

## SCHEDULES

### [<sup>F1</sup>SCHEDULE 9A

#### **Form and Content of Accounts of Insurance Companies and Groups]**

**F1** SR 1994/428

### PART 1

#### INDIVIDUAL ACCOUNTS

##### *Notes on the Balance Sheet Format*

**F1** SR 1994/428

**F1** Order repealed (prosp.) by [Companies Act 2006 \(c. 46\)](#), ss. 1284(2), 1295, 1300(2), [Sch. 16](#) and the repeal being partly in force, as to which see individual Articles (with savings (with adaptations) by Companies Act 2006 (Commencement No. 6, Saving and Commencement Nos. 3 and 5 (Amendment)) Order 2008 (S.I. 2008/674), arts. 2(3), {4}, Sch. 2) and subject to amendments (6.4.2008) by [Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), arts. 2(2), 3(1)(b)(2), Sch. 1 paras. 135, 147, 148 {Sch. 2 Note 1} (with arts. 6, 11, 12) and subject to amendments (6.4.2008) by [S.R. 2008/133](#), {regs. 2, 3}

**1) Called up share capital not paid**

(Assets items A and E.IV)

This item may be shown in either of the positions given in the format.

**2) Concessions, patents, licences, trade marks and similar rights and assets**

(Assets item B.2)

Amounts in respect of assets shall only be included in a company's balance sheet under this item if either—

- (a) the assets were acquired for valuable consideration and are not required to be shown under goodwill; or
- (b) the assets in question were created by the company itself.

**3) Goodwill**

(Assets item B.3)

**Status:** Point in time view as at 01/01/2006.

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Amounts representing goodwill shall only be included to the extent that the goodwill was acquired for valuable consideration.

**4) Land and Buildings**

(Assets item C.1)

The amount of any land and buildings occupied by the company for its own activities shall be shown separately in the notes to the accounts.

**5) Debt securities and other fixed income securities**

(Assets item C.III.2)

This item shall comprise transferable debt securities and any other transferable fixed income securities issued by credit institutions, other undertakings or public bodies, in so far as they are not covered by Assets item C.II.2 or C.II.4.

Securities bearing interest rates that vary in accordance with specific factors, for example the interest rate on the inter-bank market or on the Euromarket, shall also be regarded as debt securities and other fixed income securities and so be included under this item.

**6) Participation in investment pools**

(Assets item C.III.3)

This item shall comprise shares held by the company in joint investments constituted by several undertakings or pension funds, the management of which has been entrusted to one of those undertakings or to one of those pension funds.

**7) Loans secured by mortgages and other loans**

(Assets items C.III.4 and C.III.5)

Loans to policy holders for which the policy is the main security shall be included under "Other loans" and their amount shall be disclosed in the notes to the accounts. Loans secured by mortgage shall be shown as such even where they are also secured by insurance policies. Where the amount of "Other loans" not secured by policies is material, an appropriate breakdown shall be given in the notes to the accounts.

**8) Deposits with credit institutions**

(Assets item C.III.6)

This item shall comprise sums the withdrawal of which is subject to a time restriction. Sums deposited with no such restriction shall be shown under Assets item F.III even if they bear interest.

**9) Other**

(Assets item C.III.7)

This item shall comprise those investments which are not covered by Assets items C.III.1 to 6. Where the amount of such investment is significant, they must be disclosed in the notes to the accounts.

**10) Deposits with ceding undertakings**

(Assets item C.IV)

Where the company accepts reinsurance this item shall comprise amounts, owned by the ceding undertakings and corresponding to guarantees, which are deposited with those ceding undertakings or with third parties or which are retained by those undertakings.

These amounts may not be combined with other amounts owed by the ceding insurer to the reinsurer or set off against amounts owed by the reinsurer to the ceding insurer.

Securities deposited with ceding undertakings or third parties which remain the property of the company shall be entered in the company's accounts as an investment, under the appropriate item.

**11) Assets held to cover linked liabilities**

(Assets item D)

In respect of long-term business, this item shall comprise investments made pursuant to long-term policies under which the benefits payable to the policy holder are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).

This item shall also comprise investments which are held on behalf of the members of a tontine and are intended for distribution among them.

**12) Reinsurance amounts**

(Assets item Da: Liabilities items C.1(b), 2(b), 3(b), 4(b) and 6(b) and D(b))

The reinsurance amounts may be shown either under Assets item Da or under Liabilities items C.1(b), 2(b), 3(b), 4(b) and 6(b) and D(b).

The reinsurance amounts shall comprise the actual or estimated amounts which, under the contractual reinsurance arrangements, are deducted from the gross amounts of technical provisions.

As regards the provision for unearned premiums, the reinsurance amounts shall be calculated according to the methods referred to in paragraph 44 or in accordance with the terms of the reinsurance policy.

**13) Debtors**

(Assets item E)

Amounts owned by group undertakings and undertakings in which the company has a participating interest shall be shown separately as sub-items of Assets items E.I, II and III.

**14) Own shares**

(Assets item F.IV)

The nominal value of the shares shall be shown separately under this item.

**15) Other**

(Assets item F.V)

This item shall comprise those assets which are not covered by Assets F.I to IV. Where such assets are material they must be disclosed in the notes to the accounts.

