

Island of  Guernsey

Ordinance of the States **L**

1971

Made ... .. 29th September, 1971.  
Coming into Operation ... 1st January, 1972.

**The Protection of Depositors (Bailiwick  
of Guernsey) Ordinance, 1971**

THE STATES, in pursuance of their Resolutions of the twenty-sixth day of June, nineteen hundred and sixty-eight and the twenty-ninth day of September, nineteen hundred and seventy-one, and in exercise of the powers conferred upon them by section one and section three of the Protection of Depositors, Companies and Prevention of Fraud (Bailiwick of Guernsey) Law, 1969, as amended(a), hereby order:—

1. (1) Subject to the succeeding provisions of this Ordinance, a person shall not carry on, or hold himself out as carrying on, the business of accepting money for the purpose of investment on deposit unless he is for the time being registered in that behalf by the States Advisory and Finance Committee (hereinafter referred to as "the Committee") under the provisions of section four of this Ordinance.

Restriction  
on accept-  
ance of  
investments  
on deposit.

(a) No. V of 1969; No. XI of 1970; Ordinance No. XLVI of 1970.

(2) Nothing in the last preceding subsection shall be taken to regulate or prohibit the doing of anything by or on behalf of:—

- (a) the States of Guernsey, the States of Alderney or the Chief Pleas of Sark;
- (b) the National Savings Bank within the meaning of the Post Office Act, 1969;
- (c) any savings bank certified under the Trustees Savings Bank Act, 1863, the Trustee Savings Bank Act, 1954, or the Trustee Savings Bank Act, 1969;
- (d) any building society, friendly society or industrial and provident society:

Provided that paragraph (d) of this paragraph shall be of no effect as respects any building society during any period during which there is in force in relation to that building society a direction given by the Chief Registrar of Friendly Societies under the provisions of section fifty-one of the Building Societies Act, 1962.

Application  
for regis-  
tration to  
accept  
investments  
on deposit.

2. (1) Any person desirous of being registered under the provisions of section four of this Ordinance shall make application in that behalf to the Committee in the form set out in the First Schedule to this Ordinance and shall supply all relevant particulars specified therein and the application shall be accompanied by the latest available audited accounts of the business to which the application relates and, if the applicant is a subsidiary company, the latest available accounts of the immediate holding company and other holding companies (if any) together, in either case, with any interim accounts produced since the last audited accounts.

(2) Upon receipt of an application in accordance with the provisions of the last preceding subsection, or at any time thereafter, the Committee may require the applicant to supply such further information, in addition to any information supplied in accordance with the provisions of the last preceding subsection, as the Committee may consider necessary or desirable.

3. Any person who, on the date of the coming into force of this Ordinance, is carrying on, or is holding himself out as carrying on, the business of accepting money for the purpose of investment on deposit, shall, before the expiration of the period of two months commencing on the date of the coming into force of this Ordinance, make an application to the Committee in accordance with the provisions of the last preceding section to be registered under the provisions of the next succeeding section.

Transitional provisions for existing businesses.

4. (1) Upon the receipt of an application in accordance with the provisions of section two of this Ordinance, the Committee may either:—

Power of Committee to register or refuse.

- (a) register the applicant by entering or causing to be entered in a register kept solely for the purpose (hereinafter referred to as "the Register") such particulars relating to the applicant as the Committee may, from time to time, determine;
- (b) refuse to register the applicant;
- (c) register the applicant subject to such conditions as the Committee may think it necessary or expedient to impose.

(2) The Committee may, from time to time, vary or revoke any condition imposed under the provisions of the last preceding subsection.

Power of  
Committee  
to refuse or  
revoke  
registration  
on certain  
grounds.

