



# Building Societies Act 1986

## 1986 CHAPTER 53

### PART VIII

#### ACCOUNTS AND AUDIT

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

- C1** Pt. VIII (ss. 71–82) excluded by [S.I. 1986/2168, art. 12\(1\)\(a\)](#)  
**C2** Pt. VIII (ss. 71–82) modified (*temp.* until 1.1.1993) by [S.I. 1990/1392, art. 6\(3\)](#)

#### *Accounting records*<sup>F1</sup> . . .

##### Textual Amendments

- F1** Words in s. 71 cross-heading omitted (17.8.2001 for certain purposes) and repealed (1.12.2001) by [S.I. 2001/2617, arts. 2\(a\)\(b\), 8, 13\(1\)\(2\), Sch. 3 para. 163\(a\), Sch. 4 \(with art. 13\(3\), Sch. 5\); S.I. 2001/3538, art. 2\(1\)](#)

#### **71** **Accounting records**<sup>F2</sup> . . .

- (1) Every building society shall—
- (a) cause accounting records to be kept,<sup>F3</sup> . . .
  - <sup>F3</sup>(b) . . . . .
- in accordance with this section.
- (2) The accounting records of a society must be such as to—
- (a) explain its transactions;
  - (b) disclose, with reasonable accuracy and promptness, the state of the business of the society at any time;
  - (c) enable the directors properly to discharge the duties imposed on them by or under this Act [<sup>F4</sup>and, where applicable [<sup>F5</sup>section 403(1) of the Companies

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Act 2006 (group accounts: applicable accounting framework)]) and their functions of direction of the affairs of the society; and

- (d) enable the society properly to discharge the duties imposed on it by or under this Act [<sup>F4</sup>(and, where applicable [<sup>F6</sup>section 403(1) of the Companies Act 2006 (group accounts: applicable accounting framework)])];

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 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 which will or there is reasonable ground for expecting may give rise to liabilities or assets of the society other than insignificant assets or liabilities in respect of the management of the society; and
  - (c) a record of the assets and liabilities of the society and in particular of assets and liabilities of any class specifically regulated by or under [<sup>F7</sup>section 6 or 7].

- <sup>F8</sup>(4) .....
- <sup>F8</sup>(5) .....
- <sup>F8</sup>(6) .....
- <sup>F8</sup>(7) .....

- (8) The accounting records shall be kept at the society’s principal office or at such other place or places as the directors think fit, and shall at all times be open to inspection by the directors.

- (9) Accounting records shall be preserved for six years from the date on which they were made.

- (10) Where a building society has [<sup>F9</sup>connected undertakings], the society shall also secure that such accounting records are kept <sup>F10</sup>. . . by the society and the [<sup>F9</sup>connected undertakings] as will enable the society to comply with the requirements of this section in relation to the business of the society and those [<sup>F9</sup>connected undertakings].

[<sup>F11</sup>(10A) The Commission may, for the purpose of implementing the Council Directive on the supervision of credit institutions on a consolidated basis (No.92/30/EEC), direct that subsection (10) above shall have effect in relation to any building society specified in the direction as if any associated body of the society so specified were linked to it by resolution.]

- <sup>F12</sup>(11) .....

**Textual Amendments**  
**F2** Words in s. 71 side-note repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), **Sch. 5**); S.I. 2001/3538, **art. 2(1)**  
**F3** S. 71(1)(b) and the preceding word “and” repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), **Sch. 5**); S.I. 2001/3538, **art. 2(1)**  
**F4** Words in s. 71(2)(c)(d) inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by **The Building Societies Act 1986 (International Accounting Standards and Other Accounting Amendments) Order 2004** (S.I. 2004/3380), art. 1, **Sch. para. 4**

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- F5** Words in s. 71(2)(c) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 29](#) (with reg. 1(3)(4), [Sch. 1 para. 66](#)) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F6** Words in s. 71(2)(d) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 29](#) (with reg. 1(3)(4), [Sch. 1 para. 66](#)) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F7** Words in s. 71(3)(c) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), [Sch. 7 para. 29\(1\)](#); S.I. 1997/2668, art. 2, [Sch. Pt. II\(w\)\(z\)\(xvi\)](#)
- F8** S. 71(4)-(7) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), [Sch. 4](#) (with art. 13(3), [Sch. 5](#)); S.I. 2001/3538, [art. 2\(1\)](#)
- F9** Words in s. 71(10) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), [Sch. 7 para. 29\(3\)\(a\)-\(c\)](#); S.I. 1997/2668, art. 2, [Sch. Pt. II\(w\)\(z\)\(xvi\)](#)
- F10** Words in s. 71(10) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), [Sch. 4](#) (with art. 13(3), [Sch. 5](#)); S.I. 2001/3538, [art. 2\(1\)](#)
- F11** S. 71(10A) repealed (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 46(2), 47(3), [Sch. 7 para. 29\(4\)](#), [Sch. 9](#); S.I. 1997/2668, art. 2, [Sch. Pt. II\(w\)\(z\)\(xvi\)\(cc\)\(x\)](#)
- F12** S. 71(11) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), [Sch. 4](#) (with art. 13(3), [Sch. 5](#)); S.I. 2001/3538, [art. 2\(a\)](#)

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

- C3** S. 71 modified (*temp.*) by S.I. 1986/2168, [art. 12\(2\)\(d\)](#)
- C4** S. 71(1)-(10) excluded (*temp.*) by S.I. 1986/2168, [art. 12\(2\)\(a\)](#)

*Accounts*

**<sup>F13</sup>72 Duty of directors to prepare annual accounts.**

.....

**Textual Amendments**

- F13** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

**[<sup>F13</sup>72A Duty to prepare individual accounts**

- (1) The directors of every building society shall prepare accounts for the society for each of its financial years.

Those accounts are referred to in this Part as the society’s “individual accounts”.

- (2) A society’s individual accounts may be prepared—
- (a) in accordance with section 72B (“Building Societies Act individual accounts”), or

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- (b) in accordance with [<sup>F14</sup>UK-adopted international accounting standards] (“IAS individual accounts”).

This subsection is subject to the following provisions of this section and section 72I (consistency of accounts).

- (3) After the first financial year in which the directors of a building society prepare IAS individual accounts (“the first IAS year”), all subsequent individual accounts of the society must be prepared in accordance with [<sup>F15</sup>UK-adopted international accounting standards] unless there is a relevant change of circumstance.
- (4) There is a relevant change of circumstance if, at any time during or after the first IAS year, the society ceases to have any securities admitted to trading on a [<sup>F16</sup>UK] regulated market.
- (5) If, having changed to preparing Building Societies Act individual accounts following a relevant change of circumstance, the directors again prepare IAS individual accounts for the society, subsections (3) and (4) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

#### Textual Amendments

- F13** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2
- F14** Words in s. 72A(2) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 30\(a\)](#) (with reg. 1(3)(4), [Sch. 1 para. 66](#)) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F15** Words in s. 72A(3) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 30\(b\)](#) (with reg. 1(3)(4), [Sch. 1 para. 66](#)) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F16** Word in s. 72A(4) inserted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by [The Accounts and Reports \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/145\)](#), regs. 1(2)(b), 2, [Sch. 2 para. 20\(a\)](#) (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)

## 72B Building Societies Act individual accounts

- (1) Building Societies Act individual accounts must comprise –
- a balance sheet as at the last day of the financial year, and
  - an income and expenditure account.
- (2) The balance sheet must give a true and fair view of the state of affairs of the society as at the end of the financial year; and the income and expenditure account must give a true and fair view of the income and expenditure of the society for the financial year.
- (3) Building Societies Act individual accounts must comply with the requirements of regulations made under section 72C as to the form and content of the balance sheet and income and expenditure account and additional information to be provided by way of notes to the accounts or otherwise.

