



Friendly Societies Act 1974

1974 CHAPTER 46

Investment, funds and property

46 Investment of funds. **U.K.**

(1) Subject to subsection (2) below, the trustees of a registered society or branch may, with the consent of the committee or of a majority of the members present and entitled to vote in general meeting, invest the funds of the society or branch or any part thereof, to any amount in any of the following ways, that is to say,—

^{F1}(a)

^{F1}(b)

(c) in the purchase of land, or in the erection or alteration of offices or other buildings thereon; or

(d) upon any other security expressly directed by the rules of the society or branch, other than personal security, except as is in this Act authorised with respect to loans; or

(e) in any investment in which trustees are for the time being by law authorised to invest trust funds.

(2) The rules of a society with branches and of any branch thereof may provide for the investment of funds of the society or of that branch by the trustees of any branch, or by the trustees of the society, and the consent required for any such investment shall be the consent of the committee, or of such a majority of the members as is mentioned in subsection (1) above, of the society or branch by whom the funds are invested.

[^{F2}(2A) Subsections (2) to (12) of section 14 of the 1992 Act shall apply in respect of the powers of investment of the trustees of a registered friendly society as they apply to the powers of investment of an incorporated friendly society; and the consent required for any such investment as is available to the trustees of a registered friendly society by virtue of this subsection shall be the same as that required under subsection (1) above.]

^{F3}(3)

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1974, Cross Heading: Investment, funds and property. (See end of Document for details)

Textual Amendments

- F1** S. 46(1)(a)(b) repealed (1.1.1994) by Friendly Societies Act 1992 (c. 40), ss. 95, 120(2), Sch. 16 para. 15(1)(2), **Sch. 22 Pt.I** (with ss. 7(5) and 93(4)); S.I. 1993/2213, art. 2, **Sch. 6** appendix.
- F2** S. 46(2A) inserted (1.1.1994) by Friendly Societies Act 1992 (c. 40), s. 95, **Sch. 16 para. 15(3)** (with ss. 7(5) and 93(4)); S.I. 1993/2213, art. 2, **Sch. 6**.
- F3** S. 46(3) repealed (1.1.1994) by Friendly Societies Act 1992 (c. 40), s. 120(2), **Sch. 22 Pt.I** (with ss. 7(5) and 93(4)); S.I. 1993/2213, art. 2, **Sch. 6** appendix.

Modifications etc. (not altering text)

- C1** S. 46: by S.I. 1987/2132, **reg. 29** it is provided that s. 46 shall, as from the date on which a society as defined in reg. 2(1) of that instrument is authorised under reg. 5 or 6 of that instrument, have effect in relation to that society as though the words in s. 46(1) from “or any part thereof” to the end of that subsection were deleted

47 Power to set up funds for purchase of Government securities on behalf of members. **U.K.**

- (1) A registered society or branch may in accordance with its rules set up and administer a fund for the purchase, on behalf of members contributing thereto, of Defence Bonds or National Savings Certificates or such other securities of Her Majesty’s Government in the United Kingdom as the [^{F4}Treasury] may prescribe.
- (2) A registered society or branch may, in amending its rules for the purpose of this section, make provision for enabling persons to become members of the society for the purpose only of contributing to the said fund and without being entitled to any rights as members other than rights as contributors to the said fund.

^{F5}(3)

^{F5}(4)

Textual Amendments

- F4** Word in s. 47(1) substituted (17.8.2001 for certain purposes, otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(b), 8, 13(1), **Sch. 3 Pt. I para. 21(a)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F5** S. 47(3)(4) repealed (17.8.2001 for certain purposes, otherwise 1.12.2001) by S.I. 2001/2617, arts. 2(b), 8, 13(1)(2), **Sch. 3 Pt. I para. 21(b)**, **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

Modifications etc. (not altering text)

- C2** S. 47(1): functions transferred to the Treasury (1.12.2001) by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. I** (with art. 5); S.I. 2001/3538, **art. 2(1)**

48 Loans to assured members. **U.K.**

- (1) A registered society and, subject to the rules of the society of which it is a branch, a registered branch may advance to a member of at least one full year’s standing any sum not exceeding one-half of the amount of an assurance on his life, on the written security of himself and two satisfactory sureties or, in Scotland, cautioners for repayment.
- (2) The amount so advanced, with all interest thereon, may be deducted from the sum assured, without prejudice in the meantime to the operation of the security.

