



THE BUILDING SOCIETIES REGULATIONS 1989

PAUL REEVES, Governor-General

ORDER IN COUNCIL

At Wellington this 20th day of February 1989

Present:

HIS EXCELLENCY THE GOVERNOR-GENERAL IN COUNCIL

PURSUANT to sections 106 (2), 113Q, and 137 of the Building Societies Act 1965 (as amended by the Building Societies Amendment Act 1987), His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, hereby makes the following regulations.

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REGULATIONS

1. Title, commencement, and application—(1) These regulations may be cited as the Building Societies Regulations 1989.

(2) These regulations shall come into force on the 1st day of April 1989.

(3) Part II of these regulations shall apply to financial statements and annual returns prepared by a building society in respect of accounting periods ending on or after the 1st day of April 1989.

2. Interpretation—In these regulations, unless the context otherwise requires,—

“The Act” means the Building Societies Act 1965:

“Balloting unit”, in relation to any bonus ballot authorised by the Registrar pursuant to regulation 8 of these regulations, means each complete dollar held in a bonus balloting share account:

“Bonus balloting share account” means an account held by a person with a society, being an account in which the bonus balloting shares of that person may be aggregated and identified by a unique number given to that account:

“Ordinary bonus ballot” means a bonus ballot—

(a) In which numbers from those numbers given to bonus balloting share accounts are drawn to ascertain the prize winners; and

(b) In which the amount of each cash prize is proportional to the amount standing to the credit of the prize winner's bonus balloting share account at the end of the month preceding the month in which the bonus ballot is drawn:

“Special bonus ballot” means a bonus ballot in which balloting units are drawn to ascertain the prize winners.

PART I

GENERAL PROVISIONS

Incorporation of Society

3. Application for certificate of incorporation—(1) On the establishment of a building society the intended secretary or other officer

of the society shall complete and send to the Registrar an application in form 1 in the First Schedule to these regulations, together with—

- (a) Four printed and signed copies of the rules; and
 - (b) A completed rules check sheet, in form 3 in the First Schedule to these regulations, in which there shall be specified in the third column, opposite each matter referred to in the second column, the number of the rule providing for that matter.
- (2) Every such application shall be accompanied by the fee prescribed for the first registration of the rules of a society.

Alteration of Rules

4. Registration of alteration of rules—(1) When a society alters its rules by special resolution it shall send to the Registrar an application for registration in form 2 in the First Schedule to these regulations, together with—

- (a) Four printed copies of the alteration; or
 - (b) In the case of the rescission of a rule, 4 copies of the special resolution.
- (2) The application shall be signed by the secretary or some other officer of the society.
- (3) The copies of the alteration or of the resolution, as the case may be, shall be signed by a director and the secretary of the society.
- (4) Where the alteration of rules is a substitution of an entire set of rules for the existing set of rules, the society shall also send to the Registrar, with the application, a completed rules check sheet, in form 3 in the First Schedule to these regulations, in which there shall be specified in the third column, opposite each matter referred to in the second column, the number of the rule providing for that matter.
- (5) Every such application shall be accompanied by the appropriate prescribed fee.

Bonus Ballots and Bonus Balloting Shares

5. Bonus balloting shares fund—For the purposes of these regulations and section 31A of the Act, the bonus balloting shares fund of any society shall be the total paid in respect of any bonus balloting shares together with any vested or unvested earnings of the fund which have not been paid out.

6. Maximum distribution by bonus ballot—(1) For the purpose of determining the maximum amount that may be distributed by bonus ballot in any financial year, the total fund referred to in section 31A (4) (a) of the Act shall be the figure arrived at by averaging the amounts of the bonus balloting shares fund on the last day of each month of the financial year.

- (2) The maximum amount that may be distributed as any one cash prize in a bonus ballot shall not exceed \$10,000.
- (3) Except with the consent in writing of the Registrar, the amount of any cash prize in an ordinary bonus ballot shall not exceed the amount standing as a credit in the prizewinner's bonus balloting share account, the number of which was a successful participant in the ballot.

7. Ordinary bonus ballots—(1) All bonus balloting shares held by a member of a society shall be accounted for and identified in a bonus balloting share account.

(2) A member of a society may hold more than one bonus balloting share account, each having a unique number.

(3) Individual bonus balloting share account numbers (and not clusters of numbers) shall be drawn to ascertain the prizewinners of any ordinary bonus ballot.

(4) Every bonus balloting share account number shall participate in all ordinary bonus ballots except where a society's rules otherwise provide.

(5) Subject to any provision in a society's rules, a society may for the purposes of an ordinary bonus ballot and upon the request in writing of a member holding 2 or more bonus balloting share accounts, aggregate all or any of those accounts in such a manner as to ensure that the aggregated accounts are represented in the ballot by one unique number.

(6) No bonus balloting share account having a nil balance shall be included in any ordinary bonus ballot.

(7) Not less than 90 percent of the amount available by way of cash prizes in respect of bonus ballots shall be distributed pursuant to the conduct of ordinary bonus ballots.

8. Special bonus ballots—(1) The Registrar may authorise in writing, either generally or specifically, any society to conduct a special bonus ballot.

