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Friendly and Industrial and Provident Societies Act 1968

CHAPTER 55

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ELIZABETH II



1968 CHAPTER 55

An Act to make further provision with respect to the accounts of friendly societies and industrial and provident societies and the auditing of those accounts, and with respect to the rules and valuations of friendly societies. [26th July 1968]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Societies : accounts and audit, etc.

1.—(1) Every society shall—

- (a) cause to be kept proper books of account with respect to its transactions and its assets and liabilities, and
- (b) establish and maintain a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances.

Books of account, etc.

(2) For the purposes of paragraph (a) of the preceding subsection proper books of account shall not be taken to be kept with respect to the matters mentioned in that paragraph if there are not kept such books as are necessary to give a true and fair view of the state of the affairs of the society and to explain its transactions.

2.—(1) Any book of account to be kept by a society may be kept either by making entries in bound books or by recording the matters in question in any other manner.

Form in which books of account may be kept.

(2) Where any such book of account is not kept by making entries in a bound book but by some other means, the society shall take adequate precautions for guarding against falsification and facilitating its discovery.

General provisions as to accounts and balance sheets of societies.

3.—(1) Every revenue account of a society shall give a true and fair view —

- (a) if it deals with the affairs of the society as a whole, of the income and expenditure of the society as a whole, or
- (b) if it deals with a particular business conducted by the society, of the income and expenditure of the society in respect of that business,

for the period to which the account relates.

(2) Every society shall, in respect of each year of account, cause to be prepared either—

- (a) a revenue account which deals with the affairs of the society as a whole for that year, or
- (b) two or more revenue accounts for that year which deal separately with particular businesses conducted by the society.

(3) In a case falling within paragraph (b) of the last preceding subsection, without prejudice to the application of subsection (1) (b) of this section to each revenue account dealing with a particular business conducted by the society, the revenue accounts in question, when considered together, shall give a true and fair view of the income and expenditure of the society as a whole for the year of account to which they relate.

(4) Every balance sheet of a society shall give a true and fair view as at the date of the balance sheet—

- (a) in the case of a society to which section 28 of the Act of 1896 (quinquennial valuations) applies, of the assets and current liabilities of the society and the resulting balances of its funds, and
- (b) in the case of any other society, of the state of the affairs of the society.

(5) A society shall not publish any revenue account or balance sheet unless—

- (a) it has been previously audited by the auditor or auditors last appointed to audit the accounts and balance sheet of the society,
- (b) it incorporates a report by the auditor or auditors stating whether in their opinion it complies with the provision of subsection (1) or subsection (4) of this section which is applicable in that case, and
- (c) it has been signed by the secretary of the society and by two members of the committee of the society acting on behalf of that committee.

(6) Without prejudice to the provisions of subsection (5) of this section a society to which section 28 of the Act of 1896 applies shall not publish any balance sheet which does not include a statement containing the same particulars as the statement required to be included in the annual return of that society by section 11(6) of this Act.

(7) If in relation to any revenue account, revenue accounts or balance sheet of a society a member of the committee of the society fails to take all reasonable steps to secure compliance—

- (a) with the provision of subsection (1) or subsection (4) of this section which is applicable in that case, or
- (b) in a case falling within subsection (2)(b) of this section, with subsection (3) of this section,

he shall be guilty of an offence under the appropriate registration Act, unless he proves that he had reasonable grounds to believe, and did believe, that a competent and reliable person was charged with the duty of seeing that the relevant provision was complied with and was in a position to discharge that duty.

(8) In the case of a society to which this subsection applies, the preceding provisions of this section shall not have effect in relation to—

- (a) any revenue account of that society for a period ending before the last day of the year of account in respect of which the provisions of section 4(1) or section 4(5) of this Act (as the case may be) first apply to that society; and
- (b) any balance sheet of that society relating to its affairs as at a date before that day.

(9) The last preceding subsection applies in the case of any society which is registered under the Act of 1896 or under the Act of 1965 (as the case may be) at the date of the commencement of this Act, or which is first registered under either of those Acts on or after that date but before 1st January 1969.

4.—(1) Subject to the following provisions of this section, every society shall in each year of account beginning on or after 1st January 1969 appoint a qualified auditor or qualified auditors to audit its accounts and balance sheet for that year. Obligation to
appoint
auditors.

(2) Subsection (1) of this section shall not apply to any society (not being a collecting society) if—

- (a) the receipts and payments of that society in respect of the preceding year of account did not in the aggregate exceed £5,000;
- (b) the number of its members at the end of that year did not exceed five hundred; and

(c) the value of its assets at the end of that year did not in the aggregate exceed £5,000.

(3) Without prejudice to the provisions of the last preceding subsection, subsection (1) of this section shall not apply to a registered branch if—

(a) the conditions specified in paragraphs (a) and (b) of the last preceding subsection are satisfied in respect of that branch, and

(b) at the end of the preceding year of account at least seventy-five per cent of its assets had been transferred to the society of which it is a branch or to another registered branch of that society for the purpose of being invested, in accordance with section 44(2) of the Act of 1896, by that society or that other branch, and the value of its assets not so transferred did not in the aggregate exceed £5,000:

Provided that this subsection shall not have effect so as to exempt a registered branch from the requirements of subsection (1) of this section in any year of account in respect of which that subsection does not apply to the society or branch to which the assets have been transferred.

(4) A society to which by virtue of subsection (2) or (3) of this section subsection (1) of this section does not apply in respect of any year of account is in this Act referred to as an exempt society in respect of that year of account.

(5) Subject to any direction given by the registrar under the next following subsection, every society which is an exempt society in respect of the current year of account shall in that year appoint at its option either—

(a) a qualified auditor or qualified auditors, or

(b) two or more persons who are not qualified auditors,

to audit its accounts and balance sheet for that year.

(6) The registrar may give a direction in the case of any particular society which is an exempt society in respect of the current year of account requiring it to appoint a qualified auditor to audit its accounts and balance sheet for that year.

