

SCHEDULES

SCHEDULE 14

Section 72.

AUDITORS: APPOINTMENT, TENURE, QUALIFICATIONS AND REMUNERATION

Appointment

- 1 (1) The [^{F1}first auditor] of a friendly society or registered branch may be appointed by the committee of management of the society or branch at any time before the first general meeting of the society or branch following the end of its initial financial year; [^{F2}and an auditor] so appointed shall hold office until the conclusion of that meeting.
- (2) If the committee of management fails to exercise its powers under sub-paragraph (1) above, those powers may be exercised by the society or branch in general meeting.

Textual Amendments

- F1** Words in [Sch. 14 para. 1\(1\)](#) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), [Sch. 2 para. 5\(a\)\(i\)](#)
- F2** Words in [Sch. 14 para. 1\(1\)](#) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), [Sch. 2 para. 5\(a\)\(ii\)](#)

Commencement Information

- I1** [Sch. 14 para. 1](#) wholly in force; [Sch. 14 para. 1](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 14 para. 1](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); [Sch. 14 para. 1](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#)

- 2 The committee of management, or the society or branch in general meeting, may fill any casual vacancy in the office of auditor; but while any such vacancy continues, the surviving or continuing auditor or auditors (if any) may act.

Commencement Information

- I2** [Sch. 14 para. 2](#) wholly in force; [Sch. 14 para. 2](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 14 para. 2](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); [Sch. 14 para. 2](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#)

- 3 (1) If at any annual general meeting of a friendly society or registered branch no [^{F3}auditor is] appointed or re-appointed, the [^{F4}appropriate authority] may appoint a person to fill the vacancy; and the society or branch shall, within one week of the power of the [^{F4}appropriate authority] becoming exercisable, give it notice of that fact.

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

- (2) If a society or branch fails to give the notice required by sub-paragraph (1) above, the society or branch shall be guilty of an offence and liable on summary conviction—
- (a) to a fine not exceeding level 3 on the standard scale; and
 - (b) in the case of a continuing offence to an additional fine not exceeding one-tenth of that level for every day during which the offence continues.

Textual Amendments

- F3** Words in [Sch. 14 para. 3\(1\)](#) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), [Sch. 2 para. 5\(b\)](#)
- F4** Words in [Sch. 14 para. 3](#) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 55\(2\)](#) (with [Sch. 12](#))

Commencement Information

- I3** [Sch. 14 para. 3](#) wholly in force; [Sch. 14 para. 3](#) not in force at Royal Assent see [s. 126\(2\)](#); [Sch. 14 para. 3](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); [Sch. 14 para. 3](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#)

[^{F5}Appointments [^{F6}in relation to friendly societies subject to special requirements]

Textual Amendments

- F5** [Sch. 14 para. 3A](#) and cross-heading inserted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 16\(2\)](#) (with arts. 6, 11, 12)
- F6** Words in [Sch. 14 para. 3A](#) cross-heading substituted (31.12.2020) by [The Friendly Societies \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1039\)](#), regs. 1, [13\(a\)](#); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)

- 3A (1) Appointment as auditor of a friendly society [^{F7}subject to special requirements] is an appointment as a statutory auditor to which the provisions of Part 42 of the Companies Act 2006 apply.
- (2) The following provisions of this Schedule do not apply in that case—
- (a) paragraphs 4 and 5 (eligibility for appointment),
 - (b) paragraph 6 (appointment of partnership),
 - (c) paragraph 7 (cases in which auditor need not be a member of a recognised supervisory body), and
 - (d) paragraph 8 (effect of ineligibility).]

Textual Amendments

- F7** Words in [Sch. 14 para. 3A\(1\)](#) substituted (31.12.2020) by [The Friendly Societies \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1039\)](#), regs. 1, [13\(b\)](#); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)

Eligibility for appointment

- 4 (1) Subject to paragraph 7 below, a person is eligible for appointment as the auditor of a friendly society or registered branch only if he—

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

- (a) is a member of a recognised supervisory body; and
 - (b) is not ineligible for the appointment under the rules of that body.
- (2) An individual or a firm may be appointed as auditor of a friendly society or registered branch.
- (3) In this Schedule—
- F8
...
- “recognised supervisory body” means a body which is a recognised supervisory body for the purposes of [F9Part 42 of the Companies Act 2006].