(2) Every such authority from the Registrar shall be subject to such conditions as the Registrar may from time to time impose.

9. Disqualification from participating in bonus ballots—Any provision in a society's rules disqualifying any bonus balloting share account or balloting unit from participating in a bonus ballot because share subscriptions or other payments have not been maintained shall be valid only if—

- (a) The shareholder is advised as soon as the account becomes ineligible for ballot participation; and
- (b) The shareholder is entitled to withdraw the amount in the disqualified account forthwith.

10. Rights of bonus balloting shareholders—(1) At the time a person becomes a holder of bonus balloting shares, the society shall give to that person a concise written statement of the conditions of that person's investment, including the dividend rate or rates payable, the percentage of the fund to be distributed by ballot, the member's withdrawal rights, and a general description of the way any dividends or interest or prizes should be treated for the purposes of any taxation liability.

(2) All subscriptions in respect of bonus balloting shares that have been credited to any bonus balloting share account shall be withdrawable after a term not exceeding 5 years from the date on which the account was opened.

11. Conduct of bonus balloting business—Subject to these regulations, every society shall conduct its bonus balloting business in each financial year in such a manner as (after bringing all expenditure for the year to account) will provide a surplus sufficient to meet the society's

present and potential commitments to its bonus balloting shareholders in respect of that year.

12. Registrar may require actuary's certificate—The Registrar may, at any time by notice in writing to a society that issues bonus balloting shares, call upon that society to supply to the Registrar a certificate from an actuary certifying that—

- (a) All eligible bonus balloting share accounts and balloting units have an equal chance of winning a prize; and
- (b) Such reasonable procedures are in existence as to ensure that the total amount permitted to be balloted will not be exceeded.

13. Application of regulations relating to bonus ballots to company into which society becomes converted—Subject to the provisions of Part VIIA of the Act, regulations 5 to 12 of these regulations shall apply, with such modifications as may be necessary, to any company into which a society becomes converted pursuant to Part VIIA of the Act and which is under a liability to any person to hold ballots for the purpose of determining entitlements to receive prizes as if—

- (a) Every reference to a society were a reference to a company;
- (b) Every reference to a bonus balloting share were a reference to a bonus balloting security;
- (c) Every reference to a shareholder or a member were a reference to a holder of a bonus balloting security;
- (d) Every reference to the rules of a society were a reference to the terms of issue of any bonus balloting security.

Miscellaneous Provisions

14. Value of land owned by society—For the purpose of ascertaining the value of any land owned by a society, the amount to be deducted, in respect of depreciation of improvements, under paragraph (c) of the proviso to section 2 (4) of the Act shall be calculated at the appropriate rate specified in the Second Schedule to these regulations.

15. Service of notices and documents—(1) Except as otherwise provided in the Act or (in respect of members of a society) in the society's rules, any notice or other document required by the Act or these regulations to be given to, or served on, any person may be served on that person by delivering it to that person personally, or by sending it by post addressed to that person at that person's last known address within New Zealand.

(2) Any notice or document so sent by post shall be deemed to have been served at the expiry of the 4th working day after the date on which the notice or document was posted.

16. Fees—(1) The fees specified in the Third Schedule to these regulations are prescribed as the fees to be paid to the Registrar in respect of the matters specified in that Schedule.

(2) Where the Registrar is empowered by the Act to do any act for which a fee is payable, the Registrar may refuse to do that act until the fee is paid.

(3) The fees prescribed by these regulations are inclusive of goods and services tax under the Goods and Services Tax Act 1985.

PART II

FINANCIAL STATEMENTS AND ANNUAL RETURNS

General Provisions

17. Interpretation of terms used in this Part—(1) In this Part of these regulations, unless the context otherwise requires,—

“Current assets”—

(a) Means—

(i) Cash; and

(ii) Assets—

(A) Which are held for the purpose of being available for conversion into cash or for consumption in the course of production of other current assets; and

(B) Which are expected to be converted into cash, or consumed, within a period not exceeding one year; and

(b) Includes—

(i) Amounts paid in respect of services expected to be supplied within a period not exceeding one year; and

(ii) Any other asset regarded as a current asset according to generally accepted accounting principles:

“Consolidated financial statements” means the financial statements of the group that present, without regard to the legal boundaries of the separate entities comprising the group, the assets, liabilities, revenues, and expenses of the group:

“Current liabilities” means liabilities payable, or expected to be payable within one year, and includes—

(a) Provisions for taxation and dividends, so payable or expected to be so payable; and

(b) Amounts received in respect of services to be supplied; and

(c) Any other liability regarded as a current liability according to generally accepted accounting principles:

“Deferred taxation” means income tax attributable to the differences between—

(a) The aggregate of operating profit, other income, and extraordinary items, for any period (but before charging or crediting any amounts in respect of either current or deferred income tax); and

(b) The amount upon which current income tax will be assessed; being differences which result from the inclusion of items of income and expenditure in computations of the amount upon which current income tax will be assessed in periods different from those in which they are dealt with in the revenue and appropriation account:

“Deposit” means any money deposited with a society, and includes any sum paid to a society in consideration of the issue of any debenture, deposit note, or other document acknowledging the indebtedness of the society to the holder:

