SCHEDULE 2 Regulation 5(1)

BANKING COMPANIES: COMPANIES ACT INDIVIDUAL ACCOUNTS

PART 1

GENERAL RULES AND FORMATS

SECTION A

GENERAL RULES

1. Subject to the following provisions of this Part of this Schedule—

(a) every balance sheet of a company must show the items listed in the balance sheet format set out in Section B of this Part, and

(b) every profit and loss account must show the items listed in either of the profit and loss account formats in Section B.

2.—(1) References in this Part of this Schedule to the items listed in any of the formats set out in Section B, are to those items read together with any of the notes following the formats which apply to those items.

(2) The items must be shown in the order and under the headings and sub-headings given in the particular format used, but—

(a) the notes to the formats may permit alternative positions for any particular items,

(b) the heading or sub-heading for any item does not have to be distinguished by any letter or number assigned to that item in the format used, and

(c) where the heading of an item in the format used contains any wording in square brackets, that wording may be omitted if not applicable to the company.

3.—(1) Where in accordance with paragraph 1 a company's profit and loss account for any financial year has been prepared by reference to one of the formats in Section B, the company's directors must use the same format in preparing the profit and loss account for subsequent financial years, unless in their opinion there are special reasons for a change.

(2) Particulars of any change must be given in a note to the accounts in which the new format is first used, and the reasons for the change must be explained.

4.—(1) Any item required to be shown in a company's balance sheet or profit and loss account may be shown in greater detail than required by the particular format used.

(2) The balance sheet or profit and loss account may include an item representing or covering the amount of any asset or liability, income or expenditure not specifically covered by any of the items listed in the format used, save that none of the following may be treated as assets in any balance sheet—

(a) preliminary expenses,

(b) expenses of, and commission on, any issue of shares or debentures, and

(c) costs of research.

5.—(1) Items to which lower case letters are assigned in any of the formats in Section B may be combined in a company's accounts for any financial year if—

(a) their individual amounts are not material for the purpose of giving a true and fair view, or

(b) the combination facilitates the assessment of the state of affairs or profit or loss of the company for that year.

(2) Where sub-paragraph (1)(b) applies, the individual amounts of any items so combined must be disclosed in a note to the accounts and any notes required by this Schedule to the items so combined must, notwithstanding the combination, be given.

6.—(1) Subject to sub-paragraph (2), the directors must not include a heading or sub-heading corresponding to an item in the balance sheet or profit and loss account format used if there is no amount to be shown for that item for the financial year to which the balance sheet or profit and loss account relates.

(2) Where an amount can be shown for the item in question for the immediately preceding financial year, that amount must be shown under the heading or sub-heading required by the format for that item.

7.—(1) For every item shown in the balance sheet or profit and loss account the corresponding amount for the immediately preceding financial year must also be shown.

(2) Where that corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the balance sheet or profit and loss account relates, the former amount may be adjusted, and particulars of the non-comparability and of any adjustment must be disclosed in a note to the accounts.

8.—(1) Subject to the following provisions of this paragraph and without prejudice to note (6) to the balance sheet format, amounts in respect of items representing assets or income may not be set off against amounts in respect of items representing liabilities or expenditure (as the case may be), or vice versa.

(2) Charges required to be included in profit and loss account format 1, items 11(a) and 11(b) or format 2, items A7(a) and A7(b) may be set off against income required to be included in format 1, items 12(a) and 12(b) or format 2, items B5(a) and B5(b) and the resulting figure shown as a single item (in format 2 at position A7 if negative and at position B5 if positive).

(3) Charges required to be included in profit and loss account format 1, item 13 or format 2, item A8 may also be set off against income required to be included in format 1, item 14 or format 2, item B6 and the resulting figure shown as a single item (in format 2 at position A8 if negative and at position B6 if positive).

9.—(1) Assets must be shown under the relevant balance sheet headings even where the company has pledged them as security for its own liabilities or for those of third parties or has otherwise assigned them as security to third parties.

(2) A company may not include in its balance sheet assets pledged or otherwise assigned to it as security unless such assets are in the form of cash in the hands of the company.

(3) Assets acquired in the name of and on behalf of third parties must not be shown in the balance sheet.

10. The company's directors must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

SECTION B

THE REQUIRED FORMATS(**1**)

Balance sheet format

ASSETS

1. Cash and balances at central [or post office] banks *(1)*

2. Treasury bills and other eligible bills *(20)*
   (a) Treasury bills and similar securities *(2)*
   (b) Other eligible bills *(3)*

3. Loans and advances to banks *(4), (20)*
   (a) Repayable on demand
   (b) Other loans and advances

4. Loans and advances to customers *(5), (20)*

5. Debt securities [and other fixed-income securities] *(6), (20)*
   (a) Issued by public bodies
   (b) Issued by other issuers

6. Equity shares [and other variable-yield securities]

7. Participating interests

8. Shares in group undertakings

9. Intangible fixed assets *(7)*

10. Tangible fixed assets *(8)*

11. Called up capital not paid *(9)*

(**1**) A number in brackets following any item is a reference to the note of that number in the notes following the formats.

12. Own shares *(10)*

13. Other assets

14. Called up capital not paid *(9)*

15. Prepayments and accrued income

Total assets

LIABILITIES

1. Deposits by banks *(11), (20)*
   - (a) Repayable on demand
   - (b) With agreed maturity dates or periods of notice

2. Customer accounts *(12), (20)*
   - (a) Repayable on demand
   - (b) With agreed maturity dates or periods of notice

3. Debt securities in issue *(13), (20)*
   - (a) Bonds and medium term notes
   - (b) Others

4. Other liabilities

5. Accruals and deferred income

6. Provisions for liabilities
   - (a) Provisions for pensions and similar obligations
   - (b) Provisions for tax
   - (c) Other provisions

7. Subordinated liabilities *(14), (20)*

8. Called up share capital *(15)*

9. Share premium account

10. Reserves
    (a) Capital redemption reserve
    (b) Reserve for own shares
    (c) Reserves provided for by the articles of association
    (d) Other reserves

11. Revaluation reserve

12. Profit and loss account

Total liabilities

MEMORANDUM ITEMS

1. Contingent liabilities *(16)*
    (1) Acceptances and endorsements
    (2) Guarantees and assets pledged as collateral security *(17)*
    (3) Other contingent liabilities

2. Commitments *(18)*
    (1) Commitments arising out of sale and option to resell transactions *(19)*
    (2) Other commitments

Notes on the balance sheet format and memorandum items

(1) Cash and balances at central [or post office] banks

(Assets item 1.)

Cash is to comprise all currency including foreign notes and coins.

Only those balances which may be withdrawn without notice and which are deposited with central or post office banks of the country or countries in which the company is established may be included in this item. All other claims on central or post office banks must be shown under assets items 3 or 4.

(2) Treasury bills and other eligible bills: Treasury bills and similar securities

(Assets item 2.(a).)

Treasury bills and similar securities are to comprise treasury bills and similar debt instruments issued by public bodies which are eligible for refinancing with central banks of the country or countries in which the company is established. Any treasury bills or similar debt instruments not so eligible must be included under assets item 5(a).

(3) Treasury bills and other eligible bills: Other eligible bills

(Assets item 2.(b).)

Other eligible bills are to comprise all bills purchased to the extent that they are eligible, under national law, for refinancing with the central banks of the country or countries in which the company is established.

(4) Loans and advances to banks

(Assets item 3.)

Loans and advances to banks are to comprise all loans and advances to domestic or foreign credit institutions made by the company arising out of banking transactions. However loans and advances to credit institutions represented by debt securities or other fixed-income securities must be included under assets item 5 and not this item.

(5) Loans and advances to customers

(Assets item 4.)

Loans and advances to customers are to comprise all types of assets in the form of claims on domestic and foreign customers other than credit institutions. However loans and advances represented by debt securities or other fixed-income securities must be included under assets item 5 and not this item.

(6) Debt securities [and other fixed-income securities]

(Assets item 5.)

This item is to comprise transferable debt securities and any other transferable fixed-income securities issued by credit institutions, other undertakings or public bodies. Debt securities and other fixed-income securities issued by public bodies are, however, only to be included in this item if they may not be shown under assets item 2.