(7) The registrar may give a direction in the case of any particular society which was an exempt society in respect of any year of account before the year of account in which that direction is given and did not appoint a qualified auditor or qualified auditors to audit its accounts and balance sheet for that year—

(a) requiring it to appoint a qualified auditor to audit those accounts and that balance sheet, and

- (b) in a case where that society has sent to him its annual return for that year before the date of the direction, requiring it after its accounts and balance sheet have been audited by a qualified auditor to send to him within three months from receipt of the direction a further annual return complying with the requirements of this Act and of section 27 of the Act of 1896 or, as the case may be, of section 39 of the Act of 1965 (other than that as to time of sending).

(8) Regulations made by the Chief Registrar with the consent of the Treasury may—

- (a) substitute for any sum or number for the time being specified in subsection (2) of this section or for any sum or percentage for the time being specified in subsection (3) of this section such sum, number or percentage as may be specified in the regulations; and
- (b) prescribe what receipts and payments of a society shall be taken into account for the purposes of those subsections.

5.—(1) A qualified auditor appointed to audit the accounts and balance sheet of a society for the preceding year of account shall be re-appointed as auditor of the society for the current year of account unless—

Re-appoint-
ment and
removal of
qualified
auditors.

- (a) a resolution has been passed at a general meeting of the society appointing somebody instead of him or providing expressly that he shall not be re-appointed, or
- (b) he has given to the society notice in writing of his unwillingness to be re-appointed, or
- (c) he is ineligible for appointment as auditor of the society for the current year of account, or
- (d) he has ceased to act as auditor of the society by reason of incapacity:

Provided that, where notice is given of an intended resolution to appoint some person or persons in place of a retiring auditor and the resolution cannot be proceeded with at the meeting because of the death or incapacity of that person or persons, or because he or they are ineligible for appointment as auditor or auditors of the society for the current year of account (as the case may be), the retiring auditor shall not be automatically re-appointed by virtue of this subsection.

(2) For the purposes of the last preceding subsection, a person is ineligible for appointment as auditor of a society for the current year of account if, but only if—

- (a) his appointment in relation to the society is prohibited by section 8 of this Act, or

- (b) (in the case of a society which is not an exempt society in respect of that year of account) he is not a qualified auditor at the time when the question of his appointment falls to be considered.

Provisions as to resolutions relating to appointment and removal of auditors.

6.—(1) Subject to subsection (5) of this section, a resolution at a general meeting of a society—

- (a) appointing another person as auditor in place of a retiring qualified auditor, or
(b) providing expressly that a retiring qualified auditor shall not be re-appointed,

shall not be effective unless notice of the intention to move it has been given to the society not less than twenty-eight days before the meeting at which it is moved.

(2) Where notice of the intention to move any such resolution has been given under subsection (1) of this section to a society which is required by its rules to give notice to its members of the meeting at which the resolution is to be moved, the society shall if it is practicable to do so give them notice of the resolution at the same time and in the same manner as it gives notice of the meeting.

(3) Where notice of the intention to move any such resolution has been given to any society under subsection (1) of this section, and that society does not give notice of the resolution under the last preceding subsection, it shall give notice of the resolution to its members not less than fourteen days before the meeting at which the resolution is to be moved, either by advertisement in a newspaper having an appropriate circulation or in any other way allowed by the rules of the society.

(4) Where—

- (a) for any of the reasons mentioned in the proviso to subsection (1) of the last preceding section an intended resolution to appoint some person or persons in place of a retiring qualified auditor cannot be proceeded with at the meeting, and
(b) by the rules of the society an auditor can only be appointed by a resolution passed at a general meeting after notice of the intended resolution has been given to the society before the meeting,

a resolution passed at the meeting re-appointing the retiring auditor or appointing an auditor in place of the retiring auditor shall be effective notwithstanding that no notice of that resolution has been given to the society under its rules.

(5) On receipt by a society of notice given under subsection (1) of this section of an intended resolution, it shall forthwith send a copy of the notice to the retiring auditor.

(6) On receipt of a copy of such a notice, the retiring auditor may at any time before the date of the general meeting make representations in writing to the society (not exceeding a reasonable length) with respect to the intended resolution, and, without prejudice to the preceding provision, the retiring auditor may—

- (a) notify the society that he intends to make such representations, and
- (b) request that notice of his intention, or of any such representations made by him and received by the society before notice of the intended resolution is given to its members, shall be given to members of the society.

(7) Subject to the next following subsection, a society which receives representations or a notification of intended representations under the last preceding subsection before the date when notice of the intended resolution is required by subsection (2) or subsection (3) of this section (as the case may be) to be given to its members shall—

- (a) in any notice of the resolution given to its members, state that it has received those representations or that notification (as the case may be),
- (b) in any such notice, state that any member may receive on demand made before the date of the general meeting a copy of any representations which have been or may be received by the society before that date, and
- (c) send a copy of any representations received by the society before the date of the meeting to any member on demand made before that date;

but without prejudice either to the preceding provisions of this subsection or to his right to be heard orally, the retiring auditor may also require that any representations made by him before the date of the general meeting shall be read out at the meeting.

(8) Copies of any such representations need not be sent out, and the representations need not be read out at the meeting, if, on the application either of the society or of any other person, the High Court is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter; and the Court may order the costs of the society on an application under this section to be paid, in whole or in part, by the auditor, notwithstanding that he is not a party to the application.

(9) In the application of subsection (8) of this section to a Scottish society, for the reference to the High Court there shall be substituted a reference to the Court of Session and for the reference to costs there shall be substituted a reference to expenses.

(10) Any provision in this section which requires notice to be given to the members of a society or confers any right upon a member (as the case may be) shall be construed in the case of a meeting of delegates appointed by members as requiring the notice to be given to the delegates so appointed or conferring the right upon a delegate (as the case may be).

Qualified
auditors.

7.—(1) Subject to the next following subsection, no person shall be a qualified auditor for the purposes of this Act unless he is either a member of one or more of the following bodies—

- (a) the Institute of Chartered Accountants in England and Wales;
- (b) the Institute of Chartered Accountants of Scotland;
- (c) the Association of Certified and Corporate Accountants;
- (d) the Institute of Chartered Accountants in Ireland;
- (e) any other body of accountants established in the United Kingdom and for the time being recognised for the purposes of section 161(1)(a) of the Companies Act 1948 by the Board of Trade,

1948 c. 38.

or a person who is for the time being authorised by the Board of Trade under section 161(1)(b) of that Act as being a person with similar qualifications obtained outside the United Kingdom.