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- (4) Where compliance with the provisions of those regulations, and the other provisions of this Act as to the matters to be included in a society's individual accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.
- (5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the directors must depart from that provision to the extent necessary to give a true and fair view.
- (6) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.
- (7) The Treasury may by regulations—
  - (a) add to the classes of documents to be comprised in a society's Building Societies Act individual accounts under subsection (1);
  - (b) make provision as to the matters to be included in any document so added;
  - (c) modify the requirements of this Part as to the matters to be stated in any document comprised in the society's Building Societies Act individual accounts;
  - (d) reduce the classes of documents to be comprised in a society's Building Societies Act individual accounts.
- (8) Regulations under subsection (7)—
  - (a) may make different provision for different descriptions of society, and
  - (b) may include incidental and supplementary provisions.
- (9) The power to make regulations under subsection (7) is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

#### **Textual Amendments**

**F13** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

### **72C Form and contents of Building Societies Act individual accounts**

- (1) The Treasury shall by regulations make provision with respect to the form and contents of Building Societies Act individual accounts.
- (2) The Treasury may by regulations make provision with respect to additional information to be contained in Building Societies Act individual accounts, whether in the form of notes or otherwise.
- (3) Without prejudice to the generality of subsections (1) and (2), the regulations may—
  - (a) prescribe accounting principles and rules;
  - (b) require corresponding information for a preceding financial year;
  - (c) make different provision for different descriptions of society;
- (4) The power to make regulations under this section is exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

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#### Textual Amendments

- F13** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

### 72D IAS individual accounts

Where the directors of a building society prepare IAS individual accounts, they must state in the notes to those accounts that the accounts have been prepared in accordance with [<sup>F17</sup>UK-adopted international accounting standards].

#### Textual Amendments

- F13** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2
- F17** Words in s. 72D substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 31](#) (with reg. 1(3)(4), [Sch. 1 para. 66](#)) (as amended by [S.I. 2020/523](#), regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#))

### 72E Duty to prepare group accounts

- (1) If at the end of a financial year a building society has subsidiary undertakings, the directors, as well as preparing individual accounts for the year, shall prepare accounts for the year for the society and those undertakings taken as a whole. Those accounts are referred to in this Part as the society's "group accounts".
- (2) The group accounts of certain societies are required by [<sup>F18</sup>section 403(1) of the Companies Act 2006] to be prepared in accordance with [<sup>F19</sup>UK-adopted international accounting standards] ("IAS group accounts").
- (3) The group accounts of other societies may be prepared–
  - (a) in accordance with section 72F ("Building Societies Act group accounts"), or
  - (b) in accordance with [<sup>F20</sup>UK-adopted international accounting standards] ("IAS group accounts").

This subsection is subject to the following provisions of this section.

- (4) After the first financial year in which the directors of a building society prepare IAS group accounts ("the first IAS year"), all subsequent group accounts of the society must be prepared in accordance with [<sup>F21</sup>UK-adopted international accounting standards] unless there is a relevant change of circumstance.
- (5) There is a relevant change of circumstance if, at any time during or after the first IAS year, the society ceases to have any securities admitted to trading on a [<sup>F22</sup>UK] regulated market.
- (6) If, having changed to preparing Building Societies Act group accounts following a relevant change of circumstance, the directors again prepare IAS group accounts for

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the society, subsection (4) and (5) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

#### Textual Amendments

- F13** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2
- F18** Words in s. 72E(2) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 32\(a\)\(i\)](#) (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, Sch. 5 para. 1(1)
- F19** Words in s. 72E(2) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 32\(a\)\(ii\)](#) (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, Sch. 5 para. 1(1)
- F20** Words in s. 72E(3) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 32\(b\)](#) (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, Sch. 5 para. 1(1)
- F21** Words in s. 72E(4) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 32\(c\)](#) (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, Sch. 5 para. 1(1)
- F22** Word in s. 72E(5) inserted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by [The Accounts and Reports \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/145\)](#), regs. 1(2)(b), 2, [Sch. 2 para. 20\(b\)](#) (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, [11](#)); 2020 c. 1, Sch. 5 para. 1(1)

#### 72F Building Societies Act group accounts

- (1) Building Societies Act group accounts must comprise—
  - (a) a balance sheet dealing with the state of affairs of the building society and its subsidiary undertakings, and
  - (b) an income and expenditure account showing the income and expenditure for the society and its subsidiary undertakings.
- (2) Building Societies Act group accounts must give a true and fair view of the state of affairs as at the end of the financial year, and the income and expenditure for the financial year of the society and the subsidiary undertakings included in the group accounts as a whole, so far as concerns members of the society.
- (3) Building Societies Act group accounts must comply with the requirements of regulations made under section 72G as to the form and content of the group accounts and additional information to be provided by way of notes to the accounts or otherwise.
- (4) Where compliance with the provisions of those regulations, and the other provisions of this Act as to the matters to be included in a society's group accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.

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- (5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the directors must depart from that provision to the extent necessary to give a true and fair view.
- (6) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.
- (7) The Treasury may by regulations—
  - (a) add to the classes of documents to be comprised in a society’s Building Societies Act group accounts under subsection (1);
  - (b) make provision as to the matters to be included in any document so added;
  - (c) modify the requirements of this Part as to the matters to be stated in any document comprised in the society’s Building Societies Act group accounts; and
  - (d) reduce the classes of documents to be comprised in a society’s Building Societies Act group accounts.
- (8) Regulations under subsection (7)—
  - (a) may make different provision for different descriptions of society, and
  - (b) may include incidental and supplementary provisions.
- (9) The power to make regulations under subsection (7) is exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

#### Textual Amendments

**F13** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

## 72G Form and contents of Building Societies Act group accounts

- (1) The Treasury shall by regulations make provision with respect to the form and contents of Building Societies Act group accounts.
- (2) The Treasury may by regulations make provision with respect to additional information to be contained in Building Societies Act group accounts, whether in the form of notes or otherwise.
- (3) Without prejudice to the generality of subsections (1) and (2), the regulations may—
  - (a) prescribe accounting principles and rules;
  - (b) require corresponding information for a preceding financial year;
  - (c) make different provision for different descriptions of society;
  - (d) permit group accounts to be prepared in other than consolidated form.
- (4) The power to make regulations under this section is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.



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### Textual Amendments

- F13** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

## 72H IAS group accounts

Where the directors of a building society prepare IAS group accounts, they must state in the notes to those accounts that the accounts have been prepared in accordance with [<sup>F23</sup>UK-adopted international accounting standards].

### Textual Amendments

- F13** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2
- F23** Words in s. 72H substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), [Sch. 1 para. 33](#) (with reg. 1(3)(4), [Sch. 1 para. 66](#)) (as amended by [S.I. 2020/523](#), regs. 1(2), 22, [25\(d\)](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)

## 72I Consistency of accounts

- (1) The directors of a building society that prepares group accounts must secure that the individual accounts of—
  - (a) the building society, and
  - (b) each of its subsidiary undertakings,are all prepared using the same financial reporting framework, except to the extent that in their opinion there are good reasons for not doing so.
- (2) Subsection (1) only applies to accounts of subsidiary undertakings which are required to be prepared under [<sup>F24</sup>Part 15 of the Companies Act 2006].
- (3) Subsection (1) does not require accounts of undertakings that are charities to be prepared using the same financial reporting framework as accounts of undertakings which are not charities.
- (4) Subsection (1)(a) does not apply where the directors of a building society prepare IAS group accounts and IAS individual accounts.
- (5) The directors of a society which has subsidiary undertakings must secure that, except where in their opinion there are good reasons against it, the financial year of each of its subsidiary undertakings coincides with the society's own financial year.]

