



# Building Societies Act 1986

## 1986 CHAPTER 53

### PART VIII

#### ACCOUNTS AND AUDIT

##### *Auditors and audit of accounts*

#### 79 [F<sup>1</sup>Auditor's duties and powers] .

- (1) It is the duty of the [F<sup>2</sup>auditor] of a building society in preparing [F<sup>3</sup>his] report to the members under section 78, to carry out such investigations as will enable [F<sup>4</sup>him] to form an opinion as to the following matters—
  - (a) whether [F<sup>5</sup>adequate] accounting records have been kept under section 71,
  - [F<sup>6</sup>(b) .....
  - (c) whether the annual accounts are in agreement with the accounting records.
- [F<sup>7</sup>(2) If the auditor is of the opinion that—
  - (a) [F<sup>8</sup>adequate] accounting records have not been kept under section 71, or
  - (b) the annual accounts are not in agreement with the accounting records,the auditor must state that fact in his 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 [F<sup>9</sup>connected undertaking], then—
  - (a) if the [F<sup>9</sup>connected undertaking] is a body corporate incorporated in any part of the United Kingdom, it is the duty of the [F<sup>9</sup>connected undertaking] and [F<sup>10</sup>its auditor] to give to [F<sup>11</sup>the society's auditor] such information and explanation,

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- and such access to documents, as [F12that auditor] may reasonably require for the purposes of [F13his duties as auditor] of the society;
- (b) in any other case, it is the duty of the society, if required by [F14its auditor] to do so, to take all such steps as are reasonably open to it to obtain from the [F9connected undertaking] such information and explanation and such access as are mentioned above.
- [F15(5) Subsection (4) above applied as regards any body associated with the society which is not a [F16subsidiary undertaking] as it applies as regards a [F16subsidiary undertaking] of the society.]
- (6) If the [F17auditor fails] to obtain all the information and explanations and the access to documents which, to the best of [F18his] knowledge and belief, are necessary for the purposes of [F18his] audit, [F19he] shall state that fact in [F18his] report.
- [F20(6A) Where more than one person is appointed as auditor, the report must include a statement as to whether all the persons appointed agree on any statements given under subsections (2) and (6) and, if they cannot agree on those statements, the report must include the opinions of each person appointed and give reasons for the disagreement.]
- (7) The [F21auditor] 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 [F22he attends] on any part of the business of the meeting which concerns [F23him as auditor].
- (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 [F24connected undertaking of] the society knowingly or recklessly makes to the [F25auditor] of that or another society or body a statement which—
- (a) conveys or purports to convey any information or explanation which the [F26auditor requires, or is entitled to require, as auditor] 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.

#### Textual Amendments

- F1** Words in s. 79 heading 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. 5(h)**
- F2** Word in s. 79(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. 5(a)(i)**

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- F3** Word in s. 79(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. 5(a)(ii)**
- F4** Word in s. 79(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. 5(a)(iii)**
- F5** Word in s. 79(1)(a) 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(5)**
- F6** S. 79(1)(b) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F7** S. 79(2) 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. 7(a)** (with reg. 1(6))
- F8** Word in s. 79(2)(a) 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(5)**
- F9** Words in s. 79(4) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 34(1)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xxi)**
- F10** Words in s. 79(4)(a) 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. 5(c)(i)**
- F11** Words in s. 79(4)(a) 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. 5(c)(ii)**
- F12** Words in s. 79(4)(a) 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. 5(c)(iii)**
- F13** Words in s. 79(4)(a) 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. 5(c)(iv)**
- F14** Words in s. 79(4)(b) 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. 5(d)**
- F15** S. 79(5) repealed (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 46(2), 47(3), Sch. 7 para. 34(2), **Sch. 9**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(y)(z)(xxi)(cc)(xi)**
- F16** Words in ss. 71-82 (Pt. VIII) substituted by S.I. 1991/1729, **art. 3**.
- F17** Words in s. 79(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. 5(e)(i)**
- F18** Word in s. 79(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. 5(e)(ii)**
- F19** Word in s. 79(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. 5(e)(iii)**
- F20** S. 79(6A) 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. 7(b)** (with reg. 1(6))
- F21** Words in s. 79(7) 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. 5(f)(i)**
- F22** Words in s. 79(7)(b) 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. 5(f)(ii)(aa)**, (ii)
- F23** Words in s. 79(7)(b) 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. 5(f)(ii)(bb)**, (ii)
- F24** Words in s. 79(9) substituted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 34(3)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xxi)**
- F25** Word in s. 79(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. 5(g)(i)**
- F26** Words in s. 79(9)(a) 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. 5(g)(ii)**

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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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**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](#)