

Constitution

2012

Cape Flats Honey
& Bee Services

Issued November xx, 2011

CAPE FLATS HONEY & BEE SERVICES PRIMARY CO-OPERATIVE LIMITED

NAME

1. The name of the Co-operative is **CAPE FLATS HONEY PRIMARY CO-OPERATIVE LIMITED**.

FORM OF CO-OPERATIVE

2. This is the constitution of a business undertaking formed as a **Primary Co-operative** with limited liability in terms of the provisions of the Co-operatives Act, 2005 (Act 14 of 2005).

DEFINITIONS

3. In this constitution, unless the context indicates otherwise, a word or expression to which a meaning is attached in the Co-operatives Act, 2005 shall have a similar meaning and –

"the Act" means the Co-operatives Act, 2005 (Act 14 of 2005);

"co-operative" means the **CAPE FLATS HONEY & BEE SERVICES PRIMARY COOPERATIVE LIMITED** that is incorporated in terms of the Act;

"entrance fee" means a once off fee payable to obtain membership of the co-operative, and is paid on application for membership;

"gender" a reference in this constitution to the masculine gender shall also include the feminine gender and vice versa;

"membership fee or subscription fee" means an annual fee payable towards the running of the co-operative, and may be paid off in equal monthly instalments;

"member loan" means a loan made by a member to a Co-operative in terms of clause 62;

"patronage proportion" means the proportion which the value of the transactions conducted by a member with a Co-operative during a specified period bears to the value of the transactions conducted by all the members during the same period with or through the Co-operative.

PLACES OF BUSINESS

4. The main place of business of the Co-operative is situated at **MANENBERG, WESTERN CAPE PROVINCE, SOUTH AFRICA.**

OBJECTIVES

5. The objectives of the Co-operative are –
 - i. To market and supply honey and bee services to the public.
 - ii. To train members in the above mentioned activities.
 - iii. To inform the community about beekeeping and conservation.

DESCRIPTION OF BUSINESS AND ANY RESTRICTIONS ON BUSINESS

6. [a] To market and supply honey and bee serves to the public. This may include honey production, pollination, feral swarm removal and educational programs in conservation and agriculture. Future services may include sales of beeswax, propolis, pollen, bee venom, and royal jelly products.
- [b] Members will be trained to market the services of the co-operative, as well as how to harvest honey and other hive products, perform the related processes, remove feral swarms, carry out pollination services, and present beekeeping knowledge in educational form.
- [c] The business will not have restrictions within the Beekeeping Industry environment.

MEMBERSHIP

Requirements for membership and Restrictions to membership

7. [a] Requirements: Any natural person, who is over the age of 18 years may, on application to the Board, become a member of the Co-operative.
- [b] Restrictions: The board may limit the maximum number of members, as long as the co-operative does not have less than 5 members.

Application for membership

8. [a] Application for membership shall be made on the form provided for that purpose, and shall be accompanied by the entrance fee.
- [b] The Board must consider every application for membership and has the right to accept or reject an application.
- [c] The Board must, within **3** months after receipt of an application for membership, notify the applicant of its decision and, in the event of an application for membership being rejected, any amount paid by the applicant to the Co-operative must be refunded to him/her.
- [d] A person becomes a member of the Co-operative when his/her application for membership has been accepted by the Board and the membership and entrance fees have been paid.

Entrance Fee and Membership Fee / Subscription Fee

9. [a] An Entrance Fee of **R200,00** must be paid on application for membership. Such fee is not refunded on termination of membership.
- [b] A Membership Fee / Subscription fee of **R300,00** must be paid annually: Provided that a member may pay off the subscription fee in equal monthly instalments. Such fee shall not be refunded on termination of membership.
- [c] To become a member of a co-operative, a person **MUST** pay an entrance fee and a membership fee.

Rights and Obligations of Members

10. [a] Members Rights:
- i. Members have the right to appoint an auditor;
 - ii. During ballots at meetings of members, each member has the right to one vote.
 - iii. Members that are not suspended or expelled from the co-operative, have the right to attend meetings of the co-operative.
- [b] Obligations of Members:
- iv. Members have to adhere to this constitution and any amendments thereto, as well as any bylaws made by the Board of Directors.
 - v. Members must participate in the business of the co-operative.
 - vi. Members must notify the co-operative whenever any of their personal details change, example when their home address changes.

