

2. THE RULES OF ABACUS

2.1 NAME

The name of the Society shall be **Abacus Association Incorporated**.

2.2 OBJECTS

2.1.1 The objects of the Society shall be:

- (a) to promote and protect the interests of members of the Society in respect of the practice of the profession of accountancy;
- (b) to establish such schemes or arrangements for insurance on behalf of members of the Society against professional liability or such other classes of risks as the Society may consider fit, and to promote, administer and operate, on behalf of members of the Society, any scheme of insurance so arranged (but so that the Society itself shall not carry on the business of insurance);
- (c) to provide such advice and assistance as the Society may consider fit for members in the conduct or any matter or proceeding whether of a strictly legal nature or otherwise concerning or affecting, whether directly or indirectly, the professional character or interests of any member;
- (d) to promote, organise and operate such programmes of education, training or advice as the Society may think fit with regard to the practice of the profession of accountancy for the benefit of members of the Society and such other classes of persons as the Society may deem appropriate;
- (e) to establish such fund or funds as the Society may consider fit for the purposes of making such payments as the Society may consider appropriate to any person (not being a member of the Society) who may have suffered pecuniary loss by reason of any actions or defaults on the part of any member of the Society in respect of the practice of the profession of accountancy.
- (f) to do all such other things as may in the opinion of the Society be incidental to any of the foregoing objects or conducive to the furtherance of the objects of the Society or the interests of members.

2.2.2 That each of the objects set out in Clause 2.2.1 shall be deemed to be independent objects and shall be construed so that none of the objects shall be in any way ancillary or subordinate to any other.

2.3. MEMBERSHIP

2.3.1 Ordinary Membership

2.3.1.1 The following shall be qualified to apply to membership as an Ordinary Member:

- (a) any partnership of chartered accountants carrying on practice by services to the public in New Zealand; and
- (b) any chartered accountant carrying on practice by services to the public in New Zealand on his or her own account without partners.
- (c) Any company, approved by the Institute of Chartered Accountants of New Zealand carrying on practice by services to the public in New Zealand.

2.3.1.2 Any firm or person qualified to apply for membership:

- (a) who or which has completed an application in the form prescribed by the Board of Management; and
- (b) who or which has been approved for admission by the Board of Management,

shall become an Ordinary Member.

2.3.2 Temporary Membership

The Board of Management may offer temporary membership to a firm or person qualified to apply for membership under Clause 2.3.1.1 above. Temporary membership shall be subject to such special terms as the Board may fix from time to time. Temporary membership shall lapse after 12 months or such lesser time as the Board may fix. A Temporary Member shall not be entitled to attend general meetings or to vote or to stand for election.

2.3.3 Retired Member

Membership as a retired member shall be open to any past member or past principal of a member or former member who makes application to be a retired member, who is approved for admission as a retired member by the Board of Management and who pays an annual subscription fixed from time to time by the Board of Management. A retired member shall be entitled to receive notices of meetings and to receive such Society benefits as the Board of Management may decide. He shall have no voting rights. In all other respects he shall have the rights and privileges of a principal of an ordinary member.

2.3.4 Life Member

On the recommendation of the Board of Management the Society in general meeting may make a retired member a life member of the Society. A life member shall not be required to pay a subscription but in all other respects shall have the rights and restrictions relating to retired members.

2.3.5 Honorary Member

Honorary membership may be conferred on any person, whether or not he is a present or past principal of a member or past member. The name of any prospective honorary member shall be circulated to members not less than 21 days prior to a general meeting. The notice shall specify the rights, if any, that are to be conferred on the honorary members. At the general meeting the election shall require a 75% majority vote.

2.4 MEMBERSHIP RIGHTS

2.4.1 Voting Rights

At general meetings each ordinary member shall have one vote. That vote may be exercised by proxy upon receipt of authority satisfactory to all Board members or to two-thirds of all members there present. In the case of an equality of votes the Chairman shall have a second or casting vote.

2.4.2 Voting by Principal

Any principal or partner (hereinafter referred to as a "principal") of a firm which is a member of the Society shall be entitled to attend and take part in any general meeting of the Society. Any one principal may exercise the voting rights of that firm. In the event that there is a dispute as to which principal is entitled to exercise voting rights, the Chairman of the meeting shall decide the matter.

