

SCHEDULE 1

Regulation 14(1)

MODIFICATION OF THE FRIENDLY AND INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1968

1. In its application to industrial and provident societies that are insurance undertakings for the purposes of these Regulations, the Friendly and Industrial and Provident Societies Act 1968 has effect subject to the following modifications.

2. Section 3 (general provisions as to accounts and balance sheets of societies) does not apply.

3. In section 3A (publication of accounts and balance sheets of societies)(1), for subsections (2) to (12), substitute—

“(2) If a society publishes any of its statutory accounts, they must be accompanied by the relevant auditors’ report under the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008.

(3) A society which is required to prepare group accounts for a financial year shall not publish its statutory individual accounts for that year without also publishing with them its statutory group accounts.

(4) If a society publishes non-statutory accounts, it shall publish with them a statement indicating—

- (a) that they are not the society’s statutory accounts,
- (b) whether statutory accounts dealing with any financial year with which the non-statutory accounts purport to deal have been delivered to the Authority,
- (c) whether the society’s auditors have made a report under the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008,
- (d) whether any such auditors’ report—
 - (i) was qualified or unqualified, or included a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, or
 - (ii) contained a statement under section 498(2) or (3) of the Companies Act 2006 as applied to industrial and provident societies by the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 (accounting records or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations),

and it shall not publish with the non-statutory accounts any auditors’ report under the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008.

(5) For the purposes of this section a society shall be regarded as publishing a document if it publishes, issues or circulates it or otherwise generally makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.

(6) References in this section to a society’s statutory accounts are to its individual or group accounts for a financial year as required to be prepared by the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008; and references to the publication by a society of “non-statutory accounts” are to the publication of—

(1) Section 3A was inserted by [S.I. 1996/1738](#), article 9(4).

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- (a) any balance sheet or profit and loss account relating to, or purporting to deal with, a financial year of the society, or
 - (b) an account in any form purporting to be a balance sheet or profit and loss account for the group consisting of the society and its subsidiary undertakings relating to, or purporting to deal with, a financial year of the society,
- otherwise than as part of the society's statutory accounts.”.
4. Sections 4 and 4A (appointment of auditors) do not apply.
5. In section 5 (re-appointment and removal of auditors)(2)—
- (a) in subsection (1), at the end of paragraph (d) insert—
 - “, or
 - (e) he was appointed by the committee, or
 - (f) the society's rules require actual re-appointment, or
 - (g) the re-appointment is prevented by the members under section 5A”.
 - (b) after subsection (2) insert—

“(3) A person who is not automatically re-appointed as auditor by virtue of subsection (1)(e) of this subsection may be re-appointed by the committee for the current year of account and for any subsequent year of account commencing before the next general meeting of the society.

However, he may only be re-appointed for any year of account commencing on or after the date of that general meeting by a resolution of the society at that meeting.”.
6. After section 5, insert—

“Prevention by members of automatic re-appointment of auditor

5A.—(1) An auditor of a society is not automatically re-appointed under section 5 of this Act if the society has received notices under this section from members representing at least the requisite percentage of the total voting rights of all members who would be entitled to vote on a resolution that the auditor should not be re-appointed.

(2) The “requisite percentage” is 5%, or such lower percentage as is specified for this purpose in the society's rules.

(3) A notice under this section—

- (a) may be in hard copy or electronic form,
- (b) must be authenticated by the person or persons giving it, and
- (c) must be received by the society before the end of the year of account immediately preceding the year of account for which the automatic re-appointment would have effect.”.

7. For section 7 (qualified auditors) substitute—

“Qualified auditors

7. References in this Act to a qualified auditor, in relation to a society, are to a person who—

- (a) is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006, and

(2) Section 5 was amended by [S.I. 1996/1738](#), article 9(6).

- (b) is not prohibited from acting as statutory auditor of the society by virtue of section 1214 of that Act (independence requirement).”.
8. Section 8 (restrictions on appointment of auditors) does not apply.
9. In section 9 (auditors’ report and rights), only subsection (5) (auditors’ rights of access to books and to require information and explanations) applies.
10. Sections 9A to 9C (reporting accountant procedure) do not apply.
11. In section 10 (remuneration of auditors)(3), the following do not apply—
- (a) in subsection (1), the words from “or for the making of a report” to the end;
 - (b) in subsection (2), the words “or reporting accountant”;
 - (c) subsection (3).
12. In section 11 (annual returns)(4)—
- (a) in subsection (2)(a), for “the revenue account or accounts of the society prepared in accordance with section 3(2) of this Act” substitute “the profit and loss account required to be prepared by section 396 of the Companies Act 2006 as applied by regulation 3 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008”;
 - (b) for subsection (2)(b) substitute—
“(b) shall not contain any other accounts.”;
 - (c) subsection (5A) does not apply.
13. In section 13 (group accounts)(5)—
- (a) subsections (1) to (5) do not apply;
 - (b) in subsection (6) for “under the last preceding subsection” substitute “on those accounts”.
14. Section 14 (exemption from requirements in respect of group accounts) does not apply.
15. Section 15 (meaning of “subsidiary”) does not apply.
16. In section 18 (offences), the words from “or any direction” to “section 9C(1) of this Act” do not apply.
17. In section 19(2) (regulations), the words “section 4 or” do not apply.
18. In section 21(1) (interpretation)(6)—
- (a) insert at the appropriate place—
““accounts” means the profit and loss account required to be prepared by section 396 of the Companies Act 2006 as applied by regulation 3 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008;”;
 - (b) for the definition of “group accounts” substitute—
““group accounts” means the accounts required to be prepared by section 404 of the Companies Act 2006 as applied by regulation 3 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008;”;

(3) Section 10(1) was amended by [S.I. 1996/1738](#), article 9(7). Section 10(2) was amended by [S.I. 2001/2617](#), Schedule 3, paragraph 252.

(4) Section 11 was amended by the Friendly Societies Act 1974 ([c.46](#)), section 116 and Schedule 11. Section 11(1) was also amended by [S.I. 2001/2617](#), Schedule 3, paragraphs 246 and 253. Section 11(2) was also amended by [S.I. 1996/1738](#), article 9(10).

(5) Section 13(6) was amended by [S.I. 2001/2617](#), Schedule 3, paragraphs 246 and 255(c).

(6) Section 21(1) was amended by the Friendly Societies Act 1974, section 116(4), and Schedule 11; by [S.I. 2001/3649](#), article 185; and by [S.I. 2001/2617](#), Schedule 3, paragraphs 246, 260.

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(c) the definition of “subsidiary” does not apply.