



Building Societies Act 1986

1986 CHAPTER 53

PART VIII

ACCOUNTS AND AUDIT

Accounts

^{F1}72 **Duty of directors to prepare annual accounts.**

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Textual Amendments

F1 Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

^{F1}72A **Duty to prepare individual accounts**

- (1) The directors of every building society shall prepare accounts for the society for each of its financial years.

Those accounts are referred to in this Part as the society's "individual accounts".

- (2) A society's individual accounts may be prepared—
 - (a) in accordance with section 72B ("Building Societies Act individual accounts"), or
 - (b) in accordance with [^{F2}UK-adopted international accounting standards] ("IAS individual accounts").

This subsection is subject to the following provisions of this section and section 72I (consistency of accounts).

Changes to legislation: Building Societies Act 1986, Cross Heading: Accounts is up to date with all changes known to be in force on or before 30 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (3) After the first financial year in which the directors of a building society prepare IAS individual accounts (“the first IAS year”), all subsequent individual accounts of the society must be prepared in accordance with [F³UK-adopted international accounting standards] unless there is a relevant change of circumstance.
- (4) There is a relevant change of circumstance if, at any time during or after the first IAS year, the society ceases to have any securities admitted to trading on a [F⁴UK] regulated market.
- (5) If, having changed to preparing Building Societies Act individual accounts following a relevant change of circumstance, the directors again prepare IAS individual accounts for the society, subsections (3) and (4) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

Textual Amendments

- F1** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2
- F2** Words in s. 72A(2) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 30\(a\)](#) (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, Sch. 5 para. 1(1)
- F3** Words in s. 72A(3) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 30\(b\)](#) (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, Sch. 5 para. 1(1)
- F4** Word in s. 72A(4) inserted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by [The Accounts and Reports \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/145\)](#), regs. 1(2)(b), 2, [Sch. 2 para. 20\(a\)](#) (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)

72B Building Societies Act individual accounts

- (1) Building Societies Act individual accounts must comprise –
 - (a) a balance sheet as at the last day of the financial year, and
 - (b) an income and expenditure account.
- (2) The balance sheet must give a true and fair view of the state of affairs of the society as at the end of the financial year; and the income and expenditure account must give a true and fair view of the income and expenditure of the society for the financial year.
- (3) Building Societies Act individual accounts must comply with the requirements of regulations made under section 72C as to the form and content of the balance sheet and income and expenditure account and additional information to be provided by way of notes to the accounts or otherwise.
- (4) Where compliance with the provisions of those regulations, and the other provisions of this Act as to the matters to be included in a society’s individual accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.

Changes to legislation: Building Societies Act 1986, Cross Heading: Accounts is up to date with all changes known to be in force on or before 30 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the directors must depart from that provision to the extent necessary to give a true and fair view.
- (6) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.
- (7) The Treasury may by regulations—
 - (a) add to the classes of documents to be comprised in a society’s Building Societies Act individual accounts under subsection (1);
 - (b) make provision as to the matters to be included in any document so added;
 - (c) modify the requirements of this Part as to the matters to be stated in any document comprised in the society’s Building Societies Act individual accounts;
 - (d) reduce the classes of documents to be comprised in a society’s Building Societies Act individual accounts.
- (8) Regulations under subsection (7)—
 - (a) may make different provision for different descriptions of society, and
 - (b) may include incidental and supplementary provisions.
- (9) The power to make regulations under subsection (7) is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Textual Amendments

- F1** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

72C Form and contents of Building Societies Act individual accounts

- (1) The Treasury shall by regulations make provision with respect to the form and contents of Building Societies Act individual accounts.
- (2) The Treasury may by regulations make provision with respect to additional information to be contained in Building Societies Act individual accounts, whether in the form of notes or otherwise.
- (3) Without prejudice to the generality of subsections (1) and (2), the regulations may—
 - (a) prescribe accounting principles and rules;
 - (b) require corresponding information for a preceding financial year;
 - (c) make different provision for different descriptions of society;
- (4) The power to make regulations under this section is exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

Changes to legislation: Building Societies Act 1986, Cross Heading: Accounts is up to date with all changes known to be in force on or before 30 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Textual Amendments

- F1** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

72D IAS individual accounts

Where the directors of a building society prepare IAS individual accounts, they must state in the notes to those accounts that the accounts have been prepared in accordance with [^{F5}UK-adopted international accounting standards].

