



Co-operative and Community Benefit Societies Act 2014

2014 CHAPTER 14

PART 7

ACCOUNTS, AUDIT AND ANNUAL RETURNS

Books of account

75 Duty to keep books of account etc

- (1) A registered society must ensure that proper books of account are kept with respect to its transactions and its assets and liabilities.
- (2) The duty under subsection (1) includes a duty to ensure that there are kept such books as are necessary to—
 - (a) give a true and fair view of the state of the society's affairs, and
 - (b) explain its transactions.
- (3) A registered society must establish and maintain a satisfactory system of control of its—
 - (a) books of account,
 - (b) cash holdings, and
 - (c) receipts and remittances.

76 Form of books of account

- (1) A registered society may keep a book of account by—
 - (a) making entries in bound books, or
 - (b) recording the matters in question in any other way.
- (2) Where a book of account is kept otherwise than by making entries in a bound book, the society must take adequate precautions for—

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- (a) guarding against falsification, and
- (b) facilitating its discovery.

Year of account

77 Year of account: societies registered on or after 8 January 2012

- (1) This section applies to a registered society registered on or after 8 January 2012.
- (2) The society's first year of account is the period of more than 6 months but not more than 18 months that—
 - (a) begins with the date of the society's registration, and
 - (b) ends with its accounting reference date.
- (3) Each subsequent year of account—
 - (a) begins immediately after the end of the previous year of account, and
 - (b) ends with its next accounting reference date.
- (4) In each calendar year, the society's "accounting reference date" is (subject to subsection (5)) the last day of the month in which the anniversary of the society's registration falls.
- (5) The society may by notice to the FCA specify a new accounting reference date having effect in relation to its current and subsequent years of account.
- (6) A notice under subsection (5) must state whether the current year of account—
 - (a) is to be shortened, so as to come to an end on the first occasion on which the new accounting reference date falls or fell after the beginning of the year of account, or
 - (b) is to be extended, so as to come to an end on the second such occasion.
- (7) A notice extending the current year of account has no effect if—
 - (a) it is given less than 5 years after the end of a year of account that was extended under this section, or
 - (b) it would extend the year of account so that it would exceed 18 months.
- (8) If the society is dissolved by an instrument of dissolution under section 119, its last year of account ends with the date of the instrument of dissolution.

Modifications etc. (not altering text)

C1 Ss. 77, 78 excluded by 1979 c. 34, s. 31(4) (as amended (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 16\(5\)\(b\)](#) (with [Sch. 5](#)))

78 Year of account: societies registered on or before 7 January 2012

- (1) This section applies to a registered society to which section 77 (year of account: societies registered on or after 8 January 2012) does not apply.
- (2) A year of account—
 - (a) begins immediately after the end of the previous year of account, and
 - (b) ends with—

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- (i) the date of the last balance sheet published by the society in the relevant period, or
 - (ii) if no balance sheet is published in that period, the 31 December in that period.
- (3) The “relevant period”—
 - (a) begins with the 31 August following the beginning of the year of account, and
 - (b) ends with the following 31 January.
- (4) The society may by notice to the FCA alter the date on which its current and subsequent years of account end to a date other than that provided for by subsection (2)(b).
- (5) A notice under subsection (4) must state whether it extends or shortens the current year of account.
- (6) A notice extending the current year of account has no effect if—
 - (a) it is given less than 5 years after the end of a year of account that was extended under this section, or
 - (b) it would extend the year of account so that it would exceed 18 months.
- (7) If the society is dissolved by an instrument of dissolution under section 119, its last year of account ends with the date of the instrument of dissolution.

Modifications etc. (not altering text)

- C1** Ss. 77, 78 excluded by 1979 c. 34, s. 31(4) (as amended (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 16\(5\)\(b\)](#) (with [Sch. 5](#)))

Accounts and balance sheets

79 Duty to prepare revenue accounts

A registered society must ensure that there is prepared, in respect of each year of account—

- (a) a revenue account for that year which deals with the society's affairs as a whole, or
- (b) two or more revenue accounts for that year which deal separately with particular businesses carried on by the society.

80 Accounts and balance sheets to give a true and fair view

- (1) A revenue account of a registered society must give a true and fair view of—
 - (a) the income and expenditure of the society as a whole (if the account deals with the society's affairs as a whole), or
 - (b) the income and expenditure of the society in respect of a particular business carried on by it (if the account deals with that business),for the period to which the account relates.
- (2) Where two or more revenue accounts are prepared in respect of a registered society for a year of account (see section 79(b)), the accounts when considered together must

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give a true and fair view of the income and expenditure of the society as a whole for that year.

