
DRAFT STATUTORY INSTRUMENTS

2010 No.

The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2010

PART 2

Industrial and Provident Societies

Maximum shareholding in society

3. In section 6(1) of the 1965 Act (maximum shareholding in society), after subsection (1) insert—

“(1A) Any interest in the shares of the society which are not withdrawable shall be disregarded for the purposes of subsection (1) of this section.”

Annual return

4.—(1) Section 39(2) of the 1965 Act (annual returns) is amended as follows.

(2) In subsection (1)—

- (a) for “period required by this section to be included in the return” substitute “year of account”;
- (b) for “period” substitute “year”;
- (c) in paragraph (a) for “period required to be included in the return” substitute “year of account”.

(3) In subsection (1A)(b) for “period included in the return” substitute “year of account”.

(4) In subsection (1B)—

- (a) in paragraph (a) for “period included in the return” substitute “year of account”;
- (b) in paragraph (b) for “period” substitute “year”.

(5) Omit subsections (2), (2A), (3) and (4).

5. After section 39 of the 1965 Act insert—

“Year of account (for societies registered before 1st July 2010)

39A.—(1) This section applies to a society registered under section 1 of this Act before 1st July 2010.

(2) The year of account for a society to which this section applies begins with whichever is the later of—

(1) Section 6 was amended by the [Housing \(Consequential Provisions\) Act 1985 \(c.71\)](#), Schedule 2, paragraph 8, and by [S.I. 1994/341](#) and [S.I. 1997/627](#).

(2) Section 39 was amended by the [Friendly and Industrial and Provident Societies Act 1968 \(c.55\)](#) and by [S.I. 1996/1738](#) and [S.I. 2001/2617](#).

- (a) the date of the society's registration, and
 - (b) the date to which the society's last annual return was made up.
- (3) Subject to subsections (5) and (6) the year of account for a society to which this section applies ends—
- (a) with the date of the last balance sheet published by the society before the appropriate date; or
 - (b) if the date of that balance sheet is earlier than 31st August immediately preceding the appropriate date or later than 31st January of the year in which the appropriate date falls, with 31st December immediately preceding the appropriate date.
- (4) For the purposes of subsection (3) "the appropriate date" is 31st March of the year in which an annual return is required by section 39 to be sent to the Authority or the date on which that return is so sent, whichever is the earlier.
- (5) In the case of a society which is terminated by an instrument of dissolution under section 55(1)(b) of this Act the last year of account for that society ends with the date of the instrument of dissolution.
- (6) A society to which this section applies may alter the date on which its current and subsequent years of account end to a date other than that specified in subsection (3)(a) or (b) by notice to the Authority.
- (7) A notice under subsection (6) must state whether it extends or shortens the current year of account.
- (8) A notice extending a society's current year of account is not effective if—
- (a) it is given less than 5 years after the end of an earlier year of account of the society that was extended under this section; or
 - (b) it extends that year of account such that it exceeds 18 months.

Year of account (for societies registered on or after 1st July 2010)

39B.—(1) This section applies to a society registered under section 1 of this Act on or after 1st July 2010.

(2) The year of account for a society to which this section applies is determined according to its accounting reference date in each calendar year.

(3) Subject to subsection (7) below the accounting reference date is the last day of the month in which the anniversary of its registration falls.

(4) The first year of account is the period of more than 6 months but not more than 18 months beginning with the date of the society's registration and ending with its accounting reference date.

(5) Subsequent years of account are successive periods of 12 months beginning immediately after the end of the previous year of account and ending with the society's accounting reference date.

(6) In the case of a society which is terminated by an instrument of dissolution under section 55(1)(b) of this Act the last year of account for that society ends with the date of the instrument of dissolution.

(7) A society to which this section applies may by notice to the Authority specify a new accounting reference date having effect in relation to the society's current and subsequent years of account.

(8) A notice under subsection (7) 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.
- (9) A notice extending a society's current year of account is not effective if—
- (a) it is given less than 5 years after the end of an earlier year of account of the society that was extended under this section; or
 - (b) it extends that year of account such that it exceeds 18 months.”
- 6.** In section 31 of the 1979 Act, in subsection (4) for “section 39 (annual accounts)” substitute “sections 39 to 39B (annual returns etc)”.