



# Friendly Societies Act 1992

## 1992 CHAPTER 40

### PART VI

#### ACCOUNTS AND AUDIT

##### *Records and systems*

#### **68 Accounting records and systems of business control.**

- (1) Every friendly society and every registered branch 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 must be sufficient to show and explain the transactions of the society or branch and—
  - (a) disclose, with reasonable accuracy and promptness, the financial position of the society or branch at any time;
  - (b) enable the committee of management properly to discharge the duties imposed on them by or under this Act or the 1974 Act and their function of direction of the affairs of the society or branch; and
  - (c) enable the society or branch properly to discharge the duties imposed on it by or under this Act or the 1974 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 or branch 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 or branch which will or there is reasonable ground for expecting may give rise to liabilities or assets of the society or branch other than insignificant assets or liabilities in respect of the management of the society or branch; and

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- (c) a record of the assets and liabilities of the society or branch.
- (4) The system of control which is to be established and maintained by a friendly society or a registered branch is a system for the control of the conduct of its activities in accordance with this Act and the decisions of the committee of management and for the control of the accounting and other records of its activities.
- (5) The system of inspection and report which is to be established and maintained by a friendly society or registered branch is a system of inspection on behalf of and report to the committee of management on the operation of the system of control of the activities of the society or branch 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 committee of management properly to discharge the duties imposed on them by or under this Act or the 1974 Act and their functions of direction of the affairs of the society or branch; and
  - (b) enable the society or branch properly to discharge the duties imposed on it by or under this Act or the 1974 Act;
- and no such system of control shall be treated as established or maintained unless there is kept available to the committee of management a detailed statement in writing 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 activities of the society or branch are so conducted and its records so kept that—
- (a) the information necessary to enable the committee of management and the society or branch 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 registered office of the society or branch or at such other place or places as the committee of management thinks fit, and shall at all times be open to inspection by the committee of management.
- (9) Accounting records shall be preserved for 6 years from the date on which they were made.
- (10) Where an incorporated friendly society has subsidiaries or jointly controls other bodies, 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 them as will enable the society to comply with the requirements of this section in relation to the business of the society and those subsidiaries and jointly controlled bodies.
- (11) The committee of management of every friendly society shall within the period of 6 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 by the society and also, in the case of a registered friendly society with registered branches, by each of those branches, and the

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statement shall be signed by the chairman on behalf of the committee of management and by the chief executive.

#### **Commencement Information**

- II** S. 68 wholly in force; s. 68 not in force at Royal Assent see s. 126(2); s. 68 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 68 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

### *Annual accounts of friendly societies and registered branches*

#### **69 Duty to prepare accounts.**

- (1) The committee of management of a friendly society or registered branch shall prepare for each financial year of the society or branch—
  - (a) a balance sheet as at the last day of the year, and
  - (b) an income and expenditure account.
- (2) Except as provided by regulations under subsection (4) below, if at the end of its financial year an incorporated friendly society has subsidiaries, the committee of management shall also prepare group accounts.
- (3) Group accounts shall be consolidated accounts comprising—
  - (a) a consolidated balance sheet dealing with the state of affairs of the society and its subsidiaries; and
  - (b) a consolidated income and expenditure account dealing with the income and expenditure of the society and its subsidiaries.
- (4) The Commission may by regulations made with the consent of the Treasury exempt specified descriptions of incorporated friendly societies with subsidiaries from any duty to prepare group accounts.
- (5) Regulations under subsection (4) above may exempt societies by reference to any criterion and may make different provision for different descriptions of societies.

#### **Commencement Information**

- I2** S. 69 wholly in force; s. 69 not in force at Royal Assent see s. 126(2); s. 69 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 69 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

#### **70 Contents and form of annual accounts.**

- (1) The annual accounts of a friendly society or a registered branch shall conform to the requirements of this section and regulations made under it.
- (2) The balance sheet shall give a true and fair view of the state of the affairs of the society or branch as at the end of the financial year.
- (3) The income and expenditure account shall give a true and fair view of the income and expenditure of the society or branch for the financial year.

