

SCHEDULE 2

BANKING COMPANIES: COMPANIES ACT INDIVIDUAL ACCOUNTS

PART 3

NOTES TO THE ACCOUNTS

Information supplementing the balance sheet

57. Paragraphs 58 to 84 require information which either supplements the information given with respect to any particular items shown in the balance sheet or is otherwise relevant to assessing the company's state of affairs in the light of the information so given.

Share capital and debentures

58.—(1) Where shares of more than one class have been allotted, the number and aggregate nominal value of shares of each class allotted must be given.

(2) In the case of any part of the allotted share capital that consists of redeemable shares, the following information must be given—

- (a) the earliest and latest dates on which the company has power to redeem those shares,
- (b) whether those shares must be redeemed in any event or are liable to be redeemed at the option of the company or of the shareholder, and
- (c) whether any (and, if so, what) premium is payable on redemption.

59. If the company has allotted any shares during the financial year, the following information must be given—

- (a) the classes of shares allotted, and
- (b) as respects each class of shares, the number allotted, their aggregate nominal value and the consideration received by the company for the allotment.

60.—(1) With respect to any contingent right to the allotment of shares in the company the following particulars must be given—

- (a) the number, description and amount of the shares in relation to which the right is exercisable,
- (b) the period during which it is exercisable, and
- (c) the price to be paid for the shares allotted.

(2) In sub-paragraph (1) “contingent right to the allotment of shares” means any option to subscribe for shares and any other right to require the allotment of shares to any person whether arising on the conversion into shares of securities of any other description or otherwise.

61.—(1) If the company has issued any debentures during the financial year to which the accounts relate, the following information must be given—

- (a) the classes of debentures issued, and
- (b) as respects each class of debentures, the amount issued and the consideration received by the company for the issue.

(2) Where any of the company's debentures are held by a nominee of or trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the accounting

records kept by the company in accordance with section 386 of the 2006 Act (duty to keep accounting records) must be stated.

Fixed assets

62.—(1) In respect of any fixed assets of the company included in any assets item in the company's balance sheet the following information must be given by reference to each such item—

- (a) the appropriate amounts in respect of those assets included in the item as at the date of the beginning of the financial year and as at the balance sheet date respectively,
- (b) the effect on any amount shown 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 in accordance with paragraph 40,
 - (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 of the company to and from that 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 assets 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 the item on either of the following bases—

- (a) on the basis of cost (determined in accordance with paragraphs 35 and 36), or
- (b) on any basis permitted by paragraph 40,

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

(3) In addition, in respect of any fixed assets of the company included in any assets item in the company's balance sheet, there must be stated (by reference to each such item)—

- (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.

(4) The requirements of this paragraph need not be complied with to the extent that a company takes advantage of the option of setting off charges and income afforded by paragraph 8(3) in Part 1 of this Schedule.

63. Where any fixed assets of the company (other than listed investments) are included under any item shown in the company's balance sheet at an amount determined in accordance with paragraph 40, the following information must 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 that have been valued during the financial year, the names of the persons who valued them or particulars of their qualifications for doing so and (whichever is stated) the bases of valuation used by them.

64. In relation to any amount which is included under assets item 10 in the balance sheet format (tangible fixed assets) with respect to land and buildings there must be stated—

- (a) how much of that amount is ascribable to land of freehold tenure and how much to land of leasehold tenure, and

- (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.

65. There must be disclosed separately the amount of—

- (a) any participating interests, and
- (b) any shares in group undertakings that are held in credit institutions.

Information about fair value of assets and liabilities

66.—(1) This paragraph applies where financial instruments have been valued in accordance with paragraph 44 or 46.

(2) There must be stated—

- (a) the significant assumptions underlying the valuation models and techniques used where the fair value of the instruments has been determined in accordance with paragraph 45(4),
- (b) for each category of financial instrument, the fair value of the instruments in that category and the changes in value—
 - (i) included in the profit and loss account, or
 - (ii) credited to or (as the case may be) debited from the fair value reserve,in respect of those instruments, and
- (c) for each class of derivatives, the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.

(3) Where any amount is transferred to or from the fair value reserve during the financial year, there must be stated in tabular form—

- (a) the amount of the reserve as at the date of the beginning of the financial year and as at the balance sheet date respectively,
- (b) the amount transferred to or from the reserve during that year, and
- (c) the source and application respectively of the amounts so transferred.

