



# Friendly and Industrial and Provident Societies Act 1968 (repealed)

## 1968 CHAPTER 55

### *Industrial and provident societies: group accounts*

#### **13 Group accounts of industrial and provident societies.**

- (1) Subject to the provisions of the next following section, where at the end of a year of account of an industrial and provident society beginning on or after 1st January 1969 the society has subsidiaries, it shall cause to be prepared accounts for that year (in this Act referred to as “group accounts”) dealing as mentioned in the following provisions of this section with the state of affairs and income and expenditure of the society and its subsidiaries.
- (2) The group accounts of an industrial and provident society shall give a true and fair view of the state of affairs and income and expenditure of the society and the subsidiaries dealt with thereby as a whole, so far as concerns members of the society.
- (3) Without prejudice to the provisions of the last preceding subsection, the group accounts shall comprise such accounts and contain such particulars as the [<sup>F1</sup>Treasury] may prescribe by regulations made under this section.
- (4) Where the year of account of a subsidiary does not coincide with that of the industrial and provident society of which it is a subsidiary, the group accounts shall, unless the [<sup>F2</sup>Authority] on the application or with the consent of the committee of the society otherwise directs, deal with the subsidiary’s state of affairs as at the end of its year of account ending with or last before that of the society, and with the subsidiary’s income and expenditure for that year of account.
- (5) An industrial and provident society which has caused group accounts to be prepared in accordance with subsection (1) of this section shall submit those accounts for audit to the auditors appointed to audit the accounts and balance sheet of the society for that year of account: and those auditors shall make a report to the society on the group accounts, stating whether those accounts have been properly prepared in accordance with the requirements of this Act and the regulations (if any) made under this Act and

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whether in their opinion they give a true and fair view of the state of affairs and income and expenditure of the society and its subsidiaries in accordance with subsection (2) of this section.

- (6) An industrial and provident society shall send its group accounts and a copy of the report of the auditors under the last preceding subsection to the [<sup>F2</sup>Authority] together with its annual return for the year of account to which those group accounts relate.
- (7) The latest group accounts of an industrial and provident society shall be supplied free of charge, together with the latest annual return of the society, to every member or person interested in the funds of the society who applies under section 39(5) of the Act of 1965 for a copy of the latest annual return; and any such group accounts shall be taken to be a document kept by the [<sup>F2</sup>Authority] under that Act for the purposes of section 71(1) of that Act.

#### Textual Amendments

- F1** Words in s. 13(3) substituted (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1), **Sch. 3 Pt. III para. 255(a)** (subject to savings and transitional provisions in art. 13(3)); S.I. 2001/3538, **art. 2(1)**
- F2** Words in s. 13(4)(6)(7) substituted (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1), **Sch. 3 Pt. III para. 255** (subject to savings and transitional provisions in art. 13(3)); S.I. 2001/3538, **art. 2(1)**

#### Modifications etc. (not altering text)

- C1** S. 13(3): transfer of functions (1.12.2001) by virtue of S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. I** (with art. 5); S.I. 2001/3538, **art. 2(1)**

## 14 Exemption from requirements in respect of group accounts.

- (1) Section 13 of this Act shall not require group accounts to be prepared by an industrial and provident society where that society is at the end of its year of account the wholly owned subsidiary of another body corporate incorporated in Great Britain.
- (2) The group accounts of an industrial and provident society prepared under that section need not deal with a subsidiary of the society if in the opinion of the committee of the society, approved by the [<sup>F3</sup>Authority]—
- it is impracticable, or would be of no real value to members of the society, in view of the insignificant amounts involved, or would involve expense or delay out of proportion to the value to members of the society; or
  - the result would be misleading, or harmful to the business of the society or any of its subsidiaries; or
  - the business of the society and that of the subsidiary are so different that they cannot reasonably be treated as a single undertaking.
- (3) If in respect of each subsidiary of an industrial and provident society the committee of the society is of any such opinion as is mentioned in the last preceding subsection and that opinion is approved by the [<sup>F3</sup>Authority], then that industrial and provident society shall not be required to cause group accounts to be prepared under section 13 of this Act.

