



# Credit Unions Act 1979

## 1979 CHAPTER 34

### *Operation of credit union*

#### **[<sup>F1</sup>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 [<sup>F2</sup> section 87 of the 2014 Act ] on that balance sheet;
  - (d) it has submitted that balance sheet to the [<sup>F3</sup>appropriate authority]; and
  - (e) it has submitted to the [<sup>F3</sup>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 [<sup>F3</sup>appropriate authority] for the purpose.
- (2) A credit union which issues interest-bearing shares must submit to the [<sup>F3</sup>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 [<sup>F3</sup>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 [<sup>F3</sup>appropriate authority] by the date specified; or
  - (c) for two consecutive years it has not complied with subsection (2) above.

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*Status: Point in time view as at 01/08/2014.*

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

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- (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 <sup>F4</sup> section 82 of the 2014 Act ].
- (6) In this Act “interest-bearing share” means a share issued on terms which entitle the holder to interest but not to a dividend.]

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#### 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(1)(c) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 8(2)** (with Sch. 5)
- F3** 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)
- F4** Words in s. 7A(5) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 8(3)** (with Sch. 5)

**Status:**

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**Changes to legislation:**

There are currently no known outstanding effects for the Credit Unions Act 1979, Section 7A.