### Textual Amendments

- F13** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 2

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**F24** Words in s. 72I(2) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 107](#) (with arts. 6, 11, 12)

**[<sup>F25</sup>72J Disclosures relating to directors, other officers and employees of society required in notes to accounts**

- (1) The information specified in Schedule 10A must be given in notes to a building society's annual accounts.
- (2) In that Schedule—
  - Part 1 relates to emoluments and other benefits of directors and others, and to loans and other dealings in favour of directors and connected persons, and
  - Part 2 relates to information about the employees of a society.
- (3) It is the duty of any director of a society, and any person who is or has at any time in the preceding five years been an officer of the society, to give notice to the society of such matters relating to himself as may be necessary for the purposes of Part 1 of Schedule 10A.
- (4) A person who makes default in complying with subsection (3) commits an offence and is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (5) The Treasury may, by order, modify the provisions of Schedule 10A.
- (6) An order under this section may—
  - (a) make consequential amendments of or repeals in other provisions of this Act;
  - (b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient;
  - (c) make different provision for different cases.
- (7) The power to make an order under this section is exercisable by statutory instrument but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.
- (8) In this section “modify” includes amend, add to or repeal.

**Textual Amendments**

**F25** Ss. 72J, 72K inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), art. 1, [Sch. para. 5](#)

**72K Disclosures about related undertakings required in notes to accounts**

- (1) The information specified in Schedule 10B must be given in notes to a building society's annual accounts.
- (2) In the case of a building society whose directors are not required to prepare consolidated group accounts, the information specified in Part 1 of that Schedule must be given.
- (3) In the case of a building society whose directors are required to prepare consolidated group accounts, the information specified in Part 2 of that Schedule must be given.

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- (4) The Treasury may, by order, modify the provisions of Schedule 10B.
- (5) An order under this section may—
  - (a) make consequential amendments of or repeals in other provisions of this Act;
  - (b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient;
  - (c) make different provision for different cases.
- (6) The power to make an order under this section is exercisable by statutory instrument but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.
- (7) In this section “modify” includes amend, add to or repeal.]

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**Textual Amendments**

**F25** Ss. 72J, 72K inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), art. 1, **Sch. para. 5**

[<sup>F26</sup>**72L. Disclosures relating to off-balance-sheet arrangements required in notes to accounts**

- (1) If in any financial year—
  - (a) a building society is or has been party to arrangements that are not reflected in its balance sheet, and
  - (b) at the balance sheet date the risks or benefits arising from those arrangements are material,

the information required by this section must be given in notes to the society’s annual accounts.
- (2) The information required is—
  - (a) the nature and business purpose of the arrangements, and
  - (b) the financial impact of the arrangements on the society.
- (3) The information need only be given to the extent necessary for enabling the financial position of the society to be assessed.
- (4) Where a building society is required to prepare consolidated group accounts, this section applies in relation to those accounts as if the undertakings included in the consolidation were a single building society.]

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**Textual Amendments**

**F26** S. 72L inserted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), arts. 1(2), **3**

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**[<sup>F27</sup>72M. Disclosure of auditor remuneration required in notes to accounts**

- (1) The information specified in Schedule 10C must be given in notes to a building society's annual accounts.
- (2) The Treasury may, by order, modify the provisions of Schedule 10C.
- (3) An order under this section may—
  - (a) make consequential amendments of or repeals in other provisions of this Act;
  - (b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient;
  - (c) make different provision for different cases.
- (4) The power to make an order under this section is exercisable by statutory instrument but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.
- (5) In this section “modify” includes amend, add to or repeal.]

**Textual Amendments**

**F27** S. 72M inserted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), arts. 1(2), **4(1)**

**<sup>F13</sup>73 Contents and form of annual accounts.**

.....

**Textual Amendments**

**F13** Ss. 72A-72I substituted for ss. 72, 73 (22.12.2004 with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, **2**

**74 Duty of directors to prepare annual business statement.**

- (1) The directors of every building society shall, by reference to the annual accounts and other records and information at their disposal, prepare with respect to each financial year of the society a statement (referred to in this Act as “the annual business statement”) relating to prescribed aspects of the business of the society during the year.
- (2) Where the society has [<sup>F28</sup>connected undertakings] the annual business statement shall deal also with prescribed aspects of the business of the [<sup>F28</sup>connected undertakings] during the year to which it relates.
- (3) The annual business statement shall contain such information relating to such aspects of the business of the society and shall be in such form as the [<sup>F29</sup>Treasury prescribe by regulations]; and in this section “prescribed” means prescribed by regulations under this subsection.
- (4) Without prejudice to the generality of subsections (1) to (3) above the regulations may require the annual business statements of building societies to include prescribed

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information about directors and past directors and persons connected with them<sup>F30</sup>... and their financial interests.

- (5) The information comprising the annual business statement shall give a true representation of the matters in respect of which it is given.
- (6) To such extent as may be prescribed matters contained in the society's annual business statement shall not be the subject of report by the [<sup>F31</sup>auditor] under section 78.
- (7) The power to make regulations under subsection (3) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (8) It is the duty of every director<sup>F32</sup>... of a building society to give notice to the society of such matters relating to himself or his financial interests as may be necessary for the purposes of compliance with the preceding provisions of this section.
- (9) Any person who fails to comply with subsection (8) above shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- (10) Any director who fails to comply with subsection (1) above shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum.

#### Textual Amendments

- F28** Words in s. 74(2) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 31**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xviii)**
- F29** Words in s. 74(3) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 166** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F30** Words in s. 74(4) omitted (18.2.2014) by virtue of Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 5(2)**
- F31** Word in s. 74(6) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 2**
- F32** Words in s. 74(8) omitted (18.2.2014) by virtue of Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 5(3)**

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

- C5** S. 74(3)(4): Functions of the Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. III** (with art. 5); S.I. 2001/3538, **art. 2(1)**

## 75 Directors' report.

- (1) The directors of a building society shall prepare for submission to the annual general meeting a report on the business of the society containing—
  - <sup>F33</sup>(a) a fair review of the business of the society and its connected undertakings (if any), complying with section 75A,
  - (aa) a description of the principal risks and uncertainties facing the society and its connected undertakings (if any),]
  - (b) such information relating to such aspects of the business of the society or the society and any [<sup>F34</sup>connected undertakings] as may be prescribed by regulations made by the<sup>F35</sup>... Treasury, and

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<sup>F36</sup>[(c) a statement as to the matters mentioned in subsection (1A) below.]

<sup>F37</sup>[(1A) The said matters are—

- (a) whether the society has acquired or established, or allowed a subsidiary undertaking to acquire or establish, a business to which subsection (3) and subsection (4) or, as the case may be, subsection (5) of section 92A applied;
- (b) if the society has acquired or established, or allowed such an undertaking to acquire or establish, such a business, what the business is and whether the society complied with the requirements of subsection (1) of that section; and
- (c) if the society did not comply with those requirements, why the society nevertheless proceeded, or allowed the undertaking to proceed, with the acquisition or establishment.]

<sup>F38</sup>[(1B) If the building society has subsidiary undertakings, the report may, where appropriate, give greater emphasis to those matters which are significant to the society and its subsidiary undertakings taken as a whole.]

<sup>F39</sup>(2) .....

- (3) The power to make regulations under subsection (1) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (4) If a directors' report does not contain <sup>F40</sup>the review, information and statement required by subsection (1) above and, where applicable, the review required by subsection (2) above], each director shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum.

