Draft Order laid before Parliament under section 104(5) of the Building Societies Act 1986 and section 2(2) of the European Communities Act 1972, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2008 No. xxxx

BUILDING SOCIETIES

The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008

Made - - - -	*****
Coming into force - -	*29th June 2008*

A draft of this Order has been laid before Parliament in accordance with section 104(5) of the Building Societies Act 1986(**a**) and section 2(2) of the European Communities Act 1972(**b**) and approved by both Houses of Parliament.

The Treasury is a department designated(**c**) in relation to the conduct of the business of a building society, and the authorisation and regulation of the carrying on of business by building societies, and in relation to auditors and the audit of accounts.

The Treasury, in exercise of the powers conferred by section 104(1), (3) and (4) of the Building Societies Act 1986 and by section 2(2) of the European Communities Act 1972, make the following Order.

PART 1

INTRODUCTORY

Citation, commencement and application

1.—(1) This Order may be cited as the Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008.

(2) This Order comes into force on 29th June 2008.

(3) The modifications to the 1986 Act made by articles 3 to 6 and Schedules 1 and 2 apply only in relation to—

(a) financial years beginning on or after 29th June 2008, and

(b) auditors appointed for those financial years;

(**a**) 1986 c.53.
(**b**) 1972 c.68.
(**c**) S.I. 2001/3495 and S.I. 2007/1679.

and the 1986 Act shall have effect in relation to previous financial years, and auditors appointed for them, as if those modifications had not been made.

Interpretation

2. In this Order "the 1986 Act" means the Building Societies Act 1986.

PART 2

ACCOUNTS AND AUDIT

Disclosures relating to off-balance-sheet arrangements

3. After section 72K of the 1986 Act (disclosures about related undertakings required in notes to accounts)(**a**), insert—

"**Disclosures relating to off-balance-sheet arrangements required in notes to accounts**

72L.—(1) If in any financial year—

(a) a building society is or has been party to arrangements that are not reflected in its balance sheet, and

(b) at the balance sheet date the risks or benefits arising from those arrangements are material,

the information required by this section must be given in notes to the society's annual accounts.

(2) The information required is—

(a) the nature and business purpose of the arrangements, and

(b) the financial impact of the arrangements on the society.

(3) The information need only be given to the extent necessary for enabling the financial position of the society to be assessed.

(4) Where a building society is required to prepare consolidated group accounts, this section applies in relation to those accounts as if the undertakings included in the consolidation were a single building society.".

Disclosure of auditor remuneration

4.—(1) After section 72L of the 1986 Act (inserted by article 3), insert—

"**Disclosure of auditor remuneration required in notes to accounts**

72M.—(1) The information specified in Schedule 10C must be given in notes to a building society's annual accounts.

(2) The Treasury may, by order, modify the provisions of Schedule 10C.

(3) An order under this section may—

(a) make consequential amendments of or repeals in other provisions of this Act;

(b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient;

(c) make different provision for different cases.

(**a**) Section 72K was inserted by S.I. 2004/3380.

(4) The power to make an order under this section is exercisable by statutory instrument but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

(5) In this section "modify" includes amend, add to or repeal.".

(2) In Schedule 10A to the 1986 Act (disclosures about directors, other officers and employees in notes to accounts)(**a**), omit paragraphs 11 and 12.

(3) Schedule 1, which inserts Schedule 10C into the 1986 Act, has effect.

Signature of auditor's report

5. For section 78A of the 1986 Act (signature of auditors' report)(**b**), substitute—

"**Signature of auditor's report**

78A.—(1) The auditor's report must state the name of the auditor and be signed and dated.

(2) Where the auditor is an individual, the report must be signed by him.

(3) Where the auditor is a firm, the report must be signed by the senior statutory auditor in his own name, for and on behalf of the auditor.

Senior statutory auditor

78B.—(1) The senior statutory auditor means the individual identified by the firm as senior statutory auditor in relation to the audit in accordance with the standards or guidance mentioned in section 504(1) of the Companies Act 2006.

