

FORMATION MEETING

Under Sections 16 or 23

PROPOSED TRADING COOPERATIVE

DISCLOSURE STATEMENT - DRAFT

For Registration of a Cooperative under the Cooperatives Act 1997

Name of Proposed Trading Cooperative

Kanjini Co-Op

Date of filing Submission with Registrar

Date of Approval by registrar

**VALID FOR A PERIOD OF 12 MONTHS FROM DATE OF APPROVAL FOR ISSUE
WITHIN THE STATE OF QUEENSLAND ONLY**

GPO Box 3111, Brisbane Q 4001

disclose.doc 3/4/01

DISCLOSURE STATEMENT

TABLE OF CONTENTS	Paragraph	Page
NAME OF PROPOSED TRADING COOPERATIVE		1
EXPLANATION OF THIS FORM		1
LIABILITY AND FINANCIAL INVOLVEMENT	1	3
WHO CAN BE A MEMBER OF THE COOPERATIVE	2	6
HOW WILL THIS COOPERATIVE PERFORM ITS ACTIVITIES	3	7
HOW WILL THIS COOPERATIVE BE MANAGED	4	8
DETAILED FINANCIAL INFORMATION	5	9
FURTHER INVESTIGATION		11
DISCLAIMER OF LIABILITY BY THE REGISTRY OF COOPERATIVES		11
CERTIFICATION		11
ANNEXURES INCLUDING CASH FLOW, BUDGET FORECAST AND FORECAST PROFIT AND LOSS STATEMENT	6	12

NAME OF PROPOSED TRADING COOPERATIVE

Kanjini Co-Op

EXPLANATION OF THIS FORM

One of the requirements that must be met before an application to register a trading cooperative is made is to present to the formation meeting a separate, written disclosure statement for the purpose of ensuring the prospective members are adequately informed of the nature and extent of a person's financial involvement or liability as a member of the trading cooperative. (Cooperatives Act, Section 17).

LIABILITY AND FINANCIAL INVOLVEMENT

Section 70(2) of the Cooperatives Act states that “a member of a cooperative with a share capital is liable to the cooperative for the amount, if any, unpaid on the shares held by the member together with any charges payable by the member to the cooperative as required by the rules of the cooperative. Attach a list of rights and liabilities attaching to shares.

1 Details of Liability and financial involvement

1.1 Shares

1.1.a Full Share:

- i. Capital cost per full share: \$ 100,000.- (increases on 1st October each year by CPI of previous financial year)
- ii. Can be paid off after a deposit of \$20,000.- (Interest payable on outstanding balances)
- iii. Dividends will be earned on the percentage of share value paid
- iv. Right to rent an individual space at minimal rent (see rent schedule)
- v. Full Voting rights
- vi. Ability to sell or trade the share as described in s18 Rules
- vii. each member can hold only one full share or one foundation share

1.1.b Foundation Share:

- i. Capital cost per foundation share: \$100,000.00
- ii. This class of shares is available only to persons who subscribe to a full share of Kanjini Co-Op at or before the foundation meeting.
- iii. This class of share has all of the benefits and liabilities of a full share

This class of shares has the following additional benefits:

- iv. To acknowledge their contribution in forming the Co-Op, foundation shareholders will receive non-specific bonus shares to the value of 15% of the part of their share that is paid up at the incorporation of Kanjini Co-Op. These bonus investment shares cannot be sold or traded until:
 - A) the foundation share is paid in full, and
 - B) the number of full shareholders is larger then the number of foundation shareholders, and
 - C) not earlier then five years after the formation meeting. unless the Co-Op resolves at a general meeting that these bonus investment shares become tradable

earlier.

- v. Foundation shareholders have the right to request that a vote taken on winding up, takeover or merger of the cooperative or any changes to the rules of Kanjini Co-Op requires a ninety percent acceptance. This last right is transferrable onto any other full shareholder by notifying the Cooperative in writing. If a foundation share holder has not transferred this right before her/his death or as part of her/his will, the general meeting will assign this right to another full share holder. No allocation of bonus investment shares is associated with this voting right and it's transfer

1.1.c Introductory Share:

