

THE CO-OPERATIVE SOCIETIES ACT, 1997

No. 12 of 1997

Date of Assent: 22nd December, 1997

Date of Commencement: By Notice

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SCHEDULE**THE COMPANIES ACT, CAP 486**

THE CO-OPERATIVE SOCIETIES ACT, 1997

An Act of Parliament relating to the constitution, registration and regulation of cooperative societies and for purposes incidental thereto.

ENACTED by the Parliament of Kenya as follows:-

PART 1 - PRELIMINARY

Short title and commencement

1. This Act may be cited as the Cooperative Societies Act and shall come into force on such date as the Minister may by Notice in the Gazette appoint .

Interpretation

2. In this Act, except where the context otherwise requires, " agricultural produce" means any produce or article produced or obtained by the work or industry of members of a co-operative society or marketed by a cooperative society, whether the produce be of agriculture, animal husbandry, forestry, fisheries, handicrafts or otherwise;

"apex society" means a co-operative society 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;

"bonus", in relation to a member of a co-operative society, means that member's share of the surplus of the society which is divided amongst its members, calculated by reference to the proportion which that member's volume of business with the society bears to the total volume of business done by the society;

"by-laws" means the by-laws made by a society and registered under this Act and includes any registered amendment of such by-laws;

"Commissioner" means the Commissioner for Co-operative Development appointed under section 3(1).

"Committee" means the governing body of a co-operative society to whom the management of its affairs is entrusted, and includes a board of directors;

"contributor" means a person liable to contribute to the assets of a co-operative society in the event of its being wound up and for the

purposes of any proceedings for determining and before the final determination of the persons who are to be deemed contributors, includes any person alleged to be a contributor;

"co-operative society" means a society registered under section 4.

"co-operative union" means a co-operative society whose membership is restricted to primary societies;

"date of dissolution" means the date on which the Registrar's order canceling the registration of a co-operative society takes effect;

"district co-operative union" means a co-operative union whose membership is restricted to primary societies having their headquarters in a particular district;

"dividend", in relation to a member of a co-operative society, means that member's share of the surplus of the society which is divided amongst its members, calculated by reference to the proportion which that member's share capital bears to the total share capital of the society;

"limited liability" means limited by shares or limited by guarantee, according to the nature of the liability prescribed by the by-laws of the co-operative society;

"member" includes a person or a co-operative society joining in the application for the registration of a society, and a person or co-operative society admitted to membership after registration in accordance with the by-laws;

"Minister" means the Minister for the time being responsible for co-operative development.

"officer" includes a chairman, vice-chairman, secretary, treasurer, committee member, employee or any other person empowered under any rules made under this Act, or by-laws of a co-operative society, to give directions in regard to the business of the society;

"personal representative" means any person who, under law or custom, is responsible for administering the estate of a deceased person;

"primary society" means a co-operative society whose membership is restricted to individual persons;

"Registrar" means the Registrar of Co-operative Societies appointed under section 3 of this Act, and includes the Deputy Registrar of Co-operative Societies and such other officers as are appointed under that section.

"secondary society" means a co-operative society whose membership is comprised of primary societies.

"special general meeting" means a general meeting, other than an ordinary general meeting, of which at least fifteen clear days written notice of the resolution and of the date, time and place of the meeting has been given to each member;

"Tribunal" means the Co-operative Tribunal established under section 77.

"winding up" means all proceedings subsequent to the dissolution of a co-operative society.

PART II - OFFICERS

Commissioner, Deputy Commissioners
Registrar, Deputy Registrar and other
Officers

3. (1) There shall be a Commissioner for Co-operative Development who shall be responsible for the growth and development of co-operative societies.

(2) There shall be such number of Deputy Commissioners for Co-operative Development and other officers as the Minister may deem fit, to be appointed by the Public Service Commission.

(3) There shall be a Registrar of Co-operative Societies.

(4) There shall be a Deputy-Registrar of Co-operative Societies and such number of Assistant Registrars as may be necessary for the purposes of this Act.

(5) The Commissioner and the Registrar appointed under this section shall be public officers designated by the Minister for that purpose.

(6) The Minister may, by notice in the Gazette, and without prejudice to the power of the Registrar or the Deputy-Registrar to exercise such powers or perform such duties, delegate any of the powers or duties conferred or imposed on the Registrar by or under this Act, to any Assistant Registrar.

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PART III—REGISTRATION OF CO-OPERATIVE SOCIETIES

4. Subject to the provisions of this Act, a society which has as its objects;-

Registration of
co-operative societies

(a) the promotion of the welfare and economic interests of its members; and

(b) has incorporated in its by-laws the following co-operative principles -

- (i) voluntary and open membership;
- (ii) democratic member control;
- (iii) economic participation by members;
- (iv) autonomy and independence;
- (v) education, training and information;
- (vi) co-operation among co-operatives, and
- (vii) concern for community in general;

may be registered by the Registrar as a co-operative society under this Act with or without limited liability.

Provided that a co-operative union or an apex society shall not be registered except with limited liability.

5. For a society to be registered under this Act, it must:-

Essentials for registration
of co-operative society

(a) in the case of a primary society, consist of at least ten persons all of whom shall be qualified for membership of the co-operative society under section 14, or;

(b) in the case of a co-operative union, consist of two or more registered primary societies;

(c) in the case of an apex society, consist of two or more secondary societies.

6: (1) An application to register a society shall be made to the Registrar in the prescribed form, and be signed;

Procedure for registration

(a) in the case of a primary society, by at least ten persons qualified for membership of the society under section 14;

(b) in the case of a secondary or apex society, by a person duly authorized in that behalf by each co-operative society or co-operative union, as the case may be, who are members thereof.

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

(3) If the Registrar is satisfied that a society has complied with the provisions of this Act and any rules made thereunder and that its proposed by-laws are not contrary to this Act or any rules made thereunder, he may register the society and its by laws under this Act.

Provisional registration

7 (1) If the Registrar is not satisfied that a society has complied with this Act and any rules made thereunder, or is not satisfied that its by-laws conform with this Act and any rules made thereunder, and is of the opinion that steps can be and will be taken with diligence by the persons by whom or on whose behalf the application for registration is made to comply with this Act and the rules made thereunder or to make the by-laws conform as aforesaid, the Registrar may in his discretion provisionally register the society for such period, not exceeding one year, and subject to its compliance with such terms and conditions and provisions, as the Registrar may specify in writing to the persons by whom or on whose behalf the application for registration is made.

(2) A provisional registration shall, subject to this section, and to any terms or conditions specified by the Registrar under subsection (1) entitle the society to operate as a co-operative society, and such society whilst so entitled to operate shall be deemed to be a body corporate 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 for which it is constituted; and, subject to the provisions of this Act, any reference in any written law to a co-operative society shall, unless the context otherwise requires, include a reference to a society which is provisionally registered.

(3) A society which is provisionally registered shall cause the fact that it is provisionally registered to be stated in legible Roman letters in all billheads, letter papers, notices, advertisements and other official publications of the society, and on a sign board in a conspicuous position outside any premises in which it operates.

(4) (a) The Registrar may for good cause cancel the provisional registration of a society, by a notice in writing addressed to the society, specifying the reasons therefor, and such cancellation shall operate as a refusal to register the society, and the society shall, from the date of service of the notice, cease to be a registered co-operative society.

(b) At the expiration of the period specified by the Registrar under subsection (1), a society, if it has not been registered in the meantime, shall cease to be a registered co-operative society.

(c) Where a society ceases to be a registered co-operative society:

(i) the Registrar may appoint a competent person to be the liquidator of the society, and

(ii) the validity of any transaction entered into by that society during the period of provisional registration shall not be affected thereby.