(2) The person identified as senior statutory auditor must be eligible for appointment as auditor of the building society in question (see Chapter 2 of Part 42 of the Companies Act 2006).

(2) The senior statutory auditor is not, by reason of being named or identified as senior statutory auditor or by reason of his having signed the auditor's report, subject to any civil liability to which he would not otherwise be subject.

Names to be stated in copies of auditor's report filed or published

78C.—(1) The copy of the auditor's report sent to the Authority under section 81, and every copy of the auditor's report that is published by or on behalf of the society, must—

(a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or

(b) if the conditions in section 78D (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Authority in accordance with that section.

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

(3) If a copy of the auditor's report is sent to the Authority or published without the statement required by this section, an offence is committed by—

(a) the society, and

(b) every officer of the society who is in default.

(**a**) Schedule 10A was inserted by S.I. 2004/3380.
(**b**) Section 78A was inserted by S.I. 2004/3380.

(4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

Circumstances in which names may be omitted

78D.—(1) The auditor's name and, where the auditor is a firm, the name of the person who signed the report as senior statutory auditor, may be omitted from—

(a) the copy of the report sent to the Authority under section 81, and

(b) published copies of the report,

if the following conditions are met.

(2) The conditions are that the building society—

(a) considering on reasonable grounds that statement of the name would create or be likely to create a serious risk that the auditor or the senior statutory auditor, or any other person, would be subject to violence or intimidation, has resolved by an ordinary resolution that the name should not be stated, and

(b) has given notice of the resolution to the Authority, stating—

(i) the name of the society,

(ii) the financial year of the society to which the report relates, and

(iii) the name of the auditor and (where the auditor is a firm) the name of the person who signed the report as senior statutory auditor.".

Removal and resignation of auditors

6.—(1) In Schedule 11 to the 1986 Act (auditors: appointment etc)(**a**), after paragraph 6 insert—

"Removal of auditor on improper grounds

6A.—(1) Where an auditor of a building society 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.".

(2) In that Schedule, after paragraph 8 insert—

"Duty of auditor to notify appropriate audit authority

8A.—(1) Where an auditor of a building society ceases for any reason to hold office, he must notify the appropriate audit authority.

(**a**) Schedule 11 was amended by S.I. 2008/948.

(2) The notice must—

(a) inform the appropriate audit authority that he has ceased to hold office, and

(b) if the auditor resigns, be accompanied by a copy of the auditor's notice of resignation.

(3) The notice required by this paragraph must also be accompanied by a statement of the reasons for his ceasing to hold office unless—

(a) the auditor resigns, and

(b) the notice of resignation contains a statement under paragraph 7(2)(b).

(4) The auditor must comply with this paragraph—

(a) if the auditor resigns, at the same time as he deposits his notice of resignation at the principal office of the building society;

(b) in any other case, not later than the end of the period of fourteen days beginning with the date on which he ceases to hold office.

(5) A person ceasing to hold office as auditor who fails to comply with this paragraph commits an offence.

(6) If that person is a firm an offence is committed by—

(a) the firm, and

(b) every officer of the firm who is in default.

(7) A person guilty of an offence under this paragraph is liable—

(a) on conviction on indictment, to a fine;

(b) on summary conviction, to a fine not exceeding the statutory maximum.

Duty of building society to notify appropriate audit authority

8B.—(1) Where an auditor ceases to hold office before the end of his term of office, the building society 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 of the reasons for his ceasing to hold office, or

(ii) if the auditor resigns, and his notice of resignation contains a statement under paragraph 7(2)(b), a copy of that statement.

(3) The society must give notice under this paragraph—

(a) if the auditor resigns, not later than the end of the period of fourteen days beginning with the date on which the auditor's notice of resignation is deposited at the society's principal office;

(b) in any other case, not later than the end of the period of fourteen days beginning with the date on which the auditor ceases to hold office.

(4) If a building society fails to comply with this paragraph, an offence is committed by—

(a) the society, and

(b) every officer of the society who is in default.

(5) A person guilty of an offence under this paragraph is 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"

8C. In paragraphs 8A and 8B 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.".

