

SCHEDULE 5

Regulation 5

NOTES TO ANNUAL ACCOUNTS

Accounting policies

1.—(1) There shall be stated the accounting policies (including such policies with respect to the depreciation and diminution in value of the assets of the society) adopted by the society in determining the amounts to be included in respect of items shown in the income and expenditure account, the balance sheet and the statement of the source and application of funds.

(2) It shall be stated whether the accounts have been prepared in accordance with applicable accounting standards within the meaning of section 256(1) of the Companies Act 1985(1); particulars of any material departure from these standards and the reasons for such departure shall be given.

Sums denominated in foreign currencies

2. Where any sums originally denominated in a foreign currency have been brought into account under any items shown in the balance sheet, income and expenditure account or statement of source and application of funds formats, the basis on which those sums have been translated into sterling shall be stated.

Employees

3.—(1) The following information shall be given with respect to the employees of the society—

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

(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 complete calendar months in the financial year, and that relevant annual number shall be determined by ascertaining for each complete calendar month in the financial year—

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

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

(3) In respect of all persons employed by the society during the financial year who are taken into account in determining the relevant annual number for the purposes of subparagraph (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 society 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 income and expenditure account.

(4) The categories of persons employed by the society by reference to which the number required to be disclosed by sub-paragraph (1)(b) is to be determined shall be such as to assist the assessment of the manner in which the society's activities are organised.

(1) 1985 c. 6; section 256 was inserted by section 19 of the Companies Act 1989 (c. 40).

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Aggregate amount of directors' remuneration etc.

4.—(1) The following shall be shown, namely—

- (a) the aggregate amount of salary and fees and sums paid by way of expenses allowance (so far as they are chargeable to United Kingdom tax) paid to or receivable by directors in respect of qualifying services;
- (b) the aggregate amount of bonuses paid to or receivable by directors in respect of qualifying services;
- (c) the aggregate amount of the estimated money value of any other benefits paid to or receivable by directors in respect of qualifying services otherwise than in cash;
- (d) the aggregate of the amount of gains made by directors on the exercise of share options;
- (e) the aggregate of the following, namely—
 - (i) the amount of money paid to or receivable by directors under long-term incentive schemes in respect of qualifying services; and
 - (ii) the net value of assets (other than money and share options) received or receivable by directors under such schemes in respect of such services;
- (f) the aggregate value of any society contributions paid, or treated as paid, to a pension scheme in respect of directors' qualifying services, being contributions by reference to which the rate or amount of any money purchase benefits that may become payable will be calculated;
- (g) the aggregate amount of the increase during the financial year in the value of any accrued pension or accrued lump sum comprising defined benefits payable in respect of any qualifying services performed by directors during the financial year; and
- (h) the total of the aggregate amounts in sub-paragraphs (a) to (g).

(2) In this paragraph—

“accrued pension” and “accrued lump sum”, in relation to any pension scheme and any director, mean respectively the amount of the annual pension, and the amount of the lump sum, which would be payable under the scheme on his attaining normal pension age if—

- (a) he had left the society's service at the end of the financial year,
- (b) there were no increase in the general level of prices in the United Kingdom during the period beginning with the end of that year and ending with his attaining that age;
- (c) no question arose of any commutation of the pension or inverse commutation of the lump sum; and
- (d) any amounts attributable to voluntary contributions paid by the director to the scheme, and any money purchase benefits which would be payable under the scheme, were disregarded;

“amount”, in relation to a gain made on the exercise of a share option means the difference between—

- (a) the market price of the shares on the day on which the option was exercised, and
- (b) the price actually paid for the shares;

“defined benefits” means retirement benefits payable under a pension scheme which are not money purchase benefits;

“defined benefit scheme”, in relation to a director, means a pension scheme which is not a money purchase scheme;

“long term incentive scheme” means any agreement or arrangement under which money or other assets may become receivable by a director and which includes one or more qualifying

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conditions with respect to service or performance which cannot be fulfilled within a single financial year; and for this purpose the following shall be disregarded, namely—

- (a) bonuses the amount of which falls to be determined by reference to service or performance within a single financial year;
- (b) compensation for loss of office, payments for breach of contract and other termination payments; and
- (c) retirement benefits;

