

**2008 No. 1143**

**BUILDING SOCIETIES**

**The Building Societies (Accounts and Related Provisions)  
(Amendment) Regulations 2008**

<i>Made</i>	- - - -	<i>21st April 2008</i>
<i>Laid before Parliament</i>		<i>21st April 2008</i>
<i>Coming into force</i>	- -	<i>29th June 2008</i>

The Treasury make the following Regulations in exercise of the powers conferred by sections 72C(1), (2) and (3), 72G(1), (2) and (3), and 76(3) of the Building Societies Act 1986<sup>(a)</sup>.

**Citation, commencement and application**

1.—(1) These Regulations may be cited as the Building Societies (Accounts and Related Provisions) (Amendment) Regulations 2008.

(2) They come into force on 29th June 2008 and apply in relation to financial years beginning on or after that date.

**Amendments to the Building Societies (Accounts and Related Provisions) Regulations 1998**

2. The Building Societies (Accounts and Related Provisions) Regulations 1998<sup>(b)</sup> are amended as follows.

3. In regulation 10(1) (summary financial statement), before “the relevant Part” insert “in”.

4. In Schedule 5 (notes to annual accounts), after paragraph 37 insert—

**“Related Party Transactions**

38.—(1) Particulars may be given of transactions which the society has entered into with related parties, and must be given if such transactions are material and have not been concluded under normal market conditions.

(2) The particulars of transactions required to be disclosed by sub-paragraph (1) must include—

- (a) the amount of such transactions,
- (b) the nature of the related party relationship,
- (c) other information about the transactions necessary for an understanding of the financial position of the society.

---

(a) 1986 c.53. Sections 72C and 72G were substituted, together with sections 72A, 72B, 72D to 72F, 72H and 72I, for sections 72 and 73 as originally enacted, by S.I. 2004/3380. Regulations made under section 73 have effect as if made under sections 72C and 72G (see article 9(2) of S.I. 2004/3380).

(b) S.I. 1998/504, as amended by S.I. 2004/3199 and S.I. 2007/859. There are other amending instruments but none is relevant.

(3) Information about individual transactions may be aggregated according to their nature, except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the society.

(4) Particulars need not be given of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly-owned by such a member.

(5) In this paragraph, “related party” has the same meaning as in international accounting standards.”.

**5. In Schedule 7 (accounting principles and rules), in paragraph 31A—**

(a) in sub-paragraph (2), at the end of paragraph (a), omit “or”;

(b) at the end of paragraph (b), insert—

“; or

(c) they are financial instruments falling within sub-paragraph (3A).”;

(c) in sub-paragraph (3), before “Sub-paragraph (1) does not apply to” insert “Unless they are financial instruments falling within sub-paragraph (3A) below,”;

(d) after sub-paragraph (3), insert—

“(3A) Financial instruments which, under international accounting standards adopted by the European Commission on or before 5th September 2006 in accordance with the IAS Regulation, may be included in accounts at fair value, may be so included, provided that the disclosures required by such accounting standards are made.”.

21st April 2008

*Dave Watts*  
*Steve McCabe*  
Two of the Lords Commissioners of Her Majesty’s Treasury

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations amend the Building Societies (Accounts and Related Provisions) Regulations 1998 (S.I. 1998/504) (“the principal Regulations”) to implement in part Directive 2006/46/EC of the European Parliament and of the Council on the annual and consolidated accounts of certain types of companies, banks and other financial institutions (O.J. L 224, 16/8/2006, p.1) (“the Directive”).

Regulation 3 corrects a defect in regulation 10(1) as amended by S.I. 2007/859. As this instrument contains other amendments to the principal Regulations, it is not being issued free of charge to purchasers of the defective instrument.

Regulation 4 amends Schedule 5 to the principal Regulations, to require societies preparing Building Societies Act accounts (see sections 72A(2) and 72E(3) of the Building Societies Act 1986 (c. 53), inserted by S.I. 2004/3380) to give certain information about transactions with related parties in the notes to those accounts.

Regulation 5 amends Schedule 7 to the principal Regulations, to enable societies preparing Building Societies Act accounts to value a wider range of financial liabilities at fair value in accordance with international accounting standards.

A transposition note showing how the main provisions of the Directive (as it applies to building societies) will be transposed into UK law is available from HM Treasury. Copies may be obtained from the Savings and Investment Team, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and the note will be available on the Treasury website ([www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)).

A full regulatory impact assessment of the effect that this instrument will have on the costs of business is also available from HM Treasury at the above address, and is annexed to the Explanatory Memorandum which is available alongside the instrument on the OPSI website ([www.opsi.gov.uk](http://www.opsi.gov.uk)).

---

STATUTORY INSTRUMENTS

---

**2008 No. 1143**

**BUILDING SOCIETIES**

**The Building Societies (Accounts and Related Provisions)  
(Amendment) Regulations 2008**

**£3.00**

© Crown copyright 2008

Printed and published in the UK by The Stationery Office Limited  
under the authority and superintendence of Carol Tullo, Controller of Her Majesty's  
Stationery Office and Queen's Printer of Acts of Parliament.

E2374 4/2008 182374T 19585