(5) At any time during the period of provisional registration of a society, the Registrar, if he is satisfied that the society has complied with this Act and any rules made thereunder, and that its by-laws conform with the requirements of this Act and rules made thereunder, may register the society under section 5, and thereupon such society shall be deemed to have been so registered on the date of its provisional registration, and this section shall cease to apply to such society.

(6) Where a society which has been provisionally registered under this section contravenes subsection (3), the society and every officer, or person who purports to act as an officer, of the society shall be guilty of an offence and shall be liable to a fine not exceeding five thousand shillings, or in the

case of a continuing offence to a fine not exceeding five hundred shillings for each day during which the offence continues.

Amendments of by-laws

8. (1) A co-operative society may, subject to this Act, amend its by-laws, including the by-law which declares the name of the society.

(2) No amendment of the by-laws of a co-operative society shall be valid until the amendment has been registered under this Act, for which purpose a copy of the amendment shall be forwarded to the Registrar in the prescribed manner.

(3) If the Registrar is satisfied that any amendment of the by-laws of the Co-operative society is not contrary to this Act and any rules made thereunder, he may register the amendment.

(4) An amendment which changes the name of a co-operative society shall not affect any right or obligation of that society or any of its 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 by-laws of a co-operative 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) In this section, "amendment" includes the making of a new by-law and the variation or revocation of a by-law, but excludes the variation of the registered address of a co-operative society where this forms a part of the by-laws of such society.

Appeal against refusal to register

9. (1) A co-operative society may appeal to the Minister against the Registrar's refusal to register the society and its by-laws or any amendments of its by-laws under section 8.

(2) Any co-operative society being aggrieved by the decision of the Minister under subsection (i) may appeal against such decision to the Tribunal.

Protection of the name "Co-operative"

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 co-operative society, and the word "Limited" shall be the last word in the name of every co-operative society having limited liability.

11. (1) A certificate of registration or of a provisional registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered or provisionally registered, unless it is proved that such registration of the society has been canceled or has been terminated.

Evidence of registration

(2) The certificate of registration bearing the number and date of registration shall be displayed at the head office of every co-operative society.

(3) Every co-operative society shall publish particulars of its registration in the Kenya Gazette.

(4) A copy of the by-laws of a co-operative society or of an amendment of such by-laws certified by the Registrar shall be prima facie evidence for all purposes of the registration of such by-laws or such amendment.

(5) A document purporting to be signed by the Registrar shall be presumed to have been signed by him until the contrary is proved.

PART IV - PRIVILEGES OF REGISTERED SOCIETIES

12. Upon registration, every society 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 sue and be sued and to do all things necessary for the purpose of, or in accordance with, its by-laws.

Co-operative society to be
body corporate

13. The by-laws of a co-operative society, shall, when registered, bind the co-operative society and the members thereof to the same extent as if they were signed by each member and contained covenants on the part of each member for himself and his personal representatives to observe all the provisions of the by-laws.

By-Laws to bind
Members of co-operative societies

PART V - RIGHTS AND LIABILITIES OF MEMBERS

Qualifications for membership

14. A person other than a co-operative society shall not be qualified for membership of a co-operative society unless:-

(a) he has attained the age of eighteen years,

(b) his employment, occupation or profession falls within the category or description of those for which the co-operative society is formed; and

(c) he is resident within, or occupies land within, the society's area of operation as described in the relevant by-law.

Limitation of holding share capital

15. No member, other than a co-operative society, shall hold more than one-fifth of the issued and paid-up share capital of any co-operative society.

Membership subject to authorisation by annual general meeting

16. No company incorporated or registered under the Companies Act, and no unincorporated body of persons shall be entitled to become member of a co-operative society, except with a written authorisation through a resolution by an annual general meeting of that co-operative society.

Membership of co-operative society

17. No member of a co-operative society shall exercise any of the rights a member unless he has made such payment to the society in respect of membership, or has acquired such interest in the society as may be prescribed under this Act or under the by-laws of the society.

Limitation of membership to one society

18. No person shall be a member of more than one co-operative society with unlimited liability and, no person shall be a member of more than one co-operative society having the same or similar object;

Provided that a person who:-

(i) is a member of a co-operative society; and

(ii) carries on business on land or at premises outside the area of operation of that co-operative society;

may be a member of a co-operative society in whose area of operation that land or those premises are situate,

notwithstanding that its objects are the same as or similar to those of the first-mentioned society.

19. Each member of a co-operative society shall have one vote only in the affairs of the society, irrespective of the number of shares he holds:

Voting rights of members

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

20. (1) The transfer or charge of the share or interest of a member in the capital of a co-operative society shall be subject to such conditions as to maximum holding as are laid down in section 15.

Transfer of shares

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

- (a) he has held such share or interest for at least one year, and
- (b) the transfer or charge is in favour of the society or a member of the society.

21. A member of a co-operative society shall have the right to:

Rights of members

- (a) attend and participate in decisions taken at all annual, general, and special meetings of the society and vote;
- (b) be elected to organs of the society, subject to its by-laws;
- (c) enjoy the use of all the facilities and services of the society subject to the society's by-laws;
- (d) all legitimate information relating to the society, including: internal regulations, registers, Minutes of general meetings, supervisory committees, reports, annual accounts and inventories, investigation reports, at the society's head office.

Member's rights vis-a-vis the
co-operative society

22. A member of a co-operative society shall have the obligation to:

(a) observe and comply with all the society by-laws and decisions taken by the relevant organs of the co-operative society in accordance with the by-laws of that society;

(b) buy and pay up for shares or make any other payments provided for in the by-laws of the society.

(c) meet the debts of the society in case of bankruptcy in accordance with the provisions of this Act and the by-laws of the society.

PART VI - DUTIES OF CO-OPERATIVE SOCIETIES

Registered address of
co-operative society

23. Every co-operative society shall have a registered address to which notices and communications may be sent and shall send to the Registrar notice of every change of address within one month of the change.

Society to keep a copy of the Act and
by-laws at registered office

24. Every co-operative society shall keep a copy of this Act and of the rules made thereunder and of its own by-laws and a list of its members (excluding details of nominees and shareholdings) at its registered office and shall keep them open for inspection by any person, free of charge, at all reasonable times during business hours.

Society to keep audited books of
accounts

25. (1) Every co-operative society shall keep proper books of accounts which shall be prepared in accordance with generally accepted accounting standards and which shall be necessary to give a true and fair view of the state of affairs of the society and to explain its transactions including:-

(a) all sums of money received and paid by the co-operative society and the reasons thereto;

(b) all sales and purchases of goods by the co-operative society; and

(c) all assets and liabilities of the co-operative society.

(2) The books of account shall be kept at the registered office of the co-operative society and also at such other place as may be determined by the co-operative society and shall at all times be

available for inspection by any member of its supervisory committee and the auditor.

(3) (a) It shall be the duty of every co-operative society to cause its accounts to be audited at least once in every year by an auditor appointed at an annual general meeting of the society held **three months before the end of the financial year.**

(b) Where at an annual general meeting no auditor or auditors are appointed or are deemed to be re-appointed, the Commissioner shall convene an annual general meeting of the co-operative society concerned with a direction to appoint a person to fill the vacancy and his or her remuneration to be borne by the co-operative society.

(c) The remuneration of the auditor shall in all cases be fixed by the co-operative society in an annual general meeting or in such manner as the society may determine.

(4) **The audited accounts referred to in subsection (3) shall include—**

- (a) a balance sheet;
- (b) a surplus and loss account; and
- (c) cash flow statement,

and shall be approved by the members of the Committee and authenticated by at least three office bearers, including the treasurer of the co-operative society, in accordance with the by-laws of the society.