“money purchase benefits”, in relation to a director, means retirement benefits payable under a pension scheme the rate or amount of which is calculated by reference to payments made, or treated as made, by the director or by any other person in respect of the director and which are not average salary benefits;

“money purchase scheme”, in relation to a director, means a pension scheme under which all of the benefits that may become payable to or in respect of the director are money purchase benefits;

“normal pension age”, in relation to any pension scheme and any director, means the age at which the director will first become entitled to receive a full pension on retirement of any amount determined without reduction to take account of its payment before a later age (but disregarding any entitlement to pension upon retirement in the event of illness, incapacity or redundancy);

“net value”, in relation to any assets received or receivable by a director, means value after deducting any money paid or other value given by the director in respect of those assets;

“qualifying services”, in relation to any person, means his services as a director of the society, and his services while director of the society—

- (a) as director of any of its connected undertakings; or
- (b) otherwise in connection with the management of the affairs of the society or any of its connected undertakings;

“shares” means shares (whether allotted or not) in any connected undertaking of the society, and includes a share warrant as defined by section 188(1) of the Companies Act 1985(2);

“share option” means a right to acquire shares;

“society contributions”, in relation to a pension scheme and a director means any payments (including insurance premiums) made, or treated as made, to the scheme in respect of the director by a person other than the director;

“value”, in relation to shares received or receivable by a director on any day, means the market price of the shares on that day.

(3) For the purpose of this paragraph amounts paid or receivable or share options granted in respect of a person’s accepting office as a director shall be treated as amounts paid or receivable or share options granted in respect of his services as a director.

(4) Where a pension scheme provides for any benefits that may become payable to or in respect of any director to be whichever are the greater of—

- (a) money purchase benefits as determined by or under the scheme; and
- (b) defined benefits as so determined,

the society may assume for the purposes of this paragraph that those benefits will be money purchase benefits, or defined benefits, according to whichever appears more likely at the end of the financial year.

(2) 1985 c. 6; section 188 was substituted by section 130(7) of and paragraph 6 of Schedule 7 to the Companies Act 1989 (c. 40).

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(5) For the purpose of determining whether a pension scheme is a money purchase or defined benefit scheme, any death in service benefits provided for by the scheme shall be disregarded.

Details of individual directors' remuneration etc.

5.—(1) There shall be shown in respect of each director by name so much of each of the relevant aggregates as is attributable to that director.

(2) In this paragraph “relevant aggregates” means the aggregates shown under paragraph 4(1) (a) to (h).

(3) Sub-paragraphs (2) to (5) of paragraph 4 apply for the purposes of this paragraph as they apply for the purposes of that paragraph.

Excess retirement benefits of directors and past directors

6.—(1) Subject to sub-paragraph (2), there shall be shown the aggregate amount of—

(a) so much of retirement benefits paid to or receivable by directors under pension schemes; and

(b) so much of retirement benefits paid to or receivable by past directors under such schemes, as (in each case) is in excess of the retirement benefits to which they were respectively entitled on the date on which the benefits first became payable or the operative date of these Regulations for the society as described in regulation 12(6), whichever is the later.

(2) Amounts paid or receivable under a pension scheme need not be included in the aggregate amount if—

(a) the funding of the scheme was such that the amounts were or, as the case may be, could have been paid without recourse to additional contributions; and

(b) amounts were paid to or receivable by all pensioner members of the scheme on the same basis,

and in this sub-paragraph “pensioner member”, in relation to a pension scheme, means any person who is entitled to the present payment of retirement benefits under the scheme.

(3) In this paragraph—

(a) references to retirement benefits include benefits otherwise than in cash; and

(b) in relation to so much of retirement benefits as consists of a benefit otherwise than in cash, references to their amount are to the estimated money value of the benefit,

and the nature of any such benefit shall also be disclosed.

Compensation to directors for loss of office

7.—(1) There shall be shown the amount of any compensation in respect of loss of office to each director or past director by name, together with the aggregate amount of any such compensation.

(2) There shall be shown the aggregate amount of any compensation referred to in sub-paragraph (1) in respect of the preceding financial year.