- (3) A balance sheet of a registered society must give a true and fair view of the state of the society's affairs as at the date of the balance sheet.
- (4) A member of a registered society's committee commits an offence if the member fails to take all reasonable steps to secure that—
- (a) a revenue account of the society complies with subsection (1),
 - (b) revenue accounts of the society to which subsection (2) applies comply with that subsection, or
 - (c) a balance sheet of the society complies with subsection (3).
- (5) No offence is committed if the person had reasonable grounds to believe, and did believe, that a competent and reliable person was charged with the duty of securing that the relevant subsection was complied with and was in a position to discharge that duty.
- (6) In proceedings for an offence under this section it is for the defendant (in Scotland, the accused) to prove the matters mentioned in subsection (5).
- (7) A person guilty of an offence under this section is liable on summary conviction—
- (a) in England and Wales, to a fine;
 - (b) in Scotland, to a fine not exceeding level 5 on the standard scale.

81 Duty to display latest balance sheet at registered office

A registered society must, at all times, display a copy of its latest balance sheet in a conspicuous position at its registered office.

Modifications etc. (not altering text)

- C2 S. 81 excluded by 1979 c. 34, s. 31(4) (as amended (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 16\(5\)\(b\)](#) (with [Sch. 5](#)))

82 Restrictions on publication of accounts and balance sheets

- (1) A registered society must not publish a revenue account or balance sheet unless the account or balance sheet complies with such of the requirements set out in the following table as apply in relation to it.

<i>Accounts and balance sheets to which requirement applies</i>	<i>Requirement</i>
1 Any revenue account or balance sheet	Must be signed by— (a) the society's secretary, and (b) two members of its committee, acting on behalf of the committee.
2 Year end revenue account or balance sheet, where section 83 (duty to appoint auditors) applies to the	Must— (a) have been audited by the auditors appointed under section 83, and

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| society for the relevant year of account | (b) incorporate a report by them stating whether, in their opinion, it complies with section 80(1) or (3) (true and fair view). |
| 3 Year end revenue account or balance sheet, where section 85 (duty to obtain report in certain cases where section 83 disapplied) applies to the society for the relevant year of account | Must—
(a) have obtained a report under section 85(2)(a) on it, and
(b) incorporate so much of the report as relates to it.

This ceases to apply if a direction under section 86 is made in respect of the relevant year of account (see row 7). |
| 4 Interim revenue account or balance sheet, where section 83 applies to the society for the relevant year of account and the preceding year of account | Must—
(a) have been audited by the auditors last appointed under section 83, and
(b) incorporate a report by them stating whether, in their opinion, it complies with section 80(1) or (3). |
| 5 Interim revenue account or balance sheet, where—
(a) a resolution under section 84 is in force in respect of the relevant year of account, and
(b) section 83 applies to the society for the preceding year of account | Must incorporate a report by an appropriate person stating whether, in the person's opinion, it complies with section 80(1) or (3). “Appropriate person” here means—
(a) a qualified auditor, or
(b) any person (if the society made an appointment under section 83(2) (b) for the preceding year and no direction under section 86 has been made in respect of that year). |
| 6 Interim revenue account or balance sheet, where section 85 applies to the society for the year of account preceding the relevant year of account | Must incorporate a report by a qualified auditor stating whether, in the auditor's opinion—
(a) it is in agreement with the books of account kept by the society under section 75, and
(b) (on the basis of the information contained in those books of account) it complies with the requirements of this Act. |
| 7 Year end or interim revenue account or balance sheet, where—
(a) section 83 did not apply to the society for the relevant year of account because of a resolution under section 84, and
(b) a direction under section 86 (power to require accounts etc for past years to be audited) | Must incorporate a report by the auditors appointed pursuant to the direction stating whether, in their opinion, it complies with section 80(1) or (3). |

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has been given in respect of
that year of account

- (2) The requirements in the rows 4 to 7 of the table do not apply to an interim revenue account or balance sheet that—
- (a) is published together with the latest year end revenue account and balance sheet, which comply with the applicable requirements in row 2, 3 or 7 (as the case may be), and
 - (b) is marked in legible characters in a prominent position “UNAUDITED REVENUE ACCOUNT” or “UNAUDITED BALANCE SHEET” (as the case may be).
- (3) In this section—
- “interim balance sheet” means a balance sheet relating to the position at any time other than the end of a year of account;
- “interim revenue account” means a revenue account for any period within a year of account except one ending at the end of that year;
- “relevant year of account” means the year of account to which the revenue account or balance sheet relates;
- “year end balance sheet” means a balance sheet relating to the position at the end of a year of account;
- “year end revenue account” means a revenue account for—
- (a) a year of account, or
 - (b) any period within a year of account which ends at the end of that year.