#### Textual Amendments

- F33** S. 75(1)(a)(aa) substituted (22.12.2004) for s. 75(1)(a) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, **3(2)**
- F34** Words in s. 75(1)(b) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 32(1)(a)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xix)**
- F35** Words in s. 75(1)(b) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)
- F36** S. 75(1)(c) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 32(1)(b)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xix)**
- F37** S. 75(1A) inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 32(2)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xix)**
- F38** S. 75(1B) inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, **3(3)**
- F39** S. 75(2) omitted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by virtue of [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, **3(4)**
- F40** Words in s. 75(4) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 32(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xix)**

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

- C6 S. 75(1)(b): Functions of the Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. III** (with art. 5); S.I. 2001/3538, **art. 2(1)**

#### [<sup>F41</sup>75A Business review

- (1) The review required for the purposes of section 75(1) is a balanced and comprehensive analysis of—
  - (a) the development and performance of the business of the building society and its connected undertakings (if any) during the financial year, and
  - (b) the position of the building society and its connected undertakings (if any) at the end of that year,consistent with the size and complexity of the business.
- (2) The review must, to the extent necessary for an understanding of the development, performance or position of the business of the society and its connected undertakings (if any), include—
  - (a) analysis using financial key performance indicators, and
  - (b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters.
- (3) The review must, where appropriate, include references to and additional explanations of amounts included in the annual accounts of the society.
- (4) In this section “key performance indicators” means factors by reference to which the development, performance or position of the business of the society and any connected undertakings it has can be measured most effectively.]

#### Textual Amendments

- F41 S. 75A inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 4

#### 76 Summary financial statement for members and depositors.

- (1) The directors of a building society shall, with respect to each financial year, prepare for members and depositors a summary financial statement for that year, that is to say, a statement derived from the annual accounts, annual business statement and director’s report, giving a summary account of the society’s financial development during and financial position at the end of the year.
- (2) Where the society has [<sup>F42</sup>connected undertakings] the statement shall (so far as they are dealt with in the group accounts) give an account of the financial development and position of the society and its [<sup>F43</sup>connected undertakings].
- (3) The [<sup>F44</sup>Treasury may by regulations] make provision with respect to—
  - (a) the form of the summary financial statement, and
  - (b) the information which must be included in it.

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- (4) Every summary financial statement shall also include in the prescribed form statements to the effect that—
- (a) it is only a summary of information in the accounts, business statement and directors' report;
  - (b) in so far as it summarises the information in the accounts, those accounts have been audited;
  - (c) the accounts, business statement and director's report will be available to members and depositors free of charge on demand at every office of the society after a specified date.
- (5) Every summary financial statement shall include a statement of the [<sup>F45</sup>auditor's opinion] as to its consistency with the accounts, business statement and directors' report and its conformity with the requirements of this section and regulations made under it.
- (6) The power to make regulations under subsection (3) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (7) The summary financial statement shall be signed by two directors on behalf of the board of directors and by the chief executive of the society.
- [<sup>F46</sup>(8) Not later than 21 days before the date of the annual general meeting at which the accounts and reports are to be considered, the society shall send one copy of the documents to which this subsection applies to every member of the society who is entitled to receive notice of the meeting, and two copies of the documents to which this subsection applies to the [<sup>F47</sup>FCA and, if the society is a PRA-authorised person, one copy to the PRA] .
- (8A) The documents to which subsection (8) applies are—
- (a) the summary financial statement, and
  - (b) where subsection (8) extends under section 78(6) to the [<sup>F48</sup>auditor's report] also, the [<sup>F48</sup>auditor's report].]

[<sup>F49</sup>(8AA) The society shall also—

    - (a) publish the summary financial statement and (where applicable) the auditor's report on a web site, and
    - (b) ensure that the statement and (where applicable) the report may be accessed on the web site until the publication of the next summary financial statement.]

[<sup>F50</sup>(8B) Where a copy of the summary financial statement or of the auditor's report is required to be sent to a member under subsection (8)—

      - (a) it may be sent to him electronically only if it is sent to an electronic address notified to the society by the member for the purpose; but
      - (b) the requirement to send it shall also be treated as satisfied if the conditions set out in subsection (8C) are satisfied.

(8C) The conditions of this subsection are satisfied in the case of a copy of a summary financial statement or auditor's report if—

      - (a) the society and the member have agreed that information that is required to be sent to him may instead be accessed by him on a web site;
      - (b) the agreement applies to the summary financial statement or auditor's report in question;



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- (c) the member is notified <sup>F51</sup>... of—
  - (i) the publication of the summary financial statement and (where applicable) the auditor’s report on a web site,
  - (ii) the address of that web site, and
  - (iii) the place on that web site where the statement and (where applicable) the report may be accessed, and how it may be accessed;
- (d) the notification given for the purposes of paragraph (c) is given not less than 21 days before the date of the annual general meeting at which the accounts and reports are to be considered; and
- (e) a copy of the statement and (where applicable) the report is published on the web site throughout a period beginning at least 21 days before the date of meeting.

(8D) Where, in a case in which subsection (8C) is relied on for compliance with a requirement of subsection (8)—

- (a) a copy of a summary financial statement or auditor’s report is published for a part, but not all, of the period mentioned in subsection (8C)(e), and
- (b) the failure to publish it throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the society or the officer to prevent or avoid,

the failure shall not invalidate the proceedings of the meeting at which the accounts and reports are considered, and no offence is committed under subsection (10) by reason of that failure.]

[<sup>F52</sup>(8E) If, at any time during the period beginning with the publication of the summary financial statement and ending with the publication of the next summary financial statement, an individual for the first time subscribes for shares in the society, the society shall at that time notify the individual of the information in subsection (8C) (c)(i) to (iii).

(8F) In a case where subsection (8E) applies, the society is not required under section 115B (right to hard copy version) to send the individual a version of the summary financial statement or (where applicable) the auditor's report in hard copy form (within the meaning of that section).]

<sup>F53</sup>(9) .....

<sup>F53</sup>(9A) .....

<sup>F53</sup>(9B) .....

<sup>F53</sup>(9C) .....

<sup>F53</sup>(9D) .....

<sup>F53</sup>(9E) .....

(10) If default is made by a building society in complying with subsection (8) above, the society shall be 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 £200 for every day during which the offence continues,

and so shall any officer who is also guilty of the offence.

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- (11) If default is made by a building society in complying with [<sup>F54</sup>subsection (8AA) or (8E)] above, the society shall be 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 £40 for every day during which the offence continues,
- and so shall any officer who is also guilty of the offence.
- (12) The [<sup>F55</sup>[<sup>F56</sup>FCA] shall keep one of the copies] of the summary financial statement received by it under subsection (8) above in the public file of the society.

#### Textual Amendments

- F42** Words in s. 76(2) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 33(1)(a)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xx)**
- F43** Words in s. 76(2) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 33(1)(b)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xx)**
- F44** Words in s. 76(3) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 168(a)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F45** Words in s. 76(5) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 3(a)**
- F46** S. 76(8)(8A) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) for s. 76(8) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 168(b)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F47** Words in s. 76(8) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 27(2)** (with Sch. 12)
- F48** Words in s. 76(8A)(b) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 3(b)**
- F49** S. 76(8AA) inserted (18.2.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 6(2)**
- F50** S. 76(8B)-(8D) inserted (20.3.2003) by The Building Societies Act 1986 (Electronic Communications) Order 2003 (S.I. 2003/404), arts. 1(1), **6(2)**
- F51** Words in s. 76(8C)(c) omitted (18.2.2014) by virtue of Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 10**
- F52** S. 76(8E)(8F) inserted (18.2.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 6(3)**
- F53** S. 76(9)-(9E) omitted (18.2.2014) by virtue of Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 6(4)**
- F54** Words in s. 76(11) substituted (18.2.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 6(5)**
- F55** Words in s. 76(12) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 168(c)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F56** Word in s. 76(12) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 27(3)** (with Sch. 12)

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

- C7** S. 76(3): Functions of the Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. III** (with art. 5); S.I. 2001/3538, **art. 2(1)**

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### *Auditors and audit of accounts*

#### **77 Auditors: appointment, tenure<sup>F57</sup> ... , etc.**

(1) Every building society 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.