CONDITIONS AND PROCESSES FOR TERMINATION OF MEMBERSHIP

Termination on death

11. [a] The membership of a member who has died may in terms of this clause be transferred to a member of that deceased member's family or another person appointed by the executor of the deceased member's estate subject to the approval by the Board of the proposed transferee. In the event of such transfer not taking place, the membership of the deceased member shall be terminated by resolution of the Board.
- [b] Upon such termination, the membership fees concerned are forfeited and the amount paid in respect thereof is credited to the general reserve of the Co-operative.

Termination on Change of Place of Residence

12. [a] The membership of a member who no longer resides in the area served by the Co-operative may on application of the member or by decision of the Board, be terminated by resolution of the Board.
- [b] Upon such termination, the membership fees of the member concerned are forfeited to the Cooperative and the amount thereof is credited to the general reserve of the Co-operative.

Termination when a member is non-active

13. [a] Whenever a member does not actively participate in the activities of the Co-operative for a period of **3 months** or has neglected to notify the Co-operative of any change in his/her address, whereby the Cooperative is prevented from contacting him/her, his/her membership may, be terminated by resolution of the Board.
- [b] Upon such termination, the membership fees of the member concerned are forfeited to the Cooperative and the amount thereof is credited to the general reserve of the Co-operative.

WITHDRAWAL OF MEMBERSHIP

14. [a] The resignation of a member comes into operation at the first meeting of the Board held after the Cooperative has received the written resignation of the member.
- [b] The membership of a member who has resigned, shall be terminated by resolution of the Board. The amount paid in respect of membership fees shall be forfeited to the Co-operatives and credited to the general reserve.
15. Any amount payable by the Co-operative in terms of clauses 11, 12, 13 and 14 shall be set off against any debt for the payment of which the member or his/her estate is liable.

CONDITIONS AND PROCESS FOR SUSPENSION AND EXPULSION

17. [a] A member who repeatedly contravenes a provision of this constitution or who refuses to comply with such provision or to meet an obligation imposed on him/her by the Act or in terms of this constitution or which he/she agreed to meet, may –
- i. by resolution of the Board, be suspended as a member for a period to be determined by the Board but which shall not be longer than the date of the next annual general meeting;
 - ii. by special resolution be suspended as a member for a period not longer than 12 (twelve) months from the date on which he/she is suspended;
 - iii. by special resolution be expelled from the co-operative.
- [b] The suspension of a member may be revoked by resolution of the Board at any time.
18. [a] Before a member can be suspended or expelled in terms of clause 17, he/she has to be given prior written notice of the intention of the Board.
- [b] The notice to such member must contain the following particulars-
- i. the reasons for the proposed suspension or expulsion; and
 - ii. a time when, and place where the member may appear in person, with or without witnesses, before the Board or to which he/she may send a written statement signed by him/herself setting out his/her objections to the proposed suspension or expulsion.
- [c] The Board must notify him/her in writing if it is decided to suspend or expel a member, of –
- iii. the date on which his/her suspension or expulsion comes into effect;
 - iv. period of time during which the suspension will apply; and
 - v. disciplinary measures which will be taken.

Disciplinary measures

19. [a] While under suspension a member forfeits his/her right to attend general meetings or to vote thereat by proxy.
- [b] The members by special resolution or the Board may furthermore stipulate that certain or all transactions with a member must be suspended for the period of his/her suspension.
- [c] The membership of an expelled member must be terminated by resolution of the board and upon such termination the member forfeits his/her membership fees and the amount paid in respect thereof must be credited to the general reserve.

MANAGEMENT OF CO-OPERATIVE

Board of Directors

20. [a] The affairs of the Co-operative must be managed by a Board of Directors consisting of a minimum of **5** and a maximum of **7** Directors. The Directors must exercise the powers and perform the duties of the Co-operative.
- [b] The number of Directors shall be determined by the Board from time to time and are subject to the approval of members at the next general meeting. If, however, the members do not approve the decision of the Board and a vacancy arises as a result thereof, such vacancy shall be regarded as a casual vacancy to be filled in terms of clause 29.
21. Without prejudice to the provisions of clauses 29 of this constitution, Directors shall be elected at the annual general meeting.
22. [a] The Board of Directors shall be made up of but are not limited to the General Manager, Chairperson, Secretary, Treasurer, Accounting Advisor, Marketing Advisor, and Educational Advisor.
- [b] The titled positions of 22[a] , the number of titled positions in 22[a], and the inclusion of these positions on the Board of Directors shall be determined by the Board from time to time and are subject to the approval of members at the next general meeting.

