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STATUTORY INSTRUMENTS

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**1994 No. 1983**

**FRIENDLY SOCIETIES**

**The Friendly Societies (Accounts and  
Related Provisions) Regulations 1994**

*Made - - - - 20th July 1994*  
*Laid before Parliament 1st August 1994*  
*Coming into force 1st September 1994*

**THE FRIENDLY SOCIETIES (ACCOUNTS AND  
RELATED PROVISIONS) REGULATIONS 1994**

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Signature

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SCHEDULE 1 —

PART I — INCOME AND EXPENDITURE ACCOUNT FORMAT

I.

Technical account—General business

1. Earned premiums, net of reinsurance (a) gross premiums written (1)...
2. Allocated investment return transferred from the non-technical account (item III.6)...
- 2a Investment income (8)(10) (a) income from shares in subsidiaries
3. Other technical income, net of reinsurance
4. Claims incurred, net of reinsurance (4) (a) claims paid
5. Change in other technical provisions, net of reinsurance, not shown...
6. Bonuses and rebates, net of reinsurance (5)
7. Net operating expenses (a) acquisition costs (6)
8. Other technical charges, net of reinsurance
9. Investment expenses and charges (8) (a) investment management expenses, including...
10. Sub-total (balance on the technical account for general business) (item...

II.

Technical account—Long term business

1. Earned premiums, net of reinsurance (a) gross premiums written (1)...
2. Investment income (8)(10) (a) income from shares in subsidiaries
3. Unrealised gains on investments (9)
4. Other technical income, net of reinsurance
5. Claims incurred, net of reinsurance (4) (a) claims paid
6. Change in other technical provisions, net of reinsurance, not shown...
7. Bonuses and rebates, net of reinsurance (5)
8. Net operating expenses (a) acquisition costs (6)
9. Investment expenses and charges (8) (a) investment management expenses, including...
10. Unrealised losses on investments (9)
11. Other technical charges, net of reinsurance
- 11a Tax attributable to the long term business
12. Allocated investment return transferred to the non-technical account (item III.4)...
- 12a Transfers to or from the fund for future appropriations
13. Sub-total (balance on the technical account—long term business) (item III.2)...

### III.

#### Non-technical account

1. Balance on the general business technical account—(item I.10)
  2. Balance on the long term business technical account—(item II.13)
  3. Investment income (8) (a) income from shares in subsidiaries
  - 3a Unrealised gains on investments (9)
  4. Allocated investment return transferred from the long term business technical...
  5. Investment expenses and charges (8) (a) investment management expenses, including...
  - 5a Unrealised losses on investments (9)
  6. Allocated investment return transferred to the general business technical account...
  7. Other income
  8. Other charges, including value adjustments
  - 8a Excess of income over expenditure on ordinary activities before tax...
  9. Tax on excess of income over expenditure on ordinary activities...
  10. Excess of income over expenditure on ordinary activities after tax...
  11. Extraordinary income
  12. Extraordinary charges
  13. Extraordinary gain or loss
  14. Tax on extraordinary gain or loss
  15. Other taxes not shown under the preceding items
  16. Excess of income over expenditure for the financial year
- PART II — FORMAT OF CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
- PART III — NOTES ON THE INCOME AND EXPENDITURE FORMAT

#### SCHEDULE 2 —

##### PART I — BALANCE SHEET FORMAT

#### *ASSETS*

- A Intangible assets
- B Investments
- C Assets held to cover linked liabilities (11)
- D Reinsurers' share of technical provisions (12)
- E Debtors (13)
- F Other assets
- G Prepayments and accrued income

#### *LIABILITIES*

- A Reserves
- B Subordinated liabilities (17)
- Ba Fund for future appropriations (18)
- C Technical provisions
- D Technical provisions for linked liabilities (24)
- E Provisions for other risks and charges
- F Deposits received from reinsurers (25)
- G Creditors (26)
- H Accruals and deferred income

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PART II — FORMAT OF CONSOLIDATED BALANCE SHEET  
PART III — NOTES ON THE BALANCE SHEET FORMAT  
PART IV — SPECIAL RULES FOR BALANCE SHEET FORMAT