(2) Subject to subsection (3) of this section, for the purposes of any provision (except subsections (6) and (7) of section 4) of this Act a person who is not a qualified auditor under subsection (1) of this section shall nevertheless be a qualified auditor in relation to any particular society if—

- (a) he is at the passing of this Act an approved auditor appointed by the Treasury under section 30 of the Act of 1896 or under section 38 of the Act of 1965, and
- (b) he audited the accounts and balance sheet of that society for the year of account immediately preceding the year of account in which this Act is passed and for every year of account (if any) since the first-mentioned year until the current year of account.

(3) The Chief Registrar may at any time direct that a person who is a qualified auditor in relation to a particular society or particular societies by virtue of the last preceding subsection shall cease to be so qualified from the date of that direction.

8.—(1) None of the following persons shall be appointed as auditor of a society—

Restrictions
on
appointment
of auditors.

- (a) an officer or servant of the society;
- (b) a person who is a partner of or in the employment of, or who employs, an officer or servant of the society; or
- (c) a body corporate.

(2) A person shall also not be appointed as auditor of an industrial and provident society if—

(a) his appointment as auditor of any other industrial and provident society—

- (i) which is a subsidiary of that society, or
- (ii) of which that society is a subsidiary, or
- (iii) which is a subsidiary of the society of which that society is a subsidiary,

is prohibited by virtue of the last preceding subsection; or

(b) he is by virtue of section 161(2) of the Companies Act 1948 c. 38 1948 disqualified for appointment as auditor of a company which is a subsidiary of that society.

(3) Nothing in this section shall prevent the appointment as auditor of a society of a Scottish firm if none of the partners of the firm is ineligible for appointment as auditor of the society by virtue of any of the provisions of this section.

(4) Any appointment made by a society in contravention of any of those provisions shall not be an effective appointment for the purposes of this Act.

(5) In this section “company” has the same meaning as in section 15 of this Act and references to an officer or servant shall be construed as not including an auditor.

9.—(1) The auditors of a society shall make a report to the society on the accounts examined by them, and on the revenue account or accounts and the balance sheet of the society for the year of account in respect of which they are appointed.

Auditors’
report and
right of access
to books and
to attend and
be heard at
meetings.

(2) The report shall state whether the revenue account or accounts and the balance sheet for that year comply with the requirements of this Act and the appropriate registration Act and whether, in the opinion of the auditors—

- (a) the revenue account or accounts give a true and fair view in accordance with section 3 of this Act of the income and expenditure of the society as a whole for that year of account and, in the case of each such

account which deals with a particular business conducted by the society, a true and fair view in accordance with that section of the income and expenditure of the society in respect of that business for that year, and

- (b) the balance sheet gives a true and fair view in accordance with that section either of the assets and current liabilities of the society and the resulting balances of its funds or of the state of the affairs of the society (as the case may require) as at the end of that year of account.

(3) Without prejudice to the provisions of the last preceding subsection, where the report of the auditors relates to any accounts other than the revenue account or accounts for the year of account in respect of which they are appointed that report shall state whether those accounts give a true and fair view of any matter to which they relate.

(4) It shall be the duty of the auditors of a society, in preparing their report under this section, to carry out such investigations as will enable them to form an opinion as to the following matters, that is to say—

- (a) whether the society has kept proper books of account in accordance with the requirements of section 1(1)(a) of this Act;
- (b) whether the society has maintained a satisfactory system of control over its transactions in accordance with the requirements of section 1(1)(b) of this Act; and
- (c) whether the revenue account or accounts, the other accounts (if any) to which the report relates, and the balance sheet are in agreement with the books of account of the society;

and if the auditors are of opinion that the society has failed to comply with section 1(1)(a) or (b) of this Act, or if the revenue account or accounts, the other accounts (if any) and the balance sheet are not in agreement with the books of account of the society, the auditors shall state that fact in their report.

(5) Every auditor of a society—

- (a) shall have a right of access at all times to the books, deeds and accounts of the society, and to all other documents relating to its affairs, and
- (b) shall be entitled to require from the officers of the society such information and explanations as he thinks necessary for the performance of the duties of the auditors.

(6) If the auditors fail to obtain all the information and explanations which, to the best of their knowledge and belief,

are necessary for the purposes of their audit, they shall state that fact in their report.

(7) The auditors of a society shall be entitled—

(a) to attend any general meeting of the society, and to receive all notices of and other communications relating to any general meeting which any member of the society is entitled to receive, and

(b) to be heard at any meeting which they attend on any part of the business of the meeting which concerns them as auditors.

(8) The preceding provisions of this section shall not have effect so as to impose any duties or confer any rights upon auditors appointed in respect of any year of account of a society beginning before 1st January 1969.

10.—(1) Regulations made by the Chief Registrar with the consent of the Treasury may prescribe the maximum rates of remuneration to be paid by societies for the audit of their accounts and balance sheets by qualified auditors. Remuneration of qualified auditors.

(2) No auditor shall ask for, receive or be entitled to receive remuneration in excess of the rate prescribed in respect of his services by regulations made under this section.

11.—(1) The annual return which a society is required to send to the registrar by section 27(1) of the Act of 1896 or to the appropriate registrar by section 39(1) of the Act of 1965 (as the case may be) shall be a return relating to the affairs of the society, and accordingly— Amendments relating to annual returns of societies.

(a) for the words from “of the receipts” in section 27(1) of the Act of 1896 to the end of the subsection, and

(b) for the words from “of the income” to “audited” in section 39(1) of the Act of 1965,

there shall be substituted the words “relating to its affairs for the period required by this section to be included in the return”; and in section 27(2)(b) of the Act of 1896 for the words “out to” there shall be substituted the words “up for the period beginning with the date of registration of the society or branch under this Act or with the first day of January of the year preceding the year in which the return is required to be sent, whichever is the later, and ending with”.