Powers and Restrictions on Directors

23. [a] Powers:
- i. The directors have the power to obtain membership of a secondary co-operative, which seeks to promote any matter in which the co-operative has an interest.
 - ii. The directors have the power to open a bank account in the name of the co-operative.
 - iii. The directors have the power to suspend by resolution a member for a period to be determined by the Board but which shall not be longer than the date of the next annual general meeting.
 - iv. The directors have the power to acquire or hire movable or immovable property on behalf of the co-operative.
- [b] Restrictions:
- v. The directors have the power to overdraw a bank account or to make a loan on behalf of the co-operative, provided that members has agreed to this with a special resolution: Provided further that the directors may borrow or raise money or overdraw a banking account without the said authority up to an amount not exceeding one half of the total of its general reserve.

- vi. The directors shall not provide loans to directors, members or any other person or organisation.
- vii. The directors shall not make donations on behalf of the co-operative to any person or organisation.

Persons not competent to be Director

24. No person shall hold the office of Director if –

- i. A person is of unsound mind;
- ii. A person is an unrehabilitated insolvent;
- iii. A person who has at any time been convicted (whether in the Republic or elsewhere) of theft, fraud, forgery, perjury, or any offence involving dishonesty in connection with the formation or management of a Co-operative or other corporate entity.

Term of office

- 25. [a] The term of office of the Directors of the Co-operative shall be one year.
- [b] Retiring Directors are eligible for re-election.
- [c] The Directors to retire each year shall be those who have been longest in office since their last election at the annual general meeting, but as between members who became Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by ballot.

Nomination of Directors and voting for Directors

- 26. [a] Candidates for the position of Director shall be nominated openly at the annual general meeting held for the purpose electing one or more Directors.
- [b] Without prejudice to the provisions of clauses 29 a member, including a retiring Director, qualifies for election as Director only if he/she is nominated in terms of sub-clause 26[a].
- [c] If the number of candidates nominated-
 - i. does not exceed the number of vacancies on the Board to be filled such candidate or candidates shall be declared elected at the annual general meeting.
 - ii. exceeds the number of vacancies on the Board, as many Directors as there are vacancies shall be elected from the nominees at the annual general meeting.
 - iii. is sufficient or no candidates are nominated to fill the vacancies on the Board, such vacancies shall be regarded as casual vacancies to be filled in accordance with clause 29.

27. The method to be followed in electing Directors shall be as determined by the Chairperson of the meeting.

28. At the election of Directors a member shall vote for as many candidates as there are vacancies to be filled on the Board and those candidates receiving the highest number of votes shall be declared elected.

Filling of a vacancy on the Board

29. Any vacancy occurring on the Board during the year shall be filled until the next annual general meeting by a member appointed, by the remaining Directors, subject to the provisions of clause 24. At the said annual general meeting a member shall, subject to the provisions of this constitution, be elected to fill the vacancy. Any Director elected at such annual general meeting shall not hold office for a period longer than the unexpired portion of the period of office of the Director whose office became vacant.

Conditions for Vacation of office

30. A Director shall vacate his/her office –
- i. If he/she becomes incompetent in terms of clause 34 of this constitution to hold the office of Director; or
 - ii. If he/she absents him/herself from more than three consecutive ordinary meetings of the Board without its leave; or
 - iii. Upon the expiry of 30 (thirty) days, or such shorter period as may be approved by the Board, after he/she has resigned as a Director of the Co-operative.

Duties of the Elected Positions

31. [a] The elected positions shall consist of the General Manager, Chairperson, Secretary, Treasurer, Accounting Advisor, Marketing Advisor and Educational Advisor.
- [b] The elected positions as so named in 31[a] and the number of positions as so listed in 31[a] is subject to change at the board's proposal and subject to a vote by the members at the next annual general meeting.
32. The General Manager shall-
- i. Oversee all elected positions and operations to assure an effective and functioning co-operative.
 - ii. Oversee everything pertaining to the business of the co-operative.
 - iii. Be responsible for actively looking for business opportunities to propose to the steering committee.

