

SCHEDULE 2

FORM AND CONTENTS OF STATEMENTS OF ACCOUNTS: INVESTMENT FUNDS

PART I

STATEMENT OF TOTAL RETURN

1. The statement of total return shall show the net gain or loss on investments, gross income, total expenditure and total return of the investment fund, and the total amount distributed or due, including interest paid or payable, to participating charities out of the investment fund, during the financial year in respect of which the statement of accounts is prepared.

2. The information required by paragraph 1 above shall be analysed by reference to—

- (a) net gains or losses on investments, indicated by—
 - (i) gains or losses on investments sold during the financial year in question, based on the historical cost of the investment sold;
 - (ii) any net appreciation or depreciation of such investments recognised in earlier accounting periods;
 - (iii) the gains or losses on such investments based on their value as shown in the accounts (that is to say, the difference between or, as the case may be, the sum of the amounts entered in pursuance of paragraphs (i) and (ii) above); and
 - (iv) net unrealised appreciation or depreciation of investments during the financial year in question;
- (b) gains or losses on other assets;
- (c) gross income, divided into—
 - (i) dividends in respect of shares;
 - (ii) scrip dividends;
 - (iii) interest on securities;
 - (iv) interest on deposits at banks and building societies;
 - (v) underwriting commission; and
 - (vi) other income;
- (d) expenditure incurred in the administration of the investment fund, divided into—
 - (i) any fees payable in respect of investment management services provided to the investment fund;
 - (ii) any fees payable in respect of the maintenance of the register of charities participating in the investment fund;
 - (iii) any fees payable in respect of any audit of the accounts of the investment fund;
 - (iv) any fees payable to the person carrying out such an audit in respect of other services for the investment fund provided by him;
 - (v) any fees payable in respect of the safe custody of the assets of the investment fund;
 - (vi) any fees payable in respect of other administrative services provided to the investment fund; and
 - (vii) other expenditure divided into such categories as reasonably enable the user to gain an appreciation of the expenditure incurred;

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- (e) net income before taxation (that is to say, the total amounts entered in pursuance of sub-paragraph (c) above less the total amounts entered in pursuance of sub-paragraph (d) above);
- (f) tax borne by the investment fund in respect of income, profits or gains during the financial year in question, divided into—
 - (i) income tax or capital gains tax to which the investment fund is liable in the United Kingdom; and
 - (ii) overseas tax;
- (g) net income after taxation (that is to say, the total amount entered in pursuance of sub-paragraph (e) above, less the total amount entered in pursuance of sub-paragraph (f) above);
- (h) total return (that is to say, the total of the amounts entered in pursuance of sub-paragraphs (a), (b) and (g) above);
- (i) the amount distributed or due in respect of income and accumulation shares, and interest paid or payable to charities who have deposited sums, during the financial year in question; and
- (j) net increase or decrease in the value of the investment fund resulting from its activities (that is to say, the difference between the amounts entered in pursuance of sub-paragraphs (h) and (i) above).

3. In the case of a common investment fund established by a scheme which, in pursuance of section 22(5) of the 1960 Act or section 24(5) of the 1993 Act, includes provision for enabling sums to be deposited by or on behalf of a charity on the basis that (subject to the provisions of the scheme) the charity shall be entitled to repayment of the sums deposited and to interest thereon at a rate determined by or under the scheme, the analysis required by paragraph 2 above shall distinguish between the amount of capital and income to be shared between charities participating otherwise than by way of deposit and the amounts excluded from such amount under provision made in pursuance of section 22(5) of the 1960 Act or 24(5) of the 1993 Act (that is, such amounts as are from time to time reasonably required in respect of the liabilities of the investment fund for the repayment of deposits and for the interest on deposits, including amounts required by way of reserve).

4. In respect of any information required by a sub-paragraph of paragraph 2 above to be divided into separate categories denoted by paragraphs of that sub-paragraph, the division of that information into such separate categories may, if the charity trustees so elect, be effected by means of a note to the accounts made in pursuance of Part V of this Schedule rather than by division in pursuance of that sub-paragraph.