(2) The annual return sent by a society under either of the provisions mentioned in the preceding subsection—

(a) shall contain the revenue account or accounts of the society prepared in accordance with section 3(2) of this Act in respect of the year of account to which the return relates, and a balance sheet as at the end of that year, and

- (b) shall not contain any accounts other than the revenue account or accounts for that year unless those other accounts have been examined by the auditors of the society under section 9 of this Act.

(3) The power of the chief registrar under section 98(3) of the Act of 1896 or under section 72(1) of the Act of 1965 (as the case may be) to determine the form of an annual return and the particulars to be contained in such a return shall be without prejudice to the provisions of the last preceding subsection.

(4) A society which is required to send an annual return to the registrar by section 27(1) of the Act of 1896 shall send together with that return a copy of the report of the auditors on the accounts and balance sheet contained in the return, and accordingly, in section 27(3) of the Act of 1896, for the words "any special report of the auditors" there shall be substituted the words "the report of the auditors on the accounts and balance sheet contained in the return".

(5) Every society shall provide, together with—

- (a) every copy of its last annual return supplied on demand to a member or person interested in the funds of the society, in accordance with the requirements of section 39(a) of the Act of 1896 or section 39(5) of the Act of 1965 (as the case may be), and
- (b) every balance sheet or other document so supplied in accordance with the requirements of section 39(b) of the Act of 1896,

a copy of the report of the auditors on the accounts and balance sheet contained in the return or on that balance sheet or document so supplied, as the case may require.

(6) The annual return sent to the registrar under section 27 of the Act of 1896 by a society to which section 28 of that Act applies shall include a statement specifying either—

- (a) in the case of a society on which no exemption from the provisions of section 28 of that Act has been conferred either under subsection (5) of that section or under section 16(3) of this Act, the date of the last report under that section on the condition of the society or the dates respectively of the last reports under that section on the assets and liabilities of the society in respect of particular businesses conducted by the society, and a place where a copy of that report or copies of those reports (as the case may be) may be inspected; or
- (b) in the case of a society on which a complete exemption from the provisions of that section has been conferred

under subsection (5) of that section, the reason for that exemption; or

- (c) in the case of a society on which a partial exemption from the provisions of that section has been conferred under section 16(3) of this Act—

(i) the date of the last report or the dates respectively of the last reports under that section on the assets and liabilities of the society in respect of any business or businesses conducted by the society, and a place where a copy of that report or copies of those reports (as the case may be) may be inspected; and

(ii) the reason for that partial exemption.

(7) The preceding provisions of this section shall not have effect in any case where the annual return or the balance sheet or other document relating to the affairs of a society (as the case may be) relates to a year of account beginning before 1st January 1969.

(8) Section 27(2)(a) and (c) of the Act of 1896 and section 39(2)(a) and (b) of the Act of 1965 shall cease to have effect.

12.—(1) Notwithstanding anything in the rules of any society, the committee of a society may by resolution passed during the appropriate period after the commencement of this Act make such amendments of the rules of the society as may be consequential on the provisions of this Act.

Consequential
amendments
of rules by
societies.

(2) For the purposes of the preceding subsection the appropriate period after the commencement of this Act, in relation to any society, shall be whichever is the longer of the following two periods, that is to say—

- (a) the period of one year beginning with the date of the commencement of this Act, and
- (b) the period beginning with the date of the commencement of this Act and ending with the date on which an amendment of the rules of that society is first registered after that date under section 13 of the Act of 1896 or under section 10 of the Act of 1965.

(3) Notwithstanding anything in section 13 of the Act of 1896 or in section 10 of the Act of 1965, after the end of one year beginning with the date of the commencement of this Act the registrar or the appropriate registrar (as the case may be) shall not be required to register any amendment of a society's rules unless such consequential amendments of the rules of that society as are mentioned in subsection (1) of this section either have been made before the application for registration of that amendment or are to be effected by that amendment.

Industrial and provident societies : group accounts

Group
accounts of
industrial and
provident
societies.

13.—(1) Subject to the provisions of the next following section, where at the end of the year of account of an industrial and provident society beginning on or after 1st January 1969 the society has subsidiaries, it shall cause to be prepared accounts for that year (in this Act referred to as “group accounts”) dealing as mentioned in the following provisions of this section with the state of affairs and income and expenditure of the society and its subsidiaries.

(2) The group accounts of an industrial and provident society shall give a true and fair view of the state of affairs and income and expenditure of the society and the subsidiaries dealt with thereby as a whole, so far as concerns members of the society.

(3) Without prejudice to the provisions of the last preceding subsection, the group accounts shall comprise such accounts and contain such particulars as the Chief Registrar may prescribe by regulations made under this section.

(4) Where the year of account of a subsidiary does not coincide with that of the industrial and provident society of which it is a subsidiary, the group accounts shall, unless the Chief Registrar on the application or with the consent of the committee of the society otherwise directs, deal with the subsidiary’s state of affairs as at the end of its year of account ending with or last before that of the society, and with the subsidiary’s income and expenditure for that year of account.

(5) An industrial and provident society which has caused group accounts to be prepared in accordance with subsection (1) of this section shall submit those accounts for audit to the auditors appointed to audit the accounts and balance sheet of the society for that year of account: and those auditors shall make a report to the society on the group accounts, stating whether those accounts have been properly prepared in accordance with the requirements of this Act and the regulations (if any) made under this Act and whether in their opinion they give a true and fair view of the state of affairs and income and expenditure of the society and its subsidiaries in accordance with subsection (2) of this section.

(6) An industrial and provident society shall send its group accounts and a copy of the report of the auditors under the last preceding subsection to the appropriate registrar together with its annual return for the year of account to which those group accounts relate.

(7) The latest group accounts of an industrial and provident society shall be supplied free of charge, together with the latest annual return of the society, to every member or person

interested in the funds of the society who applies under section 39(5) of the Act of 1965 for a copy of the latest annual return; and any such group accounts shall be taken to be a document kept by the appropriate registrar under that Act for the purposes of section 71(1) of that Act.