- iv. Be responsible for the establishment of business contacts until the first sale, supply, or other service. Once in business, the secretary will act as the liaison.
- v. Be responsible for all negotiations in sales, suppliers, or other services at the approval of the steering committee.
- vi. Be the liaison for customer complaints, concerns, or questions that are outside the control of the secretary.
- vii. Report to the steering committee all things pertinent to the business of the co-operative.

33. The Chairperson shall-

- i. Act on the steering committee.
- ii. Run general and special meetings.
- iii. Write an agenda for all meetings with the requested agenda topics of the members and steering committee. The members and steering committee must submit agenda topic requests to the chairperson at least 2 days prior to the next meeting.
- iv. Oversee the bottling, labeling, and boxing operations.
- v. Be responsible for assigning available members and directors to the labor of bottling, labeling, and boxing unless otherwise fulfilled through an outside resource or supplier.
- vi. Act as an assistant to the general manager.

34. The Secretary shall-

- i. Oversee the smooth running of the day to day office operations.
- ii. Answer and make all general phone calls relevant to the day to day function of the co-operative.
- iii. Be provided with a phone to act solely as the phone of the co-operative. If the phone requires airtime purchases, the secretary must record all air-time usage.
- iv. Receive all financial records from the accountant and treasurer.
- v. File records of all finances, sales, banking, delivery, payments, orders, and cliental in an organized and readily available manner.
- vi. Be a co-signer on all cheques.
- vii. Act on the steering committee.
- viii. Inform members of the date, time, and location of the next general meeting with at least 7 days prior notice.
- ix. Record and file minutes for every general and special meeting.

35. The Treasurer shall-

- i. Be responsible for always knowing the financial standings of the co-operative.
- ii. Act as the liaison for all banking or financial related operations.
- iii. Be responsible for depositing cash or cheque deposits to the appropriate co-operative's bank account.
- iv. Report to the secretary all financial, banking, and deposit records.
- v. Be a co-signer of cheques.
- vi. Oversee the calculations and operations of the accountant.
- vii. Be responsible for the co-operative's financial books which shall be audited once a year for tax purposes by an outside party not related to the co-operative, unless otherwise exempt for up to 3 years by the CR8 Form.
- viii. Be responsible for seeing that the audit is completed at the appropriate time.
- ix. Render a report at each meeting concerning the updated financial affairs of the co-operative.

36. The Accountant shall-

- i. Be responsible for every financial calculation including but not limited to payments via cheque, payments via cash, deposits, transfers, purchases, and receipts,
- ii. Collect all fees or other money belonging to the co-operative.
- iii. Keep permanent record of all receipts and disbursements.
- iv. Disburse all funds belonging to the co-operative, pay all claims on the treasury, and keep an accurate account of all money received and expended.
- v. Assist the Treasurer in filing all tax and audit forms.

37. The Marketing Advisor shall-

- i. Be responsible for publicizing all co-operative products, sales, and sale locations and times.
- ii. Be responsible for developing and publicizing the co-operative's story and values.
- iii. Be responsible for the development of the logo and label or message provided on products and advertisement material.
- iv. Act as the liaison for all outside advertisement resources including but not limited to newspaper ads, television, radio, signs, flyers, and business cards.
- v. Be responsible for generating a yearly marketing plan.

38. The Educational Advisor shall-

- i. Be responsible for organizing, developing, and improving all learning material within the educational program.
- ii. Be responsible for planning and implementing a yearly educational program.
- iii. Be the liaison for all outside resources pertaining to the educational program and development.
- iv. Be responsible for arranging all details for educational presentations and assigning available members to the confirmed presentations.
- v. Be responsible for educating all members on the presentation material so that all members can adequately present the educational program.

Conditions and Processes for the appointment of the Chairperson, Vice-Chairperson and Acting Chairperson of the Board

39. [a] At the first meeting of the Board held after the formation meeting and thereafter at the first meeting of the Board held after every annual general meeting of members or when the necessity arises, the Directors shall elect from among themselves a Vice-Chairperson.
- [b] The Vice-Chairperson shall act as Chairperson whenever last-named is absent or unable to act as Chairperson, and if both the Chairperson and Vice-Chairperson are absent or unable to carry out the functions of the Chairperson, the Board must elect another Director to be Acting-Chairperson during such absence or incapacity.
40. The Chairperson of the Board of the Co-operative shall vacate the office of Chairperson if he/she –
- i. Ceases to be a Director of the Co-operative; or
 - ii. Resigns as Chairperson; or
 - iii. Is relieved of the office of Chairperson by the Board.
41. The provisions of clause 40 shall be applicable mutatis mutandis to the vice-Chairperson of the Board.

