
STATUTORY INSTRUMENTS

1995 No. 3065

BUILDING SOCIETIES

The Building Societies (Accounts and Related Provisions) (Amendment) Regulations 1995

<i>Made</i>	- - - -	<i>4th December 1995</i>
<i>Laid before Parliament</i>		<i>7th December 1995</i>
<i>Coming into force</i>	- -	<i>1st January 1996</i>

The Building Societies Commission, with the consent of the Treasury, in exercise of the powers conferred on it by section 76(3) and (4) of the Building Societies Act 1986⁽¹⁾, hereby makes the following Regulations:

Citation and Commencement

1. These Regulations may be cited as the Building Societies (Accounts and Related Provisions) (Amendment) Regulations 1995 and shall come into force on 1st January 1996.

Amendment of principal Regulations

2. The Building Societies (Accounts and Related Provisions) Regulations 1992⁽²⁾ shall be amended as follows —

- (a) regulation 10(2)(b) shall be omitted; and
- (b) there shall be substituted for Schedule 10 the provisions set out in the Schedule to these Regulations.

Transitional Provision

3. A society may, with respect to a financial year which commenced before the coming into force of these Regulations, prepare such summary financial statement as it would have been required to prepare had these Regulations not been made.

(1) 1986 c. 53; section 76(2) was amended by article 3 of the Building Societies Act 1986 (Modifications) Order 1991 (S.I.1991/1729).
(2) S.I. 1992/359, to which there are amendments not relevant to these Regulations.

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In witness whereof the common seal of the Building Societies Commission is hereto fixed, and is authenticated by me, a person authorised under paragraph 14 of Schedule 1 to the Building Societies Act 1986, on

L.S.

27th November 1995.

Joy Dennis
Secretary to the Commission

We consent to these Regulations.

4th December 1995

S. Burns
D. Conway
Two of the Lords Commissioners of Her
Majesty's Treasury

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SCHEDULE

Regulation 2

NEW SCHEDULE 10 TO THE BUILDING SOCIETIES
(ACCOUNTS AND RELATED PROVISIONS) REGULATIONS 1992

“SCHEDULE 10

Regulation 10

SUMMARY FINANCIAL STATEMENT

PART I

FORMAT OF SUMMARY FINANCIAL STATEMENT

SECTION A

PREScribed FORM OF STATEMENT FOR THE PURPOSES OF
SECTION 76(4) OF THE ACT

This financial statement is a summary of information in the audited annual accounts, the directors' report and annual business statement, all of which will be available to members and depositors free of charge on demand at every office of [NOTE 1] from/after [NOTE 2] [NOTE 3].

- NOTE 1: Insert name of society.
NOTE 2: Delete as appropriate.
NOTE 3: Insert appropriate date.

SECTION B

SUMMARY DIRECTORS' REPORT

SECTION C

FORMAT OF SUMMARY STATEMENT

RESULTS FOR THE YEAR	THIS YEAR £	LAST YEAR £
1. Net interest receivable	●	●
2. Other income and charges	●	●
3. Administrative expenses	●	●
4. Provisions	●	●
5. Profit/Loss [NOTE 1] for the year before taxation	●	●
6. Taxation	●	●
7. Minority interests [NOTE 2]	●	●
8. Profit/Loss [NOTE 1] for the year	●	●
FINANCIAL POSITION AT END OF YEAR		
Assets		
9. Liquid assets	●	●
10. Mortgages	●	●
11. Other commercial assets	●	●
12. Fixed and other assets	●	●
Liabilities		
13. Shares	●	●
14. Deposits [NOTE 3]	●	●
15. Other liabilities	●	●
16. Subordinated liabilities	●	●
17. Permanent interest bearing shares	●	●
18. Reserves	●	●
19. Other capital (including revaluation reserve) [NOTE 4]	●	●

- NOTE 1: Delete as appropriate.
NOTE 2: Group accounts society only.
NOTE 3: Add "and loans" where required for consistency with balance sheet.
NOTE 4: "(including revaluation reserve)" may be deleted where appropriate, or the heading may be replaced by "Revaluation reserve" where the balance sheet in the annual accounts contains no other category of "Other capital".