[<sup>F58</sup>(2) Schedule 11 to this Act has effect as regards the appointment, resignation and removal of auditors.]

[<sup>F59</sup>(3) Appointment as auditor of a building society is an appointment as a statutory auditor to which the provisions of Part 42 of the Companies Act 2006 apply.]

#### **Textual Amendments**

**F57** Words in s. 77 heading omitted (6.4.2008) by virtue of [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 13(2)**, Sch. 2 (with arts. 6, 11, 12)

**F58** S. 77(2) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 13(3)** (with arts. 6, 11, 12)

**F59** S. 77(3) inserted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 13(4)** (with arts. 6, 11, 12)

#### **78 [<sup>F60</sup>Auditor's report] .**

(1) The [<sup>F61</sup>auditor] of a building society shall make a [<sup>F62</sup>written ] report to the members on the annual accounts which are to be laid before the society at the annual general meeting during [<sup>F63</sup>his] tenure of office.

(2) The [<sup>F64</sup>auditor's report] shall <sup>F65</sup>. . . be open to inspection by any member [<sup>F66</sup>at the annual general meeting of the building society].

(3) The [<sup>F67</sup>auditor shall, in his] report under subsection (1) above, also make a report to the members on—

- (a) the annual business statement, and
- (b) the directors' report,

in so far as subsection (7) below requires [<sup>F68</sup>him] to do so.

[<sup>F69</sup>(3A) The auditor's report must include—

- (a) the identity of the building society whose annual accounts are the subject of the audit,
- (b) a description of the annual accounts that are the subject of the audit (including the period covered by those accounts),
- (c) a description of the financial reporting framework that has been applied in the preparation of those accounts, and
- (d) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.

[<sup>F70</sup>(4) The report must clearly state the opinion of the auditor as to whether the accounts—

- (a) give a true and fair view—
  - (i) in the case of an individual balance sheet, of the state of affairs of the society as at the end of the financial year,

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- (ii) in the case of an individual income and expenditure account, of the income and expenditure of the society for the financial year, and
    - (iii) in the case of group accounts, of the state of affairs as at the end of the financial year and the income and expenditure for the financial year of the society and the subsidiary undertakings dealt with in the group accounts, so far as concerns members of the society,
  - (b) have been properly prepared in accordance with the relevant financial reporting framework, and
  - (c) have been prepared in accordance with the requirements of this Act (and, where applicable, [F71]section 403(1) of the Companies Act 2006).]
- (4A) The auditor's [F72]report] must—
  - (a) be either unqualified or qualified,
  - (b) include a reference to any matters to which the auditor wishes to draw attention by way of emphasis without qualifying the [F73]report],
  - (c) include a statement on any material uncertainty relating to events or conditions that may cast significant doubt about the building society's ability to continue [F74]to adopt the going concern basis of accounting], and
  - (d) identify the auditor's place of establishment.]
- (6) If the [F75]auditor's report] includes a qualification of [F75]his opinion] that the annual accounts give a true and fair view of the matters specified in subsection [F76(4)(a)] above, [F77]subsection (8) of section 76 extends] also to the [F75]auditor's report].
- [F78(7) The auditor's report, in so far as it deals with the documents specified in subsection (3) above, must—
  - (a) state whether, in his opinion, based on the work undertaken in the course of the audit—
    - (i) the documents have been prepared so as to conform to the requirements of, or made under, sections 74 and 75 respectively,
    - (ii) the information given in the annual business statement gives a true representation of the matters in respect of which it is given, and
    - (iii) the information given in the directors' report for the financial year for which the accounts are prepared is consistent with those accounts,
  - (b) state whether, in the light of the knowledge and understanding of the building society and its environment obtained in the course of the audit, the auditor has identified material misstatements in the directors' report, and
  - (c) if applicable, give an indication of the nature of each of the misstatements referred to in paragraph (b).]
- (8) The [F79]auditor's report] on the annual business statement shall not deal with any matters which, by virtue of section 74(6), are not to be the subject of report under this section.
- (9) The [F80]auditor] of a building society shall, as regards the statement of particulars of transactions falling within section 65 which the society is to make available for "inspection by members under section 68(3), examine the statement before it is made available to members and make a report to the members on it; and the report shall be annexed to the statement before it is so made available.
- (10) The [F81]auditor's report] under subsection (9) above shall state whether in [F82]his opinion] the statement contains the particulars required by section 68; and where

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[<sup>F82</sup>his opinion] is that it does not, [<sup>F83</sup>he shall include in his] report, so far as [<sup>F84</sup>he is] reasonably able to do so, a statement giving the requisite particulars.

- [<sup>F85</sup>(11) Where more than one person is appointed as an auditor—
- (a) all the persons appointed must jointly make a report under this section and the report must include a statement as to whether all the persons appointed agree—
    - (i) on the matters contained in the report, and
    - (ii) on the statements and indications given under subsection (7); and
  - (b) if all the persons appointed cannot agree on—
    - (i) the matters contained in the report, or
    - (ii) on the statements and indications given under subsection (7),the report must include the opinions of each person appointed and give reasons for the disagreement.]

#### Textual Amendments

- F60** Words in s. 78 heading substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(1)**
- F61** Word in s. 78(1) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(a)(i)**
- F62** Word in s. 78(1) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 4 para. 3(a)** (with reg. 1(6))
- F63** Word in s. 78(1) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(a)(ii)**
- F64** Words in s. 78(2) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(b)**
- F65** Words in s. 78(2) repealed (11.1.1996) by S.I. 1995/3233, **art. 6(a)**
- F66** Words in s. 78(2) inserted (11.1.1996) by S.I. 1995/3233, **art. 6(b)**
- F67** Words in s. 78(3) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(c)(i)**
- F68** Word in s. 78(3) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(c)(ii)**
- F69** S. 78(3A)-(4A) substituted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 4 para. 3(b)** (with reg. 1(6))
- F70** S. 78(4) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **2(2)(a)**
- F71** Words in s. 78(4)(c) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), **Sch. 1 para. 34** (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, **25(d)**); 2020 c. 1, Sch. 5 para. 1(1)
- F72** Word in s. 78(4A) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **2(2)(b)(i)**
- F73** Word in s. 78(4A)(b) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **2(2)(b)(ii)**
- F74** Words in s. 78(4A)(c) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **2(2)(b)(iii)**
- F75** Words in s. 78(6) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(g)**

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- F76** Word in s. 78(6) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **2(2)(c)**
- F77** Words in s. 78(6) substituted (18.2.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 7(a)**
- F78** S. 78(7) substituted (17.6.2016) by The Statutory Auditors and Third Country Auditors Regulations 2016 (S.I. 2016/649), reg. 1(1)(a), **Sch. 4 para. 3(d)** (with reg. 1(6))
- F79** Words in s. 78(8) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(i)**
- F80** Word in s. 78(9) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(j)**
- F81** Words in s. 78(10) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(k)(i)**
- F82** Words in s. 78(10) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(k)(ii)**
- F83** Words in s. 78(10) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(k)(iii)**
- F84** Words in s. 78(10) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(k)(iv)**
- F85** S. 78(11) inserted (17.6.2016) by The Statutory Auditors and Third Country Auditors Regulations 2016 (S.I. 2016/649), reg. 1(1)(a), **Sch. 4 para. 3(e)** (with reg. 1(6))

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

- C8** S. 78 restricted (1. 1. 1993) by S.I. 1992/359, **reg. 9(4)** (with reg. 2(2))

#### [<sup>F86</sup>78A Signature of auditors' report

- (1) The auditor's report must state the name of the auditor [<sup>F87</sup> (or, where more than one person is appointed as auditor, all of their names) ] and be signed and dated.
- (2) Where the auditor is an individual, the report must be signed by him.
- <sup>F88</sup>(2A) .....
- (3) Where the auditor is a firm, the report must be signed by the senior statutory auditor in his own name, for and on behalf of the auditor.
- [<sup>F89</sup>(4) Where more than one person is appointed as auditor, the report must be signed by all those appointed.]