Auditing of accounts etc

83 Duty to appoint auditors

- (1) In each year of account, a registered society must (subject to subsection (2)) appoint one or more qualified auditors to audit its accounts and balance sheet for that year.
- (2) If the society is a small society for the year of account, it must—
 - (a) make an appointment under subsection (1) for that year, or
 - (b) appoint two or more persons who are not qualified auditors to audit its accounts and balance sheet for that year.
- (3) The FCA may give a direction to a society that is a small society for the current year of account, requiring it to make an appointment under subsection (1) for that year.
- (4) For the purposes of this Part a registered society is a “small society” for a year of account if—
 - (a) the total amount of its receipts and payments in respect of the preceding year of account did not exceed £5,000,
 - (b) it had no more than 500 members at the end of that year, and
 - (c) the total value of its assets at the end of that year did not exceed £5,000.
- (5) The Treasury may by regulations—
 - (a) substitute for any sum or number for the time being specified in subsection (4) such other sum or number as the Treasury consider appropriate;

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- (b) prescribe what receipts and payments of a society are to be taken into account for the purposes of that subsection.

The regulations may make different provision for different cases or circumstances.

- (6) This section is subject to section 84 (power of certain societies to disapply this section).

84 Power of certain societies to disapply section 83

- (1) A registered society may by resolution disapply section 83 (duty to appoint auditors) in respect of a year of account if—
 - (a) the total value of its assets at the end of the preceding year of account did not exceed [^{F1}£5,100,000,] and
 - (b) its turnover for that preceding year did not exceed [^{F2}£10,200,000.]
- (2) The resolution must be passed at a general meeting at which—
 - (a) less than 20% of the total votes cast are cast against the resolution, and
 - (b) less than 10% of the society's members for the time being entitled under its rules to vote cast their votes against the resolution.
- (3) Subsection (1) does not apply to a society that—
 - (a) is a credit union,
 - (b) is a subsidiary,
 - (c) has a subsidiary,
 - (d) holds a deposit or has at any time since the end of the preceding year of account held a deposit (other than a deposit in the form of withdrawable share capital), or
 - (e) is registered in the register of social landlords maintained under section 20(1) of the Housing (Scotland) Act 2010 (asp 17).
- (4) The FCA may by notice to a society disapply subsection (1) in relation to the year of account in which the notice is given.
- (5) A resolution under subsection (1) has no effect if, at any time before the end of the year of account to which it relates—
 - (a) the society is within a paragraph of subsection (3), or
 - (b) the society is given a notice under subsection (4).
- (6) Subsection (1) applies in relation to a registered society that is a charity or recognised body as if for paragraph (b) there were substituted—
 - “(b) its gross income for that preceding year did not exceed £250,000.”
- (7) In subsection (6) “recognised body” has the meaning given by article 3(6)(c) of the Charities and Trustee Investment (Scotland) Act 2005 (Consequential Provisions and Modifications) Order 2006 (SI 2006/242).
- (8) Where a society's year of account is for a period other than a calendar year, the figure in subsection (1)(b) (including that provision as it has effect by virtue of subsection (6)) is to be proportionately adjusted.

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Textual Amendments

- F1** Sum in s. 84(1)(a) substituted (6.4.2018) by [The Co-operative and Community Benefit Societies Act 2014 \(Amendments to Audit Requirements\) Order 2018 \(S.I. 2018/322\)](#), arts. 1, **2(a)**
- F2** Sum in s. 84(1)(b) substituted (6.4.2018) by [The Co-operative and Community Benefit Societies Act 2014 \(Amendments to Audit Requirements\) Order 2018 \(S.I. 2018/322\)](#), arts. 1, **2(b)**

85 Duty to obtain report in certain cases where section 83 is disapplied

- (1) This section applies to a registered society for a year of account (“the year”) if—
- (a) section 83 (duty to appoint auditors) does not apply to the society for the year because of a resolution under section 84 (power to disapply auditing requirements), and
 - (b) the society's turnover in the preceding year of account exceeded £90,000.
- (2) The society must, within the period of 28 days beginning immediately after the end of the year, appoint a qualified auditor to make —
- (a) a report on its account and balance sheet for the year which states, in the auditor's opinion —
 - (i) whether its revenue account, any other account to which the report relates, and balance sheet are in agreement with its books of account kept under section 75, and
 - (ii) (on the basis of the information contained in those books of account) whether the revenue account and balance sheet comply with the requirements of this Act, and
 - (b) a report relating to the preceding year of account which states whether, in the auditor's opinion, the financial criteria for the exercise of the power conferred by section 84 were met in relation to the year.

