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## EXPLANATORY NOTE

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

These Regulations prescribe the format and content of the annual accounts and committee of management report which must be prepared in respect of friendly societies or of friendly societies and their subsidiaries and jointly controlled bodies as a whole. In respect of societies to which the Insurance Directives apply, these Regulations also implement Council Directive 91/674 on the annual accounts and consolidated accounts of insurance undertakings. The requirements of the Directive are imposed on friendly societies whose contribution income exceeds the thresholds set out in section 37 of the Act, on all incorporated societies and on societies which conduct reinsurance business.

Regulation 2 defines terms for the purposes of these Regulations. In particular the definition of “society” should be noted as it has a restricted meaning for the purposes of these Regulations. Under regulation 3 the Regulations apply to accounts and reports for the 1995 financial year and thereafter.

Regulation 4 provides for the format of income and expenditure accounts and balance sheets of societies which do not have subsidiaries or jointly controlled bodies. Regulation 5 provides for the format of income and expenditure accounts and balance sheets of societies which have subsidiaries or jointly controlled bodies.

Regulation 6 prescribes requirements for the content and form of the accounts including requiring the accounts to be prepared in accordance with notes set out in the Schedules to the Regulations. Regulation 7 prescribes further requirements for group accounts. Regulation 8 requires the inclusion of notes to the accounts containing the material specified in Schedule 4 to the Regulations. Regulation 9 introduces Schedule 5 which sets out the information on investments in associated bodies which must be included in the notes. Regulation 10 introduces Schedule 6 which sets out the accounting principles and rules which must be applied in preparing the accounts.

Regulation 11 and Schedule 7 prescribe the accounts requirements for societies to which the Insurance Directives do not apply and which are not incorporated. Simplified income and expenditure accounts, balance sheets and notes thereto are required.

Regulation 12 and Schedule 8 set out the requirements for the committee of management’s annual report. Less stringent requirements are specified for societies to which the Insurance Directives do not apply or which are not incorporated.

Regulation 13 contains transitional provisions concerning accounting records for the year preceding the year to which these Regulations first apply. Regulation 14 introduces Schedule 9 which contains definitions of certain terms for the purposes of the Schedules to these Regulations.

A review of the cost of compliance with these Regulations has been undertaken and the resulting compliance cost assessment may be purchased from the Secretary, Friendly Societies Commission, 15 Great Marlborough Street, London W1V 2AX.