

**2008 No. 1144**

**FRIENDLY SOCIETIES**

**The Friendly Societies (Accounts and Related Provisions)  
(Amendment) Regulations 2008**

<i>Made</i> - - - -	<i>21st April 2008</i>
<i>Laid before Parliament</i>	<i>21st April 2008</i>
<i>Coming into force</i> - -	<i>29th June 2008</i>

The Treasury make the following Regulations in exercise of the powers conferred upon them by sections 69C(1), (2) and (3), 69G(1), (2) and (3), and 121(3) of the Friendly Societies Act 1992(a).

**Citation, commencement and application**

1.—(1) These Regulations may be cited as the Friendly Societies (Accounts and Related Provisions) (Amendment) Regulations 2008.

(2) They come into force on 29th June 2008 and apply in relation to financial years beginning on or after that date.

**Amendments to the Friendly Societies (Accounts and Related Provisions) Regulations 1994**

2.—(1) Regulations 3 to 7 amend the Friendly Societies (Accounts and Related Provisions) Regulations 1994(b).

(2) The Schedule makes consequential amendments to those Regulations.

3. Omit regulation 9 (associated bodies).

4. In Schedule 4 (notes to annual accounts), omit the following paragraphs—

- (a) 3 to 14;
- (b) 30(5) and (6);
- (c) 31.

5. In Schedule 4, after paragraph 34 insert—

**“Related Party Transactions**

35.—(1) Particulars may be given of transactions which the society has entered into with related parties, and must be given if such transactions are material and have not been concluded under normal market conditions.

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(a) 1992 c.40. Sections 69C and 69G were substituted, together with sections 69A, 69B, 69D to 69F, 69H and 69I, for sections 69 and 70 as originally enacted, by S.I. 2005/2211. Regulations made under section 70 have effect as if made under sections 69B, 69C, 69F and 69G (see Article 8(2) of S.I. 2005/2211).

(b) S.I. 1994/1983, as amended by S.I. 2005/2210. There are other amending instruments but none is relevant.

(2) The particulars of transactions required to be disclosed by sub-paragraph (1) must include—

- (a) the amount of such transactions,
- (b) the nature of the related party relationship,
- (c) other information about the transactions necessary for an understanding of the financial position of the society.

(3) Information about individual transactions may be aggregated according to their nature, except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the society.

(4) Particulars need not be given of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly-owned by such a member.

(5) In this paragraph—

“group” means a society and its subsidiary undertakings;

“related party” has the same meaning as in international accounting standards.”.

**6.** Omit Schedule 5 (notes to annual accounts: information in respect of associated bodies).

**7.** In Schedule 6 (accounting principles and rules), in paragraph 24A—

(a) in sub-paragraph (2), at the end of paragraph (a), omit “or”;

(b) at the end of paragraph (b), insert—

“; or

(c) they are financial instruments falling within sub-paragraph (3A).”;

(c) in sub-paragraph (3), before “Sub-paragraph (1) does not apply to” insert “Unless they are financial instruments falling within sub-paragraph (3A) below,”;

(d) after sub-paragraph (3), insert—

“(3A) Financial instruments which, under international accounting standards adopted by the European Commission on or before 5th September 2006 in accordance with the IAS Regulation, may be included in accounts at fair value, may be so included, provided that the disclosures required by such accounting standards are made.”.

21st April 2008

*Dave Watts*  
*Steve McCabe*  
Two of the Lords Commissioners of Her Majesty’s Treasury

## SCHEDULE

Regulation 2(2)

### Consequential amendments to the Friendly Societies (Accounts and Related Provisions) Regulations 1994

1. In regulation 8 (notes to annual accounts)—
  - (a) in paragraph (3)(a), omit “a relevant provision of”;
  - (b) omit paragraph (4).
2. In Part III of Schedule 2 (notes on the balance sheet format), in note (4), for “paragraph 5(2) of Schedule 5 below”, substitute “paragraph 5(2) of Schedule 13E to the Act”.
3. In Part III of Schedule 7 (notes to annual accounts of non-directive society), omit paragraphs (b) and (g).
4. In Schedule 9 (interpretation of Schedules)—
  - (a) in paragraph 6, omit “(other than paragraphs 4 to 14 and 31 of Schedule 4)”;
  - (b) omit paragraph 9.

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (S.I. 1994/1983) (“the principal Regulations”) to implement in part Directive 2006/46/EC of the European Parliament and of the Council on the annual and consolidated accounts of certain types of companies, banks and other financial institutions (O.J. L 224, 16/8/2006, p.1) (“the Directive”).

Regulations 3, 4 and 6 remove certain provisions of the principal Regulations which relate to disclosures in the notes to societies’ accounts. These disclosures are now required by sections 69J and 69K of, and Schedules 13D and 13E to, the Friendly Societies Act 1992 (c. 40), which were inserted by S.I. 2005/2211.

Regulation 5 amends Schedule 4 to the principal Regulations, to require societies preparing Friendly Societies Act accounts (see sections 69A(2) and 69E(3) of the Friendly Societies Act 1992, inserted by S.I. 2005/2211) to give certain information about transactions with related parties in the notes to those accounts.

Regulation 7 amends Schedule 6 to the principal Regulations, to enable societies preparing Friendly Societies Act accounts to value a wider range of financial liabilities at fair value in accordance with international accounting standards.

The amendments in the Schedule are consequential on the changes made by regulations 3, 4 and 6.

A transposition note showing how the main provisions of the Directive (as it applies to friendly societies) will be transposed into UK law is available from HM Treasury. Copies may be obtained from the Savings and Investment Team, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and the note will be available on the Treasury website ([www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)).

A full regulatory impact assessment of the effect that this instrument will have on the costs of business is also available from HM Treasury at the above address, and is annexed to the Explanatory Memorandum which is available alongside the instrument on the OPSI website ([www.opsi.gov.uk](http://www.opsi.gov.uk)).

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