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STATUTORY INSTRUMENTS

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**2008 No. 1140**

The Friendly Societies Act 1992 (Accounts,  
Audit and EEA State Amendments) Order 2008

PART 2

ACCOUNTS AND AUDIT

**Removal or resignation of auditor**

6.—(1) In Schedule 14 to the 1992 Act (auditors: appointment etc), after paragraph 10, insert—

*“Removal of auditor on improper grounds*

**10A.**—(1) Where an auditor of a friendly society to which the Audit Directive applies is removed from office 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;
- (b) the Authority.

(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.”.

(2) In that Schedule, after paragraph 15 insert—

*“Duty of auditor to notify appropriate audit authority*

**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.

(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.”.