

SCHEDULE 2

BANKING COMPANIES: COMPANIES ACT INDIVIDUAL ACCOUNTS

PART 1

GENERAL RULES AND FORMATS

SECTION A

GENERAL RULES

1. Subject to the following provisions of this Part of this Schedule—
 - (a) every balance sheet of a company must show the items listed in the balance sheet format set out in Section B of this Part, and
 - (b) every profit and loss account must show the items listed in either of the profit and loss account formats in Section B.

- 2.—(1) References in this Part of this Schedule to the items listed in any of the formats set out in Section B, are to those items read together with any of the notes following the formats which apply to those items.
 - (2) The items must be shown in the order and under the headings and sub-headings given in the particular format used, but—
 - (a) the notes to the formats may permit alternative positions for any particular items,
 - (b) the heading or sub-heading for any item does not have to be distinguished by any letter or number assigned to that item in the format used, and
 - (c) where the heading of an item in the format used contains any wording in square brackets, that wording may be omitted if not applicable to the company.

- 3.—(1) Where in accordance with paragraph 1 a company's profit and loss account for any financial year has been prepared by reference to one of the formats in Section B, the company's directors must use the same format in preparing the profit and loss account for subsequent financial years, unless in their opinion there are special reasons for a change.
 - (2) Particulars of any change must be given in a note to the accounts in which the new format is first used, and the reasons for the change must be explained.

- 4.—(1) Any item required to be shown in a company's balance sheet or profit and loss account may be shown in greater detail than required by the particular format used.
 - (2) The balance sheet or profit and loss account may include an item representing or covering the amount of any asset or liability, income or expenditure not specifically covered by any of the items listed in the format used, save that none of the following may be treated as assets in any balance sheet—
 - (a) preliminary expenses,
 - (b) expenses of, and commission on, any issue of shares or debentures, and
 - (c) costs of research.

- 5.—(1) Items to which lower case letters are assigned in any of the formats in Section B may be combined in a company's accounts for any financial year if—
 - (a) their individual amounts are not material for the purpose of giving a true and fair view, or

(b) the combination facilitates the assessment of the state of affairs or profit or loss of the company for that year.

(2) Where sub-paragraph (1)(b) applies, the individual amounts of any items so combined must be disclosed in a note to the accounts and any notes required by this Schedule to the items so combined must, notwithstanding the combination, be given.

6.—(1) Subject to sub-paragraph (2), the directors must not include a heading or sub-heading corresponding to an item in the balance sheet or profit and loss account format used if there is no amount to be shown for that item for the financial year to which the balance sheet or profit and loss account relates.

(2) Where an amount can be shown for the item in question for the immediately preceding financial year, that amount must be shown under the heading or sub-heading required by the format for that item.

7.—(1) For every item shown in the balance sheet or profit and loss account the corresponding amount for the immediately preceding financial year must also be shown.

(2) Where that corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the balance sheet or profit and loss account relates, the former amount may be adjusted, and particulars of the non-comparability and of any adjustment must be disclosed in a note to the accounts.

8.—(1) Subject to the following provisions of this paragraph and without prejudice to note (6) to the balance sheet format, amounts in respect of items representing assets or income may not be set off against amounts in respect of items representing liabilities or expenditure (as the case may be), or vice versa.

(2) Charges required to be included in profit and loss account format 1, items 11(a) and 11(b) or format 2, items A7(a) and A7(b) may be set off against income required to be included in format 1, items 12(a) and 12(b) or format 2, items B5(a) and B5(b) and the resulting figure shown as a single item (in format 2 at position A7 if negative and at position B5 if positive).

(3) Charges required to be included in profit and loss account format 1, item 13 or format 2, item A8 may also be set off against income required to be included in format 1, item 14 or format 2, item B6 and the resulting figure shown as a single item (in format 2 at position A8 if negative and at position B6 if positive).

9.—(1) Assets must be shown under the relevant balance sheet headings even where the company has pledged them as security for its own liabilities or for those of third parties or has otherwise assigned them as security to third parties.

(2) A company may not include in its balance sheet assets pledged or otherwise assigned to it as security unless such assets are in the form of cash in the hands of the company.

(3) Assets acquired in the name of and on behalf of third parties must not be shown in the balance sheet.

10. The company's directors must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.