- i. Capital cost per introductory share: \$ 10,000.-
- ii. This class of share is for people who intend to aquire, but do not have the deposit for a full share and are willing to work towards that aim
- iii. Introductory shares give the right to live on CoOp land at lower rent (see rent schedule)
- iv. This share cannot be sold or transferred and expires after 33 months.
- v. Before this type of share expires, the shareholder can elect to have the share value converted towards a deposit for a full share.
- vi. If the share holder wishes to withdraw or is asked to leave, (s)he might apply for a refund, which cannot exceed the paid up value of the share minus any rent saved as compared with a visitor. The Co-Op can defer or refuse such refund if it would have to borrow money to do so.
- vii. An Introductory share holder is an in-active member and as such has no voting rights until he/she becomes a full share holder (see 5. (1) (a) Rules).
- viii. An Introductory shareholder has the right to attend general meetings, but may speak only if invited to do so by a Co-Op director.
- ix. Can be paid off after a deposit of \$2,000.- (Interest payable on outstanding balances)
- x. This share does not earn any dividends.

1.1.d Investment shares

- i. Capital cost per investment share: \$500.00
- ii. Only paid-up full members and foundation members can purchase additional investment shares
- iii. This class of shares must be paid in full
- iv. Ability to sell or trade the share as described in s18 Rules
- v. The only limit to the number of investment shares a member can hold is that no member can hold more than 20% of the Co-Op's total issued share value.

vi. No voting right

vii. Investment shares can be project targeted, non-specific or self-interest

A) Project targeted

If a project is funded by targeted investment shares only, 1/3 of net returns (profits) are divided pro-rata to those investment shares targeting the project, 1/3rd goes to all shares (all paid up portions of full shares plus all investment shares), 1/3rd goes to the Co-Op.

B) Non-specific

Non-specific investment share values will be doubled for dividend purposes (so a non-specific investment of 10,000 dollars will be treated as 20,000 dollars for dividend calculation purposes)

C) Self-interest

If a project is of self-interest (eg fixed asset to the members living space) the investment shares will not receive any dividends as long as they are used by that shareholder.

Whenever the project becomes income producing for the Co-Op (for example if the share-holder is on holidays and this house is rented), project targeted dividends will be paid on those shares.

viii. If a project is funded by Co-Op funds, 1/2 goes to all shares (all paid up portions of full shares plus all investment shares), 1/2 goes to the Co-Op

1.1e The capital cost and value of all shares will be increased on 1st October each year by the CPI of the previous financial year.

1.2 Annual Subscriptions Levies etc.

\$ 1000.- for full and foundation shareholders and \$ 500.- for introductory share holders plus 10 hours/week of labour for residents (proportional for part-time residents)

1.3 Outgoings, Charges

\$ N/A

1.4 Other

Application fee of \$ 150.- for introductory, foundation and full share holders (non-refundable). Application fee of \$10.- for investment shares (no matter how many)

1.5 Any contracts, guarantees and indemnities, contingent liabilities, unresolved or pending law suits which the cooperative will assume once formed are listed below: (A copy of relevant contracts and other documents (if any) are to be included by way of annexure)

N/A

1.6 Where an existing organisation is seeking to register as a cooperative, indicate its current name below and attach copies of the last two years' profit and loss accounts and balance sheet. N/A

2 WHO CAN BE A MEMBER OF THE COOPERATIVE

Active Membership: The Cooperatives Act, requires that a trading cooperative's rules specify in the way in which and the extent to which a member must use or support an activity of or maintain a relationship or arrangement with, the cooperative, for carrying on a primary activity of the cooperative (or a combination of primary activities). Members are obliged to use or support an activity, or activities, of a cooperative in order to retain the right to be a member, including the right to vote. *Note: Before the proposed rules, including an active membership rule (or an alteration) can be put to members, prior approval of the draft rules by the registrar is required.*

- 2.1 The cooperative's active membership rule identifies the cooperative's basic reason for existence, or primary activity or activities, as being:

Primary Production

Providing accommodation for members and visitors

- 2.2 and to maintain active membership of the cooperative, a member shall:

- (a) Hold a minimum of one full or foundation share
- (b) Pay an application fee as outlined in the disclosure statement
- (c) Commit to pay annual subscription levy as outlined in the disclosure statement
- (d) Keep up to date with payments due
- (e) Commit to provide labour as per Labour and Food schedule
- (f) Commit to rental agreements as per Rent Schedule
- (g) Provide a proxy when required
- (h) Commit to abide by the rules
- (i) Provide valid contact details to the Co-Op at least once a year
- (j) Adhere to the Conflict Resolution Policy (Disclosure Statement Annexe)
- (k) Abstain from stealing and/or physical violence on any property owned or leased by Kanjini Co-Op
- (l) Commit to participate in the equivalent of a one week residential workshop with all members once a property has been purchased, or commit to a three month residential trial period.