Textual Amendments

- F1** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2
- F5** Words in s. 72D substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 31](#) (with reg. 1(3)(4), [Sch. 1 para. 66](#)) (as amended by [S.I. 2020/523](#), regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)

72E Duty to prepare group accounts

- (1) If at the end of a financial year a building society has subsidiary undertakings, the directors, as well as preparing individual accounts for the year, shall prepare accounts for the year for the society and those undertakings taken as a whole. Those accounts are referred to in this Part as the society's "group accounts".
- (2) The group accounts of certain societies are required by [^{F6}section 403(1) of the Companies Act 2006] to be prepared in accordance with [^{F7}UK-adopted international accounting standards] ("IAS group accounts").
- (3) The group accounts of other societies may be prepared–
 - (a) in accordance with section 72F ("Building Societies Act group accounts"), or
 - (b) in accordance with [^{F8}UK-adopted international accounting standards] ("IAS group accounts").

This subsection is subject to the following provisions of this section.

- (4) After the first financial year in which the directors of a building society prepare IAS group accounts ("the first IAS year"), all subsequent group accounts of the society must be prepared in accordance with [^{F9}UK-adopted international accounting standards] unless there is a relevant change of circumstance.
- (5) There is a relevant change of circumstance if, at any time during or after the first IAS year, the society ceases to have any securities admitted to trading on a [^{F10}UK] regulated market.
- (6) If, having changed to preparing Building Societies Act group accounts following a relevant change of circumstance, the directors again prepare IAS group accounts for

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the society, subsection (4) and (5) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

Textual Amendments

- F1** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2
- F6** Words in s. 72E(2) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 32\(a\)\(i\)](#) (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, Sch. 5 para. 1(1)
- F7** Words in s. 72E(2) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 32\(a\)\(ii\)](#) (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, Sch. 5 para. 1(1)
- F8** Words in s. 72E(3) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 32\(b\)](#) (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, Sch. 5 para. 1(1)
- F9** Words in s. 72E(4) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 32\(c\)](#) (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, Sch. 5 para. 1(1)
- F10** Word in s. 72E(5) inserted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by [The Accounts and Reports \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/145\)](#), regs. 1(2)(b), 2, [Sch. 2 para. 20\(b\)](#) (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, [11](#)); 2020 c. 1, Sch. 5 para. 1(1)

72F Building Societies Act group accounts

- (1) Building Societies Act group accounts must comprise—
 - (a) a balance sheet dealing with the state of affairs of the building society and its subsidiary undertakings, and
 - (b) an income and expenditure account showing the income and expenditure for the society and its subsidiary undertakings.
- (2) Building Societies Act group accounts must give a true and fair view of the state of affairs as at the end of the financial year, and the income and expenditure for the financial year of the society and the subsidiary undertakings included in the group accounts as a whole, so far as concerns members of the society.
- (3) Building Societies Act group accounts must comply with the requirements of regulations made under section 72G as to the form and content of the group accounts and additional information to be provided by way of notes to the accounts or otherwise.
- (4) Where compliance with the provisions of those regulations, and the other provisions of this Act as to the matters to be included in a society's group accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.

Changes to legislation: Building Societies Act 1986, Cross Heading: Accounts is up to date with all changes known to be in force on or before 30 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the directors must depart from that provision to the extent necessary to give a true and fair view.
- (6) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.
- (7) The Treasury may by regulations—
 - (a) add to the classes of documents to be comprised in a society’s Building Societies Act group accounts under subsection (1);
 - (b) make provision as to the matters to be included in any document so added;
 - (c) modify the requirements of this Part as to the matters to be stated in any document comprised in the society’s Building Societies Act group accounts; and
 - (d) reduce the classes of documents to be comprised in a society’s Building Societies Act group accounts.
- (8) Regulations under subsection (7)—
 - (a) may make different provision for different descriptions of society, and
 - (b) may include incidental and supplementary provisions.
- (9) The power to make regulations under subsection (7) is exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

Textual Amendments

- F1** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

72G Form and contents of Building Societies Act group accounts

- (1) The Treasury shall by regulations make provision with respect to the form and contents of Building Societies Act group accounts.
- (2) The Treasury may by regulations make provision with respect to additional information to be contained in Building Societies Act group accounts, whether in the form of notes or otherwise.
- (3) Without prejudice to the generality of subsections (1) and (2), the regulations may—
 - (a) prescribe accounting principles and rules;
 - (b) require corresponding information for a preceding financial year;
 - (c) make different provision for different descriptions of society;
 - (d) permit group accounts to be prepared in other than consolidated form.
- (4) The power to make regulations under this section is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

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Textual Amendments

- F1** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

72H IAS group accounts

Where the directors of a building society prepare IAS group accounts, they must state in the notes to those accounts that the accounts have been prepared in accordance with [F11UK-adopted international accounting standards].