67. Where the company has derivatives that it has not included at fair value, there must be stated for each class of such derivatives—

- (a) the fair value of the derivatives in that class, if such a value can be determined in accordance with paragraph 45, and
- (b) the extent and nature of the derivatives.

68.—(1) This paragraph applies if—

- (a) the company has financial fixed assets that could be included at fair value by virtue of paragraph 44,
- (b) the amount at which those items are included under any item in the company's accounts is in excess of their fair value, and
- (c) the company has not made provision for diminution in value of those assets in accordance with paragraph 25(1) in Part 2 of this Schedule.

(2) There must be stated—

- (a) the amount at which either the individual assets or appropriate groupings of those individual assets are included in the company's accounts,
- (b) the fair value of those assets or groupings, and

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- (c) the reasons for not making a provision for diminution in value of those assets, including the nature of the evidence that provides the basis for the belief that the amount at which they are stated in the accounts will be recovered.

Information where investment property and living animals and plants included at fair value

69.—(1) This paragraph applies where the amounts to be included in a company's accounts in respect of investment property or living animals and plants have been determined in accordance with paragraph 47.

(2) The balance sheet items affected and the basis of valuation adopted in determining the amounts of the assets in question in the case of each such item must be disclosed in a note to the accounts.

(3) In the case of investment property, for each balance sheet item affected there must be shown, either separately in the balance sheet or in a note to the accounts—

- (a) the comparable amounts determined according to the historical cost accounting rules, or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item.

(4) In sub-paragraph (3), references in relation to any item to the comparable amounts determined in accordance with that sub-paragraph are to—

- (a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect of all the assets covered by that item were determined according to the historical cost accounting rules, and
- (b) the aggregate amount of the cumulative provisions for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.

Reserves and provisions

70.—(1) This paragraph applies where any amount is transferred—

- (a) to or from any reserves, or
- (b) to any provision for liabilities, or
- (c) from any provision for liabilities otherwise than for the purpose for which the provision was established,

and the reserves or provisions are or would but for paragraph 5(1) in Part 1 of this Schedule be shown as separate items in the company's balance sheet.

(2) The following information must be given in respect of the aggregate of reserves or provisions included in the same item—

- (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 must be given of each provision included in liabilities item 6.(c) (other provisions) in the company's balance sheet in any case where the amount of that provision is material.

Provision for taxation

71. The amount of any provision for deferred taxation must be stated separately from the amount of any provision for other taxation.

Maturity analysis

72.—(1) A company must disclose separately for each of assets items 3.(b) and 4 and liabilities items 1.(b), 2.(b) and 3.(b) the aggregate amount of the loans and advances and liabilities included in those items broken down into the following categories—

- (a) those repayable in not more than three months,
- (b) those repayable in more than three months but not more than one year,
- (c) those repayable in more than one year but not more than five years,
- (d) those repayable in more than five years,

from the balance sheet date.

(2) A company must also disclose the aggregate amounts of all loans and advances falling within assets item 4 (loans and advances to customers) which are—

- (a) repayable on demand, or
- (b) are for an indeterminate period, being repayable upon short notice.

(3) For the purposes of sub-paragraph (1), where a loan or advance or liability is repayable by instalments, each such instalment is to be treated as a separate loan or advance or liability.

Debt and other fixed-income securities

73. A company must disclose the amount of debt and fixed-income securities included in assets item 5 (debt securities [and other fixed-income securities]) and the amount of such securities included in liabilities item 3.(a) (bonds and medium term notes) that (in each case) will become due within one year of the balance sheet date.

Subordinated liabilities

74.—(1) The following information must be disclosed in relation to any borrowing included in liabilities item 7 (subordinated liabilities) that exceeds 10 % 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 perpetual),
- (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 capital or some other form of liability and the terms of any such provisions.

(2) The general terms of any other borrowings included in liabilities item 7 must also be stated.

Fixed cumulative dividends

75. If any fixed cumulative dividends on the company's shares are in arrear, there must be stated—

- (a) the amount of the arrears, and
- (b) the period for which the dividends or, if there is more than one class, each class of them are in arrear.

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Details of assets charged

76.—(1) There must be disclosed, in relation to each liabilities and memorandum item of the balance sheet format—

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

(2) Particulars must also be given of any other charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.

Guarantees and other financial commitments

77.—(1) There must be stated, where practicable, the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for.

(2) Particulars must be given of—

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

and where any such commitment relates wholly or partly to pensions payable to past directors of the company separate particulars must be given of that commitment so far as it relates to such pensions.