“Equity capital”, in relation to any entity, means its issued share capital excluding any part which, neither as respects dividends nor as respects capital, carries any right to participate in the assets of the entity beyond a specified amount in a distribution:

“Equity method of accounting” means a method of accounting relating to the holding by a body corporate of equity capital in another body corporate whereby, in addition to any dividends declared by the other body, a proportion of the retained profits or losses of the other body is taken to be profits or losses of the first-mentioned body:

“Equity security” has the same meaning as in section 2 of the Securities Act 1978:

“Financial statements” means the financial statements required in respect of a society by regulations 18 and 19 of these regulations:

“Fixed assets” includes land, buildings, machinery, and equipment, but does not include a current asset, an intangible asset, a loan, or an investment:

“Fixed capital share”, in relation to any society,—

(a) Means any security that—

- (i) Carries the right to payment of a dividend, or on which interest is payable from the annual surplus of the society; and
- (ii) Is irredeemable, or redeemable at the option of the society; and
- (iii) Participates in the assets of the society on its winding up after all other liabilities and obligations have been met; and

(b) Includes—

- (i) Any renewal or variation of the terms or conditions of any existing fixed capital share; and
- (ii) Any security that is declared by the Governor-General, by Order in Council, to be a fixed capital share for the purposes of these regulations:

“Group”, in relation to a society, means the society and its subsidiaries and the subsidiaries of those subsidiaries:

“Holding company” has the same meaning as in section 158 of the Companies Act 1955:

“Intangible assets”—

(a) Includes goodwill, patents, trade marks, or any asset of a similar nature to the extent that they have not been amortised or written down; but

(b) Does not include items of deferred expenditure arising from the costs incurred in offering and issuing securities or discharging the obligations due to holders of securities:

“Investment” means any security owned that is not a current asset:

“Monetary assets” means cash, bank balances, amounts receivable at any time (less provisions, if appropriate, for income yet to mature and for doubtful debts), and any securities that are current assets:

“Reserves” includes all amounts (whether realised or unrealised) that are not set aside for the specific purpose of meeting liabilities owing or to become owing to identified classes of persons or arising or to arise from particular events:

“Security” has the same meaning as in section 2 of the Securities Act 1978:

“Subsidiary” has the same meaning as in section 158 of the Companies Act 1955:

“Term liability” means any liability other than a current liability, a contingent liability, or deferred taxation.

(2) In this Part of these regulations, a body corporate is associated with another body corporate if that other body corporate—

(a) Has adopted the equity method of accounting in relation to its holding of equity capital of the first-mentioned body corporate; or

(b) Holds not less than one-fifth, but not more than one-half, of the equity capital of the first-mentioned body corporate,—
and “associated body corporate” has a corresponding meaning.

(3) In this Part of these regulations, a body corporate is related to another body corporate if—

(a) The other body is its holding company or subsidiary; or

(b) There is another body corporate to which both bodies are related by virtue of paragraph (a) of this subclause,—

and “related body corporate” has a corresponding meaning.

18. Financial statements required—(1) Every society shall, not later than 4 months after the end of each financial year, prepare the following financial statements:

(a) A revenue and appropriation account for the financial year that—

(i) Gives a true and fair view of the society’s income and expenditure for the financial year; and

(ii) Contains the particulars prescribed by regulations 23 and 24 of these regulations; and

(b) A balance sheet as at the end of that financial year that—

(i) Gives a true and fair view of the state of the society’s affairs as at the end of its financial year; and

(ii) Contains the particulars prescribed by regulations 25 to 37 of these regulations; and

(c) A statement of cash flows for the financial year giving a true and fair view of those cash flows; and

(d) Such other financial statements in respect of the financial year as are required to ensure that a true and fair view is given of—

(i) The financial position of the society as at the end of its financial year; and

(ii) The activities of the society during that financial year.

(2) Nothing in this regulation limits the information that may be included in the financial statements or in the notes to those financial statements.

19. Requirement for consolidated financial statements—If any society conducts any of its business through a subsidiary, the society shall not be required to produce the statements referred to in paragraph (c) or paragraph (d) of regulation 18 of these regulations, but shall instead prepare, in addition to its own revenue and appropriation account and balance sheet, consolidated financial statements comprising the statements required by paragraphs (a) to (d) of regulation 18 of these regulations.

20. Amounts for preceding financial year to be shown—There shall be shown for every item in each financial statement the comparative figures for the preceding financial year.

21. Statement of accounting policies—The financial statements shall include a statement of all accounting policies (stating the basis of accounting used) and of any changes in those accounting policies from the preceding financial year.

22. Notes to financial statements—Any item that is required to be contained in the financial statements may instead be shown by way of a note to the accounts if to do so would more appropriately ensure that a true and fair view of the society's activities and financial position is given.