#### Textual Amendments

- F86** Ss. 78A-78D substituted for s. 78A (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), arts. 1(2), **5**
- F87** Words in s. 78A(1) inserted (17.6.2016) by The Statutory Auditors and Third Country Auditors Regulations 2016 (S.I. 2016/649), reg. 1(1)(a), **Sch. 4 para. 4(a)** (with reg. 1(6))
- F88** S. 78A(2A) omitted (with effect in accordance with reg. 1(4) of the amending S.I.) by virtue of The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **2(3)(a)**
- F89** S. 78A(4) inserted (with effect in accordance with reg. 1(4) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **2(3)(b)**

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## 78B. Senior statutory auditor

- (1) The senior statutory auditor means the individual identified by the firm as senior statutory auditor in relation to the audit in accordance with the standards or guidance mentioned in section 504(1) of the Companies Act 2006.
- (2) The person identified as senior statutory auditor must be eligible for appointment as auditor of the building society in question (see Chapter 2 of Part 42 of the Companies Act 2006).
- (3) The senior statutory auditor is not, by reason of being named or identified as senior statutory auditor or by reason of his having signed the auditor's report, subject to any civil liability to which he would not otherwise be subject.

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### Textual Amendments

**F86** Ss. 78A-78D substituted for s. 78A (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), arts. 1(2), **5**

## 78C. Names to be stated in copies of auditor's report filed or published

- (1) The copy of the auditor's report sent <sup>F90</sup>... under section 81, and every copy of the auditor's report that is published by or on behalf of the society, must—
  - (a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or
  - (b) if the conditions in section 78D (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified <sup>F90</sup>... in accordance with that section.

<sup>F91</sup>(1A) If more than one <sup>F92</sup>person] is appointed as auditor, the reference in subsection (1)(a) to the name of the auditor is to be read as a reference to the names of all the auditors.]

- (2) For the purposes of this section a building society is regarded as publishing the report if it publishes, issues or circulates it or otherwise 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.
- (3) If a copy of the auditor's report is sent to the <sup>F93</sup>FCA] or published without the statement required by this section, an offence is committed by—
  - (a) the society, and
  - (b) every officer of the society who is in default.
- (4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

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### Textual Amendments

**F86** Ss. 78A-78D substituted for s. 78A (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), arts. 1(2), **5**

**F90** Words in s. 78C(1) omitted (1.4.2013) by virtue of [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 8 para. 28(2)** (with Sch. 12)

**F91** S. 78C(1A) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 4 para. 5** (with reg. 1(6))

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- F92** Word in s. 78C(1A) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), 2(4)
- F93** Word in s. 78C(3) omitted (1.4.2013) by virtue of The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 28(3)** (with Sch. 12)

## 78D. Circumstances in which names may be omitted

- (1) [<sup>F94</sup>An ] auditor’s name and, where the auditor is a firm, the name of the person who signed the report as senior statutory auditor, may be omitted from—
- (a) the copy of the report sent <sup>F95</sup>... under section 81, and
  - (b) published copies of the report,
- if the following conditions are met.
- (2) The conditions are that the building society—
- (a) considering on reasonable grounds that statement of the name would create or be likely to create a serious risk that the auditor or the senior statutory auditor, or any other person, would be subject to violence or intimidation, has resolved by an ordinary resolution that the name should not be stated, and
  - (b) has given notice of the resolution to the [<sup>F96</sup>FCA and, if the society is a PRA-  
authorised person, the PRA] , stating—
    - (i) the name of the society,
    - (ii) the financial year of the society to which the report relates, and
    - (iii) the name of the auditor and (where the auditor is a firm) the name of the person who signed the report as senior statutory auditor.]

### Textual Amendments

- F86** Ss. 78A-78D substituted for s. 78A (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), arts. 1(2), 5
- F94** Word in s. 78D(1) substituted (17.6.2016) by The Statutory Auditors and Third Country Auditors Regulations 2016 (S.I. 2016/649), reg. 1(1)(a), **Sch. 4 para. 6** (with reg. 1(6))
- F95** Words in s. 78D(1) omitted (1.4.2013) by virtue of The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 29(2)** (with Sch. 12)
- F96** Words in s. 78D(2)(b) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 29(3)** (with Sch. 12)

## 79 [<sup>F97</sup>Auditor’s duties and powers] .

- (1) It is the duty of the [<sup>F98</sup>auditor] of a building society in preparing [<sup>F99</sup>his] report to the members under section 78, to carry out such investigations as will enable [<sup>F100</sup>him] to form an opinion as to the following matters—
- (a) whether [<sup>F101</sup>adequate] accounting records have been kept under section 71,
  - <sup>F102</sup>(b) .....
  - (c) whether the annual accounts are in agreement with the accounting records.
- <sup>F103</sup>(2) If the auditor is of the opinion that—
- (a) [<sup>F104</sup>adequate] accounting records have not been kept under section 71, or
  - (b) the annual accounts are not in agreement with the accounting records,
- the auditor must state that fact in his report.]



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- (3) Every auditor of a building society has—
- (a) a right of access at all times to the accounting and other records of the society and all other documents relating to its business, and
  - (b) a right to require from the officers of the society such information and explanations as he thinks necessary for the performance of the duties of the auditors.
- (4) Where a building society has a [<sup>F105</sup>connected undertaking], then—
- (a) if the [<sup>F105</sup>connected undertaking] is a body corporate incorporated in any part of the United Kingdom, it is the duty of the [<sup>F105</sup>connected undertaking] and [<sup>F106</sup>its auditor] to give to [<sup>F107</sup>the society's auditor] such information and explanation, and such access to documents, as [<sup>F108</sup>that auditor] may reasonably require for the purposes of [<sup>F109</sup>his duties as auditor] of the society;
  - (b) in any other case, it is the duty of the society, if required by [<sup>F110</sup>its auditor] to do so, to take all such steps as are reasonably open to it to obtain from the [<sup>F105</sup>connected undertaking] such information and explanation and such access as are mentioned above.
- [<sup>F111</sup>(5) Subsection (4) above applied as regards any body associated with the society which is not a [<sup>F112</sup>subsidiary undertaking] as it applies as regards a [<sup>F112</sup>subsidiary undertaking] of the society.]
- (6) If the [<sup>F113</sup>auditor fails] to obtain all the information and explanations and the access to documents which, to the best of [<sup>F114</sup>his] knowledge and belief, are necessary for the purposes of [<sup>F114</sup>his] audit, [<sup>F115</sup>he] shall state that fact in [<sup>F114</sup>his] report.
- [<sup>F116</sup>(6A) Where more than one person is appointed as auditor, the report must include a statement as to whether all the persons appointed agree on any statements given under subsections (2) and (6) and, if they cannot agree on those statements, the report must include the opinions of each person appointed and give reasons for the disagreement.]
- (7) The [<sup>F117</sup>auditor] of a building society have the right—
- (a) to attend any general meeting of the society, and to receive all notices of and other communications relating to any general meeting which any member of the society is entitled to receive, and
  - (b) to be heard at any meeting which [<sup>F118</sup>he attends] on any part of the business of the meeting which concerns [<sup>F119</sup>him as auditor].
- (8) If a building society or other body corporate fails to comply with subsection (4) above, the society or other body shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale and so shall any officer of the society or, as the case may be, of the other body who is also guilty of the offence; and if an auditor fails without reasonable excuse to comply with paragraph (a) of that subsection he shall be liable, on summary conviction, to such a fine.
- (9) If a person who is an officer of a building society or of a body which is a [<sup>F120</sup>connected undertaking of] the society knowingly or recklessly makes to the [<sup>F121</sup>auditor] of that or another society or body a statement which—
- (a) conveys or purports to convey any information or explanation which the [<sup>F122</sup>auditor requires, or is entitled to require, as auditor] of the society or other body, as the case may be, and
  - (b) is false or misleading in a material particular,
- that person shall be liable—