Where a company holds its own debt securities these must not be included under this item but must be deducted from liabilities item 3.(a) or (b), as appropriate.

Securities bearing interest rates that vary in accordance with specific factors, for example the interest rate on the inter-bank market or on the Euromarket, are also to be regarded as fixed- income securities to be included under this item.

(7) Intangible fixed assets

(Assets item 9.)

This item is to comprise—

(a) development costs,

(b) concessions, patents, licences, trade marks and similar rights and assets,

(c) goodwill, and

(d) payments on account.

Amounts are, however, to be included in respect of (b) only if the assets were acquired for valuable consideration or the assets in question were created by the company itself.

Amounts representing goodwill are only to be included to the extent that the goodwill was acquired for valuable consideration.

The amount of any goodwill included in this item must be disclosed in a note to the accounts.

(8) Tangible fixed assets

(Assets item 10.)

This item is to comprise—

(a) land and buildings,

(b) plant and machinery,

(c) fixtures and fittings, tools and equipment, and

(d) payments on account and assets in the course of construction.

The amount included in this item with respect to land and buildings occupied by the company for its own activities must be disclosed in a note to the accounts.

(9) Called up capital not paid

(Assets items 11 and 14.)

The two positions shown for this item are alternatives.

(10) Own shares

(Assets item 12.)

The nominal value of the shares held must be shown separately under this item.

(11) Deposits by banks

(Liabilities item 1.)

Deposits by banks are to comprise all amounts arising out of banking transactions owed to other domestic or foreign credit institutions by the company. However liabilities in the form of debt securities and any liabilities for which transferable certificates have been issued must be included under liabilities item 3 and not this item.

(12) Customer accounts

(Liabilities item 2.)

This item is to comprise all amounts owed to creditors that are not credit institutions. However liabilities in the form of debt securities and any liabilities for which transferable certificates have been issued must be shown under liabilities item 3 and not this item.

(13) Debt securities in issue

(Liabilities item 3.)

This item is to include both debt securities and debts for which transferable certificates have been issued, including liabilities arising out of own acceptances and promissory notes. (Only acceptances which a company has issued for its own refinancing and in respect of which it is the first party liable are to be treated as own acceptances.)

(14) Subordinated liabilities

(Liabilities item 7.)

This item is to comprise all liabilities in respect of which there is a contractual obligation that, in the event of winding up or bankruptcy, they are to be repaid only after the claims of other creditors have been met.

This item must include all subordinated liabilities, whether or not a ranking has been agreed between the subordinated creditors concerned.

(15) Called up share capital

(Liabilities item 8.)

The amount of allotted share capital and the amount of called up share capital which has been paid up must be shown separately.

(16) Contingent liabilities

(Memorandum item 1.)

This item is to include all transactions whereby the company has underwritten the obligations of a third party.

Liabilities arising out of the endorsement of rediscounted bills must be included in this item. Acceptances other than own acceptances must also be included.

(17) Contingent liabilities: Guarantees and assets pledged as collateral security

(Memorandum item 1(2).)

This item is to include all guarantee obligations incurred and assets pledged as collateral security on behalf of third parties, particularly in respect of sureties and irrevocable letters of credit.

(18) Commitments

(Memorandum item 2.)

This item is to include every irrevocable commitment which could give rise to a credit risk.

(19) Commitments: Commitments arising out of sale and option to resell transactions

(Memorandum item 2(1).)

This item is to comprise commitments entered into by the company in the context of sale and option to resell transactions.

(20) Claims on, and liabilities to, undertakings in which a participating interest is held or group undertakings

(Assets items 2 to 5, liabilities items 1 to 3 and 7.)

The following information must be given either by way of subdivision of the relevant items or by way of notes to the accounts.

The amount of the following must be shown for each of assets items 2 to 5—

(a) claims on group undertakings included therein, and

(b) claims on undertakings in which the company has a participating interest included therein.

The amount of the following must be shown for each of liabilities items 1, 2, 3 and 7—

(i) liabilities to group undertakings included therein, and

(ii) liabilities to undertakings in which the company has a participating interest included therein.

Special rules

Subordinated assets

11.—(1) The amount of any assets that are subordinated must be shown either as a subdivision of any relevant asset item or in the notes to the accounts; in the latter case disclosure must be by reference to the relevant asset item or items in which the assets are included.

(2) In the case of assets items 2 to 5 in the balance sheet format, the amounts required to be shown by note (20) to the format as sub-items of those items must be further subdivided so as to show the amount of any claims included therein that are subordinated.

(3) For this purpose, assets are subordinated if there is a contractual obligation to the effect that, in the event of winding up or bankruptcy, they are to be repaid only after the claims of other creditors have been met, whether or not a ranking has been agreed between the subordinated creditors concerned.

Syndicated loans

12.—(1) Where a company is a party to a syndicated loan transaction the company must include only that part of the total loan which it itself has funded.

(2) Where a company is a party to a syndicated loan transaction and has agreed to reimburse (in whole or in part) any other party to the syndicate any funds advanced by that party or any interest thereon upon the occurrence of any event, including the default of the borrower, any additional liability by reason of such a guarantee must be included as a contingent liability in Memorandum item 1(2).

Sale and repurchase transactions

13.—(1) The following rules apply where a company is a party to a sale and repurchase transaction.

(2) Where the company is the transferor of the assets under the transaction—

(a) the assets transferred must, notwithstanding the transfer, be included in its balance sheet,

(b) the purchase price received by it must be included in its balance sheet as an amount owed to the transferee, and

(c) the value of the assets transferred must be disclosed in a note to its accounts.

(3) Where the company is the transferee of the assets under the transaction, it must not include the assets transferred in its balance sheet but the purchase price paid by it to the transferor must be so included as an amount owed by the transferor.

Sale and option to resell transactions

14.—(1) The following rules apply where a company is a party to a sale and option to resell transaction.

(2) Where the company is the transferor of the assets under the transaction, it must not include in its balance sheet the assets transferred but it must enter under Memorandum item 2 an amount equal to the price agreed in the event of repurchase.

(3) Where the company is the transferee of the assets under the transaction it must include those assets in its balance sheet.

Managed funds

15.—(1) For the purposes of this paragraph, "managed funds" are funds which the company administers in its own name but on behalf of others and to which it has legal title.

(2) The company must, in any case where claims and obligations arising in respect of managed funds fall to be treated as claims and obligations of the company, adopt the following accounting treatment.

(3) Claims and obligations representing managed funds are to be included in the company's balance sheet, with the notes to the accounts disclosing the total amount included with respect to such assets and liabilities in the balance sheet and showing the amount included under each relevant balance sheet item in respect of such assets or (as the case may be) liabilities.

Profit and loss account formats

Format 1

Vertical layout

1. Interest receivable *(1)*
   (1) Interest receivable and similar income arising from debt securities [and other fixed-income securities]
   (2) Other interest receivable and similar income

2. Interest payable *(2)*

3. Dividend income
   (a) Income from equity shares [and other variable-yield securities]

(b) Income from participating interests

(c) Income from shares in group undertakings

4. Fees and commissions receivable *(3)*

5. Fees and commissions payable *(4)*

6. Dealing [profits] [losses] *(5)*

7. Other operating income

8. Administrative expenses

   (a) Staff costs

      (i) Wages and salaries

      (ii) Social security costs

      (iii) Other pension costs

   (b) Other administrative expenses

9. Depreciation and amortisation *(6)*

10. Other operating charges

11. Provisions

    (a) Provisions for bad and doubtful debts *(7)*

    (b) Provisions for contingent liabilities and commitments *(8)*

12. Adjustments to provisions

    (a) Adjustments to provisions for bad and doubtful debts *(9)*

    (b) Adjustments to provisions for contingent liabilities and commitments *(10)*

13. Amounts written off fixed asset investments *(11)*

14. Adjustments to amounts written off fixed asset investments *(12)*

15. [Profit] [loss] on ordinary activities before tax

16. Tax on [profit] [loss] on ordinary activities

17. [Profit] [loss] on ordinary activities after tax

18. Extraordinary income

19. Extraordinary charges

20. Extraordinary [profit] [loss]

21. Tax on extraordinary [profit] [loss]

22. Extraordinary [profit] [loss] after tax

23. Other taxes not shown under the preceding items

24. [Profit] [loss] for the financial year

Profit and loss account formats

Format 2

Horizontal layout

A. Charges

1. Interest payable *(2)*

2. Fees and commissions payable *(4)*

3. Dealing losses *(5)*

4. Administrative expenses
    (a) Staff costs
        (i) Wages and salaries

(ii) Social security costs

(iii) Other pension costs

(b) Other administrative expenses

5. Depreciation and amortisation *(6)*

6. Other operating charges

7. Provisions

(a) Provisions for bad and doubtful debts *(7)*

(b) Provisions for contingent liabilities and commitments *(8)*

8. Amounts written off fixed asset investments *(11)*

9. Profit on ordinary activities before tax

10. Tax on [profit] [loss] on ordinary activities

11. Profit on ordinary activities after tax

12. Extraordinary charges

13. Tax on extraordinary [profit] [loss]

14. Extraordinary loss after tax

15. Other taxes not shown under the preceding items

16. Profit for the financial year

B. Income

1. Interest receivable *(1)*

(1) Interest receivable and similar income arising from debt securities [and other fixed-income securities]

