



Credit Unions Act 1979

1979 CHAPTER 34

Operation of credit union

[^{F1}7A. Power to issue interest-bearing shares

- (1) A credit union may issue interest-bearing shares if—
 - (a) its rules so provide;
 - (b) its most recent year end balance sheet shows that it holds reserves of at least £50,000 or five per cent of its total assets, whichever is greater;
 - (c) its auditors have made a report under section 9 of the Friendly and Industrial and Provident Societies Act 1968 on that balance sheet;
 - (d) it has submitted that balance sheet to the [^{F2}appropriate authority]; and
 - (e) it has submitted to the [^{F2}appropriate authority] a report by its auditors (post-dating the balance sheet referred to in paragraph (b) above), stating that in their opinion the credit union satisfies such conditions as are specified by the [^{F2}appropriate authority] for the purpose.
- (2) A credit union which issues interest-bearing shares must submit to the [^{F2}appropriate authority] an annual report by the auditors appointed to audit its accounts and balance sheet fulfilling the requirements of paragraph (e) of subsection (1) above by the date specified by the [^{F2}appropriate authority] for the purpose.
- (3) A credit union shall convert any interest-bearing shares in issue into shares which are not interest-bearing if—
 - (a) its rules no longer provide for the issue of interest-bearing shares;
 - (b) neither its most recent year end balance sheet nor the balance sheet immediately preceding it—
 - (i) shows that the credit union holds reserves of at least £50,000 or five per cent of its total assets, whichever is greater; or
 - (ii) has been submitted to the [^{F2}appropriate authority] by the date specified; or
 - (c) for two consecutive years it has not complied with subsection (2) above.

Status: Point in time view as at 01/04/2013. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979, Section 7A. (See end of Document for details)

- (4) The Treasury may by order provide for subsections (1)(b) and (3)(b)(i) above to have effect as if the references to £50,000 and five per cent were references to such other sum or percentage as they think appropriate.
- (5) In this section “year end balance sheet” has the same meaning as in section 3A of the Friendly and Industrial and Provident Societies Act 1968.
- (6) In this Act “interest-bearing share” means a share issued on terms which entitle the holder to interest but not to a dividend.]

Textual Amendments

- F1** S. 7A inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **19(1)** (with arts. 25, 26)
- F2** Words in s. 7A substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 8** (with Sch. 12)

Status:

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