2.4.3 Other Rights of Ordinary Members

The rights (other than voting rights) of ordinary members may be varied in accordance with different membership options to be made available to members.

The Board shall in each year fix such number of different membership options to be made available to ordinary members as the Board shall consider fit, and shall determine the rights attaching to such of those options. The Board shall determine which one or more of the membership options shall be made available to each ordinary member in each year. Each ordinary member shall in each year, by not later than a date to be fixed by the Board, advise the Board which of the options made available to the member (if more than one) is accepted by the member, and the rights of each member for that year shall be determined in accordance with the rights attaching to that option.

2.5 SUBSCRIPTION

2.5.1 The subscription payable from time to time by members to the Society shall be determined by the Board. The Board shall not be obliged to charge a uniform subscription rate to all members but may vary the subscription levied upon members in accordance with the benefits which the Board may consider the members may derive from the Society or in accordance with the membership options provided in accordance with Clause 2.3.

2.5.2 All subscriptions shall be due and payable on such date as the Board may specify.

2.6 ELECTION OF BOARD OF MANAGEMENT

- 2.6.1 The Board of Management of the Society (hereinafter referred to as “the Board”) shall comprise not less than seven and not more than nine members to be elected in the manner hereinafter set out together with any members co-opted in accordance with Clause 2.8. Every elected member of the Board must be either an ordinary member or a principal of an ordinary member.
- 2.6.2 No two principals of the same ordinary member shall be members of the Board at the same time.
- 2.6.3 The first members of the Board shall be appointed by the subscribers to these rules. Subsequent members of the Board shall be elected for a term of three years at the Annual General Meeting or other meeting called for the purpose. Any retiring member shall be eligible for re-election.
- 2.6.4 The Secretary shall call for nominations to the Board by notices in writing not less than 42 days before the date appointed for the meeting. No person shall be eligible for election to the Board unless not less than 28 days before the date appointed for the meeting there has been left with the Secretary a notice in writing, signed by a proposer (who must be an ordinary member or a principal of an ordinary member) of his or her intention to propose that person for election, and signed by that person to acknowledge his willingness to be elected.
- The Secretary shall send to each member election voting papers not less than 21 days before the date appointed for the meeting and which papers shall be disallowed unless received by the Secretary not less than 7 days before that date. These election voting papers shall be counted by two scrutineers who shall declare the result of the election to the Chairman prior to that meeting.
- 2.6.5 For the first three elections which are held following the incorporation of the Society, the Board shall decide the order in which members of the Board shall retire in order that two or three of the first members of the Board will retire in each year.
- 2.6.6 Any extraordinary vacancy on the Board may be filled by the Board. Any person so appointed shall retire at the next Annual General Meeting and may stand for election but the person who is elected shall remain in office only until the expiry of the term of office of the member whose resignation or departure from office created the extraordinary vacancy.

2.7 PROCEEDINGS OF BOARD OF MANAGEMENT

- 2.7.1 The control, management and conduct of the affairs of the Society shall be vested in the Board which shall have and may exercise all the powers of the Society which are not, by any enactment or by these rules, required to be exercised by the Society in general meeting.
- 2.7.2 The Board shall elect a Chairman, and appoint a Secretary and a Treasurer who shall have such duties as may from time to time be prescribed by the Board.
- 2.7.3 The Board may meet together for the despatch of the business of the Society at such time or times and at such place or places as the Board thinks fit and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote. The quorum necessary for the transaction of the business of the Board shall be five members.
- 2.7.4 The Chairman of the Board may, and the Secretary on the requisition of two Board members shall, at any time summon a meeting of the Board.
- 2.7.5 The Board may delegate any of its powers to any committee or committees consisting of such members of the Board and any members co-opted in accordance with Clause 9 hereof as the Board may specify. Any committee so formed shall in the exercise of any powers so delegated conform to any regulations that may be imposed upon it by the Board.
- 2.7.6 Any committee may meet and adjourn and conduct its business as it thinks proper. Questions arising at any meeting shall be decided by a majority of votes and in the case of an equality of votes the Chairman of the committee shall have a second or casting vote.
- 2.7.7 Any resolution may be passed by the Board or any committee by the assent of three-quarters of the members of the Board or committee with power to vote, such assent being recorded in writing or by telex or telegram or other mode of communication, without the calling or holding of any meeting.