(5) Every auditor appointed under sub section (3) shall submit the audited accounts and balance sheet to the members in an annual general meeting convened by the co-operative society three months after the end of the accounting period and shall include his opinion as to whether or not the co-operative society's business has been conducted;

(a) **in accordance with the provisions of this Act and, whether the books of accounts kept by the co-operative society are in agreement therewith and give a true and fair view of the state of the affairs of the society; and**

operative society are in agreement therewith and give a true and fair view of the state of the affairs of the society; and

(b) in accordance with the co-operative societies' objectives, by-laws and any other decisions made by the society in a general meeting.

(6) The auditor shall at all times have the right of access to the accounting records and all books and documents of the co-operative society and may demand such information and explanations from every officer and employee of the society as he may deem necessary in performing his duties as an auditor.

(7) The auditor shall at all times have the right to attend any general meeting of the co-operative society, receive all notices and other communication relating to any general meeting which a member of the society is entitled to receive and to be heard at such meeting on any part of the business which concerns him as an auditor.

(8) The auditor shall have power where necessary:-

(a) to summon at the time of his audit any officer, agent, servant or member of the co-operative society whom he has reasons to believe can give information in regard to the transactions of the society or 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 co-operative society by the officer, agent, servant or member having custody or possession of such book, document, cash or securities.

(9) Every co-operative society shall, at such time and in such form as may be prescribed, file with the Registrar any annual return together with a certified true copy of the audited accounts and balance sheet of the society for each period of twelve months.

26. Any officer, agent, servant or member of a co-operative society who is required by the Registrar, or by a person authorized in writing by him so to do shall, at such place and time as the Registrar may direct, produce all moneys, securities, books, accounts and documents belonging to or relating to the affairs of such society which are in the custody of such officer, agent, servant or member.

PART VII - MANAGEMENT OF CO-OPERATIVE SOCIETIES

27. (1) The Committee of a co-operative society shall be the governing authority of the society and subject to any direction from a general meeting of the society and the by-laws of the society, it shall direct the affairs of the society with powers:

Duties of the Committee

- (a) to enter into contracts;
- (b) to institute and defend suits and other legal proceedings brought in the name of or against the society; and
- (c) to do all other things necessary to achieve the society's objects in accordance with its by-laws.

(2) The Committee of a co-operative society shall:

- (a) ensure that any payment made by cheque has been signed by such officers as the by-laws authorize;
- (b) be responsible for the custody of all moneys belonging to the society;

(3) The Committee of a co-operative society shall hold regular meetings at which:

- (a) the minutes of its previous meeting shall be considered and confirmed;
- (b) the accounts, bank books, and cash in hand, shall be scrutinized and checked, and the Committee's observations thereon recorded in the minutes;
- (c) any loans due and owing to the society shall be considered and any action considered necessary in respect of such loans shall be authorized and recorded in the minutes; and

(d) any current business shall be considered.

(4) The Committee of a co-operative society shall send annually to the Registrar the audited balance sheet of the society and annual return in terms of section 25.

(5) The Committee of a co-operative society shall always keep available for inspection at the registered office of the society:-

- (a) the certificate of registration of the society;
- (b) a copy of the Act, Rules and the registered by-laws of the society;
- (c) a list of members; and
- (d) a list of the officers of the society.

(6) In the conduct of affairs of a co-operative society the members of the Committee shall exercise the prudence and diligence of ordinary men of business and shall be held, jointly and severally, liable for any losses sustained through any of their acts which are contrary to the Act, Rules and the by-laws of the society or the directions of any general meetings.

Delegation of duties

28. (1) The Committee of a co-operative society may delegate any of its duties to an officer or officers of the society.

(2) Nothing in subsection (1) shall absolve the Committee from its responsibility of running the affairs of the co-operative society in proper and businesslike manner.

PART VIII - AMALGAMATION AND DIVISION OF CO-OPERATIVE SOCIETIES

Amalgamation of co-operative societies

29.(1) Any two or more co-operative societies (hereinafter referred to as amalgamating societies) may, by special resolution (in this section referred to as the preliminary resolution), resolve to amalgamate as a single society (hereinafter referred to as the amalgamated society).

(2) A copy of the preliminary resolution shall be sent to all the members and creditors of each of the amalgamating societies, and to all other persons whose interests in any of the amalgamating societies will be affected by the amalgamation.

(3) Any member of any of the amalgamating societies may, notwithstanding any by-law to the contrary, by notice in writing given to his society at least one month before the date specified as the date of amalgamation, intimate his intention not to become a member of the amalgamated society.

(4) Any creditor of any of the amalgamating societies may, notwithstanding any agreement to the contrary, by notice in writing given to such society at least one month before the date specified as the date of amalgamation, intimate his intention to demand the payment of any money due to him.

(5) Any other person whose interest will be affected by the amalgamation may, by notice in writing given to the concerned amalgamating society, not less than one month before the date specified as the date of amalgamation, object to the amalgamation unless his claim is satisfied.

(6) Not less than three months after the date of the meeting at which the preliminary resolution is passed, a further special general meeting of each of the amalgamating societies shall be held to consider the preliminary resolution and any notices received under this section.

(7) At the special general meeting held under subsection (6) provision shall be made by a further resolution of the society (in this section referred to as the secondary resolution) for:-

(a) the repayment of the share capital of any member who has given notice under subsection (3);

(b) the satisfaction of any claims by creditors who have given notice under subsection (4); and

(c) the satisfaction of the claims of such other persons who have given notice under subsection (5) securing of their claims in such manner as determined or directed by the Registrar.

Provided that no member or creditor or other person shall be entitled to such repayment or satisfaction until the preliminary resolution is confirmed as provided in subsection (8).

(8) Each amalgamating society may, by further resolution passed by a two-thirds majority of the members present and voting, confirm the preliminary resolution.

(9) (1) If, within such time as the Registrar considers reasonable, the Registrar is satisfied that the secondary resolutions of each of the societies amalgamating comply with

(9) (1) If, within such time as the Registrar considers reasonable, the Registrar is satisfied that the secondary resolutions of each of the societies amalgamating comply with the provision of this section, he may register the amalgamated society and its by-laws and thereupon:—

(a) each of the amalgamating societies shall stand dissolved and its registration cancelled,

(b) the registration of the amalgamated society shall be a sufficient conveyance to vest the assets and liabilities of the amalgamating societies in the amalgamated society,

(c) the remaining members of the amalgamating societies shall become members of the amalgamated society and will be subjected to its by-laws.

(d) any share holders of the amalgamating societies or any other persons who have claims against the amalgamating societies and whose claims were not satisfied in accordance with the secondary resolution, may pursue such claims against the amalgamated society.

(10) Where the Registrar refuses the amalgamation of the amalgamating societies under subsection (9) such societies may appeal against such refusal to the Tribunal

Division of co-operative societies

30. (1) (a) A co-operative society (hereinafter referred to as the existing society) may, by special resolution (in this section referred to as the preliminary resolution), resolve to divide itself into two or more co-operative societies (hereinafter referred to as the new societies).

(b) The preliminary resolution shall contain proposals for the division of assets and liabilities of the existing society among the new societies in which it is proposed to be divided and may prescribe the area of operation of, and specify the members who will constitute, each of the new societies.

(2) A copy of the preliminary resolution shall be sent to all the members and creditors of the existing society, and to all other persons whose interests will be affected by the division of the existing society.

(3) Any member of the existing society may, notwithstanding any by-law to the contrary, by notice in writing given to the society within two months of the receipt of the copy of the preliminary resolution, intimate his intention not to become a member of any of the new societies.

(4) Any creditor of the existing society may, notwithstanding any agreement to the contrary, by notice in writing given to the existing society within two months after his receipt of the copy of the preliminary resolution, intimate his intention to demand the payment of any money due to him.