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- (4) Subsections (2) and (3) above, in their application to the group accounts of an incorporated friendly society, are to be read as referring to the society and (so far as it concerns the members of the society) the subsidiaries dealt with in the group accounts.
- (5) The annual accounts shall also contain, whether in the form of notes or otherwise, such supplementary information as is prescribed.
- (6) The Commission shall, by regulations made with the consent of the Treasury, make provision with respect to the contents and the form of the annual accounts.
- (7) Without prejudice to the generality of subsections (5) and (6) above, the regulations may—
- (a) prescribe accounting principles and rules;
  - (b) require corresponding information for a preceding financial year;
  - (c) require the accounts of incorporated friendly societies to deal also with bodies jointly controlled by them;
  - (d) require the accounts to give particulars of the emoluments, pensions, compensation for loss of office and financial interests of members of the committee of management, other officers and employees of prescribed descriptions of the society;
  - (e) add to the classes of documents to be comprised in the annual accounts;
  - (f) make provision as to the matters to be included in any document so added;
  - (g) modify the requirements of this Part of this Act as to the matters to be stated in any document comprised in the annual accounts; and
  - (h) reduce the classes of documents to be comprised in the annual accounts;
- and the regulations may make different provision for different cases.
- (8) Where compliance with regulations under this section would not be sufficient to give a true and fair view, the necessary additional information shall be given in the accounts or in a note to them.
- (9) If in special circumstances compliance with any provisions contained in regulations is inconsistent with the requirement to give a true and fair view, the committee of management shall depart from that provision to the extent necessary to give a true and fair view.
- (10) Particulars of any such departure, the reasons for it and its effect shall be given in a note to the accounts.
- (11) It is the duty of every member of the committee of management, other officer and employee of a society or registered branch as respects whom prescribed particulars are by virtue of subsection (7)(d) above required to be given in the accounts to give notice to the society of such matters as may be necessary to enable the society to give those particulars in the accounts.

#### Commencement Information

- I3** S. 70 wholly in force; s. 70 not in force at Royal Assent see s. 126(2); s. 70 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 70(5)(6)(7) in force for all remaining purposes at 13.9.1993 by S.I. 1993/2213, art. 2(1), Sch. 2; s. 70(1)-(4)(8)-(11) in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

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### *Committee of management's annual report*

#### **71 Report on a friendly society's affairs by the committee of management.**

- (1) The committee of management of a friendly society shall prepare for submission to the annual general meeting of the society a report on the activities of the society containing—
  - (a) a fair review of the development of the activities of the society during the financial year and of its position at the end of it; and
  - (b) such information relating to such aspects of the activities of the society as may be prescribed by regulations made by the Commission with the consent of the Treasury; and
  - (c) a statement whether any and, if so, what activities carried on during the year by the society are believed to have been carried on outside its powers.
- (2) Where an incorporated friendly society has subsidiaries or jointly controls other bodies, the report shall—
  - (a) contain such information relating to such aspects of the activities of any subsidiaries or bodies which it jointly controls as may be prescribed by regulations made by the Commission with the consent of the Treasury;
  - (b) review the development of any such subsidiaries and bodies during the year and their position at the end of it; and
  - (c) contain a statement whether any and, if so, what activities carried on during the year by any of its subsidiaries or by any body which it jointly controls are believed to have been carried on outside the powers of the subsidiary or jointly controlled body.
- (3) If a report under this section does not contain the prescribed information or the information in the report is not given in accordance with the regulations, each member of the committee of management shall be guilty of an offence and liable—
  - (a) on conviction on indictment, to a fine; and
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.

#### **Commencement Information**

- I4** S. 71 wholly in force; s. 71 not in force at Royal Assent see s. 126(2); s. 71 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 71(1)(2) in force for certain purposes 13.9.1993 by S.I. 1993/2213, art. 2(1), Sch. 4; s. 71 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

### *Auditors*

#### **72 Auditors' appointment, tenure, qualifications, etc.**

- (1) Every friendly society and every registered branch shall at each annual general meeting appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting.
- (2) Schedule 14 to this Act has effect as regards—
  - (a) the appointment of auditors;

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- (b) their qualifications and grounds of disqualification;
- (c) the resignation and removal of auditors; and
- (d) the remuneration of auditors.