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- (i) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine, or both; and
- (ii) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum, or both.

#### Textual Amendments

- F97** Words in s. 79 heading substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(h)**
- F98** Word in s. 79(1) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(a)(i)**
- F99** Word in s. 79(1) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(a)(ii)**
- F100** Word in s. 79(1) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(a)(iii)**
- F101** Word in s. 79(1)(a) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **2(5)**
- F102** S. 79(1)(b) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F103** S. 79(2) substituted (17.6.2016) by The Statutory Auditors and Third Country Auditors Regulations 2016 (S.I. 2016/649), reg. 1(1)(a), **Sch. 4 para. 7(a)** (with reg. 1(6))
- F104** Word in s. 79(2)(a) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **2(5)**
- F105** Words in s. 79(4) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 34(1)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xxi)**
- F106** Words in s. 79(4)(a) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(c)(i)**
- F107** Words in s. 79(4)(a) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(c)(ii)**
- F108** Words in s. 79(4)(a) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(c)(iii)**
- F109** Words in s. 79(4)(a) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(c)(iv)**
- F110** Words in s. 79(4)(b) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(d)**
- F111** S. 79(5) repealed (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 46(2), 47(3), Sch. 7 para. 34(2), **Sch. 9**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(y)(z)(xxi)(cc)(xi)**
- F112** Words in ss. 71-82 (Pt. VIII) substituted by S.I. 1991/1729, **art. 3**.
- F113** Words in s. 79(6) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(e)(i)**
- F114** Word in s. 79(6) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(e)(ii)**
- F115** Word in s. 79(6) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(e)(iii)**
- F116** S. 79(6A) inserted (17.6.2016) by The Statutory Auditors and Third Country Auditors Regulations 2016 (S.I. 2016/649), reg. 1(1)(a), **Sch. 4 para. 7(b)** (with reg. 1(6))
- F117** Words in s. 79(7) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(f)(i)**
- F118** Words in s. 79(7)(b) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(f)(ii)(aa)**, (ii)

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- F119** Words in s. 79(7)(b) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(f)(ii)(bb)**, (ii)
- F120** Words in s. 79(9) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 34(3)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xxi)**
- F121** Word in s. 79(9) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(g)(i)**
- F122** Words in s. 79(9)(a) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 5(g)(ii)**

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

- C9** S. 79(1)(2) modified (*temp.*) by S.I. 1986/2168, **art. 12(2)(e)**

*Procedure on completion of accounts*

**80 Signing of balance sheet: documents to be annexed.**

- (1) Every balance sheet of a building society shall be signed by two directors on behalf of the board of directors and by the chief executive of the society.
- (2) The income and expenditure account, <sup>F123</sup> . . . and the annual business statement shall be annexed to the balance sheet, and so shall any group accounts; and the auditor's report shall be attached to it.
- (3) The income and expenditure account, <sup>F124</sup> . . . and the annual business statement shall be approved by the board of directors before the balance sheet is signed on their behalf, and so shall any group accounts; and the date of their approval of those documents shall be endorsed on the balance sheet.
- (4) The directors' report shall be attached to the balance sheet.
- (5) If a balance sheet has not been signed as required by subsection (1) above, and a copy of it is issued, circulated or published, the building society shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale and so shall any officer who is also guilty of the offence.
- (6) If any copy of a balance sheet is issued, circulated or published—
  - (a) without having annexed to it a copy of the income and expenditure account, or
  - <sup>F125</sup>(b) . . . . .
  - (c) without having annexed to it a copy of the annual business statement, or
  - (d) without having attached to it a copy of the [<sup>F126</sup>auditor's report], or
  - (e) without having attached to it a copy of the directors' report,

the building society shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale and so shall any officer who is also guilty of the offence.

**Textual Amendments**

- F123** Words in s. 80(2) omitted (23.3.1999) by virtue of S.I. 1999/248, reg. 3, **Sch. para. 5(1)**
- F124** Words in s. 80(3) omitted (23.3.1999) by virtue of S.I. 1999/248, reg. 3, **Sch. para. 5(2)**
- F125** S. 80(6)(b) omitted (23.3.1999) by virtue of S.I. 1999/248, reg. 3, **Sch. para. 5(3)**

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**F126** Words in s. 80(6)(d) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), [Sch. 2 para. 6](#)

**81 Laying and furnishing accounts, etc., to <sup>F127</sup>members <sup>F128</sup>, the FCA and the PRA].**

- (1) The directors of every building society shall lay before the society at the annual general meeting the annual accounts for the last financial year.
- (2) The directors of every building society shall send <sup>F129</sup>two copies] of the annual accounts for the last financial year to the <sup>F130</sup>FCA, and, if the society is a PRA-  
authorised person, one copy to the PRA,] not later than 14 days before the annual general meeting at which the accounts are to be considered.
- (3) Every building society shall, as from the date by which at the latest its directors are required to send them to the <sup>F131</sup>FCA and, if the society is a PRA-  
authorised person, the PRA] , make copies of the annual accounts available free of charge to members of and depositors with the society at every office of the society and, free of charge, shall send copies of those documents to any member or depositor who demands it.

<sup>F132</sup>(3A) Where a copy of the annual accounts is required to be sent to a member or depositor under subsection (3)—

- (a) they may be sent to him electronically only if they are sent to an electronic address notified to the society by that member or depositor for the purpose; but
- (b) the requirement to send them shall also be treated as satisfied if the conditions set out in subsection (3B) are satisfied.

(3B) The conditions of this subsection are satisfied in the case of a copy of the annual accounts if—

- (a) the society and the member or depositor have agreed that information that is required to be sent to him may instead be accessed by him on a web site;
- (b) the agreement applies to the annual accounts in question;
- (c) within seven days of his demand, the member or depositor is notified <sup>F133</sup>...  
of—
  - (i) the publication of the accounts on a web site,
  - (ii) the address of that web site, and
  - (iii) the place on that web site where the accounts may be accessed, and how they may be accessed; and
- (d) the accounts are published on that web site throughout the period beginning on the date on which the member or depositor is notified in accordance with paragraph (c) and ending with the conclusion of the annual general meeting at which the accounts are to be considered.]

(4) If default is made in complying with subsection (1) or (2) above, every person who was a director at any time during the relevant period shall be 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 £200 for every day during which the offence continues.

