



Building Societies Act 1986

1986 CHAPTER 53

PART VIII

ACCOUNTS AND AUDIT

Auditors and audit of accounts

77 Auditors: appointment, tenure, qualifications, 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.
- (2) Schedule 11 to this Act has effect as regards—
 - (a) the appointment of auditors;
 - (b) their qualifications and grounds of disqualification, and
 - (c) the resignation and removal of auditors.

78 Auditors' report.

- (1) The auditors of a building society shall make a report to the members on the annual accounts which are to be laid before the society at the annual general meeting during their tenure of office.
- (2) The auditors' report shall be read before the building society at the annual general meeting and shall be open to inspection by any member.
- (3) The auditors shall, in their 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 them to do so.

Status: Point in time view as at 01/02/1991.

Changes to legislation: *Building Societies Act 1986, Cross Heading: Auditors and audit of accounts is up to date with all changes known to be in force on or before 13 August 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (4) The auditors' report shall state whether the annual accounts have been prepared so as to conform to the requirements of this

Part and the regulations made under it and whether, in the opinion of the auditors, they give a true and fair view—

- (a) in the case of the income and expenditure account, of the income and expenditure of the society for the financial year,
 - (b) in the case of the balance sheet, of the state of the affairs of the society as at the end of the financial year, and
 - (c) in the case of the statement of the source and application of funds, of the manner in which the business of the society has been financed and in which its financial resources have been used during the year.
- (5) Subsection (4) above, in its application to the group accounts of a society, is to be read as referring to the society and (so far as it concerns the members of the society) the subsidiaries dealt with in the group accounts.
- (6) If the auditors' report includes a qualification of their opinion that the annual accounts give a true and fair view of the matters specified in subsection (4) above, subsections (8) and (9) of section 76 extend also to the auditors' report.
- (7) The auditors' report, in so far as it deals with the documents specified in subsection (3) above, shall state whether they have been prepared so as to conform to the requirements of sections 74 and 75 respectively and the regulations thereunder and whether, in the opinion of the auditors—
- (a) the information given in the annual business statement gives a true representation of the matters in respect of which it is given, and
 - (b) the information given in the directors' report is consistent with the accounting records and the annual accounts for the year.
- (8) The auditors' 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 auditors 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 auditors' report under subsection (9) above shall state whether in their opinion the statement contains the particulars required by section 68; and where their opinion is that it does not, they shall include in their report, so far as they are reasonably able to do so, a statement giving the requisite particulars.

79 Auditors' duties and powers.

- (1) It is the duty of the auditors of a building society in preparing their report to the members under section 78, to carry out such investigations as will enable them to form an opinion as to the following matters—
- (a) whether proper accounting records have been kept under section 71,
 - (b) whether the society has maintained satisfactory systems of control of its business and records and of inspection and report under that section, and
 - (c) whether the annual accounts are in agreement with the accounting records.

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- (2) If the auditors are of the opinion that the annual accounts are not in agreement with the accounting records they shall state that fact in their report.
- (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 subsidiary, then—
 - (a) if the subsidiary is a body corporate incorporated in any part of the United Kingdom, it is the duty of the subsidiary and its auditors to give to the society's auditors such information and explanation, and such access to documents, as those auditors may reasonably require for the purposes of their duties as auditors of the society;
 - (b) in any other case, it is the duty of the society, if required by its auditors to do so, to take all such steps as are reasonably open to it to obtain from the subsidiary such information and explanation and such access as are mentioned above.
- (5) Subsection (4) above applies as regards any body associated with the society which is not a subsidiary as it applies as regards a subsidiary of the society.
- (6) If the auditors fail to obtain all the information and explanations and the access to documents which, to the best of their knowledge and belief, are necessary for the purposes of their audit, they shall state that fact in their report.
- (7) The auditors 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 they attend on any part of the business of the meeting which concerns them as auditors.
- (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 subsidiary of or is associated with the society knowingly or recklessly makes to the auditors of that or another society or body a statement which—
 - (a) conveys or purports to convey any information or explanation which the auditors require, or are entitled to require, as auditors 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—
 - (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.

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Modifications etc. (not altering text)

C1 [S. 79\(1\)\(2\)](#) modified (*temp.*) by [S.I. 1986/2168](#), [art. 12\(2\)\(e\)](#)

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