(3) The amounts referred to in sub-paragraph (1) include compensation received or receivable by a director or past director for—

(a) loss of office as director of the society, or

(b) loss, while director of the society or on or in connection with his ceasing to be a director of it, of—

(i) any other office in connection with the management of the society's affairs, or

- (ii) any office as director or otherwise in connection with the management of the affairs of any connected undertaking of the society.
- (4) References in this paragraph—
 - (a) to compensation include benefits otherwise taken in cash; and
 - (b) to the amount of compensation are to the estimated money value of the benefit.
- (5) The nature of any such compensation shall be disclosed.
- (6) In this paragraph, references to compensation for loss of office include the following, namely—
 - (a) compensation in consideration for, or in connection with, a person's retirement from office; and
 - (b) where such a retirement is occasioned by a breach of the person's contract with the society or with a subsidiary undertaking of the society—
 - (i) payments made by way of damages for the breach; or
 - (ii) payments made by way of settlement or compromise of any claim in respect of the breach.

Sums paid to third parties in respect of directors' services

- 8.—**(1) There shall be shown the aggregate amount of any consideration paid to or receivable by third parties for making available the services of any person—
- (a) as a director of the society, or
 - (b) while director of the society—
 - (i) as director of any of its connected undertakings, or
 - (ii) otherwise in connection with the management of the affairs of the society or any of its connected undertakings.
- (2) (a) The reference in sub-paragraph (1) to consideration includes benefits paid or receivable otherwise than in cash; and in relation to such consideration the reference to its amount is to the estimated money value of the benefit.
- (b) The nature of any such consideration shall be disclosed.
- (3) The reference in sub-paragraph (1) to third parties is to persons other than—
- (a) the director himself or a person connected with him or a body corporate associated with him, and
 - (b) the society or any of its connected undertakings.

Supplementary provisions regarding directors' remuneration

- 9.—**(1) The following applies with respect to the amounts to be shown under paragraphs 4, 5, 6, 7 and 8.
- (2) The amount in each case includes all relevant sums paid by or receivable from—
- (a) the society; and
 - (b) the society's connected undertakings; and
 - (c) any other person,
- except sums to be accounted for to the society or any of its connected undertakings.

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(3) References to amounts paid to or receivable by a person include amounts paid to or receivable by a person connected with him or a body corporate associated with him (but not so as to require an amount to be counted twice).

10.—(1) The amounts to be shown for any financial year under paragraphs 4, 5, 6, 7 and 8 are the sums receivable in respect of that year (whenever paid) or, in the case of sums not receivable in respect of a period, the sums paid during that year.

(2) But where—

(a) any sums are not shown in a note to the accounts for the relevant financial year on the ground that the person receiving them is liable to account for them as mentioned in paragraph 9(2), but the liability is thereafter wholly or partly released or is not enforced within a period of 2 years; or

(b) any sums paid by way of expenses allowance are charged to United Kingdom income tax after the end of the relevant financial year,

those sums shall, to the extent to which the liability is released or not enforced or they are charged as mentioned (as the case may be), be shown in a note to the first accounts in which it is practicable to show them and shall be distinguished from the amounts to be shown apart from this provision.

11. Where the chief executive of the society is not also a director of the society, he shall be deemed, for the purposes of paragraphs 4 to 10, to be a director of the society. In such circumstances there shall be a note in the accounts specifying that the chief executive has been so deemed to be a director.

12. Regulation 5(2)(b) shall not apply to paragraphs 4 to 11.

Interpretation of provisions regarding directors' remuneration

13.—(1) Sub-paragraphs (2) and (3) apply for the interpretation of paragraphs 4 to 11.

(2) For the purposes of paragraphs 4 and 5 a reference to a connected undertaking of the society is to an undertaking which is a connected undertaking at the time the services were rendered, and for the purposes of paragraph 7 is a reference to a connected undertaking immediately before the loss of office as director.

(3) The following definitions apply—

(a) “pension scheme” has the meaning assigned to “retirement benefits scheme” by section 611 of the Income and Corporation Taxes Act 1988(3);

(b) “retirement benefits” has the meaning assigned to “relevant benefits” by section 612(1) of that Act.

(4) In paragraphs 8 and 9, references to a person being “connected” with a director, and to a director “associated with” a body corporate, shall be construed in accordance with section 70 of the Act.

Other income and expenditure items

14.—(1) In respect of interest receivable, the amount of interest derived from connected undertakings shall be shown separately from interest derived from other sources.

(2) In respect of interest payable, the amount payable to connected undertakings shall be shown separately.

