they shall be eligible for re-election if still Directors.

(2) The Chairman or the Vice-Chairman or both may be removed from office at any time by a resolution of the Board at a meeting of which every Director has been given not less than seven days' notice in writing stating the intention to propose a resolution to that effect. On the passing of such a resolution the Board shall elect a person or persons to fill the vacancy or vacancies so created.

45 **MANAGING DIRECTOR**

(1) The Board may from time to time appoint a Director to the office of Managing Director for such period and on such terms as the Board thinks fit and, subject to any agreement made in any particular case, may revoke such appointment. A Managing Director shall not, whilst holding that office, be subject to retirement by rotation or be taken into account in determining the Directors to retire by rotation but his appointment shall terminate if he ceases from any cause to be a Director.

(2) The Managing Director shall receive such remuneration and expenses as the Board may decide.

(3) The Board may entrust to and confer upon a Managing Director the powers exercisable by the Board upon such conditions and with such restrictions as the Board thinks fit and from time to time may revoke, withdraw, alter or vary all or any of the powers so entrusted or conferred.

- 46 **SECRETARY** The Board shall appoint a Secretary for the Society and shall decide his remuneration and the duties to be performed by him in addition to those specified in these Rules. The Board may remove the Secretary and appoint another person to the office. The Board may at any time appoint a person to act temporarily as substitute for the Secretary for the time being of the Society and any person so appointed shall be taken to be the Secretary of the Society for all purposes while so acting.

FINANCE

47 INVESTMENTS The funds of the Society may be invested in any one or more of the following ways, namely,

- (1) in any way authorised by section 31 of the Act
- (2) in any body corporate with limited liability which has objects relating to agricultural co-operation
- (3) by making loans or advances to members for the purposes of their businesses on such security (if any) and on such terms as the Board shall decide

but not otherwise.

48 BORROWING

(1) A member's agreement may require a member to make a loan to the Society of such amount, or an amount determined in such a way, and on such terms as the agreement specifies and the Board may arrange for the Society to borrow money by any other means and from any other sources on such security (if any) and such terms as the Board shall decide but so that the total capital sum outstanding at any time on all borrowings of the Society shall not exceed **£500,000**.

(2) The rate of interest payable by the Society on any sum borrowed other than a sum borrowed from the banker of the Society by way of overdraft or otherwise or from a finance house or other institution licenced under the Banking Act 1987, or borrowed on the security of a mortgage of property held by the Society shall not exceed ten per cent per annum or two per cent per annum above the highest level during any year or part thereof in respect of which interest is paid of the Royal Bank of Scotland plc base lending rate, whichever is the greater.

49 DEPOSIT The Society shall not receive moneys on deposit.

50 ACCOUNTS The Board shall cause accounting records to be kept showing all sums of money received and expended by the Society and the matters in respect of which the receipt and expenditure takes place, all sales and purchases of goods by the Society and the assets and liabilities of the Society. The accounting records shall be kept in such a way as to explain the Society's transactions and give a true and fair view of its income and expenditure and its state of affairs.

51 DISTRIBUTION OF SURPLUSES

(1) The Society shall not distribute any surplus income to members by way of interest or bonus on shares or in any other way except as provided in this Rule.

(2) If on the recommendation of the Board the Society in general meeting so decides the whole or any part of the surplus income for any accounting year of the Society after payment of all outgoing and expenses for that year shall be divided between the persons who were members of the Society during the whole or a part of that year in proportion to the use made by them during that year of the facilities provided by the Society, such use being calculated on the respective amounts received by the Society from or on behalf of members for charges under members' agreements current during that year but no person who ceased to be a member more than three years before the beginning of the accounting year of the Society during which such division is decided upon shall be entitled to participate therein.

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(3) Before recommending a distribution of surplus income under this Rule the Board may put to reserve such sum as they think proper and all sums so put to reserve may be employed in the business of the Society or invested in any manner authorised by these Rules.

(4) The Society may deduct from the sum payable to a member in a distribution of surplus income under this Rule all sums (if any) due from that member to the Society but not paid at the time of the distribution.