5. Without prejudice to the generality of the provisions of paragraph (b) of subsection (1) of the last preceding section the Committee may refuse to register an applicant under the provisions of the said section or, in the case of a registered person, cancel his registration by deleting the entry relating to him in the Register, if—

- (a) the applicant or the registered person has not, on the occasion of the application or, as the case may be, at any time during the validity of the registration, furnished to the Committee such information relating to him, and to any circumstances likely to affect his method of conducting business, as the Committee may require, being information verified in such manner as the Committee may direct, or
- (b) it appears to the Committee that—
  - (i) by reason of the applicant or the registered person, or any person employed by, or associated with, the applicant or the registered person for the purposes of his business—
    - (aa) having been convicted within Her Majesty's dominions of an offence, his conviction for which necessarily involved a finding that he acted fraudulently or dishonestly, or
    - (bb) having been convicted of an offence under this Ordinance, or
  - (ii) by reason of any other circumstances whatsoever which either are likely to lead to the improper conduct of business by, or reflect discredit upon the method of conducting business of, the

applicant or registered person or any person so employed by or associated with him as aforesaid.

the applicant or the registered person is not, or as the case may be, is no longer a fit and proper person to be registered under the provisions of section four of this Ordinance:

- (c) it appears to the Committee, as a result of the information furnished in pursuance of the requirements of sub-paragraph (a) of this paragraph or information otherwise obtained, that it is not in the best interests of persons who have deposited, or who might deposit, money with the applicant or the registered person or that it is not in the best economic interests of the Bailiwick or any part thereof, that the applicant or the registered person should be registered or should continue to be registered:

and the Committee may also cancel the registration of a registered person by deleting the entry relating to him in the Register if the said registered person is not carrying on, or holding himself out as carrying on, the business of accepting money for the purpose of investment on deposit.

6. (1) The registration of any person under the provisions of section four of this Ordinance, being a company which in the United Kingdom is not treated as a banking or discount company for the purposes of the Protection of Depositors Act, 1963, shall, without prejudice to any condition which might be attached to any individual registration under the provisions of the said section four, be subject to the following general conditions:—

Attach-  
ment of  
general  
provisions  
on regis-  
tration of  
certain  
companies.

- (a) copies of the audited accounts of the company containing the information set out in the Second Schedule to this Ordinance shall, in respect of any period ending after the date of the coming into force of this Ordinance, be sent to all shareholders, depositors, and the Committee within three months of the date of the balance sheet:
- (b) where the interval between the dates to which successive audited accounts of the company are drawn up exceeds six months, there shall be drawn up unaudited accounts of the company to a date six months after the date of the last audited balance sheet and copies of the said unaudited accounts shall, in respect of any period ending after the date of the coming into force of this Ordinance, be sent to all shareholders, depositors and the Committee within two months of the date of the balance sheet:
- (c) copies of the latest audited and unaudited accounts of the company shall be available to every new depositor or shareholder and to any person making enquiries with a view to becoming a depositor or shareholder:
- (d) the unaudited accounts of the company shall, in respect of any period of account ending after the date of the coming into force of this Ordinance, contain the information set out in the Second Schedule to this Ordinance:

Provided that the Committee may require the company to include in its accounts such additional information in relation to the activities of the company as the Committee may, in any particular case, think fit:

- (e) the auditor's report shall be in accordance with the provisions of the Third Schedule to this Ordinance;
- (f) any advertisement soliciting deposits or indicating that the company is willing to receive deposits shall comply with the provisions set out in the Fourth Schedule to this Ordinance.

(2) The registration of any person under the provisions of section four of this Ordinance being a subsidiary company of a company which in the United Kingdom is treated as a banking or discount company for the purposes of the Protection of Depositors Act, 1963, shall, without prejudice to any conditions which might be attached to any individual registration under the provisions of the said section four, be subject to the following general conditions if the subsidiary company concerned satisfies the Committee that its registration as afore-said should be subject to such general conditions. that is to say:—

- (a) copies of the audited accounts of the company containing the information set out in the Second Schedule to this Ordinance shall, in respect of any period ending on a date after the date of the coming into force of this Ordinance, be delivered to the Committee, and abridged accounts in such form and containing such information as the Committee may in any case approve shall be available to any depositor within three months of the date of the balance sheet;
- (b) where the interval between the dates to which successive audited accounts of the company are drawn up exceeds six months

there shall be delivered to the Committee unaudited accounts, containing the information set out in the Second Schedule to this Ordinance, drawn up to a date six months after the date of the last audited balance sheet and abridged accounts in such form and containing such information as the Committee may in any case approve shall, in respect of any period ending on a date after the date of the coming into force of this Ordinance, be available to any depositor within two months of the date of the balance sheet:

- (c) copies of the latest audited and unaudited abridged accounts of the company shall be available to every new depositor or shareholder and to any person making enquiries with a view to becoming a depositor or shareholder;
- (d) the auditor's report shall be in accordance with the provisions of the Third Schedule to this Ordinance;
- (e) any advertisement soliciting deposits or indicating that the company is willing to receive deposits shall comply with the provisions set out in the Fourth Schedule to this Ordinance.

