

SCHEDULE 1

AND CONTENT OF ACCOUNTS OF BANKING COMPANIES AND GROUPS

PART I

INDIVIDUAL ACCOUNTS

CHAPTER III

NOTES TO THE ACCOUNTS

Preliminary

47.—(1) Any information required in the case of a company by the following provisions of this Part of this Schedule shall be given by way of a note to the accounts, unless otherwise provided.

(2) Subject to the next sub-paragraph, in respect of every item stated in a note to the accounts the corresponding amount for the financial year immediately preceding that to which the accounts relate shall also be stated and where the corresponding amount is not comparable, it shall be adjusted and particulars of the adjustment and the reasons for it shall be given.

(3) The last sub-paragraph does not apply to:

- (a) paragraphs 55 and 59 of this Part of this Schedule;
- (b) paragraph 13 of Schedule 4A;
- (c) paragraphs 2, 8(3), 16, 21(1)(d), 22(4) and (5), 24(3) and (4) and 27(3) and (4) of Schedule 5; and
- (d) Parts II and III of Schedule 6 as modified by Part IV of this Schedule (loans and other dealings in favour of directors).

General

Disclosure of accounting policies

48. 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 shall be stated (including such policies with respect to the depreciation and diminution in value of assets).

49. It shall 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 shall be given.

Sums denominated in foreign currencies

50. Where any sums originally denominated in foreign currencies have been brought into account under any items shown in the balance sheet format or the 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) shall be stated.

Information supplementing the balance sheet

Share capital and debentures

51.—(1) The following information shall be given with respect to the company's share capital:

- (a) the authorised share capital; and

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- (b) where shares of more than one class have been allotted, the number and aggregate nominal value of shares of each class allotted.

(2) In the case of any part of the allotted share capital that consists of redeemable shares, the following information shall 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.

52. If the company has allotted any shares during the financial year, the following information shall be given:

- (a) the reason for making the allotment;
- (b) the classes of shares allotted; and
- (c) as respects each class of shares, the number allotted, their aggregate nominal value and the consideration received by the company for the allotment.

53.—(1) With respect to any contingent right to the allotment of shares in the company the following particulars shall 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) above “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.

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

- (a) the reason for making the issue;
- (b) the classes of debentures issued; and
- (c) as respects each class of debentures, the amount issued and the consideration received by the company for the issue.

(2) Particulars of any redeemed debentures which the company has power to reissue shall also be given. Schedule 1 Part I

(3) 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 221 of this Act shall be stated.

Fixed assets

55.—(1) In respect of any fixed assets of the company included in any assets item in the company’s balance sheet the following information shall 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 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 41 above;

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- (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 the 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, that is to say:

- (a) on the basis of cost (determined in accordance with paragraphs 36 and 37); or
 - (b) on any basis permitted by paragraph 41;
- (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 shall 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 the 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 5(3) of this Part of this Schedule.

56. here 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 41, the following information shall 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.

57. 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 shall 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.

58. here shall be disclosed separately the amount of:

- (a) any participating interests; and
- (b) any shares in group undertakings that are held in credit institutions.

Reserves and provisions

59.—(1) Where any amount is transferred:

- (a) to or from any reserves;

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- (b) to any provisions for liabilities and charges; or
- (c) from any provision for liabilities and charges otherwise than for the purpose for which the provision was established;

and the reserves or provisions are or would but for paragraph 3(3) of this Part of this Schedule be shown as separate items in the company's balance sheet, the information mentioned in the following sub-paragraph shall be given in respect of the aggregate of reserves or provisions included in the same item.

(2) That information is:

- (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 reserve or provisions during that year; and
- (c) the source and application respectively of any amounts so transferred.

(3) Particulars shall 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

60. The amount of any provision for deferred taxation shall be stated separately from the amount of any provision for other taxation.

Maturity analysis

61.—(1) A company shall 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 shall 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

62. A company shall 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

63.—(1) The following information must be disclosed in relation to any borrowing included in Liabilities item 7 (Subordinated liabilities) that exceeds 10 per cent. 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 shall also be stated.