(2) Other interest receivable and similar income

2. Dividend income
   (a) Income from equity shares [and other variable-yield securities]
   (b) Income from participating interests
   (c) Income from shares in group undertakings

3. Fees and commissions receivable *(3)*

4. Dealing profits *(5)*

5. Adjustments to provisions
   (a) Adjustments to provisions for bad and doubtful debts *(9)*
   (b) Adjustments to provisions for contingent liabilities and commitments *(10)*

6. Adjustments to amounts written off fixed asset investments *(12)*

7. Other operating income

8. Loss on ordinary activities before tax

9. Loss on ordinary activities after tax

10. Extraordinary income

11. Extraordinary profit after tax

12. Loss for the financial year

Notes on the profit and loss account formats

(1) Interest receivable

(Format 1, item 1; format 2, item B1.)

This item is to include all income arising out of banking activities, including—

(a) income from assets included in assets items 1 to 5 in the balance sheet format, however calculated,

(b) income resulting from covered forward contracts spread over the actual duration of the contract and similar in nature to interest, and

(c) fees and commissions receivable similar in nature to interest and calculated on a time basis or by reference to the amount of the claim (but not other fees and commissions receivable).

(2) Interest payable

(Format 1, item 2; format 2, item A1.)

This item is to include all expenditure arising out of banking activities, including—

(a) charges arising out of liabilities included in liabilities items 1, 2, 3 and 7 in the balance sheet format, however calculated,

(b) charges resulting from covered forward contracts, spread over the actual duration of the contract and similar in nature to interest, and

(c) fees and commissions payable similar in nature to interest and calculated on a time basis or by reference to the amount of the liability (but not other fees and commissions payable).

(3) Fees and commissions receivable

(Format 1, item 4; format 2, item B3.)

Fees and commissions receivable are to comprise income in respect of all services supplied by the company to third parties, but not fees or commissions required to be included under interest receivable (format 1, item 1; format 2, item B1).

In particular the following fees and commissions receivable must be included (unless required to be included under interest receivable)—

(a) fees and commissions for guarantees, loan administration on behalf of other lenders and securities transactions,

(b) fees, commissions and other income in respect of payment transactions, account administration charges and commissions for the safe custody and administration of securities,

(c) fees and commissions for foreign currency transactions and for the sale and purchase of coin and precious metals, and

(d) fees and commissions charged for brokerage services in connection with savings and insurance contracts and loans.

(4) Fees and commissions payable

(Format 1, item 5; format 2, item A2.)

Fees and commissions payable are to comprise charges for all services rendered to the company by third parties but not fees or commissions required to be included under interest payable (format 1, item 2; format 2, item A1).

In particular the following fees and commissions payable must be included (unless required to be included under interest payable)—

(a) fees and commissions for guarantees, loan administration and securities transactions;

(b) fees, commissions and other charges in respect of payment transactions, account administration charges and commissions for the safe custody and administration of securities;

(c) fees and commissions for foreign currency transactions and for the sale and purchase of coin and precious metals; and

(d) fees and commissions for brokerage services in connection with savings and insurance contracts and loans.

(5) Dealing [profits] [losses]

(Format 1, item 6; format 2, items B4 and A3.)

This item is to comprise—

(a) the net profit or net loss on transactions in securities which are not held as financial fixed assets together with amounts written off or written back with respect to such securities, including amounts written off or written back as a result of the application of paragraph 33(1),

(b) the net profit or loss on exchange activities, save in so far as the profit or loss is included in interest receivable or interest payable (format 1, items 1 or 2; format 2, items B1 or A1), and

(c) the net profits and losses on other dealing operations involving financial instruments, including precious metals.

(6) Depreciation and amortisation

(Format 1, item 9; format 2, item A5.)

This item is to comprise depreciation and other amounts written off in respect of balance sheet assets items 9 and 10.

(7) Provisions: Provisions for bad and doubtful debts

(Format 1, item 11(a); format 2, item A7(a).)

Provisions for bad and doubtful debts are to comprise charges for amounts written off and for provisions made in respect of loans and advances shown under balance sheet assets items 3 and 4.

(8) Provisions: Provisions for contingent liabilities and commitments

(Format 1, item 11(b); format 2, item A7(b).)

This item is to comprise charges for provisions for contingent liabilities and commitments of a type which would, if not provided for, be shown under Memorandum items 1 and 2.

(9) Adjustments to provisions: Adjustments to provisions for bad and doubtful debts

(Format 1, item 12(a); format 2, item B5(a).)

This item is to include credits from the recovery of loans that have been written off, from other advances written back following earlier write offs and from the reduction of provisions previously made with respect to loans and advances.

(10) Adjustments to provisions: Adjustments to provisions for contingent liabilities and commitments

(Format 1, item 12(b); format 2, item B5(b).)

This item comprises credits from the reduction of provisions previously made with respect to contingent liabilities and commitments.

(11) Amounts written off fixed asset investments

(Format 1, item 13; format 2, item A8.)

Amounts written off fixed asset investments are to comprise amounts written off in respect of assets which are transferable securities held as financial fixed assets, participating interests and shares in group undertakings and which are included in assets items 5 to 8 in the balance sheet format.

(12) Adjustments to amounts written off fixed asset investments

(Format 1, item 14; format 2, item B6.)

Adjustments to amounts written off fixed asset investments are to include amounts written back following earlier write offs and provisions in respect of assets which are transferable securities held as financial fixed assets, participating interests and group undertakings and which are included in assets items 5 to 8 in the balance sheet format.

PART 2

ACCOUNTING PRINCIPLES AND RULES

SECTION A

ACCOUNTING PRINCIPLES

Preliminary

16.—(1) The amounts to be included in respect of all items shown in a company's accounts must be determined in accordance with the principles set out in this Section.

(2) But if it appears to the company's directors that there are special reasons for departing from any of those principles in preparing the company's accounts in respect of any financial year they may do so, in which case particulars of the departure, the reasons for it and its effect must be given in a note to the accounts.

Accounting principles

17. The company is presumed to be carrying on business as a going concern.

18. Accounting policies must be applied consistently within the same accounts and from one financial year to the next.

19. The amount of any item must be determined on a prudent basis, and in particular—

(a) only profits realised at the balance sheet date are to be included in the profit and loss account, and

(b) all liabilities which have arisen in respect of the financial year to which the accounts relate or a previous financial year must be taken into account, including those which only become apparent between the balance sheet date and the date on which it is signed on behalf of the board of directors in accordance with section 414 of the 2006 Act (approval and signing of accounts).

20. All income and charges relating to the financial year to which the accounts relate must be taken into account, without regard to the date of receipt or payment.

21. In determining the aggregate amount of any item, the amount of each individual asset or liability that falls to be taken into account must be determined separately.

SECTION B

HISTORICAL COST ACCOUNTING RULES

Preliminary

22. Subject to Sections C and D of this Part of this Schedule, the amounts to be included in respect of all items shown in a company's accounts must be determined in accordance with the rules set out in this Section.

Fixed assets

General rules

23.—(1) The amount to be included in respect of any fixed asset is its cost.

