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## SCHEDULES

### [<sup>F1</sup>SCHEDULE 10A

#### DISCLOSURES ABOUT DIRECTORS, OTHER OFFICERS AND EMPLOYEES IN NOTES TO ACCOUNTS

##### Textual Amendments

- F1** Schs. 10A, 10B inserted (22.12.2004) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Building Societies Act 1986 \(International Accounting Standards and Other Accounting Amendments\) Order 2004 \(S.I. 2004/3380\)](#), art. 1, **Sch. para. 9**

### PART 1

#### EMOLUMENTS OF AND DEALINGS WITH DIRECTORS AND OTHER OFFICERS

##### *Aggregate amount of director's remuneration etc*

1. (1) The following must be shown—
  - (a) the aggregate amount of salary and fees and sums paid by way of expenses allowance (so far as they are chargeable to United Kingdom tax) paid to or receivable by directors in respect of qualifying services;
  - (b) the aggregate amount of bonuses paid to or receivable by directors in respect of qualifying services;
  - (c) the aggregate amount of the estimated money value of any other benefits paid to or receivable by directors in respect of qualifying services otherwise than in cash;
  - (d) the aggregate of the amount of gains made by directors on the exercise of share options;
  - (e) the aggregate of the following—
    - (i) the amount of money paid to or receivable by directors under long-term incentive schemes in respect of qualifying services; and
    - (ii) the net value of assets (other than money and share options) received or receivable by directors under such schemes in respect of such services;
  - (f) the aggregate value of any society contributions paid, or treated as paid, to a pension scheme in respect of directors' qualifying services, being contributions by reference to which the rate or amount of any money purchase benefits that may become payable will be calculated;
  - (g) the aggregate amount of the increase during the financial year in the value of any accrued pension or accrued lump sum comprising defined benefits payable in respect of any qualifying services performed by directors during the financial year; and

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(h) the total aggregate amounts in paragraphs (a) to (g).

(2) In this paragraph–

“accrued pension” and “accrued lump sum”, in relation to any pension scheme and any director, mean respectively the amount of the annual pension, and the amount of the lump sum, which would be payable under the scheme on his attaining normal pension age if–

- (a) he had left the society’s service at the end of the financial year;
- (b) there were no increase in the general level of prices in the United Kingdom during the period beginning with the end of that year and ending with his attaining that age;
- (c) no question arose of any commutation of the pension or inverse commutation of the lump sum; and
- (d) any amounts attributable to voluntary contributions paid by the director to the scheme, and any money purchase benefits which would be payable under the scheme, were disregarded;

“amount”, in relation to a gain made on the exercise of a share option means the difference between–

- (a) the market price of the shares on the day on which the option was exercised, and
- (b) the price actually paid for the shares;

“defined benefits” means retirement benefits payable under a pension scheme which are not money purchase benefits;

“defined benefit scheme”, in relation to a director, means a pension scheme which is not a money purchase scheme;

“long-term incentive scheme” means any agreement or arrangement under which money or other assets may become receivable by a director and which includes one or more qualifying conditions with respect to service or performance which cannot be fulfilled within a single financial year; and for this purpose the following are disregarded–

- (a) bonuses the amount of which falls to be determined by reference to service or performance within a single financial year;
- (b) compensation for loss of office, payments for breach of contract and other termination payments; and
- (c) retirement benefits;

“money purchase benefits”, in relation to a director, means retirement benefits payable under a pension scheme the rate or amount of which is calculated by reference to payments made, or treated as made, by the director or by any other person in respect of the director and which are not average salary benefits;

“money purchase scheme”, in relation to a director, means a pension scheme under which all of the benefits that may become payable to or in respect of the director are money purchase benefits;

“normal pension age”, in relation to any pension scheme and any director, means the age at which the director will first become entitled to receive a full pension on retirement of any amount determined without reduction to take account of its payment before a later age (but disregarding any entitlement to pension upon retirement in the event of illness, incapacity or redundancy);

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“net value”, in relation to any assets received or receivable by a director, means value after deducting any money paid or other value given by the director in respect of those assets;

“qualifying services”, in relation to any person, means his services as a director of the society, and his services while director of the society—

- (a) as director of any of its connected undertakings; or
- (b) otherwise in connection with the management of the affairs of the society or any of its connected undertakings;

“shares” means shares (whether allotted or not) in any connected undertaking of the society, and includes a share warrant as defined by section 188(1) of the Companies Act 1985;

“share option” means a right to acquire shares;

“society contributions”, in relation to a pension scheme and a director, means any payments (including insurance premiums) made, or treated as made, to the scheme in respect of the director by a person other than the director;

“value”, in relation to shares received or receivable by a director on any day, means the market price of the shares on that day.

