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STATUTORY INSTRUMENTS

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**1996 No. 1738**

**The Deregulation (Industrial and Provident Societies) Order 1996**

**Article 8: consequential amendments**

9.—(1) In section 39(1) of the 1965 Act (annual returns) after “with—” there shall be inserted—

“(a) where the period required to be included in the return is one at the end of which there is in force in relation to the period a disapplication under section 4A(1) of the Friendly and Industrial and Provident Societies Act 1968 (power to disapply the obligation under section 4 of that Act to have accounts audited), the documents mentioned in subsection (1A) of this section, and

(b) where it is not, the documents mentioned in subsection (1B) of this section.

(1A) The documents referred to in subsection (1)(a) of this section are—

(a) copies of the reports, if any, which the society is required, because of the disapplication, to obtain under section 9A of the Friendly and Industrial and Provident Societies Act 1968 (duty to obtain accountant’s reports where section 4 of that Act disappplied); and

(b) a copy of each balance sheet made during the period included in the return.

(1B) The documents referred to in subsection (1)(b) of this section are—”.

(2) In section 40 of that Act (display of latest balance sheet) the words “, together with the report thereon of the auditor or auditors,” are hereby repealed.

(3) In section 3 of the 1968 Act (general provisions as to accounts and balance sheets of societies) subsection (5) (which restricts the circumstances in which a society can publish a revenue account or balance sheet) is hereby repealed.

(4) After that section there shall be inserted—

**“Publication of accounts and balance sheets of societies.**

**3A.—**(1) A society shall not publish any revenue account or balance sheet unless it has been signed by the secretary of the society and by two members of the committee of the society acting on behalf of that committee.

(2) Where at the end of a society’s year of account no disapplication under section 4A(1) of this Act is in force in relation to the year, the society shall not publish a year end revenue account or balance sheet unless—

(a) it has been previously audited by the auditor or auditors last appointed to audit the accounts and balance sheet of the society, and

(b) it incorporates a report by the auditor or auditors stating whether in their opinion it complies with subsection (1) or, as the case may be, subsection (4) of section 3 of this Act.

(3) Where at the end of a society’s year of account a disapplication under section 4A(1) of this Act is in force in relation to the year and the society’s turnover in the preceding year of

account exceeded £90,000, the society shall not publish a year end revenue account or balance sheet unless—

- (a) it is one on which the society has obtained from a person appointed under subsection (2) of section 9A of this Act a report which meets the requirements of subsection (3) of that section, and
- (b) it incorporates so much of the report as relates to it.

(4) Where at the beginning of a year of account (in this subsection referred to as “the current year of account”) a society is subject to subsection (2) of this section in relation to the publication of a year end revenue account or balance sheet for the preceding year of account, it shall not publish any interim revenue account or balance sheet for the current year of account—

- (a) if a disapplication under section 4A(1) of this Act is in force in relation to that year, unless it incorporates a report by an appropriate person stating whether in his opinion it complies with subsection (1) or (4), as the case may be, of section 3 of this Act, and
- (b) if no disapplication under section 4A(1) of this Act is in force in relation to that year, unless paragraphs (a) and (b) of subsection (2) of this section are met in relation to it.

(5) Where at the beginning of a year of account (in this subsection referred to as “the current year of account”) a society is subject to subsection (3) of this section in relation to the publication of a year end revenue account or balance sheet for the preceding year of account, it shall not publish any interim revenue account or balance sheet for the current year of account unless it incorporates a report by an appropriate person stating—

- (a) whether, in his opinion, the revenue account or, as the case may be, the balance sheet, is in agreement with the books of account kept by the society under section 1 of this Act, and
- (b) whether, in his opinion, on the basis of the information contained in those books of account, the revenue account or, as the case may be, the balance sheet complies with the requirements of this Act and the appropriate registration Act.