(2) This is subject to any provision for depreciation or diminution in value made in accordance with paragraphs 24 to 26.

Rules for depreciation and diminution in value

24. In the case of any fixed asset which has a limited useful economic life, the amount of—

(a) its cost, or

(b) where it is estimated that any such asset will have a residual value at the end of the period of its useful economic life, its cost less that estimated residual value,

must be reduced by provisions for depreciation calculated to write off that amount systematically over the period of the asset's useful economic life.

25.—(1) Where a fixed asset investment to which sub-paragraph (2) applies has diminished in value, provisions for diminution in value may be made in respect of it and the amount to be included in respect of it may be reduced accordingly.

(2) This sub-paragraph applies to fixed asset investments of a description falling to be included under assets item 7 (participating interests) or 8 (shares in group undertakings) in the balance sheet format, or any other holding of securities held as a financial fixed asset.

(3) Provisions for diminution in value must be made in respect of any fixed asset which has diminished in value if the reduction in its value is expected to be permanent (whether its useful economic life is limited or not), and the amount to be included in respect of it must be reduced accordingly.

(4) Any provisions made under this paragraph which are not shown in the profit and loss account must be disclosed (either separately or in aggregate) in a note to the accounts.

26.—(1) Where the reasons for which any provision was made in accordance with paragraph 25 have ceased to apply to any extent, that provision must be written back to the extent that it is no longer necessary.

(2) Any amounts written back in accordance with sub-paragraph (1) which are not shown in the profit and loss account must be disclosed (either separately or in aggregate) in a note to the accounts.

Development costs

27.—(1) Notwithstanding that amounts representing "development costs" may be included under assets item 9 in the balance sheet format, an amount may only be included in a company's balance sheet in respect of development costs in special circumstances.

(2) If any amount is included in a company's balance sheet in respect of development costs the following information must be given in a note to the accounts—

(a) the period over which the amount of those costs originally capitalised is being or is to be written off, and

(b) the reasons for capitalising the development costs in question.

Goodwill

28.—(1) The application of paragraphs 23 to 26 in relation to goodwill (in any case where goodwill is treated as an asset) is subject to the following.

(2) Subject to sub-paragraph (3), the amount of the consideration for any goodwill acquired by a company must be reduced by provisions for depreciation calculated to write off that amount systematically over a period chosen by the directors of the company.

(3) The period chosen must not exceed the useful economic life of the goodwill in question.

(4) In any case where any goodwill acquired by a company is included as an asset in the company's balance sheet there must be disclosed in a note to the accounts—

(a) the period chosen for writing off the consideration for that goodwill, and

(b) the reasons for choosing that period.

Treatment of fixed assets

29.—(1) Assets included in assets items 9 (intangible fixed assets) and 10 (tangible fixed assets) in the balance sheet format must be valued as fixed assets.

(2) Other assets falling to be included in the balance sheet must be valued as fixed assets where they are intended for use on a continuing basis in the company's activities.

Financial fixed assets

30.—(1) Debt securities, including fixed-income securities, held as financial fixed assets must be included in the balance sheet at an amount equal to their maturity value plus any premium, or less any discount, on their purchase, subject to the following provisions of this paragraph.

(2) The amount included in the balance sheet with respect to such securities purchased at a premium must be reduced each financial year on a systematic basis so as to write the premium off over the period to the maturity date of the security and the amounts so written off must be charged to the profit and loss account for the relevant financial years.

(3) The amount included in the balance sheet with respect to such securities purchased at a discount must be increased each financial year on a systematic basis so as to extinguish the discount over the period to the maturity date of the security and the amounts by which the amount is increased must be credited to the profit and loss account for the relevant years.

(4) The notes to the accounts must disclose the amount of any unamortized premium or discount not extinguished which is included in the balance sheet by virtue of sub-paragraph (1).

(5) For the purposes of this paragraph "premium" means any excess of the amount paid for a security over its maturity value and "discount" means any deficit of the amount paid for a security over its maturity value.

Current assets

31. The amount to be included in respect of loans and advances, debt or other fixed-income securities and equity shares or other variable yield securities not held as financial fixed assets must be their cost, subject to paragraphs 32 and 33.

32.—(1) If the net realisable value of any asset referred to in paragraph 31 is lower than its cost, the amount to be included in respect of that asset is the net realisable value.

(2) Where the reasons for which any provision for diminution in value was made in accordance with sub-paragraph (1) have ceased to apply to any extent, that provision must be written back to the extent that it is no longer necessary.

33.—(1) Subject to paragraph 32, the amount to be included in the balance sheet in respect of transferable securities not held as financial fixed assets may be the higher of their cost or their market value at the balance sheet date.

(2) The difference between the cost of any securities included in the balance sheet at a valuation under sub-paragraph (1) and their market value must be shown (in aggregate) in the notes to the accounts.

Miscellaneous and supplementary provisions

Excess of money owed over value received as an asset item

34.—(1) Where the amount repayable on any debt owed by a company is greater than the value of the consideration received in the transaction giving rise to the debt, the amount of the difference may be treated as an asset.

(2) Where any such amount is so treated—

(a) it must be written off by reasonable amounts each year and must be completely written off before repayment of the debt, and

(b) if the current amount is not shown as a separate item in the company's balance sheet, it must be disclosed in a note to the accounts.

Determination of cost

35.—(1) The cost of an asset that has been acquired by the company is to be determined by adding to the actual price paid any expenses incidental to its acquisition.

(2) The cost of an asset constructed by the company is to be determined by adding to the purchase price of the raw materials and consumables used the amount of the costs incurred by the company which are directly attributable to the construction of that asset.

(3) In addition, there may be included in the cost of an asset constructed by the company—

(a) a reasonable proportion of the costs incurred by the company which are only indirectly attributable to the construction of that asset, but only to the extent that they relate to the period of construction, and

(b) interest on capital borrowed to finance the construction of that asset, to the extent that it accrues in respect of the period of construction, provided, however, in a case within paragraph (b), that the inclusion of the interest in determining the cost of that asset and the amount of the interest so included is disclosed in a note to the accounts.

36.—(1) The cost of any assets which are fungible assets (including investments), may be determined by the application of any of the methods mentioned in sub-paragraph (2) in relation to any such assets of the same class, provided that the method chosen is one which appears to the directors to be appropriate in the circumstances of the company.

(2) Those methods are—

(a) the method known as "first in, first out" (FIFO),

(b) the method known as "last in, first out" (LIFO),

(c) a weighted average price, and

(d) any other method similar to any of the methods mentioned above.

(3) Where in the case of any company—

(a) the cost of assets falling to be included under any item shown in the company's balance sheet has been determined by the application of any method permitted by this paragraph, and

(b) the amount shown in respect of that item differs materially from the relevant alternative amount given below in this paragraph,

the amount of that difference must be disclosed in a note to the accounts.

(4) Subject to sub-paragraph (5), for the purposes of sub-paragraph (3)(b), the relevant alternative amount, in relation to any item shown in a company's balance sheet, is the amount which would have been shown in respect of that item if assets of any class included under that item at an amount determined by any method permitted by this paragraph had instead been included at their replacement cost as at the balance sheet date.

(5) The relevant alternative amount may be determined by reference to the most recent actual purchase price before the balance sheet date of assets of any class included under the item in question instead of by reference to their replacement cost as at that date, but only if the former appears to the directors of the company to constitute the more appropriate standard of comparison in the case of assets of that class.

Substitution of original stated amount where price or cost unknown

37.—(1) This paragraph applies where—

(a) there is no record of the purchase price of any asset acquired by a company or of any price, expenses or costs relevant for determining its cost in accordance with paragraph 35, or

(b) any such record cannot be obtained without unreasonable expense or delay.

(2) In such a case, its cost is to be taken, for the purposes of paragraphs 23 to 33, to be the value ascribed to it in the earliest available record of its value made on or after its acquisition by the company.

SECTION C

ALTERNATIVE ACCOUNTING RULES

Preliminary

38.—(1) The rules set out in Section B are referred to below in this Schedule as the historical cost accounting rules.

(2) Paragraphs 23 to 26 and 30 to 34 are referred to below in this Section as the depreciation rules; and references below in this Schedule to the historical cost accounting rules do not include the depreciation rules as they apply by virtue of paragraph 41.