- (3) For the purposes of this paragraph amounts paid or receivable or share options granted in respect of a person’s accepting office as a director are treated as amounts paid or receivable or share options granted in respect of his services as a director.
- (4) Where a pension scheme provides for any benefits that may become payable to or in respect of any director to be whichever are the greater of –
  - (a) money purchase benefits as determined by or under the scheme; and
  - (b) defined benefits as so determined,
 the society may assume for the purposes of this paragraph that those benefits will be money purchase benefits, or defined benefits, according to whichever appears more likely at the end of the financial year.
- (5) For the purpose of determining whether a pension scheme is a money purchase or defined benefit scheme, any death in service benefits provided for by the scheme are disregarded.

#### *Details of individual directors' remuneration etc*

- 2. (1) There must be shown in respect of each director by name, so much of each of the relevant aggregates as is attributable to that director.
- (2) In this paragraph “relevant aggregates” means the aggregates shown under paragraph 1(1)(a) to (h).
- (3) Sub-paragraphs (2) to (5) of paragraph 1 apply for the purposes of this paragraph as they apply for the purposes of that paragraph.

#### *Excess retirement benefits of directors and past directors*

- 3. (1) Subject to sub-paragraph (2), there must be shown the aggregate amount of–
  - (a) so much of retirement benefits paid to or receivable by directors under pension schemes; and

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- (b) so much of retirement benefits paid to or receivable by past directors under such schemes,  
as (in each case) is in excess of the retirement benefits to which they were respectively entitled on the relevant date.
- (2) For the purposes of sub-paragraph (1) the relevant date is whichever is the later of
  - (a) the date on which the benefits first became payable;
  - (b) 27 March 1998; or
  - (c) the date on which the provisions of the Building Societies Act 1997 specified in Part 2 of the Schedule to the Building Societies Act 1997 (Commencement) (No.3) Order 1997, have come into force in accordance with Article 2 of that Order in relation to the society.
- (3) Amounts paid or receivable under a pension scheme need not be included in the aggregate amount if –
  - (a) the funding of the scheme was such that the amounts were or, as the case may be, could have been paid without recourse to additional contributions; and
  - (b) amounts were paid to or receivable by all pensioner members of the scheme on the same basis,
 and in this sub-paragraph “pensioner member”, in relation to a pension scheme, means any person who is entitled to the present payment of retirement benefits under the scheme.
- (4) In this paragraph–
  - (a) references to retirement benefits include benefits otherwise than in cash; and
  - (b) in relation to so much of retirement benefits as consists of a benefit otherwise than in cash, references to their amount are to the estimated money value of the benefit,
 and the nature of any such benefit must also be disclosed.

*Compensation to directors for loss of office*

4. (1) There must be shown the amount of any compensation in respect of loss of office paid to or receivable by each director or past director by name, together with the aggregate amount of any such compensation.
- (2) There must be shown the aggregate amount of any compensation referred to in sub-paragraph (1) in respect of the preceding financial year.
- (3) The amounts referred to in sub-paragraph (1) include compensation received or receivable by a director or past director for–
  - (a) loss of office as director of the society, or
  - (b) loss, while director of the society or on or in connection with his ceasing to be a director of it, of–
    - (i) any other office in connection with the management of the society’s affairs, or
    - (ii) any office as director or otherwise in connection with the management of the affairs of any connected undertaking of the society.
- (4) References in this paragraph–
  - (a) to compensation include benefits paid or receivable other than in cash; and

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- (b) to the amount of compensation are to the estimated money value of the benefit;
- (5) The nature of any such compensation must be disclosed.
- (6) In this paragraph, references to compensation for loss of office include the following—
  - (a) compensation in consideration for, or in connection with, a person's retirement from office; and
  - (b) where such a retirement is occasioned by a breach of the person's contract with the society or with a subsidiary undertaking of the society—
    - (i) payments made by way of damages for the breach; or
    - (ii) payments made by way of settlement or compromise of any claim in respect of the breach.