(3) Particulars must also be given of any other financial commitments, including any contingent liabilities, that—

- (a) have not been provided for,
- (b) have not been included in the memorandum items in the balance sheet format, and
- (c) are relevant to assessing the company's state of affairs.

(4) Commitments within any of the preceding sub-paragraphs undertaken on behalf of or for the benefit of—

- (a) any parent company or fellow subsidiary undertaking of the company, or
- (b) any subsidiary undertaking of the company,

must be stated separately from the other commitments within that sub-paragraph (and commitments within paragraph (a) must be stated separately from those within paragraph (b)).

(5) There must be disclosed the nature and amount of any contingent liabilities and commitments included in Memorandum items 1 and 2 which are material in relation to the company's activities.

Memorandum items: Group undertakings

78.—(1) With respect to contingent liabilities required to be included under Memorandum item 1 in the balance sheet format, there must be stated in a note to the accounts the amount of such contingent liabilities incurred on behalf of or for the benefit of—

- (a) any parent undertaking or fellow subsidiary undertaking, or
- (b) any subsidiary undertaking,

of the company; in addition the amount incurred in respect of the undertakings referred to in paragraph (a) must be stated separately from the amount incurred in respect in respect of the undertakings referred to in paragraph (b).

(2) With respect to commitments required to be included under Memorandum item 2 in the balance sheet format, there must be stated in a note to the accounts the amount of such commitments undertaken on behalf of or for the benefit of—

- (a) any parent undertaking or fellow subsidiary undertaking, or
- (b) any subsidiary undertaking,

of the company; in addition the amount incurred in respect of the undertakings referred to in paragraph (a) must be stated separately from the amount incurred in respect of the undertakings referred to in paragraph (b).

Transferable securities

79.—(1) There must be disclosed for each of assets items 5 to 8 in the balance sheet format the amount of transferable securities included under those items that are listed and the amount of those that are unlisted.

(2) In the case of each amount shown in respect of listed securities under sub-paragraph (1), there must also be disclosed the aggregate market value of those securities, if different from the amount shown.

(3) There must also be disclosed for each of assets items 5 and 6 the amount of transferable securities included under those items that are held as financial fixed assets and the amount of those that are not so held, together with the criterion used by the directors to distinguish those held as financial fixed assets.

Leasing transactions

80. The aggregate amount of all property (other than land) leased by the company to other persons must 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 (or the currency in which the accounts are drawn up)

81.—(1) The aggregate amount, in sterling (or the currency in which the accounts are drawn up), of all assets denominated in a currency other than sterling (or the currency used) together with the aggregate amount, in sterling (or the currency used), of all liabilities so denominated, is to be disclosed.

(2) For the purposes of this paragraph an appropriate rate of exchange prevailing at the balance sheet date must be used to determine the amounts concerned.

Sundry assets and liabilities

82. Where any amount shown under either of the following items is material, particulars must be given of each type of asset or liability included in that item, including an explanation of the nature of the asset or liability and the amount included with respect to assets or liabilities of that type—

- (a) assets item 13 (other assets),
- (b) liabilities item 4 (other liabilities).

Unmatured forward transactions

83.—(1) The following must be disclosed with respect to unmatured forward transactions outstanding at the balance sheet date—

- (a) the categories of such transactions, by reference to an appropriate system of classification,

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- (b) whether, in the case of each such category, they have been made, to any material extent, for the purpose of hedging the effects of fluctuations in interest rates, exchange rates and market prices or whether they have been made, to any material extent, for dealing purposes.
- (2) Transactions falling within sub-paragraph (1) must include all those in relation to which income or expenditure is to be included in—
 - (a) format 1, item 6 or format 2, items B4 or A3 (dealing [profits][losses]),
 - (b) format 1, items 1 or 2, or format 2, items B1 or A1, by virtue of notes (1)(b) and (2)(b) to the profit and loss account formats (forward contracts, spread over the actual duration of the contract and similar in nature to interest).

Miscellaneous matters

84.—(1) Particulars must be given of any case where the cost of any asset is for the first time determined under paragraph 37 in Part 2 of this Schedule.

(2) Where any outstanding loans made under the authority of section 682(2)(b), (c) or (d) of the 2006 Act (various cases of financial assistance by a company for purchase of its own shares) are included under any item shown in the company's balance sheet, the aggregate amount of those loans must be disclosed for each item in question.