Modifications etc. (not altering text)

- C3** S. 85 modified (1.8.2014) by 1996 c. 52, Sch. 1 para. 17(2) (as substituted by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 65(12)(b)** (with Sch. 5))
- C4** S. 85 applied (with modifications) by 2008 c. 17, s. 134(2) (as substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 125(2)** (with Sch. 5))

86 Power to require accounts etc for past years to be audited by qualified auditor

- (1) The FCA may give a direction under this section to a registered society in respect of any relevant year.
- (2) A “relevant year”, in relation to a society, is any year of account before the current year of account for which—
- (a) the society was a small society and made an appointment under section 83(2)
 - (b) (appointment of non-qualified auditors), or
 - (b) section 83 did not apply to the society because of a resolution under section 84 (power to disapply auditing requirements).
- (3) If a direction is given—

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- (a) the society must appoint one or more qualified auditors to audit its accounts and balance sheet for the relevant year, and
- (b) if the society sent its annual return for the relevant year to the FCA before the date of the direction, the society must (after audit, and within 3 months from receipt of the direction) send to the FCA a further annual return complying with the requirements of this Part (other than as to the time it is given).

87 Auditors: content of report and powers

- (1) This section applies where a registered society has appointed auditors under section 83 for a year of account (“the year”).
- (2) The auditors must make a report to the society on—
 - (a) the accounts examined by them, and
 - (b) the society's revenue account and balance sheet for the year.
- (3) The report must state—
 - (a) whether, in the auditors' opinion, the revenue account and balance sheet for the year give a true and fair view of the matters mentioned in section 80(1) to (3);
 - (b) whether that revenue account and balance sheet comply with the other requirements of this Act;
 - (c) if the report relates to any other accounts, whether those accounts give a true and fair view of any matter to which they relate.
- (4) In preparing the report, the auditors must carry out such investigations as will enable them to form an opinion as to—
 - (a) whether the society has kept proper books of account, and maintained a satisfactory system of control over its transactions, in accordance with section 75;
 - (b) whether the revenue account, any other accounts to which the report relates, and the balance sheet are in agreement with the society's books of account.
- (5) If—
 - (a) the auditors are of opinion that the society has failed to comply with section 75, or
 - (b) the revenue account, any other accounts to which the report relates and the balance sheet are not in agreement with its books of account,this must be stated in the report.
- (6) Each of the auditors—
 - (a) has a right of access at all times to the society's books, deeds and accounts and to all other documents relating to its affairs, and
 - (b) is entitled to require from the society's officers such information and explanations as the auditor considers necessary for the performance of the auditors' duties.
- (7) If the auditors fail to obtain all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit, this must be stated in the report.
- (8) The auditors are entitled—
 - (a) to attend any general meeting of the society;

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- (b) to receive all notices of, and other communications relating to, any general meeting which any member of the society is entitled to receive;
- (c) to be heard at any meeting which they attend on any part of the business of the meeting which concerns them as auditors.

Modifications etc. (not altering text)

C5 S. 87(3)-(8) applied by 2009 c. 20, s. 44(4)(b) (as substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 152(2)** (with Sch. 5))

88 Persons appointed under section 82 or 85: powers etc

- (1) This section applies to a person appointed by a registered society—
 - (a) for the purposes of making a report of a kind mentioned in any of rows 4 to 6 of the table in section 82 (report on interim revenue account or balance sheet), or
 - (b) under section 85 (duty to obtain report in certain cases where section 83 disapplied).
- (2) For the purposes of the appointment, the person—
 - (a) has a right of access at all times to the society's books, deeds and accounts and to all other documents relating to its affairs, and
 - (b) is entitled to require from the society's officers such information and explanations as the person considers necessary.
- (3) If the person fails to obtain all the information and explanations which, to the best of the person's knowledge and belief, are necessary for the purposes of doing what the person has been appointed to do, this must be stated in the person's report.
- (4) The person is entitled—
 - (a) to receive notice of, and attend, any general meeting of the society at which a relevant matter is discussed, and
 - (b) to be heard at any such general meeting which the person attends on any part of the business of the meeting which relates to a relevant matter.
- (5) In subsection (4) “relevant matter” means—
 - (a) any report made by the person, or
 - (b) any matter which is relevant to what the person has been appointed to do.