Textual Amendments

- F8** Words in [Sch. 14 para. 4\(3\)](#) omitted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by virtue of [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), **7(2)**
- F9** Words in [Sch. 14 para. 4\(3\)](#) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 16(3)** (with arts. 6, 11, 12)

Commencement Information

- I4** [Sch. 14 para. 4](#) wholly in force; [Sch. 14 para. 4](#) not in force at Royal Assent see s. 126(2); [Sch. 14 para. 4](#) in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, **Sch. 1**; [Sch. 14 para. 4](#) in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), **Sch. 5**

- 5 (1) A person is ineligible for appointment as an auditor of a friendly society or a registered branch of the society under this Schedule if he is—
- (a) an officer or employee of the friendly society or any registered branch of the society;
 - (b) a partner or employee of such a person or a partnership of which such a person is a partner,
- or, in the case of an incorporated friendly society, if he is [F10prohibited by section 1214(2) of the Companies Act 2006 (independence requirement) from acting as statutory auditor] of a subsidiary of the society or of a body jointly controlled by the society and some other person.
- (2) For this purpose an auditor of a friendly society or branch shall not be regarded as an officer or employee of the society or branch.
- (3) A person is also ineligible for appointment as auditor of a friendly society or branch if there exists between him or any associate of his and the society or branch or, if it is an incorporated friendly society, any of its subsidiaries, a connection of any such description as may be specified by regulations made by the [F11Treasury].
- (4) In this paragraph “associate” has the meaning given by [F12section 1260 of the Companies Act 2006].

Textual Amendments

- F10** Words in [Sch. 14 para. 5\(1\)](#) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 16(4)** (with arts. 6, 11, 12)
- F11** Word in [Sch. 14 para. 5\(3\)](#) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by [S.I. 2001/2617](#), arts. 2, 8(1), 13(1), **Sch. 3 para. 127(b)** (with art. 13(3), [Sch. 5](#)); [S.I. 2001/3538](#), **art. 2(1)**

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

F12 Words in Sch. 14 para. 5(4) substituted (6.4.2008) by The Companies Act 2006 (Consequential Amendments etc) Order 2008 (S.I. 2008/948), art. 2(2), **Sch. 1 para. 187** (with arts. 6, 11, 12)

Modifications etc. (not altering text)

C1 Sch. 14 para. 5(3): Functions of the Friendly Societies Commission transferred (1.12.2001) by the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. II** (with art. 5); S.I. 2001/3538, **art. 2(1)**

Commencement Information

I5 Sch. 14 para. 5 wholly in force; Sch. 14 para. 5 not in force at Royal Assent see s. 126(2); Sch. 14 para. 5 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 5 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

Appointment of partnerships

- 6 (1) The following provisions apply to the appointment as auditor under this Schedule of a partnership constituted under the law of England and Wales or Northern Ireland, or under the law of any other country or territory in which a partnership is not a legal person.
- (2) The appointment is (unless a contrary intention appears) an appointment of the partnership as such and not of the partners.
- (3) Where the partnership ceases, the appointment shall be treated as extending to—
- (a) any partnership which succeeds to the practice of that partnership and is eligible for the appointment; and
 - (b) any person who succeeds to that practice having previously carried it on in partnership and is eligible for the appointment.
- (4) For this purpose a partnership shall be regarded as succeeding to the practice of another partnership only if the members of the successor partnership are substantially the same as those of the former partnership; and a partnership or other person shall be regarded as succeeding to the practice of a partnership only if it or he succeeds to the whole or substantially the whole of the business of the former partnership.
- (5) Where the partnership ceases and no person succeeds to the appointment under sub-paragraph (3) above, the appointment may with the consent of the recognised supervisory body be treated as extending to a partnership or other person eligible for the appointment who succeeds to the business of the former partnership or to such part of it as is agreed by the body shall be treated as comprising the appointment.