2.8 CO-OPTED MEMBERS

The Board shall have the power to co-opt any persons as members of the Board or as members of any committee. The Board shall fix the term of office of any co-opted member. The term shall not exceed 3 years but the member may be co-opted for further terms.

2.9 POWERS OF THE BOARD

Without limiting the generality of Clause 2.7, the Board shall have and may exercise the following powers:

- (a) Generally to purchase, take on lease or hire or otherwise acquire any property whether real or personal any right or privilege which the Board may think necessary or convenient for the furtherance of the objects of the Society.
- (b) To sell, lease, exchange, bail, grant licences in respect of or otherwise deal with turn to account or dispose of all or any part of the Society's undertaking, lands, property, rights, privileges or concessions for such consideration (if any) and upon such terms as the Board may think fit.
- (c) To invest any moneys of the Society in all or any of the following:
 - (i) any shares whether preference, deferred or ordinary and whether fully paid, partly paid or contributory, any debentures, debenture stock or stocks or notes of any nature whatsoever, any options in respect of shares, notes stock or debentures, and whether by purchase of or subscription for or other taking up or acquisition, of any company society or other corporate body carrying on business in New Zealand or elsewhere;
 - (ii) in or upon the stocks, funds or other Government securities or investments of New Zealand or elsewhere;
 - (iii) in or upon the bonds, debentures or other securities or investments of any municipal corporation, county council, water supply board, river board, electric power board, harbour board, hospital board or other local authority (whether similar or dissimilar to the foregoing) in New Zealand or elsewhere;
 - (iv) upon deposit on current account or otherwise with any bank, company or corporation in New Zealand or elsewhere;
 - (v) on mortgage or the purchase of any freehold or leasehold property, live and dead stock, chattels or other personal property or an interest therein at such price, on such terms and subject to such conditions as the Board thinks fit;
 - (vi) in or upon any securities or investments for the time being authorised for the investment of trust funds by the law of New Zealand or elsewhere.
- (d) To borrow moneys on mortgage, bank overdraft or otherwise howsoever with or without security from any person, fir, company or bank for such purpose or purposes in furtherance of the objects of the Society and on such terms and subject to such conditions as the Board may think fit.

- (e) To open an account or accounts at any time or times in any name or names at any bank and to overdraw any such account with or without giving security and to make arrangements with any bank as to the operation upon any account from time to time opened or subsisting at the bank.
- (f) To receive, accept, acquire, obtain, raise and administer donations, endowments, bequests and gifts of money, lands, stocks, shares, securities, funds and other assets whatsoever for the furtherance of the objects of the Society and whether subject to any special trusts or conditions or not.
- (g) To draw up, administer and from time to time review and alter such rules or regulations as the Board may think necessary for governing the control, management and conduct of the business and affairs of the Society and for governing the duties of the Secretary and of the Treasurer of the Society.
- (h) To arrange such courses, lectures and demonstrations and co-operate with, assist and associate with such persons, institutions, associations and organisations as the Board may think necessary for the furtherance of the objects of the Society.
- (i) To make grants to, lend or give money to or give scholarships or bursaries to or contribute to making grants to, lending or giving money to or giving scholarships or bursaries to members or to such person or persons as the Board in its discretion may think necessary for the furtherance of the objects of the Society.
- (j) To pay to Board members their reasonable expenses incurred in the work of the Society.
- (k) To pay to Board members such honoraria as the Society voting in general meeting shall think fit.
- (l) To employ and pay any persons as officers or staff of the Society and to employ and pay any person, partnership, firm or company to transact, conduct, manage or deal with any business or property of the Society or to do any act which the Society is authorised to do by these presents.
- (m) To do all such other things as in the opinion of the Board may be incidental or conducive to the furtherance of the objects of the Society.

2.10 **TERMINATION OF MEMBERSHIP**

2.10.1 A member may terminate his membership of the Society by notice in writing delivered or posted to the Secretary.

2.10.2 The Board shall have power to terminate the membership of any member of the Society:

- (a) if the member fails to pay his subscription within the period fixed by the Board for the payment of subscriptions, or
- (b) if through amalgamation of practices two or more ordinary members become one firm, or
- (c) if the Board determines that any membership shall be terminated in accordance with the disciplinary provisions herein contained.