Textual Amendments

- F1** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2
- F11** Words in s. 72H substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 33](#) (with reg. 1(3)(4), [Sch. 1 para. 66](#)) (as amended by [S.I. 2020/523](#), regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)

72I Consistency of accounts

- (1) The directors of a building society that prepares group accounts must secure that the individual accounts of—
 - (a) the building society, and
 - (b) each of its subsidiary undertakings,are all prepared using the same financial reporting framework, except to the extent that in their opinion there are good reasons for not doing so.
- (2) Subsection (1) only applies to accounts of subsidiary undertakings which are required to be prepared under [F12Part 15 of the Companies Act 2006].
- (3) Subsection (1) does not require accounts of undertakings that are charities to be prepared using the same financial reporting framework as accounts of undertakings which are not charities.
- (4) Subsection (1)(a) does not apply where the directors of a building society prepare IAS group accounts and IAS individual accounts.
- (5) The directors of a society which has subsidiary undertakings must secure that, except where in their opinion there are good reasons against it, the financial year of each of its subsidiary undertakings coincides with the society's own financial year.]

Textual Amendments

- F1** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

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F12 Words in s. 72I(2) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 107** (with arts. 6, 11, 12)

[^{F13}72J Disclosures relating to directors, other officers and employees of society required in notes to accounts

- (1) The information specified in Schedule 10A must be given in notes to a building society's annual accounts.
- (2) In that Schedule—
 - Part 1 relates to emoluments and other benefits of directors and others, and to loans and other dealings in favour of directors and connected persons, and
 - Part 2 relates to information about the employees of a society.
- (3) It is the duty of any director of a society, and any person who is or has at any time in the preceding five years been an officer of the society, to give notice to the society of such matters relating to himself as may be necessary for the purposes of Part 1 of Schedule 10A.
- (4) A person who makes default in complying with subsection (3) commits an offence and is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (5) The Treasury may, by order, modify the provisions of Schedule 10A.
- (6) An order under this section may—
 - (a) make consequential amendments of or repeals in other provisions of this Act;
 - (b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient;
 - (c) make different provision for different cases.
- (7) The power to make an order under this section is exercisable by statutory instrument but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.
- (8) In this section “modify” includes amend, add to or repeal.

Textual Amendments

F13 Ss. 72J, 72K inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), art. 1, **Sch. para. 5**

72K Disclosures about related undertakings required in notes to accounts

- (1) The information specified in Schedule 10B must be given in notes to a building society's annual accounts.
- (2) In the case of a building society whose directors are not required to prepare consolidated group accounts, the information specified in Part 1 of that Schedule must be given.
- (3) In the case of a building society whose directors are required to prepare consolidated group accounts, the information specified in Part 2 of that Schedule must be given.

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- (4) The Treasury may, by order, modify the provisions of Schedule 10B.
- (5) An order under this section may—
 - (a) make consequential amendments of or repeals in other provisions of this Act;
 - (b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient;
 - (c) make different provision for different cases.
- (6) The power to make an order under this section is exercisable by statutory instrument but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.
- (7) In this section “modify” includes amend, add to or repeal.]

Textual Amendments

F13 Ss. 72J, 72K inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), art. 1, [Sch. para. 5](#)

[^{F14}72L. Disclosures relating to off-balance-sheet arrangements required in notes to accounts

- (1) If in any financial year—
 - (a) a building society is or has been party to arrangements that are not reflected in its balance sheet, and
 - (b) at the balance sheet date the risks or benefits arising from those arrangements are material,

the information required by this section must be given in notes to the society’s annual accounts.
- (2) The information required is—
 - (a) the nature and business purpose of the arrangements, and
 - (b) the financial impact of the arrangements on the society.
- (3) The information need only be given to the extent necessary for enabling the financial position of the society to be assessed.
- (4) Where a building society is required to prepare consolidated group accounts, this section applies in relation to those accounts as if the undertakings included in the consolidation were a single building society.]

