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STATUTORY INSTRUMENTS

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**1994 No. 1983**

**The Friendly Societies (Accounts and Related Provisions) Regulations 1994**

**PART II—  
ACCOUNTS**

**Annual accounts—single accounts society**

- 4.** In respect of the annual accounts of a single accounts society:
- (a) every income and expenditure account must be prepared in the format set out in Part I of Schedule 1; and
  - (b) every balance sheet must be prepared in the format set out in Part I of Schedule 2.

**Annual accounts—group accounts society**

- 5.** In respect of the annual accounts of a group accounts society:
- (a) the provisions of this regulation apply subject to the provisions of regulation 7 below, the supplementary provisions of which also have effect in relation to those accounts; and
  - (b) within those accounts:
    - (i) every income and expenditure account relating to the society must be prepared in the format set out in Part I of Schedule 1;
    - (ii) every income and expenditure account relating to the society and its subsidiaries must be prepared on a consolidated basis in the format set out in Part I of Schedule 1 with the modifications specified in Part II of that Schedule;
    - (iii) every balance sheet relating to the society must be prepared in the format set out in Part I of Schedule 2; and
    - (iv) every balance sheet relating to the society and its subsidiaries must be prepared on a consolidated basis in the format set out in Part I of Schedule 2 with the modifications specified in Part II of that Schedule.

**Content and form of accounts**

**6.—(1)** An income and expenditure account and balance sheet referred to in regulations 4, 5 and 11 must be prepared in accordance with the relevant notes and every such document must, subject to the following paragraphs of this regulation, be prepared in the order and under the headings and subheadings in the format applicable to it.

- (2) Regulations 4, 5 and 11 are not to be read as:
- (a) requiring the heading or sub-heading for any item to be distinguished by any letter or number assigned to that item in the format in which it appears;

- (b) prohibiting the showing of any item in a particular account in greater detail than is required by the format for that particular account; or
  - (c) prohibiting the insertion of additional items, providing that their contents are not specifically covered by any of the items prescribed in the formats.
- (3) Items preceded by lower case letter in any format set out in Schedule 1, 2 or 7 may be combined in a society's annual accounts for any financial year if either:
- (a) their individual amounts are not material to assessing:
    - (i) in respect of any income and expenditure account, the income and expenditure of the society (or, as the case may be, the society and its subsidiaries) for that year; and
    - (ii) in respect of a balance sheet, the state of affairs of the society (or, as the case may be, the society and its subsidiaries) as at the end of that year; or
  - (b) their combination facilitates that assessment,
- provided that where subparagraph (b) above applies, the individual amounts of any items so combined must be disclosed in a note to the annual accounts.
- (4) Subject to paragraph (5) below, a heading or sub-heading for an item contained in any format set out in Schedule 1, 2 or 7 must not be included if there is no amount to be shown for that item in respect of the financial year to which the annual accounts relate (and a total need not be included if, as a result of this paragraph, it would be composed of a single item).
- (5) For the purpose of comparing particular accounts with those for the preceding financial year:
- (a) in respect of every item shown in a balance sheet and income and expenditure account, the corresponding amount for the preceding financial year must be shown;
  - (b) where that corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the annual accounts relate, the former amount must be adjusted and particulars of the adjustment and the reasons for it must be disclosed in a note to the annual accounts; and
  - (c) paragraph (4) above does not apply in any case where an amount can be shown for the item to which the heading or sub-heading relates in respect of the preceding financial year, and in such a case that amount must be shown under the heading or sub-heading required for that item.
- (6) Subject to the provisions of Schedules 1, 2 and 7, amounts in respect of items representing assets or income may not be set off against amounts in respect of items representing liabilities or expenditure (as the case may be), or vice versa.
- (7) In this regulation, "the relevant notes" means, in relation to any particular account, Part III of Schedule 1, Part III and Part IV of Schedule 2 or Part III of Schedule 7, whichever is applicable.

### **Group accounts—supplementary provisions**

- 7.—(1) The annual accounts of a group accounts society must comply with the further provisions of Schedule 3 as to the form and content of the consolidated income and expenditure account and the balance sheet, and the additional information to be provided by way of notes to the accounts.
- (2) Subject to the exceptions authorised or required by this regulation, all the subsidiaries of the society must be included in the consolidated income and expenditure account and the balance sheet as required by Regulation 5, and in the notes to the accounts in respect of the society and its subsidiaries in combination, as required by regulation 8(2)(b).
- (3) A subsidiary may be excluded from the requirements of paragraph (2) if compliance with those requirements is not material for the purpose of giving a true and fair view for the society and its subsidiaries as a whole, of the matters set out in subsections (2) and (3) of section 70 of the Act.

(4) If a society has two or more subsidiaries, they do not qualify under paragraph (3) for exclusion from the requirements of paragraph (2) if taken as a whole they are material for the purpose enumerated in paragraph (3).