Commencement Information

I6 Sch. 14 para. 6 wholly in force; Sch. 14 para. 6 not in force at Royal Assent see s. 126(2); Sch. 14 para. 6 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 6 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

Cases in which auditor need not be a member of a recognised supervisory body

- 7 (1) A person who is not a member of a recognised supervisory body may be an auditor of a registered friendly society [^{F13}or of a registered branch] if—
- (a) its receipts and payments in respect of the preceding financial year did not, in the aggregate, exceed £5,000; and

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- (b) the number of its members at the end of that year did not exceed 500; and
 - (c) the value of its assets at the end of that year did not, in the aggregate, exceed £5,000; ^{F14} . . .
 - ^{F14}(d)
- ^{F15}(2)
- (3) A person who is not a member of a recognised supervisory body may also be an auditor of a registered branch if—
 - (a) the conditions mentioned in sub-paragraph (1)(a) and (b) and sub-paragraph (2)(b) above are satisfied; and
 - (b) at the end of the preceding financial year at least 75 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 the 1974 Act, by that society or other branch, and the value of its assets not so transferred did not, in the aggregate, exceed £5,000; and
 - (c) an auditor of the society or branch to which the assets were transferred must be a member of a recognised supervisory body.
 - (4) Regulations made by the [^{F16}Treasury] may—
 - (a) substitute for any sum or number for the time being specified in sub-paragraph (1) above, or for any sum or percentage for the time being specified in sub-paragraph (3) above, such sum, number or percentage as may be specified in the regulations; and
 - (b) prescribe what receipts and payments of a body shall be taken into account for the purposes of those sub-paragraphs.
 - (5) A registered friendly society or registered branch which, by virtue of this paragraph, may appoint a person who is not a member of a recognised supervisory body as an auditor in respect of any financial year is in this Schedule referred to as an exempt society or, as the case may be, an exempt branch, in respect of that financial year.
 - (6) Subject to any direction given by the [^{F17}appropriate authority] under sub-paragraph (7) below, a society or branch which in respect of any financial year is an exempt society or, as the case may be, an exempt branch shall in respect of that year appoint—
 - (a) one or more qualified auditors; or
 - (b) two or more persons who are not qualified auditors,
 to audit its annual accounts for that year.
 - (7) The [^{F17}appropriate authority] may give a direction in the case of any particular society or branch which is an exempt society or branch in respect of any financial year that sub-paragraph (4) above shall apply to it in respect of that year as if it were not an exempt society or branch.

Textual Amendments

- F13** Words in Sch. 14 para. 7(1) inserted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), Sch. 3 para. 127(c)(i) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)
- F14** Sch. 14 para. 7(1)(d) and the word “and” immediately preceding repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), Sch. 4 (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

- F15** Sch. 14 para. 7(2) repealed (1.12.2001) by S.I. 2001/2617, arts. 2, 13(2), **Sch. 4** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F16** Word in Sch. 14 para. 7(4) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3 para. 127(iv)** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F17** Words in Sch. 14 para. 7(6)(7) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(3)** (with Sch. 12)

Modifications etc. (not altering text)

- C2** Sch. 14 para. 7(4): Functions of the Friendly Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. II** (with art. 5); S.I. 2001/3538, **art. 2(1)**

Commencement Information

- I7** Sch. 14 para. 7 wholly in force; Sch. 14 para. 7 not in force at Royal Assent see s. 126(2); Sch. 14 para. 7(4) in force at 13.9.1993 by S.I. 1993/2213, art. 2(1), **Sch. 3**; Sch. 14 para. 7 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 6**

Effect of ineligibility

- 8 (1) No person shall act as an auditor under this Act if he is ineligible for appointment to the office.
- (2) If during his term of office an auditor appointed under this Schedule become ineligible for appointment to the office, he shall thereupon vacate office and shall forthwith give notice in writing to the society concerned that he has vacated it by reason of ineligibility.
- (3) A person who acts as auditor under this Act in contravention of sub-paragraph (1) above, or fails to give notice of vacating his office as required by sub-paragraph (2) above, is guilty of an offence and liable—
- (a) on conviction on indictment, to a fine; and
 - (b) on summary conviction, to a fine not exceeding the statutory maximum and, in the case of a continuing offence, to an additional fine not exceeding [^{F18}one-tenth of the statutory maximum][^{F18}one-tenth of the greater of £5,000 or the amount corresponding to level 4 on the standard scale for summary offences] for every day during which the offence continues.
- (4) In proceedings against a person for an offence under this paragraph it is a defence for him to show that he did not know and had no reason to believe that he was, or had become, ineligible for appointment.

