



Co-operative and Community Benefit Societies Act 2014

2014 CHAPTER 14

PART 7

ACCOUNTS, AUDIT AND ANNUAL RETURNS

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)

- C1** 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))
- C2** 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)

C3 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.

Changes to legislation:

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