Annual returns

89 Annual returns

- (1) A registered society must, within the period of 7 months beginning immediately after the end of a year of account, send to the FCA—
 - (a) a return relating to its affairs for that year (the society's “annual return” for that year),
 - (b) a copy of each balance sheet made during that year, and
 - (c) a copy of any relevant auditor's report for that year.
- (2) The annual return—

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- (a) must contain the society's revenue account for that year prepared in accordance with section 79 and a balance sheet as at the end of that year, and
 - (b) may contain other accounts only if they have been reported on under section 85(2)(a) or 87.
- (3) “Relevant auditor's report” means—
- (a) if section 83 (duty to appoint auditors) applies for that year, the auditor's report on the society's accounts for that year and any auditor's report on a balance sheet made during that year;
 - (b) otherwise, any report for that year required by section 85.
- (4) The powers under sections 143 and 144 to determine the form of an annual return and the particulars to be contained in annual returns are subject to subsection (2).

Modifications etc. (not altering text)

C6 S. 89 excluded by 1979 c. 34, s. 31(4) (as amended (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 16\(5\)\(b\)](#) (with [Sch. 5](#)))

90 Duty to provide copy of annual return on demand

- (1) A registered society must give a copy of its latest annual return, free of charge, to any member or person interested in the society's funds who asks for it.
- (2) Where a request under subsection (1) is made, the following must be supplied with the annual return—
- (a) a copy of—
 - (i) the auditor's report on the accounts and balance sheet contained in the return, or
 - (ii) if section 83 (duty to appoint auditors) does not apply to the society for the year of account to which the annual return relates, any report required by section 85(2)(a);
 - (b) the society's latest group accounts (if any).
- (3) A society is regarded as having given a person a copy of its latest annual return and the documents required by subsection (2) to be supplied with that return (“the relevant documents”) if the following conditions are met—
- (a) the person has agreed (generally or specifically) that the society may make the relevant documents available to the person on a website (and has not revoked that agreement);
 - (b) the society has notified the person of the following—
 - (i) the website address;
 - (ii) the presence of the documents on the website;
 - (iii) the place on the website where the documents may be accessed;
 - (iv) how to access them; and
 - (c) the documents are present on the website for the whole of the period—
 - (i) beginning with the day the notification under paragraph (b) is sent (or, if later, the day the documents first appear on the website), and
 - (ii) ending with the day the annual return ceases to be the society's latest annual return.

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- (4) If any of the documents is absent from the website for part of the period referred to in subsection (3)(c), the absence is to be disregarded if it is wholly attributable to circumstances that it would not be reasonable to have expected the society to prevent or avoid.

Modifications etc. (not altering text)

- C7 S. 90 excluded by 1979 c. 34, s. 31(4) (as amended (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 16\(5\)\(b\)](#) (with [Sch. 5](#)))

Auditors

91 Meaning of “qualified auditor”

In this Part “qualified auditor” means a person eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006.

92 Persons ineligible for appointment as auditors etc

- (1) This section applies to an appointment by a registered society of a person—
- (a) as auditor of the society,
 - (b) for the purposes of making a report of a kind mentioned in row 5 or 6 of the table in section 82 (report on interim revenue account or balance sheet), or
 - (c) under section 85 (duty to obtain report in certain cases where section 83 disapplied).
- (2) None of the following may be appointed—
- (a) an officer or employee of the society or any connected registered society;
 - (b) an employee, employer or partner of a person within paragraph (a);
 - (c) a person prohibited by section 1214 of the Companies Act 2006 (independence requirement) from acting as statutory auditor of a company that is a subsidiary of the society.
- (3) For this purpose, a society is “connected with” another society if—
- (a) one of them is a subsidiary of the other, or
 - (b) they are both subsidiaries of another registered society.
- (4) An appointment made in contravention of this section is ineffective for the purposes of this Part.
- (5) For the purposes of subsection (2), a society's auditor is not to be regarded as an employee of the society (and the auditor is not an “officer” - see section 149).

93 Re-appointment and removal of qualified auditors

- (1) A qualified auditor appointed to audit a registered society's accounts and balance sheet for the preceding year of account (“the existing auditor”) is re-appointed as the society's auditor for the current year of account.

This is subject to the following provisions of this section.

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- (2) The existing auditor is not re-appointed if a resolution is passed at a general meeting of the society—
 - (a) appointing another person instead of the existing auditor,
 - (b) providing expressly that the existing auditor is not to be re-appointed, or
 - (c) disapplying section 83 (duty to appoint auditors) in relation to the current year of account.
- (3) The existing auditor is not re-appointed if the auditor—
 - (a) has given the society notice in writing of the auditor's unwillingness to be appointed,
 - (b) is ineligible for appointment for the current year of account (see subsection (5)), or
 - (c) has ceased to act as the society's auditor by reason of incapacity.
- (4) The existing auditor is not automatically re-appointed by virtue of subsection (1) if—
 - (a) notice is given of a resolution to appoint a person in place of the existing auditor, and
 - (b) the resolution cannot be proceeded with at the meeting—
 - (i) because of the death or incapacity of the person, or
 - (ii) because the person is ineligible for appointment for the current year of account.
- (5) For the purposes of this section a person is ineligible for appointment for the current year of account if—
 - (a) the person's appointment in relation to the society is prohibited by section 92, or
 - (b) the person is not a qualified auditor at the time when the question of the person's appointment falls to be considered, and the society is not a small society in respect of that year.