Textual Amendments

F14 S. 72L inserted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), arts. 1(2), 3

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[^{F15}72M. Disclosure of auditor remuneration required in notes to accounts

- (1) The information specified in Schedule 10C must be given in notes to a building society’s annual accounts.
- (2) The Treasury may, by order, modify the provisions of Schedule 10C.
- (3) An order under this section may—
 - (a) make consequential amendments of or repeals in other provisions of this Act;
 - (b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient;
 - (c) make different provision for different cases.
- (4) The power to make an order under this section is exercisable by statutory instrument but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.
- (5) In this section “modify” includes amend, add to or repeal.]

Textual Amendments

F15 S. 72M inserted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), arts. 1(2), **4(1)**

^{F173} Contents and form of annual accounts.

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Textual Amendments

F1 Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, **2**

74 Duty of directors to prepare annual business statement.

- (1) The directors of every building society shall, by reference to the annual accounts and other records and information at their disposal, prepare with respect to each financial year of the society a statement (referred to in this Act as “the annual business statement”) relating to prescribed aspects of the business of the society during the year.
- (2) Where the society has [^{F16}connected undertakings] the annual business statement shall deal also with prescribed aspects of the business of the [^{F16}connected undertakings] during the year to which it relates.
- (3) The annual business statement shall contain such information relating to such aspects of the business of the society and shall be in such form as the [^{F17}Treasury prescribe by regulations]; and in this section “prescribed” means prescribed by regulations under this subsection.
- (4) Without prejudice to the generality of subsections (1) to (3) above the regulations may require the annual business statements of building societies to include prescribed

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information about directors and past directors and persons connected with them^{F18}... and their financial interests.

- (5) The information comprising the annual business statement shall give a true representation of the matters in respect of which it is given.
- (6) To such extent as may be prescribed matters contained in the society's annual business statement shall not be the subject of report by the [^{F19}auditor] under section 78.
- (7) The power to make regulations under subsection (3) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (8) It is the duty of every director^{F20}... of a building society to give notice to the society of such matters relating to himself or his financial interests as may be necessary for the purposes of compliance with the preceding provisions of this section.
- (9) Any person who fails to comply with subsection (8) above shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- (10) Any director who fails to comply with subsection (1) above shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum.

Textual Amendments

- F16** Words in s. 74(2) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 31**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xviii)**
- F17** Words in s. 74(3) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 166** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F18** Words in s. 74(4) omitted (18.2.2014) by virtue of Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 5(2)**
- F19** Word in s. 74(6) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 2**
- F20** Words in s. 74(8) omitted (18.2.2014) by virtue of Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 5(3)**

Modifications etc. (not altering text)

- C1** S. 74(3)(4): Functions of the Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. III** (with art. 5); S.I. 2001/3538, **art. 2(1)**

75 Directors' report.

- (1) The directors of a building society shall prepare for submission to the annual general meeting a report on the business of the society containing—
 - [^{F21}(a) a fair review of the business of the society and its connected undertakings (if any), complying with section 75A,
 - (aa) a description of the principal risks and uncertainties facing the society and its connected undertakings (if any),]
 - (b) such information relating to such aspects of the business of the society or the society and any [^{F22}connected undertakings] as may be prescribed by regulations made by the^{F23} . . . Treasury, and

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^{F24}[(c) a statement as to the matters mentioned in subsection (1A) below.]

^{F25}[(1A) The said matters are—

- (a) whether the society has acquired or established, or allowed a subsidiary undertaking to acquire or establish, a business to which subsection (3) and subsection (4) or, as the case may be, subsection (5) of section 92A applied;
- (b) if the society has acquired or established, or allowed such an undertaking to acquire or establish, such a business, what the business is and whether the society complied with the requirements of subsection (1) of that section; and
- (c) if the society did not comply with those requirements, why the society nevertheless proceeded, or allowed the undertaking to proceed, with the acquisition or establishment.]

^{F26}[(1B) If the building society has subsidiary undertakings, the report may, where appropriate, give greater emphasis to those matters which are significant to the society and its subsidiary undertakings taken as a whole.]

^{F27}(2)

- (3) The power to make regulations under subsection (1) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (4) If a directors' report does not contain ^{F28}the review, information and statement required by subsection (1) above and, where applicable, the review required by subsection (2) above], each director shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum.