Textual Amendments

- F18** Words in Sch. 14 para. 8(3)(b) substituted (E.W.) (12.3.2015) by The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015 (S.I. 2015/664), reg. 1(1), **Sch. 3 para. 7(4)(a)** (with reg. 5(1))

Commencement Information

- I8** Sch. 14 para. 8 wholly in force; Sch. 14 para. 8 not in force at Royal Assent see s. 126(2); Sch. 14 para. 8 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 8 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

Power of [F19 appropriate authority] to require second audit

Textual Amendments

F19 Words in Sch. 14 para. 9 cross-heading substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 55(4) (with Sch. 12)

- 9 (1) Where a person appointed auditor under this Schedule was, for any part of the period during which the audit was conducted, ineligible for appointment to that office, the [F20 appropriate authority] may direct the friendly society or registered branch concerned to retain a person eligible for appointment as auditor under this Schedule—
- (a) to audit the relevant accounts again; or
 - (b) to review the first audit and to report (giving his reasons) whether a second audit is needed;
- and the society or branch shall comply with such a direction within 21 days of its being given.
- (2) If a second audit is recommended, the society or branch shall forthwith take such steps as are necessary to comply with the recommendation.
- [F21(3) Where a direction is given to a society or branch under this paragraph the [F22 PRA must send a copy of the direction to the FCA and the FCA must] place a copy of the direction in the public file of the society.
- (3A) Where a society or branch receives a report under sub-paragraph (1)(b) above, it shall within 21 days send a copy of it to the [F23 FCA and, if the society is a PRA-authorized person, the PRA, and the FCA must place a copy of the report] in the public file.]
- (4) Any statutory or other provisions applying in relation to the first audit shall apply, so far as practicable, in relation to a second audit under this paragraph.
- (5) If a society or branch fails to comply with the requirements of this paragraph, it is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale; and in the case of a continuing offence to an additional fine not exceeding [F24 one-tenth of that level][F24 one-tenth of the greater of £5,000 or level 4 on the standard scale] for every day during which the offence continues.
- (6) A direction under this paragraph is, on the application of the [F25 appropriate authority], enforceable by injunction or, in Scotland, by an order under section 45 of the M1 Court of Session Act 1988.
- (7) If a person accepts an appointment, or continues to act, as an auditor under this Act at a time when he knows he is ineligible, the society concerned may recover from him any costs incurred by it in complying with the requirements of this paragraph.

Textual Amendments

F20 Words in Sch. 14 para. 9(1) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 9 para. 55(5)(a) (with Sch. 12)

F21 Sch. 14 para. 9(3)(3A) substituted (17.8.2001 or specified purposes and otherwise 1.12.2001) for Sch. 14 para. 9(3) by S.I. 2001/2617, arts. 2, 8(1), 13(1), Sch. 3 para. 127(d)(ii) (with art. 13(3), Sch. 5); S.I. 2001/3538, art. 2(1)

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

- F22** Words in Sch. 14 para. 9(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(5)(b)** (with Sch. 12)
- F23** Words in Sch. 14 para. 9(3A) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(5)(c)** (with Sch. 12)
- F24** Words in Sch. 14 para. 9(5) substituted (E.W.) (12.3.2015) by The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015 (S.I. 2015/664), reg. 1(1), **Sch. 3 para. 7(4)(b)** (with reg. 5(1))
- F25** Words in Sch. 14 para. 9(6) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(5)(d)** (with Sch. 12)

Commencement Information

- I9** Sch. 14 para. 9 wholly in force; Sch. 14 para. 9 not in force at Royal Assent see s. 126(2); Sch. 14 para. 9 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 9 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

Marginal Citations

- M1** 1988 c. 36.

Removal of auditors

- 10 (1) A friendly society or registered branch may by ordinary resolution in general meeting remove an auditor before the expiration of his term of office, notwithstanding anything in any agreement between it and him.
- (2) Where such a resolution is passed, the society or branch shall within 14 days give notice of that fact to the ^[F26]FCA and, if the society is a PRA-^[F26]authorised person, the PRA].
- (3) If a friendly society or branch fails to give the notice required by sub-paragraph (2) above, it shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale and in the case of a continuing offence to an additional fine not exceeding one-tenth of that level for every day during which the offence continues.
- (4) Nothing in this paragraph is to be taken as depriving a person removed under it of compensation or damages that may be payable to him in respect of the termination of his appointment as auditor or of any appointment terminating with that as auditor.
- (5) An auditor of a friendly society or registered branch who has been removed has, notwithstanding his removal, the rights conferred by section 75 above in relation to any general meeting of the society or branch at which—
- (a) his term of office would otherwise have expired; or
 - (b) it is proposed to fill the vacancy caused by his removal.
- ^[F27](6) An auditor may not be removed from office before the expiration of that auditor's term of office except—
- (a) by resolution under this paragraph, or
 - (b) in accordance with paragraph 6 of Schedule 14A.]