14.—(1) Section 13 of this Act shall not require group accounts to be prepared by an industrial and provident society where that society is at the end of its year of account the wholly owned subsidiary of another body corporate incorporated in Great Britain. Exemption from requirements in respect of group accounts.

(2) The group accounts of an industrial and provident society prepared under that section need not deal with a subsidiary of the society if in the opinion of the committee of the society, approved by the Chief Registrar—

- (a) it is impracticable, or would be of no real value to members of the society, in view of the insignificant amounts involved, or would involve expense or delay out of proportion to the value to members of the society; or
- (b) the result would be misleading, or harmful to the business of the society or any of its subsidiaries; or
- (c) the business of the society and that of the subsidiary are so different that they cannot reasonably be treated as a single undertaking.

(3) If in respect of each subsidiary of an industrial and provident society the committee of the society is of any such opinion as is mentioned in the last preceding subsection and that opinion is approved by the Chief Registrar, then that industrial and provident society shall not be required to cause group accounts to be prepared under section 13 of this Act.

(4) For the purposes of this section an industrial and provident society shall be deemed to be the wholly owned subsidiary of another body corporate if it has no members except that other body corporate and the wholly owned subsidiaries of that body and its or their nominees.

15.—(1) For the purposes of this Act, a company shall, subject to the provisions of subsection (4) of this section, be deemed to be a subsidiary of an industrial and provident society if, but only if, that society either— Meaning of “subsidiary”.

- (a) is a member of the company and controls the composition of its board of directors; or
- (b) holds more than half in nominal value of the company’s equity share capital.

(2) For the purposes of paragraph (a) of the preceding subsection, the composition of a company's board of directors shall be deemed to be controlled by an industrial and provident society if, but only if, that society by the exercise of some power exercisable by it without the consent or concurrence of any other person can appoint or remove the holders of all or a majority of the directorships.

(3) A society shall be deemed for the purposes of subsection (2) of this section to have power to appoint to a directorship if either—

- (a) a person cannot be appointed thereto without the exercise in his favour by that society of such a power as is mentioned in that subsection; or
- (b) a person's appointment thereto follows necessarily from his appointment as a member of the committee of that society; or
- (c) the directorship is held by that society itself.

(4) In determining whether a company is a subsidiary of an industrial and provident society—

- (a) any shares held or power exercisable by that society in a fiduciary capacity shall be treated as not held or exercisable by it;
- (b) (subject to the two following paragraphs), any shares held or power exercisable by any person as a nominee for that society (except where that society is concerned only in a fiduciary capacity) shall be treated as held or exercisable by that society;
- (c) any shares held or power exercisable by any person by virtue of the provisions of any debentures of the company or of a trust deed for securing any issue of such debentures shall be disregarded; and
- (d) any shares held or power exercisable by, or by a nominee for, that society (not being held or exercisable as mentioned in the last preceding paragraph) shall be treated as not held or exercisable by that society if the ordinary business of that society includes the lending of money and the shares are held or power is exercisable as mentioned above by way of security only for the purposes of a transaction entered into in the ordinary course of that business.

(5) For the purposes of this Act, an industrial and provident society shall be deemed to be a subsidiary of another such society if, but only if, that other society either—

- (a) is a member of the first mentioned society and controls the composition of its committee; or

(b) can exercise a majority of the votes to which members of the first-mentioned society are entitled under its rules.

(6) For the purposes of paragraph (a) of the last preceding subsection, the composition of a society's committee shall be deemed to be controlled by another society if, but only if, either—

(a) that other society by the exercise of some power exercisable by it without the consent or concurrence of any other person can appoint and remove the members or a majority of the members of that committee; or

(b) that other society is itself a member of that committee and by the exercise of such a power as is mentioned in the preceding paragraph can either appoint and remove the remaining members of that committee or appoint and remove such number of members of that committee as, together with itself, would constitute a majority of the members of that committee.

(7) A society shall be deemed for the purposes of subsection (6) of this section to have power to appoint a person to membership of the committee of another society if either—

(a) he cannot be appointed without the exercise in his favour by the first mentioned society of such a power as is mentioned in paragraph (a) of that subsection; or

(b) his appointment follows necessarily from his appointment as a member of the committee of the first-mentioned society.

(8) Subsection (4) of this section shall apply with the necessary modifications in determining whether an industrial and provident society is a subsidiary of another such society as it applies in determining whether a company is a subsidiary of such a society.

(9) In this section "company" includes any body corporate other than an industrial and provident society, and "equity share capital" means, in relation to a company, its issued share capital excluding any part thereof which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution.

Societies registered under the Act of 1896: valuations and rules

16.—(1) Every valuation under section 28 of the Act of 1896 (quinquennial valuations) shall be made by an actuary having such qualifications as the Chief Registrar may prescribe by regulations made under this section, and accordingly no person shall be appointed a public valuer under section 30 of that Act unless he is an actuary qualified in accordance with regulations so made.

Amendments
with respect
to valuations
of societies
registered
under the Act
of 1896.

(2) Subsections (1)(b) and (3) of section 28 of the Act of 1896 shall cease to have effect.

(3) The Chief Registrar may dispense with the provisions of section 28 of the Act of 1896 in respect of any particular business conducted by a society registered under that Act if in his opinion those provisions are inapplicable to that business because of the nature of the business or the manner in which it is conducted, and in relation to any such society on which a partial exemption is conferred under this subsection section 28(1) of that Act shall have effect (subject to any regulations made or direction given under this section) as if—

- (a) it required that society once at least in every five years to cause its assets and liabilities in respect of any business other than the business to which the partial exemption relates to be valued under that section, and
- (b) the report required to be sent to the registrar under that section were a report on the assets and liabilities so valued.