(5) Each particular account which is a group account must combine the information contained in the particular account of the society and the accounts of its subsidiaries from which it is derived, adjusted so far as is necessary to consolidate those accounts.

(6) In the group accounts, the interest of the society in a jointly controlled body and the amount of profit or loss attributable to such an interest, must be shown by the equity method of accounting (which must include dealing with any goodwill arising in accordance with paragraphs 19 to 22 and 24 of Schedule 6).

(7) The equity method of accounting referred to in paragraph (6) need not be applied if the amounts in question are not material for the purpose of giving a true and fair view, for the society and its subsidiaries as a whole, of the matters set out in subsections (2) and (3) of section 70 of the Act.

### **Notes to annual accounts**

**8.—**(1) The annual accounts of a single accounts society must, subject to paragraph (6) below, include notes to them containing the material specified, and set out in the manner specified, in Schedule 4 below, as well as the notes required to be included by other provisions of these Regulations.

(2) The annual accounts of a group accounts society must, subject to paragraph (6) below and any provision in Schedule 4 below which indicates otherwise, include notes to them containing:

- (a) in respect of the society; and
- (b) in respect of the society and its subsidiaries in combination,

the material specified, and set out in the manner specified, in Schedule 4 below, as well as the notes required to be included by other provisions of these Regulations.

(3) For the purposes of paragraph (2)(b) above:

- (a) any reference in a relevant provision of Schedule 4 below to a society must be taken as a reference to the society and its subsidiaries in combination; and
- (b) each associated body of the society which is not a subsidiary must be treated as an associated body of the group.

(4) In paragraph (3) above “relevant provision” means, in relation to Schedule 4 below, a provision thereof other than paragraphs 4 to 14 and 31.

(5) The annual accounts of a non-directive society must include notes to them containing the material from Schedule 4 below as is specified in Part II of Schedule 7 below, (and such material must be, as far as is possible, set out in the manner specified in Schedule 4 below), as well as the notes required to be included by other provisions of these Regulations and in the application of the Schedule to a non-directive society, references in the Schedule to a society are, where appropriate, to be construed as references to a non-directive society.

(6) Paragraphs (1), (2) and (5) above are not to be read as prohibiting the disclosing of any material in the notes to the annual accounts in greater detail than is required by these Regulations.

### **Associated bodies**

**9.—**(1) Where a society has held any investments in an associated body during the financial year, the information specified in Schedule 5 must be given, in addition to that required by regulation 8, in the notes to the annual accounts.

(2) The information required by paragraph (1) must comprise:

- (a) where the society is a single accounts society, or a group accounts society but all its subsidiaries are excluded from the requirements of regulation 7(2), the information specified in Part I of Schedule 5; and
  - (b) where the society is a group accounts society and at least one subsidiary is included in the group accounts in accordance with the requirements of regulation 7(2), the information specified in Part II of Schedule 5.
- (3) With the exception of that specified in paragraph 4(2) of the Schedule, the information required by Schedule 5 need not be given with respect to an associated body which:
- (a) is established under the law of a country outside the United Kingdom; or
  - (b) carries on its business outside the United Kingdom,
- if in the opinion of the committee of management of the society the disclosure would seriously prejudice the business of that associated body or the business of the society or any of its subsidiaries and the Commission agrees that the information need not be given.
- (4) Where advantage is taken of paragraph (3), that fact must be stated in a note to the accounts.
- (5) If the committee of management of the society is of the opinion that the number of associated bodies in respect of which the society is required to give information specified in Schedule 5 is such that to do so would result in information of excessive length being given, the information must only be given in respect of:
- (a) those associated bodies whose results or financial position, in the opinion of the committee of management, principally affected the figures shown in the society's annual accounts; and
  - (b) subsidiaries excluded from the requirements of regulation 7(2).
- (6) If advantage is taken of paragraph (5), there must be included in the notes a statement that the information specified in Schedule 5 is given only with respect to such associated bodies as are mentioned in that paragraph.

### **Accounting principles and rules**

**10.**—(1) A society must prepare its annual accounts in accordance with the accounting principles and rules set out in Schedule 6.

(2) A non-directive society must prepare its annual accounts in accordance with the accounting principles and rules set out in Parts I and II of Schedule 6 and in the application of those Parts of the Schedule to a non-directive society, references in those Parts to a society are, where appropriate, to be construed as references to a non-directive society.

### **Annual accounts—non-directive society**

**11.** In respect of the annual accounts of a non-directive society:

- (a) every income and expenditure account must be prepared in the format set out in Part I of Schedule 7;
- (b) every balance sheet must be prepared in the format set out in Part II of Schedule 7; and
- (c) such accounts must be prepared in accordance with the requirements set out in regulation 8 above as modified in Part III of Schedule 7.