



# Building Societies Act 1986

## 1986 CHAPTER 53

### PART VIII

#### ACCOUNTS AND AUDIT

##### *Procedure on completion of accounts*

#### **80 Signing of balance sheet: documents to be annexed.**

- (1) Every balance sheet of a building society shall be signed by two directors on behalf of the board of directors and by the chief executive of the society.
- (2) The income and expenditure account, the statement of the source and application of the funds and the annual business statement shall be annexed to the balance sheet, and so shall any group accounts; and the auditor's report shall be attached to it.
- (3) The income and expenditure account, the statement of the source and application of the funds and the annual business statement shall be approved by the board of directors before the balance sheet is signed on their behalf, and so shall any group accounts; and the date of their approval of those documents shall be endorsed on the balance sheet.
- (4) The directors' report shall be attached to the balance sheet.
- (5) If a balance sheet has not been signed as required by subsection (1) above, and a copy of it is issued, circulated or published, the building society shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale and so shall any officer who is also guilty of the offence.
- (6) If any copy of a balance sheet is issued, circulated or published—
  - (a) without having annexed to it a copy of the income and expenditure account, or
  - (b) without having annexed to it a copy of the source and application of funds statement, or
  - (c) without having annexed to it a copy of the annual business statement, or
  - (d) without having attached to it a copy of the auditors' report, or

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(e) without having attached to it a copy of the directors' report,

the building society shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale and so shall any officer who is also guilty of the offence.

## **81 Laying and furnishing accounts, etc., to members, Commission and central office.**

- (1) The directors of every building society shall lay before the society at the annual general meeting the annual accounts for the last financial year.
- (2) The directors of every building society shall send a copy of the annual accounts for the last financial year to the Commission and to the central office not later than 14 days before the annual general meeting at which the accounts are to be considered.
- (3) Every building society shall, as from the date by which at the latest its directors are required to send them to the Commission, make copies of the annual accounts available free of charge to members of and depositors with the society at every office of the society and, free of charge, shall send copies of those documents to any member or depositor who demands it.
- (4) If default is made in complying with subsection (1) or (2) above, every person who was a director at any time during the relevant period 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.
- (5) If, on demand made of it under subsection (3) above, a building society fails, in accordance with that subsection, to make available or, as the case may be, within seven days of the demand, to send, to a person a copy of the annual accounts 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.
- (6) In subsection (4) above “the relevant period” means the period beginning at the end of the last financial year and ending with the date which falls 14 days before the annual general meeting following the end of that year.
- (7) The central office shall keep the copy of the annual accounts of a building society received by it under subsection (2) above in the public file of the society.
- (8) In this section any reference to the annual accounts includes a reference to the documents annexed or attached to them under section 80.

## **82 Auditors' duties to Commission and related rights.**

- (1) The auditors of a building society shall, with respect to each financial year of the society, make to the Commission in accordance with subsection (5) below a report on the conduct of the business of the society during that year in the respects specified in subsection (2) below.

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- (2) The auditor's report shall deal with—
  - (a) the accounting records kept by the society under section 71,
  - (b) the systems of control of its business and records and of inspection and report maintained under that section, and
  - (c) the system of safe custody of documents maintained under section 12(12).
- (3) The report shall state the auditors' opinion as respects the matters specified in subsection (2) above as follows, that is to say—
  - (a) as regards the accounting records of the society, whether or not they comply with the requirements of section 71 and, if not, specifying each requirement not complied with and the respects in which it was not complied with;
  - (b) as regards the system of control of its business and records, whether or not the system complies with the requirements of section 71 and, if not, specifying each requirement not complied with and the respects in which it was not complied with;
  - (c) as regards the system of inspection and report, whether or not the system complies with the requirements of section 71 and, if not, specifying each requirement not complied with and the respects in which it was not complied with;
  - (d) as regards the system of safe custody of documents, whether or not the system complies with the requirement of section 12(12) and, if not, specifying the respects in which it was not complied with.
- (4) Where the society had, at any time during the year to which the report relates, [<sup>F1</sup>subsidiary undertakings] or other associated bodies linked by resolution, the auditors' report shall deal also with and contain corresponding statements of their opinion as to compliance with the requirements of section 71 in its application to building societies having [<sup>F1</sup>subsidiary undertakings] or other associated bodies linked by resolution.
- (5) The auditors of a building society shall send their report under this section to the society and, subject to subsection (6) below, shall do so within the period of 72 days beginning with the end of the financial year to which it relates, and the society shall, within the period of 90 days so beginning, send the report to the Commission together with such comments as the board of directors think fit to make.
- (6) A building society may allow its auditors a longer period in which to send their report than that specified in subsection (5) above, but not so as to prevent the society from complying with the duty imposed on it by that subsection as regards the Commission.
- (7) If the board of directors of a building society make any comments to the Commission under subsection (5) above they shall cause a copy of the comments to be sent to the auditors before they send them to the Commission with the report under that subsection.
- (8) [<sup>F2</sup>The following, namely—
  - (a) the auditors of a building society;
  - (b) an accountant appointed by a building society to make a report under section 52(5)(d) above; and
  - (c) the auditors of a body with which a building society is closely linked by control where either—
    - (i) they are also the auditors of the society; or

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- (ii) one of them is an accountant appointed by the society to make a report under section 52(5)(d) above,]

if they are satisfied that it is expedient to do so in order to protect the investments of shareholders or depositors or if they are requested to do so by the Commission on its being so satisfied, shall be entitled, notwithstanding any obligation of confidence incumbent on them and whether or not to do so would be contrary to the interests of the society, to furnish information to the Commission relating to the conduct of the society's business or the business of any of its [<sup>F1</sup>subsidiary undertakings] or other associated bodies.

- (9) The Treasury may by order impose on [<sup>F3</sup>such persons as are mentioned in paragraph (a), (b) or (c) of subsection (8) above] an obligation to furnish to the Commission, in such circumstances as may be prescribed in the order, relevant information available to them of such descriptions as may be prescribed in the order; and it shall be the duty of [<sup>F4</sup>any such person] to furnish information to which the obligation extends notwithstanding any obligation of confidence incumbent on him.
- (10) The power to make an order under subsection (9) above is exercisable by statutory instrument but no such instrument shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.
- (11) In subsection (9) above “relevant information” means information relating to the conduct of the business of building societies or their [<sup>F1</sup>subsidiary undertakings] or associated bodies.

#### Textual Amendments

- F1** Words in ss. 71-82 (Pt. VIII) substituted by S.I. 1991/1729, **art. 3**.  
**F2** Words in s. 82(8) substituted (18.7.1996) by S.I. 1996/1669, **reg. 8(1)**  
**F3** Words in s. 82(9) substituted (18.7.1996) by S.I. 1996/1669, **reg. 8(2)(a)**  
**F4** Words in s. 82(9) substituted (18.7.1996) by S.I. 1996/1669, **reg. 8(2)(b)**

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

- C1** S. 82(1)–(4) modified (*temp.*) by S.I. 1986/2168, **art. 12(2)(f)**

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