*Sums paid to third parties in respect of directors' services*

- 5. (1) There must be shown the aggregate amount of any consideration paid to or receivable by third parties for making available the services of any person—
  - (a) as a director of the society, or
  - (b) while director of the society—
    - (i) as director of any of its connected undertakings, or
    - (ii) otherwise in connection with the management of the affairs of the society or any of its connected undertakings.
- (2) The reference in sub-paragraph (1) to consideration includes benefits paid or receivable other than in cash; and—
  - (a) the nature of any such consideration must be disclosed, and
  - (b) in relation to such consideration the reference to its amount is to the estimated money value of the benefit.
- (3) The reference in sub-paragraph (1) to third parties is to persons other than —
  - (a) the director himself or a person connected with him or a body corporate associated with him, and
  - (b) the society or any of its connected undertakings.

*Supplementary provisions regarding directors' remuneration*

- 6. (1) The following applies with respect to the amounts to be shown under paragraphs 1 to 5.
- (2) The amount in each case includes all relevant sums paid by or receivable from—
  - (a) the society;
  - (b) the society's connected undertakings; and
  - (c) any other person,except sums to be accounted for to the society or any of its connected undertakings.
- (3) References to amounts paid to or receivable by a person include amounts paid to or receivable by a person connected with him or a body corporate associated with him (but not so as to require an amount to be counted twice).

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7. (1) The amounts to be shown for any financial year under paragraphs 1 to 5 are the sums receivable in respect of that year (whenever paid) or, in the case of sums not receivable in respect of a period, the sums paid during that year.
- (2) But where–
- (a) any sums are not shown in a note to the accounts for the relevant financial year on the ground that the person receiving them is liable to account for them as mentioned in paragraph 6(2), but the liability is thereafter wholly or partly released or is not enforced within a period of 2 years; or
  - (b) any sums paid by way of expenses allowance are charged to United Kingdom income tax after the end of the relevant financial year,
- those sums must, to the extent to which the liability is released or not enforced or they are charged as mentioned (as the case may be), be shown in a note to the first accounts in which it is practicable to show them and must be distinguished from the amounts to be shown apart from this provision.
8. (1) Where the chief executive of the society is not also a director of the society, he is deemed, for the purposes of paragraphs 1 to 7, to be a director of the society.
- (2) In such circumstances there must be a note in the accounts specifying that the chief executive has been so deemed to be a director.

*Interpretation of provisions regarding directors remuneration*

9. (1) Sub-paragraphs (2) and (3) apply for the interpretation of paragraphs 1 to 8.
- (2) For the purposes of paragraphs 1 and 2 a reference to a connected undertaking of the society is to any undertaking which is a connected undertaking at the time the services were rendered, and for the purposes of paragraph 4 is a reference to a connected undertaking immediately before the loss of office as a director.
- (3) The following definitions apply–
- (a) “pension scheme” has the meaning assigned to “retirement benefits scheme” by section 611 of the Income and Corporation Taxes Act 1988;
  - (b) “retirement benefits” has the meaning assigned to “relevant benefits” by section 612(1) and (2) of that Act.
- (4) In paragraphs 5 and 6, references to a person being “connected” with a director, and to a director being “associated with” a body corporate, shall be construed in accordance with section 70 of this Act.

*Directors' loans and transactions*

10. (1) This paragraph applies, subject to sub-paragraph (4), in relation to–
- (a) loans from and other transactions and arrangements with the society described in section 65 (which restricts loans to and other transactions and arrangements with directors and persons connected to them), other than those to which section 65(5) and (6) applies, and
  - (b) in the case of a society the directors of which are required to prepare consolidated group accounts, loans from and other transactions and arrangements with a subsidiary undertaking of the society to which paragraph (a) would apply were the society rather than the subsidiary undertaking a party to them.