94 Resolutions relating to appointment or removal of auditors

- (1) This section applies to a resolution at a general meeting of a registered society—
 - (a) appointing another person as auditor in place of the existing auditor, or
 - (b) providing expressly that the existing auditor is not to be re-appointed.

“The existing auditor” has the same meaning as in section 93.
- (2) The resolution is effective only if notice of the intention to move it is given to the society at least 28 days before the meeting.
- (3) Where notice under subsection (2) is given—
 - (a) the society must send a copy of the notice to the existing auditor as soon as possible,
 - (b) if the society is required by its rules to give notice of the meeting to its members, it must (if it is practicable to do so) give them notice of the resolution at the same time and in the same way as it gives notice of the meeting, and
 - (c) if the society does not give notice under paragraph (b), it must give its members notice of the resolution at least 14 days before the meeting by—
 - (i) advertisement in a newspaper having an appropriate circulation, or
 - (ii) in any other way allowed by the society's rules.

Status: Point in time view as at 06/04/2018.

Changes to legislation: There are currently no known outstanding effects for the Co-operative and Community Benefit Societies Act 2014, Part 7. (See end of Document for details)

- (4) Where—
- (a) section 93(4) applies in relation to the resolution (resolution to appoint a person in place of the existing auditor cannot be proceeded with), and
 - (b) the society's rules provide that an auditor can be appointed by a resolution passed at a general meeting only if the society is given notice of the intended resolution before the meeting,
- a resolution passed at the meeting re-appointing the existing auditor or appointing an auditor in place of that auditor is effective even though notice of the resolution has not been given.
- (5) Any provision of this section which requires notice to be given to the society's members or confers any right upon a member is to be read, in the case of a meeting of delegates appointed by members, as requiring the notice to be given to the delegates or conferring the right upon a delegate.

95 Resolutions relating to auditors: auditors' representations

- (1) This section applies where a registered society has given notice of a resolution to which section 94 (resolutions relating to auditors) applies to the existing auditor (within the meaning of that section).
- (2) The auditor may—
- (a) at any time before the date of the general meeting, make representations in writing to the society (not exceeding a reasonable length) with respect to the intended resolution;
 - (b) notify the society that the auditor intends to make such representations;
 - (c) request that the society's members are given notice of—
 - (i) the auditor's intention to make representations, or
 - (ii) any representations made by the auditor and received by the society before notice of the intended resolution is given to its members.
- (3) Where the society receives representations or a notification of intended representations before the date when notice of the intended resolution is required by section 94(3) to be given to its members, the society must—
- (a) in any notice of the resolution given to members, state—
 - (i) that it has received the representations or notification, and
 - (ii) that a copy of any representations received by the society before the date of the general meeting will be given to any member who makes a request for them before that date, and
 - (b) send a copy of any such representations to any member who makes such a request.

See section 96 for provisions about providing a copy of the representations by placing them on a website.

- (4) The auditor may require any representations made by the auditor before the date of the general meeting to be read out at the meeting.

This does not affect the auditor's right to be heard orally.

Status: Point in time view as at 06/04/2018.

Changes to legislation: There are currently no known outstanding effects for the Co-operative and Community Benefit Societies Act 2014, Part 7. (See end of Document for details)

- (5) But if, on the application of the society or any other person, the appropriate court is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter—
 - (a) copies of the representations need not be sent out, and
 - (b) the representations need not be read out at the meeting.
- (6) The appropriate court may order the auditor to pay all or part of the society's costs (or, in Scotland, expenses) on an application under this section, even if the auditor is not a party to the application.
- (7) The “appropriate court” means—
 - (a) if the society's registered office is in Scotland, the Court of Session;
 - (b) otherwise, the High Court.
- (8) Any provision of this section which requires notice to be given to the society's members or confers any right upon a member is to be read, in the case of a meeting of delegates appointed by members, as requiring the notice to be given to the delegates or conferring the right upon a delegate.