#### Commencement Information

- I5** S. 72 partly in force; s. 72 not in force at Royal Assent see s. 126(2); s. 72 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 72(1) in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5; s. 72(2) in force for certain purposes at 13.9.1993 by S.I. 1993/2213, art. 2(1), Schs. 2, 3; s. 72(2) in force (except to the extent that it relates to any provision in Sch. 14 para. 7 not yet in force) at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

#### *Auditors' report on annual accounts*

### 73 Auditors' report.

- (1) The auditors of a friendly society or of a registered branch shall make a report to the members on the annual accounts which are to be laid before the society or branch at the annual general meeting during their tenure of office.
- (2) The auditors of a friendly society or registered branch shall, in preparing their report, carry out such investigations as will enable them to form an opinion as to—
  - (a) whether proper accounting records have been kept under section 68 above;
  - (b) whether satisfactory systems of control of the business and records of the society or branch and of inspection and report under that section have been maintained; and
  - (c) whether the annual accounts are in agreement with the accounting records;
 and, if the auditors are of the opinion that proper accounting records have not been kept, they shall state that fact in their report.
- (3) If the auditors fail to obtain all the information and explanations and the access to documents which, to the best of their knowledge and belief, are necessary for the purposes of their audit, they shall state that fact in their report.
- (4) The auditors shall, in their report, also make a report to the members on the report of the committee of management, in so far as subsection (7) below requires them to do so.
- (5) The auditors' report shall state whether in the auditors' opinion the annual accounts have been properly prepared in accordance with this Act and the regulations made under it and in particular whether a true and fair view is given—
  - (a) in the case of the income and expenditure account, of the income and expenditure of the society or branch for the financial year; and
  - (b) in the case of the balance-sheet, of the state of the affairs of the society or branch as at the end of the financial year; and
  - (c) in the case of the group accounts of an incorporated friendly society, of the state of affairs as at the end of the financial year of the society and any subsidiaries of the society.
- (6) Subsection (5) above, in its application to the group accounts of an incorporated friendly society, is to be read as referring to the society and (so far as it concerns the members of the society) the subsidiaries dealt with in the group accounts.

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- (7) The auditors' report, in so far as it deals with the report of the committee of management, shall state whether in the auditors' opinion it has been prepared in accordance with this Act and the regulations made under it and whether the information given in the report of the committee of management is consistent with the accounting records and the annual accounts for the financial year.

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

**C1** S. 73(5)(b) excluded (1.4.1995) by S.I. 1995/710, reg. 4(2)

**Commencement Information**

**I6** S. 73 wholly in force; s. 73 not in force at Royal Assent see s. 126(2); s. 73 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 73 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

**74 Signature of auditors' report.**

- (1) The auditors' report to the members of a friendly society or registered branch shall state the names of the auditors and be signed by them.
- (2) The copies of the auditors' report which are sent to the Commission or the central office under section 78(1) or (2) below shall be signed by the auditors.
- (3) Every copy of the auditors' report which is laid before the society or branch in general meeting, sent to the Commission or the central office or is otherwise circulated, published or issued shall state the names of the auditors.
- (4) If a copy of the auditors' report—
- (a) is laid before the society or branch, sent to the Commission or central office or otherwise circulated, published or issued, without the required statement of the auditors' names; or
  - (b) is sent to the Commission or the central office without being signed as required by this section,
- the society or branch and every officer of it who is in default is guilty of an offence and liable on conviction on indictment to a fine.
- (5) References in this section to signature by the auditors are, where the office of auditor is held by a body corporate or partnership, to signature in the name of the body corporate or partnership by a person authorised to sign on its behalf.