SECTION D

FORMAT OF SUMMARY OF KEY FINANCIAL RATIOS

THIS YEAR %	LAST YEAR %
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PART II

PROVISIONS APPLICABLE TO PART I

1. The Summary Directors' Report (which is required by section B of Part I) may be in any format but shall include—

- (a) in the case of a single accounts society—
 - (i) a summary review of the business of the society during, and a commentary on its financial position at the end of, the relevant year,
 - (ii) a summary review of the events during the relevant year considered by the directors of the society to have an important effect on the society,
 - (iii) a summary review of any events which have occurred since the end of the relevant year and which are considered by the directors of the society to have an important effect on the society, and
 - (iv) a summary indication of the opinion of the directors of the society as to the developments considered by them to be likely to happen in the business of the society; and
- (b) in the case of a group accounts society—
 - (i) a summary review of the business of the society and its subsidiary undertakings during, and a commentary on their financial position at the end of, the relevant year,
 - (ii) a summary review of the events during the relevant year considered by the directors of the society to have an important effect on the society and its subsidiary undertakings,
 - (iii) a summary review of any events which have occurred since the end of the relevant year and which are considered by the directors of the society to have an important effect on the society and its subsidiary undertakings, and
 - (iv) a summary indication of the opinion of the directors of the society as to the developments considered by them to be likely to happen in the business of the society and its subsidiary undertakings.

2. In sections C and D of Part I “year” means “financial year”, “this year” means the relevant year, and “last year” means the financial year preceding the relevant year.

3. Any amount or percentage required to be included in section C or D of Part I in the column headed “LAST YEAR” is required to be included for the purposes of assisting the assessment of the corresponding amount or percentage in the column headed “THIS YEAR” and accordingly shall, where it is derived from an amount in annual accounts adjusted in accordance with regulation 3(6)(b), be derived from that amount as so adjusted.

4. Sections C and D of Part I shall all be completed—

- (a) in relation to a single accounts society, in relation to the society, and
- (b) in relation to a group accounts society, in relation to the society and its subsidiary undertakings.

5. Subject to paragraph 3, in section C of Part I—

- (a) item 1 shall be derived from item 3 in Part I, or, as the case may be, Part II, of Schedule 1,
- (b) item 2 shall be derived from items 4 and 5 in Part I, or, as the case may be, Part II, of Schedule 1,
- (c) item 3 shall be derived from items 6, 7, 10 and 11 in Part I, or, as the case may be, Part II, of Schedule 1,

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- (d) item 4 shall be derived from items 8 and 9 in Part I, or, as the case may be, Part II, of Schedule 1,
 - (e) item 5 shall be derived from item 12 in Part I, or, as the case may be, Part II, of Schedule 1,
 - (f) item 6 shall be derived from items 13 and 20 in Part I, or, as the case may be, items 13 and 23 in Part II, of Schedule 1,
 - (g) item 7 shall be derived from item 15 in Part II of Schedule 1,
 - (h) item 8 shall be derived from item 21 in Part I, or, as the case may be, item 24 in Part II, of Schedule 1,
 - (i) item 9 shall be derived from item 1 in Part I, or, as the case may be, Part II, of Schedule 2,
 - (j) item 10 shall be derived from items 2 and 3 in Part I, or, as the case may be, Part II, of Schedule 2,
 - (k) item 11 shall be derived from item 4 in Part I, or, as the case may be, Part II, of Schedule 2,
 - (l) item 12 shall be derived from items 5, 6, 7 and 8 in Part I, or, as the case may be, items 5, 6, 7, 8 and 9 in Part II, of Schedule 2,
 - (m) item 13 shall be derived from items 10(a) and 11(d) in Part I, or, as the case may be, items 11(a) and 12(d) in Part II, of Schedule 2,
 - (n) item 14 shall be derived from items 10(b) and 11(a) to (c) in Part I, or, as the case may be, items 11(b) and 12(a) to (c) in Part II, of Schedule 2,
 - (o) item 15 shall be derived from items 12, 13 and 14 in Part I, or, as the case may be, items 13, 14 and 15 in Part II, of Schedule 2,
 - (p) item 16 shall be derived from item 15 in Part I, or, as the case may be, item 16 in Part II, of Schedule 2,
 - (q) item 17 shall be derived from item 16(b) in Part I, or, as the case may be, item 17(b) in Part II, of Schedule 2,
 - (r) item 18 shall be derived from item 18 in Part I, or, as the case may be, item 19 in Part II, of Schedule 2, and
 - (s) item 19 shall be derived from items 16(a) and 17 in Part I, or, as the case may be, items 17(a), 18 and 20 in Part II, of Schedule 2.
- 6.** A heading for an item contained in section C of Part I shall not be included if there is no amount to be shown for that item in respect of the relevant year or the previous financial year.
- 7.** Subject to paragraph 3, in section D of Part I—
- (a) item 1 shall be derived from the particulars required to be stated in the annual business statement by paragraph 2(1)(a) of Schedule 9, in so far as they relate to gross capital,
 - (b) item 2 shall be derived from the particulars required to be stated in the annual business statement by paragraph 2(1)(b) of Schedule 9, and
 - (c) in calculating item 3—
 - (i) the profit or loss for the year shall be derived from item 21 in Part I, or, as the case may be, item 24 in Part II, of Schedule 1, and
 - (ii) average reserves shall be determined on an equivalent basis to that used for “mean reserves” for the annual business statement as set out in paragraph 2 of Schedule 9.
- 8.** There shall be disclosed as a note to the Summary of Key Financial Ratios, the format of which is set out in section D of Part I, the items in section C of Part I which together constitute gross capital for the purposes of item 1 of section D of that Part.