Revenue and Appropriation Account

23. Matters to be contained in revenue and appropriation account—Each revenue and appropriation account shall state the following matters:

- (a) Gross income received during the year from—
 - (i) Loans (both secured and unsecured);
 - (ii) Investments;
 - (iii) Other sources (separately shown if material);
- (b) Cost of funds incurred during the year in respect of—
 - (i) Dividends paid or accrued on shares other than fixed capital shares;
 - (ii) Interest on deposits and other borrowed funds;
- (c) The amount of audit fees and expenses;
- (d) The aggregate of fees and other remuneration paid to directors;
- (e) Total leasing and renting expense;
- (f) The amount of any foreign exchange gains or losses, distinguishing between realised and unrealised gains or losses;
- (g) The amount of any intangible assets written off during the year;
- (h) The amount of depreciation charged during the year;
- (i) The amortisation charge in respect of any other assets (if material);
- (j) Other expenses;
- (k) The amount and a description of each category of abnormal items;
- (l) The net profit or loss before taxation;
- (m) The amount provided for, or credited by way of, taxation; and a brief explanation of any difference between this amount and the amount that would need to be provided for, or would be credited by way of, taxation if the whole of the profit or loss referred to in paragraph (l) of this regulation were taxed at the standard rate applicable to building societies;
- (n) The amount and a description of each category of extraordinary items (net of taxation);
- (o) The net profit and loss after taking account of taxation and extraordinary items;
- (p) If the equity method of accounting has been used, profits and losses that have resulted from using that method;
- (q) Such part of the total required by paragraph (o) of this regulation as is attributable to persons who are not members of the group and who hold equity securities issued by subsidiaries of the society.

24. Matters to be shown relating to appropriations of earnings—Each revenue and appropriation account dealing with appropriations of earnings shall state the following matters:

- (a) The opening balance of retained earnings:

- (b) Any adjustment of retained earnings relating to any preceding financial year:
- (c) Transfers to and from any reserve account:
- (d) Distributions of earnings by way of dividends in respect of fixed capital shares, showing separately the amount of dividends in respect of each class of shares:
- (e) The closing balance of retained earnings, identifying separately, if the equity method of accounting has been used, that portion of the closing balance of retained earnings that relates to associated bodies corporate.

Balance Sheet

25. Fixed capital and reserves—Each balance sheet shall state the following matters:

- (a) The aggregate amount of fixed capital and reserves:
- (b) In respect of each class of fixed capital share—
 - (i) A brief description of the shares, together with a statement of any voting rights, pre-determined dividend rate, and the conversion rights relating to the shares:
 - (ii) The number of fixed capital shares allotted and still outstanding, the amounts credited as paid up in respect of the shares, and details of any changes in that number or those amounts that occurred during the financial year:
 - (iii) The total nominal value of fixed capital shares in each class that have not been allotted, and, if there are any restrictions upon allotment, particulars of those restrictions:
- (c) The nature and amount of each capital and revenue reserve (showing separately the amount of reserves or other surpluses arising from any revaluation of assets, and the amount of such reserves relating to associated bodies corporate); and details of changes in each reserve during the financial year:
- (d) The amount of any cumulative dividends in respect of fixed capital shares that are in arrears.

26. Minority interests—Each balance sheet shall state the amount of capital and reserves attributable to equity securities that—

- (a) Have been issued by subsidiaries of the society; and
- (b) Are not held by members of the group.

27. Deferred taxation—Each balance sheet shall state the amount of any provision for deferred taxation.

28. Term liabilities—Each balance sheet shall state the following matters:

- (a) The aggregate amount of term liabilities:
- (b) The amounts of term liabilities owing to each of the following classes of persons (where material):
 - (i) Associated bodies corporate:
 - (ii) Related bodies corporate:
 - (iii) Directors:
- (c) The total of securities that are redeemable at the end of a contractual period that is to expire at any time after the first anniversary of the balance sheet date:

- (d) An analysis of the term liabilities by annual maturity, showing in respect of each financial year in which term liabilities are repayable, the amounts payable in that year together with a summary of the interest rates on those amounts (where practicable, in the form of a weighted average interest rate) for that year:
- (e) The amount of the term liabilities that are secured and a brief description of the nature of the security.

29. Current liabilities—Each balance sheet shall state the following matters:

- (a) The aggregate amount of current liabilities:
- (b) In addition (as separate items), such of the following amounts included within that aggregate amount as are material:
 - (i) The total of trade accounts payable:
 - (ii) The total of bank loans and overdraft:
 - (iii) The total of securities that are redeemable during a contractual period that is to expire during the financial year that begins on the day after the balance sheet date:
 - (iv) The total of provisions for taxation:
 - (v) The total of provisions for dividends on fixed capital shares:
 - (vi) The total of interest accrued on borrowed funds and dividends on shares other than fixed capital shares (except where such amounts are included elsewhere in the financial statements):
 - (vii) The amount of deferred income (by category) not yet charged to the revenue and appropriation account:
 - (viii) The amount of each other category of current liability (and a description of those amounts and categories):
 - (ix) That portion of term liabilities which falls due for repayment during the financial year that begins on the day after the balance sheet date:
- (c) The amount (where material) of current liabilities owing to—
 - (i) Associated bodies corporate:
 - (ii) Related bodies corporate:
 - (iii) Directors:
- (d) The amount of the current liabilities that are secured, and a brief description of the nature of the security.