Textual Amendments

- F26** Words in Sch. 14 para. 10(2) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(6)** (with Sch. 12)

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

F27 Sch. 14 para. 10(6) inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **10(a)**

Commencement Information

I10 Sch. 14 para. 10 wholly in force; Sch. 14 para. 10 not in force at Royal Assent see s. 126(2); Sch. 14 para. 10 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 10 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

[^{F28}Removal of auditor on improper grounds

Textual Amendments

F28 Sch. 14 para. 10A and cross-heading inserted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140), arts. 1(2), **6(1)**

- 10A. (1) Where an auditor of a friendly society [^{F29}subject to special requirements] is removed from office [^{F30}, other than by order of the High Court made under paragraph 6 of Schedule 14A,] an application may be made to the High Court under this paragraph.
- (2) The persons who may make such an application are—
- (a) any member of the society who was also a member at the time of the removal;
 - ^{F31}(b) the FCA provided that, if the society is a PRA-authorized person, it has consulted the PRA;
 - (c) if the society is a PRA-authorized person, the PRA provided that it has consulted the FCA.]
- (3) If the court is satisfied that the removal was—
- (a) on grounds of divergence of opinion on accounting treatments or audit procedures, or
 - (b) on any other improper grounds,
- it may make such order as it thinks fit for giving relief in respect of the removal.
- (4) The court may, in particular—
- (a) declare that any resolution of the society removing an auditor, or appointing a new auditor in his place, is void;
 - (b) require the directors of the society to re-appoint the auditor until the next general meeting of the society;
 - (c) give directions as to the conduct of the society's affairs in the future.
- (5) In the application of this paragraph to a friendly society whose registered office is in Scotland or Northern Ireland, references to the High Court shall be read as references to the Court of Session or, as the case may be, the High Court in Northern Ireland.]

Textual Amendments

- F29** Words in Sch. 14 para. 10A(1) substituted (31.12.2020) by The Friendly Societies (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1039), regs. 1, **13(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F30** Words in Sch. 14 para. 10A(1) inserted (with effect in accordance with reg. 1(5) of the amending S.I.) by The Statutory Auditors and Third Country Auditors Regulations 2017 (S.I. 2017/516), regs. 1(2), **10(b)**

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

F31 Sch. 14 para. 10A(2)(b)(c) substituted for Sch. 14 para. 10A(2)(b) (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(7)** (with Sch. 12)

Rights of auditors who are removed or not re-appointed

- 11 (1) Special notice is required for a resolution at a general meeting of a friendly society or registered branch—
- (a) removing an auditor before the expiration of his term of office; or
 - (b) appointing as auditor a person other than a retiring auditor.
- (2) On receipt of notice of such an intended resolution the friendly society or branch shall forthwith send a copy of it to the person proposed to be removed or, as the case may be, to the person proposed to be appointed and to the retiring auditor.
- (3) The auditor proposed to be removed or (as the case may be) the retiring auditor may make with respect to the intended resolution representations in writing to the society or branch (not exceeding a reasonable length) and request their notification to members of the society.
- (4) The society or branch shall (unless the representations are received by it too late for it to do so)—
- (a) in any notice of the resolution given to members of the society or branch, state the fact of the representations having been made;
 - (b) include in or with any such notice a copy of the representations; and
 - (c) make copies of them available to members at the meeting at which the resolution is to be moved.
- (5) If notice of any such representations is not given as required by sub-paragraph (4) above because received too late or because of the default of the society or branch, the auditor may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting.
- (6) The steps required by sub-paragraphs (4) or (5) above need not be taken if, on the application of the society or branch or of any other person claiming to be aggrieved, the court is satisfied that the rights conferred by this paragraph are being abused to secure needless publicity for defamatory matter; and the court may order the costs of the society or branch on the application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.

Commencement Information

I11 Sch. 14 para. 11 wholly in force; Sch. 14 para. 11 not in force at Royal Assent see s. 126(2); Sch. 14 para. 11 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 11 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

Resignation of auditors

- 12 (1) An auditor of a friendly society or registered branch may resign his office by depositing a notice in writing to that effect at the society's registered office.
- (2) The notice is not effective unless it is accompanied by the statement required by paragraph 14 below.