Consequential amendments

7. Schedule 2, which contains consequential amendments of the 1986 Act, has effect.

PART 3

EEA STATES

Amendment of definition of "EEA State"

8. In section 97 of the 1986 Act (transfer of business to commercial company)(**a**), in subsection (13), for the words from "means a Contracting Party" to the end, substitute "has the meaning given by Schedule 1 to the Interpretation Act 1978 (c. 30)"(**b**).

Name
Name
Date Two of the Lords Commissioners of Her Majesty's Treasury

SCHEDULE 1

Article 4(3)

Disclosure of auditor remuneration

1. After Schedule 10B to the 1986 Act(**c**) insert—

"SCHEDULE 10C

Section 72M

Disclosure of auditor remuneration etc required in notes to accounts

Disclosure required

1.—(1) The following must be shown—

(a) the amount of any remuneration receivable by the society's auditor for the auditing of the annual accounts, and

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(**a**) Section 97(13) was inserted by the Building Societies Act 1997 (c. 32), section 43 and Schedule 7, paragraph 45(4).
(**b**) The definition of "EEA state" was inserted into Schedule 1 of the Interpretation Act 1978 by section 26 of the Legislative and Regulatory Reform Act 2006 (c. 51).
(**c**) Schedule 10B was inserted by S.I. 2004/3380.

(b) the amount of any remuneration receivable in respect of the financial year by—

(i) the society's auditor, or

(ii) any person who was, at any time during that financial year, an associate of the society's auditor,

for the supply of other services to the society or any associate of the society.

(2) Where the remuneration includes benefits in kind, the nature and estimated money-value of those benefits must also be shown.

(3) Separate disclosure is required in respect of the auditing of the accounts in question and of each type of service specified in paragraph 2, but not in respect of each service falling within a type of service.

(4) Separate disclosure is required in respect of services supplied to the society and its subsidiaries on the one hand and to associated pension schemes on the other.

(5) Where more than one person has been appointed as a society's auditor in respect of the financial year, separate disclosure is required in respect of the remuneration of each such person and his associates.

(6) Where a building society is required to prepare consolidated group accounts—

(a) those accounts must comply with sub-paragraph (1)(b) as if the undertakings included in the consolidation were a single building society, and

(b) notes to the society's individual accounts do not have to disclose the information required by that provision if the notes state that the group accounts are so required.

Types of service

2. The types of service in respect of which disclosure is required are—

(a) the auditing of accounts of associates of the society pursuant to legislation (including that of countries and territories outside the United Kingdom);

(b) other services supplied pursuant to such legislation;

(c) other services relating to taxation;

(d) services relating to information technology;

(e) internal audit services;

(f) valuation and actuarial services;

(g) services relating to litigation;

(h) services relating to recruitment and remuneration;

(i) services relating to corporate finance transactions entered into or proposed to be entered into on behalf of the society or any of its associates;

(j) all other services.

Disclosure not required of remuneration for certain services provided by distant associate

3.—(1) Disclosure is not required of remuneration receivable for the supply of services falling within paragraph 2(j) supplied by a distant associate of the society's auditor where the total remuneration receivable for all of those services supplied by that associate does not exceed—

(a) £10,000, or

(b) 1% of the total audit remuneration received by the society's auditor in the most recent financial year of the auditor which ended no later than the end of the financial year of the society to which the accounts relate.

(2) In sub-paragraph (1)(b)—

(a) "financial year of the auditor" means—

(i) the period of not more than 18 months in respect of which the auditor's profit and loss account is required to be made up (whether by law or by or in accordance with the auditor's constitution (if any)), or

(ii) failing any such requirement, the period of 12 months beginning with 1st April;

(b) "total audit remuneration received" means the total remuneration received for the auditing pursuant to legislation (including that of countries and territories outside the United Kingdom) of any accounts of any person.

Duty of auditor to supply information

4. The auditor of a building society must supply the directors of the society with such information as is necessary to enable the disclosure required by paragraph 1 to be made.

Meaning of "associate" and "distant associate" of auditor

5.—(1) This paragraph defines what is meant in this Schedule by an "associate" or a "distant associate" of a building society's auditor.