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**16) *Accrued interest and rent***

(Assets item G.I)

This item shall comprise those items that represent interest and rent that have been earned up to the balance-sheet date but have not yet become receivable.

**17) *Deferred acquisition costs***

(Assets item G.II)

This item shall comprise the costs of acquiring insurance policies which are incurred during a financial year but relate to a subsequent financial year (“deferred acquisition costs”), except in so far as—

- (a) allowance has been made in the computation of the long term business provision made under paragraph 46 and shown under Liabilities item C2 or D in the balance sheet, for—
  - (i) the explicit recognition of such costs, or
  - (ii) the implicit recognition of such costs by virtue of the anticipation of future income from which such costs may prudently be expected to be recovered, or
- (b) allowance has been made for such costs in respect of general business policies by a deduction from the provision for unearned premiums made under paragraph 44 and shown under Liabilities item C.I in the balance sheet.

Deferred acquisition costs arising in general business shall be distinguished from those arising in long term business.

In the case of general business, the amount of any deferred acquisition costs shall be established on a basis compatible with that used for unearned premiums.

There shall be disclosed in the notes to the accounts—

- (a) how the deferral of acquisition costs has been treated (unless otherwise expressly stated in the accounts), and
- (b) where such costs are included as a deduction from the provisions at Liabilities item C.I, the amount of such deduction, or
- (c) where the actuarial method used in the calculation of the provisions at Liabilities item C.2 or D has made allowance for the explicit recognition of such costs, the amount of the costs so recognised.

**18) *Subordinated liabilities***

(Liabilities item B)

This item shall comprise all liabilities in respect of which there is a contractual obligation that, in the event of winding up or of bankruptcy, they are to be repaid only after the claims of all other creditors have been met (whether or not they are represented by certificates).

**19) *Fund for future appropriations***

(Liabilities item Ba)

This item shall comprise all funds the allocation of which either to policy holders or to shareholders has not been determined by the end of the financial year.

Transfers to and from this item shall be shown in item II.12a in the profit and loss account.

**20) Provision for unearned premiums**

(Liabilities item C.1)

In the case of long-term business the provision for unearned premiums may be included in Liabilities item C.2 rather than in this item.

The provision for unearned premiums shall comprise the amount representing that part of gross premiums written which is estimated to be earned in the following financial year or to subsequent financial years.

**21) Long term business provision**

(Liabilities item C.2)

This items shall comprise the actuarially estimated value of the company's liabilities (excluding technical provisions included in Liabilities item D), including bonuses already declared and after deducting the actuarial value of future premiums.

This item shall also comprise claims incurred but not reported, plus the estimated costs of settling such claims.

**22) Claims outstanding**

(Liabilities item C.3)

This item shall comprise the total estimated ultimate cost to the company of settling all claims arising from events which have occurred up to the end of the financial year (including, in the case of general business, claims incurred but not reported) less amounts already paid in respect of such claims.

**23) Provision for bonuses and rebates**

(Liabilities item C.4)

This item shall comprise amounts intended for policy holders or contract beneficiaries by way of bonuses and rebates as defined in Note (5) on the profit and loss account format to the extent that such amounts have not been credited to policy holders or contract beneficiaries or included in Liabilities item Ba or in Liabilities item C.2.

**24) Equalisation provision**

(Liabilities item C.5)

This item shall comprise<sup>[F1</sup> the amount of any equalisation reserve maintained in respect of general business by the company, in accordance with rules made by the Financial Services Authority under Part X of the Financial Services and Markets Act 2000]

**F1** SI 2001/3649

This item shall<sup>[F2</sup> also] comprise any amounts which, in accordance with Council Directive [87/343/EEC](#), are required to be set aside by a company to equalise fluctuations in loss ratios in future years or to provide for special risks.

**F2** 1995 c. 29

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A company which otherwise constitutes reserves to equalise fluctuations in loss ratios in future years or to provide for special risks shall disclose that fact in the notes to the accounts.

**25) Other technical provisions**

(Liabilities item C.6)

This item shall comprise, inter alia, the provision for unexpired risks as defined in paragraph 81. Where the amount of the provision for unexpired risks is significant, it shall be disclosed separately either in the balance sheet or in the notes to the accounts.

**26) Technical provisions for linked liabilities**

(Liabilities item D)

This item shall comprise technical provisions constituted to cover liabilities relating to investment in the context of long-term policies under which the benefits payable to policy holders are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).

Any additional technical provisions constituted to cover death risks, operating expenses or other risks (such as benefits payable at the maturity date or guaranteed surrender values) shall be included under Liabilities item C.2.

This item shall also comprise technical provisions representing the obligations of a tontine's organiser in relation to its members.

**27) Deposits received from reinsurers**

(Liabilities item F)

Where the company cedes reinsurance, this item shall comprise amounts deposited by or withheld from other insurance undertakings under reinsurance contracts. These amounts may not be merged with other amounts owed to or by those other undertakings.

Where the company cedes reinsurance and has received as a deposit securities which have been transferred to its ownership, this item shall comprise the amount owed by the company by virtue of the deposit.

**28) Creditors**

(Liabilities item G)

Amounts owed to group undertakings and undertakings in which the company has a participating interest shall be shown separately as sub-items.

**29) Debenture loans**

(Liabilities item G.III)

The amount of any convertible loans shall be shown separately.

**Status:**

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**Changes to legislation:**

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