**1984 No. 334**

## BUILDING SOCIETIES

### The Building Societies (Accounts and Annual Return) Regulations (Northern Ireland) 1984

*Made* . . . . . *14th September 1984*

*Coming into operation* . . . *3rd December 1984*

The Registrar, in exercise of the powers conferred upon him by sections 78(2), 88(3) and 91(2) of the Building Societies Act (Northern Ireland) 1967(**a**), and of every other power enabling him in that behalf, with the consent of the Department of Economic Development(**b**), hereby makes the following regulations:

*Citation and commencement*

**1.** These regulations may be cited as the Building Societies (Accounts and Annual Return) Regulations (Northern Ireland) 1984 and shall come into operation on 3rd December 1984.

*Interpretation*

**2.**—(1) In these regulations—

"area board" includes any regional or local board or committee of the building society other than one consisting wholly of main board directors of the building society and/or full-time employees of the building society;

"emoluments" in relation to a member of an area board or to a director includes fees and percentages, any sums paid by way of expenses allowance in so far as those sums are charged to United Kingdom income tax, any contribution paid in respect of him under any pension scheme and the estimated money value of any other benefits received by him otherwise than in cash;

"emoluments" in relation to a person in a building society's employment includes fees and percentages, any sums paid by way of expenses allowance in so far as those sums are charged to United Kingdom income tax, and the estimated money value of any other benefits received by him otherwise than in cash paid to or receivable by him from the building society or any other person in respect of his services as a person in the employment of the building society (except sums to be accounted for to the building society);

"emoluments" in relation to a person other than a member of an area board or a director or a person in the employment of a building society includes fees and percentages, any sums paid by way of expenses allowance in so far as those sums are charged to United Kingdom income tax and the estimated money value of any other benefits received by him otherwise than in cash.

"listed investment" means an investment as respects which there has been granted a listing on the Stock Exchange, or bonds issued by a local authority in whole or in part to a bank, discount house, issuing house or broker in the City of London and "unlisted investment" shall be construed accordingly;

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(**a**) 1967 c. 31 (N.I.)

(**b**) Consent function transferred from Department of Commerce by S.I. 1982/846 (N.I. 11) Art. 4

"long lease" means a lease in respect 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;

"short lease" means a lease which is not a long lease;

"lease" includes any agreement for a lease;

"Mortgages" under the heading "Balance Sheet" in Schedule 1 means the amount due or outstanding in respect of advances secured on mortgage less any provision for anticipated losses thereon;

"pension", "pension scheme" and "contribution" have the same meanings as in section 187(3) of the Companies Act (Northern Ireland) 1960(**a**);

"pension costs" includes any contributions other than contributions falling within the meaning of "social security costs" by the building society for the purposes of any pension scheme established for the purpose of providing pensions for persons employed by the building society, any sums set aside for that purpose and any amounts paid by the building society in respect of pensions without first being so set aside;

"provision" means, subject to paragraph (2), any amount written off or retained by way of provision for depreciation, renewals or diminution in value of assets or retained by way of provision for any known liability (including any liability in respect of expenditure contracted for, and any disputed or contingent liability) of which the amount cannot be determined with substantial accuracy;

"reserve" shall not, subject to paragraph (2), include any amount written off or retained by way of provision for depreciation, renewals or diminution in value of assets or retained by way of provision for any known liability (including any liability in respect of expenditure contracted for, and any disputed or contingent liability) or any sum set aside for the purpose of providing against any undue fluctuations in charges for taxation;

"deferred shares" has the meaning given by paragraph 2 of Schedule 1 to the Building Societies (Authorisation) Regulations (Northern Ireland) 1982(**b**);

"social security costs" means any contributions by the building society to any state social security or pension scheme, fund or arrangement;

(2) Where—

(*a*) any amount written off or retained by way of provision for depreciation, renewals or diminution in value of assets, or

(*b*) any amount retained by way of provision for any known liability (including any liability in respect of expenditure contracted for, and any disputed or contingent liability)

is in excess of that which in the opinion of the board of directors is reasonably necessary for the purpose, the excess shall be treated for the purposes of these regulations as a reserve and not as a provision.