(5) Any other person whose interest will be affected by the division may, by notice in writing given to the existing society within two months of the receipt of the preliminary resolution, object to the division.

(6) After the expiry of three months after the date of the preliminary resolution, a further special general meeting of the existing society shall be held to consider the preliminary resolution and any notices received under this section.

(7) At the special general meeting held under subsection (6), provision shall be made by a further resolution of the society for:-

(a) the repayment of the share capital of any member who has given notice under sub-section (3);

(b) the satisfaction of any claims by creditors who have given notice under sub-section (4);

(c) the satisfaction of the claims of such other persons who have given notice under subsection (5) or the securing of their claims as the Registrar may determine, or direct;

Provided that no member or creditor or other person shall be entitled to such repayment or satisfaction until the preliminary resolution is confirmed as provided in subsection (8).

(8) The society may, by further resolution passed by a two-thirds majority of the members present and voting, confirm the preliminary resolution, with or without changes as in the opinion of the Registrar are not substantial, and the decision

of the Registrar as to whether any changes are or are not substantial shall be final.

(9) If, the Registrar is satisfied within such time as he considers reasonable that the provisions of the secondary resolution and the provisions of this section have been complied with, he may, register the societies into which the existing society has been divided and the by-laws of such societies and thereupon;

(a) the registration of the existing society shall stand dissolved,

(b) the registration of the new societies shall be sufficient to vest the assets and liabilities of the existing society in the new societies in the manner specified in the preliminary resolution, as confirmed,

(c) the remaining members of the existing society shall become members of one or other of the new societies, as is provided by the preliminary resolution, as confirmed, and

(d) any share holders or creditors of the existing society and any other persons who have claims against the existing society and whose claims were not satisfied in accordance with the secondary resolution, may pursue such claims against one or other of the new societies, as is provided by the preliminary resolution, as confirmed.

(10) Where the Registrar refuses to approve the division of an existing society under sub-section (9) the society may appeal against such refusal to the Tribunal.

PART IX - RIGHTS AND OBLIGATIONS OF CO-OPERATIVE SOCIETIES

Society to have charge over
members' produce

31. (1) A co-operative society which has as one of its objects the disposal of any agricultural produce, may enter into a contract with its members, either in its by-laws or by a separate document binding the members to dispose of all their agricultural produce, or such amounts or descriptions of the same as may be stated therein, to or through the society, and the contract may bind the members to produce the quantities of agricultural produce therein specified, and the contract may also provide for payment of a specific sum per unit of weight or other measure as liquidated damages for any

breach of the contract, and any such sum on becoming payable shall be a debt due to the society and shall be a charge upon the immovable property of the member (subject to registration of the charge under the law under which the property is registered) and all stock then being thereon.

(2) Any such contract as is mentioned in subsection (1) shall have the effect of creating in favour of the co-operative society a charge upon the proceeds of sale of all produce mentioned therein, whether existing or future.

(3) A co-operative society may, on the authority of a resolution passed in general meeting, pledge the produce deliverable by members under any such contract as is mentioned in subsection (1) as security for loans made to the society, in all respects as if it were the owner of the produce.

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

32. (1) The by-laws of a co-operative society may, subject to this Act and rules made thereunder, provide for the imposition of fines, not exceeding five thousand shillings, on its members for any infringement of its by-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 served on him and he has had an opportunity of showing cause why the fine should not be imposed and, if he so desires, of being heard with or without witnesses.

Fines for violation of by-laws

(2) Any such fine shall be a civil debt due to the co-operative society, and shall, without prejudice to any other means of recovery, be recoverable summarily.

(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 co-operative society.

(4) A member shall not be taken to have infringed the by-laws of a co-operative society by reason of his having failed to deliver produce to such society, if the failure was due to the fact that, before becoming a member of the society, he had contracted to deliver such produce to some other person, and the contract had been disclosed in accordance with sub-section (5).

(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 sub-section (4).

Society to have first charge over debts, assets etc. in certain cases

33. (1) Subject to any other written law as to priority of debts where a co-operative society has:

(a) supplied to any member or past member any seeds or manure, or any animals, feeding stuff, agricultural or industrial implements or machinery or materials for manufacture or building; or

(b) rendered any services to any member or past member; or

(c) lent money to any member or past member to enable him to buy any such things as aforesaid or to obtain any such services,

the society shall have a first charge upon such things or, as the case may be, upon any agricultural produce, animals or articles produced therewith or therefrom or with the aid of such money.

(2) The charge shall subsist for such period as the loan or value of the services rendered by a co-operative society to a member shall remain unpaid.

Society to have first charge over members' share

34. A co-operative society shall have a first charge upon the share 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 the payment of any such debt.

Remittance of deduction from employee's emoluments to co-operative society and interest payable on default

35 (1) Where the employer of a person who is a member of a co-operative society, having with the agreement of such member and of the co-operative society concerned made a deduction from such member's emoluments for remittance by the employer to the co-operative society concerned, fails to remit such deductions within fifteen days after the date upon which the

same was made, the co-operative society concerned shall be entitled, after having given such employer not less than seven days notice in writing in that behalf requiring immediate payment, to file proceedings for recovery of such deduction.

(2) The notice to be given under subsection (1) shall be in writing and require that the employer concerned shall, within seven days after the service thereof on the employer, pay the sum deducted as aforesaid to the co-operative society and shall further provide that failing payment before the expiration of the period specified in the notice, proceedings for summary recovery of the sum concerned, together with compound interest thereon, at the rate of not less than 3 per cent per month, through the courts will be filed against such employer without any further notice to the employer.

(3) In any proceeding instituted under the provisions of this section, the society may be represented by the Registrar.

36. Subject to section 34, the share or interest of a member in the capital of a co-operative 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 shall not have any claim on such share or interest:

Member's share not
subject to attachment

Provided that, where a co-operative society is dissolved, the share or interest of any member who is adjudged a bankrupt under such law shall vest in the trustee in bankruptcy in accordance with such law.

37. The liability of a past member of a co-operative society shall be in respect of the debts of the society as they existed at the date when he ceased to be a member and proceedings in respect thereof may be commenced within a period of two years from such date:

Liability of past members

Provided that, in the case of a co-operative society with limited liability, if the first audit of the accounts of such society after his ceasing to be a member discloses that the society is solvent, the financial liability of such past member shall cease forthwith.

38. The estate of a deceased member shall be liable for the debts of the co-operative society as they existed at the time of his death, and proceedings in respect thereof may be commenced within one year of the death:

Liability of deceased members

Provided that:-

(i) in the case of a co-operative society with limited liability, if the first audit of the accounts of the society after the

death discloses a credit balance in favour of the society, the financial liability of the estate shall cease forthwith; and

(ii) a personal representative shall not be liable except in respect of assets in his possession or under his control.

Transfer of share or interest of
deceased members

39. (1) On the death of a member, a co-operative society may transfer the share or interest of the deceased member to:

(a) the person nominated in accordance with this Act and any rules made thereunder; or

(b) if there is no person so nominated, such person as may appear to the Committee of the society to be the personal representative of the deceased member; or

(c) if either of such persons is not qualified under this Act and any rules made thereunder or the by-laws of such society for membership, such person, specified by the nominee or personal representative, as the case may be, who is so qualified, or may pay to such nominee or personal representative, as the case may be, a sum representing the value of such member's share or interest ascertained in accordance with any rules made under this Act or the by-laws of the society:

Provided that:-

(i) in the case of a co-operative society with unlimited liability, such nominee or personal representative, as the case may be, may require the society to pay him the value of the share or interest of the deceased member ascertained in the manner mentioned in this subsection: or

(ii) in the case of a co-operative society with limited liability, the society shall transfer the share or interest of the deceased member to such nominee or personal representative, as the case may be, being qualified in accordance with this Act or any rules made thereunder or the by-laws of such society for membership of the society, or on his application within one month of the death, to any person specified in the application, who is so qualified.

