

Co-operative Societies are formed primarily to benefit their own members, who will participate in the primary business of the society. They must also fulfil the following conditions:

- Community of interest - there should be common economic, social or cultural needs or interest amongst all the members of the co-operative.
- Conduct of business - the business will run for the mutual benefit of the members, so that the benefit that the members obtain will stem principally from their participation in the business.
- Control - control of the society lies with all the members, exercised by them equally and not based on the amount of money each members has put into the society.
- Interest on share and loan capital - where part of the business capital is the common property of the co-operative, members should receive only limited compensation (if at all) on any share or loan capital which they subscribe.
- Profits - if the rules of the society allow profits to be distributed, they must be distributed among the members in line with the rules.
- Restriction on membership - there should normally be open membership. This should not be restricted artificially to increase the value of the rights and interest of current members, but there may be grounds for restricting membership in certain circumstances, which do not offend co-operative principles.

For new societies, FCA guidance is that the status is shown as:

[society name] is a Co-operative Society registered under the Co-operative and Community Benefit Societies Act 2014 or [society name] is a Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014.

Two key provisions of the Act deal with the requirement to display the name and charitable status of registered societies:

Registered Name Requirements

There is no explicit requirement under the Act for a Registered Society to state that it is a Registered Society in documentation or elsewhere, despite the recommendations in the FCA guidance.

There are however obligations as to the use of the registered name (which reflects the requirements of the 1965 Act) as follows:

1. All registered names must end with a 'limited' or 'ltd' unless the Registered Society's objects are wholly charitable or benevolent.
2. The full registered name must be legible and conspicuous on the outside of your registered office and every office or place in which your business is carried out.

3. The full registered name must be stated (and be legible) on the following documentation:

- a. Notices, advertisements and other official publications
- b. Business correspondence
- c. Bills of exchange, promissory notes, endorsements, cheques and order for money or goods, purporting to be signed by or on behalf of the Registered Society
- d. Other business documentation
- e. Websites (including sections on any other persons' website if the Registered Society placed the section on the other website or authorised it to be placed there)

It is important to keep the above requirements in mind, particularly where you use different trading names for different aspects of your business. Any officer (or any other person acting on behalf of the Registered Society) who breaches the above requirements are committing an offence and may be liable to fines of up to £1,000. Furthermore, whilst unlikely, any such person could also be held personally liable for any amount payable by the Registered Society under the relevant documentation if the amounts are not paid.

The cost of registration depends on whether the society is using a set of rules working through a [sponsoring body](#). The cost of registration ranges from £40 to £950," a spokeswoman for the Financial Conduct Authority (FCA) confirmed.

For the basic £40 charge, the FCA will only register a society (co-op or community benefit) from a pre-agreed set of model rules, and only if they are submitted by the 'owner' (NAS) of those rules. Also, as societies are regulated as well as being registered by the FCA, they check over all the details of the rules carefully to ensure they comply with the law in every detail.

The FCA says it aims to determine at least 90% of applications within 15 working days. Societies can apply using [this form](#). By contrast, limited companies take 48 hours to register via electronic incorporation.

Companies House documents are relatively simply to complete as they do little other than scan and file the documents. This means that registrations are generally turned around in a week.

Registering a society is different. The owner (NAS) of the model rules has to act as an intermediary, and filling in the forms, checking them and sending by post back and forwards adds a few days. Then the FCA may take anything up to six weeks to process the application. Thus a typical turnaround time is six to eight weeks.

Auditing requirements for societies and companies do not differ much. According to the FCA, societies must appoint an auditor to audit their accounts if their turnover is

more than £5.6m and assets are above £2.8m in the previous year of account. If a society's turnover and assets in the previous year of account are below these figures then, if their rules permit them to do so, they can disapply the audit requirement. Where a society has disappplied the audit requirement they are however still required to appoint an auditor to produce a report on the accounts if their turnover in the preceding year exceeded £90,000.

Audit rules for companies and societies are basically similar, with a similar cut-off below which accounts do not have to be externally audited by law.

However, the format required for societies is different from companies, and none of the electronic bookkeeping systems such as SAGE or Quickbooks can make up accounts in the required format. Therefore, all societies have the extra cost of transferring their books into a suitably formatted spreadsheet. Any accountant that regularly works with societies has this already prepared, but they do have extra work to do, and this will be reflected in the price.