30. Fixed assets—Each balance sheet shall state the following matters:

- (a) The aggregate amount of fixed assets:
- (b) A classification of the fixed assets into the following categories and, in respect of each category, the basis or bases of valuation, the aggregate amount on each basis, and accumulated depreciation shown as a deduction from each aggregate amount:
 - (i) Freehold land and buildings:
 - (ii) Leasehold land and buildings:
 - (iii) Other fixed assets:
- (c) A brief description of the assets to which paragraph (b) (iii) of this regulation relates:
- (d) The aggregate of the latest Government valuations of land and buildings; and the cost of any additions to land and buildings subsequent to the relevant valuation.

31. Investments—Each balance sheet shall state the following matters:

- (a) The aggregate amount of investments:
- (b) In addition (as separate items), the following amounts included within the aggregate amount in respect of—
 - (i) The total of investments in subsidiaries (other than in subsidiaries that are incorporated in consolidated financial statements) at cost (less amounts written off) or market values (if ascertainable), whichever is the lesser:
 - (ii) The total of investments in associated bodies corporate at cost (less amounts written off) or market value (if ascertainable), whichever is the lesser; and, if the equity method of accounting has been adopted, shown separately, the amounts attributed to the total of investments in associated bodies corporate through the use of that method of accounting:
 - (iii) The total of investments in related bodies corporate at cost (less amounts written off) or market value (if ascertainable), whichever is the lesser:
 - (iv) Where material, the total of securities issued by the Crown or a local authority; and, where this amount is not market value, the total market value:
 - (v) Where material, the total of investments in other bodies corporate listed on the New Zealand Stock Exchange and, where this amount is not market value, the total market value:
 - (vi) The aggregate amount of investments in bank balances and deposits with money market dealers (except where included as current assets):
 - (vii) The total of other investments (separately disclosed and described where material).

32. Loans—Each balance sheet shall state the following matters:

- (a) The aggregate amount of secured loans:
- (b) The aggregate amount of unsecured loans:
- (c) Such parts of the amounts required by paragraphs (a) and (b) of this regulation as are attributable to loans made to—
 - (i) Associated bodies corporate:
 - (ii) Related bodies corporate:
 - (iii) Directors.

33. Current assets—Each balance sheet shall state the following matters:

- (a) The aggregate amount of current assets:
- (b) In addition (as separate items), such of the amounts included within that aggregate amount as are material and are in respect of—
 - (i) The aggregate amount of cash, bank balances, and deposits with money market dealers:
 - (ii) The amount of securities held, and, where this amount is not market value, the total market value:
 - (iii) The amount of accounts receivable (showing as separate deductions any provisions for income yet to mature and doubtful debts):
 - (iv) The amount of deferred expenditure, showing a brief description of its nature:
 - (v) Each other category of current assets (and a description of those categories):

- (c) In respect of the accounts receivable referred to in paragraph (b) (iii) of this regulation, the amounts owing from—
- (i) Associated bodies corporate:
 - (ii) Related bodies corporate:
 - (iii) Directors.

34. Intangible assets—Each balance sheet shall state the following matters:

- (a) The aggregate amount of intangible assets:
- (b) In addition (as separate items), such of the amounts included within that aggregate amount as are material and are in respect of—
 - (i) Goodwill:
 - (ii) Patents and trade marks:
 - (iii) Each other category of intangible assets (with a description of those categories).

35. Other information—Each balance sheet, by way of a note unless otherwise shown, shall contain—

- (a) A statement showing separately but on a matching basis the amounts of monetary assets receivable, and the amounts of liabilities payable,—
 - (i) At call or not later than 6 months after the date of the balance sheet:
 - (ii) Later than 6 months, but not later than 12 months, after that date:
 - (iii) Later than 12 months, but not later than 24 months, after that date:
 - (iv) Later than 24 months, but not later than 60 months, after that date:
 - (v) Later than 60 months after that date:
- (b) In respect of such of those monetary assets as are amounts receivable—
 - (i) A statement of the proportion of those assets with repayments in arrears in excess of 3 months:
 - (ii) A statement of the proportion of those assets owed, in aggregate, by the debtors who owe the 6 largest amounts:
- (c) A statement of the conditions affecting the use of any disclosed but unused credit facilities available to the society.

36. Commitments and contingent liabilities—Unless otherwise included in the financial statements, the following matters shall be stated by way of a note to those financial statements:

- (a) Particulars (including the estimated amount and the period of commitment) of any material commitments for capital expenditure:
- (b) Particulars (including the estimated amount and the period of commitment) of any material commitments in respect of leases and hire purchase agreements:
- (c) A brief description of each material contingent liability and the estimated amount.

37. Currency conversions—Where any amounts have been converted to New Zealand currency for inclusion in a balance sheet, the following matters shall be stated by way of a note to the financial statements, in respect of each material amount:

- (a) A description of the amount;
- (b) A statement as to the currency from which it was converted, and the exchange rate used to convert the amount; and the rate (if known) at which the amount will be settled.

Statement Attached to Terminating Group Account

38. Statement attached to terminating group account—(1) In this regulation, “terminating group account” means the revenue and appropriation account and balance sheet prepared in respect of each group in a terminating society for the purposes of section 102 of the Act.

