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STATUTORY INSTRUMENTS

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**1998 No. 504**

**BUILDING SOCIETIES**

**The Building Societies (Accounts and  
Related Provisions) Regulations 1998**

*Made* - - - - - *3rd March 1998*  
*Laid before Parliament* *5th March 1998*  
*Coming into force* *27th March 1998*

**THE BUILDING SOCIETIES (ACCOUNTS AND  
RELATED PROVISIONS) REGULATIONS 1998**

1. Citation and commencement
  2. Interpretation
  3. Annual accounts
  4. Group accounts: supplementary provisions
  5. Notes to annual accounts
  6. Holdings in undertakings
  7. Accounting principles and rules
  8. Directors' report
  9. Annual business statement
  10. Summary financial statement
  11. Interpretation of Schedules
  12. Transitional provisions
  13. Revocation
- Signature

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SCHEDULE 1 —

PART I — FORMAT OF SOCIETY INCOME AND EXPENDITURE  
ACCOUNT

1. Interest receivable and similar income (a) (i) On loans fully...
2. Interest payable and similar charges (a) (i) On shares held...
3. Net interest receivable
4. Income from investments (a) Income from equity shares [and other...
5. Fees and commissions receivable
6. Fees and commissions payable

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7. Net profit or loss on financial operations
8. Other operating income
9. Administrative expenses (a) Staff costs (i) Wages and salaries
10. Depreciation and amortisation
11. Other operating charges
12. Provisions (a) Provisions for bad and doubtful debts
13. Adjustments to provisions (a) Adjustments to provisions for bad and...
14. Amounts written off fixed asset investments
15. Adjustments to amounts written off fixed asset investments
16. Profit or loss on ordinary activities before tax
17. Tax on profit or loss on ordinary activities
18. Profit or loss on ordinary activities after tax
19. Extraordinary income
20. Extraordinary charges
21. Extraordinary profit or loss
22. Tax on extraordinary profit or loss
23. Extraordinary profit or loss after tax
24. Other taxes not shown under the preceding items
25. Profit or loss for the financial year

PART II — FORMAT OF CONSOLIDATED INCOME AND EXPENDITURE  
ACCOUNT

1. Interest receivable and similar income (a) (i) On loans fully...
2. Interest payable and similar charges (a) (i) On shares held...
3. Net interest receivable
4. Income from investments (a) Income from equity shares [and other...
5. Fees and commissions receivable
6. Fees and commissions payable
7. Net profit or loss on financial operations
8. Other operating income
9. Administrative expenses (a) Staff costs (i) Wages and salaries
10. Depreciation and amortisation
11. Other operating charges
12. Provisions (a) Provisions for bad and doubtful debts
13. Adjustments to provisions (a) Adjustments to provisions for bad and...
14. Amounts written off fixed asset investments
15. Adjustments to amounts written off fixed asset investments
16. Profit or loss on ordinary activities before tax
17. Tax on profit or loss on ordinary activities
18. Profit or loss on ordinary activities after tax
19. Minority interests
20. Profit or loss before extraordinary items
21. Extraordinary income
22. Extraordinary charges
23. Extraordinary profit or loss
24. Tax on extraordinary profit or loss
25. Extraordinary profit or loss after tax
26. Minority interests in extraordinary profit or loss after tax
27. Other taxes not shown under the preceding items
28. Profit or loss for the financial year

PART III — PROVISIONS APPLICABLE TO PARTS I AND II

1. (1) Item 1(a) in each of Parts I and II...
2. (1) Items 2(a)(i) and 2(a)(ii) in each of Parts I...
3. (1) Item 5 in each of Parts I and II...

4. Item 7 in each of Parts I and II shall...
5. Item 10 in each of Parts I and II shall...
6. Item 12(a) in each of Parts I and II shall...
7. Item 12(b) in each of Parts I and II shall...
8. Item 13(a) in each of Parts I and II shall...
9. Item 13(b) in each of Parts I and II shall...
10. Item 14 in each of Parts I and II shall...
11. Item 15 in each of Parts I and II shall...
12. In this Schedule “financial instrument” means— (a) in relation to...
13. Where a heading in either Part I or Part II...

