

# **Disclosure statement for formation of a distributing co-operative**

## **(Example only)**

*Co-operatives National Law (South Australia) section 23*

The information presented in these notes is of a general nature only and should not be relied on as anything more than a guide. If you are considering forming a co-operative, you should seek independent expert advice as you should in respect to any other matter relating to this subject.

This is not a form and should not be completed; other information may be required.

Disclosure statements must be accompanied by the relevant form and fee. You can find relevant documents and additional guidance at [www.cbs.sa.gov.au/wcm/licensing-and-registration/co-operatives](http://www.cbs.sa.gov.au/wcm/licensing-and-registration/co-operatives)

## **Who can be a member**

This section should set out:

- The eligibility requirements for membership as taken from the rules. Include any explanations that may be required as to the effect of the rules
- The ongoing eligibility requirements, including active membership requirements, to maintain membership
- The procedures to be followed by applicants for membership, for example details as to the completion of an application form and payment required for shares.

## **The rights and liabilities attracting to the shares**

This section should set out all relevant financial and non-financial details in relation to the shares including details of minimum/maximum subscriptions required, cause payable or other ongoing obligations with respect to shares applied for.

## **Contracts**

This section should set out a summary of the key features of all contracts required to be entered into by the co-operative including contracts required to be entered into between a member and a co-operative.

## **Proposed office holders**

This section should set out:

- Details of the full name and address of those who have agreed in writing to become directors or other office holders in the proposed co-operative
- The relevant qualifications of the directors and officers to suit them for an involvement in the management and business of the proposed co-operative.

## **Rights and liabilities attaching to membership in the proposed co-operative**

This section should set out:

- The rights and liabilities attaching to the ownership of shares in the proposed co-operative
- A summary of the provisions of the rules providing for imposition of fines or other material obligations on a member
- Requirements of members to trade with or otherwise be engaged in dealings with the proposed co-operative
- Amounts required to be paid to the proposed co-operative with respect to shares or otherwise
- Provisions relating to the termination of membership and forfeiture of shares
- Rights and restrictions on transfer of shares
- Obligations to subscribe for further shares in the proposed co-operative
- Details of compulsory loans or other payments required to be made
- Liability (if any) for the debts of the co-operative and the position of members on winding up or other administration in insolvency
- Details of any other rights and liabilities attaching to shares in the proposed co-operative (including the capital required for the co-operative).

If any items on this list are already addressed in the proposed rules of the co-operative, they do not need to be repeated here.

## **Financial Projections**

This section should include:

- Details of the projected income and expenditure of the proposed co-operative for its first year of operation. Where appropriate, such statement should be submitted by a properly qualified accountant as an expert and the expert's consent given to the inclusion of the projections in the disclosure statement
- Pro forma balance sheet
- The estimated cost of formation.

## **Rules**

This section should set out a summary of principal provisions of the rules proposed for the co-operative.

## **Disclaimer**

Co-operatives may wish to include a disclaimer statement.

It is not possible for a disclaimer statement to include all material relevant to each co-operative's circumstances. Each member should make his or her own enquiries, and is advised to obtain professional advice if they feel this necessary.