(2) Every terminating society shall, in respect of each terminating group account, complete and attach to the terminating group account a statement in the form specified in the Fourth Schedule to these regulations.

Annual Return

39. Form of annual return—(1) The annual return of every society shall be in the form in the Fifth Schedule to these regulations.

(2) Where appropriate, the word “Nil” shall be inserted against any heading or against the whole of any section of the annual return.

40. Auditors’ report on annual return—(1) The auditors shall report on the annual return in accordance with section 106 of the Act, but shall not be required to deal with the matters contained in the sections numbered 1 to 4 of the annual return, as set out in the Fifth Schedule to these regulations.

(2) In respect of section 5 of the annual return, the auditors shall also state whether in their opinion—

- (a) The society’s system and procedures for the conduct of bonus ballots are fair and reasonable and are in accordance with the society’s rules; and
- (b) The society has promptly distributed the prizes won.

Revocations

41. Revocations—The regulations specified in the Sixth Schedule to these regulations are hereby consequentially revoked.

SCHEDULES

FIRST SCHEDULE

Reg. 3

Form 1

APPLICATION FOR CERTIFICATE OF INCORPORATION

The Building Societies Act 1965 (s. 14)

To the Registrar of Building Societies.

1. I [Full name and address], the intended secretary [or other officer] of the [Proposed name of society], on behalf of the 20 (or more) persons whose names and addresses are set out below, hereby apply for a certificate of incorporation of the society.

2. I enclose—

(a) Four printed copies of the rules agreed upon by those persons for the government of the society, each copy being signed by those persons and by me:

(b) The completed rules check sheet required by the Building Societies Regulations 1989.

3. The matters required to be set out in the rules by section 17 of the Building Societies Act 1965 are set out in the enclosed rules, as shown in the rules check sheet.

4. The prescribed fee for the first registration of rules of a society is attached to this application.

5. The names and addresses of the persons whose signatures appear on the enclosed copies of the rules, and on whose behalf this application is made, are as follows:

<i>Names</i>	<i>Addresses</i>
.....
.....

.....
Signature and designation of intended secretary or other officer.

Date:

Address for reply:

FIRST SCHEDULE—continued

Reg. 4

Form 2

APPLICATION FOR REGISTRATION OF ALTERATION OF RULES

The Building Societies Act 1965 (s. 19)

To the Registrar of Building Societies.

1. The [Name of society] hereby applies to register an alteration of its rules.

2. The alteration is—

*(a) A substitution of an entire set of rules for the existing set of rules:

*(b) An alteration of some only of the existing rules:

*(c) A rescission of a rule or rules, without further alteration of the existing rules.

3. Enclosed are 4 printed copies (each signed by a director and the secretary of the society) of—

*(a) The substituted set of rules referred to in paragraph 2 (a) above:

*(b) The alteration referred to in paragraph 2 (b) above:

*(c) The special resolution effecting the rescission referred to in paragraph 2 (c) above.

†4. Also enclosed is the completed rules check sheet required by the Building Societies Regulations 1989.

5. The matters covered by the alteration conform to the requirements of the Building Societies Act 1965.

6. The appropriate prescribed fee for registration of an alteration or rescission of rules is attached to this application.

.....
Signature and designation of
secretary or other officer signing
on behalf of society.

Date:

* Delete the paragraphs that do not apply.

† Delete if alteration is not a substitution of an entire set of rules for the existing rules.

FIRST SCHEDULE—*continued*

Form 3

Regs. 3 (b), 4 (4)

RULES CHECK SHEET

The Building Societies Act 1965 (ss. 14, 19)

(To accompany any application for a certificate of incorporation or for registration of a complete set of rules)

Name of Society.....

Section of Act	A. Matters Required to be Provided for	No. of Rule
17 (1) (a)	Name of the society	
	Address of registered office	
(b)	Manner in which the funds of the society are to be raised	
(c)	Classes of shares to be issued	
	Terms on which shares are to be issued	
	Terms (if any) on which shares may be withdrawn or surrendered	
	Manner in which payments for shares are to be made and contributions are to be paid by the members	
(d)*	Date on which, or the result on the attainment of which, the society is to terminate or any group is to terminate	
	Manner in which, on the termination of any group, the residual assets or liabilities are to be dealt with	
(e)	Whether preferential shares are to be issued	
	Limits within which preferential shares are to be issued	
(h)*	Manner in which any ballots, tenders, or auctions for advances in terminating groups are to be conducted	
	Terms and conditions upon and subject to which rights to take up such advances may be exercised or surrendered	
(i)	Manner in which losses are to be ascertained and provided for	
(ka)	Restrictions or prohibitions on the functions of the society	
(kb)	Restrictions or prohibitions on any powers, rights, or authorities of the society	
(kc)	Restrictions on the power of the society to borrow money	
(kd)	Restrictions on the power of the society to lend money	
(ke)	Restrictions on the power of the society to invest money	
(l)	Manner in which membership is to cease	
(m)	Manner of remunerating auditors	