(4) Regulations made by the Chief Registrar may provide—

- (a) that in relation to any society registered under the Act of 1896 of a class specified in the regulations section 28 of that Act shall have effect as if for the period of five years specified in that section as the maximum interval between valuations under that section there were substituted a period of three years;
- (b) that in relation to any society so registered of a class specified in the regulations that section shall have effect as if it required that society—

- (i) to cause its assets and liabilities in respect of any business of a class so specified to be valued under that section and to send to the registrar a report of those assets and liabilities at least once in every three years; and

- (ii) to cause its assets and liabilities in respect of any other business (other than business to which a partial exemption under subsection (3) of this section relates) to be so valued and to send to the registrar a report on those assets and liabilities at least once in every five years; and

- (c) that every society of a class specified in the regulations which is first registered under that Act after the commencement of this Act shall cause its assets and liabilities to be valued for the first time under that section as at a date so specified.

(5) Without prejudice to the provisions of the last preceding subsection, if in the opinion of the Chief Registrar it is

expedient in the interests of the members of any particular society registered under the Act of 1896 to do so, he may direct that in relation to that society section 28 of that Act shall have effect—

(a) as if for the period of five years specified in that section as the maximum interval between valuations under that section there were substituted a period of three years; or

(b) as if it required that society—

(i) to cause its assets and liabilities in respect of any particular business specified in the direction to be valued under that section and to send to the registrar a report on those assets and liabilities at least once in every three years; and

(ii) to cause its assets and liabilities in respect of any other business (other than business to which a partial exemption under subsection (3) of this section relates) to be so valued and to send to the registrar a report on those assets and liabilities at least once in every five years.

(6) The Chief Registrar may at any time revoke a direction given by him under subsection (5) of this section.

17.—(1) It is hereby declared for the avoidance of doubt that nothing in paragraph 2 of Schedule 1 to the Act of 1896 or in section 8(2)(a) of the Industrial Assurance Act 1923 requires the rules of a society to contain tables in accordance with which obligations to provide benefits to members have been undertaken or policies of assurance have been issued by the society, if the rules of the society provide that no further obligations may be undertaken or (as the case may be) no further policies may be issued in accordance with those tables. Amendments with respect to the rules of societies registered under the Act of 1896. 1923 c. 8.

(2) The tables which the rules of a society are required to contain by virtue of paragraph 2 of Schedule 1 to the Act of 1896 or by section 8 of the Industrial Assurance Act 1923 and any tables contained in the rules of a branch shall, in the case of a society or branch to which this subsection applies which proposes to carry on long-term business within the meaning of the Insurance Companies Act 1958, be tables which, in so far as they relate to that business, have been certified by an actuary who is qualified in accordance with regulations under the last preceding section to make a valuation under section 28 of the Act of 1896. 1958 c. 72.

(3) The last preceding subsection applies to every society and branch which is first registered under the Act of 1896 after the commencement of this Act other than—

(a) a society formed by the amalgamation of two or more societies so registered before the commencement of this Act, and

(b) a branch of a society so registered before the commencement of this Act.

(4) The rules of a society registered under the Act of 1896 may provide for the reinsurance, to such extent as may from time to time be approved by an actuary who is qualified as mentioned in subsection (2) of this section, of risks of any class against which persons are, or are to be, insured by that society.

1923 c. 8.

(5) The notice of a general meeting which a collecting society is required to give to its members by section 19 of the Industrial Assurance Act 1923 may, instead of containing a copy of every amendment of a rule intended to be proposed at the meeting, contain in respect of any such amendment an explanation of its purpose together with a notification that a copy of the amendment may be obtained by any member on application to the society, and accordingly, in subsection (3) of that section, for the words from “contain” to the end of the subsection, there shall be substituted the words “in respect of each amendment contain either—

(a) a copy of that amendment, or

(b) (in the case of an amendment proposed to the rules of a collecting society) an explanation of its purpose, together with a notification that a copy of the amendment may be obtained by any member on application to the society.”.

Miscellaneous and supplementary

Offences.

18. Any contravention by a society of any provision of this Act and any failure by a society to comply with any provision of this Act or any direction given by the registrar under section 4 of this Act shall be an offence under the appropriate registration Act.

Regulations.

19.—(1) Any power to make regulations under this Act may be exercised so as to make different provision in relation to different cases or different circumstances to which the power is applicable.

(2) Any power to make regulations under this Act shall be exercisable by statutory instrument, and any statutory instrument containing any regulations made under section 4 or section 10 of this Act shall be subject to annulment in pursuance of a resolution of either House of Parliament.

1946 c. 36.

(3) The Statutory Instruments Act 1946 shall apply to all powers of making statutory instruments under this Act as if the Chief Registrar were a Minister of the Crown.

- 20.**—(1) Except as provided by Schedule 3 to this Act—
- (a) the enactments specified in Schedule 1 to this Act shall have effect subject to the amendments set out in that Schedule, being minor amendments and amendments consequential on the preceding provisions of this Act; and
 - (b) the enactments specified in Schedule 2 to this Act are hereby repealed to the extent specified in the third column of that Schedule.
- (2) Schedule 3 to this Act shall have effect for the purpose of the transition to the provisions of this Act from the law in force before the commencement of those provisions.

Minor and consequential amendments, repeals and transitional provisions.

21.—(1) In this Act, except so far as the context otherwise requires, the following expressions have the following meanings respectively, that is to say—

“Act of 1896” means the Friendly Societies Act 1896; 1896 c. 25.

“Act of 1965” means the Industrial and Provident Societies Act 1965; 1965 c. 12.

“annual return”, in relation to a society registered under the Act of 1896, means the annual return which that society is required to send to the registrar by section 27(1) of that Act, and in relation to a society registered under the Act of 1965, means the annual return which that society is required to send to the appropriate registrar by section 39(1) of that Act;

“collecting society” has the same meaning as in the Industrial Assurance Act 1923; 1923 c. 8.

“exempt society” has the meaning assigned to it by section 4(4) of this Act;

“group accounts” has the meaning assigned to it by section 13 of this Act;

“industrial and provident society” means a society registered under the Act of 1965;

“registered branch” means a branch registered under the Act of 1896 of a society registered under that Act;

“Scottish society” means any body which is either a society registered under the Act of 1896 or a society registered under the Act of 1965 (as the case may be) in Scotland;

“society” means any body which is either a society registered under the Act of 1896 or a society registered under the Act of 1965;

“subsidiary” has the meaning assigned to it by section 15 of this Act;

“year of account”—

(a) in relation to a society registered under the Act of 1896, means with respect to the year in which it is so registered the period beginning with the date of registration and ending with 31st December of that year and in any other case a period of twelve months ending with 31st December; and

(b) in relation to a society registered under the Act of 1965, means any period required by section 39 of that Act to be included in an annual return of that society.