(3) There shall be shown in respect of the auditors—

(3) 1988 c. 1.

- (a) the amount of remuneration received or receivable by them in their capacity as such; and
 - (b) the aggregate amount of remuneration, if any, received or receivable by the auditors or any associate of the auditors in respect of services other than those of the auditors in their capacity as such supplied—
 - (i) to the society; or
 - (ii) to any associated undertaking of the society of which the society’s auditors or any associate of the society’s auditors are the auditors.
- (4) Regulation 5(2)(b) shall not apply to sub-paragraph (3)(b).
- (5) In sub-paragraph (3)—
- (a) “associate”, in relation to the auditors, shall be construed in accordance with paragraph 15;
 - (b) “remuneration” includes sums paid in respect of expenses and the estimated money value of any other benefits received or receivable otherwise than in cash; and
 - (c) “associated undertaking”, in relation to the society, means any undertaking which, in accordance with section 258 of the Companies Act 1985⁽⁴⁾, is a subsidiary undertaking of the society other than a subsidiary undertaking formed under the law of a country or territory outside the United Kingdom.
- (6) (a) Where any amount to be included in any of the items mentioned in sub-paragraph (b) is material, particulars shall be given of such amounts together with an explanation of their nature.
- (b) The items mentioned in sub-paragraph (a) are—
- (i) in Part I of Schedule 1, items 4(b) to (d), 5 to 8, 11, 19 and 20; and
 - (ii) in Part II of Schedule 1, items 4(b) to (e), 5 to 8, 11, 21 and 22.
- (7) There shall be shown in a note, with respect to each of the items of income mentioned below and included in the income and expenditure account formats in Schedule 1, the amount of income in respect of that item attributable to each of the geographical markets in which the society has operated during the financial year—
- (a) Item 1 in Parts I and II (Interest receivable and similar income)
 - (b) Item 4 in Parts I and II (Income from investments)
 - (c) Item 5 in Parts I and II (Fees and commissions receivable)
 - (d) Item 7 in Parts I and II (Net profit or loss on financial operations) and
 - (e) Item 8 in Parts I and II (Other operating income)
- (8) In analysing the source of any income for the purpose of sub-paragraph (7), the directors shall have regard to the manner in which the society’s activities are organised.
- (9) For the purposes of sub-paragraph (7), markets which do not differ substantially from one another shall be treated as one market.
- (10) Where the directors consider that the disclosure of information required by sub-paragraph (7) would seriously prejudice the interests of the society, they need not disclose such information, but the fact that any such information has not been disclosed must be stated.
- (11) Any amounts charged to the income and expenditure account and representing costs, including interest payable, incurred during the year with respect to subordinated liabilities shall be stated.
- (12) Any amounts charged to the income and expenditure account and representing costs, including interest payable, incurred during the year with respect to subscribed capital, shall be stated.

(4) 1985 c. 6; section 258 was inserted by section 21(1) of the Companies Act 1989 (c. 40).

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(13) Where management and agency services are provided by the society to third parties that fact shall be disclosed where the scale of such services is material in the context of the society's business as a whole.

Persons who are to be regarded as associates of a society's auditors

15.—(1) This paragraph applies in order to determine whether a person is to be regarded as an associate of a society's auditors in any financial year of a society in relation to which disclosure must be made by virtue of paragraph 14(3)(b).

(2) Where a society's auditors are a body corporate, each of the following shall be regarded as an associate of theirs in a relevant financial year—

- (a) any partnership in which the auditors were, at any time in the financial year, a partner;
- (b) any partnership in which a director of the auditors was, at any time in the financial year, a partner;
- (c) any body corporate which was, at any time in the financial year, in the same group as the auditors;
- (d) any body corporate which was an associated undertaking of the auditors or of a body corporate in the same group as the auditors at any time in the financial year;
- (e) any body corporate in which any director of the auditors either alone or with any associate of the auditors was, at any time in the financial year, entitled to exercise, or control the exercise of, 20 per cent. or more of the voting rights at any general meeting and any body corporate which was, at any time in the financial year, in the same group as any such body corporate; and
- (f) any director of the auditors.