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

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

40. (1) Any register or list of members or of shares which is kept by a co-operative society shall be prima facie evidence of any of the following particulars entered therein.

Evidence of member's interest in society,

(a) the date on which the name of any person was entered in such register or list, as a member;

(b) the date on which any such person ceased to be a member; and

(c) the number of shares held by any member.

(2) A copy of any entry in a book of a co-operative society regularly kept in the course of its business, shall, if certified in accordance with the rules made under this Act, be prima facie evidence in any proceedings of the existence of such entry, and of the matters, transactions, and accounts, therein recorded.

41. No officer of a co-operative society shall in any legal proceedings to the society or liquidator is not a party may be compelled to produce any of the society's books where the contents can be proved under section 40 or to appear as a witness to prove the matters, transactions, and accounts therein recorded, unless the court, for special cause, otherwise orders.

Restriction on production of society's books

PART X - PROPERTY AND FUNDS OF CO-OPERATIVE SOCIETIES

42. The property and funds of a co-operative society shall only be applied for the benefit of the society and, its members, in accordance with the provisions of this Act, the rules made hereunder and the by-laws of the society.

Application of society's property and funds

43. A co-operative society shall not give a loan nor allow any credit, to person other than a member, unless the by-laws of the society provide for giving loan subject to a resolution passed at the annual general meeting of the society to that effect.

Restriction on giving loans

Restriction on borrowing

44. A co-operative society may receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by its by-laws or by rules under this Act, and for the purposes of this section a deposit of money under a hire-purchase agreement shall be deemed to be a loan.

Investment of society's funds

45. A co-operative society may invest or deposit its funds only:

- (a) in the Post Office Savings Bank;
- (b) in and upon such investments and securities as are for the time being authorized for the investment of trust funds;
- (c) in the shares of any other co-operative society;
- (d) with any bank licenced under the Banking Act;
- (e) in the stock of any statutory body established in Kenya or in any limited liability company incorporated in Kenya or in any other manner approved by a resolution at an annual general meeting of the said society.

Declaration and payment of bonus

46. (1) Subject to this section, every co-operative society shall declare each year all bonuses due to members; but, where the bonuses are required for re-investment by the society for capital development, or for the redemption of bonus certificates, the society shall issue bonus certificates to its members in lieu of cash payments, redeemable from a revolving fund established by the society for that purpose.

(2) No co-operative society shall pay a dividend, bonus; or distribute any part of its accumulated funds without a balance sheet and audited account and report disclosing the surplus funds out of which the dividend, bonus or distribution is to be made.

(3) A co-operative society shall pay a dividend at such rate as may be recommended by the management committee and approved by the annual general meeting of the society.

Maintenance of reserve fund

47. (1) Every co-operative society which does or can derive surplus from its transactions shall maintain a reserve fund.

(2) A co-operative society may carry to the reserve fund such portion of the net surplus in each year as may be prescribed by rules made under this Act or by the by-laws of the society.

48. Subject to sections 46 and 47, the net balance of each year with, any sum available for distribution from previous years, may be distributed in the manner prescribed by rules made under this Act or by the by-laws of the society.

Distribution of net balance

PART XI - CHARGES BY CO-OPERATIVE SOCIETIES

49. A co-operative society may from time to time, charge the whole or any part of its property, if its by-laws expressly empower it to do so, subject to approval by the annual general meeting.

Creating charge over society's property

50. A charge created by a co-operative society in accordance with section 49 of this Act shall comply with the provisions of the law applicable to the particular type of charge.

Charge to comply with applicable law

51.(1) It shall be the duty of every co-operative society to register with the Registrar, every charge created by it and the particulars thereof:

Charges to be registered with the Registrar

Provided that registration of a charge may be effected on the application of any person interested therein:

Provided further that where registration is effected on the application of a person other than the co-operative society, such person shall be entitled to recover from the co-operative society the amount of any fees properly paid by him to the Registrar for such registration:

(2) If any co-operative society fails to send to the Registrar, for registration, the particulars of any charge created by it within the prescribed time then, unless the registration has been effected by some other person within such time, the society and every officer thereof shall be guilty of an offence and shall be liable to a fine not exceeding two hundred shillings for every day during which the default continues.

52. (1) The Registrar shall, with respect to each co-operative society, register in such form as may be prescribed by or under this Act, all charges requiring registration and shall enter in the register, with respect to every charge, the following 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 persons entitled to the charge.

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

(3) The register kept in pursuance of this section shall be open for inspection by any interested person on payment of the prescribed fee.

(4) The Registrar shall keep a chronological index in the prescribed form and containing the prescribed particulars, of the charges entered in the register.

Certificate of satisfaction of charges

53. 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 co-operative society concerned with a copy thereof.

Receiver to give notice
of his appointment

54. (1) If any person obtains an order for the appointment of receiver or manager of the property of a co-operative society, or if the Registrar 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 written notice of the fact to the Registrar and the Registrar shall enter the notice in the register of charges.

(2) Where any person appointed receiver or manager of the property of a co-operative society under the powers contained in any instrument ceases to act as such receiver or manager, he shall, on so ceasing, give written notice of the fact to the Registrar 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 section, he shall be guilty of an offence and shall be liable to a fine not exceeding two hundred shillings for every day during which the default continues.

55. Every co-operative society shall cause a copy of every instrument of a charge which is required by this Act to be registered, to be kept at the registered address of the society.

Society to keep register of instrument of charge at registered office

56. (1) Every co-operative society shall keep, at the registered address of the society, a register of charges in which shall be entered all charges specifically affecting the 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 name of the person entitled thereto.

Society to keep register of particulars Of charges

(2) If any officer of a co-operative society knowingly omits, or permits the omission of, any entry required to be made in any register in pursuance of this section, he shall be guilty of an offence and shall be liable to a fine not exceeding two thousand shillings.

57. (1) The copies of the instruments creating charges which are required by this Act to be registered and the register of charges kept by the co-operative society under section 52 shall be open, during business hours, to inspection by any creditor or member of the society, without fee, subject to such reasonable restrictions as the society, in general meeting, may impose. Provided however, that not more than two hours in each day shall be allowed for inspection, and the register of charges shall also be open to inspection by any other person on payment of the prescribed fee.

Right of members and creditors to inspect register of charges

(2) Any officer of a co-operative society who refuses to allow inspection of the register of charges or copies of the instruments creating charges in accordance with subsection (1) of this section, or who permits such refusal, shall be guilty of an offence and shall be liable to a fine not exceeding twenty shillings for every day during which the refusal of permission continues, and the court may order an immediate inspection of such register or copies.

PART XII - INQUIRY AND INSPECTION

Inquiry by Registrar

58. (1) The Registrar may, of his own accord, and shall on the direction of the Minister, as the case may be, or on the application of not less than one-third of the members present and voting at a meeting of the society which has been duly advertised, hold an inquiry or direct any person authorized by him in writing to hold an inquiry, into the by-laws, working and financial conditions of any co-operative society.

(2) All officers and members of the co-operative society shall produce such cash, accounts, books, documents and securities of the society, and furnish such information in regard to the affairs of the society, as the person holding the inquiry may require.

(3) The Registrar shall report the findings of his inquiry, by tabling the same, at a general meeting of the society which shall, in accordance with its by-laws, determine what action and or steps to take on such report.

Inspection of books of indebted society

59. (1) The Registrar may, if he thinks fit, on the application of a creditor of a co-operative society, inspect, or direct some persons authorized by him in writing to inspect, the books of the society, if-

(a) the creditor 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 expenses of the inspection as the Registrar may require.