Board meetings and Quorum

42. [a] A meeting of the Board must be convened by the Board or the Chairperson of the Board or any two Directors of the Co-operative.
- [b] The majority of Directors shall constitute a quorum of a meeting of the Board.
- [c] Questions arising at a meeting of the Board shall be determined by a majority of the Directors present at the meeting and in the case of an equality of votes, the Chairperson of the Board or the person acting as Chairperson shall have a casting vote in addition to his/her deliberative vote.

By-laws

43. The Board has power to make by-laws provided they are not repugnant to this constitution.

Delegation of powers to a committee

44. [a] The Board may delegate one or more of its powers to a Director or to a Committee appointed by the Board or Manager of the Co-operative.
- [b] Any Director or Committee or Manager so appointed must in the exercise of the powers so delegated, abide by such rules as may be made and follow such instructions as may be issued, in regard thereto, by the Board.

Purpose and Duties of the Steering Committee

45. [a] The Steering Committee will consist of the Chairperson, Secretary, and Treasurer. This committee shall discuss all major decisions of the co-operative to then propose their made decision to be voted upon by the Board at the next board meeting.
- [b] If the Steering Committee at any point in time becomes the majority of the co-operative, the steering committee shall be dismissed.

GENERAL MEETINGS

46. [a] A Co-operative must hold:
- i. Its first annual general meeting within **18** months of registration of the Co-operative;
 - ii. Subsequently annual general meetings within **6** months after the end of the preceding financial year.
- [b] The annual general meeting must:
- i. Appoint an auditor;
 - ii. Approve a report of the Board on the affairs of the Co-operative for the previous financial year;
 - iii. Approve the financial statement and auditor's report where applicable for the previous financial year;
 - iv. Elect Directors; and
 - v. Decide on the future business of the Co-operative.

Special General Meetings

47. The Co-operative may from time to time in addition to its annual general meeting hold Special general meetings of its members to dispose of any matter relating to its affairs specifically set out in the notice convening the meeting.

Convention of Meetings

48. [a] An annual general meeting shall be convened on authority of the Board.
- [b] A special general meeting shall be convened –
- i. by at least two Directors of the Co-operative; or
 - ii. by five or more members of the Co-operative constituting in number at least 20% (twenty percent) of all the members of the Co-operative: Provided that such members shall not be entitled to convene a special general meeting unless they have beforehand in writing petitioned the Directors to convene such a meeting and the meeting is not convened within 21 (twenty one) days reckoned from the date the petition was lodged, or unless for any reason there are no Directors to whom such a petition can be addressed.
- [c] Any meeting convened in terms of sub-clause [2][b] by the petitionists shall, as far as possible, be convened and held in the same manner as is prescribed for meetings convened and held by the Board and any reasonable expense incurred by the petitionists in securing the names and addresses of members, in sending notices of the meeting to them and hiring accommodation for the holding of the meeting if so resolved by such meeting, be refunded to the petitionists by the Co-operative.

Notice of general meeting

49. [a] A general meeting shall be convened by at least 7 days notice in writing to each member of the Cooperative.
- [b] The notice convening the meeting shall in addition to the time and place of the meeting state the purpose for which it is convened.
- [c] A notice may be delivered personally, forwarded by post to the member at his/her registered address, emailed to a registered email address of the member or faxed to the registered fax number of the member.
- [d] Non-receipt by a member of a notice of a general meeting of the Co-operative does not render such meeting invalid.
- [e] If a notice of a meeting is returned to the Co-operative because the member to whom it was sent is no longer resident at the registered address, the email address or fax number does not exist or does not function, the Co-operative shall be relieved of its obligation to send further notices of meetings to the member concerned unless the member makes an appearance and requests that such notices be sent to his/her new address.

Quorums

50. A quorum for a general meeting shall be constituted –

- i. by at least five members, if the number of members of the Co-operative is not more than fifty;
- ii. by at least one tenth of the members of the Co-operative, if the number of members of the Co-operative is more than fifty but not more than two hundred;
- iii. by twenty members plus at least one percent of the members of the Co-operative in excess of two hundred, if the number of members of the Co-operative is more than two hundred.