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1974, Cross Heading: Investment, funds and property. (See end of Document for details)

49 **Loans out of separate loan fund.** **U.K.**

A registered society may, out of any separate loan fund to be formed by contributions or deposits from its members, make loans to members on their personal security, with or without sureties or, in Scotland, cautioners, as may be provided by the rules, subject to the following restrictions, that is to say,—

- (a) a loan shall not at any time be made out of money contributed for the other purposes of the society;
- (b) a member shall not be capable of holding any interest in the loan fund exceeding [^{F6}£800];
- (c) the society shall not make any loan to a member on personal security beyond the amount fixed by the rules, or make any loan which, together with any money owing by a member to the society, exceeds [^{F6}£200]; and
- (d) the society shall not hold at any one time on deposit from its members any money beyond the amount fixed by the rules, and the amount so fixed shall not exceed two-thirds of the total sums owing to the society by the members who have borrowed from the loan fund.

Textual Amendments

- F6** Figures in s. 49(b)(c) substituted (1.2.1993) by [Friendly Societies Act 1992 \(c. 40\), s. 95, Sch. 16 para. 16\(a\)\(b\)](#) (with ss. 7(5) and 93(4)); [S.I. 1993/16, art. 2, Sch. 3](#).

50 **Loans of surplus funds to registered society or branch of different description.** **U.K.**

- (1) Subject to the provisions of this section and of section 51 below, a registered society or branch (other than a benevolent society or branch thereof) may, if its rules so provide, make advances by way of loan to a registered society or registered branch of a society which is not of the same description and may take such part in the government and control of the society or branch to which any such advance is made or agreed to be made as may be provided by the rules of that society or branch.
- (2) An advance shall not be made by a society or branch by virtue of this section unless the rule of its assets showed a surplus over the amount of its liabilities according to the last valuation under section 41 above or, in the case of a society or branch of which the assets and liabilities are not valued under that section, according to its last annual return under section 43 above; and—
 - (a) no advance shall be so made to an amount greater, with any amounts outstanding in respect of previous advances so made, than the amount for the time being unapplied of that surplus;
 - (b) for any purpose other than the purposes of paragraph (a) above, in determining the amount so unapplied there shall be deducted any amounts outstanding in respect of advances so made after the date to which the valuation or return relates.

[^{F7}(2A) Subsection (2) above does not apply to advances made by a registered friendly society or a branch of such a society.]

- (3) An advance under this section may be interest free.

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- (4) Nothing in this section shall be taken to prejudice the power of a registered society or branch under section 52(2) below to contribute to the funds and take part in the management of another registered society or branch of the same description.
- (5) For the purposes of this section a society or branch shall be deemed to be of the same description as another society or branch if, but only if, they are both registered by virtue of the same paragraph of section 7(1) above and, where each of them is a specially authorised society or branch, they are both established for the same purpose or purposes.

Textual Amendments

- F7** S. 50(2A) inserted (1.1.1994) by Friendly Societies Act 1992 (c. 40), s. 95, **Sch. 16 para.17** (with ss. 7(5) and 93(4)); S.I. 1993/2213, art. 2, **Sch. 6**.