(2) In this Act “the appropriate registration Act”—

(a) in relation to a society registered under the Act of 1896 or to a member of the committee of any such society, means the Act of 1896, and

(b) in relation to a society registered under the Act of 1965 or to a member of the committee of any such society, means the Act of 1965;

and any reference to an offence under the appropriate registration Act is a reference to an offence falling within section 89 of the Act of 1896 or to an offence under section 61 of the Act of 1965 (as the case may require).

(3) In this Act, “the current year of account”, in relation to the appointment of an auditor or auditors, means the year of account in which the question of that appointment arises, and “the preceding year of account” means the year of account immediately preceding the current year of account.

(4) In this Act, except so far as the context otherwise requires—

(a) references to a society registered and to the registration of a society under the Act of 1896 include respectively references to a registered branch and to the registration under that Act of a branch of a society so registered; and

(b) references to a society registered under the Act of 1965 include references to a society deemed to be so registered by virtue of section 4 of that Act.

Channel
Islands and
Isle of Man.

22.—(1) Her Majesty may by Order in Council provide—

(a) that all or any of the provisions of this Act shall extend to any of the Channel Islands, or

(b) that all or any of the provisions of this Act, in so far as those provisions relate to societies registered under the Act of 1896, shall extend to the Isle of Man,

with in either case such exceptions, adaptations and modifications (if any) as may be specified in the Order.

(2) Any Order in Council made under this section may be varied or revoked by a subsequent Order in Council so made.

(3) Any Order in Council revoking an Order in Council made under this section may contain such transitional or other incidental or supplemental provisions as appear to Her Majesty to be necessary or expedient in consequence of the revocation.

23.—(1) This Act may be cited as the Friendly and Industrial and Provident Societies Act 1968.

Short title,
citation,
construction
and extent.

(2) This Act and the Industrial Assurance Acts 1923 to 1958 may be cited together as the Industrial Assurance Acts 1923 to 1968; this Act and the Friendly Societies Acts 1896 to 1958 may be cited together as the Friendly Societies Acts 1896 to 1968; and this Act and the Industrial and Provident Societies Acts 1965 and 1967 may be cited together as the Industrial and Provident Societies Acts 1965 to 1968.

(3) References in this Act to any other enactment shall, except so far as the context otherwise requires, be construed as references to that enactment as amended by or under any other enactment, including this Act.

(4) This Act—

(a) in its application to collecting societies, shall be construed as one with the Industrial Assurance Acts 1923 to 1958;

(b) in its application to societies registered under the Act of 1896, not being collecting societies, shall be construed as one with the Friendly Societies Act 1896 to 1958; and

(c) in its application to societies registered under the Act of 1965, shall be construed as one with that Act.

(5) This Act shall not extend to Northern Ireland.

SCHEDULES

Section 20(1)(a).

SCHEDULE 1**MINOR AND CONSEQUENTIAL AMENDMENTS****FRIENDLY SOCIETIES ACT 1896 (c.25)**

1. In section 29 (display of copy of last balance sheet and valuation report at registered office)—

- (a) for the words “of the last quinquennial valuation” there shall be substituted the words “a copy of the last report under section 28 of this Act on the condition of the society or branch or, where a report or reports are required under that section in respect of a particular business or particular businesses conducted by the society or branch, a copy of the last report under that section in respect of that business or in respect of each of those businesses, as the case may require”; and
- (b) for the words “any special report of the auditors” there shall be substituted the words “the report of the auditors on the balance sheet”.

2. In section 30(1) (appointment of auditors and valuers by the Treasury), the words “audits and” and “auditors and” shall be omitted, and for the words “approved auditors and” there shall be substituted the word “public”.

3. In section 16 (registry of societies assuring annuities), for the words from “the actuary” to “five years” there shall be substituted the words “an actuary who is qualified in accordance with regulations made under section 16 of the Friendly and Industrial and Provident Societies Act 1968 to make a valuation under section 28 of this Act”.

4. In section 39 (obligation to supply to members a copy of the last annual return or a balance sheet or other document containing the same particulars as that return), for paragraph (b) there shall be substituted the following paragraph—

“(b) a balance sheet or other document duly audited containing the same particulars relating to the affairs of the society or branch as are contained in the annual return.”

5. In section 100 (evidence of documents), for the words “approved auditor or” there shall be substituted the word “public”.

6. In Schedule 1, in paragraph 6 (rules of societies registered under the Act to provide for annual returns), for the words from first “of” to “expenditure” there shall be substituted the words “relating to the affairs”.

7. In Schedule 1, for paragraph 10 (form of accounts in case of certain societies) there shall be substituted the following paragraph—

“10. The keeping of proper accounts in accordance with the requirements of section 1 of the Friendly and Industrial and Provident Societies Act 1968, and the keeping separate account of the expenses of management and of all contributions and other moneys which may be applied to those expenses.”

8. In Schedule 1, in paragraph 11 (rules of certain societies registered under the Act to provide for valuations of assets and liabilities), for the words from “a valuation” to the end of the paragraph, there shall be substituted the words “such periodic valuation or valuations (if any) of the assets and liabilities of the society as a whole, or of the assets and liabilities of the society in respect of any particular business or businesses conducted by the society, as may from time to time be required by law in the case of that society”.

SCH. 1.

SUPERANNUATION AND OTHER TRUST FUNDS
(VALIDATION) ACT 1927 (c.41)

9. In section 8 (provisions as to interpretation) the definitions of “Actuary” and “Auditor” shall be omitted, and the following definitions shall be inserted at the appropriate points in alphabetical order—

“ ‘Actuary’ means a person having such qualifications as may be prescribed by regulations made by the Chief Registrar and laid before Parliament;

‘Auditor’ means a person who is a qualified auditor for the purposes of the Friendly and Industrial and Provident Societies Act 1968:”.

INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1965 (c.12)

10. In section 39 (annual returns), in subsection (2)(c) (period to be included in a society’s annual return) for the words from “of the society’s last annual return” to the end of the subsection there shall be substituted the words “with the date to which the society’s last annual return was made up, whichever is the later, and ending—

- (i) with the date of the last balance sheet published by the society before the appropriate date; or
- (ii) if the date of that balance sheet is earlier than 31st August immediately preceding the appropriate date or later than 31st January of the year in which the appropriate date falls, with 31st December immediately preceding the appropriate date”.

and the following subsection shall be inserted after subsection (2)—

“(2A) For the purposes of paragraph (c) of subsection (2) of this section “the appropriate date”, in relation to an annual return of a society, is 31st March of the year in which that return is required by subsection (1) of this section to be sent to the appropriate registrar or the date on which that return is so sent, whichever is the earlier.”

11. In section 74 (general provisions as to interpretation), in the definition of “officer”, for the words from “approved” to “audit” there shall be substituted the words “auditor appointed by the society in accordance with the requirements of the Friendly and Industrial and Provident Societies Act 1968”.

- Sch. 1. 12. In Schedule 1, in paragraph 10 (rules of societies to provide for audit of accounts), for the words “approved auditors” there shall be substituted the words “auditors appointed by the society in accordance with the requirements of the Friendly and Industrial and Provident Societies Act 1968”.

Section
20(1)(b).

SCHEDULE 2

REPEALS

Chapter	Short Title	Extent of Repeal
59 & 60 Vict. c. 25.	The Friendly Societies Act 1896.	Section 2(2)(a). In section 6 the words “or caused to be made by”. Section 26. In section 27(2), paragraphs (a) and (c). In section 28, subsection (1)(b), the words “and calling or profession” in subsection (2)(b), subsection (3), and the words “with the approval of the Treasury” in subsection (5). Section 30(2). In section 80(1) the word “approved”.
13 & 14 Geo. 5. c. 8.	The Industrial Assurance Act 1923.	Section 15(2).
11 & 12 Geo. 6. c. 39.	The Industrial Assurance and Friendly Societies Act 1948.	Sections 14 and 20.
1965 c. 12.	The Industrial and Provident Societies Act 1965.	Section 37. Section 38. Section 39(2)(a) and (b). In section 72(2) the words “or approved auditor”.

SCHEDULE 3

Section 20(2).

TRANSITIONAL PROVISIONS

1. Where after the commencement of this Act by virtue of subsection (8) of section 3 of this Act the provisions of that section do not apply in relation to any balance sheet published by an industrial and provident society, nothing in section 20(1)(b) of this Act shall affect the operation in relation to that balance sheet and any copy of that balance sheet of section 37(4) of the Act of 1965.

2. Where after the commencement of this Act neither subsection (1) nor subsection (5) of section 4 of this Act applies to a society in respect of any year of account, nothing in sections 11(8) and 20(1) of this Act shall affect the operation in relation to that society in respect of that year of account of the following provisions, in so far as they are applicable to that society, that is to say—

- (a) sections 26(1) and 27(2)(c) of the Act of 1896;
- (b) section 15(2) of the Industrial Assurance Act 1923; 1923 c. 8.
- (c) section 14 of the Industrial Assurance and Friendly Societies Act 1948; and 1948 c. 39.
- (d) sections 37(1) and (2) of 74 of the Act of 1965.

3. Where after the commencement of this Act neither subsection (1) nor subsection (5) of section 4 of this Act applies to a society in respect of any year of account, nothing in section 20(1) of this Act shall affect the operation—

- (a) of section 100 of the Act of 1896, in the case of a society registered under that Act, or
- (b) of section 72(2) of the Act of 1965, in the case of a society registered under that Act,

in relation to documents purporting to be signed by the approved auditor to whom the accounts of that society for that year of account are submitted for audit under section 26(1) of the Act of 1896 or under section 37(1) of the Act of 1965, as the case may be.

4. For the purpose of—

- (a) the application to any society, in the circumstances mentioned in paragraph 2 of this Schedule, of any of the provisions mentioned in that paragraph, and
- (b) the operation, in the circumstances mentioned in paragraph 3 of this Schedule, of section 100 of the Act of 1896 or section 72(2) of the Act of 1965 in relation to documents purporting to be signed by an approved auditor,

any person who is at the commencement of this Act an approved auditor appointed by the Treasury under section 30 of the Act of 1896 or under section 38 of the Act of 1965 shall continue to be an approved auditor subject to the conditions (including the conditions as to termination of his appointment) on which he was appointed.

5. Where after the commencement of this Act by virtue of subsection (8) of section 9 of this Act the provisions of that section do not have effect so as to impose any duties or confer any rights upon the auditors appointed in respect of any year of account of a society, then—

- (a) in respect of that year of account nothing in section 20(1)(b) of this Act shall affect the operation of section 26(2) of the Act of 1896 and section 37(3) of the Act of 1965, in so far as either of those provisions is applicable to the auditors of that society, in relation to the rights and duties of those auditors; and

SCH. 3. (b) in respect of that year of account and the year of account immediately following that year of account nothing in section 20(1)(a) of this Act shall affect the operation of section 29 of the Act of 1896, in so far as it is applicable to that society, in relation to the obligation of that society to display the report of the auditors on its last annual balance sheet.

6. Where after the commencement of this Act by virtue of subsection (7) of section 11 of this Act the provisions of that section do not have effect in relation to any annual return of a society, then—

- (a) nothing in section 20(1)(a) of this Act shall affect the operation in relation to that annual return of section 39 of the Act of 1896, in so far as it is applicable to that return; and
- (b) nothing in sections 11(8) and 20(1)(b) of this Act shall affect the operation in relation to that annual return of section 27(2)(a) and (c) of the Act of 1896 and section 39(2)(a) and (b) of the Act of 1965, in so far as either of those provisions is applicable to that return.

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