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

- (3) An effective notice of resignation operates to bring the auditor's term of office to an end as of the date on which the notice is deposited or on such later date as may be specified in it.
- (4) The society or branch shall within 14 days of the deposit of a notice of resignation send a copy of the notice to the [^{F32}FCA and, if the society is a PRA-authorised person, the PRA].
- (5) If default is made in complying with sub-paragraph (4) above, the society or branch is guilty of an offence and liable—
 - (a) on conviction on indictment, to a fine; and
 - (b) on summary conviction, to a fine not exceeding the statutory maximum and in the case of a continuing offence, to an additional fine not exceeding [^{F33}one-tenth of the statutory maximum][^{F33}one-tenth of the greater of £5,000 or the amount corresponding to level 4 on the standard scale for summary offences] for every day during which the offence continues.

Textual Amendments

F32 Words in Sch. 14 para. 12(4) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 55(8)** (with Sch. 12)

F33 Words in Sch. 14 para. 12(5)(b) substituted (E.W.) (12.3.2015) by The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015 (S.I. 2015/664), reg. 1(1), **Sch. 3 para. 7(4)(c)** (with reg. 5(1))

Commencement Information

I12 Sch. 14 para. 12 wholly in force; Sch. 14 para. 12 not in force at Royal Assent see s. 126(2); Sch. 14 para. 12 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 12 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

Rights of resigning auditors

- 13 (1) This paragraph applies where an auditor's notice of resignation is accompanied by a statement of circumstances which he considers should be brought to the attention of members or creditors of the society or branch.
- (2) He may deposit with the notice a signed requisition calling on the committee of management of the society or branch forthwith duly to convene an extraordinary general meeting of the society or branch for the purpose of receiving and considering such explanation of the circumstances connected with his resignation as he may wish to place before the meeting.
- (3) The society or branch shall, at the request of the auditor (unless the statement is received too late to comply)—
 - (a) in any notice of the meeting convened on his requisition or of any general meeting at which his term of office would otherwise have expired or at which it is proposed to fill the vacancy caused by his resignation, state the fact that the statement has been made;
 - (b) include in or with that notice a copy of a statement in writing by him (not exceeding a reasonable length) of the circumstances connected with his resignation; and

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- (c) make copies of the statement available to members at any such meeting.
- (4) If the committee of management does not within 21 days from the date of the deposit of a requisition under this paragraph proceed duly to convene a meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, every member of the committee who failed to take all reasonable steps to secure that a meeting was convened as mentioned above is guilty of an offence and liable—
- (a) on conviction on indictment, to a fine; and
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.
- (5) If notice of the statement mentioned above is not given as required because received too late or because of the default of the society or branch, the auditor may (without prejudice to his right to be heard orally) require that the statement be read out at the meeting in question.
- (6) The steps required by sub-paragraphs (3) and (5) above need not be taken if, on the application of the society or branch or of any other person who claims to be aggrieved, the court is satisfied that the rights conferred by this paragraph are being abused to secure needless publicity for defamatory matter; and the court may order the costs of the society or branch on such an application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.
- (7) An auditor who has resigned has, notwithstanding his resignation, the rights conferred by section 75 above in relation to any such general meeting of the society or branch as is mentioned in sub-paragraph (3) above; and in such a case, the references in that section to matters concerning the auditors as auditors shall be construed as references to matters concerning him as a former auditor.

Commencement Information

I13 Sch. 14 para. 13 wholly in force; Sch. 14 para. 13 not in force at Royal Assent see s. 126(2); Sch. 14 para. 13 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; Sch. 14 para. 13 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

Statement by person ceasing to hold office

- 14 (1) Where an auditor of a friendly society or registered branch ceases for any reason to hold office, he shall deposit at the registered office of the society or branch concerned—
- (a) a statement of any circumstances connected with his ceasing to hold office which he considers should be brought to the attention of the members or creditors of the society or branch; or
 - (b) if he considers that there are no such circumstances, a statement that there are none.
- (2) In a case falling within sub-paragraph (1)(a) above it shall also be the duty of the auditor, unless he receives notice of an application under sub-paragraph (4) below before the end of the period of 21 days beginning with the day on which he deposited the statement, to send the [F34 FCA and the PRA] a copy within a further 7 days.
- (3) In the case of resignation, the statement shall be deposited along with the notice of resignation; in the case of failure to seek re-appointment, the statement shall be deposited not less than 14 days before the end of the time allowed for next appointing

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

auditors; in any other case, the statement shall be deposited not later than the end of the period of 14 days beginning with the date on which he ceases to hold office.

