



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.