(2) The Registrar shall inform the creditor of the results of the inspection.

Expenses of Inquiry

60. (1) Where an inquiry is held under section 58, or an inspection is made under section 59 of this Act, the Registrar may, by a certificate under his hand, make an order apportioning the expenses, or such part of the expenses as he considers proper, between the society, the members or creditor demanding the inquiry or inspection, and the officers or former officers of the society; and the decision of the Registrar thereon shall be final.

(2) Any sum awarded by way of expenses under subsection (1) shall be a civil debt recoverable summarily on production of the certificate referred to in that sub-section.

PART XII - DISSOLUTION

61. (1) If the Registrar, after holding an inquiry under section 58 or making an inspection under section 59 of this Act, or receiving an application made by at least three fourths of the members of a co-operative society, is of the opinion that the society ought to be dissolved, he may, in writing, order the dissolution of the society and subsequent cancellation of registration.

Procedure for dissolution

(2) Any member of a co-operative society who feels aggrieved by an order under subsection (1) may, within two months after the making of such order, appeal against the order to the Minister with a final appeal to the Tribunal.

(3) Where no appeal is filed within the prescribed time, the order shall take effect on the expiry of that period, but where an appeal is filed within the prescribed time the order shall not take effect unless it is confirmed by the Minister or by the Tribunal, as the case may be.

(4) Where the Registrar makes an order under subsection (1) he shall make such further order as he thinks fit for the custody of the books and documents and the protection of the assets of the society.

(5) No co-operative society shall be dissolved or wound up save by an order of the Registrar.

62. Where a co-operative society has less than the prescribed number of members, the Registrar may, in writing, order the dissolution of that society and the order shall take effect immediately.

Cancellation of registration

63. Where the registration of a co-operative society is cancelled, the society shall cease to exist as a corporate body from the date the order takes effect.

Effects of cancellation

64.(1)The sections of the Companies Act specified in Part I of the Schedule to this Act, modified in accordance with Part II of that Schedule, shall apply *mutatis mutandis* in relation to the

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winding-up of a co-operative society as they apply to that of a company registered under that Act.

(2) The Minister may, by order, amend the Schedule to this Act.

Appointment of liquidator

65. Where the registration of a co-operative society is cancelled under section 61 or 62, the Registrar may appoint one or more persons to be liquidator or liquidators of that society (hereinafter referred to as the liquidator) and all the property of such society shall vest in the liquidator from the date upon which the order of cancellation takes effect.

Powers of liquidator

66. (1) The liquidator shall, subject to this Act, have the following powers —

(a) to appoint a day, in the prescribed manner, before which the creditors whose claims are not already recorded in the books of the co-operative 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 in his own name or office, and to appear before the Tribunal as litigant in person on behalf of the society;

(c) to appoint an advocate to assist him in the performance of his duties;

(d) to refer disputes to the Tribunal in the prescribed manner;

(e) to determine from time to time the contributions to be made by the members and past members, and by the estates of deceased members of the society, to the funds of the society;

(f) to investigate all claims against the society, and subject to this Act, to decide questions of priority arising between claimants;

(g) to call such meeting of members and creditors as may be necessary for the proper conduct of the liquidation;

(h) to sell the movable and immovable property and rights of action of the society, by public auction or private contract with power to transfer the whole thereof to any person or company or to transfer the same in parcels;

(i) to carry on the business of the society as far as may be necessary for the proper liquidation of the affairs of the society;

(j) to determine, from time to time, by what persons and in what proportion the expenses of the liquidation are to be borne;

(k) to take possession of the books, documents and assets of the society;

(l) 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,

(m) 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;

(n) to compromise, with the approval of the Registrar, any claim by, or against, the society;

(o) to apply to the Registrar for his discharge from the duties of liquidator after completion of the liquidation proceedings.

(2) The liquidator shall have power to summon and enforce the attendance of witnesses and to compel the production of documents by the same means and so far as may be necessary, in the same manner as is provided in the case of a court under the Civil Procedure Act, in so far as such powers are necessary for carrying out the purposes of this section.

67. An account, to be called the Co-operative Societies Liquidation Account, shall be kept by the Registrar with such bank as may be prescribed and shall be administered in the prescribed manner.

Liquidation account of societies

Powers of Registrar during liquidation

68. (1) The liquidator shall exercise his powers subject to the guidance and control of the Registrar and to any limitations imposed by the Registrar, and the Registrar may-

(a) rescind or vary any order made by the liquidator and make any new order he thinks proper;

(b) remove the liquidator from office and appoint a new liquidator in his place;

(c) call for all books, documents and assets of the society;

(d) by order in writing, in any particular case, limit the powers of the liquidator conferred by section 66;

(e) at his discretion, require accounts to be rendered to the Registrar by the liquidator;

(f) procure the auditing of the liquidator's accounts and authorize 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 or past member of the 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, books or papers in his hands to which the society appears to be entitled;

(j) appoint a special manager for the management of the business of the society and determine his remuneration and what, if any, security he shall give for the proper performance of his duties;

(k) refer any dispute between a liquidator and any third party to the Tribunal if that party consents in writing to be bound by the decision of the Tribunal;

(l) require the indemnification of the liquidator.

(2) The decision of the Tribunal on any matter referred to it under subsection (1) (k) shall be binding upon the parties and shall be exercisable in the like manner as an order made by the Registrar under subsection (1) (a).

(3) Where any matter is referred to the Tribunal under subsection (1) (k) the cost of the reference and award shall be in the discretion of the Tribunal, who may direct to and by whom, and in what manner, those costs or any part thereof shall be paid, and may tax or settle the amount of costs to be so paid by any party thereof.

69. (1) A person aggrieved by any order or decision of the Registrar or the liquidator under section 66 or section 68, as the case may be, may appeal against the order or decision to the Tribunal within fourteen days of the order or decision.

Appeal against order of liquidator or Registrar.

(2) A person aggrieved by a decision of the Tribunal under subsection (1) may appeal to the High Court within fourteen days of the decision.

70. Subject to sections 68 and 69, any order or decision made under section 66 or section 68 on being filed in the court, may be enforced in a court in the same manner as if the order or decision were an order or decision of the court.

Enforcement of orders

71. If the liquidator of a society whose registration has been cancelled alleges that any of the offences mentioned in sections 318, 319, 320, 321, 322 or 323 of the Companies Act have been committed, he shall report the facts to the Registrar, who shall, if he thinks fit, institute such proceedings as may be necessary.

Institution of winding up Proceedings

72. Any person who is convicted of an offence under sections of the Companies Act specified in section 71 shall cease to be, or remain, an officer of a co-operative society, and shall cease to be concerned in or take part in, whether directly or indirectly, the management of a co-operative society, for a period of five years from the date of his conviction, and any person acting as, or purporting to be acting as such an officer, or being so concerned in, or taking part in the management of a co-operative society during that period, shall be guilty of an offence and shall be liable to imprisonment for a term not exceeding two years.

Powers to restrain convicted Person from being officers of society

PART XIII - SURCHARGE

73. (1) Where it appears that any person who has taken part in the organization or management of a co-operative society or any past or present officer or member of the society, has misapplied or retained or become liable or accountable for any money or property

Power to surcharge officers of co-operative society

of the society, or has been guilty of misfeasance or breach of trust in relation to the society, the Registrar may, of his own accord, or on the application of the liquidator or of any creditor or member, inquire into the conduct of such person and report his findings and recommendations at a general meeting of the society, convened for the said purpose.

(2) If the Registrar's findings and recommendations indicate that the person be required to repay, or restore the money or property or any part thereof, to the co-operative society, together with interest at such rate as the Registrar may think just, or to contribute such sum to the assets of the society, by way of compensation for the misapplication, retainer, dishonesty or breach of trust, the matter shall be determined by the general meeting in accordance with the society by-laws.