51. No item of business shall be transacted at any general meeting unless a quorum of members is present during the time when the meeting is considering that item.

52. [a] If within one hour from the time appointed for the meeting a quorum is not present, the meeting –

- i. if convened by members or in consequence of a petition of members, must be cancelled;
- ii. if otherwise convened, must be adjourned to the same day in the next week at the same time and place, or if that day is a public holiday, to the next day following which is not a public holiday.

[b] If the same hall or building is not available for an adjourned meeting it may be held at another venue within convenient distance if members are advised of the change of venue either by notice posted at the original venue or by some other means.

[c] If a quorum is not present within one hour after the time fixed for an adjourned meeting, the members present, provided they are not less than five in number, shall be deemed to constitute a quorum: Provided that a special resolution may not be passed by such a meeting.

Chairperson of general meetings

53. [a] The Chairperson of the Board or in his/her absence the Vice-Chairperson or in the absence of both,

- i. another Director elected by the meeting shall act as Chairperson of an annual general meeting or a
- ii. special general meeting convened in terms of clauses 47[a] and 47[b][i].

[b] A person elected by the meeting shall act as the Chairperson of a special general meeting convened in terms of clause 47[b][ii] of this constitution.

Voting by members

54. At all meetings of the co-operative, each member shall have one vote.

55. [a] Any matter for decision by a general meeting shall be decided by means of a vote on a show of hands or by ballot.
- [b] A vote by ballot shall not be held unless it is demanded by at least five members present at the meeting and entitled to vote in a vote by ballot.
- [c] A vote by ballot must be held in such manner as the Chairperson stipulates. Scrutineers must be nominated to determine the result of the vote that must be declared by the Chairperson of the meeting as the resolution of the meeting.
- [d] A declaration by the Chairperson that a resolution has, on a show of hands or by ballot, been carried, or carried unanimously or by a particular majority, or lost, and an entry to that effect in the minutes of the proceedings of the meeting, shall be conclusive, proof thereof, without evidence as to the number or proportion of votes recorded for or against such resolution.
56. If no objection is raised in terms of the provisions of this constitution against the validity of any vote cast at the meeting, whether on a show of hands or by ballot, every vote cast at the meeting that has not been disallowed shall for all purposes be deemed to be valid.
57. In the case of an equality of votes, whether on a show of hands or in a vote by ballot, the Chairperson of the meeting shall have a casting vote in addition to his/her deliberative vote.
58. Every matter submitted to a general meeting for resolution, except for a matter requiring a special resolution, shall be determined by a majority of votes recorded at the meeting.

Special resolution

59. A resolution by a general meeting of the Co-operative shall, constitute a special resolution if -
- i. the notice by which the general meeting was convened specified particulars of the proposed resolution and stated the intention to propose same as a special resolution; and
 - ii. the resolution has been passed by not less than two thirds of the members present, both in a vote on the show of hands and a vote by ballot.
 - iii. the resolution related to the winding-up of the Co-operative and was passed by at least 75 percent of the votes of all the members of the Co-operative, both in a vote on the show of hands and a vote by ballot.

PROHIBITED AND PERMITTED LOANS AND SECURITY

60. [a] The co-operative may give financial assistance by means of a loan or the provision of security to-
- i. any person in the ordinary course of business if the lending of money is part of the ordinary business of the co-operative;
 - ii. any person on account of expenditures incurred or to be incurred on behalf of the cooperative;

- iii. employees of the co-operative or of any of its members to enable or assist them to purchase or erect living accommodation for their own occupation; and
 - iv. members, if the financial assistance is available to all members on substantially the same terms.
- [b] The co-operative may not give financial assistance in terms of clause 59[a] whether directly or indirectly if there are reasonable grounds to believe that-
- i. the co-operative, after giving the financial assistance, will be unable to pay its liabilities as they become due; or
 - ii. the realisable value of the assets of the co-operative, after giving the financial assistance, will be less than the aggregate of its liabilities and reserves.
- [c] In determining the realisable value of the assets of the co-operative contemplated in sub-clause 59[b][ii] the amount of any financial assistance in the form of a loan and in the form of assets pledged or encumbered to secure a guarantee must be excluded.