(6) Where a society’s year of account is one in relation to which a direction under section 9C of this Act has effect, the society shall not publish any year end or interim revenue account or balance sheet, unless it incorporates a report by the auditor or auditors appointed in pursuance of the direction stating whether in their opinion it complies with subsection (1) or (4), as the case may be, of section 3 of this Act.

(7) Subsection (3) of this section shall cease to apply in relation to a year of account if a direction under section 9C of this Act is made in relation to it.

(8) Section 9B of this Act shall apply in relation to a person appointed for the purposes of subsection (4) or (5) of this section as it applies in relation to a person appointed under section 9A(2) of this Act.

(9) In subsection (4) of this section, references to a disapplication under section 4A(1) of this Act being in force in relation to a year of account shall, where the year of account has ended, be construed as references to a disapplication under that provision being in force at the end of the year.

(10) Subject to subsection (11) of this section, in subsections (4) and (5) of this section, references to an appropriate person are to a person who is—

- (a) a qualified auditor for the purposes of this Act, and
- (b) not ineligible by virtue of section 8(1) of this Act to be appointed as auditor of the society.

(11) In relation to the application of subsection (4) of this section to a society which—

- (a) was an exempt society in respect of the preceding year of account, and

(b) appointed persons who were not qualified auditors to audit its accounts and balance sheet for that year,

subsection (10) of this section shall, if the year is not one in relation to which the registrar has given a direction under section 4(7)(a) of this Act, have effect with the omission of paragraph (a).

(12) In this section—

“interim balance sheet”, in relation to a year of account, means a balance sheet relating to the position at a time in the year other than the end;

“interim revenue account”, in relation to a year of account, means a revenue account for any period falling within the year of account, other than one ending at the end of the year;

“turnover” has the same meaning as in section 4A of this Act;

“year end balance sheet”, in relation to a year of account, means a balance sheet relating to the position at the end of the year; and

“year end revenue account”, in relation to a year of account, means a revenue account for the year or for any period falling within the year of account and ending at the end of the year.”

(5) In section 4(1) of that Act (obligation to appoint qualified auditor in each year of account) after “Subject to the following provisions of this section” there shall be inserted “and section 4A(1) of this Act”.

(6) In section 5(1)(a) of that Act (resolutions of a society which displace automatic re-appointment of qualified auditor) there shall be inserted at the end “or disapplying section 4 of this Act in relation to the current year of account”.

(7) In section 10 (remuneration of qualified auditors) in subsection (1), there shall be inserted at the end “or for the making of a report for the purposes of section 3A(4)(a) or (5) or 9A(2)(a) or (b) of this Act”.

(8) In that section, in subsection (2), after “auditor” there shall be inserted “or reporting accountant”.

(9) In that section, after subsection (2) there shall be inserted—

“(3) In this section, “reporting accountant” means a person appointed to make a report for the purposes of section 3A(4)(a) or (5) or 9A(2)(a) or (b) of this Act.”

(10) In section 11 of that Act, in subsection (2)(b) (non-revenue accounts only to be included in annual return if examined by auditors) there shall be inserted at the end “or been the subject of a report for the purposes of section 9A(2)(a) of this Act”.

(11) In that section, after subsection (5) there shall be inserted—

“(5A) Where the year of account to which an annual return relates is one at the end of which there is in force in relation to the year a disapplication under section 4A(1) of this Act, subsection (5) of this section shall have effect as if for the reference to the report of the auditors on the accounts and balance sheet contained in the return there were substituted a reference to any report which the society is required, because of the disapplication, to obtain under section 9A(2)(a) of this Act.”

(12) In section 18 of that Act (offences) after “section 4” there shall be inserted “or 9C(1)”.

(13) In section 24(2) of the 1979 Act (disapplication of requirements relating to audits) for the words from the beginning to “audit” there shall be substituted “Section 3A(4) of the Friendly and Industrial and Provident Societies Act 1968 (restriction on publication of interim revenue accounts and balance sheets)”.