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- (2) The notes to the annual accounts must contain a statement, in relation to such loans, transactions and arrangements, showing—
- (a) the aggregate amounts outstanding under them at the end of the financial year; and
  - (b) the numbers of persons for whom such loans, transactions and arrangements were made.
- (3) The notes to the annual accounts must, in relation to any loan, or other transaction or arrangement subsisting during or at the end of the financial year, make the following disclosures—
- (a) where a copy of it or a memorandum of its terms is included in the register maintained under section 68, the existence of the register and the availability of requisite particulars from it for inspection must be disclosed;
  - (b) where it comes within paragraph (1)(b), its particulars must be disclosed unless it was one which would, had the subsidiary undertakings of the society formed part of the society, have been exempted from the obligations imposed by section 68.
- (4) This paragraph applies in relation to loans to, and other transactions and arrangements with, a person connected with a director of the society where the society (or in the case of a subsidiary undertaking incorporated in the United Kingdom, the subsidiary undertaking) has notice of the connection between that director and that person.

#### *Disclosure of auditors' remuneration*

11. (1) There must be shown in respect of the statutory auditors of the society—
- (a) the amount of remuneration received or receivable by them in their capacity as such; and
  - (b) the aggregate amount of remuneration, if any, received or receivable by the auditors or any associate of the auditors in respect of services other than those of the auditors in their capacity as such supplied—
    - (i) to the society; or
    - (ii) to any relevant subsidiary undertaking of the society of which the society's auditors or any associate of the society's auditors are the auditors.
- (2) In this paragraph—
- (a) “associate”, in relation to the auditors, shall be construed in accordance with paragraph 11;
  - (b) “relevant subsidiary undertaking”, in relation to the society, means any subsidiary undertaking of the society other than a subsidiary undertaking formed under the law of a country or territory outside the United Kingdom; and
  - (c) remuneration includes sums paid in respect of expenses and the estimated money value of any other benefits received or receivable otherwise than in cash.

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*Persons who are to be regarded as associates of a society's auditors*

12. (1) This paragraph applies in order to determine whether a person is to be regarded as an associate of a society's auditors in any financial year of a society in relation to which disclosure must be made by virtue of paragraph 10(1)(b).
- (2) Where a society's auditors are a body corporate, each of the following is regarded as an associate of theirs in a relevant financial year—
- (a) any partnership in which the auditors were, at any time in the financial year, a partner;
  - (b) any partnership in which a director of the auditors was, at any time in the financial year, a partner;
  - (c) any body corporate which was, at any time in the financial year, in the same group as the auditors;
  - (d) any body corporate which was a relevant subsidiary undertaking of the auditors or of a body corporate in the same group as the auditors at any time in the financial year;
  - (e) any body corporate in which any director of the auditors either alone or with any associate of the auditors was, at any time in the financial year, entitled to exercise, or control the exercise of, 20 per cent or more of the voting rights at any general meeting and any body corporate which was, at any time in the financial year, in the same group as any such body corporate; and
  - (f) any director of the auditors.
- (3) Where a society's auditors are a partnership, each of the following is regarded as an associate of theirs in a relevant financial year—
- (a) any other partnership which had, at any time in the financial year, a partner in common with the auditors;
  - (b) any body corporate which was, at any time in the financial year, a partner in the auditors;
  - (c) any body corporate in which, whether alone or with any associate of the auditors, the auditors or any partner in the auditors was, at any time in the financial year, entitled to exercise, or control the exercise of, 20 per cent or more of the voting rights at any general meeting;
  - (d) any body corporate which was, at any time in the financial year, in the same group as any such body corporate as is mentioned in paragraph (b) or (c) above; and
  - (e) any partner in the auditors.
- (4) Where a society's auditor is an individual, each of the following is regarded as an associate of his in a relevant financial year—
- (a) any partnership in which the auditor was, at any time in the financial year, a partner; and
  - (b) any body corporate in which the auditor or any associate of his was, at any time in the financial year, entitled to exercise, or control the exercise of, 20 per cent or more of the voting rights at any general meeting and any body corporate which was, at any time in that year, in the same group as any such body corporate.
- (5) Each of the following is regarded as an associate of the society's auditors in a relevant financial year whether the auditors are a body corporate, a partnership or an individual, that is to say, any person who was, at any time in that financial year,



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entitled to receive 20 per cent or more of the auditors' profits and any person of whose profits the auditors were, in that financial year, entitled to receive 20 per cent or more.

(6) In this paragraph—

- (a) “director” and “group” have the respective meanings given in section 53(1) of the Companies Act 1989; and
- (b) “relevant subsidiary undertaking”, in relation to a body corporate, means any subsidiary undertaking of the body other than a subsidiary undertaking formed under the law of a country or territory outside the United Kingdom.]

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