(2) The following are associates of a society's auditor—

(a) any person controlled by the society's auditor or by any associate of the society's auditor (whether alone or through two or more persons acting together to secure or exercise control), but only if that control does not arise solely by virtue of the society's auditor or any associate of the society's auditor acting—

(i) as an insolvency practitioner in relation to any person,

(ii) in the capacity of a receiver, or a receiver or manager, of the property of a society or other body corporate, or

(iii) as a judicial factor on the estate of any person;

(b) any person who, or group of persons acting together which, has control of the society's auditor;

(c) any person using a trading name which is the same as or similar to a trading name used by the society's auditor, but only if the society's auditor uses that trading name with the intention of creating the impression of a connection between the auditor and that other person;

(d) any person who is party to an arrangement with the society's auditor, with or without any other person, under which costs, profits, quality control, business strategy or significant professional resources are shared.

(3) Where the society's auditor is a partnership, the following are also associates of the auditor—

(a) any partner in the society's auditor;

(b) any body corporate which is in the same group as a body corporate which is a partner in the society's auditor;

(c) any body corporate of which a partner in the society's auditor is a director;

(d) any partnership which has a partner in common with the society's auditor;

(e) any body corporate which is in the same group as a body corporate which is a partner in a partnership which has a partner in common with the society's auditor.

(4) Where a society's auditor is a body corporate (other than one which is also a partnership as defined in sub-paragraph (6)(d)), the following are also associates of the auditor—

(a) any director of the society's auditor;

(b) any body corporate which is in the same group as a body corporate which is a director of the society's auditor;

(c) any body corporate which is in the same group as the society's auditor;

(d) any partnership in which any such body corporate which is in the same group as the society's auditor is a partner;

(e) any partnership in which a director of the society's auditor is a partner;

(f) any body corporate which has a director in common with the society's auditor;

(g) any body corporate which is in the same group as a body corporate which has a director in common with the society's auditor.

(5) A distant associate of a society's auditor is a person who is an associate of that auditor by reason only that that person is an associate within one or more of—

(a) sub-paragraph (2)(a) where the person in question is controlled by a distant associate of the society's auditor and not by the auditor or by an associate who is not a distant associate;

(b) sub-paragraph (3)(c), (d) or (e);

(c) sub-paragraph (4)(e), (f) or (g).

(6) For the purposes of this paragraph—

(a) "acting as an insolvency practitioner" shall be construed in accordance with section 388 of the Insolvency Act 1986 or Article 3 of the Insolvency (Northern Ireland) Order 1989;

(b) "director" includes any person occupying the position of director, by whatever name called;

(c) "partner" includes a member of a limited liability partnership;

(d) "partnership" includes a limited liability partnership and a partnership constituted under the law of a country or a territory outside the United Kingdom;

(e) a reference to "a receiver, or a receiver or manager, of the property of a society or other body corporate" includes a receiver, or (as the case may be) a receiver or manager, of part only of that property;

(f) a person able, directly or indirectly to control or materially to influence the operating and financial policy of another person shall be treated as having control of that other person; and

(g) a body corporate is in the same group as another body corporate if one is a subsidiary of the other.

Interpretation

6. In this Schedule—

"associate of the society" means—

(a) any subsidiary of the society, other than a subsidiary in respect of which severe long-term restrictions substantially hinder the exercise of rights of the society over the assets or management of that subsidiary, or

(b) any associated pension scheme;

"associated pension scheme", in relation to a building society, means a scheme for the provision of benefits for or in respect of directors or employees (or former directors or employees) of the society or any subsidiary of the society where—

(a) the benefits consist of or include any pension, lump sum, gratuity or other like benefit given or to be given on retirement or on death or in anticipation of retirement or, in connection with past service, after retirement or death, and

(b) either—

(i) a majority of the trustees are appointed by, or by a person acting on behalf of the society or a subsidiary of the society, or

(ii) the society, or a subsidiary of the society, exercises a dominant influence over the appointment of the auditor (if any) of the scheme;

"remuneration" includes payments in respect of expenses and benefits in kind;

"subsidiary" means a subsidiary undertaking that is a body corporate.".