**Commencement Information**

**I7** S. 74 wholly in force; s. 74 not in force at Royal Assent see s. 126(2); s. 74 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 74 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

**75 Auditors' rights to information and to attend meetings.**

- (1) The auditors of a friendly society are entitled—
- (a) to access at all times to the books, accounts and vouchers of the society;

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- (b) to require from the officers of the society such information and explanations as they think necessary for the performance of their duties as auditors;
- (c) to receive from the society—
- (i) notice of any general meeting of the society and of any matter relating to the business of such a meeting of which notice is given (by whatever means) to the society's members; and
  - (ii) copies of any communications sent to the society's members with respect to any such meeting; and
- (d) to attend any general meeting of the society and to be heard on any part of the business of the meeting which concerns them as auditors;
- and the auditors of a registered branch have the corresponding rights to those specified in paragraphs (a) to (d) above, with the substitution for references to the society of references to the branch.
- (2) The right to attend or be heard at a meeting is exercisable in the case of a body corporate or partnership by an individual authorised by it in writing to act as its representative at the meeting.
- (3) An officer of a friendly society is guilty of an offence if he knowingly or recklessly makes to the society's auditors a statement (whether written or oral) which—
- (a) conveys or purports to convey any information or explanations which the auditors require, or are entitled to require, as auditors of the society; and
  - (b) is misleading, false or deceptive in a material particular.
- (4) An officer of a registered branch is guilty of an offence if he knowingly or recklessly makes to the auditors of the branch a statement (whether written or oral) which—
- (a) conveys or purports to convey any information or explanations which the auditors require, or are entitled to require, as auditors of the branch; and
  - (b) is misleading, false or deceptive in a material particular.
- (5) A person guilty of an offence under subsection (3) or (4) above is liable —
- (a) on conviction on indictment, to imprisonment for a term not exceeding 2 years, or to a fine, or to both; and
  - (b) on summary conviction, to imprisonment for a term not exceeding 6 months or to a fine not exceeding the statutory maximum, or to both.
- (6) It shall be the duty of a subsidiary of a friendly society which is—
- (a) a company within the meaning of the <sup>M1</sup>Companies Act 1985 incorporated in Great Britain; or
  - (b) a company within the meaning of the <sup>M2</sup>Companies (Northern Ireland) Order 1986 incorporated in Northern Ireland,
- and of the auditors of such a subsidiary to give to the auditors of the society such information and explanations as those auditors may reasonably require for the purposes of their duties as auditors of that society.
- (7) If—
- (a) a subsidiary to which subsection (6) above applies fails to comply with that subsection; or
  - (b) an auditor of such a subsidiary fails without reasonable excuse to comply with that subsection,
- the subsidiary or auditor is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.



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- (8) An incorporated friendly society having a subsidiary to which subsection (6) above does not apply shall, if required by its auditors to do so, take all such steps as are reasonably open to it to obtain from the subsidiary such information and explanations as they may reasonably require for the purposes of their duties as auditors of that society.
- (9) If an incorporated friendly society fails to comply with subsection (8) above, it is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

#### Commencement Information

**I8** S. 75 wholly in force; s. 75 not in force at Royal Assent see s. 126(2); s. 75 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 75 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

#### Marginal Citations

**M1** 1985 c.6.

**M2** S.I. 1986/1032 (N.I.6).

## 76 Approval and signing of accounts.

- (1) The annual accounts of a friendly society or a registered branch shall be approved by the committee of management.
- (2) The accounts so approved shall be signed by the secretary of the society or branch; and the signature shall be on the balance sheet.
- (3) Every copy of the balance sheet which is laid before the society or branch in general meeting, or is otherwise circulated, published or issued, shall state the name of the secretary of the society or branch.
- (4) The copy of the balance sheet of a friendly society or a registered branch which is sent to the Commission or to the central office under section 78 below shall be signed by the secretary of the society or branch.
- (5) If annual accounts of a society or branch are approved which do not comply with the requirements of this Act, every member of the committee of management who is party to their approval and who knows that they do not comply or is reckless as to whether they comply is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

For this purpose every member of the committee at the time the accounts are approved shall be taken to be a party to their approval unless he shows that he took all reasonable steps to prevent their being approved.

- (6) If a copy of the balance sheet of a society or branch—
  - (a) is laid before the society or branch, or otherwise circulated, published or issued, without the balance sheet having been signed as required by this section or without the required statement of the signatory's name being included; or
  - (b) is sent to the Commission or to the central office without being signed as required by this section,

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the society or branch and every officer of it who is in default is guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.