FIRST SCHEDULE—*continued*Form 3—*continued*RULES CHECK SHEET—*continued*

Section of Act	A. Matters Required to be Provided for	No. of Rule
	Manner of appointing, remunerating, and removing directors	
	Manner of appointing, remunerating, and removing other officers	
(n)	Powers and duties of directors	
	Powers and duties of other officers	
(o)	Provision for the custody of the mortgage instruments and other securities belonging to the society	
(p)	Whether disputes between the society and any of its members, or any person claiming by or through a member, or under the rules, are to be settled by reference to the Court or to arbitration	
	Fines to be imposed on members	
(q)	Forfeitures to be imposed on members	
	Manner of disposal of fines and forfeitures in the accounts	
(r)	Provision for the device, custody, and use of the common seal	
(s)	Manner in which the society may be terminated or dissolved	
(t)	Manner in which bonus ballots are to be conducted	
17 (2)	Calling and holding of meetings	
17 (2) (a)	Right of members to requisition meetings	
(b)	Manner in which notice of any resolutions to be moved at meetings is to be given to members	
(c)	Procedure to be observed at meetings	
(d)	Form of notice for the convening of a meeting	
	Manner of service of notice convening a meeting	
(e)	Voting rights of members	
	Right to demand a poll	
	Manner in which a poll is to be taken	
17 (3)	Where the society is incorporated after 1 January 1966, provision authorising the issue of paid up shares to founding members, in accordance with s. 29 (1)	

* Terminating society only.

FIRST SCHEDULE—*continued*

Form 3—*continued*

RULES CHECK SHEET—*continued*

Section of Act	B. Other Matters	No. of Rule
17 (4)	If any, the rules scheduling the forms of mortgage or other instruments	

Section of Act	C. Matters Subject to Voiding Provisions of Act	No. of Rule
19 (7)	Method of alteration of rules (void if no requirement for a special resolution) . .	
77 (1)	Notice of meeting of society (void if provision for shorter notice than 14 clear days, except for an adjourned meeting)	
79 (5)	Time for receipt of proxy (void if proxy required to be received more than 72 hours before meeting or adjourned meeting)	
80 (1)	Right to demand a poll (void if right excluded or if demand by not less than 10 members made ineffective)	
107 (2)	Exemption of officers from liability (void if exemptions other than provided in the Act)	

Signature:

Date:

Designation:

SECOND SCHEDULE

Reg. 14

RATES OF DEPRECIATION ON IMPROVEMENTS

Structure of Buildings	Rate of Depreciation
1. Reinforced concrete throughout; steel framed and concrete; steel or reinforced concrete framed with walls of brick or other permanent material (including iron or asbestos sheets); and steel truss or steel portal buildings	1 percent of cost price.
2. Brick, stone, or concrete walled buildings without steel or reinforced concrete frame; stucco, steeltex, or other similar construction with wooden frame	2 percent of cost price.
3. Other wooden framed buildings, except those with exterior walls of brick, concrete, or similar permanent material	2½ percent of cost price.

Reg. 16 (1)

THIRD SCHEDULE

FEES PAYABLE TO THE REGISTRAR

	\$
For the first registration of the rules of a society under section 14 of the Act (including the certificate of incorporation) . .	1,100
For registration under section 19 of the Act of an alteration of rules, being a substitution of an entire set of rules for the existing set of rules (including the certificate of registration)	550
For registration under section 19 of the Act of an alteration or rescission of rules, not being a substitution of an entire set of rules for the existing set of rules (including the certificate of registration), for each rule altered or rescinded . .	35
For registration of a change of name under section 23 of the Act (including the certificate of registration)	55
For a certificate under section 29 of the Act that evidence has been produced of the payment of the requisite minimum subscription by the founding members	55
For receiving notice of a union under section 32 of the Act (including registration), to be paid by each uniting society	220
For receiving a notice of transfer of engagements under section 33 of the Act (including registration), to be paid by each society concerned	220
For registration of a change of registered office under section 73 of the Act (including the certificate of registration) . .	25
For receiving notice of a change in the office of director, manager, or secretary under section 88 (1) of the Act . .	25
For receiving under section 97A (2) of the Act copies of financial statements and reports	90
For receiving an annual return made under section 103 of the Act	90
For receiving a notice stating that a special resolution has been passed pursuant to section 113A of the Act	550
For receiving under section 113B of the Act a copy of an application to the High Court for the cancellation of the approval of a scheme for conversion	110
For receiving under section 113C of the Act a copy of a special resolution, a copy of a scheme for conversion, and, if applicable, a sealed copy of an order of the Court confirming the approval of the scheme for conversion (including certificate of registration)	110
For registration of an instrument of dissolution, or of any alteration therein, under section 115 of the Act (including the certificate of registration)	220
For receiving an application for an inspection or a special meeting under section 123 of the Act	55

FOURTH SCHEDULE

Reg. 38 (2)