SCHEDULE 2

Article 7

Consequential amendments of the 1986 Act

1. The 1986 Act is amended as follows.

2. In section 74 (duty of directors to prepare annual business statement), in subsection (6), for "auditors" substitute "auditor".

3. In section 76 (summary financial statement for members and depositors)(**a**)—

(a) in subsection (5), for "auditors' opinion" substitute "auditor's opinion";

(b) in subsection (8A)(b), for "auditors' report" substitute "auditor's report" in both places where it occurs;

(c) in subsection (9), for "auditors' report" substitute "auditor's report" in both places where it occurs.

4. In section 78 (auditors' report)(**b**)—

(a) in subsection (1)—

(i) for "auditors" substitute "auditor";

(ii) for "their" substitute "his";

(b) in subsection (2), for "auditors' report" substitute "auditor's report";

(c) in subsection (3)—

(i) for "auditors shall, in their" substitute "auditor shall, in his";

(ii) for "them" substitute "him";

(d) in subsection (3A), for "auditors' report" substitute "auditor's report";

(e) in subsection (3B), for "auditors' opinion" substitute "auditor's opinion";

(f) in subsection (4A)—

(i) in the opening words, for "auditors' report" substitute "auditor's report";

(ii) in paragraph (b), for "auditors wish" substitute "auditor wishes";

(g) in subsection (6)—

(i) for "auditors' report" substitute "auditor's report" in both places where it occurs;

(ii) for "their opinion" substitute "his opinion";

(h) in subsection (7)—

(i) for "auditors' report" substitute "auditor's report";

(ii) for "they have" substitute "he has";

(**a**) Section 76, subsections (8) and (8A) were substituted for subsection (8), as originally enacted, by S.I. 2001/2617.

(**b**) Section 78, subsections (3A), (3B), (4) and (4A) were substituted for subsections (4) and (5), as originally enacted, by S.I. 2004/3380.

(iii) for “auditors” substitute “auditor”;

(i) in subsection (8), for “auditors’ report” substitute “auditor’s report”;

(j) in subsection (9), for “auditors” substitute “auditor”;

(k) in subsection (10)—

(i) for “auditors’ report” substitute “auditor’s report”;

(ii) for “their opinion” substitute “his opinion”, in both places where it occurs;

(iii) for “they shall include in their” substitute “he shall include in his”;

(iv) for “they are” substitute “he is”;

(l) in the heading, for “Auditors’ report” substitute “Auditor’s report”.

5. In section 79 (auditors’ duties and powers)—

(a) in subsection (1)—

(i) for “auditors” substitute “auditor”;

(ii) for “their” substitute “his”;

(iii) for “them” substitute “him”;

(b) in subsection (2)—

(i) for “auditors are” substitute “auditor is”;

(ii) for “they” substitute “he”;

(iii) for “their report” substitute “his report”;

(c) in subsection (4)(a)—

(i) for “its auditors” substitute “its auditor”;

(ii) for “the society’s auditors” substitute “the society’s auditor”;

(iii) for “those auditors” substitute “that auditor”;

(iv) for “their duties as auditors” substitute “his duties as auditor”;

(d) in subsection (4)(b), for “its auditors” substitute “its auditor”;

(e) in subsection (6)—

(i) for “auditors fail” substitute “auditor fails”;

(ii) for “their” substitute “his”, in each place where it occurs;

(iii) for “they” substitute “he”;

(f) in subsection (7)—

(i) in the opening words, for “auditors” substitute “auditor”;

(ii) in paragraph (b)—

(aa) for “they attend” substitute “he attends”;

(bb) for “them as auditors” substitute “him as auditor”;

(g) in subsection (9)—

(i) in the opening words, for “auditors” substitute “auditor”;

(ii) in paragraph (a), for “auditors require, or are entitled to require, as auditors” substitute “auditor requires, or is entitled to require, as auditor”;

(h) in the heading, for “Auditors’ duties and powers” substitute “Auditor’s duties and powers”.

