

SCHEDULE 6

ACCOUNTING PRINCIPLES AND RULES

PART I

ACCOUNTING PRINCIPLES

Preliminary

1. Subject to paragraph 7 below, the amounts to be included in respect of all items shown in a society's annual accounts must be determined in accordance with the principles set out in paragraphs 2 to 6 below.

Accounting principles

2. The society is presumed to be carrying on business as a going concern, and so, where group accounts are prepared, is the society and its subsidiaries.

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

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

- (a) Subject to note (9) on the income and expenditure accounts format, only income arising by the balance sheet date must be included in the income and expenditure account; and
- (b) all liabilities and losses which have arisen or are likely to arise 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 committee of management in pursuance of section 76 of the Act.

5. Except so far as these Regulations otherwise specify, 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.

6. 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.