## SCHEDULE 2 —

### PART I — FORMAT OF SOCIETY BALANCE SHEET

- A Assets
    1. Cash in hand and balances with the Bank of England...
    2. Treasury bills and other eligible bills (a) Treasury bills and...
    3. Loans and advances to credit institutions (a) Repayable on demand...
    4. Debt securities [and other fixed income securities]
    5. Other liquid assets
  - B LOANS AND ADVANCES TO CUSTOMERS
    1. Loans fully secured on residential property
    2. Other loans (a) Loans fully secured on land
  - C INVESTMENTS
    1. Equity shares [and other variable yield securities]
    2. Participating interests (a) Credit institutions (b) Other participating interests
    3. Investments in subsidiary undertakings (a) Credit institutions
    4. Other investments
  - D INTANGIBLE FIXED ASSETS
  - E TANGIBLE FIXED ASSETS (a) Land and buildings
  - F OTHER ASSETS
  - G PREPAYMENTS AND ACCRUED INCOME
  - H TOTAL ASSETS
  - A Liabilities
    - B AMOUNTS OWED TO CREDIT INSTITUTIONS (a) Repayable on demand
    - C AMOUNTS OWED TO OTHER CUSTOMERS (a) Repayable on demand
    - (b) With agreed maturity dates or periods of notice
    - D DEBT SECURITIES IN ISSUE (a) Certificates of deposit
    - E OTHER LIABILITIES (a) Income tax (b) Corporation tax
    - F ACCRUALS AND DEFERRED INCOME
    - G PROVISIONS FOR LIABILITIES AND CHARGES (a) Provisions for pensions and...
    - H SUBORDINATED LIABILITIES
    - I SUBSCRIBED CAPITAL
    - J REVALUATION RESERVE
    - K RESERVES (a) General reserves (b) Other reserves
    - L TOTAL LIABILITIES
  - A Memorandum items
    - B COMMITMENTS (a) Commitments arising out of sale and repurchase transactions...
- ### PART II — FORMAT OF CONSOLIDATED BALANCE SHEET
- A Assets
    1. Cash in hand and balances with the Bank of England...

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2. Treasury bills and other eligible bills (a) Treasury bills and...
  3. Loans and advances to credit institutions (a) Repayable on demand...
  4. Debt securities [and other fixed income securities]
  5. Other liquid assets
  - B LOANS AND ADVANCES TO CUSTOMERS
  1. Loans fully secured on residential property
  2. Other loans (a) Loans fully secured on land
  - C INVESTMENTS
  1. Equity shares [and other variable yield securities]
  2. Interests in associated undertakings (a) Credit institutions
  3. Other participating interests (a) Credit institutions (b) Other participating interests...
  4. Investments in unconsolidated subsidiary undertakings (a) Credit institutions
  5. Other investments
  - D INTANGIBLE FIXED ASSETS
  - E TANGIBLE FIXED ASSETS (a) Land and buildings
  - F OTHER ASSETS
  - G PREPAYMENTS AND ACCRUED INCOME
  - H TOTAL ASSETS
  - A Liabilities
  - B AMOUNTS OWED TO CREDIT INSTITUTIONS (a) Repayable on demand
  - C AMOUNTS OWED TO OTHER CUSTOMERS (a) Repayable on demand
  - D DEBT SECURITIES IN ISSUE (a) Certificates of deposit
  - E OTHER LIABILITIES (a) Income tax (b) Corporation tax
  - F ACCRUALS AND DEFERRED INCOME
  - G PROVISIONS FOR LIABILITIES AND CHARGES (a) Provisions for pensions and...
  - H SUBORDINATED LIABILITIES
  - I SUBSCRIBED CAPITAL
  - J REVALUATION RESERVE
  - K RESERVES (a) General reserves (b) Other reserves
  - L MINORITY INTERESTS
  - M TOTAL LIABILITIES
  - A Memorandum items
  - B COMMITMENTS (a) Commitments arising out of sale and repurchase transactions...
- PART III — PROVISIONS APPLICABLE TO PARTS I AND II
1. In respect of Asset items A.2 to A.4 and B...
  2. (1) The amount of any assets that are subordinated must...
  3. (1) This paragraph applies to Asset item A in each...
  4. Asset item B.1 in each of Parts I and II...
  5. Asset item B.2(a) in each of Parts I and II...
  6. (a) Asset item D in each of Parts I and II...
  7. Asset item G in each of Parts I and II...
  8. Liability item A(a) in each of Parts I and II...
  9. For the purpose of Liability item D in each of...
  10. Liability item F in each of Parts I and II...
  11. (1) Liability item H in each of Parts I and II...
  12. Liability item I in each of Parts I and II...
  13. Memorandum item A in each of Parts I and II...
  14. Memorandum item A(b) in each of Parts I and II...

