

Friendly and Industrial and Provident Societies

What do you need to know about this manual?

These guidance notes and programmes have been developed to enable the auditor to:

- understand what the accounting and reporting requirements of each Society are;
- satisfy the requirements of the various legislative requirements;
- comply with all the auditing or reporting accountants' standards; and
- provide the Society with a comprehensive but cost effective service.

Types of society

You will be aware that there are a wide range of different Societies, subject to different requirements. Definitions of the different types of Society are provided in the guidance notes in section A of the manual and these are used throughout. Appendix 1 to chapter A provides more detail on the different types of Society and this will help you to decide what type of Society you are acting for and therefore which legislative and regulatory framework applies.

What does this manual include?

This manual deals with:

- Industrial and Provident Societies;
- Friendly Societies (but not those undertaking long term insurance business); and
- Credit Unions

and is designed to supplement the firm's standard audit, audit exemption and accounts' preparation documentation. The manual consists of seven main parts:

- the guidance notes provide a useful interpretation of the legislation and regulations;
- example engagement letters and audit and accountant's reports are provided for different types of Society;
- accounts disclosure checklists, which should be used in conjunction with standard accounting standards disclosure checklists as indicated;
- supplementary work programmes are included, which cover specialist requirements for Friendly Societies, Credit Unions, Industrial and Provident Societies, Other Societies and Audit Exempt Societies. These are designed to be used in conjunction with standard true and fair audit documentation or accounts preparation programmes;
- Creator, which enables you to produce client-specific versions of the programmes contained in other sections of the manual.

Due to the wide range of Societies falling under the heading of this manual, comprehensive guidance cannot be provided for each different type of Society. In particular, if you act for a Society which is a Club, Registered Social Landlord or a Charity then the appropriate Specialist Assignment Manual covering these areas should be used.

Friendly Societies requiring actuarial investigations annually (ie. those undertaking long term insurance business) are also beyond the scope of this manual.

Subscribers should note that under the Financial Services and Markets Act 2000 (FSMA) (Glossary) Friendly Societies are not allowed to be personal investment companies. Any subscriber dealing with a personal investment company should use a FSA Designated Investment Firms (DIF) Specialist Assignment Manual.

What else do you need?

Auditors of Friendly Societies will need:

- copies of the Acts as detailed in section 3 of the guidance notes;
- the Friendly Societies (Accounts and Related Provisions) Regulations 1994;
- the ICAEW technical release TECH 12/99;
- Practice Note 24, the Audit of Friendly Societies in the United Kingdom;
- the Friendly Societies Interim Prudential Sourcebook (IPRU FSOC) from the FSA;
- the tailored handbook for small Friendly Societies (SFSOC) from the FSA;
- SORP - Accounting for Insurance Business, issued by the Association of British Insurers, (as applicable).

Auditors of Industrial and Provident and Other Societies will need:

- copies of the Acts as detailed in sections 2 and 3 of the guidance notes;
- a copy of SI 1996/1738 (audit exempt societies);
- The Deregulation (Industrial and Provident Societies) Order 1996.

Auditors of Credit Unions will also need, in addition to the Industrial and Provident Societies information above:

- a copy of the Credit Unions Act 1979;
- the Credit Union Sourcebook from the FSA (CRED); and
- Practice Note 27, The Audit of Credit Unions in the United Kingdom.

Training

Whilst no training is needed in order to use the manual, we run a number of complementary specialist courses throughout the year. For details of these specialist courses please contact Sarah Moore on 0116 258 1200 or visit our website www.mercia-group.co.uk

Costs

There is a one-off initial fee for the right to use and copy the documentation dependent on the number of Responsible Individuals (RIs) for audit purposes in your firm.

In order to keep you up to date, you will be automatically enrolled in our online update service. No charge is made for any updates issued from purchase until 30 June.

Subsequent updates are covered by an all encompassing annual fee invoiced on 1 July each year, dependent on the number of Responsible Individuals (RIs) for audit purposes in your firm.

Size of firm	Initial Fee	Annual Update Fee
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5-9 RIs	£345*	£125*
10-19 RIs	£495*	£245*
For 20 and over RIs contact Belinda Auchimowicz on 0116 2581200 or belinda.auchimowicz@mercia-group.co.uk		

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