51 Power of friendly society to invest in housing association. **U.K.**

- (1) Without prejudice to section 46 above, if the rules of a registered friendly society or branch thereof expressly so direct, the trustees thereof may, with the consent of the committee or of a majority of the members present and entitled to vote in general meeting, invest the funds of the society or branch or any part thereof, in subscribing up to any amount permitted by this section for any of the share or loan capital of a housing association, other than shares or debentures not fully paid up at the time of issue.
- (2) The power to make investments conferred by this section is subject to the same restrictions as are imposed by section 50(2) above on the power to make advances conferred by that section [^{F8}but those restrictions shall not apply to investments made by the trustees of a registered friendly society or of a branch of such a society];
- (3) For the purposes of subsection (2) of section 50 above any amounts for the time being invested by virtue of this section shall be taken into account in the same way as amounts outstanding in respect of advances made by virtue of that section, but so that, except in the case of investments made after the date to which the valuation or return relates, the amounts invested shall be taken to be amounts equal to the value of the investments according to the valuation or return referred to in the said subsection (2).
- (4) For the purposes of this section, “housing association” [^{F9}has the same meaning as in the Housing Associations Act 1985 [^{F8}or Part II of the Housing (Northern Ireland) Order 1981.]].

Textual Amendments

- F8** Words in s. 51(2)(4) inserted (1.1.1994) by Friendly Societies Act 1992 (c. 40), s. 95, **Sch. 16 para. 18(1)(a)(b)** (with ss. 7(5) and 93(4)); S.I. 1993/2213, art. 2, **Sch. 6**; S.I. 1993/3226, art. 2, **Sch. 2**.
- F9** Words substituted by Housing (Consequential Provisions) Act 1985 (c. 71, SIF 61), s. 4, **Sch. 2 para. 26**

52 Charitable subscriptions and contributions to other registered societies. **U.K.**

- (1) A registered society or branch may subscribe out of its funds to any hospital, infirmary, charitable or provident institution, any annual or other sum which may be necessary

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to secure to members of the society or branch and their families the benefits of the hospital, infirmary or other institution.

- (2) In accordance with its rules, a registered society or branch may contribute to the funds and take part by delegates or otherwise in the government of any other registered society or registered branch of a society without becoming a branch under this Act of that other society or branch.
- (3) A registered society or branch shall not withdraw from contributing to the funds of any medical society, that is to say, a society for the purpose of relief in sickness by providing medical attendance and medicine, except on three months' notice to the society and on payment of all contributions accrued or accruing due to the date of expiry of the notice.

Modifications etc. (not altering text)

- C3** S. 52 applied (E.W.S.)(16.10.1992) by [Trade Union and Labour Relations \(Consolidation\) Act 1992 \(c. 52\), ss. 19\(3\), 302.](#)

53 Holding of land. U.K.

[^{F10}(1) A registered society or branch may, if its rules so provide, acquire and hold land for the purpose of carrying on any of its activities in the names of its trustees and may dispose of, or otherwise deal with, any land so held; and—

- (a) no person shall be bound to enquire as to the authority of the trustees to dispose of or deal with land;
- (b) the receipt of the trustees shall be a discharge for all sums of money arising from, or in connection with, the disposal of or other dealing with land.]

(2) A branch of a registered society need not for the purposes of this section be separately registered.

^{F11}(3)

Textual Amendments

- F10** S. 53(1) substituted (1.2.1993) by [Friendly Societies Act 1992 \(c. 40\), s. 95, Sch. 16 para.19](#) (with ss. 7(5) and 93(4)); [S.I. 1993/16, art. 2, Sch. 3.](#)
- F11** S. 53(3) omitted (1.2.1993) by virtue of [Friendly Societies Act 1992 \(c. 40\), s. 95, Sch. 16 para. 19\(2\)](#) (with ss. 7(5) and 93(4)); [S.I. 1993/16, art. 2, Sch. 3,](#) and repealed (1.1.1994) by [Friendly Societies Act 1992 \(c. 40\), s. 120\(2\), Sch. 22 Pt.I](#) (with ss. 7(5) and 93(4)); [S.I. 1993/2213, art. 2, Sch. 6](#) appendix.

54 Vesting of property in trustees. U.K.

(1) Subject to section 55 below, all property belonging to a registered society, whether acquired before or after the society is registered, shall vest in the trustees for the time being of the society, for the use and benefit of the society and the members thereof and all persons claiming through the members according to the rules of the society.