STATEMENT TO BE ATTACHED TO EACH ANNUAL TERMINATING
GROUP ACCOUNT

1. In respect of each share in the group—
 - (a) The subscription payments are \$..... per [Period]:
 - (b) The ballot benefit is an interest-free loan of \$..... for a maximum period of [Years]:
 - (c) The current cash payment instead of an interest-free loan is \$.....
 2. At the date of the balance sheet—
 - (a) The number of shares eligible to win ballots, including those shares which would be eligible if subscriptions were brought up-to-date but excluding non-contributing and lapsed shares, was [Number]:
 - (b) The number of clusters remaining in the ballot was [Number].
 3. In the last financial year—
 - (a) The number of ballots held was [Number] and the total amount of interest-free loan money put up for ballot was \$.....:
 - (b) The average number of shares contained in each balloting cluster was [Number]:
 - (c) The amount of interest-free loan money that was won and could be claimed by ballot winners was \$....., and the total number of successful shares was [Number].
 4. In respect of groups commenced after the 1st day of January 1961—
 - (a) Of the group's nominal shareholding of [Number] shares, [Number] shares have been issued as ballot participating shares since the group's inception:
 - (b) The number of shares that have won ballots and been entitled to ballot proceeds total [Number].
-

Reg. 39 (1)

FIFTH SCHEDULE

ANNUAL RETURN

Annual Return for Year Ended:

Building Societies Act 1965 (ss. 103, 104)

(To be sent to the Registrar in duplicate within three months after the end of the financial year)

1. NAMES AND ADDRESSES

1. Name of Society:

2. Registered office:

3. Particulars of directors, secretary, and manager:

Full Name	Former Names(s)	Nationality	Usual Residential Address	Business Occupation	Other Building Societies on which Board Member
<i>Directors:</i>					
<i>Secretary:</i>					
<i>Manager:</i>					

FIFTH SCHEDULE—*continued*
ANNUAL RETURN—*continued*

2. SUMMARY OF FIXED CAPITAL SHARES

Total Fixed Capital: \$.....

Nominal Fixed Share Capital			Fixed Share Capital Issued Subject to Payment in Full				Fixed Share Capital Issued Subject to Payment in Part Only						Calls in Arrears			Paid up Capital
Class	Value (e.g. \$1)	Number	For Cash		For a Consideration Other Than Cash		For Cash			For a Consideration Other Than Cash			Number	Amount per Share	Total \$	
			Number	Total \$	Number	Total \$	Number	Amount per Share	Total \$	Number	Amount per Share	Total \$				
TOTALS																

FIFTH SCHEDULE—*continued*ANNUAL RETURN—*continued*

3. LIST OF PRESENT FIXED CAPITAL SHAREHOLDERS

Folio	Name and Address	Number of Fixed Capital Shares Held at Date of List
		TOTAL

FIFTH SCHEDULE—*continued*
ANNUAL RETURN—*continued*

4. LIST OF PERSONS CEASING TO BE FIXED CAPITAL SHAREHOLDERS SINCE DATE OF LAST LIST (OR, IF THIS IS THE FIRST LIST, SINCE THE DATE OF INCORPORATION)

Name and Address	Number of Fixed Capital Shares Transferred	Date of Registration of Transfer

FIFTH SCHEDULE—*continued*

ANNUAL RETURN—*continued*

5. BONUS BALLOTS

(1) Dates of ballots held during year	Prize money won
.....	\$
.....	\$
Total	\$
(2) Interest distributed on bonus balloting shares	\$
(3) Bonus balloting shares fund as defined in regulation	\$
5 	\$
(Average of balances at last day of each month)	
(4) Details of any loans taken in lieu of cash prizes:	

Amount of Cash Prize	Amount of Loan	Term of Loan	Interest Rate	Remarks
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6. LOANS MADE DURING YEAR CONCERNING OFFICERS

(1) Loans to any person who was or became a director or manager or secretary of the society:

Type of Property (if loan secured)	Valuation of Property (if loan secured)	Amount of Loan	Total Loans to Officer to Date	Remarks
Totals				

(2) Loans to any body corporate in which a director or manager or secretary of the society controlled then or later more than 2½ percent of the nominal paid up share capital of that body corporate, or who was or became a director or general manager or secretary or other similar officer of that body corporate:

Register No. of Company	Type of Property (if loan secured)	Valuation of Property (if loan secured)	Amount of Loan	Remarks

Signatures	Date
..... Director
..... Director
..... Secretary

SIXTH SCHEDULE
REGULATIONS REVOKED

Reg. 41

Title	Serial Number
The Building Societies Regulations 1967 ..	1967/70
The Building Societies Regulations 1967, Amendment No. 1	1976/283
The Building Societies Regulations 1967, Amendment No. 2	1981/153
The Building Societies Regulations 1967, Amendment No. 3	1986/238

MARIE SHROFF,
Clerk of the Executive Council.

EXPLANATORY NOTE

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations, which come into force on 1 April 1989, replace the Building Societies Regulations 1967.

The regulations make changes consequential upon the coming into force of the Building Societies Amendment Act 1987 and the Trustee Amendment Act 1988.

The regulations, among other things, prescribe the information to be included in the financial statements of a building society. That information has been significantly revised, and is now based on the requirements in respect of financial statements set out in the Securities Regulations 1983.

Issued under the authority of the Regulations Act 1936.

Date of notification in *Gazette*: 23 February 1989.

These regulations are administered in the Department of Justice.