



## REGISTRY OF CO-OPERATIVE SOCIETIES

Ministry of Culture, Community and Youth

### **Guidelines for Voluntary Dissolution of Co-operative**

1. **Dissolution Plan** – The Committee of Management (“COM”) should consider the following in preparing a plan, but not limited to:
  - a) Target liquidation date and timeline on the deliverables
  - b) How to manage co-op’s affairs prudently in the interim period (e.g. it should avoid buying new assets, incurring more liabilities and signing contracts that it may not be able to fulfil)
  - c) Prepare information to be disclosed to members for the proposed winding up
  - d) Source for liquidators and decide which one to propose to the Registry of Co-operative Societies (“RCS”) (see paragraph 2)
  - e) Consider whether to donate the net liquidation proceeds to charity (or charities) (see paragraph 4)
  - f) Plan for Extraordinary General Meeting (“EGM”) to seek members’ approval on the voluntary dissolution and the plans for voluntary dissolution (see paragraph 5)
  - g) Prepare the documents needed for submission to RCS (see paragraph 6)

*[Note: The above listing is not exhaustive. The COM should carefully consider any other actions necessary to facilitate the dissolution.]*

2. **Liquidator** – The COM should source for a minimum of 3 quotations from liquidators, provide the quotations to RCS and explain the basis for recommending the preferred liquidator. The proposed liquidator does not need to have the lowest quoted fees. Besides comparing the fees charged, RCS will also consider the liquidators’ qualifications (e.g. licensed insolvency practitioner) and relevant experience. When discussing the scope of work with the liquidators, the COM should note the liquidator’s duties and powers under the Co-operative Societies Act 1979 (“the Act”). The co-op can only formally engage the liquidator’s services when the liquidator is appointed by the Registrar.

*[Note: The liquidator’s fees, which are paid out of the co-op’s assets, are generally dependent on the assets to be liquidated and number of payments to be made to members/creditors. A co-op may choose to progressively liquidate some assets and return moneys to its members/creditors before handing the remaining affairs to the liquidator.]*

3. **Latest Financial Statements** – As a general rule of thumb, the co-op would need to submit the audited financial statements for its last financial year of active operations. The Registry will advise if further audited or management accounts are required.



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4. **Proposed Donation of Net Proceeds** – For a primary co-op, the net proceeds from liquidation (moneys remaining after distribution of assets and sums unclaimed by members/creditors after 2 years from date of cancellation of registration) will go to the Co-operative Societies Liquidation Account (“CSLA”) which is under the purview of RCS. However, a co-op may seek Registrar’s approval to donate all or any part of the net proceeds to charitable purposes. If the COM plans to propose the donation of net proceeds, it should seek RCS’s inputs before the EGM (at least 1 month earlier) on whether the proposed charities or recipients can be supported by RCS.  
  
*[Note: The net proceeds may be divided among the members in the case of the liquidation of a secondary co-op (i.e. co-op with only institutional members) or a co-op apex body.]*
5. **Members’ Approval at EGM** – Seek members’ approval at EGM to wind up co-op voluntarily (and to donate net proceeds, if proposed). The COM should provide relevant information to members such as the timeline, latest financial position, and plan for the liquidation. Resolution to wind up the co-op is passed if at least 75% of the members who are present and voting at the EGM voted for the resolution. The EGM must be convened for the purpose of winding up, but it may be held immediately after an AGM. Please refer to section 83(1) of the Act.
6. **Submission of Documents to RCS** – After obtaining members’ approval, submit:
  - a) Latest financial statements;
  - b) Application form for voluntary liquidation (download from [www.mccy.gov.sg/coop](http://www.mccy.gov.sg/coop)), with the copy of the resolution/EGM minutes signed by the Chairman or Secretary;
  - c) Proposed liquidator; and
  - d) Proposal for donation of net proceeds (if applicable).
7. **Registrar’s Approval** – Registrar approves the winding up, appointment of liquidator and donation of net proceeds. The winding up order and notice of appointment of liquidator will be published in the *Gazette*. RCS will inform the Co-op of the *Gazettes* and decision on the proposed donation.
8. **Follow-up with Liquidator** – The appointed liquidator will take over the co-op’s business but must not wind up the co-op until; (a) 2 months after the date of the winding up order; or (b) until the determination of any appeal by a member against the winding up order to the Minister, as the case may be. The liquidator will then work with the co-op on the liquidation and report to the Registrar on the progress.
9. **Closure of Liquidation** – When the affairs of the co-op have been wound up, the Registrar will make an order cancelling the registration of the co-op and the co-op is dissolved and ceases to exist as a body corporate from that date. A *Gazette* notice will be published, and the co-op will be informed.
10. **Processing Time** - The standard processing time for a co-operative voluntary dissolution application is 30 working days if all documents are in order. Incomplete applications will be rejected if missing information is not provided upon request.

Prepared by : Registry of Co-operative Societies

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