(5) The Society may make distributions of surplus income under this Rule by cheque sent by ordinary post to members at their respective addresses as shown in the register of members and the Society shall not be liable for any loss thereby occasioned.

52 AUDIT

(1) The accounts of the Society shall be audited each year if and as required by law or by the members by an auditor duly qualified for that purpose appointed by the Society in general meeting.

(2) The first auditor shall be appointed, if required subject to paragraph (1) of this Rule, by the Board within three months after the registration of the Society if no general meeting is held during that period. The Board may appoint an auditor to fill any casual vacancy occurring between general meetings.

53 ANNUAL RETURN

(1) Every accounting year the Secretary shall furnish to the Registrar in the form and at the time prescribed by him or by law the annual return relating to the affairs of the Society for the last accounting year together with copies of such accounts, balance sheets and reports as are prescribed.

(2) The Society shall supply free of charge to every member or person with an interest in the funds of the Society on his application a copy of the last annual return together with a copy of any report of the Auditor on the accounts and balance sheet contained in the return.

54 BALANCE SHEET The Society shall keep a copy of the latest balance sheet always displayed in a conspicuous place at the registered office.

DISSOLUTION

55 COMMENCEMENT Subject to the provisions of the Act the Society may be dissolved by the consent of three-fourths of the members testified by their signatures to an instrument of dissolution in the form prescribed by law or may be wound up in a manner provided by the Act.

56 SURPLUS ASSETS Upon the dissolution or winding up of the Society any surplus remaining after the satisfaction of all its debts and liabilities and the repayment of the paid up share capital shall be divided between the persons who during the whole or a part of the period of three years immediately preceding the date of the instrument of dissolution or the date of commencement of winding up, as the case may be, were members of the Society in proportion to the business done by the members with the Society.

MISCELLANEOUS

- 57 AMENDMENT OF RULES** These Rules shall be amended only on the passing of a resolution to that effect with the concurring votes of not less than three-fourths of those voting in person or by proxy at a general meeting of which notice has been given in accordance with Rule 21 specifying the intention to propose that resolution. An amendment of Rules is not valid until it is registered.
- 58 AFFILIATION TO THE SCOTTISH AGRICULTURAL ORGANISATION SOCIETY LIMITED**
- (1) The adoption of these Rules shall constitute an application for membership of the Scottish Agricultural Organisation Society Limited, and agreement to take up one hundred shares and to pay such annual membership affiliation fee as may be fixed from time to time by that Society in general meeting. On the allotment of one hundred shares the Society shall be entered in the register of members and shall qualify for privileges of membership and services in accordance with the Rules of the Scottish Agricultural Organisation Society Limited.
- (2) The Society shall thereafter agree to provide to the Scottish Agricultural Organisation Society Limited such financial and membership information as may reasonably be requested consistent with that Society's roles, and notices of all general meetings to be held by the Society.
- 59 INTERPRETATION** In these Rules, unless a contrary intention is apparent,
- (1) "the Act" means the Industrial and Provident Societies Act 1965 with any statutory amendment thereof
- (2) "Member" means an individual, a society or a company duly admitted to membership of the Society and holding the requisite number of shares
- (3) "the Board" means the Board of Directors for the time being of the Society
- (4) "Director" means a member for the time being of the Board
- (5) "member's agreement" means a written contract between a member and the Society under which the member participates in the use of facilities provided by the Society for the benefit of members
- (6) "Registrar" means the Assistant Registrar of Friendly Societies for Scotland. Any reference to the Registrar, Assistant Registrar (for Scotland) or the Registry of Friendly Societies includes reference to the statutory successor carrying on the relevant functions of any of them.
- (7) "he", "him" and "person" means an individual or a partnership or a body corporate which shall include a society
- (8) words denoting gender include the other genders
- (9) words denoting the singular include the plural and the converse applies
- 60 PRELIMINARY EXPENSES** All expenses incurred in connection with the formation of the Society, both prior and subsequent to the registration of these Rules, shall be a proper charge against the Society's funds.

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1. Member
2. Member
3. Member
4. Secretary