

## SCHEDULE 1

### Amendments to primary legislation

## PART 1

### Amendments to the Building Societies Act 1986

#### Amendments to the Building Societies Act 1986

1. The Building Societies Act 1986(1) is amended in accordance with this Part of this Schedule.
2. In Schedule 10C (disclosure of auditor remuneration etc required in notes to accounts)(2)—
  - (a) in paragraph 1—
    - (i) in sub-paragraph (1)(a), after “auditor” insert “, or an associate of the society’s auditor.”;
    - (ii) for sub-paragraph (6)(b) substitute—

“(b) the notes to the individual accounts of—

      - (i) the society, and
      - (ii) a subsidiary of the society, where the subsidiary is included in the group accounts and the statutory auditor is the same for both the society and the subsidiary,

do not have to disclose the information required by that provision if the notes state that the group accounts are so required.”;
  - (b) for paragraph 2 substitute—

“2. The types of service in respect of which disclosure is required are—

    - (a) the auditing of accounts of any associate of the society;
    - (b) audit-related assurance services;
    - (c) taxation compliance services;
    - (d) any taxation advisory services not falling within paragraph (c);
    - (e) internal audit services;
    - (f) any assurance services not falling within paragraphs (a) to (e);
    - (g) any services relating to corporate finance transactions entered into, or proposed to be entered into, by or on behalf of the society or any of its associates not falling within paragraphs (a) to (f);
    - (h) any other non-audit services.”;
  - (c) in paragraph 3(1), for “2(j)” substitute “2(h)”.
3. In Schedule 11 (auditors: appointment, tenure)(3), after paragraph 3D insert—

“3DA.—(1) If—

  - (a) a building society appoints, or purports to appoint, an auditor or auditors, and

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(1) 1986 c. 53.

(2) Schedule 10C was inserted by S.I. 2008/1519.

(3) Relevant amending instruments are S.I. 2008/519, 2013/496, 2016/649 and 2017/516.

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

- (b) the appointment or purported appointment is made in breach of paragraph 3B, 3C or 3D (requirements applying to appointment of auditors),

the appropriate authority may appoint another auditor or auditors in place of the auditor or auditors referred to in paragraph (a).

(2) The breach of paragraph 3B, 3C or 3D does not invalidate any report made under this Part by the auditor or auditors on the building society's annual reports or accounts before the auditor or auditors are replaced under sub-paragraph (1) of this paragraph.

(3) But where the breach in question is a breach of paragraph 3D, sections 1248 and 1249 of the Companies Act 2006 (Secretary of State's power to require second audit for companies)(4) apply as if—

- (a) the building society were a company;
- (b) references to the Secretary of State were to the appropriate audit authority;
- (c) references to the registrar of companies were to the FCA and, if the society is a PRA-authorized person, to the PRA;
- (d) the auditor was not an appropriate person, or the auditors were not appropriate persons, for the period during which the audit was conducted;
- (e) section 1248(9) was omitted.

(4) Within one week of becoming aware of the breach of paragraph 3B, 3C or 3D, the building society must give notice to the appropriate authority that the power under sub-paragraph (1) of this paragraph has become exercisable.

(5) If the building society fails to give the notice required by sub-paragraph (4), the society shall be liable on summary conviction—

- (a) to a fine not exceeding level 3 on the standard scale; and
- (b) in the case of a continuing offence, to an additional fine not exceeding £40 for every day during which the offence continues;

and so shall any officer who is also guilty of the offence.”.

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(4) 2006 c. 46. Section 1248 was amended by S.I. 2015/664.