(3) Where a society's auditors are a partnership, each of the following shall be regarded as an associate of theirs in a relevant financial year—

- (a) any other partnership which had, at any time in the financial year, a partner in common with the auditors;
- (b) any body corporate which was, at any time in the financial year, a partner in the auditors;
- (c) any body corporate in which, whether alone or with any associate of the auditors, the auditors or any partner in the auditors was, at any time in the financial year, entitled to exercise, or control the exercise of, 20 per cent. or more of the voting rights at any general meeting;
- (d) any body corporate which was, at any time in the financial year, in the same group as any such body corporate as is mentioned in sub-paragraph (b) or (c) above; and
- (e) any partner in the auditors.

(4) Where a society's auditor is an individual, each of the following shall be regarded as an associate of his in a relevant financial year—

- (a) any partnership in which the auditor was, at any time in the financial year, a partner; and
- (b) any body corporate in which the auditor or any associate of his was, at any time in the financial year, entitled to exercise, or control the exercise of, 20 per cent. or more of the voting rights at any general meeting and any body corporate which was, at any time in that year, in the same group as any such body corporate.

(5) Each of the following shall be regarded as an associate of the society's auditors in a relevant financial year whether the auditors are a body corporate, a partnership or an individual, that is to say, any person who was, at any time in that financial year, entitled to receive 20 per cent. or more of

the auditors' profits and any person of whose profits the auditors were, in that financial year, entitled to receive 20 per cent. or more.

- (6) In this paragraph—
- (a) “associated undertaking”, in relation to a body corporate, means any undertaking which, in accordance with section 258 of the Companies Act 1985, is a subsidiary undertaking of the body other than a subsidiary undertaking formed under the law of a country or territory outside the United Kingdom; and
 - (b) “director” and “group” have the respective meanings given in section 53(1) of the Companies Act 1989⁽⁵⁾.

Taxation

16.—(1) 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.

- (2) 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; and
 - (c) the amount of the charge for taxation imposed outside the United Kingdom on profits, income and (so far as charged to the income and expenditure account) capital gains.

(3) The amounts specified in sub-paragraph (2) shall be stated separately in respect of each of the amounts shown under items 17 and 22 in Part I of Schedule 1, and under items 17 and 24 in Part II of that Schedule.

Miscellaneous matters

17.—(1) Where any amount relating to any preceding financial years is included in any item in the income and expenditure account, the effect of that inclusion shall be stated.

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

Maturity analysis

18.—(1) A society shall disclose the aggregate of each of Asset items A.3(b) and B and Liability items A, B(b) and C(b) in Parts I and II of Schedule 2, broken down into amounts repayable with remaining maturity of—

- (a) not more than three months;
 - (b) more than three months but not more than one year;
 - (c) more than one year but not more than five years; and
 - (d) more than five years.
- (2) These shall also be shown—
- (a) for Asset item B in Parts I and II of Schedule 2, loans and advances on call and at short notice; and
 - (b) for Liability item A in Parts I and II of Schedule 2, shares repayable on demand.

(5) 1989 c. 40.

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(3) The aggregate of amounts classifiable in the balance sheet as Asset item A.4 and Liability item D in Parts I and II of Schedule 2 shall be shown on the basis of remaining maturity as follows—

- (a) not more than one year; and
- (b) more than one year.

(4) For the purposes of sub-paragraphs (1) and (2), where a loan or advance is repayable by instalments, each such instalment shall be treated as a separate amount.

Provisions for bad and doubtful debts

19.—(1) In respect of any provisions for bad and doubtful debts deducted from Asset item B in Parts I and II of Schedule 2 there shall be shown the following information, in respect of each item—

- (a) the amount of the provision as at the date of the beginning of the financial year and as at the balance sheet date respectively, showing separately—
 - (i) specific provisions for bad and doubtful debts, and
 - (ii) general provisions for bad and doubtful debts.
- (b) any amounts transferred to or from each of the provisions referred to in sub-paragraph (a) during the year, and
- (c) the source and application respectively of any amounts so transferred.

(2) For the purposes of sub-paragraphs (1) and (2) “specific provisions” shall be any provisions determined by reference to particular loans or advances and all other provisions shall be “general provisions”.

Transferable securities

20.—(1) In respect of each of Asset items A.4 and C in Parts I and II of Schedule 2 there shall be shown the amount of transferable securities under those items, stating the amounts of those which are listed and the amount of those which are unlisted.

(2) In the case of each amount shown in respect of listed securities under sub-paragraph (1) there shall also be given the aggregate market value of the securities if it differs from the amount shown.

