

## SCHEDULE 7

### ACCOUNTING PRINCIPLES AND RULES

#### PART I

##### ACCOUNTING PRINCIPLES

1. Subject to paragraph 7, the amounts to be included in respect of all items shown in a society's annual accounts shall be determined in accordance with the principles set out in this Part of this Schedule.

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

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

4.—(1) The amount of any item shall be determined on a prudent basis, and in particular—

(a) only profits realised at the date of the balance sheet shall 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 shall be taken into account, including those which only become apparent between the balance sheet date and the relevant date.

(2) For the purposes of sub-paragraph (1), the relevant date is the date of signature of the balance sheet of the society on behalf of the board of directors under section 80 of the Act (signing of balance sheet and of documents).

5. Except so far as these Regulations otherwise specify, income and charges relating to the financial year to which the accounts relate shall 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 shall be determined separately.