#### Commencement Information

- 19** S. 76 wholly in force; s. 76 not in force at Royal Assent see s. 126(2); s. 76 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 76 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

#### 77 Information on appointed actuary to be annexed to balance sheet.

- (1) This section applies to any copy of a friendly society's balance sheet which—
- (a) is furnished to the Commission or the central office under section 78 below or at its or their request;
  - (b) is laid before the society at its annual general meeting; or
  - (c) is furnished to a member at his request.
- (2) Subject to the provisions of this section, a friendly society shall annex to each copy of its balance sheet to which this section applies as respects every person who, at any time during the financial year to which the balance sheet relates, was its appointed actuary, a statement of the following information—
- (a) whether the actuary was a member of the society or any subsidiary of the society at any time during that year;
  - (b) particulars of any pecuniary interest of the actuary in any transaction between the actuary and the society or any subsidiary of the society and subsisting at any time during that year or, in the case of transactions of a minor character, a general description of such interests;
  - (c) the aggregate amount of any remuneration and the value of any other benefits other than a pension or other future or contingent benefit under any contract of service of the actuary with, or contract for services by the actuary to, the society or any subsidiary of the society, receivable by the actuary in respect of any period in that year; and
  - (d) a general description of any other pecuniary benefit (including any pension and other future contingent benefit) received by the actuary from the society or any subsidiary of the society in that year or receivable by him from the society or any such subsidiary,
- together with a statement that the society has made a request to the actuary to furnish to it the particulars specified in this subsection and identifying any particulars furnished pursuant to the request.
- (3) Subsection (2) above applies in relation—
- (a) to the actuary's spouse;
  - (b) to a partner of the actuary;
  - (c) to any child or step-child of the actuary who is under 18;
  - (d) to any person (other than the society concerned or any subsidiary of that society) of whom the actuary is an employee; and
  - (e) to any body corporate (other than the society concerned or any subsidiary of that society) of which the actuary is a director or which is controlled by him,
- as it applies in relation to the actuary.

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- (4) For the purposes of subsection (3) above, an actuary shall be taken to control a body corporate if he is a person—
- (a) in accordance with whose directions or instructions the directors of that body corporate or of a body corporate of which it is a subsidiary are accustomed to act; or
  - (b) who, either alone or with any other person falling within that subsection, is entitled to exercise or controls the exercise of, one-third or more of the voting power at any general meeting of the body corporate or of a body corporate of which it is a subsidiary.
- (5) If a friendly society fails to annex the statement required by subsection (2) above to a copy of its balance sheet to which this section applies, the society concerned shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.

#### **Commencement Information**

**I10** S. 77 wholly in force; s. 77 not in force at Royal Assent see s. 126(2); s. 77 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 77 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

### *Laying and furnishing of accounts and reports*

#### **78 Laying and furnishing of accounts and reports.**

- (1) The committee of management of a friendly society shall in each year—
- (a) lay before the society at the annual general meeting; and
  - (b) send to the Commission and to the central office not later than 30th June or 14 days before that meeting, whichever is earlier,
- copies of the annual accounts for the last financial year, the report of the committee of management for that year and the auditors' report on those accounts.
- (2) The committee of management of a registered branch shall in each year—
- (a) lay before the branch at the annual general meeting; and
  - (b) send to the Commission and to the central office not later than 30th June or 14 days before that meeting, whichever is earlier,
- copies of the annual accounts for the last financial year and the auditors' report on those accounts.
- (3) Every friendly society shall, as from the date by which at the latest its committee of management is required by subsection (1) above to send them to the Commission—
- (a) make copies of the annual accounts, the report of the committee of management and the auditors' report available free of charge to members of the society at every office of the society; and
  - (b) send, free of charge, copies of those documents to any member of the society who demands them;
- and that duty shall cease, as respects those accounts, when the society comes to be under the same duty in respect of the accounts for the next financial year.