6. In section 80 (signing of balance sheet: documents to be annexed), in subsection (6)(d), for “auditors’ report” substitute “auditor’s report”.

7. In section 81A (requirements in connection with publication of accounts)(**a**)—

(a) in subsection (1), for "auditors' report" substitute "auditor's report";

(b) in subsection (3)—

(i) in paragraph (c), for "auditors have" substitute "auditor has";

(ii) in paragraph (d)—

(aa) in the opening words, for "auditors' report" substitute "auditor's report";

(bb) in sub-paragraph (i), for "auditors" substitute "auditor";

(cc) in the closing words, for "auditors' report" substitute "auditor's report".

8. In Schedule 11 (auditors: appointment etc)—

(a) in paragraph 1(1)—

(i) for "first auditors" substitute "first auditor";

(ii) for "and auditors" substitute "and an auditor";

(b) in paragraph 3(1), for "auditors are" substitute "auditor is".

(**a**) Section 81A was inserted by S.I. 2004/3380.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Building Societies Act 1986 ("the 1986 Act") to implement, in relation to building societies:

(a) Parts of Directive 2006/43/EC of the European Parliament and of the Council on statutory audits of annual accounts (amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC) (O.J. L 157, 9.6.2006, p.87), and

(b) Parts of Directive 2006/46/EC of the European Parliament and of the Council amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies, banks and other financial institutions (O.J. L 224, 16.8.2006, p.7).

The Order also makes an amendment to the definition of "EEA State" in section 97 of the 1986 Act. The existing definition of "EEA State" excludes Bulgaria and Romania, which became Community member States on 1st January 2007. The new definition refers to the definition of "EEA State" in the Interpretation Act 1978 (c.30), which was inserted into that Act by the Legislative and Regulatory Reform Act 2006 (c.51). It therefore includes all Community member States.

Article 3 of the Order inserts a new section 72L into the 1986 Act, requiring building societies to give certain information relating to off-balance-sheet arrangements in the notes to their annual accounts. Article 4, and Schedule 1, amend the requirements in the 1986 Act on the disclosure of auditor remuneration.

Article 5 substitutes new sections 78A to 78D for section 78A of the 1986 Act. The new provisions relate to the signature of the auditor's report, the publication of auditors' names in the report and the circumstances in which they may be omitted.

Article 6 amends Schedule 11 to the 1986 Act. New paragraph 6A gives members of the society, and the Financial Services Authority, the right to apply to the High Court (or in Scotland, the Court of Session) for an order giving relief in respect of the removal of an auditor on improper grounds. New paragraphs 8A to 8C require the auditor and the building society to notify the appropriate audit authority where an auditor ceases to hold office.

Schedule 2 changes various references to "auditors" in the 1986 Act from plural to singular. This ensures consistency with the earlier provisions of the Order and with the Companies Act 2006 (c.46), in particular with Part 42 of that Act, which applies to building societies.

Articles 3 to 5, 6(2) and 7 of the Order, and the Schedules, are made under section 104(5) of the 1986 Act (power to amend, etc to assimilate to company law). Articles 6(1) and 8 are made under section 2(2) of the European Communities Act 1972 (c.68) as they do not assimilate company law.

This Order only implements the parts of Directives 2006/43/EC and 2006/46/EC which require amendments to the 1986 Act.

A full transposition note showing how the main provisions of the Audit and Accounts Directives (as they apply to building societies) will be transposed into UK law is available from HM Treasury. Copies may be obtained from the Savings and Investment Team, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ.

A full regulatory impact assessment of the effect that this instrument will have on the costs of business is also available from HM Treasury at the above address.

Both documents are annexed to the Explanatory Memorandum which is available alongside the instrument on the OPSI website (www.opsi.gov.uk), and are available on the Treasury website (www.hm-treasury.x.gsi.gov.uk).

Draft Order laid before Parliament under section 104(5) of the Building Societies Act 1986 and section 2(2) of the European Communities Act 1972, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2008 No. xxxx

BUILDING SOCIETIES

The Building Societies Act 1986 (Accounts, Audit and EEA State Amendments) Order 2008

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