(4) If the statement is of circumstances which the auditor considers should be brought to the attention of the members or creditors of the society or branch, the society shall within 14 days of the deposit of the statement either—

- (a) send a copy of it to every member who is, when the statement is deposited, entitled to vote at a meeting of the society or branch; or
- (b) apply to the court.

(5) The society or branch shall if it applies to the court notify the auditor of the application.

(6) If the court is satisfied that the auditor is using the statement to secure needless publicity for defamatory matter—

- (a) it shall direct that copies of the statement need not be sent out; and
- (b) it may further order the costs of the society or branch on the application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application;

and the society or branch shall within 14 days of the court's decision send to the persons mentioned in sub-paragraph (4)(a) above a statement setting out the effect of the order.

(7) If the court is not so satisfied, the society or branch shall within 14 days of the court's decision—

- (a) send copies of the statement to the persons mentioned in sub-paragraph (4)(a) above; and
- (b) notify the auditor of the court's decision;

and the auditor shall within 7 days of receiving such notice send a copy of the statement to the [F35FCA and the PRA].

[F36(8) A society is to be regarded as sending a person a copy of the statement for the purposes of sub-paragraph (4)(a) or (7)(a) if it makes the information available to the person on a website; and the end date for the purposes of section 119AB(4)(b) is the day falling 28 days after the later of the two dates referred to in section 119AB(4)(a).]

Textual Amendments

- F34** Words in Sch. 14 para. 14(2) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 55\(9\)](#) (with Sch. 12)
- F35** Words in Sch. 14 para. 14(7) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), [Sch. 9 para. 55\(9\)](#) (with Sch. 12)
- F36** Sch. 14 para. 14(8) inserted (12.4.2011) by [The Mutual Societies \(Electronic Communications\) Order 2011 \(S.I. 2011/593\)](#), arts. 1(1), [16](#)

Commencement Information

- I14** Sch. 14 para. 14 wholly in force; Sch. 14 para. 14 not in force at Royal Assent see s. 126(2); Sch. 14 para. 14 in force for certain purposes at 13.1.1993 by [S.I. 1993/16](#), art. 2, [Sch. 1](#); Sch. 14 para. 14 in force to the extent not already in force at 1.1.1994 by [S.I. 1993/2213](#), art. 2(1), [Sch. 5](#)

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

Offences of failing to comply with paragraph 14

- 15 (1) If a person ceasing to hold office as auditor fails to comply with paragraph 14 above, he is guilty of an offence and liable—
- (a) on conviction on indictment, to a fine; and
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.
- (2) If a society or branch makes default in complying with paragraph 14 above, it is guilty of an offence and liable—
- (a) on conviction on indictment, to a fine, and
 - (b) on summary conviction, to a fine not exceeding the statutory maximum and in the case of a continuing offence, to an additional fine not exceeding [^{F37}one-tenth of the statutory maximum][^{F37}one-tenth of the greater of £5,000 or the amount corresponding to level 4 on the standard scale for summary offences] for every day during which the offence continues.

Textual Amendments

F37 Words in *Sch. 14 para. 15(2)(b)* substituted (E.W.) (12.3.2015) by *The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015 (S.I. 2015/664)*, reg. 1(1), **Sch. 3 para. 7(4)(d)** (with reg. 5(1))

Commencement Information

I15 *Sch. 14 para. 15* wholly in force; *Sch. 14 para. 15* not in force at Royal Assent see s. 126(2); *Sch. 14 para. 15* in force for certain purposes at 13.1.1993 by *S.I. 1993/16*, art. 2, **Sch. 1**; *Sch. 14 para. 15* in force to the extent not already in force at 1.1.1994 by *S.I. 1993/2213*, art. 2(1), **Sch. 5**

^{F38}Duty of auditor to notify appropriate audit authority

Textual Amendments

F38 *Sch. 14 paras. 15A-15C* and cross-headings inserted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by *The Friendly Societies Act 1992 (Accounts, Audit and EEA State Amendments) Order 2008 (S.I. 2008/1140)*, arts. 1(2), **6(2)**

- 15A. (1) Where an auditor of a friendly society or registered branch ceases for any reason to hold office, he must notify the appropriate audit authority.
- (2) The notice must—
- (a) inform the appropriate audit authority that he has ceased to hold office, and
 - (b) be accompanied by a copy of the statement deposited by him at the registered office of the society or branch in accordance with paragraph 14.
- (3) If the statement so deposited is to the effect that he considers that there are no circumstances in connection with his ceasing to hold office that need to be brought to the attention of the members or creditors of the society or branch, the notice must also be accompanied by a statement of the reasons for his ceasing to hold office.
- (4) The auditor must comply with this paragraph at the same time as he deposits a statement at the registered office of the society or branch in accordance with paragraph 14.