(2) The property of a registered branch of a society shall vest wholly or partly in the trustees for the time being of that branch, or of any other branch of which that branch forms part (or, if the rules of the society so provide, in the trustees for the time being

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of the society), for the use and benefit either of the members of any such branch and persons claiming through those members or of the members of the society generally and persons claiming through them according to the rules of the society.

- (3) Notwithstanding anything in subsections (1) and (2) above, the trustees of a registered society or branch shall not be liable to make good any deficiencies in the funds of the society or branch, but each trustee shall be liable only for sums of money actually received by him on account of the society or branch.

55 Power of the Public Trustee to hold securities of certain friendly societies and branches. **E+W**

- (1) Notwithstanding anything in section 54 above any part of the funds of a friendly society [^{F12}which is registered by the [^{F13}FCA] and the registered office of which is situated in England and Wales,] or of any branch of such a society, and any stocks, shares or securities held by or on behalf of such a society or branch, may be transferred to the Public Trustee if, and only if,—
- (a) the Public Trustee agrees to the transfer, and
 - (b) rules of the society or branch are, or have been, made for the purpose.
- (2) The Public Trustee shall invest, in accordance with the rules, any funds so transferred to him and shall pay the interest on any stocks, shares or securities acquired by or transferred to him in pursuance of this section to the trustees of the society or branch, and shall, if and when the trustees so require, transfer the capital of the stocks, shares or securities to them, or realise the same and transfer the proceeds to them.
- (3) The Public Trustee shall be completely exonerated from any liability in relation to any stock, shares or securities held by him in pursuance of this section, and no action shall lie against the Public Trustee in respect of any such stock, shares or securities provided that he acts in accordance with the provisions of this section.
- (4) This section does not extend to Scotland [^{F14}or Northern Ireland].

Textual Amendments

- F12** Words in s. 55(1) substituted (17.8.2001 for certain purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 13(1), **Sch. 3 Pt. 1 para. 22** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F13** Words in s. 55(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 5 para. 2(1)(a)(2)(i) (with Sch. 12)
- F14** Words in s. 55(4) inserted (1.1.1994) by Friendly Societies Act 1992 (c. 40), s. 95, **Sch. 16 para. 20** (with ss. 7(5) and 93(4)); S.I. 1993/3226, art. 2, **Sch. 2**.

56 Legal proceedings concerning property. **U.K.**

In all legal proceedings whatsoever concerning any property vested in the trustees of a registered society or branch, the property may be stated to be the property of the trustees in their own names as trustees for the society or branch without further description.

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1974, Cross Heading: Investment, funds and property. (See end of Document for details)

57 Discharge of certain mortgages. **E+W**

- (1) Where, in the case of any mortgage or other assurance to a registered society or branch of any property, a receipt in full for all money secured thereby on that property is endorsed on or annexed to the mortgage or other assurance, being a receipt—
- (a) signed by the trustees of the society or branch and countersigned by the secretary thereof; and
 - (b) in the form set out in Schedule 4 to this Act or in any other form specified in the rules of the society or branch or any schedule thereto,
- then, for the purposes of the provisions of section 115 of the ^{M1}Law of Property Act 1925 (reconveyance of mortgage by endorsed receipt) which are specified in subsection (2) below, that receipt shall be deemed to be a receipt which fulfils the requirements of subsection (1) of that section.
- (2) The provisions of section 115 of the ^{M2}Law of Property Act 1925 which are referred to in subsection (1) above are—
- (a) subsection (1), so far as it relates to the operation of such a receipt as is mentioned in that subsection;
 - (b) if, but only if, the receipt under this section states the name of the person who pays the money, subsection (2);
 - (c) subsections (3), (6), (8), (10) and (11); and
 - (d) where consistent with the terms of the form authorised by subsection (1)(b) above which is used for the receipt, subsection (7).
- (3) This section extends to England and Wales only.

Marginal Citations

- M1** 1925 c. 20.
M2 1925 c. 20.