1. Additional items
2. Managed funds
3. Deferred acquisition costs

SCHEDULE 3 — FORM AND CONTENT OF THE ANNUAL ACCOUNTS OF A  
GROUP ACCOUNTS SOCIETY

1. General Rules
2. (1) Where assets and liabilities to be included in the...
5. Elimination of group transactions
6. Acquisition accounting
7. An acquisition must be accounted for by the acquisition method...
8. (1) The acquisition method of accounting is as follows.
9. (1) The following information with respect to acquisitions taking place...
10. (1) There must be stated in a note to the...
11. Where during the financial year there has been a disposal...
12. The information required by paragraphs 9, 10, or 11 need...
13. Minority interests

SCHEDULE 4 — NOTES TO ANNUAL ACCOUNTS

1. Accounting policies
2. Sums denominated in foreign currencies
3. Staff
4. Aggregate amount of committee members' emoluments
5. Details of chairman's and committee members' emoluments
6. Emoluments waived
7. Pensions of committee members and past committee members
8. Compensation to committee members for loss of office
9. Sums paid to third parties in respect of committee members' services
10. Supplementary provisions regarding committee members' emoluments
11. (1) The amounts to be shown for any financial year...
12. Where the Chief Executive of the society is not also...
13. Regulation 8(2)(b) does not apply to paragraphs 4 to 12....
14. Interpretation of provisions regarding committee members' emoluments
15. Assets
16. Where any assets of the society (other than listed investments)...
17. In relation to any amount which is included under Asset...
18. Investments
19. Reserves and provisions
20. Provision for taxation
21. Details of indebtedness
22. Guarantees and other financial commitments
23. Dealings with or interests in subsidiaries and jointly controlled bodies
24. Separate statement of certain items of income and expenditure
25. Taxation
26. Particulars of business
27. (1) As regards long term business, the society must disclose:...
28. (1) Subject to sub-paragraph (2) below, there must be disclosed...
29. Commissions
30. Miscellaneous matters
31. Committee members' loans and transactions

32. Industrial Assurance

SCHEDULE 5 — NOTES TO ANNUAL ACCOUNTS: INFORMATION IN  
RESPECT OF ASSOCIATED BODIES  
PART I — SOCIETIES NOT REQUIRED TO PREPARE CONSOLIDATED  
ACCOUNTS

1. Subsidiaries
2. Holdings in subsidiaries
3. Financial years of subsidiaries
4. Further information about subsidiaries
5. Significant holdings in bodies corporate other than subsidiaries
6. (1) The name of the body corporate must be stated....
7. (1) Where the society has a significant holding in a...
8. Construction of references to shares held by society

PART II — SOCIETIES REQUIRED TO PREPARE CONSOLIDATED  
ACCOUNTS

9. Subsidiaries
10. Holdings in subsidiaries
11. Financial years of subsidiaries
12. Further information about subsidiaries excluded from consolidation
13. Jointly controlled bodies
14. Other significant holdings of society or group
15. (1) The name of the body corporate must be stated....
16. (1) Where the society has a significant holding in a...
17. (1) The information required by paragraphs 18 and 19 must...
18. (1) The name of the body corporate must be stated....
19. (1) Where the holding of the group amounts to 20...
20. Construction of references to shares held by society or group
21. The information required by paragraphs 6, 15 and 18 of...
22. For the purposes of paragraphs 4 and 12 of this...

SCHEDULE 6 — ACCOUNTING PRINCIPLES AND RULES  
PART I — ACCOUNTING PRINCIPLES

1. Preliminary
2. Accounting principles
3. Accounting policies must be applied consistently within the same accounts...
4. The amount of any item must be determined on a...
5. Except so far as these Regulations otherwise specify, income and...
6. In determining the aggregate amount of any item the amount...