2.11. **DISCIPLINE**

The Board may take such disciplinary action as it from time to time considers necessary or desirable to protect the interests of the Society. Without limiting the generality of the foregoing the Board shall have power to cancel the membership of any member of the Society and to impose fines upon any member for the breach of any of the rules of the Society.

2.12 **GENERAL MEETINGS**

2.12.1 Any general meeting of the Society shall be called by at least 21 days' notice in writing given by the Secretary to every member. The accidental omission to give notice of a meeting to a member or the non-receipt of a notice of meeting by a member shall not invalidate the proceedings of that meeting. The notice calling any general meeting shall specify the place, day and hour of the meeting and also the general nature of any special business.

2.12.2 The Annual General Meeting of the Society shall be held in each year at such time and in such place as the Board may determine.

2.12.3 All general meetings of the Society other than the Annual General Meeting shall be called extraordinary general meetings. The Chairman of the Board may and the Secretary on the requisition of not less than five Board members or 20 ordinary members shall convene an extraordinary general meeting.

2.12.4 The Chairman of the Board shall preside as Chairman at every general meeting or if he is not present a member appointed by the Board shall preside.

2.12.5 No business shall be transacted at any general meeting unless a quorum of not less than 10 ordinary members is present at the time of the commencement of the meeting. If within half an hour of the time appointed for the meeting a quorum is not present, the Board shall adjourn the meeting for 7 days to the same time and same place. If, at the adjourned meeting a quorum is not present, within half an hour of the time appointed for the meeting the members present shall be a quorum.

- 2.12.6 The Chairman shall adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice of an adjourned meeting.
- 2.12.7 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll shall be demanded by the Chairman or by not less than three members of the Society. Each ordinary member of the Society shall be eligible to vote and shall have one vote. In the case of an equality of votes the Chairman shall have a second or casting vote. In all cases in dispute, doubt or difficulty respecting or arising out of matters of procedure and voting the decision of the Chairman shall be final and binding.
- 2.12.8 The ordinary business of an Annual General Meeting shall be the consideration of the Society's accounts, balance sheet and the reports of the Board or of the Society's officers or auditor and the election of the Board members in place of those retiring.

All other business at an Annual General Meeting and all business transacted at any extraordinary general meeting shall be deemed to be special business. No special business other than that given in the notice of meeting shall, except with the consent of the Chairman, be transacted at any general meeting.

2.13 **ACCOUNTS**

- 2.13.1 The Society shall cause proper accounts to be kept with respect to:
- (a) all sums of money received and expended by the Society and the matters in respect of which the receipt and expenditure take place;
 - (b) the assets and liabilities of the Society.
- 2.13.2 Such accounts shall be audited annually and by an auditor who shall have access at all reasonable times to the accounts, books, vouchers and other relevant records of the Society and may in relation to such accounts require from any officer of the Society any explanation or information which he may deem necessary.

2.14 **COMMON SEAL**

The Society shall have a Common Seal which shall be kept in the custody of the Secretary and shall not be affixed to any instrument except in pursuance of a resolution of the Board and in the presence of either two members of the Board or of one member of the Board and the Secretary.

2.15 **ALTERATION OF RULES**

The Rules of the Society may be altered, added to or repealed by a resolution passed by a majority of not less than two-thirds of the members present and voting at a general meeting of the Society. A member voting by proxy shall be deemed to be there present.

2.16 INDEMNITY

Every member of the Board and every officer of the Society shall be chargeable only for such moneys and securities as he shall actually receive notwithstanding signing any receipt for the sake of conformity and shall be answerable and responsible for only his own acts, receipts, omissions, neglects and defaults and not for those of any other person with whom or into whose hands any moneys or securities shall be deposited or come nor for any other loss unless the same shall happen through his own wilful default and each member of the Board or officer of the Society may reimburse himself or pay or discharge out of any moneys from time to time held by the Society all expenses incurred in or about carrying out the objects of the Society and shall be indemnified out of the assets of the Society against any liability incurred by him in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court.

2.17 DISSOLUTION

The Society may be wound up by a resolution passed in accordance with the provisions of Section 24 of the Incorporated Societies Act 1908. If upon the winding up or dissolution of the Society there remains after the satisfaction of all the liabilities of the Society any property of any kind whatsoever, such property shall be distributed amongst the members of the Society at the time of dissolution in such proportions as the Board shall recommend and those members, by a general meeting to be called for the purpose shall determine.