(5) If, on demand made of it under subsection (3) above, a building society fails, in accordance with that subsection, to make available or, as the case may be, within seven

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days of the demand, to send, to a person a copy of the annual accounts the society shall be 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 £40 for every day during which the offence continues,

and so shall any officer who is also guilty of the offence.

[<sup>F134</sup>(5A) Where, in a case in which subsection (3A)(b) is relied on for compliance with a requirement under subsection (3)—

- (a) a copy of the annual accounts is published for a part, but not all, of the period mentioned in subsection (3B)(d), but
- (b) the failure to publish it throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the society or the officer to prevent or avoid,

no offence is committed under subsection (5) by reason of that failure.]

(6) In subsection (4) 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.

(7) The [<sup>F135</sup>[<sup>F136</sup>FCA] shall keep one of the copies] of the annual accounts of a building society received by it under subsection (2) above in the public file of the society.

(8) In this section any reference to the annual accounts includes a reference to the documents annexed or attached to them under section 80.

#### Textual Amendments

**F127** Words in s. 81 side-note substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 170(a)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F128** Words in s. 81 heading substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 30(5)** (with Sch. 12)

**F129** Words in s. 81(2) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 170(b)(i)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F130** Words in s. 81(2) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 30(2)** (with Sch. 12)

**F131** Words in s. 81(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 30(3)** (with Sch. 12)

**F132** S. 81(3A)(3B) inserted (20.3.2003) by The Building Societies Act 1986 (Electronic Communications) Order 2003 (S.I. 2003/404), arts. 1(1), **7(2)**

**F133** Words in s. 81(3B)(c) omitted (18.2.2014) by virtue of Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 11**

**F134** S. 81(5A) inserted (20.3.2003) by The Building Societies Act 1986 (Electronic Communications) Order 2003 (S.I. 2003/404), arts. 1(1), **7(3)**

**F135** Words in s. 81(7) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(a)(b), 8, 13(1), **Sch. 3 para. 170(d)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

**F136** Word in s. 81(7) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 8 para. 30(4)** (with Sch. 12)

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## **[<sup>F137</sup>81A Requirements in connection with publication of accounts**

- (1) If a building society publishes any of its statutory accounts, they must be accompanied by the relevant [<sup>F138</sup>auditor’s report] under section 78.
- (2) A building society that 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.
- (3) If a building 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 prepared,
  - (c) whether the society’s [<sup>F139</sup>auditor has] made a report under section 78 on the statutory accounts for any financial year, and
  - (d) whether any such [<sup>F140</sup>auditor’s report] —
    - (i) was qualified or unqualified, or included a reference to any matters to which the [<sup>F141</sup>auditor] drew attention by way of emphasis without qualifying the report, or
    - (ii) contained a statement under section 79(6) (failure to obtain necessary information and explanations);
 and it must not publish with any non-statutory accounts any [<sup>F142</sup>auditor’s report] made under section 78.
- (4) For the purposes of this section a building society is regarded as publishing a document if it publishes, issues or circulates it or otherwise 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.
- (5) References in this section to a building society’s statutory accounts are to its annual accounts as required to be laid before the society under section 81; and references to the publication by a society of “non-statutory accounts” are to the publication of—
  - (a) any balance sheet or income and expenditure account relating to, or purporting to deal with, a financial year or part of a financial year of the society, or
  - (b) an account in any form purporting to be a balance sheet or income and expenditure account for the group consisting of the society and its subsidiary undertakings relating to, or purporting to deal with, a financial year or part of a financial year of the society,
 otherwise than as part of the society’s statutory accounts or summary financial statement prepared under section 76.
- (6) A building society which contravenes any provision of this section, and any 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.]

### **Textual Amendments**

**F137** S. 81A inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), arts. 1, 7

**F138** Words in s. 81A(1) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 7(a)**

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- F139** Words in s. 81A(3)(c) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 7(b)(i)**
- F140** Words in s. 81A(3)(d) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 7(b)(ii)(aa)**, (ii)
- F141** Word in s. 81A(3)(d)(i) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 7(b)(ii)(bb)**, (ii)
- F142** Words in s. 81A(3)(d) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 7(b)(ii)(cc)**, (ii)

## [<sup>F143</sup>81B Interpretation of Part 8

(1) In this Part—

“annual accounts”, in relation to a building society, means—

- (a) the individual accounts required by section 72A, and
- (b) any group accounts required by section 72E, together with the notes to those accounts;

<sup>F144</sup> ...

“income and expenditure account”, in relation to a society which prepares IAS accounts, includes an income statement or other equivalent financial statement required to be prepared by [<sup>F145</sup>UK-adopted international accounting standards];

<sup>F146</sup> ...

[<sup>F147</sup>“UK-adopted international accounting standards” has the meaning given by section 474(1) of the Companies Act 2006;]

[<sup>F148</sup>“UK regulated market” has the meaning given in Article 2.1.13A of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 and amending Regulation (EU) No. 648/2012.]

(2) References in this Part to accounts giving a “true and fair view” are references—

- (a) in the case of Building Societies Act individual accounts, to the requirement under section 72B that such accounts give a true and fair view;
- (b) in the case of Building Societies Act group accounts, to the requirement under section 72F that such accounts give a true and fair view; and
- (c) in the case of IAS accounts, to the requirement under [<sup>F149</sup>UK-adopted international accounting standards] that such accounts achieve a fair presentation.]

### Textual Amendments

- F143** S. 81B inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by The Building Societies Act 1986 (International Accounting Standards and Other Accounting Amendments) Order 2004 (S.I. 2004/3380), art. 1, **Sch. para. 6**
- F144** Words in s. 81B(1) omitted (31.12.2020) by virtue of The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/685), reg. 1(2), **Sch. 1 para. 35(a)(i)** (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, **25(d)**); 2020 c. 1, Sch. 5 para. 1(1)
- F145** Words in s. 81B(1) substituted (31.12.2020) by The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/685), reg. 1(2), **Sch. 1 para. 35(a)(ii)** (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, **25(d)**); 2020 c. 1, Sch. 5 para. 1(1)

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- F146** Words in s. 81B(1) omitted (31.12.2020) by virtue of The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/685), reg. 1(2), **Sch. 1 para. 35(a)(iii)** (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, **25(d)**); 2020 c. 1, Sch. 5 para. 1(1)
- F147** Words in s. 81B(1) inserted (31.12.2020) by The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/685), reg. 1(2), **Sch. 1 para. 35(a)(iv)** (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, **25(d)**); 2020 c. 1, Sch. 5 para. 1(1)
- F148** Words in s. 81B(1) substituted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by The Accounts and Reports (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/145), regs. 1(2)(b), 2, **Sch. 2 para. 20(c)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, **11**); 2020 c. 1, Sch. 5 para. 1(1)
- F149** Words in s. 81B(2) substituted (31.12.2020) by The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/685), reg. 1(2), **Sch. 1 para. 35(b)** (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, **25(d)**); 2020 c. 1, Sch. 5 para. 1(1)

**F150** **82** .....

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#### Textual Amendments

- F150** S. 82 repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**



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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 5(11)-(14) inserted by [2007 c. 26 s. 1\(2\)](#)
- s. 5(13)(a) substituted by [S.I. 2013/496 Sch. 8 para. 4\(4\)](#)
- s. 7(6A)-(6C) inserted by [2007 c. 26 s. 1\(1\)\(a\)](#)
- s. 7(8A) inserted by [2007 c. 26 s. 1\(1\)\(c\)](#)
- s. 176ZB excluded by [S.I. 2017/400 reg. 14](#)
- s. 246ZA-246ZC excluded by [S.I. 2017/400 reg. 15](#)
- s. 246ZD excluded by [S.I. 2017/400 reg. 16](#)