96 Section 95: provision of auditor's representations by making available on website

- (1) This section applies where a society is required by section 95(3)(b) to send a person a copy of the representations referred to there.
- (2) The society is regarded as sending the person a copy of a document containing the representations if the following conditions are met—
 - (a) the person has agreed (generally or specifically) that the society may make the document available to the person on a website (and has not revoked that agreement);
 - (b) the society has notified the person of the following—
 - (i) the website address;
 - (ii) the presence of the document on the website;
 - (iii) the place on the website where the document may be accessed;
 - (iv) how to access it;
 - (c) the document is present on the website for the whole of the period—
 - (i) beginning when the notification is sent (or, if later, when the document first appears on the website), and
 - (ii) ending 28 days after the day the notification is sent (or, if later, the day the document first appears on the website).
- (3) If the document is absent from the website for part of the period referred to in subsection (2)(c), the absence is to be disregarded if it is wholly attributable to circumstances that it would not be reasonable to have expected the society to prevent or avoid.

97 Remuneration of qualified auditors

- (1) The Treasury may by regulations prescribe the maximum rates of remuneration to be paid by registered societies for—
 - (a) the audit of their accounts and balance sheets by qualified auditors;

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- (b) the making of a report (a “relevant report”) for the purposes of—
 - (i) row 5 or 6 of the table in section 82, or
 - (ii) section 85(2)(a) or (b) (duty to obtain report in certain cases where section 83 disappplied).
- (2) The regulations may make different provision for different cases or circumstances.
- (3) An auditor or person appointed to make a relevant report—
 - (a) must not ask for or receive, and
 - (b) is not entitled to receive,
 remuneration in excess of the rate prescribed by the regulations in respect of the auditor's or person's service.

Modifications etc. (not altering text)

- C8** S. 97 modified by 1974 c. 46, s. 40(3) (as amended (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 26](#) (with [Sch. 5](#)))

Group accounts

98 Group accounts

- (1) This section applies to a registered society (“the parent society”) which has subsidiaries at the end of a year of account (“the relevant year”).
- (2) The society must ensure that accounts (“group accounts”) are prepared for that year dealing with the state of affairs and income and expenditure of the society and its subsidiaries.
- (3) The group accounts must give a true and fair view of the state of affairs and income and expenditure of the society and the subsidiaries dealt with as a whole, so far as concerns members of the society.
- (4) The group accounts must comprise such accounts and contain such particulars as the Treasury may by regulations prescribe.

The regulations may make different provision for different cases or circumstances.

- (5) If a subsidiary's year of account does not coincide with that of the parent society, the group accounts must deal with—
 - (a) the subsidiary's state of affairs as at the end of its year of account ending with or last before the end of the relevant year, and
 - (b) its income and expenditure for that year of account.

This is subject to any direction made by the FCA, on the application of the parent society's committee or with the consent of that committee.

- (6) The parent society must submit the group accounts for the relevant year for audit to the auditors appointed to audit the society's accounts and balance sheet for that year.
- (7) The auditors must make a report to the society on the group accounts, stating—
 - (a) whether the accounts have been properly prepared in accordance with the requirements of this Part and any regulations made under it;

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- (b) whether, in their opinion, the accounts give a true and fair view of the matters mentioned in subsection (3).
- (8) The parent society must send the group accounts and a copy of the auditor's report on them to the FCA together with its annual return for the relevant year.

99 Section 98: exceptions

- (1) This section supplements section 98.
- (2) A registered society is not required to prepare group accounts for a year of account if, at the end of the year, it is the wholly owned subsidiary of another body corporate incorporated in Great Britain.
- (3) Group accounts need not deal with a subsidiary if in the opinion of the parent society's committee, approved by the FCA—
 - (a) it is impracticable, or would be of no real value to the society's members, in view of the insignificant amounts involved,
 - (b) it would involve expense or delay out of proportion to the value to those members,
 - (c) the result would be misleading, or harmful to the business of the society or any of its subsidiaries, or
 - (d) the business of the society and that of the subsidiary are so different that they cannot reasonably be treated as a single undertaking.
- (4) A society is not required to prepare group accounts if, by virtue of subsection (3), the accounts would not need to deal with any of the society's subsidiaries.
- (5) For the purposes of section 98, no account is to be taken of a subsidiary in relation to a year of account if—
 - (a) by virtue of subsection (3) or this subsection, there was no requirement for the subsidiary to be dealt with in group accounts of the parent society for the previous year of account, and
 - (b) the society's auditors include in the appropriate report, made on or before the relevant date, a certificate to the effect that they agree with the society's committee that the following continued to apply throughout the year of account—
 - (i) the reason given by the committee in its last opinion in respect of the subsidiary to have been approved by the FCA under subsection (3), and
 - (ii) the grounds given by the committee in that opinion for that reason.
- (6) For the purposes of subsection (5)(b)—
 - the “appropriate report” is—
 - (a) if the society is under a duty to ensure that group accounts are prepared for the year of account, the auditor's report on those accounts;
 - (b) otherwise, the auditor's report under section 87;
 - the “relevant date” is the last date for making the annual return for the year of account.
- (7) For the purposes of this section a registered society is a “wholly owned subsidiary” of another body corporate if each of its members is—
 - (a) that other body corporate,

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- (b) a wholly owned subsidiary of that body, or
 - (c) a nominee of that body or such a subsidiary.
- (8) If the society is a PRA-authorized person, the FCA must not give an approval under this section unless it has consulted the PRA.

