
STATUTORY INSTRUMENTS

2020 No. 782

FRIENDLY SOCIETIES

The Friendly Societies Act 1992
(Accounts) (Amendment) Order 2020

<i>Made</i>	- - - -	<i>21st July 2020</i>
<i>Laid before Parliament</i>		<i>22nd July 2020</i>
<i>Coming into force</i>	- -	<i>1st October 2020</i>

The Treasury make the following Order in exercise of the powers conferred by sections 102(1)(a), 102(2)(d), 102(4)(a), 121(1), 121(2), and 121(3) of the Friendly Societies Act 1992⁽¹⁾.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Friendly Societies Act 1992 (Accounts) (Amendment) Order 2020.

(2) This Order comes into force on 1st October 2020.

(3) In this Order, “the 1992 Act” means the Friendly Societies Act 1992.

Individual accounts

2.—(1) Section 69A(2) of the 1992 Act (duty to prepare individual accounts) is amended as follows.

(2) In subsection (2), for “subsection (3)”, substitute “subsections (2A) and (3)”.

(3) After subsection (2) insert—

“(2A) The individual accounts of—

(a) a friendly society that is a charity, or

(b) a registered branch of a friendly society that is a charity,

must be Friendly Societies Act individual accounts.”.

(4) At the end of subsection (3) insert—

“This is subject to subsection (4A)”.

(1) 1992 c. 40; section 121 was amended by S.I. 2001/2617 (as revoked with savings by S.I. 2013/1765) and S.I. 2008/1140.

(2) Substituted by S.I. 2005/2211 and subsequently amended, with effect in relation to accounts for financial years beginning on or after IP completion day (as defined in the European Union (Withdrawal Agreement) Act 2020 (c.1)), by S.I. 2019/145 and S.I. 2019/685.

- (5) In subsection (4), after paragraph (a) insert—
- “(aa) the society or branch ceases to be a subsidiary undertaking.”.
- (6) After subsection (4) insert—
- “(4A) After a financial year in which the committee of management of a friendly society or registered branch prepares IAS individual accounts, the committee of management may change to preparing Friendly Societies Act individual accounts for a reason other than a relevant change of circumstance provided it has not changed to Friendly Societies Act individual accounts in the period of five years preceding the first day of that financial year.
- (4B) In calculating the five year period for the purpose of subsection (4A), no account should be taken of a change due to a relevant change of circumstance.”.
- (7) In subsection (5) omit “following a relevant change of circumstance”.

Group accounts

- 3.—**(1) Section 69E(3) of the 1992 Act (duty to prepare group accounts) is amended as follows.
- (2) After subsection (3) insert—
- “(3A) The group accounts of a friendly society that is a charity must be Friendly Societies Act group accounts.”.
- (3) At the end of subsection (4) insert—
- “This is subject to subsection (5A).”.
- (4) After subsection (5) insert—
- “(5A) After a financial year in which the committee of management of a friendly society prepares IAS group accounts, the committee of management may change to preparing Friendly Societies Act group accounts for a reason other than a relevant change of circumstance provided it has not changed to Friendly Societies Act group accounts in the period of five years preceding the first day of that financial year.
- (5B) In calculating the five year period for the purpose of subsection (5A), no account should be taken of a change due to a relevant change of circumstance.”.
- (5) In subsection (6) omit “following a relevant change of circumstance”.

21st July 2020

James Morris
Michael Tomlinson
Two of the Lords Commissioners of Her
Majesty’s Treasury

(3) Substituted by [S.I. 2005/2211](#) and subsequently amended, with effect in relation to accounts for financial years beginning on or after IP completion day (as defined in the European Union (Withdrawal Agreement) Act 2020 (c.1)) by [S.I. 2019/145](#) and [S.I. 2019/685](#).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends Part 6 of the Friendly Societies Act 1992 (“the 1992 Act”) which deals with the accounts of friendly societies.

Articles 2(6) and 3(4) insert new subsections 69A(4A) and 69A(4B), and 69E(5A) and 69E(5B) respectively into the 1992 Act, which brings the accounting treatment of friendly societies established under the 1992 Act into line with that of companies governed by Part 15 of the Companies Act 2006 insofar as friendly societies will be afforded the same flexibility to change from preparing individual or group accounts in accordance with international accounting standards to Friendly Society Act individual or group accounts. Articles 2(4), 2(7), 3(3) and 3(5) make the necessary consequential amendments.

Articles 2(2), 2(3), 2(5), and 3(2) make further amendments to align sections 69A and 69E of the 1992 Act with the corresponding sections 395 and 403 for companies in Part 15 of the Companies Act 2006—

Articles 2(2), 2(3), and 3(2) prohibit friendly societies (or registered branches of friendly societies) that are charities from using international accounting standards for their individual or group accounts;

Article 2(5) adds to the list of relevant changes of circumstance for the purpose of section 69A(4) a scenario in which a friendly society or a registered branch of a friendly society ceases to be a subsidiary undertaking; if such a scenario were to occur the friendly society or registered branch concerned would subsequent to this Order be permitted the same flexibility as a company to change from preparing individual or group accounts in accordance with international accounting standards to Friendly Society Act individual or group accounts.

A de minimis regulatory impact assessment has been prepared in relation to this Order. A copy may be obtained either from the Insurance and Pensions Markets team, HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ or via the Treasury website (www.hm-treasury.gov.uk).