15. Memorandum item B in each of Parts I and II...
16. (1) The following rules apply where a society (or the...
17. (1) For the purpose of this paragraph “managed funds” are...
18. (1) Where a society (or the society and its subsidiary...

SCHEDULE 3 —

PART I — FORMAT OF SOCIETY STATEMENT OF THE SOURCE AND APPLICATION OF FUNDS

PART II — FORMAT OF CONSOLIDATED STATEMENT OF THE SOURCE AND APPLICATION OF FUNDS

PART III — PROVISIONS APPLICABLE TO PARTS I AND II

1. In Parts I and II— (a) items 2 and 8...
2. Where subsidiary undertakings have been acquired or disposed of during...
3. (1) There shall be inserted in the notes to the...
4. (1) Where in any item in a statement in Part...

SCHEDULE 4 — FORM AND CONTENT OF THE ANNUAL ACCOUNTS OF A GROUP ACCOUNTS SOCIETY

1. General rules
2. (1) Where assets and liabilities to be included in the...
3. Any differences of accounting rules as between a society’s individual...
4. Amounts which in the particular context of any provision of...
5. Elimination of group transactions
6. Acquisition accounting
7. An acquisition shall be accounted for by the acquisition method...
8. (1) The acquisition method of accounting is set out in...
9. (1) Where a group is acquired paragraph 8 applies with...
10. (1) The following information with respect to acquisitions taking place...
11. (1) There shall be stated in a note to the...
12. Where during the financial year there has been a disposal...
13. The information required by paragraph 10, 11 or 12 need...
14. For the purposes only of paragraphs 9, 10, 12 and...
15. Minority interests
16. Interests in subsidiary undertakings excluded from consolidation
17. Foreign currency translation

SCHEDULE 5 — NOTES TO ANNUAL ACCOUNTS

1. Accounting policies
2. Sums denominated in foreign currencies
3. Employees
4. Aggregate amount of directors' remuneration etc.
5. Details of individual directors' remuneration etc.
6. Excess retirement benefits of directors and past directors
7. Compensation to directors for loss of office
8. Sums paid to third parties in respect of directors' services
9. Supplementary provisions regarding directors' remuneration
10. (1) The amounts to be shown for any financial year...
11. Where the chief executive of the society is not also...
12. Regulation 5(2)(b) shall not apply to paragraphs 4 to 11....
13. Interpretation of provisions regarding directors' remuneration
14. Other income and expenditure items
15. Persons who are to be regarded as associates of a society’s auditors
16. Taxation

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17. Miscellaneous matters
18. Maturity analysis
19. Provisions for bad and doubtful debts
20. Transferable securities
21. Fixed assets
22. Reserves and provisions
23. Subordinated liabilities
24. Subscribed capital
25. Fixed cumulative interest
26. Details of assets charged
27. Particulars shall be given of any charge on the assets...
28. Guarantees and other financial commitments
29. Memorandum items: subsidiary undertakings
30. Leasing transactions
31. Assets and liabilities denominated in a currency other than sterling
32. Sundry assets and liabilities, prepayments and accrued income and accruals and deferred income
33. Unmatured forward transactions
34. Other miscellaneous matters
35. Directors' loans and transactions

SCHEDULE 6 — NOTES TO ANNUAL ACCOUNTS: INFORMATION IN RESPECT OF HOLDINGS IN UNDERTAKINGS

PART I — SOCIETIES NOT REQUIRED TO PREPARE CONSOLIDATED ACCOUNTS

1. Subsidiary undertakings
2. Holdings in subsidiary undertakings
3. Financial information about subsidiary undertakings
4. Financial years of subsidiary undertakings
5. Significant holdings in undertakings other than subsidiary undertakings
6. (1) The name of the undertaking shall be stated.
7. (1) There shall also be stated— (a) the aggregate amount...
8. Construction of references to shares held by society

PART II — SOCIETIES REQUIRED TO PREPARE CONSOLIDATED ACCOUNTS

9. Subsidiary undertakings
  10. Holdings in subsidiary undertakings
  11. Financial information about subsidiary undertakings not included in the consolidation
  12. Associated undertakings
  13. Other significant holdings of society or group
  14. (1) The name of the undertaking shall be stated.
  15. (1) There shall also be stated— (a) the aggregate amount...
  16. (1) The information required by paragraphs 17 and 18 shall...
  17. (1) The name of the undertaking shall be stated.
  18. (1) There shall also be stated— (a) the aggregate amount...
  19. Construction of references to shares held by society or group
- PART III — SUPPLEMENTARY PROVISIONS
20. The information required by paragraphs 6, 14 and 17 of...