*Revenue and appropriation account and balance sheet*

**3.** The revenue and appropriation account and the balance sheet of a building society as respects a financial year of the building society ending on or after 31st December 1984 shall, with such adaptations, additions or omissions as may be necessary to comply with section 78(1) of the Building Societies Act (Northern Ireland) 1967, be in the forms set out in Schedule 1 and shall contain the particulars therein set out (except that any heading therein may be omitted if the entries in respect of such heading would be "Nil") and the particulars specified in regulations 4 to 10.

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(**a**) 1960 c. 22 (N.I.) as substituted by S.I. 1978/1042 (N.I. 12) Art. 17
(**b**) S.R. 1982 No. 155

*Accounting policies and statement of date of approval of accounts, etc.*

**4.**—(1) The accounting policies adopted by a building society in determining the amounts to be included in respect of items shown in the balance sheet and in determining the income and expenditure for the year shall be stated by way of separate note on the balance sheet.

(2) The date on which the revenue and appropriation account and balance sheet are approved by the board of directors shall be stated on the balance sheet.

*Particulars to be distinguished in the revenue and appropriation account*

**5.** The following particulars shall be shown separately in the revenue and appropriation account—

(*a*) the amounts respectively charged to revenue by way of provision for depreciation, renewals or diminution in value of fixed assets;

(*b*) the amount, if material, of any surplus or deficit on realisation of investments; and to the extent that such amount is not shown under the heading "Income" in the case of a surplus (or "Expenditure" in the case of a deficit) in the said revenue and appropriation account it shall be shown after the item "Excess of income over expenditure" and before the item "Corporation tax";

(*c*) the amount, if material, of any pension costs not included under the heading "Expenditure"; and such amount shall be shown after the item "Excess of income over expenditure" and before the item "Corporation tax" in the said revenue and appropriation account;

(*d*) if any amount is separately shown after the item "Excess of income over expenditure" in accordance with either paragraph (*b*) or paragraph (*c*), the aggregate of such amount or amounts and the amount of the item "Excess of income over expenditure";

(*e*) the amount transferred from general reserve; and

(*f*) the amount transferred to or from any reserve set aside for a particular purpose.

*Particulars which may be shown by note on the revenue and appropriation account*

**6.**—(1) The following particulars if not otherwise shown shall be shown by way of note on the revenue and appropriation account—

(*a*) the amount of the remuneration of auditors, including any sums paid to the auditors in respect of their expenses;

(*b*) the aggregate amount of—

(i) emoluments of members of area boards;

(ii) pensions of members or past members of area boards; and

(iii) any compensation to members or past members of area boards in respect of loss of office

and, in respect of main board directors or employees who are or have been members of area boards, there shall be included only such amounts as are payable by virtue of their membership of such boards in addition to amounts payable to them in respect of other services to the society;

(*c*) how much of the amount shown in respect of the item "Management expenses (including depreciation of fixed assets)" consists of—

(i) remuneration and expenses of staff (excluding any amounts required to be stated under regulation 7) stating separately salaries and wages, social security costs incurred by the society on behalf of staff and other pension costs so incurred;

(ii) office accommodation and office expenses;

(iii) advertising;

(iv) commission and agency fees;

(v) depreciation of fixed assets;

(vi) other expenses;

and in relation to the amount of remuneration and expenses of staff there shall also be stated as at the end of the financial year the numbers of staff employed by the building society at chief and administrative offices and at branch offices respectively, distinguishing between full-time staff and part-time staff;

(*d*) if the amount charged to revenue by way of provision for depreciation or diminution in the value of assets has been determined otherwise than by reference to the amount of those assets as determined for making up the balance sheet, that fact shall be stated;

(*e*) if depreciation or replacement of fixed assets is provided for by some method other than a depreciation charge or provision for renewals, or is not provided for, the method by which it is provided for or the fact that it is not provided for, as the case may be;

(*f*) the financial year of the building society, or the part of such year, in which the interest accrued in respect of which the amount shown in relation to the heading "Income tax" is computed;