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9. The basis used for calculating average reserves as described in paragraph 7(c)(ii) shall be disclosed as a note to the Summary of Key Financial Ratios, the format of which is set out in section D of Part I.

10. There shall be included as a note to the Summary of Key Financial Ratios, the format of which is set out in section D of Part I, an explanation of what each of items 1, 2 and 3 in that section measures and its significance.

11.—(1) Where there are extraordinary items in the income and expenditure account for the relevant year or the previous financial year, there shall be disclosed—

- (a) in a note to the Summary Statement (the format of which is set out in section C of Part I) the nature and amount of the extraordinary items in the income and expenditure account for that year, and
- (b) in a note to the Summary of Key Financial Ratios (the format of which is set out in section D of Part I) the profit or loss for the year before extraordinary items as a percentage of average reserves, calculated in accordance with sub-paragraph (2) below.

(2) Where a note is required by sub-paragraph (1)(b) above, the profit or loss for the year before extraordinary items shall be derived from item 14 in Part I, or, as the case may be, item 16 in Part II, of Schedule 1 and average reserves shall be determined on the basis described in paragraph 7(c)(ii).

12. In this Schedule “relevant year”, in relation to a summary financial statement of a society, means the financial year of the society with which the summary financial statement deals.”.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend regulation 10 of, and Schedule 10 to, the Building Societies (Accounts and Related Provisions) Regulations 1992. Regulation 10 and Schedule 10 make provision for the form of the summary financial statement that the directors of a building society are required to prepare for members and depositors with respect to each financial year, and the information which must be included in it.

The Regulations substitute a new Schedule 10 for the existing one. The new Schedule 10 provides for a shorter form of prescribed statement (which explains, among other things, that the summary financial statement is only a summary of information in the annual accounts, directors' report and annual business statement) for the purposes of section 76(4) of the Building Societies Act 1986.

The requirement that the summary directors' report should contain three separate sections under specified headings has been removed, but a requirement that the report should include a summary review of the business and of events during the relevant year and a summary indication of likely developments is retained. The report must also now include a summary review of any significant events which have occurred since the end of the financial year with which the summary financial statement deals.

The part of the summary statement which deals with the results for the year has been expanded to include a number of additional items derived from the income and expenditure account. The information to be included in that part of the summary statement which deals with the financial

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position at the end of the year has also been expanded to include amounts in respect of subordinated liabilities and permanent interest bearing shares.

The number of items required to be included in the summary of key financial ratios has been reduced and a requirement introduced that an explanation of the significance of those ratios be provided.

The Regulations contain a transitional provision allowing building societies to prepare summary financial statements with respect to financial years which commenced before the coming into force of these Regulations on the basis that the Regulations had not been made.

A compliance cost assessment of the effect that this instrument would have on the cost of business is available from the Secretary, Building Societies Commission, 15 Great Marlborough Street, London W1V 2LL.