39. Subject to paragraphs 41 to 43, the amounts to be included in respect of assets of any description mentioned in paragraph 40 may be determined on any basis so mentioned.

Alternative accounting rules

40.—(1) Intangible fixed assets, other than goodwill, may be included at their current cost.

(2) Tangible fixed assets may be included at a market value determined as at the date of their last valuation or at their current cost.

(3) Investments of any description falling to be included under assets items 7 (participating interests) or 8 (shares in group undertakings) of the balance sheet format and any other securities held as financial fixed assets may be included either—

(a) at a market value determined as at the date of their last valuation, or

(b) at a value determined on any basis which appears to the directors to be appropriate in the circumstances of the company.

But in the latter case particulars of the method of valuation adopted and of the reasons for adopting it must be disclosed in a note to the accounts.

(4) Securities of any description not held as financial fixed assets (if not valued in accordance with paragraph 33) may be included at their current cost.

Application of the depreciation rules

41.—(1) Where the value of any asset of a company is determined in accordance with paragraph 40, that value must be, or (as the case may require) be the starting point for determining, the amount to be included in respect of that asset in the company's accounts, instead of its cost or any value previously so determined for that asset.

The depreciation rules apply accordingly in relation to any such asset with the substitution for any reference to its cost of a reference to the value most recently determined for that asset in accordance with paragraph 40.

(2) The amount of any provision for depreciation required in the case of any fixed asset by paragraphs 24 to 26 as they apply by virtue of sub-paragraph (1) is referred to below in this paragraph as the adjusted amount, and the amount of any provision which would be required by any of those paragraphs in the case of that asset according to the historical cost accounting rules is referred to as the historical cost amount.

(3) Where sub-paragraph (1) applies in the case of any fixed asset the amount of any provision for depreciation in respect of that asset included in any item shown in the profit and loss account in respect of amounts written off assets of the description in question may be the historical cost amount instead of the adjusted amount, provided that the amount of any difference between the two is shown separately in the profit and loss account or in a note to the accounts.

Additional information to be provided in case of departure from historical cost accounting rules

42.—(1) This paragraph applies where the amounts to be included in respect of assets covered by any items shown in a company's accounts have been determined in accordance with paragraph 40.

(2) The items affected and the basis of valuation adopted in determining the amounts of the assets in question in the case of each such item must be disclosed in a note to the accounts.

(3) In the case of each balance sheet item affected either—

(a) the comparable amounts determined according to the historical cost accounting rules, or

(b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item,

must be shown separately in the balance sheet or in a note to the accounts.

(4) In sub-paragraph (3), references in relation to any item to the comparable amounts determined as there mentioned are references to—

(a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect of all the assets covered by that item were determined according to the historical cost accounting rules, and

(b) the aggregate amount of the cumulative provisions for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.

Revaluation reserve

43.—(1) With respect to any determination of the value of an asset of a company in accordance with paragraph 40, the amount of any profit or loss arising from that determination (after allowing, where appropriate, for any provisions for depreciation or diminution in value made otherwise than by reference to the value so determined and any adjustments of any such provisions made in the light of that determination) must be credited or (as the case may be) debited to a separate reserve ("the revaluation reserve").

(2) The amount of the revaluation reserve must be shown in the company's balance sheet under liabilities item 11 in the balance sheet format, but need not be shown under that name.

(3) An amount may be transferred—

(a) from the revaluation reserve—

(i) to the profit and loss account, if the amount was previously charged to that account or represents realised profit, or

(ii) on capitalisation,

(b) to or from the revaluation reserve in respect of the taxation relating to any profit or loss credited or debited to the reserve.

The revaluation reserve must be reduced to the extent that the amounts transferred to it are no longer necessary for the purposes of the valuation method used.

(4) In sub-paragraph (3)(a)(ii) "capitalisation", in relation to an amount standing to the credit of the revaluation reserve, means applying it in wholly or partly paying up unissued shares in the company to be allotted to members of the company as fully or partly paid shares.

(5) The revaluation reserve must not be reduced except as mentioned in this paragraph.

(6) The treatment for taxation purposes of amounts credited or debited to the revaluation reserve must be disclosed in a note to the accounts.

SECTION D

FAIR VALUE ACCOUNTING

Inclusion of financial instruments at fair value

44.—(1) Subject to sub-paragraphs (2) to (5), financial instruments (including derivatives) may be included at fair value.

(2) Sub-paragraph (1) does not apply to financial instruments that constitute liabilities unless—

(a) they are held as part of a trading portfolio,

(b) they are derivatives, or

(c) they are financial instruments falling within sub-paragraph (4).

(3) Unless they are financial instruments falling within sub-paragraph (4), sub-paragraph (1) does not apply to—

(a) financial instruments (other than derivatives) held to maturity,

(b) loans and receivables originated by the company and not held for trading purposes,

(c) interests in subsidiary undertakings, associated undertakings and joint ventures,

(d) equity instruments issued by the company,

(e) contracts for contingent consideration in a business combination, or

(f) other financial instruments with such special characteristics that the instruments, according to generally accepted accounting principles or practice, should be accounted for differently from other financial instruments.

(4) Financial instruments that, under international accounting standards adopted by the European Commission on or before 5th September 2006 in accordance with the IAS Regulation, may be included in accounts at fair value, may be so included, provided that the disclosures required by such accounting standards are made.

(5) If the fair value of a financial instrument cannot be determined reliably in accordance with paragraph 45, sub-paragraph (1) does not apply to that financial instrument.

(6) In this paragraph—

"associated undertaking" has the meaning given by paragraph 19 of Schedule 6 to these Regulations;

"joint venture" has the meaning given by paragraph 18 of that Schedule.

Determination of fair value

45.—(1) The fair value of a financial instrument is its value determined in accordance with this paragraph.

(2) If a reliable market can readily be identified for the financial instrument, its fair value is determined by reference to its market value.

(3) If a reliable market cannot readily be identified for the financial instrument but can be identified for its components or for a similar instrument, its fair value is determined by reference to the market value of its components or of the similar instrument.

(4) If neither sub-paragraph (2) nor (3) applies, the fair value of the financial instrument is a value resulting from generally accepted valuation models and techniques.

(5) Any valuation models and techniques used for the purposes of sub-paragraph (4) must ensure a reasonable approximation of the market value.

Hedged items

46. A company may include any assets and liabilities, or identified portions of such assets or liabilities, that qualify as hedged items under a fair value hedge accounting system at the amount required under that system.

Other assets that may be included at fair value

47.—(1) This paragraph applies to—

(a) investment property, and

(b) living animals and plants,

that, under international accounting standards, may be included in accounts at fair value.

(2) Such investment property and such living animals and plants may be included at fair value, provided that all such investment property or, as the case may be, all such living animals and plants are so included where their fair value can reliably be determined.

(3) In this paragraph, "fair value" means fair value determined in accordance with relevant international accounting standards.

Accounting for changes in value

48.—(1) This paragraph applies where a financial instrument is valued in accordance with paragraph 44 or 46 or an asset is valued in accordance with paragraph 47.

(2) Notwithstanding paragraph 19 in this Part of this Schedule, and subject to sub-paragraphs (3) and (4), a change in the value of the financial instrument or of the investment property or living animal or plant must be included in the profit and loss account.

(3) Where—

(a) the financial instrument accounted for is a hedging instrument under a hedge accounting system that allows some or all of the change in value not to be shown in the profit and loss account, or

(b) the change in value relates to an exchange difference arising on a monetary item that forms part of a company's net investment in a foreign entity,

the amount of the change in value must be credited to or (as the case may be) debited from a separate reserve ("the fair value reserve").

(4) Where the instrument accounted for—

(a) is an available for sale financial asset, and

(b) is not a derivative,

the change in value may be credited to or (as the case may be) debited from the fair value reserve.

The fair value reserve

49.—(1) The fair value reserve must be adjusted to the extent that the amounts shown in it are no longer necessary for the purposes of paragraph 48(3) or (4).

(2) The treatment for taxation purposes of amounts credited or debited to the fair value reserve must be disclosed in a note to the accounts.