(3) In respect of each of Asset items A.4 and C in Parts I and II of Schedule 2 there shall be given the amounts of—

- (a) transferable securities included under those items and which are held as financial fixed assets, and
- (b) those transferable securities which are not so held,

together with the criteria used by the directors of the society to distinguish between those held and those not held as financial fixed assets.

Fixed assets

21.—(1) In respect of any fixed assets included in any Asset item in the balance sheet the following information shall be given—

- (a) the appropriate amounts in respect of those assets as at the date of the beginning of the financial year and as at the balance sheet date respectively; and
- (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 on any basis mentioned in paragraph 28 of Schedule 7;
 - (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 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 Asset 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 that item on either of the following bases, that is to say—

- (a) on the basis of cost (determined in accordance with paragraphs 22 and 23 of Schedule 7), or
- (b) on any basis mentioned in paragraph 28 of Schedule 7,

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

- (3) In respect of any fixed assets included in any Asset item in the balance sheet—
 - (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,

shall be stated.

(4) Where any fixed assets of the society (other than listed investments) are included under any item shown in the society's balance sheet at an amount determined on any basis mentioned in paragraph 28 of Schedule 7 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 valued during the financial year, the names of the persons who valued them, or particulars of their qualifications for doing so, and, whichever is given, the basis of valuation used.

(5) In relation to any amount which is or would but for regulation 3(5) be shown in respect of the item "land and buildings" in the balance sheet 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;
- (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; and
- (c) how much of that amount is ascribable to land and buildings occupied by the society for its own activities.

(6) In any case where any goodwill which has been acquired is shown or included as an asset in the balance sheet the period chosen for writing off the consideration for that goodwill and the reasons for choosing that period shall be disclosed.

Reserves and provisions

22.—(1) Where any amount is transferred—

- (a) to or from any reserves (including the revaluation reserve),
- (b) to any provisions for liabilities and charges, or
- (c) from any provisions for liabilities and charges otherwise than for the purpose for which the provisions were established,

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and the reserves or provisions are shown or would but for regulation 3(5) be shown as separate items in the society's balance sheet, the information required by the following sub-paragraph shall be given in respect of the aggregate of reserves or provisions included in items in the balance sheet to which any such transfer relates.

(2) The information required by this sub-paragraph 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 reserves 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 the item "Provisions for liabilities and charges" in the balance sheet.

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

Subordinated liabilities

23.—(1) The following information shall be disclosed in relation to any borrowing included in the balance sheet as subordinated liabilities and which 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 a borrowing for an indeterminate period,
- (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 some other form of liability, and the terms of such provisions.

(2) There shall also be stated the general terms of any other borrowings included within subordinated liabilities.

Subscribed capital

24.—(1) Where subscribed capital of more than one class has been allotted, the accounting par value of each class allotted shall be disclosed.

(2) The following information shall be disclosed in relation to any class of subscribed capital included in the balance sheet and which 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,
- (d) the fact that it is borrowing for an indeterminate period, and
- (e) the existence of any provisions whereby it may be converted into some other form of liability, and the terms of such provisions.

There shall also be stated the general terms of any other amounts included within subscribed capital.

(3) If the society has allotted any subscribed capital during the year, the following information shall be given—

- (a) the classes of subscribed capital allotted, and

- (b) as respects each class of subscribed capital the consideration received by the society for the allotment.

Fixed cumulative interest

25. If any fixed cumulative interest on the society's subscribed capital is in arrears there shall be stated—

- (a) the amount of the arrears, and
- (b) the period for which the interest or, if there is more than one class of subscribed capital, each class of interest is in arrears.

Details of assets charged

26. In relation to each Liability item and each Memorandum item in the balance sheet formats there shall be disclosed—

- (a) the aggregate amount of any assets which have been charged to secure any liability or potential liability included thereunder,
- (b) the aggregate amount of the liabilities or potential liabilities so secured, and
- (c) an indication of the nature of the security given.

27. Particulars shall be given of any charge on the assets of the society to secure the liabilities of any other person, including, where practicable, the amount secured.

Guarantees and other financial commitments

28.—(1) There shall be stated, where practicable, the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for in the balance sheet.

