
STATUTORY INSTRUMENTS

2005 No. 2211

The Friendly Societies Act 1992 (International Accounting Standards and Other Accounting Amendments) Order 2005

PART 2

Accounts prepared in accordance with international accounting standards

Preparation of individual and group accounts in accordance with international accounting standards

2. For sections 69 and 70 of the 1992 Act substitute—

“Duty to prepare individual accounts

69A.—(1) The committee of management of every friendly society or registered branch must prepare accounts for the society or branch for each of its financial years. Those accounts are referred to in this Part as the society’s or branch’s “individual accounts”.

(2) The individual accounts of a friendly society or registered branch of a society may be prepared—

- (a) in accordance with section 69B (“Friendly Societies Act individual accounts”), or
- (b) in accordance with international accounting standards (“IAS individual accounts”).

This subsection is subject to subsection (3) and section 69I (consistency of accounts).

(3) After the first financial year in which the committee of management of a friendly society or registered branch prepares IAS individual accounts (“the first IAS year”), all subsequent individual accounts of the society or branch must be prepared in accordance with international accounting standards unless there is a relevant change of circumstance.

(4) There is a relevant change of circumstance if, at any time during or after the first IAS year—

- (a) the society or branch becomes a subsidiary undertaking of another undertaking and individual accounts for that undertaking are not prepared in accordance with international accounting standards,
- (b) the society or branch ceases to be a society or part of a society with securities admitted to trading on a regulated market, or
- (c) a parent undertaking of the society or branch ceases to be an undertaking with securities admitted to trading on a regulated market.

In this subsection “regulated market” has the same meaning as it has in Council Directive [93/22/EEC](#) on investment services in the securities field.

(5) If, having changed to preparing Friendly Societies Act individual accounts following a relevant change of circumstance, the committee of management again prepares IAS

individual accounts for the society or branch, subsections (3) and (4) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

Friendly Societies Act individual accounts

69B.—(1) Friendly Societies Act individual accounts must comprise—

- (a) a balance sheet as at the last day of the financial year, and
- (b) an income and expenditure account.

(2) The balance sheet must give a true and fair view of the state of affairs of the society or branch as at the end of the financial year; and the income and expenditure account must give a true and fair view of the income and expenditure of the society or branch for the financial year.

(3) Friendly Societies Act individual accounts must comply with the requirements of regulations made under section 69C as to the form and content of the balance sheet and income and expenditure account and additional information to be provided by way of notes to the accounts or otherwise.

(4) Where compliance with the provisions of those regulations, and the other provisions of this Act as to the matters to be included in a society's or branch's individual accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.

(5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the committee of management must depart from that provision to the extent necessary to give a true and fair view.

(6) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.

(7) The Treasury may by regulations –

- (a) add to the classes of documents to be comprised in a society's or branch's Friendly Societies Act individual accounts under subsection (1);
- (b) make provision as to the matters to be included in any document so added;
- (c) modify the requirements of this Part as to the matters to be stated in any document comprised in the society's or branch's Friendly Societies Act individual accounts;
- (d) reduce the classes of documents to be comprised in a society's or branch's Friendly Societies Act individual accounts.

(8) Regulations under subsection (7) –

- (a) may make different provision for different cases, and
- (b) may include incidental and supplementary provisions.

Form and contents of Friendly Societies Act individual accounts

69C.—(1) The Treasury must by regulations make provision with respect to the form and content of Friendly Societies Act individual accounts.

(2) The Treasury may by regulations make provision with respect to additional information to be contained in Friendly Societies Act individual accounts, whether in the form of notes or otherwise.

(3) The regulations may, in particular–

- (a) prescribe accounting principles and rules;
- (b) require corresponding information for a preceding financial year;

- (c) make different provision for different descriptions of society or branch.

IAS individual accounts

69D. Where the committee of management of a friendly society prepare IAS individual accounts for a society or branch, it must state in the notes to those accounts that the accounts have been prepared in accordance with international accounting standards.

Duty to prepare group accounts

69E.—(1) If at the end of a financial year an incorporated friendly society has subsidiary undertakings, the committee of management, in addition to preparing individual accounts for the year, must prepare consolidated accounts for the year for the society and those undertakings taken as a whole, except as provided by regulations under subsection (7).

Those accounts are referred to in this Part as the society’s “group accounts”.

(2) Certain friendly societies are obliged by Article 4 of the IAS Regulation to prepare their group accounts in accordance with international accounting standards (“IAS group accounts”).