Assets and liabilities denominated in foreign currencies

50.—(1) Subject to the following sub-paragraphs, amounts to be included in respect of assets and liabilities denominated in foreign currencies must be in sterling (or the currency in which the accounts are drawn up) after translation at an appropriate spot rate of exchange prevailing at the balance sheet date.

(2) An appropriate rate of exchange prevailing on the date of purchase may however be used for assets held as financial fixed assets and assets to be included under assets items 9 (intangible

fixed assets) and 10 (tangible fixed assets) in the balance sheet format, if they are not covered or not specifically covered in either the spot or forward currency markets.

(3) An appropriate spot rate of exchange prevailing at the balance sheet date must be used for translating uncompleted spot exchange transactions.

(4) An appropriate forward rate of exchange prevailing at the balance sheet date must be used for translating uncompleted forward exchange transactions.

(5) This paragraph does not apply to any assets or liabilities held, or any transactions entered into, for hedging purposes or to any assets or liabilities which are themselves hedged.

51.—(1) Subject to sub-paragraph (2), any difference between the amount to be included in respect of an asset or liability under paragraph 50 and the book value, after translation into sterling (or the currency in which the accounts are drawn up) at an appropriate rate, of that asset or liability must be credited or, as the case may be, debited to the profit and loss account.

(2) In the case, however, of assets held as financial fixed assets, of assets to be included under assets items 9 (intangible fixed assets) and 10 (tangible fixed assets) in the balance sheet format and of transactions undertaken to cover such assets, any such difference may be deducted from or credited to any non-distributable reserve available for the purpose.

PART 3

NOTES TO THE ACCOUNTS

Preliminary

52. Any information required in the case of any company by the following provisions of this Part of this Schedule must (if not given in the company's accounts) be given by way of a note to the accounts.

General

Disclosure of accounting policies

53. The accounting policies adopted by the company in determining the amounts to be included in respect of items shown in the balance sheet and in determining the profit or loss of the company must be stated (including such policies with respect to the depreciation and diminution in value of assets).

54. It must be stated whether the accounts have been prepared in accordance with applicable accounting standards and particulars of any material departure from those standards and the reasons for it must be given.

Sums denominated in foreign currencies

55. Where any sums originally denominated in foreign currencies have been brought into account under any items shown in the balance sheet format or profit and loss account formats, the basis on which those sums have been translated into sterling (or the currency in which the accounts are drawn up) must be stated.

Reserves and dividends

56. There must be stated—

(a) any amount set aside or proposed to be set aside to, or withdrawn or proposed to be withdrawn from, reserves,

(b) the aggregate amount of dividends paid in the financial year (other than those for which a liability existed at the immediately preceding balance sheet date),

(c) the aggregate amount of dividends that the company is liable to pay at the balance sheet date, and

(d) the aggregate amount of dividends that are proposed before the date of approval of the accounts, and not otherwise disclosed under sub-paragraph (b) or (c).

Information supplementing the balance sheet

57. Paragraphs 58 to 84 require information which either supplements the information given with respect to any particular items shown in the balance sheet or is otherwise relevant to assessing the company's state of affairs in the light of the information so given.

Share capital and debentures

58.—(1) Where shares of more than one class have been allotted, the number and aggregate nominal value of shares of each class allotted must be given.

(2) In the case of any part of the allotted share capital that consists of redeemable shares, the following information must be given—

(a) the earliest and latest dates on which the company has power to redeem those shares,

(b) whether those shares must be redeemed in any event or are liable to be redeemed at the option of the company or of the shareholder, and

(c) whether any (and, if so, what) premium is payable on redemption.

59. If the company has allotted any shares during the financial year, the following information must be given—

(a) the classes of shares allotted, and

(b) as respects each class of shares, the number allotted, their aggregate nominal value and the consideration received by the company for the allotment.

60.—(1) With respect to any contingent right to the allotment of shares in the company the following particulars must be given—

(a) the number, description and amount of the shares in relation to which the right is exercisable,

(b) the period during which it is exercisable, and

(c) the price to be paid for the shares allotted.

(2) In sub-paragraph (1) "contingent right to the allotment of shares" means any option to subscribe for shares and any other right to require the allotment of shares to any person whether arising on the conversion into shares of securities of any other description or otherwise.

61.—(1) If the company has issued any debentures during the financial year to which the accounts relate, the following information must be given—

(a) the classes of debentures issued, and

(b) as respects each class of debentures, the amount issued and the consideration received by the company for the issue.

(2) Where any of the company's debentures are held by a nominee of or trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the accounting records kept by the company in accordance with section 386 of the 2006 Act (duty to keep accounting records) must be stated.

Fixed assets

62.—(1) In respect of any fixed assets of the company included in any assets item in the company's balance sheet the following information must be given by reference to each such item—

(a) the appropriate amounts in respect of those assets included in the item as at the date of the beginning of the financial year and as at the balance sheet date respectively,

(b) the effect on any amount shown included in the item in respect of those assets of—

(i) any determination during that year of the value to be ascribed to any of those assets in accordance with paragraph 40,

(ii) acquisitions during that year of any fixed assets,

(iii) disposals during that year of any fixed assets, and

(iv) any transfers of fixed assets of the company to and from that item during that year.

(2) The reference in sub-paragraph (1)(a) to the appropriate amounts in respect of any fixed assets (included in an assets item) as at any date there mentioned is a reference to amounts representing the aggregate amounts determined, as at that date, in respect of fixed assets falling to be included under the item on either of the following bases—

(a) on the basis of cost (determined in accordance with paragraphs 35 and 36), or

(b) on any basis permitted by paragraph 40,

(leaving out of account in either case any provisions for depreciation or diminution in value).

(3) In addition, in respect of any fixed assets of the company included in any assets item in the company's balance sheet, there must be stated (by reference to each such item)—

(a) the cumulative amount of provisions for depreciation or diminution in value of those assets included under that item as at each date mentioned in sub-paragraph (1)(a),

(b) the amount of any such provisions made in respect of the financial year,

(c) the amount of any adjustments made in respect of any such provisions during that year in consequence of the disposal of any of those assets, and

(d) the amount of any other adjustments made in respect of any such provisions during that year.

(4) The requirements of this paragraph need not be complied with to the extent that a company takes advantage of the option of setting off charges and income afforded by paragraph 8(3) in Part 1 of this Schedule.

63. Where any fixed assets of the company (other than listed investments) are included under any item shown in the company's balance sheet at an amount determined in accordance with paragraph 40, the following information must be given—

(a) the years (so far as they are known to the directors) in which the assets were severally valued and the several values, and

(b) in the case of assets that have been valued during the financial year, the names of the persons who valued them or particulars of their qualifications for doing so and (whichever is stated) the bases of valuation used by them.

64. In relation to any amount which is included under assets item 10 in the balance sheet format (tangible fixed assets) with respect to land and buildings there must be stated—

(a) how much of that amount is ascribable to land of freehold tenure and how much to land of leasehold tenure, and

(b) how much of the amount ascribable to land of leasehold tenure is ascribable to land held on long lease and how much to land held on short lease.

65. There must be disclosed separately the amount of—

(a) any participating interests, and

(b) any shares in group undertakings that are held in credit institutions.

Information about fair value of assets and liabilities

66.—(1) This paragraph applies where financial instruments have been valued in accordance with paragraph 44 or 46.

(2) There must be stated—

(a) the significant assumptions underlying the valuation models and techniques used where the fair value of the instruments has been determined in accordance with paragraph 45(4),

(b) for each category of financial instrument, the fair value of the instruments in that category and the changes in value—

(i) included in the profit and loss account, or

(ii) credited to or (as the case may be) debited from the fair value reserve,

in respect of those instruments, and

(c) for each class of derivatives, the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.

(3) Where any amount is transferred to or from the fair value reserve during the financial year, there must be stated in tabular form—

(a) the amount of the reserve as at the date of the beginning of the financial year and as at the balance sheet date respectively,

(b) the amount transferred to or from the reserve during that year, and

(c) the source and application respectively of the amounts so transferred.

67. Where the company has derivatives that it has not included at fair value, there must be stated for each class of such derivatives—

(a) the fair value of the derivatives in that class, if such a value can be determined in accordance with paragraph 45, and

(b) the extent and nature of the derivatives.