[^{F15}57A Discharge of certain mortgages in Northern Ireland. **N.I.**

- (1) Where, in the case of any mortgage to a registered society or branch of any property, a receipt in full for any moneys secured thereby on that property is endorsed on or annexed to the mortgage, being a receipt—
- (a) signed by the trustees of the society or branch and counter-signed by the secretary thereof; and
 - (b) in the form set out in Schedule 4 to this Act or in any other form specified in the rules of the society or branch or any schedule thereto,
- that receipt shall be fully effective to vacate the mortgage and vest in the mortgagor the estate of and in the property comprised in the mortgage.
- (2) If the mortgage is registered in accordance with the Registration of Deeds Act (Northern Ireland) 1970 the registrar under that Act shall—
- (a) on production of the receipt mentioned in subsection (1) above make a note in the Abstract Book against the entry relating to the mortgage that the mortgage is satisfied; and
 - (b) grant a certificate, either on the mortgage or separately, that the mortgage is satisfied.

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1974, Cross Heading: Investment, funds and property. (See end of Document for details)

- (3) The certificate granted under subsection (2)(b) above shall—
- (a) be received in all courts and proceedings without further proof; and
 - (b) have the effect of clearing the register of the mortgage.
- (4) In this section “mortgage” includes a further charge and “mortgagor”, in relation to a mortgage, means the person for the time being entitled to the equity of redemption.
- (5) This section extends to Northern Ireland only.]

Textual Amendments

F15 S. 57A inserted (1.1.1994) by Friendly Societies Act 1992 (c. 40), s. 95, Sch. 16 para.21 (with ss. 7(5) and 93(4)); S.I. 1993/3226, art. 2, Sch. 2.

58 Devolution of property on death, resignation or removal of trustee. **U.K.**

On the death, resignation or removal of a trustee of a registered society or branch, all property vested in him as such a trustee shall, without conveyance, assignment or assignation, vest subject to the same trusts in the succeeding trustees of that society or branch, either solely or together with any surviving or continuing trustees; and until the appointment of succeeding trustees that property shall so vest in the surviving or continuing trustees only or in the executors or administrators of the last surviving or continuing trustee.

59 Priority on death, bankruptcy, etc., of officer. **U.K.**

- (1) The provisions of this section apply in the following cases, that is to say,—
- (a) on the death [^{F16}or bankruptcy] of any officer of a registered society or branch who has in his possession, by virtue of his office, any money or property belonging to the society or branch; and
 - (b) if any execution, attachment, or other process is issued, or action or diligence raised against any such officer or against his property.
- (2) Where this section applies, then, upon demand in writing of the trustees of the society or branch, or of any two of them, or of any person authorised by the society or branch or by the committee thereof to make the demand, the executors or administrators [^{F16}or trustee in bankruptcy] or the sheriff or other person executing the process shall pay the money and deliver over the property to the trustees of the society or branch in preference to any other debt or claim against the estate of the officer.

[^{F17}(3) In subsection (1) above “bankruptcy” includes liquidation of a debtor’s affairs by arrangement.]

[^{F17}(4) In the application of this section to Scotland, for the reference in subsection (1) above to the bankruptcy of any officer there shall be substituted a reference to an award of sequestration being made on any officer’s estate or his executing a trust deed for his creditors or his entering into a composition contract, and in subsection (2) above the expression “trustee in bankruptcy” includes a judicial factor.]

Textual Amendments

F16 Words repealed (S.) by Bankruptcy (Scotland) Act 1985 (c. 66, SIF 66), s. 75(2), Sch. 8

Changes to legislation: *There are currently no known outstanding effects for the Friendly Societies Act 1974, Cross Heading: Investment, funds and property. (See end of Document for details)*

F17 S. 59(3)(4) repealed (S.) by Bankruptcy (Scotland) Act 1985 (c. 66, SIF 66), s. 75(2), **Sch. 8**

Changes to legislation:

There are currently no known outstanding effects for the Friendly Societies Act 1974, Cross
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