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- (4) Every registered branch shall, as from the date by which at the latest its committee of management is required by subsection (2) above to send them to the Commission—
- (a) make copies of the annual accounts and the auditors' report available free of charge to members of the branch at every office of the branch; and
  - (b) send, free of charge, copies of those documents to any member of the branch who demands them;
- and that duty shall cease, as respects those accounts, when the branch comes to be under the same duty in respect of the accounts for the next financial year.
- (5) If default is made in complying with subsection (1) or (2) above, every person who was a member of the committee of management of the society or, as the case may be, the branch, at any time during the relevant period shall be guilty of an offence and 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 one-tenth of that level for every day during which the offence continues.
- (6) If, on demand made of it under subsection (3) or (4) above, a friendly society or registered branch fails, in accordance with that subsection, to make available or, as the case may be, within 7 days of the demand, to send to a person a copy of the annual accounts, the society or branch shall be guilty of an offence and 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 one-tenth of that level for every day during which the offence continues.
- (7) In subsection (5) 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.
- (8) The central office shall keep the copies of documents received by it from a friendly society under subsection (1) above in the public file of the society.

#### **Commencement Information**

**III** S. 78 wholly in force; s. 78 not in force at Royal Assent see s. 126(2); s. 78 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 78 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

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

- (1) The auditors of a friendly society shall, unless they are exempt from the requirements of this section, make a report to the Commission, as respects each financial year of the society, on the conduct of the activities of the society in that year in relation to the matters specified in subsection (2) below.
- (2) The auditors' report shall deal with—
  - (a) the accounting records kept by the society under section 68 above; and
  - (b) the systems of control of its business and records and of inspection and report maintained under that section.

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*Status: Point in time view as at 19/10/1998.*

*Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, Part VI. (See end of Document for details)*

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- (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 68 above 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 68 above 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 68 above and, if not, specifying each requirement not complied with and the respects in which it was not complied with.
- (4) Where an incorporated friendly society had, at any time during the year to which the report relates, subsidiaries or jointly controlled other bodies, the auditors' report shall deal also with and contain corresponding statements of their opinion as to compliance with the requirements of section 68 above in its application to incorporated friendly societies having subsidiaries or jointly controlling other bodies.
- (5) The auditors of a friendly society shall send their report under this section to the society and, subject to subsection (6) below, shall do so within the period of 6 months beginning with the end of the financial year to which it relates, and the society shall, within the period of 9 months so beginning, send the report to the Commission together with such comments as the committee of management thinks fit to make.
- (6) A friendly 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 committee of management of a friendly society makes any comments to the Commission under subsection (5) above, the committee 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) [F<sup>1</sup>The following, namely—
- (a) the auditors of a friendly society;
  - (b) an accountant appointed to make a report under section 62(3)(d) above by a friendly society to which section 37(2) or (3) above applies; and
  - (c) the auditors of any body with which a friendly society to which section 37(2) or (3) above applies is closely linked by control where either—
    - (i) they are also the auditors of the society; or
    - (ii) one of them is an accountant appointed by the society to make a report under section 62(3)(d) above,]
- if they are satisfied that it is expedient to do so in order to protect the interests of members of the society 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

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the activities of the society or, in the case of an incorporated friendly society, the business of any of its subsidiaries or any body of which it has joint control.

- (9) The Treasury may by order impose on [<sup>F1</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>F1</sup>any such person] to furnish information to which the obligation extends notwithstanding any obligation of confidence incumbent on him.
- (10) In subsection (9) above, “relevant information” means information relating to the conduct of the business of friendly societies or their subsidiaries or bodies of which they have joint control.
- (11) Subject to subsection (12) below, the auditors of a friendly society are exempt from the requirements of this section if the auditors of that society do not need to be members of a recognised supervisory body.
- (12) The Commission may direct that the auditors of a society specified in the direction whose auditors would otherwise be exempt from the requirements of this section shall not be exempt from those requirements.

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#### **Textual Amendments**

- F1** Words in s. 79(8) substituted (18.7.1996) by S.I. 1996/1669, reg. 17(1)  
Words in s. 79(9) substituted (18.7.1996) by S.I. 1996/1669, reg. 17(2)
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#### **Commencement Information**

- I12** S. 79 wholly in force; s. 79 not in force at Royal Assent see s. 126(2); s. 79 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 79 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

**Status:**

Point in time view as at 19/10/1998.

**Changes to legislation:**

There are currently no known outstanding effects for the Friendly Societies Act 1992, Part VI.