[<sup>F4</sup>(3A) In relation to any year of account of an industrial and provident society, a subsidiary of the society shall be disregarded for the purposes of section 13 of this Act if—

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- (a) the society's previous year of account was one in relation to which the subsidiary was not required to be dealt with in group accounts of the society for that year,
  - (b) the reason for that was subsection (2) or (3) of this section or this subsection, and
  - (c) the auditors of the society include in the appropriate report a certificate to the effect that they agree with the committee of the society that—
    - (i) the reason given by the committee in their last opinion in respect of the subsidiary to have been approved by the [<sup>F3</sup>Authority] under subsection (2) or (3) of this section, and
    - (ii) the grounds so given by them for that reason, continued to apply throughout the year of account.
- (3B) For the purposes of subsection (3A)(c) of this section, the appropriate report is—
- (a) where the year of account is one in relation to which the society is subject to the obligation under subsection (1) of section 13 of this Act, the report required to be made under subsection (5) of that section by the society's auditors, and
  - (b) where it is not, the report required to be made by them under section 9(1) of this Act.
- (3C) A certificate shall be disregarded for the purposes of subsection (3A)(c) of this section if contained in a report made after the date which, in relation to the year to which the certificate relates, is the last date for making the return required by section 39(1) of the Act of 1965 (annual return).]
- (4) For the purposes of this section an industrial and provident society shall be deemed to be the wholly owned subsidiary of another body corporate if it has no members except that other body corporate and the wholly owned subsidiaries of that body and its or their nominees.

#### Textual Amendments

- F3** Words in s. 14 substituted (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1), **Sch. 3 Pt. III para. 256** (subject to savings and transitional provisions in art. 13(3)); S.I. 2001/3538, **art. 2(1)**
- F4** S. 14(3A)(3B)(3C) (1.9.1996) by S.I. 1996/1738, **art. 1, 12**

## 15 Meaning of "subsidiary".

- (1) For the purposes of this Act, a company shall, subject to the provisions of subsection (4) of this section, be deemed to be a subsidiary of an industrial and provident society if, but only if, that society either—
  - (a) is a member of the company and controls the composition of its board of directors; or
  - (b) holds more than half in nominal value of the company's equity share capital.
- (2) For the purposes of paragraph (a) of the preceding subsection, the composition of a company's board of directors shall be deemed to be controlled by an industrial and provident society if, but only if, that society by the exercise of some power exercisable by it without the consent or concurrence of any other person can appoint or remove the holders of all or a majority of the directorships.

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- (3) A society shall be deemed for the purposes of subsection (2) of this section to have power to appoint to a directorship if either—
- (a) a person cannot be appointed thereto without the exercise in his favour by that society of such a power as is mentioned in that subsection; or
  - (b) a person's appointment thereto follows necessarily from his appointment as a member of the committee of that society; or
  - (c) the directorship is held by that society itself.
- (4) In determining whether a company is a subsidiary of an industrial and provident society—
- (a) any shares held or power exercisable by that society in a fiduciary capacity shall be treated as not held or exercisable by it;
  - (b) (subject to the two following paragraphs), any shares held or power exercisable by any person as a nominee for that society (except where that society is concerned only in a fiduciary capacity) shall be treated as held or exercisable by that society;
  - (c) any shares held or power exercisable by any person by virtue of the provisions of any debentures of the company or of a trust deed for securing any issue of such debentures shall be disregarded; and
  - (d) any shares held or power exercisable by, or by a nominee for, that society (not being held or exercisable as mentioned in the last preceding paragraph) shall be treated as not held or exercisable by that society if the ordinary business of that society includes the lending of money and the shares are held or power is exercisable as mentioned above by way of security only for the purposes of a transaction entered into in the ordinary course of that business.
- (5) For the purposes of this Act, an industrial and provident society shall be deemed to be a subsidiary of another such society if, but only if, that other society either—
- (a) is a member of the first mentioned society and controls the composition of its committee; or
  - (b) can exercise a majority of the votes to which members of the first-mentioned society are entitled under its rules.
- (6) For the purposes of paragraph (a) of the last preceding subsection, the composition of a society's committee shall be deemed to be controlled by another society if, but only if, either—
- (a) that other society by the exercise of some power exercisable by it without the consent or concurrence of any other person can appoint and remove the members or a majority of the members of that committee; or
  - (b) that other society is itself a member of that committee and by the exercise of such a power as is mentioned in the preceding paragraph can either appoint and remove the remaining members of that committee or appoint and remove such number of members of that committee as, together with itself, would constitute a majority of the members of that committee.
- (7) A society shall be deemed for the purposes of subsection (6) of this section to have power to appoint a person to membership of the committee of another society if either—
- (a) he cannot be appointed without the exercise in his favour by the first mentioned society of such a power as is mentioned in paragraph (a) of that subsection; or

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- (b) his appointment follows necessarily from his appointment as a member of the committee of the first-mentioned society.
- (8) Subsection (4) of this section shall apply with the necessary modifications in determining whether an industrial and provident society is a subsidiary of another such society as it applies in determining whether a company is a subsidiary of such a society.
- (9) In this section “company” includes any body corporate other than an industrial and provident society, and “equity share capital” means, in relation to a company, its issued share capital excluding any part thereof which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution.

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