68.—(1) This paragraph applies if—

(a) the company has financial fixed assets that could be included at fair value by virtue of paragraph 44,

(b) the amount at which those items are included under any item in the company's accounts is in excess of their fair value, and

(c) the company has not made provision for diminution in value of those assets in accordance with paragraph 25(1) in Part 2 of this Schedule.

(2) There must be stated—

(a) the amount at which either the individual assets or appropriate groupings of those individual assets are included in the company's accounts,

(b) the fair value of those assets or groupings, and

(c) the reasons for not making a provision for diminution in value of those assets, including the nature of the evidence that provides the basis for the belief that the amount at which they are stated in the accounts will be recovered.

Information where investment property and living animals and plants included at fair value

69.—(1) This paragraph applies where the amounts to be included in a company's accounts in respect of investment property or living animals and plants have been determined in accordance with paragraph 47.

(2) The balance sheet items affected and the basis of valuation adopted in determining the amounts of the assets in question in the case of each such item must be disclosed in a note to the accounts.

(3) In the case of investment property, for each balance sheet item affected there must be shown, either separately in the balance sheet or in a note to the accounts—

(a) the comparable amounts determined according to the historical cost accounting rules, or

(b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item.

(4) In sub-paragraph (3), references in relation to any item to the comparable amounts determined in accordance with that sub-paragraph are to—

(a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect of all the assets covered by that item were determined according to the historical cost accounting rules, and

(b) the aggregate amount of the cumulative provisions for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.

Reserves and provisions

70.—(1) This paragraph applies where any amount is transferred—

(a) to or from any reserves, or

(b) to any provision for liabilities, or

(c) from any provision for liabilities otherwise than for the purpose for which the provision was established,

and the reserves or provisions are or would but for paragraph 5(1) in Part 1 of this Schedule be shown as separate items in the company's balance sheet.

(2) The following information must be given in respect of the aggregate of reserves or provisions included in the same item—

(a) the amount of the reserves or provisions as at the date of the beginning of the financial year and as at the balance sheet date respectively,

(b) any amounts transferred to or from the reserves or provisions during that year, and

(c) the source and application respectively of any amounts so transferred.

(3) Particulars must be given of each provision included in liabilities item 6.(c) (other provisions) in the company's balance sheet in any case where the amount of that provision is material.

Provision for taxation

71. The amount of any provision for deferred taxation must be stated separately from the amount of any provision for other taxation.

Maturity analysis

72.—(1) A company must disclose separately for each of assets items 3.(b) and 4 and liabilities items 1.(b), 2.(b) and 3.(b) the aggregate amount of the loans and advances and liabilities included in those items broken down into the following categories—

(a) those repayable in not more than three months,

(b) those repayable in more than three months but not more than one year,

(c) those repayable in more than one year but not more than five years,

(d) those repayable in more than five years,

from the balance sheet date.

(2) A company must also disclose the aggregate amounts of all loans and advances falling within assets item 4 (loans and advances to customers) which are—

(a) repayable on demand, or

(b) are for an indeterminate period, being repayable upon short notice.

(3) For the purposes of sub-paragraph (1), where a loan or advance or liability is repayable by instalments, each such instalment is to be treated as a separate loan or advance or liability.

Debt and other fixed-income securities

73. A company must disclose the amount of debt and fixed-income securities included in assets item 5 (debt securities [and other fixed-income securities]) and the amount of such securities included in liabilities item 3.(a) (bonds and medium term notes) that (in each case) will become due within one year of the balance sheet date.

Subordinated liabilities

74.—(1) The following information must be disclosed in relation to any borrowing included in liabilities item 7 (subordinated liabilities) that exceeds 10 % of the total for that item—

(a) its amount,

(b) the currency in which it is denominated,

(c) the rate of interest and the maturity date (or the fact that it is perpetual),

(d) the circumstances in which early repayment may be demanded,

(e) the terms of the subordination, and

(f) the existence of any provisions whereby it may be converted into capital or some other form of liability and the terms of any such provisions.

(2) The general terms of any other borrowings included in liabilities item 7 must also be stated.

Fixed cumulative dividends

75. If any fixed cumulative dividends on the company's shares are in arrear, there must be stated—

(a) the amount of the arrears, and

(b) the period for which the dividends or, if there is more than one class, each class of them are in arrear.

Details of assets charged

76.—(1) There must be disclosed, in relation to each liabilities and memorandum item of the balance sheet format—

(a) the aggregate amount of any assets of the company which have been charged to secure any liability or potential liability included under that item,

(b) the aggregate amount of the liabilities or potential liabilities so secured, and

(c) an indication of the nature of the security given.

(2) Particulars must also be given of any other charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.

Guarantees and other financial commitments

77.—(1) There must be stated, where practicable, the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for.

(2) Particulars must be given of—

(a) any pension commitments included under any provision shown in the company's balance sheet, and

(b) any such commitments for which no provision has been made,

and where any such commitment relates wholly or partly to pensions payable to past directors of the company separate particulars must be given of that commitment so far as it relates to such pensions.

(3) Particulars must also be given of any other financial commitments, including any contingent liabilities, that—

(a) have not been provided for,

(b) have not been included in the memorandum items in the balance sheet format, and

(c) are relevant to assessing the company's state of affairs.

(4) Commitments within any of the preceding sub-paragraphs undertaken on behalf of or for the benefit of—

(a) any parent company or fellow subsidiary undertaking of the company, or

(b) any subsidiary undertaking of the company,

must be stated separately from the other commitments within that sub-paragraph (and commitments within paragraph (a) must be stated separately from those within paragraph (b)).

(5) There must be disclosed the nature and amount of any contingent liabilities and commitments included in Memorandum items 1 and 2 which are material in relation to the company's activities.

Memorandum items: Group undertakings

78.—(1) With respect to contingent liabilities required to be included under Memorandum item 1 in the balance sheet format, there must be stated in a note to the accounts the amount of such contingent liabilities incurred on behalf of or for the benefit of—

(a) any parent undertaking or fellow subsidiary undertaking, or

(b) any subsidiary undertaking,

of the company; in addition the amount incurred in respect of the undertakings referred to in paragraph (a) must be stated separately from the amount incurred in respect in respect of the undertakings referred to in paragraph (b).

(2) With respect to commitments required to be included under Memorandum item 2 in the balance sheet format, there must be stated in a note to the accounts the amount of such commitments undertaken on behalf of or for the benefit of—

(a) any parent undertaking or fellow subsidiary undertaking, or

(b) any subsidiary undertaking,

of the company; in addition the amount incurred in respect of the undertakings referred to in paragraph (a) must be stated separately from the amount incurred in respect of the undertakings referred to in paragraph (b).

Transferable securities

79.—(1) There must be disclosed for each of assets items 5 to 8 in the balance sheet format the amount of transferable securities included under those items that are listed and the amount of those that are unlisted.

(2) In the case of each amount shown in respect of listed securities under sub-paragraph (1), there must also be disclosed the aggregate market value of those securities, if different from the amount shown.

(3) There must also be disclosed for each of assets items 5 and 6 the amount of transferable securities included under those items that are held as financial fixed assets and the amount of those that are not so held, together with the criterion used by the directors to distinguish those held as financial fixed assets.

Leasing transactions

80. The aggregate amount of all property (other than land) leased by the company to other persons must be disclosed, broken down so as to show the aggregate amount included in each relevant balance sheet item.

Assets and liabilities denominated in a currency other than sterling (or the currency in which the accounts are drawn up)

81.—(1) The aggregate amount, in sterling (or the currency in which the accounts are drawn up), of all assets denominated in a currency other than sterling (or the currency used) together with the aggregate amount, in sterling (or the currency used), of all liabilities so denominated, is to be disclosed.

(2) For the purposes of this paragraph an appropriate rate of exchange prevailing at the balance sheet date must be used to determine the amounts concerned.

Sundry assets and liabilities

82. Where any amount shown under either of the following items is material, particulars must be given of each type of asset or liability included in that item, including an explanation of the nature of the asset or liability and the amount included with respect to assets or liabilities of that type—

(a) assets item 13 (other assets),

(b) liabilities item 4 (other liabilities).