RESTRICTIONS RELATING TO UNSECURED MEMBERS LOANS

61. [a] The co-operative shall not borrow or raise money or overdraw a banking account except on authority of a special resolution: Provided that the co-operative may borrow or raise money or overdraw a banking account without the said authority up to an amount not exceeding one half of the aggregate of its general reserve.
- [b] The board may, if so authorized by members in terms of sub-clause 60[a], in addition to the loans secured by some or all of the assets of the co-operative, the issue of secured debentures and loans obtained from the commercial banks or any other financial institution, further raise loans from members subject to the following conditions:
- i. No loan from any individual member shall amount to less than R1 000 (one thousand rand) and, for the purpose of this paragraph, every successive loan from any particular member shall be regarded as a separate loan;
 - ii. No loan shall be repaid within 12 (twelve) months after receipt;
 - iii. Interest shall be paid on loans at a rate per annum to be determined by the board from time to time;
 - iv. An acknowledgement of debt shall be issued in respect of each loan.
 - v. The acknowledgement of debt shall be freely transferable by means of a cession duly registered by the co-operative.
 - vi. Receipt of each loan shall be acknowledged by the following acknowledgment of debt, which shall incorporate either of the conditions [ii] or [iii] mentioned below -

“ACKNOWLEDGEMENT OF DEBT

We, the undersigned, director and secretary of the Cape Flats Honey and Bee Services hereinafter called the co-operative, hereby acknowledge having received the sum of R..... (.....Rand) from (name) of(address) hereinafter called. the owner, subject to the conditions -

- [i] Interest at the rate of% (..... percent) per annum or such rate as the board may determine from time to time, shall be payable to the owner on or at the date of repayment.
- [ii] The owner shall not have the right to demand repayment, but the co-operative, after having had the loan for not less than 12 (twelve) months, may repay such loan at any time after having given not less than 30 (thirty) days notice of its intention to repay such loan.

OR

- [iii] The loan shall be repayable on the day of 20..... (which may not be less than 12 (twelve) months from the date of this acknowledgement of debt): Provided that the board of the co-operative may defer the repayment if the circumstances of the co-operative at the date of repayment of the loan, render such deferment necessary: Provided further that the board of the co-operative shall submit for confirmation to the first succeeding general meeting of members its resolution to defer repayment of a loan and if the resolution of the board is not confirmed by that meeting of the co-operative, the loan shall be repaid within 7 (seven) days of the date of such meeting.

Dated at this day of 20.....

DIRECTOR SECRETARY "

BANKING ACCOUNT

- 62. [a] The Co-operative must open a banking account in the name of the Co-operative in which all moneys received shall be deposited as soon as possible after receipt thereof.
- [b] Cheques drawn on the banking account shall be signed by one of the Secretary and countersigned by the Treasurer and Accountant of the Board, provided that a cheque shall not be signed and countersigned by the same person and that all officers who are authorized to sign or countersign cheques must furnish adequate security.

FINANCIAL YEAR

- 63. The financial year of the Co-operative shall begin on the first day of **March** and end on the last day of **February** of each year.

FINANCIAL RECORDS

64. [a] The Co-operative must keep, such accounting records as are necessary fairly to reflect the state of affairs and business of the Co-operative and to explain the transactions and financial position of the business of the Co-operative.
- [b] The accounting records shall be kept at the registered office of the Co-operative and shall be available at all times for examination by the Directors.

Annual financial statements

65. [a] An audit of the affairs of the co-operative must be conducted annually in respect of each financial year in order to –
- i. ensure that financial statements are drawn up in conformity with generally accepted accounting practices;
 - ii. verify that the co-operative has maintained adequate records in accordance with the requirements of this constitution and the Act;
 - iii. report generally as to whether the assets and facilities of the co-operative are being properly managed and the operations of the co-operative are being conducted in accordance with cooperative principles; and
 - iv. report on any other matter the auditors are required to report on in terms the constitution.
- [b] The provisions of clause 65[a] are applicable to the annual financial statements of the Co-operative and its company subsidiaries.

AUDIT

66. The members must appoint an auditor at each annual general meeting, to hold office until the close of the next annual general meeting. The duties of the auditor is outlined in clause 66.