SCHEDULE 7 — ACCOUNTING PRINCIPLES AND RULES

PART I — ACCOUNTING PRINCIPLES

1. Subject to paragraph 7, the amounts to be included in...

2. The society shall be presumed to be carrying on business...
3. Accounting policies shall be applied consistently within the same accounts...
4. (1) The amount of any item shall be determined on...
5. Except so far as these Regulations otherwise specify, income and...
6. In determining the aggregate amount of any item the amount...  
PART II — DEPARTURE FROM ACCOUNTING PRINCIPLES
7. If it appears to the directors of a society that...  
PART III — FIXED ASSETS
8. General rules
9. In the case of any fixed asset which has a...
10. (1) Where a fixed asset investment of a description falling...
11. Development costs
12. Goodwill
13. Financial fixed assets  
PART IV — CURRENT ASSETS
14. The amount to be included in respect of Asset items...
15. (1) If the net realisable value of any current asset...  
PART V — OTHER ACCOUNTING RULES
17. General rules
18. (1) Assets shall be shown under the relevant balance sheet...
19. Preliminary expenses, expenses of and commission on any issue of...
20. Assets acquired in the name of and on behalf of...
21. Excess of money owed over value received as an asset item
22. Determination of cost
23. (1) Subject to the qualification mentioned below, the cost of...
24. To the extent that debt securities included in a society's...
25. Substitution of original amount where cost unknown  
PART VI — ALTERNATIVE ACCOUNTING RULES
26. The rules set out in paragraphs 8 to 25 of...
27. Subject to paragraphs 29, 30 and 31, the amounts to...
28. (1) Intangible fixed assets, other than goodwill, may be included...
29. (1) Where the value of any asset of a society...
30. (1) This paragraph applies where the amounts to be included...
31. (1) With respect to any determination of the value of...  
PART VII — ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES
32. (1) Subject to the following sub-paragraphs, amounts to be included...
33. (1) Subject to sub-paragraph (2), any difference between the amount...

#### SCHEDULE 8 — DIRECTORS' REPORT

1. Miscellaneous
2. The directors' report shall contain— (a) a statement of the...
3. Land and buildings
4. Political and charitable gifts
5. Directors' interests
6. Employee information
7. Percentages
8. Mortgage arrears
9. Supplier payment policy
10. New activities

#### SCHEDULE 9 — ANNUAL BUSINESS STATEMENT

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1. Statutory percentages
2. Other percentages
3. Information relating to directors and other officers
4. (1) The annual business statement of a society shall state,...

SCHEDULE 10 — SUMMARY FINANCIAL STATEMENT  
PART I — FORMAT OF SUMMARY FINANCIAL STATEMENT

SECTION A

*PRESCRIBED FORM OF STATEMENT FOR THE  
PURPOSES OF SECTION 76(4) OF THE ACT*

SECTION B

*SUMMARY DIRECTORS' REPORT*

SECTION C

*FORMAT OF SUMMARY STATEMENT*

SECTION D

*FORMAT OF SUMMARY OF KEY FINANCIAL RATIOS*

PART II — PROVISIONS APPLICABLE TO PART I

1. The Summary Directors' Report (which is required by section B...
2. In sections C and D of Part I “year” means...
3. Any amount or percentage required to be included in section...
4. Sections C and D of Part I shall all be...
5. Subject to paragraph 3, in section C of Part I—...
6. A heading for an item contained in section C of...
7. Subject to paragraph 3, in section D of Part I—...
8. There shall be disclosed as a note to the Summary...
9. There shall be included as a note to the Summary...
10. Where there are extraordinary items in the income and expenditure...
11. In this Schedule “relevant year”, in relation to a summary...

SCHEDULE 11 — INTERPRETATION OF SCHEDULES

1. The following paragraphs apply for the purposes of the interpretation...
2. Balance sheet date
3. Capital
4. Leases
5. Listed securities
6. Loans
7. Materiality
8. Participating interest
9. Provisions
10. Scots land tenure
11. Staff costs
12. Amounts repayable
13. Other definitions



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## Explanatory Note