



Building Societies Act 1986

1986 CHAPTER 53

PART VIII

ACCOUNTS AND AUDIT

Auditors and audit of accounts

78 [F¹Auditor's report] .

- (1) The [F²auditor] of a building society shall make a [F³written] report to the members on the annual accounts which are to be laid before the society at the annual general meeting during [F⁴his] tenure of office.
- (2) The [F⁵auditor's report] shall F⁶ . . . be open to inspection by any member [F⁷at the annual general meeting of the building society].
- (3) The [F⁸auditor shall, in his] 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 [F⁹him] to do so.

[F¹⁰(3A) The auditor's report must include—

- (a) the identity of the building society whose annual accounts are the subject of the audit,
- (b) a description of the annual accounts that are the subject of the audit (including the period covered by those accounts),
- (c) a description of the financial reporting framework that has been applied in the preparation of those accounts, and
- (d) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.

[F¹¹(4) The report must clearly state the opinion of the auditor as to whether the accounts—

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- (a) give a true and fair view—
 - (i) in the case of an individual balance sheet, of the state of affairs of the society as at the end of the financial year,
 - (ii) in the case of an individual income and expenditure account, of the income and expenditure of the society for the financial year, and
 - (iii) in the case of group accounts, of the state of affairs as at the end of the financial year and the income and expenditure for the financial year of the society and the subsidiary undertakings dealt with in the group accounts, so far as concerns members of the society,
 - (b) have been properly prepared in accordance with the relevant financial reporting framework, and
 - (c) have been prepared in accordance with the requirements of this Act (and, where applicable, [F12]section 403(1) of the Companies Act 2006).]
- (4A) The auditor's [F13]report] must—
- (a) be either unqualified or qualified,
 - (b) include a reference to any matters to which the auditor wishes to draw attention by way of emphasis without qualifying the [F14]report],
 - (c) include a statement on any material uncertainty relating to events or conditions that may cast significant doubt about the building society's ability to continue [F15]to adopt the going concern basis of accounting], and
 - (d) identify the auditor's place of establishment.]
- (6) If the [F16]auditor's report] includes a qualification of [F16]his opinion] that the annual accounts give a true and fair view of the matters specified in subsection [F17](4)(a) above, [F18]subsection (8) of section 76 extends] also to the [F16]auditor's report].
- [F19](7) The auditor's report, in so far as it deals with the documents specified in subsection (3) above, must—
- (a) state whether, in his opinion, based on the work undertaken in the course of the audit—
 - (i) the documents have been prepared so as to conform to the requirements of, or made under, sections 74 and 75 respectively,
 - (ii) the information given in the annual business statement gives a true representation of the matters in respect of which it is given, and
 - (iii) the information given in the directors' report for the financial year for which the accounts are prepared is consistent with those accounts,
 - (b) state whether, in the light of the knowledge and understanding of the building society and its environment obtained in the course of the audit, the auditor has identified material misstatements in the directors' report, and
 - (c) if applicable, give an indication of the nature of each of the misstatements referred to in paragraph (b).]
- (8) The [F20]auditor's 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 [F21]auditor] 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.

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- (10) The [^{F22}auditor’s report] under subsection (9) above shall state whether in [^{F23}his opinion] the statement contains the particulars required by section 68; and where [^{F23}his opinion] is that it does not, [^{F24}he shall include in his] report, so far as [^{F25}he is] reasonably able to do so, a statement giving the requisite particulars.
- [^{F26}(11) Where more than one person is appointed as an auditor—
- (a) all the persons appointed must jointly make a report under this section and the report must include a statement as to whether all the persons appointed agree—
 - (i) on the matters contained in the report, and
 - (ii) on the statements and indications given under subsection (7); and
 - (b) if all the persons appointed cannot agree on—
 - (i) the matters contained in the report, or
 - (ii) on the statements and indications given under subsection (7),the report must include the opinions of each person appointed and give reasons for the disagreement.]

Textual Amendments

- F1** Words in s. 78 heading substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(1)**
- F2** Word in s. 78(1) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(a)(i)**
- F3** Word in s. 78(1) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 4 para. 3(a)** (with reg. 1(6))
- F4** Word in s. 78(1) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(a)(ii)**
- F5** Words in s. 78(2) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(b)**
- F6** Words in s. 78(2) repealed (11.1.1996) by S.I. 1995/3233, **art. 6(a)**
- F7** Words in s. 78(2) inserted (11.1.1996) by S.I. 1995/3233, **art. 6(b)**
- F8** Words in s. 78(3) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(c)(i)**
- F9** Word in s. 78(3) substituted (29.6.2008) by [The Building Societies Act 1986 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1519\)](#), art. 1(2), **Sch. 2 para. 4(c)(ii)**
- F10** S. 78(3A)-(4A) substituted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 4 para. 3(b)** (with reg. 1(6))
- F11** S. 78(4) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **2(2)(a)**
- F12** Words in s. 78(4)(c) substituted (31.12.2020) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/685\)](#), reg. 1(2), **Sch. 1 para. 34** (with reg. 1(3)(4), Sch. 1 para. 66) (as amended by S.I. 2020/523, regs. 1(2), 22, **25(d)**); 2020 c. 1, Sch. 5 para. 1(1)
- F13** Word in s. 78(4A) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **2(2)(b)(i)**
- F14** Word in s. 78(4A)(b) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **2(2)(b)(ii)**
- F15** Words in s. 78(4A)(c) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **2(2)(b)(iii)**

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- F16** Words in s. 78(6) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(g)**
- F17** Word in s. 78(6) substituted (with effect in accordance with reg. 1(4) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **2(2)(c)**
- F18** Words in s. 78(6) substituted (18.2.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(2), **Sch. 9 para. 7(a)**
- F19** S. 78(7) substituted (17.6.2016) by The Statutory Auditors and Third Country Auditors Regulations 2016 (S.I. 2016/649), reg. 1(1)(a), **Sch. 4 para. 3(d)** (with reg. 1(6))
- F20** Words in s. 78(8) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(i)**
- F21** Word in s. 78(9) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(j)**
- F22** Words in s. 78(10) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(k)(i)**
- F23** Words in s. 78(10) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(k)(ii)**
- F24** Words in s. 78(10) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(k)(iii)**
- F25** Words in s. 78(10) substituted (29.6.2008) by The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1519), art. 1(2), **Sch. 2 para. 4(k)(iv)**
- F26** S. 78(11) inserted (17.6.2016) by The Statutory Auditors and Third Country Auditors Regulations 2016 (S.I. 2016/649), reg. 1(1)(a), **Sch. 4 para. 3(e)** (with reg. 1(6))

Modifications etc. (not altering text)

- C1** S. 78 restricted (1. 1. 1993) by S.I. 1992/359, **reg. 9(4)** (with reg. 2(2))

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 5(11)-(14) inserted by [2007 c. 26 s. 1\(2\)](#)
- s. 5(13)(a) substituted by [S.I. 2013/496 Sch. 8 para. 4\(4\)](#)
- s. 7(6A)-(6C) inserted by [2007 c. 26 s. 1\(1\)\(a\)](#)
- s. 7(8A) inserted by [2007 c. 26 s. 1\(1\)\(c\)](#)
- s. 176ZB excluded by [S.I. 2017/400 reg. 14](#)
- s. 246ZA-246ZC excluded by [S.I. 2017/400 reg. 15](#)
- s. 246ZD excluded by [S.I. 2017/400 reg. 16](#)