



# Friendly Societies Act 1992

## 1992 CHAPTER 40

### PART VI

#### ACCOUNTS AND AUDIT

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

#### **73 Auditors' report.**

- (1) The auditors of a friendly society 95.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—

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- (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.
- (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**

**II** 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.

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### Commencement Information

- I2** 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—
- to access at all times to the books, accounts and vouchers of the society;
  - to require from the officers of the society such information and explanations as they think necessary for the performance of their duties as auditors;
  - to receive from the society—
    - 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
    - copies of any communications sent to the society's members with respect to any such meeting; and
  - 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—
- conveys or purports to convey any information or explanations which the auditors require, or are entitled to require, as auditors of the society; and
  - 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—
- conveys or purports to convey any information or explanations which the auditors require, or are entitled to require, as auditors of the branch; and
  - is misleading, false or deceptive in a material particular.
- (5) A person guilty of an offence under subsection (3) or (4) above is liable —
- on conviction on indictment, to imprisonment for a term not exceeding 2 years, or to a fine, or to both; and
  - 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 company within the meaning of the <sup>M1</sup>Companies Act 1985 incorporated in Great Britain; or
  - a company within the meaning of the <sup>M2</sup>Companies (Northern Ireland) Order 1986 incorporated in Northern Ireland,

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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.

(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

- I3** 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.

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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,

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**

- I4** 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.

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- (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.
- (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.

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#### **Commencement Information**

- 15** 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

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