- 2.3 A cooperative may also have objects in addition to primary activities.

Living together peacefully and cooperatively and with environmental and personal awareness

Research, development, marketing and sale of alternative products and technology

Showcasing Sustainable Development

Educative and research facilities (see vision statement)

Forestry

3 HOW WILL THIS TRADING COOPERATIVE PERFORM ITS ACTIVITIES

The following demonstrates the need for the trading cooperative, the resources available and the benefits expected to flow from its formation.

3.1 The cooperative intends to carry out its Primary Activity(ies)/Objects as follows:

Broad-acre food production using permaculture techniques, bio-dynamics and other organic farming techniques

To provide educative facilities for sustainable development and technology, agriculture and aquaculture, forestry, architecture and renewable energies

To construct buildings on the Co-Op's properties in harmony with the landscape and develop them for the benefit of future generations

3.2 The members will have the following role in the cooperative's functioning (*eg supply produce; use common services*)

The members shall provide financial resources and labour for the effective functioning of the CoOp.

3.3 The following physical resources will be used to carry out the activities of the cooperative (*eg office or factory space, furniture, equipment, plant, vehicles*).

A large area of land with fertile soil and natural water located on the Atherton Tablelands

Buildings for accommodation, production, education, storage, office and community facilities

Machinery, vehicles, plant, energy producing facilities and whatever other physical resources that are required to fulfill the aims of the cooperative

3.4 The following products or services are to be provided to members by the cooperative.

rental accommodation, utilities, food produced on Co-Op land, reasonable access to cooperative assets and dividends where applicable

4 HOW WILL THIS COOPERATIVE BE MANAGED?

4.1 The board of directors or the members will meet at least once a month

4.2 Board of Directors:

The names of those who have consented to be nominated for election as member directors to fill the positions provided for in the rules, being .XXXXXXXXX.... in number,

are shown below (*Note: Directors must be over 18 years of age*)

(a)

Name; Address
Occupation / Relevant Experience

To be inserted at foundation meeting

(b) *Will any of the promoters or any of the proposed directors or members have a direct or indirect interest in any contract or proposed contract with the cooperative, other than an interest in a contract referred to in section 230 of the Act?*

NO

(c) *Will any of the proposed directors have a conflict of duty or interest within the provisions of section 227 of the Cooperatives Act 1997? If so, specify by way of annexure.*

NO

4.3 Day-to-Day Management

The name of the person who has agreed to be responsible to the board of directors for day-to-day management of the cooperative and **brief details of his/her experience are as follows:**

Shiralee Betuel

149 Greenslopes St, Edgehill

Property owner/manager; company director/manager; Administrative Officer L5

Management is to be

(X) paid,

or

() voluntary

Management is to be () full time or (X) part time

4.4 Accounting

(a) The person named below has agreed to be responsible for general accounting and financial functions of the cooperative

Svargo Freitag **303 Koah Rd, Koah**

(b) This person has the following qualifications and experience relevant to this responsibility or this person belongs to a firm having the following qualifications and experience:

Company Director/Manager and company accounting

These could change at foundation meeting....

4.5 Auditing

(Note that the auditor must be a registered company auditor within the meaning of the Corporations Law, unless exempt under section 233 of this Act)

- (a) The person named below has agreed to be responsible for auditing the cooperative’s accounts:
Paul Davis accountant
- (b) **Attached is written evidence of the auditor’s consent to appointment as the cooperative’s auditor (a letter on the auditor’s letterhead, marked as a separate Annexure)**

svargo to ask the accountant, or Shiralee has possibly someone

5 Detailed Financial Information

5.1 Start-up Funding

- (a) Internal Source of Funds
The number of persons who qualify for membership of the cooperative and **have indicated in writing their intention to join** the cooperative, is **XXXXX.....** persons. *(get form signed by at least five people)*

A list of the people who have indicated an interest in becoming members and the number of shares each person is subscribing (if the number of persons is only 5) is shown as an annexure marked “Members and Shares”
- (b) **The total number of shares to be subscribed by these persons is XXXXX shares with the view to grow to 40 members**
- (c) **Total initial share Capital to be subscribed is \$ XXXXXXXX**
Total entrance fees are \$ XXXXXXXX
(\$ 150.- non-refundable application fee each)

Total membership subscriptions or levies are \$ XXXXXXXX
(\$ 1000.- per year each)

Total other charges N/A

- (d) External Sources of Funds
If the cooperative is to use grants, subsidies, donations or other financial support to be viable, documents of funding received or requested should be given as an annexure marked “Grants and Subsidies”. N/A

