

SCHEDULE 1
AND CONTENT OF ACCOUNTS OF BANKING COMPANIES AND GROUPS

PART I
INDIVIDUAL ACCOUNTS
CHAPTER IV
INTERPRETATION OF PART I

General

82. The following definitions apply for the purposes of this Part of this Schedule and its interpretation:

“Banking activities” means activities forming part of a deposit-taking business within the meaning of the Banking Act 1987(1);

“Banking transactions” means transactions entered into in the normal course of a deposit-taking business within the meaning of the Banking Act 1987;

“Financial fixed assets” means loans and advances and securities held as fixed assets; participating interests and shareholdings in group undertakings shall be regarded as financial fixed assets;

“Fungible assets” means assets of any description which are substantially indistinguishable one from another;

“Lease” includes an agreement for a lease;

“Listed security” means a security listed on a recognised stock exchange, or on any stock exchange of repute outside Great Britain and the expression “unlisted security” shall be construed accordingly;

“Long lease” means a lease in the case of which the portion of the term for which it was granted remaining unexpired at the end of the financial year is not less than 50 years;

“Repayable on demand”, in connection with deposits, loans or advances, means those amounts which can at any time be withdrawn or demanded without notice or for which a maturity or period of notice of not more than 24 hours or one working day has been agreed;

“Sale and repurchase transaction” means a transaction which involves the transfer by a credit institution or customer (“the transferor”) to another credit institution or customer (“the transferee”) of assets subject to an agreement that the same assets, or (in the case of fungible assets) equivalent assets, will subsequently be transferred back to the transferor at a specified price on a date specified or to be specified by the transferor; but the following shall not be regarded as sale and repurchase transactions: forward exchange transactions, options, transactions involving the issue of debt securities with a commitment to repurchase all or part of the issue before maturity or any similar transactions;

“Sale and option to resell transaction” means a transaction which involves the transfer by a credit institution or customer (“the transferor”) to another credit institution or customer (“the transferee”) of assets subject to an agreement that the transferee is entitled to require the subsequent transfer of the same assets, or (in the case of fungible assets) equivalent assets, back

(1) 1987 c. 22.

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to the transferor at the purchase price or another price agreed in advance on a date specified or to be specified; and

“Short lease” means a lease which is not a long lease.

Loans

83. For the purposes of this Part of this Schedule a loan or advance (including a liability comprising a loan or advance) is treated as falling due for repayment, and an instalment of a loan or advance is treated as falling due for payment, on the earliest date on which the lender could require repayment or (as the case may be) payment, if he exercised all options and rights available to him.

Materiality

84. For the purposes of this Part of this Schedule amounts which in the particular context of any provision of this Part are not material may be disregarded for the purposes of that provision.

Provisions

85. For the purposes of this Part of this Schedule and its interpretation:

- (a) references in this Part to provisions for depreciation or diminution in value of assets are to any amount written off by way of providing for depreciation or diminution in value of assets;
- (b) any reference in the profit and loss account formats or the notes thereto set out in Section B of this Part to the depreciation of, or amounts written off, assets of any description is to any provision for depreciation or diminution in value of assets of that description; and
- (c) references in this Part to provisions for liabilities or charges are to any amount retained as reasonably necessary for the purpose of providing for any liability or loss which is either likely to be incurred, or certain to be incurred but uncertain as to amount or as to the date on which it will arise.

Scots land tenure

86. In the application of this Part of this Schedule to Scotland, “land of freehold tenure” means land in respect of which the company is the proprietor of the dominium utile or, in the case of land not held on feudal tenure, is the owner; “land of leasehold tenure” means land of which the company is the tenant under a lease; and the reference to ground-rents, rates and other outgoings includes feu-duty and ground annual.

Staff costs

87. For the purposes of this Part of this Schedule and its interpretation:

- (a) “Social security costs” means any contributions by the company to any state social security or pension scheme, fund or arrangement;
- (b) “Pension costs” includes any other contributions by the company for the purposes of any pension scheme established for the purpose of providing pensions for persons employed by the company, any sums set aside for that purpose and any amounts paid by the company in respect of pensions without first being so set aside; and
- (c) any amount stated in respect of either of the above items or in respect of the item “wages and salaries” in the company’s profit and loss account shall be determined by reference to payments made or costs incurred in respect of all persons employed by the company

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during the financial year who are taken into account in determining the relevant annual number for the purposes of paragraph 77(1)(a).