

SCHEDULE 2

Amendments to the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008

15. For Schedule 1 substitute—

“SCHEDULE 1

Regulation 14(1)

Modification of the Co-operative and Community Benefit Societies Act 2014

1. In its application to registered societies that are insurance undertakings for the purposes of these Regulations, the Co-operative and Community Benefit Societies Act 2014 has effect subject to the following modifications.

2. Omit sections 79 (duty to prepare revenue accounts) and 80 (accounts and balance sheets to give a true and fair view).

3. For section 82 (restrictions on publication of accounts and balance sheets) substitute—

“82 Restrictions on publication of accounts and balance sheets

(1) A registered society must not publish—

- (a) a profit and loss account prepared under section 396 of the Companies Act 2006⁽¹⁾ as applied by regulation 3 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008, or
- (b) a balance sheet,

unless the account or balance sheet is signed by the society’s secretary and is signed by two members of its committee acting on behalf of the committee.

(2) If a society publishes any of its statutory accounts, they must be accompanied by the relevant auditor’s report.

(3) A society which is required to prepare group accounts for a financial year must not publish its statutory individual accounts for that year without also publishing with them its statutory group accounts.

(4) If a society publishes non-statutory accounts, it must publish with them a statement indicating—

- (a) that they are not the society’s statutory accounts,
- (b) whether statutory accounts dealing with any financial year with which the non-statutory accounts purport to deal have been delivered to the FCA,
- (c) whether the society’s auditor has made a relevant auditor’s report,
- (d) whether any such auditor’s report—
 - (i) was qualified or unqualified, or included a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, or
 - (ii) contained a statement under section 498(2) or (3) of the Companies Act 2006 as applied by regulation 7 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008⁽²⁾ (accounting records or returns inadequate, accounts not agreeing with

(1) 2006 c. 46. Section 396 was amended by S.I. 2013/3008 and 2015/980.

(2) S.I. 2008/565, amended by S.I. 2013/472, 2014/1815 and 2015/575.

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records and returns or failure to obtain necessary information and explanations),

and it must not publish with the non-statutory accounts any auditor's report required by sections 496 and 497 of the Companies Act 2006 as applied by regulation 7 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008.

(5) For the purposes of this section a society is regarded as publishing a document if it publishes, issues or circulates it or otherwise generally makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.

(6) In this section—

(a) references to a society's statutory accounts are to its individual or group accounts for a financial year as required to be prepared by regulation 3 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008;

(b) references to the relevant auditor's report are to the report required to be prepared by sections 495 and 496 of the Companies Act 2006 as applied by regulation 7 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 in relation to the statutory accounts concerned;

(c) references to the publication by a society of "non-statutory accounts" are to the publication of—

(i) any balance sheet or profit and loss account relating to, or purporting to deal with, a financial year of the society, or

(ii) an account in any form purporting to be a balance sheet or profit and loss account for the group consisting of the society and its subsidiary undertakings relating to, or purporting to deal with, a financial year of the society,

otherwise than as part of the society's statutory accounts."

4. Omit sections 83 to 88 (matters relating to appointment of an auditor and the auditor's report).

5. In section 89 (annual returns)—

(a) in subsection (2)(a), for "the society's revenue account" to "section 79" substitute "the profit and loss account required to be prepared by section 396 of the Companies Act 2006 as applied by regulation 3 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008";

(b) for subsection (2)(b) substitute—

"(b) must not contain any other accounts.";

(c) for subsection (3) substitute—

"(3) "Relevant auditor's report" means the report required to be prepared by sections 495 and 496 of the Companies Act 2006 as applied by regulation 7 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008."

6. In section 90 (duty to provide copy of annual return on demand), omit subsection (2)(a) (ii) and the preceding "or".

7. For section 91 (meaning of "qualified auditor") substitute—

“91 Meaning of “qualified auditor”

References in this Part to a qualified auditor, in relation to a society, are to a person who—

- (a) is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006, and
- (b) is not prohibited from acting as statutory auditor of the society by virtue of section 1214 of that Act (independence requirement).”.

8. Omit section 92 (persons ineligible for appointment as auditors etc).

9. In section 93 (re-appointment and removal of qualified auditors)—

- (a) in subsection (2)—
 - (i) at the end of paragraph (a) insert “or”;
 - (ii) omit paragraph (c) and the “or” preceding it;
- (b) in subsection (3)—
 - (i) in the introductory words, omit “the auditor”;
 - (ii) at the beginning of each of paragraphs (a) and (c), insert “the auditor”;
 - (iii) for paragraph (b) substitute—
 - “(b) the auditor is ineligible for appointment for the current year of account;”;
 - (iv) after paragraph (c) insert—
 - “(d) the auditor was appointed by the committee,
 - (e) the society’s rules require actual re-appointment, or
 - (f) the re-appointment is prevented by the members under section 93A.”;
- (c) in subsection (4)(b)(ii), for “ineligible for appointment” substitute “not a qualified auditor”;
- (d) omit subsection (5);
- (e) at the end insert—

“(6) A person who is not automatically re-appointed as auditor by virtue of subsection (3)(d) of this section may be re-appointed by the committee for the current year of account and for any subsequent year of account commencing before the next general meeting of the society. However, he may only be re-appointed for any year of account commencing on or after the date of that general meeting by a resolution of the society at that meeting.”.

10. After section 93 insert—

“93A Prevention by members of automatic re-appointment of auditor

(1) An auditor of a society is not automatically re-appointed under section 93 of this Act if the society has received notices under this section from members representing at least the requisite percentage of the total voting rights of all members who would be entitled to vote on a resolution that the auditor should not be re-appointed.

(2) The “requisite percentage” is 5%, or such lower percentage as is specified for this purpose in the society’s rules.

(3) A notice under this section—

- (a) may be in hard copy or electronic form,

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- (b) must be authenticated by the person or persons giving it, and
 - (c) must be received by the society before the end of the year of account immediately preceding the year of account for which the automatic re-appointment would have effect.”.
- 11.** In section 97 (remuneration of qualified auditors)—
- (a) omit subsection (1)(b);
 - (b) in subsection (3) omit—
 - (i) “or person appointed to make a relevant report”, and
 - (ii) “or person’s”.
- 12.** In section 98 (group accounts), omit all subsections other than subsections (1) and (8).
- 13.** Omit sections 99 to 101 (exceptions to section 98 and interpretation).
- 14.** In section 102 (interpretation of Part 7)—
- (a) after the definition of “equity share capital” insert—

““group accounts” means the accounts required by regulation 3 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 to be prepared in accordance with section 404 of the Companies Act 2006(3);”;
 - (b) omit the definitions of—
 - (i) “small society”;
 - (ii) “subsidiary”.
- 15.** In section 127 (general offences)—
- (a) subsection (1) were omitted;
 - (b) in subsection (2)—
 - (i) in paragraph (a), after “Part 7” insert “as modified by the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008,”;
 - (ii) omit paragraph (b) and the “or” preceding it.”.

(3) Section 404 was amended by [S.I. 2015/980](#).