Interpretation of Part 7

100 Meaning of company being a “subsidiary” of a society

- (1) For the purposes of this Part, a company is a subsidiary of a registered society if—
- (a) the society is a member of the company and controls the composition of its board of directors, or
 - (b) the society holds more than half in nominal value of the company's equity share capital.
- (2) For this purpose, a society is regarded as controlling the composition of a company's board of directors if the society, by exercising a power exercisable by it without the consent or concurrence of any other person, can appoint or remove the holders of all or a majority of the directorships.
- (3) For the purposes of subsection (2), a society is treated as having power to appoint to a directorship if—
- (a) a person can be appointed to it only if the society exercises a power of a kind mentioned in that subsection in favour of the person,
 - (b) a person's appointment to it follows necessarily from the person's appointment as a member of the society's committee, or
 - (c) the directorship is held by the society.
- (4) In determining whether a company is a subsidiary of a registered society—
- (a) any shares held or power exercisable by the society in a fiduciary capacity are treated as not held or exercisable by it;
 - (b) subject to paragraphs (c) and (d), any shares held or power exercisable by any person as a nominee for the society are treated as held or exercisable by the society (but this does not apply where the society is concerned only in a fiduciary capacity);
 - (c) no account is to be taken of any shares held or power exercisable by any person by virtue of the provisions of—
 - (i) any debentures of the company, or
 - (ii) a trust deed for securing any issue of such debentures;
 - (d) any shares held or power exercisable by the society or a nominee for the society (not being held or exercisable as mentioned in paragraph (c)) are treated as not held or exercisable by the society if—
 - (i) the ordinary business of the society includes the lending of money, and
 - (ii) the shares are held or power is exercisable by way of security only for the purposes of a transaction entered into in the ordinary course of that business.
- (5) For the meaning of “company” and “equity share capital” see section 102.

Status: Point in time view as at 06/04/2018.

Changes to legislation: There are currently no known outstanding effects for the Co-operative and Community Benefit Societies Act 2014, Part 7. (See end of Document for details)

101 Meaning of society being a “subsidiary” of another society

- (1) For the purposes of this Part, a registered society (S) is a “subsidiary” of another registered society (P) if—
 - (a) P is a member of S and controls the composition of its committee, or
 - (b) P can exercise a majority of the votes to which S's members are entitled under its rules.
- (2) For this purpose P is regarded as controlling the composition of S's committee if—
 - (a) P can appoint and remove all or a majority of the committee's members, by exercising a power that is exercisable by it without the consent or concurrence of any other person, or
 - (b) P is a member of the committee and, by exercising such a power, can appoint and remove the remaining members or such number of members as, together with itself, would constitute a majority.
- (3) For the purposes of subsection (2) P is treated as having power to appoint a person to membership of S's committee if—
 - (a) the person can be appointed only if P exercises a power of a kind mentioned in subsection (2)(a) in favour of the person, or
 - (b) the person's appointment follows necessarily from the person's appointment as a member of P's committee.
- (4) Section 100(4) applies (with necessary modifications) for the purposes of this section as it applies for the purposes of section 100.

102 Interpretation of Part 7

In this Part—

“company” includes any body corporate other than a registered society;

“deposit” is to be read with—

- (a) section 22 of the Financial Services and Markets Act 2000,
- (b) any relevant order under that section, and
- (c) Schedule 2 to that Act;

“equity share capital”, in relation to a company, means its issued share capital excluding any part of it which (as regards dividends and capital) carries no right to participate beyond a specified amount in a distribution;

“qualified auditor” has the meaning given by section 91;

“small society” has the meaning given by section 83;

“subsidiary” has the meaning given by sections 100 and 101;

“turnover”, in relation to a society, means the amounts derived from the provision of goods and services falling within the society's activities after deduction of—

- (a) trade discounts,
- (b) value added tax, and
- (c) any other taxes based on the amounts so derived.

Status:

Point in time view as at 06/04/2018.

Changes to legislation:

There are currently no known outstanding effects for the Co-operative and Community Benefit Societies Act 2014, Part 7.