PART II — DEPARTURE FROM ACCOUNTING PRINCIPLES

7. If it appears to the committee of management of a...

PART III — CURRENT VALUE ACCOUNTING RULES

8. Preliminary
9. The same valuation method must be applied to all investments...
10. Valuation of assets: general
11. (1) Intangible assets other than goodwill may be shown at...
12. Alternative valuation of fixed-income securities
13. Meaning of “current value”
14. (1) In the case of land and buildings, current value...
15. Application of the depreciation rules
16. (1) This paragraph applies where the amounts to be included...

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17. Revaluation reserve  
PART IV — HISTORICAL COST ACCOUNTING RULES

*Preliminary*

18. Subject to paragraphs 8 to 17 above, the amounts to...

*Valuation of assets*

19. General rules  
20. In the case of any asset included under Assets item...  
21. (1) This paragraph applies to any asset included under Assets...  
22. (1) This paragraph applies to assets included under Assets items...  
23. Development costs  
24. Goodwill  
PART V — MISCELLANEOUS AND SUPPLEMENTAL  
25. Excess of money owed over value received as an asset item  
26. Assets included at a fixed amount  
27. Determination of cost  
28. (1) Subject to the qualification mentioned below, the cost of...  
29. Substitution of original amount where price or cost unknown  
30. Assets and liabilities denominated in foreign currencies  
31. (1) Subject to subparagraph (2), any difference between the amount...  
32. The provisions of this Schedule which relate to long term...  
PART VI — RULES FOR DETERMINING PROVISIONS  
33. Preliminary  
34. Technical provisions  
35. Provision for unearned premiums  
36. Provision for unexpired risks  
37. Long term business provision  
Provisions for claims outstanding  
38. General business  
39. (1) Explicit discounting or deductions to take account of investment...  
40. Long term business

SCHEDULE 7 — ANNUAL ACCOUNTS OF NON-DIRECTIVE SOCIETY  
PART I — FORMAT OF NON-DIRECTIVE SOCIETY INCOME AND  
EXPENDITURE ACCOUNT

1. Income (a) Contributions (b) (i) Rents from Land and Buildings...  
2. Expenditure (a) Sickness benefits (b) Endowments on maturity  
3. Excess of income over expenditure

PART II — FORMAT OF NON-DIRECTIVE SOCIETY BALANCE SHEET

Assets

A.

*Investments*

- I Land and buildings  
II Mortgages on Land and Buildings  
III British Government and British Government Guaranteed Securities  
IV Other investments

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B.

*Debtors*

C.

*Other assets*

- I Tangible assets
- II Cash at bank and in hand
- III Other prepayments and accrued income

Liabilities

A.

*Benefit and Benefit Reserves Funds*

- I Sickness
- II Death
- III Members' fund
- IV Other Benefit and Benefit Reserves Funds
- V Management Fund

B.

*Corporation tax provisions*

C.

*Creditors*

- I Other creditors including taxation and social security
- II Accruals and deferred income

PART III — NOTES TO ANNUAL ACCOUNTS OF NON-DIRECTIVE SOCIETY

SCHEDULE 8 — COMMITTEE OF MANAGEMENT'S ANNUAL REPORT

PART I — SOCIETY

- 1. There must be stated names of the persons who, at...
- 2. The committee of management's annual report must contain:
- 3. (1) If significant changes in the fixed assets of the...
- 4. (1) Subject to subparagraphs (2) and (3), the committee of...
- 5. (1) This paragraph applies to the committee of management's annual...
- 6. (1) If at the end of the financial year the...
- 7. The remuneration to be taken into account under paragraph 6(1)(b)...
- 8. There must be contained in the committee of management's annual...
- 9. There must be stated in the committee of management's annual...
- 10. (1) The following applies if the society or any subsidiary...
- 11. The committee of management's annual report must contain particulars of...  
PART II — NON-DIRECTIVE SOCIETY
- 12. The following paragraphs of Part I of this Schedule are...

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## SCHEDULE 9 — INTERPRETATION OF SCHEDULES

1. The following paragraphs apply for the purposes of the interpretation...
2. Balance sheet date
3. Leases
4. Listed investments
5. Loans
6. Materiality
7. Provisions
8. Scots land tenure
9. Staff costs
10. Other definitions

Explanatory Note