SURPLUS

67. The surplus resulting from the operations of the Co-operative during any financial year shall be applied by resolution of the annual general meeting for that year: Provided that -
- i. at least **5%** (five percent) is set aside as a reserve in the Undivisible Reserve Fund and is not divisible amongst the members;
 - ii. the amount which is set aside as a General Reserve Fund shall not be less than the amount determined by the Board and subject to the approval of the members at the annual general meeting.

- iii. the amount which is available out of the surplus for distribution to members shall be applied to pay bonuses to members in accordance with the provisions of clause 69.

PAYMENT OF BONUS

- 68. [a] The amount mentioned in clause 68[iii] must, be allocated to members according to the patronage proportion and the amount allocated to a member approved by resolution of the members at the annual general meeting, be applied in one or more of the following ways -
 - i. by paying it out either wholly or partly in cash;
 - ii. by setting it aside in the Deferred Bonus Payment Fund for future payment to members.
- [b] The method of distribution is subject to the approval of the members at the annual general meeting and may be defined in one of the following ways but is not limited to –
 - i. equal distribution among members;
 - ii. distribution by recorded hourly input;
 - iii. distribution by salaries determined by the board and subject to the approval of the members at the annual general meeting.
- [c] Interest on bonus declared payable to members, except amounts transferred to the Deferred Bonus Payment Fund, does not earn interest from the Co-operative.
- [d] Any interest on any bonus remaining unclaimed for a period of 3 (three) years from the date on which such interest or bonus was declared payable may, by resolution of the Board, be declared forfeit and added to the general reserve of the Co-operative.

DEFERRED BONUS PAYMENT FUND

- 69. [a] All amounts transferred to the "Deferred Bonus Payment Fund" in terms of clause 69[a][ii] shall be credited in the respective names of the members in the books of the Co-operative.
- [b] The Deferred Bonus Payment Fund may be invested separately or may be used by the Co-operative to carry out any of its objects: Provided that the fund must not be utilised to defray any loss resulting from the operations of the Co-operative.
- [c] The interests of members and former members in the Deferred Bonus Payment Fund must be repaid to them in the following circumstances and subject to the conditions mentioned, ie. -
 - i. When the fund has been functioning for five years, the interests built up by members and former members during the first year of the fund shall be repaid to those concerned; the following year the interests built up during the second year of the fund shall be refunded, et seq.;
 - ii. on the death of a member or former member the interest of the deceased in the fund shall be paid to his/her estate;

- iii. when membership in the Co-operative is terminated in any other way, the interest of the member concerned in the fund shall be repaid to him/her as it becomes repayable in terms of paragraphs [i] or [ii] of this sub-clause: Provided that the Board may authorize payment at an earlier date if the Co-operative is in a position financially to do so: Provided further that the interest of a former member in this fund shall not be retained in the fund for more than three years after termination of membership of the former member.
- [d] The amounts payable to a member or former member in terms of this clause shall be applied in payment or part payment of any amount due to the Co-operative by such member or former member.
- [e] A member's or former member's credit in the fund may be transferred to someone else only with the approval of the Board: Provided that no such transfer shall be approved unless the transferee is a member of the Co-operative.
- [f] Any amount to the credit of a member or former member in the Deferred Bonus Payment Fund remaining unclaimed for a period of 3 (three) years from the date it becomes payable to him/her may by resolution of the Board be declared forfeit and transferred to the general reserve of the Co-operative: Provided that such a transfer shall not be made unless the member or former member concerned has first been warned of the proposed transfer by means of a notice sent to his/her last address, as entered in the register of members and he/she has been given an opportunity of at least six months to claim the amount.

AMENDMENT OF CONSTITUTION

70. The constitution of the Co-operative may be amended by special resolution only.

LIQUIDATION

71. In case of liquidation the patronage proportion must be determined for either five years, which preceded the commencement of the winding-up of the Co-operative, or the period for which the Co-operative has existed, whichever period is the shorter.

NOTE: This page must be signed by ALL Founder Members and a witness.

<u>FULL NAMES AND SURNAMES OF APPLICANTS</u> FOR MEMBERSHIP	<u>SIGNAURES OF</u> APPLICANT	<u>SIGNTURES OF</u> WITNESSES
1.....	1.....	1.....
2.....	2.....	2.....
3.....	3.....	3.....
4.....	4.....	4.....
5.....	5.....	5.....
6.....	6.....	6.....
7.....	7.....	7.....
8.....	8.....	8.....
9.....	9.....	9.....