Textual Amendments

- F21** S. 75(1)(a)(aa) substituted (22.12.2004) for s. 75(1)(a) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, **3(2)**
- F22** Words in s. 75(1)(b) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 32(1)(a)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xix)**
- F23** Words in s. 75(1)(b) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)
- F24** S. 75(1)(c) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 32(1)(b)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xix)**
- F25** S. 75(1A) inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 32(2)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xix)**
- F26** S. 75(1B) inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, **3(3)**
- F27** S. 75(2) omitted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by virtue of [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, **3(4)**
- F28** Words in s. 75(4) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 32(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xix)**

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Modifications etc. (not altering text)

- C2** S. 75(1)(b): Functions of the Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. III** (with art. 5); S.I. 2001/3538, **art. 2(1)**

[^{F29}75A Business review

- (1) The review required for the purposes of section 75(1) is a balanced and comprehensive analysis of—
 - (a) the development and performance of the business of the building society and its connected undertakings (if any) during the financial year, and
 - (b) the position of the building society and its connected undertakings (if any) at the end of that year,consistent with the size and complexity of the business.
- (2) The review must, to the extent necessary for an understanding of the development, performance or position of the business of the society and its connected undertakings (if any), include—
 - (a) analysis using financial key performance indicators, and
 - (b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters.
- (3) The review must, where appropriate, include references to and additional explanations of amounts included in the annual accounts of the society.
- (4) In this section “key performance indicators” means factors by reference to which the development, performance or position of the business of the society and any connected undertakings it has can be measured most effectively.]

Textual Amendments

- F29** S. 75A inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 4

76 Summary financial statement for members and depositors.

- (1) The directors of a building society shall, with respect to each financial year, prepare for members and depositors a summary financial statement for that year, that is to say, a statement derived from the annual accounts, annual business statement and director’s report, giving a summary account of the society’s financial development during and financial position at the end of the year.
- (2) Where the society has [^{F30}connected undertakings] the statement shall (so far as they are dealt with in the group accounts) give an account of the financial development and position of the society and its [^{F31}connected undertakings].
- (3) The [^{F32}Treasury may by regulations] make provision with respect to—
 - (a) the form of the summary financial statement, and
 - (b) the information which must be included in it.

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- (4) Every summary financial statement shall also include in the prescribed form statements to the effect that—
- (a) it is only a summary of information in the accounts, business statement and directors' report;
 - (b) in so far as it summarises the information in the accounts, those accounts have been audited;
 - (c) the accounts, business statement and director's report will be available to members and depositors free of charge on demand at every office of the society after a specified date.
- (5) Every summary financial statement shall include a statement of the [^{F33}auditor's opinion] as to its consistency with the accounts, business statement and directors' report and its conformity with the requirements of this section and regulations made under it.
- (6) The power to make regulations under subsection (3) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (7) The summary financial statement shall be signed by two directors on behalf of the board of directors and by the chief executive of the society.
- [^{F34}(8) Not later than 21 days before the date of the annual general meeting at which the accounts and reports are to be considered, the society shall send one copy of the documents to which this subsection applies to every member of the society who is entitled to receive notice of the meeting, and two copies of the documents to which this subsection applies to the [^{F35}FCA and, if the society is a PRA-authorized person, one copy to the PRA].
- (8A) The documents to which subsection (8) applies are—
- (a) the summary financial statement, and
 - (b) where subsection (8) extends under section 78(6) to the [^{F36}auditor's report] also, the [^{F36}auditor's report].]

[^{F37}(8AA) The society shall also—

 - (a) publish the summary financial statement and (where applicable) the auditor's report on a web site, and
 - (b) ensure that the statement and (where applicable) the report may be accessed on the web site until the publication of the next summary financial statement.]

[^{F38}(8B) Where a copy of the summary financial statement or of the auditor's report is required to be sent to a member under subsection (8)—

 - (a) it may be sent to him electronically only if it is sent to an electronic address notified to the society by the member for the purpose; but
 - (b) the requirement to send it shall also be treated as satisfied if the conditions set out in subsection (8C) are satisfied.

(8C) The conditions of this subsection are satisfied in the case of a copy of a summary financial statement or auditor's report if—

 - (a) the society and the member have agreed that information that is required to be sent to him may instead be accessed by him on a web site;
 - (b) the agreement applies to the summary financial statement or auditor's report in question;

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- (c) the member is notified ^{F39}... of—
 - (i) the publication of the summary financial statement and (where applicable) the auditor’s report on a web site,
 - (ii) the address of that web site, and
 - (iii) the place on that web site where the statement and (where applicable) the report may be accessed, and how it may be accessed;
- (d) the notification given for the purposes of paragraph (c) is given not less than 21 days before the date of the annual general meeting at which the accounts and reports are to be considered; and
- (e) a copy of the statement and (where applicable) the report is published on the web site throughout a period beginning at least 21 days before the date of meeting.

