



# Co-operative and Community Benefit Societies Act 2014

## 2014 CHAPTER 14

### PART 7

#### ACCOUNTS, AUDIT AND ANNUAL RETURNS

##### *Group accounts*

#### **98** Group accounts

- (1) This section applies to a registered society (“the parent society”) which has subsidiaries at the end of a year of account (“the relevant year”).
- (2) The society must ensure that accounts (“group accounts”) are prepared for that year dealing with the state of affairs and income and expenditure of the society and its subsidiaries.
- (3) The group accounts must give a true and fair view of the state of affairs and income and expenditure of the society and the subsidiaries dealt with as a whole, so far as concerns members of the society.
- (4) The group accounts must comprise such accounts and contain such particulars as the Treasury may by regulations prescribe.

The regulations may make different provision for different cases or circumstances.

- (5) If a subsidiary’s year of account does not coincide with that of the parent society, the group accounts must deal with—
  - (a) the subsidiary’s state of affairs as at the end of its year of account ending with or last before the end of the relevant year, and
  - (b) its income and expenditure for that year of account.

This is subject to any direction made by the FCA, on the application of the parent society’s committee or with the consent of that committee.

- (6) The parent society must submit the group accounts for the relevant year for audit to the auditors appointed to audit the society's accounts and balance sheet for that year.
- (7) The auditors must make a report to the society on the group accounts, stating—
  - (a) whether the accounts have been properly prepared in accordance with the requirements of this Part and any regulations made under it;
  - (b) whether, in their opinion, the accounts give a true and fair view of the matters mentioned in subsection (3).
- (8) The parent society must send the group accounts and a copy of the auditor's report on them to the FCA together with its annual return for the relevant year.

## 99 Section 98: exceptions

- (1) This section supplements section 98.
- (2) A registered society is not required to prepare group accounts for a year of account if, at the end of the year, it is the wholly owned subsidiary of another body corporate incorporated in Great Britain.
- (3) Group accounts need not deal with a subsidiary if in the opinion of the parent society's committee, approved by the FCA—
  - (a) it is impracticable, or would be of no real value to the society's members, in view of the insignificant amounts involved,
  - (b) it would involve expense or delay out of proportion to the value to those members,
  - (c) the result would be misleading, or harmful to the business of the society or any of its subsidiaries, or
  - (d) the business of the society and that of the subsidiary are so different that they cannot reasonably be treated as a single undertaking.
- (4) A society is not required to prepare group accounts if, by virtue of subsection (3), the accounts would not need to deal with any of the society's subsidiaries.
- (5) For the purposes of section 98, no account is to be taken of a subsidiary in relation to a year of account if—
  - (a) by virtue of subsection (3) or this subsection, there was no requirement for the subsidiary to be dealt with in group accounts of the parent society for the previous year of account, and
  - (b) the society's auditors include in the appropriate report, made on or before the relevant date, a certificate to the effect that they agree with the society's committee that the following continued to apply throughout the year of account—
    - (i) the reason given by the committee in its last opinion in respect of the subsidiary to have been approved by the FCA under subsection (3), and
    - (ii) the grounds given by the committee in that opinion for that reason.
- (6) For the purposes of subsection (5)(b)—
  - the "appropriate report" is—
    - (a) if the society is under a duty to ensure that group accounts are prepared for the year of account, the auditor's report on those accounts;

- (b) otherwise, the auditor’s report under section 87;  
the “relevant date” is the last date for making the annual return for the year of account.
- (7) For the purposes of this section a registered society is a “wholly owned subsidiary” of another body corporate if each of its members is—
  - (a) that other body corporate,
  - (b) a wholly owned subsidiary of that body, or
  - (c) a nominee of that body or such a subsidiary.
- (8) If the society is a PRA-authorised person, the FCA must not give an approval under this section unless it has consulted the PRA.