



Building Societies Act 1986

1986 CHAPTER 53

PART VIII

ACCOUNTS AND AUDIT

Accounting records and systems of business control, etc.

71 Accounting records and systems of business control, etc.

- (1) Every building society shall—
- (a) cause accounting records to be kept, and
 - (b) establish and maintain systems of control of its business and records and of inspection and report,
- in accordance with this section.
- (2) The accounting records of a society must be such as to—
- (a) explain its transactions;
 - (b) disclose, with reasonable accuracy and promptness, the state of the business of the society at any time;
 - (c) enable the directors properly to discharge the duties imposed on them by or under this Act and their functions of direction of the affairs of the society; and
 - (d) enable the society properly to discharge the duties imposed on it by or under this Act;
- and must be kept in an orderly manner.
- (3) The accounting records shall in particular contain—
- (a) entries from day to day of all sums received and paid by the society and the matters in respect of which they are received or paid;
 - (b) entries from day to day of every transaction entered into by the society which will or there is reasonable ground for expecting may give rise to liabilities or assets of the society other than insignificant assets or liabilities in respect of the management of the society; and

Status: Point in time view as at 09/06/1997. This version of this provision has been superseded.

Changes to legislation: Building Societies Act 1986, Section 71 is up to date with all changes known to be in force on or before 20 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)

- (c) a record of the assets and liabilities of the society and in particular of assets and liabilities of any class specifically regulated by or under any provision of Part II or Part III.
- (4) The system of control which is to be established and maintained by a society is a system for the control of the conduct of its business in accordance with this Act and the decisions of the board of directors and for the control of the accounting and other records of its business.
- (5) The system of inspection and report which is to be established and maintained by a society is a system of inspection on behalf of and report to the board of directors on the operation of the system of control of the society's business and records required by subsection (1)(b) above.
- (6) The systems of control and of inspection and report must be such as to—
- (a) enable the directors properly to discharge the duties imposed on them by or under this Act and their functions of direction of the affairs of the society; and
 - (b) enable the society properly to discharge the duties imposed on it by or under this Act;
- and no such system of control shall be treated as established or maintained unless there is kept available to the board a detailed [^{F1}record] of the system as in operation for the time being.
- (7) Without prejudice to the generality of subsection (6) above the systems of control and of inspection and report must be such as to secure that the society's business is so conducted and its records so kept that—
- (a) the information necessary to enable the directors and the society to discharge their duties and functions is sufficiently accurate, and is available with sufficient regularity or at need and with sufficient promptness, for those purposes; and
 - (b) the information regularly obtained by or furnished to the Commission under or for the purposes of this Act is sufficiently accurate for the purpose for which it is obtained or furnished and is regularly furnished;
- and in this subsection, in its application in relation to the Commission, "regularly" includes that regularity requested by or agreed with the Commission.
- (8) The accounting records shall be kept at the society's principal office or at such other place or places as the directors think fit, and shall at all times be open to inspection by the directors.
- (9) Accounting records shall be preserved for six years from the date on which they were made.
- (10) Where a building society has [^{F2}subsidiary undertakings] or other associated bodies linked by resolution, the society shall also secure that such accounting records are kept and such systems of control and of inspection and report are established and maintained by the society and the [^{F2}subsidiary undertakings] or other associated bodies as will enable the society to comply with the requirements of this section in relation to the business of the society and those [^{F2}subsidiary undertakings] and other associated bodies.

[^{F3}(10A) The Commission may, for the purpose of implementing the Council Directive on the supervision of credit institutions on a consolidated basis (No.92/30/EEC) ^{F4}, direct that

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subsection (10) above shall have effect in relation to any building society specified in the direction as if any associated body of the society so specified were linked to it by resolution.]

- (11) The directors and chief executive of every building society shall, within the period of three months beginning with the end of each financial year, make and send to the Commission a statement of their opinion whether the requirements of this section have been complied with in respect of that year; and the statement shall be signed by the chairman on behalf of the board of directors and by the chief executive.

Textual Amendments

- F1** Word in s. 71(6) substituted (9.6.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 29(2)**; S.I. 1997/1427, **art. 2(k)(n)(vii)**
- F2** Words in ss. 71-82 (Pt. VIII) substituted (1.1.1993) by S.I. 1991/1729, **art. 3**.
- F3** S. 71(10A) inserted (1. 1. 1993) by S.I. 1992/3218, **reg. 78**
- F4** OJ No. L110, 28.4.92, p.52.

Modifications etc. (not altering text)

- C1** S. 71 modified (*temp.*) by S.I. 1986/2168, **art. 12(2)(d)**
- C2** S. 71(1)–(10) excluded (*temp.*) by S.I. 1986/2168, **art. 12(2)(a)**
- C3** S. 71(11) modified (*temp.*) by S.I. 1986/2168, **art. 12(2)(d)**

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