Fixed cumulative dividends

- 64.** If any fixed cumulative dividends on the company's shares are in arrear, there shall 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

65.—(1) There shall be disclosed, in relation to each liabilities and memorandum item of the balance sheet format, the aggregate amount of any assets of the company which have been charged to secure any liability or potential liability included thereunder, the aggregate amount of the liabilities or potential liabilities so secured and an indication of the nature of the security given.

(2) Particulars shall 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

- 66.**—(1) There shall be stated, where practicable:
- (a) the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for; and
 - (b) the aggregate amount or estimated amount of capital expenditure authorised by the directors which has not been contracted for.

(2) Particulars shall 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 shall be given of that commitment so far as it relates to such pensions.

(3) Particulars shall also be given of any other financial commitments, including any contingent liabilities, which:

- (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

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(b) any subsidiary undertaking of the company;

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

(5) There shall 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

67.—(1) With respect to contingent liabilities required to be included under Memorandum item 1 in the balance sheet format, there shall 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) shall be stated separately from the amount incurred 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 shall 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) shall be stated separately from the amount incurred in respect of the undertakings referred to in paragraph (b).

Transferable securities

68.—(1) There shall be disclosed for each of Assets items 5 to 8 in the balance sheet format the amount of transferable securities included under those items:

(a) that are listed and the amount of those that are unlisted; and

(b) that are listed on a recognised investment exchange other than an overseas investment exchange within the meaning of the Financial Services Act 1986 and the amount of those listed on other exchanges.

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

(3) There shall also be disclosed for each of Assets items 5 and 6 the amount of transferable Schedule 1Part I 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

69. The aggregate amount of all property (other than land) leased by the company to other persons shall 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)

70.—(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 shall be used to determine the amounts concerned.

Sundry assets and liabilities

71. Where any amount shown under either of the following items is material, particulars shall be given of each type of asset or liability included therein, 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

72.—(1) The following shall be disclosed with respect to unmaturing 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) shall 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

73.—(1) Particulars shall be given of any case where the cost of any asset is for the first time determined under paragraph 38 of this Part of this Schedule.

(2) Where any outstanding loans made under the authority of section 153(4)(b), (bb) or (c) or section 155 of this 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 shall be disclosed for each item in question.

(3) The aggregate amount which is recommended for distribution by way of dividend shall be stated.

Information supplementing the profit and loss account

Separate statement of certain items of income and expenditure

74.—(1) The amount respectively set aside for redemption of share capital and for redemption of loans shall be stated.

(2) The amount of income from listed investments shall be stated.

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(3) The amount charged to revenue in respect of sums payable in respect of the hire of plant and machinery shall be stated.

Particulars of tax

75.—(1) The basis on which the charge for United Kingdom corporation tax and United Kingdom income tax is computed shall be stated.

(2) Particulars shall 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.

(3) The following amounts shall 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 shall 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

76.—(1) A company shall 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 shall 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.

Particulars of staff

77.—(1) following information shall be given with respect to the employees of the company:

- (a) the average number of persons employed by the company in the financial year; and
- (b) the average number of persons so employed within each category of persons employed by the company.

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(2) The average number required by sub-paragraph (1)(a) or (b) shall be determined by dividing the relevant annual number by the number of weeks in the financial year.

(3) The relevant annual number shall be determined by ascertaining for each week in the financial year:

- (a) for the purposes of sub-paragraph (1)(a), the number of persons employed under contracts of service by the company in that week (whether throughout the week or not); and
- (b) for the purposes of sub-paragraph (1)(b), the number of persons in the category in question of persons so employed;

and, in either case, adding together all the weekly numbers.

(4) In respect of all persons employed by the company during the financial year who are taken into account in determining the relevant annual number for the purposes of sub-paragraph (1)(a) there shall also be stated the aggregate amounts respectively of:

- (a) wages and salaries paid or payable in respect of that year to those persons;
- (b) social security costs incurred by the company on their behalf; and
- (c) other pension costs so incurred,

save in so far as those amounts or any of them are stated in the profit and loss account.

(5) The categories of persons employed by the company by reference to which the number required to be disclosed by sub-paragraph (1)(b) is to be determined shall be such as the directors may select, having regard to the manner in which the company's activities are organised.

Management and agency services

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

Subordinated liabilities

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

Sundry income and charges

80. Where any amount to be included in any of the following items is material, particulars shall 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

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

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