(3) The group accounts of other friendly societies may be prepared –

- (a) in accordance with section 69F (“Friendly Societies Act group accounts”), or
- (b) in accordance with international accounting standards (“IAS group accounts”).

This subsection is subject to the following provisions of this section and section 69I (consistency of accounts).

(4) After the first financial year in which the committee of management of a friendly society prepares IAS group accounts (“the first IAS year”), all subsequent group accounts of the society must be prepared in accordance with international accounting standards unless there is a relevant change of circumstance.

(5) There is a relevant change of circumstance if, at any time during or after the first IAS year—

- (a) the society becomes a subsidiary undertaking of another undertaking and accounts for that undertaking and its subsidiary undertakings (taken as a whole) are not prepared in accordance with international accounting standards,
- (b) the society ceases to be a society with securities admitted to trading on a regulated market, or
- (c) a parent undertaking of the society ceases to be an undertaking with securities admitted to trading on a regulated market.

In this subsection “regulated market” has the same meaning as it has in Council Directive [93/22/EEC](#) on investment services in the securities field.

(6) If, having changed to preparing Friendly Societies Act group accounts following a relevant change of circumstance, the committee of management again prepares IAS group accounts for the society, subsections (4) and (5) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

(7) The Treasury may by regulations exempt specified descriptions of incorporated friendly societies with subsidiaries from any duty to prepare group accounts.

(8) Regulations under subsection (7) may exempt societies by reference to any criterion and may make different provision for different descriptions of societies.

Friendly Societies Act group accounts

69F.—(1) Friendly Societies Act group accounts must comprise—

- (a) a balance sheet dealing with the state of affairs of the society and its subsidiary undertakings;
- (b) an income and expenditure account showing the income and expenditure of the society and its subsidiary undertakings.

(2) Friendly Societies Act group accounts must give a true and fair view of the state of affairs as at the end of the financial year, and the income and expenditure for the financial year, of the society and the subsidiary undertakings included in the group accounts as a whole, so far as concerns the members of the society.

(3) Friendly Societies Act group accounts must comply with the requirements of regulations made under section 69G as to the form and content of the group accounts and additional information to be provided by way of notes to the accounts or otherwise.

(4) Where compliance with the provisions of those regulations, and the other provisions of this Act as to the matters to be included in a society's group accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.

(5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the committee of management must depart from that provision to the extent necessary to give a true and fair view.

(6) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.

(7) The Treasury may by regulations—

- (a) add to the classes of documents to be comprised in a society's Friendly Societies Act group accounts under subsection (1);
- (b) make provision as to the matters to be included in any document so added;
- (c) modify the requirements of this Part as to the matters to be stated in any document comprised in the society's Friendly Societies Act group accounts; and
- (d) reduce the classes of documents to be comprised in a society's Friendly Societies Act group accounts.

(8) Regulations under subsection (7)—

- (a) may make different provision for different descriptions of society; and
- (b) may include incidental and supplementary provisions.

Form and content of Friendly Societies Act group accounts

69G.—(1) The Treasury must by regulations make provision with respect to the form and content of Friendly Societies Act group accounts.

(2) The Treasury may by regulations make provision with respect to additional information to be contained in Friendly Societies Act group accounts, whether in the form of notes or otherwise.

(3) The regulations may, in particular—

- (a) prescribe accounting principles and rules;
- (b) require corresponding information for a preceding financial year; and
- (c) make different provision for different descriptions of society.

IAS group accounts

69H. Where the committee of management of a friendly society prepares IAS group accounts, it must state in the notes to those accounts that the accounts have been prepared in accordance with international accounting standards.

Consistency of accounts

69I.—(1) The committee of management of a friendly society that prepares group accounts must secure that the individual accounts of—

- (a) the friendly society,
- (b) each of its subsidiary undertakings, and
- (c) each of its registered branches,

are all prepared using the same financial reporting framework, except to the extent that in their opinion there are good reasons for not doing so.

(2) Subsection (1) only applies to accounts of subsidiary undertakings which are—

- (a) required to be prepared under Part 7 of the Companies Act 1985⁽¹⁾, or
- (b) required to be prepared under Part 6 of this Act.

(3) Subsection (1) does not require accounts of undertakings that are charities to be prepared using the same financial reporting framework as accounts of undertakings which are not charities.

(4) Subsection (1)(a) does not apply where the committee of management of a friendly society prepares IAS group accounts and IAS individual accounts.

(5) The committee of management of a society which has subsidiary undertakings must ensure that, except where in its opinion there are good reasons against it, the financial year of each of its subsidiary undertakings coincides with the society's own financial year.”.