Unmatured forward transactions

83.—(1) The following must be disclosed with respect to unmatured forward transactions outstanding at the balance sheet date—

(a) the categories of such transactions, by reference to an appropriate system of classification,

(b) whether, in the case of each such category, they have been made, to any material extent, for the purpose of hedging the effects of fluctuations in interest rates, exchange rates and market prices or whether they have been made, to any material extent, for dealing purposes.

(2) Transactions falling within sub-paragraph (1) must include all those in relation to which income or expenditure is to be included in—

(a) format 1, item 6 or format 2, items B4 or A3 (dealing [profits][losses]),

(b) format 1, items 1 or 2, or format 2, items B1 or A1, by virtue of notes (1)(b) and (2)(b) to the profit and loss account formats (forward contracts, spread over the actual duration of the contract and similar in nature to interest).

Miscellaneous matters

84.—(1) Particulars must be given of any case where the cost of any asset is for the first time determined under paragraph 37 in Part 2 of this Schedule.

(2) Where any outstanding loans made under the authority of section 682(2)(b), (c) or (d) of the 2006 Act (various cases of financial assistance by a company for purchase of its own shares) are included under any item shown in the company's balance sheet, the aggregate amount of those loans must be disclosed for each item in question.

Information supplementing the profit and loss account

85. Paragraphs 86 to 91 require information which either supplements the information given with respect to any particular items shown in the profit and loss account or otherwise provides particulars of income or expenditure of the company or of circumstances affecting the items shown in the profit and loss account (see regulation 5(2) for exemption for companies falling within section 408 of the 2006 Act (individual profit and loss account where group accounts prepared)).

Particulars of tax

86.—(1) Particulars must be given of any special circumstances which affect liability in respect of taxation of profits, income or capital gains for the financial year or liability in respect of taxation of profits, income or capital gains for succeeding financial years.

(2) The following amounts must be stated—

(a) the amount of the charge for United Kingdom corporation tax,

(b) if that amount would have been greater but for relief from double taxation, the amount which it would have been but for such relief,

(c) the amount of the charge for United Kingdom income tax, and

(d) the amount of the charge for taxation imposed outside the United Kingdom of profits, income and (so far as charged to revenue) capital gains.

These amounts must be stated separately in respect of each of the amounts which is shown under the following items in the profit and loss account, that is to say format 1 item 16, format 2 item A10 (tax on [profit][loss] on ordinary activities) and format 1 item 21, format 2 item A13 (tax on extraordinary [profit][loss]).

Particulars of income

87.—(1) A company must disclose, with respect to income included in the following items in the profit and loss account formats, the amount of that income attributable to each of the geographical markets in which the company has operated during the financial year—

(a) format 1 item 1, format 2 item B1 (interest receivable),

(b) format 1 item 3, format 2 item B2 (dividend income),

(c) format 1 item 4, format 2 item B3 (fees and commissions receivable),

(d) format 1 item 6, format 2 item B4 (dealing profits), and

(e) format 1 item 7, format 2 item B7 (other operating income).

(2) In analysing for the purposes of this paragraph the source of any income, the directors must have regard to the manner in which the company's activities are organised.

(3) For the purposes of this paragraph, markets which do not differ substantially from each other shall be treated as one market.

(4) Where in the opinion of the directors the disclosure of any information required by this paragraph would be seriously prejudicial to the interests of the company, that information need not be disclosed, but the fact that any such information has not been disclosed must be stated.

Management and agency services

88. A company providing any management and agency services to customers must disclose that fact, if the scale of such services provided is material in the context of its business as a whole.

Subordinated liabilities

89. Any amounts charged to the profit and loss account representing charges incurred during the year with respect to subordinated liabilities must be disclosed.

Sundry income and charges

90. Where any amount to be included in any of the following items is material, particulars must be given of each individual component of the figure, including an explanation of their nature and amount—

(a) in format 1—

(i) items 7 and 10 (other operating income and charges),

(ii) items 18 and 19 (extraordinary income and charges);

(b) in format 2—

(i) items A6 and B7 (other operating charges and income),

(ii) items A12 and B10 (extraordinary charges and income).

Miscellaneous matters

91.—(1) Where any amount relating to any preceding financial year is included in any item in the profit and loss account, the effect must be stated.

(2) The effect must be stated of any transactions that are exceptional by virtue of size or incidence though they fall within the ordinary activities of the company.

Related party transactions

92.—(1) Particulars may be given of transactions which the company has entered into with related parties, and must be given if such transactions are material and have not been concluded under normal market conditions.

(2) The particulars of transactions required to be disclosed by sub-paragraph (1) must include—

(a) the amount of such transactions,

(b) the nature of the related party relationship, and

(c) other information about the transactions necessary for an understanding of the financial position of the company.

(3) Information about individual transactions may be aggregated according to their nature, except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the company.

(4) Particulars need not be given of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly-owned by such a member.

(5) In this paragraph, "related party" has the same meaning as in international accounting standards.

PART 4

INTERPRETATION OF THIS SCHEDULE

Definitions for this Schedule

93. The following definitions apply for the purposes of this Schedule.

Financial fixed assets

94. "Financial fixed assets" means loans and advances and securities held as fixed assets; participating interests and shareholdings in group undertakings are to be regarded as financial fixed assets.

Financial instruments

95. For the purposes of this Schedule, references to "derivatives" include commodity-based contracts that give either contracting party the right to settle in cash or in some other financial instrument, except when such contracts—

(a) were entered into for the purpose of, and continue to meet, the company's expected purchase, sale or usage requirements,

(b) were designated for such purpose at their inception, and

(c) are expected to be settled by delivery of the commodity.

96.—(1) The expressions listed in sub-paragraph (2) have the same meaning in paragraphs 44 to 49, 66 to 68 and 95 of this Schedule as they have in Council Directives 78/660/EEC on the annual accounts of certain types of companies(**2**) and 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions(**3**).

(2) Those expressions are "available for sale financial asset", "business combination", "commodity-based contracts", "derivative", "equity instrument", "exchange difference", "fair value hedge accounting system", "financial fixed asset", "financial instrument", "foreign entity", "hedge accounting", "hedge accounting system", "hedged items", "hedging instrument", "held for trading

(**2**) O.J. L222 of 14.8.1978, page 11, as amended in particular by Directives 2001/65/EEC, 2003/51/EEC and 2006/46/EEC of the European Parliament and of the Council (O.J. L238 of 27.12.2001, page 28, O.J. L178 of 17.7.2003, page 16 and O.J. L224 of 16.8.2006, page 1).

(**3**) O.J. No. L372 of 31st December 1986, page 1,as amended in particular by Directives 2001/65/EEC, 2003/51/EEC and 2006/46/EEC of the European Parliament and of the Council (O.J. L238 of 27.12.2001, page 28, O.J. L178 of 17.7.2003, page 16 and O.J. L224 of 16.8.2006, page 1).

purposes", "held to maturity", "monetary item", "receivables", "reliable market" and "trading portfolio".

Repayable on demand

97. "Repayable on demand", in connection with deposits, loans or advances, means that they can at any time be withdrawn or demanded without notice or that a maturity or period of notice of not more than 24 hours or one working day has been agreed for them.

Sale and repurchase transaction

98.—(1) "Sale and repurchase transaction" means a transaction which involves the transfer by a credit institution or customer ("the transferor") to another credit institution or customer ("the transferee") of assets subject to an agreement that the same assets, or (in the case of fungible assets) equivalent assets, will subsequently be transferred back to the transferor at a specified price on a date specified or to be specified by the transferor.

(2) The following are not to be regarded as sale and repurchase transactions for the purposes of sub-paragraph (1)—

(a) forward exchange transactions,

(b) options,

(c) transactions involving the issue of debt securities with a commitment to repurchase all or part of the issue before maturity, or

(d) any similar transactions.

Sale and option to resell transaction

99. "Sale and option to resell transaction" means a transaction which involves the transfer by a credit institution or customer ("the transferor") to another credit institution or customer ("the transferee") of assets subject to an agreement that the transferee is entitled to require the subsequent transfer of the same assets, or (in the case of fungible assets) equivalent assets, back to the transferor at the purchase price or another price agreed in advance on a date specified or to be specified.