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

- (5) If a person ceasing to hold office as auditor fails to comply with this paragraph, he is guilty of an offence and liable—
- (a) on conviction on indictment, to a fine, and
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.

Duty of friendly society or registered branch to notify appropriate audit authority

- 15B. (1) Where an auditor of a friendly society or registered branch ceases to hold office before the end of his term of office, the society or branch must notify the appropriate audit authority.
- (2) The notice must—
- (a) inform the appropriate audit authority that the auditor has ceased to hold office, and
 - (b) be accompanied by—
 - (i) a statement by the society or branch of the reasons for his ceasing to hold office, or
 - (ii) if the copy of the statement deposited by the auditor at the registered office of the society or branch in accordance with paragraph 14(1) contains a statement of circumstances connected with his ceasing to hold office which he considers should be brought to the attention of the members or creditors of the society or branch, a copy of that statement.
- (3) The society or branch must give notice under this paragraph—
- (a) if the auditor resigns, not later than the end of the period of 14 days beginning with the date on which the auditor’s notice of resignation is deposited at the society’s or branch’s registered office;
 - (b) in any other case, not later than the end of the period of 14 days beginning with the date on which the auditor ceases to hold office.
- (4) If a friendly society or registered branch fails to comply with this paragraph, it is guilty of an offence and liable—
- (a) on conviction on indictment, to a fine, and
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.

Meaning of “appropriate audit authority”

- 15C. In paragraphs 15A and 15B above “appropriate audit authority” means—
- (a) the Secretary of State, or
 - (b) if the Secretary of State has delegated functions under section 1252 of the Companies Act 2006 to a body whose functions include receiving the equivalent notice under section 522 or 523 of that Act, that body.]

Remuneration of auditors

- 16 (1) The remuneration of [F39 auditor] appointed by a friendly society or registered branch in general meeting shall be fixed by the society or branch in general meeting or in such manner as the society or branch in general meeting may determine.

Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, SCHEDULE 14. (See end of Document for details)

- (2) The remuneration of [^{F40}auditor] appointed by the committee of management or the [^{F41}appropriate authority] shall be fixed by the committee of management or the [^{F41}appropriate authority] as the case may be.
- ^{F42}(3)
- (4) For the purposes of this paragraph “remuneration” includes sums paid in respect of expenses.
- (5) This paragraph applies in relation to benefits in kind as to payments in cash ^{F43}....
- ^{F44}(6)

Textual Amendments

F39 Word in Sch. 14 para. 16(1) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), **Sch. 2 para. 5(c)**

F40 Word in Sch. 14 para. 16(2) substituted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), art. 1(2), **Sch. 2 para. 5(c)**

F41 Words in Sch. 14 para. 16(2) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 9 para. 55(10)** (with Sch. 12)

F42 Sch. 14 para. 16(3) omitted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by virtue of [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), **4(4)(a)(i)**

F43 Words in Sch. 14 para. 16(5) omitted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by virtue of [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), **4(4)(a)(ii)**

F44 Sch. 14 para. 16(6) omitted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by virtue of [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), **4(4)(a)(i)**

Commencement Information

I16 Sch. 14 para. 16 wholly in force; Sch. 14 para. 16 not in force at Royal Assent see s. 126(2); Sch. 14 para. 16 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, **Sch. 1**; Sch. 14 para. 16 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), **Sch. 5**

Remuneration of auditors or their associates for non-audit work

^{F45}17

Textual Amendments

F45 Sch. 14 para. 17 omitted (29.6.2008 with effect in accordance with art. 1(3) of the amending S.I.) by virtue of [The Friendly Societies Act 1992 \(Accounts, Audit and EEA State Amendments\) Order 2008 \(S.I. 2008/1140\)](#), arts. 1(2), **4(4)(b)**

Changes to legislation:

There are currently no known outstanding effects for the Friendly Societies Act 1992,
SCHEDULE 14.