(3) For the purpose of subsection (2) the Registrar shall have the power to direct the secretary and, or, the chairman, of the society concerned, to convene a general meeting of the society.

(4) Any secretary, chairman or any other officer of the co-operative society who fails to call the general meeting of the society as directed by the Registrar under subsection (3) shall be guilty of an offence under this Act and shall be liable to a fine not exceeding two thousand shillings.

(5) The decision or action taken pursuant to subsection (2) of this section, shall not prejudice the fact that the same act or default upon which the decision or action was based may constitute an offence under some other law for which the person has been prosecuted or is being or is likely to be prosecuted.

Appeal 74. Any person aggrieved by the decision taken by the general meeting in accordance with the provisions of section 73(2), may appeal to the Minister, with a final appeal to the Tribunal.

Recovery of surcharge 75. Any moneys (including interest) ordered by an order made under section 73, to be repaid or contributed to a co-operative society, shall, without prejudice to any other mode of recovery, be a civil debt recoverable summarily.

PART XIV -SETTLEMENT OF DISPUTES

Disputes 76. (1) If any dispute concerning the business of a co-operative society arises:-

(a) among members, past members and persons claiming through members, past members and deceased members; or

(b) between members, past members or deceased members, and the society, its Committee or any officer of the society; or

(c) between the society and any other co-operative Society;

it shall be referred to the Tribunal.

(2) A claim by a co-operative society for any debt or demand due to it from a member or past member, or from the nominee or personal representative of a deceased member, whether such a debt or demand is admitted or not, is a dispute for the purpose of this section.

77. (1) There is hereby established a Tribunal to be known as the **Co-operative Tribunal** which shall consist of the following members:-

Establishment of Co-operative
Tribunal

(a) a Chairman and Deputy Chairman appointed by the Chief Justice.

(b) three members appointed by the Minister all of whom shall be legally qualified and at least one of whom shall be an advocate of the High Court of Kenya.

(c) No person shall be qualified for appointment as Chairman or Deputy Chairman of the Tribunal unless he holds, and has held for a total period of not less than five years, the qualifications specified in sections 12 and 13 of the Advocates Act.

(2) All appointments to the Tribunal shall be by a Gazette Notice issued by the Minister and shall be for a period of three years.

(3) The office of a member of the Tribunal shall become vacant:-

(a) at the expiration of three years from the date of his appointment;

(b) if he accepts any office the holding of which, if he were not a member of the Tribunal, would make him ineligible for the appointment to office of a member of the Tribunal;

(c) if he is removed from membership of the Tribunal for failure to discharge the functions of his office (whether arising from infirmity of body or mind or from any other cause) or for mis-conduct; and

(d) if he resigns the office of a member of the Tribunal.

Proceedings of Tribunal

78.(1) The Tribunal shall not be bound by the rules of evidence.

(2) The Tribunal shall, upon an application made to it in writing by any party or a reference made to it by the Commissioner, the Registrar or any Committee or officer of a co-operative society on any matter relating to this Act, the rules made thereunder or the by-laws of the society, inquire into the matter and make an award thereon, and every award made shall be notified by the Tribunal to the parties concerned.

(3) The Tribunal shall sit at such times and in such places as it may decide.

(4) The proceedings of the Tribunal shall be open to the public save where the Tribunal, for good cause, otherwise directs.

(5) Except as expressly provided in this Act or any rules made there under, the Tribunal shall regulate its own procedure.

Award of Tribunal

79. (1) The Tribunal may:-

(a) make such orders for the purposes of securing the attendance of any person at any place, the discovery or production of any document or the investigation of contravention of this Act as it deems necessary or expedient;

(b) take evidence on oath and may for that purpose administer oaths; or

(c) on its own motion summon and hear any person as a witness;

(2) Any person who -

(a) fails to attend to the Tribunal after having been required to do so under subsection (1)(a);

(b) refuses to take oath before the Tribunal or to answer satisfactorily to the best of his knowledge and belief any question lawfully put to him in any proceedings before the Tribunal or to produce any article or document when required to do so by the Tribunal;

(c) knowingly gives false evidence or information which he knows to be misleading.

(d) at any sitting of the Tribunal-

(i) wilfully insults any member or officer of the Tribunal; or

(ii) wilfully interrupts the proceedings or commits any contempt of the Tribunal;

shall be guilty of an offence under this Act.

80. (1) For the purposes of hearing and determining any cause or matter under this Act, the Chairman and two members of the Tribunal shall form a quorum.

Quorum for Tribunal

Provided that where for any reason either or both of the members is or are not present for any part of the hearing, the jurisdiction of the Tribunal may be exercised by the Chairman, sitting either with one such member or alone as the case may be.

(2) A member of the Tribunal who has a direct interest in any matter which is the subject of the proceedings before the Tribunal shall not take part in those proceedings.

(3) Any matter considered by the Tribunal shall be decided by the votes of the majority of the members constituting the Tribunal and voting, and the person presiding shall have a casting as well as a deliberative vote.

Provided that any point of law arising in any proceedings before the Tribunal shall be reserved to, and pronounced upon, by the person presiding exclusively.

(4) Notwithstanding any other provision of this Act, the Chairman of the Tribunal acting alone shall have jurisdiction to deal with all interlocutory applications which are not of such a nature as to effect a decision in any matter which is in issue between parties.

(5) Any power conferred or duty imposed by or under this Act on the Chairman may, unless a contrary intention appears, be exercised or performed by the Deputy Chairman of the Tribunal if:-

(a) the Chairman is unable to exercise or perform that power or duty owing to illness or absence;

(b) the Chairman authorises the Deputy Chairman to exercise or perform that power or duty.

Appeal to High Court

81. (1) Any party to the proceedings before the Tribunal who is aggrieved by any order of the Tribunal may, within thirty days of such order, appeal against such order to the High Court:

Provided that the High Court may, where it is satisfied that there is sufficient reason for so doing, extend the said period of thirty days upon such conditions, if any, as it may think fit.

(2) Upon the hearing of an appeal under this section, the High Court may:-

(a) confirm, set aside or vary the order in question;

(b) remit the proceedings to the Tribunal with such instructions for further consideration, report, proceedings or evidence as the court may deem fit to give;

(c) exercise any of the powers which could have been exercised by the Tribunal in the proceedings in connection with which the appeal is brought; or

(d) make such other order as it may deem just, including an order as to costs of the appeal or of earlier proceedings in the matter before the Tribunal.

(5) The decision of the High court on any appeal shall be final.

82. The Chairman of the Tribunal may appoint any person with special skills or knowledge on co-operative issues which are the subject matter of any proceedings or inquiry before the Tribunal to act as an assessor in an advisory capacity, in any case where it appears to the Chairman that such special skills or knowledge are required for proper determination of the matter.

Power to appoint co-operative assessors

83. It shall be an offence for any person to engage in acts or make omissions amounting to contempt of the Tribunal and the Tribunal may punish any such person for contempt in accordance with the provisions of this Act.

Contempt of Tribunal

84. There shall be paid to the Chairman and members of the Tribunal such remuneration and allowances as the Minister shall, from time to time determine.

Remuneration of members of Tribunal

85. The Minister shall appoint a public officer to be the secretary to the Tribunal who shall be paid such allowances as the Minister shall determine.

Appointment of secretary to Tribunal

86. The Minister may establish one or more benches of the Tribunal in any part of Kenya as he deems appropriate and shall for that purpose provide for the constitution and jurisdiction of such benches, in consultation with the Chairman of the Tribunal.

Powers to establish benches of Tribunal

87. Any person who is a party to the proceedings before the Tribunal may appear in person or be represented by an Advocate.