(8D) Where, in a case in which subsection (8C) is relied on for compliance with a requirement of subsection (8)—

- (a) a copy of a summary financial statement or auditor’s report is published for a part, but not all, of the period mentioned in subsection (8C)(e), and
- (b) the failure to publish it throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the society or the officer to prevent or avoid,

the failure shall not invalidate the proceedings of the meeting at which the accounts and reports are considered, and no offence is committed under subsection (10) by reason of that failure.]

[^{F40}(8E) If, at any time during the period beginning with the publication of the summary financial statement and ending with the publication of the next summary financial statement, an individual for the first time subscribes for shares in the society, the society shall at that time notify the individual of the information in subsection (8C) (c)(i) to (iii).

(8F) In a case where subsection (8E) applies, the society is not required under section 115B (right to hard copy version) to send the individual a version of the summary financial statement or (where applicable) the auditor's report in hard copy form (within the meaning of that section).]

- ^{F41}(9)
- ^{F41}(9A)
- ^{F41}(9B)
- ^{F41}(9C)
- ^{F41}(9D)
- ^{F41}(9E)

(10) If default is made by a building society in complying with subsection (8) above, the society shall be liable on summary conviction—

- (a) to a fine not exceeding level 5 on the standard scale; and
 - (b) in the case of a continuing offence, to an additional fine not exceeding £200 for every day during which the offence continues,
- and so shall any officer who is also guilty of the offence.

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- (11) If default is made by a building society in complying with [F42 subsection (8AA) or (8E)] above, the society shall be liable on summary conviction—
- (a) to a fine not exceeding level 3 on the standard scale; and
 - (b) in the case of a continuing offence, to an additional fine not exceeding £40 for every day during which the offence continues,
- and so shall any officer who is also guilty of the offence.
- (12) The [F43[F44 FCA] shall keep one of the copies] of the summary financial statement received by it under subsection (8) above in the public file of the society.

Textual Amendments

- F30** Words in s. 76(2) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 33(1)(a)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xx)**
- F31** Words in s. 76(2) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 33(1)(b)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xx)**
- F32** Words in s. 76(3) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 168(a)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F33** Words in s. 76(5) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 3(a)**
- F34** S. 76(8)(8A) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) for s. 76(8) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 168(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F35** Words in s. 76(8) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 27(2)** (with Sch. 12)
- F36** Words in s. 76(8A)(b) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 3(b)**
- F37** S. 76(8AA) inserted (18.2.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 6(2)**
- F38** S. 76(8B)-(8D) inserted (20.3.2003) by The Building Societies Act 1986 (Electronic Communications) Order 2003 (S.I. 2003/404), arts. 1(1), **6(2)**
- F39** Words in s. 76(8C)(c) omitted (18.2.2014) by virtue of Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 10**
- F40** S. 76(8E)(8F) inserted (18.2.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 6(3)**
- F41** S. 76(9)-(9E) omitted (18.2.2014) by virtue of Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 6(4)**
- F42** Words in s. 76(11) substituted (18.2.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 6(5)**
- F43** Words in s. 76(12) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 168(c)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F44** Word in s. 76(12) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 27(3)** (with Sch. 12)

Modifications etc. (not altering text)

- C3** S. 76(3): Functions of the Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. III** (with art. 5); S.I. 2001/3538, **art. 2(1)**

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 5(11)-(14) inserted by [2007 c. 26 s. 1\(2\)](#)
- s. 5(13)(a) substituted by [S.I. 2013/496 Sch. 8 para. 4\(4\)](#)
- s. 7(6A)-(6C) inserted by [2007 c. 26 s. 1\(1\)\(a\)](#)
- s. 7(8A) inserted by [2007 c. 26 s. 1\(1\)\(c\)](#)
- s. 176ZB excluded by [S.I. 2017/400 reg. 14](#)
- s. 246ZA-246ZC excluded by [S.I. 2017/400 reg. 15](#)
- s. 246ZD excluded by [S.I. 2017/400 reg. 16](#)