- (e) If the cooperative is to borrow funds, indicate here the amount:

no borrowing intended but maximum allowed by the rules is 10% of assets value unless the Co-Op is threatened to be wound up

and attach, as an annexure marked "Loan Funds", a copy of the offer to extend finance and the terms of such loan(s). **Not Applicable**

5.2 Property and Assets

- (a) If the cooperative is to purchase property or major assets, indicate here the current market value of the property or assets:
\$ 2,000,000.- budgeted for property purchase, but possible properties will be considered only after incorporation
- (b) If arrangements have been made, or are under negotiation, to lease property or major assets by the cooperative, evidence of this availability should be shown as an annexure marked "Property - Assets - Leasehold) - **N/A**
- (c) Improvements to the property or assets (for example, renovations, furnishings, plant or equipment), if they are to be made, are estimated to cost
\$ 2,000,000.- budgeted for improvements
Estimates for these costs are detailed in annexure "Property - Assets - Improvements"
- (d) Shown below are details of property or major assets other than any property or major assets it will own or lease that the cooperative have the use of:
N/A
(Evidence of such arrangements must be provided by a letter of authorisation from the owner).

5.3 Demand for Proposed Cooperative's Goods/Services

See attached annexure "Market research for Co-Op goods and services"

5.4 Formation Expenses

- (a) Expenses incurred prior to the formation meeting which are to be recouped once the cooperative is formed are:
Maximum of \$10,000.-

Description of these expenses:

registration fees
costs for legal and accounting advice
Bank account costs
Website creation
miscellaneous

- (b) Any contracts, guarantees and indemnities, contingent liabilities, unresolved or pending law suits which the cooperative will assume once formed are detailed below:
nil

5.5. Forecast Cashflow Budget and Forecast Profits and Loss Statement

- (a) Annexure "Cash Flow Budget Forecast" attached

(b) Annexure “Profit and Loss Forecast” attached

FURTHER INVESTIGATION:

Further investigation by the prospective member may be necessary. This disclosure statement is not necessarily a full statement of the liability and financial involvement of a prospective member. Prospective members please note the disclaimer below.

DISCLAIMER OF LIABILITY

No responsibility as to the contents of : (i) the Disclosure Statement and attachments and annexures that form part of this document; and (ii) the associated Rules which all collectively make up the formation documentation, is to be taken by the Registrar of Cooperatives, the Department of Tourism, Fair Trading and Wine Industry Development or by any of its servants or agents.

Each prospective member is advised to make any investigations (including the obtaining of professional advice) which that person believes to be necessary to satisfy himself or herself about the contents of this a formation documentation or the decision of whether or not to join the proposed trading cooperative.

It should be clearly known that the Registrar of Cooperatives, the Department of Tourism, Fair Trading and Wine Industry Development or any of its agents or servants are not engaged in the provision of legal or other professional services to the public, prospective members or cooperatives. If legal or other expert advice is required, the services of a competent professional person should be sought.

CERTIFICATION

We the undersigned, certify that this is a copy of the disclosure statement which was presented to the formation meeting on _____ (date) for the purpose of forming a trading cooperative to be know as:

.....Chairperson of Formation Meeting
Signature

.....Secretary of Formation Meeting
Signature

Note: This certification is signed at the Formation Meeting which is held after the draft formation documentation which includes the proposed Rules, and the Disclosure Statement have been approved by the Registrar and returned to the sponsors of the proposed cooperative.

6 ANNEXURES

Show here which annexures are attached to this disclosure statement (tick appropriate boxes)

Contracts Etc

 N/A

Feasibility Study

 N/A

Existing Organisation Accounts

 N/A

Business Plan

 YES

Activities

 N/A

Property - Assets - Freehold

 N/A

Board of Directors

 N/A

Property - Assets - Leasehold

 N/A

Director/Promoter's Interest in Contract

 N/A

Property - Assets - Improvements

 Yes

Auditors Letter

 Yes

Property - Assets - Other

 N/A

Members and Shares

 Yes

Formation Expenses

 N/A

Grants and Subsidies

 N/A

Cash Flow Budget Forecast

 Yes

Loan Funds

 N/A

Forecasted P&L Statement

 Yes

Market Research

 Yes

Rights and Liabilities attaching to shares

 Yes

Rent Schedule

 Yes

Labour and Food Schedule

 Yes

Vision Statement	Yes			
------------------	-----	--	--	--