

SCHEDULE 1

AND CONTENT OF ACCOUNTS OF BANKING COMPANIES AND GROUPS

PART I

INDIVIDUAL ACCOUNTS

CHAPTER 1

GENERAL RULES AND FORMATS

SECTION B

THE REQUIRED FORMATS FOR ACCOUNTS

Preliminary

9.—(1) References in this Part of this Schedule to the balance sheet format or to profit and loss account formats are to the balance sheet format or profit and loss account formats set out below and references to the items listed in any of the formats are to those items read together with any of the notes following the formats which apply to any of those items.

(2) The requirement imposed by paragraph 1 of this Part of this Schedule to show the items listed in any such format in the order adopted in the format is subject to any provision in the notes following the formats for alternative positions for any particular items. 10. A number in brackets following any item in any of the formats set out below is a reference to the note of that number in the notes following the formats.

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)

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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 and charges
 - (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 shall 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 shall 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 shall 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 shall be included under Assets item 5, sub-item (a).

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

(Assets item 2(b))

Other eligible bills shall 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 shall 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 shall be included under Assets item 5 and not this item.

(5) *Loans and advances to customers*

(Assets item 4)

Loans and advances to customers shall 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 shall be included under Assets item 5 and not this item.

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

(Assets item 5)

This item shall 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 shall however only be included in this item if they may not be shown under Assets item 2.

Where a company holds its own debt securities these shall not be included under this item but shall 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, shall also be regarded as fixed income securities to be included under this item.

(7) *Intangible fixed assets*

(Assets item 9)

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This item shall comprise:

- (a) development costs;
- (b) concessions, patents, licences, trade marks and similar rights and assets;
- (c) goodwill; and
- (d) payments on account.

Amounts shall, however, 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 shall only be included to the extent that the goodwill was acquired for valuable consideration.

There shall be disclosed, in a note to the accounts, the amount of any goodwill included in this item.

(8) *Tangible fixed assets*

(Assets item 10)

This item shall comprise:

- land and buildings; Schedule 1 Part I – plant and machinery;
- fixtures and fittings, tools and equipment; and
- payments on account and assets in the course of construction.

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

(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 shall be shown separately under this item.

(11) *Deposits by banks*

(Liabilities item 1)

Deposits by banks shall 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 shall be included under Liabilities item 3 and not this item.

(12) *Customer accounts*

(Liabilities item 2)

This item shall 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 shall be shown under Liabilities item 3 and not this item.

(13) *Debt securities in issue*

(Liabilities item 3)

This item shall 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 shall be treated as own acceptances.)

(14) *Subordinated liabilities*

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(Liabilities item 7)

This item shall 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 shall 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 shall be shown separately.

(16) *Contingent liabilities*

(Memorandum item 1)

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

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

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

(Memorandum item 1(2))

This item shall 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 shall 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 sub-item shall 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

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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 shall 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 shall 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 shall 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 shall be included as a contingent liability in Memorandum item 1, sub-item (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 shall, notwithstanding the transfer, be included in its balance sheet;
- (b) the purchase price received by it shall be included in its balance sheet as an amount owed to the transferee; and
- (c) the value of the assets transferred shall be disclosed in a note to its accounts.

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

Sale and option to resell transactions

14.—(1) 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 shall not include in its balance sheet the assets transferred but it shall 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 shall 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 shall, 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 Schedule 1Part Itreatment: 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 FormatsFORMAT 1Vertical 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

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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 yearSchedule 1Part I
FORMAT 2Horizontal layoutA. 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 shall 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 shall 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 shall 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):

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- fees and commissions for guarantees, loan administration on behalf of other lenders and securities transactions;
- fees, commissions and other income in respect of payment transactions, account administration charges and commissions for the safe custody and administration of securities;
- fees and commissions for foreign currency transactions and for the sale and purchase of coin and precious metals; and
- 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 shall 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):

- fees and commissions for guarantees, loan administration and securities transactions;
- fees, commissions and other charges in respect of payment transactions, account administration charges and commissions for the safe custody and administration of securities;
- fees and commissions for foreign currency transactions and for the sale and purchase of coin and precious metals; and
- 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 shall 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 34(1) below;
- (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 Schedule 1 Part I
- (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 shall 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 shall 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))

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This item shall 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 shall 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 shall 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 shall 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.