(2) Particulars shall be given of—

- (a) any pension commitments included under any provision shown in the balance sheet, and
- (b) any such commitment for which no such provision has been made,

and, where any such commitment relates wholly or partly to pensions payable to past directors of the society 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 contingent liabilities, which have not been provided for in the balance sheet, have not been included in the memorandum items in the balance sheet and are relevant to assessing the society's state of affairs at the end of the financial year.

(4) Commitments within any of the preceding sub-paragraphs undertaken on behalf of or for the benefit of any subsidiary undertakings of the society shall be stated separately from the other commitments within that sub-paragraph.

(5) No disclosure need be made under sub-paragraph (3) or (4) to the extent that an amount with respect to a commitment has been included in the Memorandum items in the balance sheet.

(6) There shall be disclosed the nature and amount of any contingent liabilities and commitments included in Memorandum items A and B in Parts I and II of Schedule 2.

Memorandum items: subsidiary undertakings

29.—(1) With respect to contingent liabilities required to be included under Memorandum item A in Part I of Schedule 2, there shall be stated the amount of such contingent liabilities incurred on behalf of or for the benefit of any subsidiary undertakings.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

(2) With respect to commitments required to be included under Memorandum item B in Part I of Schedule 2, there shall be stated the amount of such commitments undertaken on behalf of or for the benefit of any subsidiary undertakings.

Leasing transactions

30. The aggregate amount of all assets (other than land) leased 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

31.—(1) The aggregate amount, in sterling, of all assets denominated in a currency other than sterling, together with the aggregate amount, in sterling, of all liabilities so denominated, shall be disclosed.

(2) For the purposes of this paragraph, an appropriate rate of exchange prevailing at the date of the balance sheet shall be used.

Sundry assets and liabilities, prepayments and accrued income and accruals and deferred income

32. Where any amount to be included under any of Asset items F and G and Liability items E(c) and F in Parts I and II of Schedule 2 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.

Unmatured forward transactions

33. There shall be disclosed with respect to forward transactions unmatured at the date of the balance sheet the categories of such transactions, by reference to an appropriate system of classification.

Other miscellaneous matters

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

(2) Sub-paragraph (1) does not apply in relation to any amounts stated by virtue of any of the following provisions—

- (a) paragraphs 5(1), 7(1) and (2), 19, 21(1) to (4)(b), 22(1) and (2) and 35 of this Schedule,
- (b) paragraph 10 of Schedule 4, and
- (c) paragraphs 2, 6(3), 10, 12(4) and (5), 14(3) and (4) and 17(3) and (4) of Schedule 6.

(3) Particulars shall be given of any case where the cost of any asset is for the first time determined under paragraph 25 of Schedule 7.

Directors' loans and transactions

35.—(1) This paragraph applies, subject to sub-paragraph (5), in relation to—

- (a) loans from and other transactions and arrangements with the society described in section 65 of the Act (which restricts loans to and other transactions and arrangements

- with directors and persons connected with them), other than those to which section 65(5) and (6) of the Act applies, and
- (b) in the case of a group accounts society, loans from and other transactions and arrangements with a subsidiary undertaking of the society to which sub-paragraph (a) would apply were the society rather than the subsidiary undertaking a party to them.
- (2) The notes to the annual accounts shall contain a statement, in relation to such loans, transactions, and arrangements showing as follows—
- (a) the aggregate amounts outstanding under them at the end of the financial year, and
 - (b) the numbers of persons for whom such loans, transactions and arrangements were made.
- (3) The notes to the annual accounts shall, in relation to any loan or other transaction or arrangement subsisting during or at the end of the financial year, make the following disclosures—
- (a) where a copy of it or a memorandum of its terms is included in the register maintained under section 68 of the Act (which requires the maintenance of such a register), the existence of the register and the availability of requisite particulars from it for inspection shall be disclosed;
 - (b) where it comes within sub-paragraph (1)(b), its particulars shall be disclosed unless it was one which would, had the subsidiary undertakings of the society formed part of the society, have been excepted from the obligations imposed by section 68 of the Act.
- (4) Regulation 5(2)(b) shall not apply to this paragraph.
- (5) This paragraph applies in relation to loans to, and other transactions and arrangements with, a person connected with a director of the society where the society (or in the case of a subsidiary undertaking incorporated in the United Kingdom, the subsidiary undertaking) has notice of the connection between that director and that person.