Right of parties before Tribunal

88. (1) The Chairman or other members of the Tribunal shall not be liable to be sued in a civil court for an act done or omitted to be done or ordered to be done by them in the discharge of their duty as members of the Tribunal, whether or not within the limits of their jurisdiction:

Immunity.

Provided they, at the time, in good faith, believed themselves to have jurisdiction to do or order the act complained of.

(2) No officer of the Tribunal or other person bound to execute the lawful warrants, orders or other processes of the Tribunal shall be liable to be sued in any court for the execution of a warrant, order or process which he would have been bound to execute if within the jurisdiction of the Tribunal issuing it.

PART XV - GENERAL

Remuneration to
officers and members
of society

89. A co-operative society may pay any of its officers or members such honorarium, salary, commission or other payment, as the society may, by a resolution at a general meeting, determine.

Restriction on use of
word "Co-operative"

90. (1) No person, other than a co-operative society, shall trade or carry on business under any name or title of which the word "Co-operative" or its equivalent in any other language is part, without the written approval of the Registrar.

(2) Any person who contravenes subsection (1) of this section shall be guilty of an offence and shall be liable to a fine not exceeding two thousand shillings, and in the case of a continuing offence, to a further fine not exceeding two hundred shillings for each day on which the offence is continued after conviction therefor.

Rules

91. (1) The Minister may make rules for the better carrying out of the provisions and purposes of this Act.

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

(a) prescribe the forms to be used and the conditions to be complied with in making application for the registration of a society and the procedure to be followed;

(b) prescribe the matter in respect of which a co-operative society may or shall make by-laws, and the procedure to be followed in making, varying and revoking by-laws, and the conditions to be satisfied before making, varying or revoking by-laws;

(c) provide for the periodical publication of a balance sheet showing the assets and liabilities of a co-operative society;

(d) provide for the persons by whom and the form in which copies of entries in books of co-operative societies may be certified;

(e) provide for the inspection of documents and registers at the Registrar's office, and prescribe the fees

to be paid therefor and for the issue of copies of such documents or registers;

(f) provide for the formation and maintenance of a register of members and, where the liability of members is limited by shares or limited by guarantee, of the register of shares;

(g) provide for the mode in which the value of a deceased member's interest shall be ascertained and, subject to section 39 for the nomination of a person to whom such interest may be paid or transferred;

(h) provide for the mode in which the value of the interest of a member who has become of unsound mind or incapable of managing his affairs shall be ascertained, and for the nomination of any person to whom such interest may be paid or transferred;

(i) provide for the manner of formation and maintenance of reserve funds and the objects to which such funds may be applied, and for the investments of any funds under the control of a co-operative society;

(j) prescribe the procedure to be followed in appeals made to the Minister under this Act;

(k) prescribe the accounts and books to be kept by a co-operative society;

(l) prescribe the returns to be submitted by a co-operative society to the Registrar and the person by whom and the form in which such returns shall be submitted;

(m) prescribe the fees to be paid on applications, registrations and other acts done by the Registrar or his representative under this Act, and

(n) prescribe anything which under this Act may be prescribed.

(3) In any case where the Registrar is satisfied that a substantial number of members of any co-operative society are

unacquainted with the English language, he may cause any rules made under this section to be translated into a language with which such members are acquainted, and to be made known in a manner customary for the community to which such members belong, provided that on any matter of interpretation the English version of the rules shall prevail.

Exemption. 92. (1) Notwithstanding anything contained in this Act, the Minister may, by notice in the Gazette—

(a) exempt any co-operative society from any or all of the provisions of this Act, subject to such conditions, exceptions or qualifications as he may think fit to impose;

(b) apply to any co-operative society any or all of the provisions of this Act subject to such modifications as he may think fit.

(2) The Minister shall cause to be published in the Gazette fourteen days' notice of the intention to grant an exemption under subsection (1).

(3) Any person with an objection regarding an intended exemption under this section may make representations to the Minister within the period of the notice.

(4) The Minister may upon considering representations and objections made under this section, either—

(a) abstain from granting the intended exemption;
or

(b) grant such exemption subject to such terms and conditions as he may deem fit.

Powers of the Minister. 93. The Minister may at any time and on any matter direct the Commissioner as to the exercise of his powers and duties under this Act.

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94. (1) It shall be an offence under this Act if:

Offences.

(a) a co-operative society, or an officer or a member thereof, fails to do or to cause to be done any act or thing which is required by or under this Act or any rules made thereunder to be done; or

(b) a co-operative society, or an officer or a member thereof, does anything which is prohibited by or under this Act or any rules made thereunder; or

(c) a co-operative society, or an officer or a member thereof, wilfully neglects or refuses to do any act or to furnish any information required for the purposes of this Act by the Commissioner or the Registrar, or any person duly authorized in that behalf, by the Commissioner or the Registrar; or

(d) a co-operative society or an officer or member thereof willfully makes a false return or furnishes false information with respect to any return or information in or which is required by or under this Act or any rules made thereunder; or

(e) any person wilfully and without reasonable excuse disobeys any summons, requirement or lawful order issued under this Act, or fails to furnish any return or information lawfully required from him by a person authorized to do so, or which he is required to furnish, by or under this Act or any rules made thereunder; or

(f) any person acts or purports to act as an officer of a co-operative society when not entitled to do so.

(2) Every co-operative society, officer or member of a co-operative society or other person who commits an offence under this section shall be liable to a fine not exceeding ten thousand shillings or to imprisonment for a term not exceeding one year, or to both.

95. (1) The provisions of the Companies Act, other than those referred to in sections 64 and 71 of this Act, and the Registration of Business Names Act, shall not apply to a co-operative society

Certain laws not to apply
Cap 486

(2) Notwithstanding the Trade Unions Act, no co-operative society shall be taken to be a trade union.

96. (1) The Co-operative Societies Act, 1966, is hereby repealed.

Repeal and savings
Cap 490

(2) Notwithstanding the repeal of the Co-operative Societies Act, 1966,

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

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

(c) any document referring to a provision of the repealed Act shall be construed as referring to the corresponding provision of this Act; and

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

SCHEDULE

S.64

PART I

THE COMPANIES ACT, CAP 486

No. of section	Description of section
220	Definition of inability to pay debts.
223	Power to stay or restrain proceedings against company.
224	Avoidance of dispositions of property, etc, after commencement of winding-up.
225	Avoidance of attachments, etc.
228	Actions stayed on winding-up order.
229	Effect of winding-up order.
251	Power to stay winding-up.
263	Power to summon persons suspected of having property of company, etc.
266	Power to arrest absconding promoters, officers and contributors.
309	Debts of all descriptions may be proved.
310	Application of bankruptcy rules in winding-up of insolvent companies.
311	Preferential payments (except subsection (6) thereof.)
312	Fraudulent preference.
313	Liabilities and rights of certain fraudulently preferred persons.
314	Effects of floating charge.
315	Disclaimer of onerous property in case of company wound up.
316	Restriction of rights of creditor as to execution or attachment in case of company being wound-up. (Except proviso (i) to subsection (1) thereof.)
317	Duties of court as to goods taken in execution.
318	Offences by officers of companies in liquidation
319	Penalty for falsification of books.
320	Fraud by officers of companies which have gone into liquidation.
321	Officers of company failing to account for loss of part of company's property.
322	Liability where proper accounts not kept.
323	Responsibility for fraudulent trading of persons concerned.

PART II

For the purpose of this Act, the provisions of the Companies Act mentioned in Part I of this Schedule shall have effect as if for reference to "company", "court", "commencement of the winding-up", "winding-up order", "contributory" and "director, manager or other officer" there were substituted references to "society", "Registrar", "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.