(*g*) the basis on which the charge for corporation tax is computed;

(*h*) the amount, if material, of any transaction of an exceptional or non-recurrent nature;

(*i*) any material respects in which any items shown in the revenue and appropriation account are affected—

(i) by transactions of a sort not usually undertaken by the building society or otherwise by circumstances of an exceptional or non-recurrent nature; or

(ii) by any change in the basis of accounting;

(*j*) any special circumstances which affect liability in respect of taxation of surplus, income or capital gains for the financial year or liability in respect of taxation of surplus, income or capital gains for succeeding financial years; and

(*k*) any amount applied in writing up or down the amount at which investments are determined for making up the balance sheet.

(2) The corresponding amounts for the immediately preceding financial year shall be stated for all items shown in the revenue and appropriation account.

(3) The amount to be included under paragraph (1)(*b*)(ii) shall not include any pension paid or receivable under a pension scheme if the scheme is such that the contributions thereunder are substantially adequate for the maintenance of the scheme, but save as aforesaid shall include any pension paid or receivable in respect of any such services of a member or past member of an area board under any pension scheme whether to or by him or, on his nomination or by virtue of dependence on or other connection with him, to or by any other person.

(4) The amount to be included under paragraph (1)(*b*)(iii) shall include—

(*a*) any sums paid to or receivable by a member or past member of an area board by way of compensation for the loss of office as member of an area board; and

(*b*) any sums paid as consideration for or in connection with a person's retirement from office as member of an area board.

*Particulars which must be shown by note on the revenue and appropriation account*

**7.**—(1) Subject to and in accordance with the provisions of this regulation there shall be stated by way of note on the revenue and appropriation account—

(*a*) the aggregate amount of the directors' emoluments; and in respect of that amount there shall also be shown how much consists of—

(i) any contributions paid in respect of directors under any pension scheme; and

(ii) all other emoluments within the meaning of these regulations;

(*b*) the aggregate amount of directors' or past directors' pensions; and

(*c*) the aggregate amount of any compensation to directors or past directors in respect of loss of office.

(2) The amount to be stated under paragraph (1)(*a*)—

(*a*) shall include any emoluments paid to or receivable by any person in respect of his services as director of the building society or in respect of his services, while director of the building society, in connection with the management of the affairs of the building society; and

(*b*) shall distinguish between the emoluments in respect of services as director of the building society and other emoluments;

(3) The amount to be stated under paragraph (1)(*b*)—

(*a*) shall not include any pension paid or receivable under a pension scheme if the scheme is such that the contributions thereunder are substantially adequate for the maintenance of the scheme, but save as aforesaid shall include any pension paid or receivable in respect of any such services of a director or past director of the building society as are mentioned in paragraph (2), whether to or by him or, on his nomination or by virtue of dependence on or other connection with him, to or by any other person; and

(*b*) shall distinguish between pensions in respect of services as director of the building society and other pensions.

(4) The amount to be stated under paragraph (1)(*c*)—

(*a*) shall include any sums paid to or receivable by a director or past director by way of compensation for the loss of office as director of the building society, or for the loss, while director of the building society or on or in connection with his ceasing to be a director of the building society, of any other office in connection with the management of the building society's affairs; and

(*b*) shall distinguish between compensation in respect of the office of director of the building society and compensation in respect of other offices;

and for the purposes of this regulation references to compensation for loss of office shall include sums paid as consideration for or in connection with a person's retirement from office.

(5) The amounts to be stated under paragraph (1)(*a*), (*b*) and (*c*)—

(*a*) shall include all relevant sums paid by or receivable from the building society or any other person except sums to be accounted for to the building society; and

(*b*) shall distinguish in the case of the amount to be shown under paragraph (1)(*c*) between the sums respectively paid by or receivable from the building society and persons other than the building society.

(6) The amounts to be stated under this regulation for any financial year shall be 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 the year, so, however, that where—

(*a*) any sums are not included in the amounts to be stated by way of note to the revenue and appropriation account for the relevant financial year on the ground that the person receiving them is liable to account for them to the