Period of  
validity of  
registration.

7. Unless cancelled under any of the provisions of this Ordinance, the registration of a person under the provisions of section four of this Ordinance shall be valid for such period, ending on a date not later than the thirty-first day of December next following the date of such registration, as the Committee shall determine.

8. (1) The registration of a person under the provisions of section four of this Ordinance may be renewed by the Committee for such period, ending on a date not later than the thirty-first day of December next following the date of such renewal, as the Committee shall determine on application being made to it in that behalf before the commencement of the period of two months next preceding the date upon which the registration for which renewal is being applied for ceases to be valid. Renewal of registration.

(2) An application under the provisions of the last preceding subsection shall be in such form and shall be accompanied by such information as the Committee may, from time to time, require.

9. (1) Subject to the provisions of subsection (2) of this section there shall be paid, in advance, to the Treasurer of the States in respect of the registration of a person under the provisions of section four of this Ordinance a fee of one hundred pounds. Registration fee.

(2) Where an application to be registered under the provisions of section four of this Ordinance is refused by the Committee or where an application to be registered as aforesaid is withdrawn by the applicant, the amount of the fee paid in accordance with the provisions of the last preceding subsection shall be refunded to the applicant:

Provided that where an application to be registered as aforesaid is refused by the Committee, the said fee shall not be so refunded until after the expiration of the period within which, under the provisions of section fourteen of this Ordinance, the applicant may appeal from the decision of the Committee to refuse the application and where the applicant has appealed from the decision of the Committee to refuse the application, the said fee shall not be refunded until after the appeal has been determined or abandoned.

Notice of refusal to register or renew to be served on applicant.

10. The Committee shall not refuse an application to be registered under the provisions of section four of this Ordinance or refuse an application to renew a registration under the provisions of section eight of this Ordinance unless it has served on the applicant or on the registered person, as the case may be, not less than seven days' notice in writing of its intention so to do and every such notice shall contain a statement that, if within seven days after the receipt of the notice the applicant or the registered person informs the Committee in writing that he desires so to do, the Committee shall, before refusing the application, give him an opportunity of being heard thereon.

Consultation with Alderney and Sark.

11. (1) Before deciding under the provisions of section four of this Ordinance whether or not to register a person who states in his application to be so registered that he proposes to carry on, or hold himself out as carrying on, in the Island of Alderney or in the Island of Sark, the business of accepting money for the purpose of investment on deposit, the Committee shall:—

- (a) as respects the Island of Alderney, consult the States of Alderney Finance Committee:
- (b) as respects the Island of Sark, consult the Greffier.

(2) A registered person shall not carry on, or hold himself out as carrying on, in the Island of Alderney or in the Island of Sark, the business of accepting money for the purpose of investment on deposit unless he stated in his application in accordance with the provisions of section two of this Ordinance that he proposed to so carry on business in the Island of Alderney or in the Island of Sark, as the case may be.

12. (1) Upon the registration of a person under the provisions of section four of this Ordinance, the Committee shall issue to such person a registration certificate in such form as the Committee may, from time to time, determine.

Issue and production of registration certificate.

(2) Every registered person shall—

(a) when so required by or on behalf of the Committee produce or deliver his registration certificate to the Committee or to a person authorised in that behalf by the Committee;

(b) deliver his registration certificate to the Committee immediately on ceasing to be a registered person by reason of the expiry or cancellation of his registration under any of the provisions of this Ordinance.

(3) If a registered person fails to comply with the provisions of the last preceding subsection he shall be guilty of an offence and liable, on conviction, to a fine not exceeding one hundred pounds and, in the case of a continuing offence, to a further fine not exceeding twenty-five pounds for each day during which the offence continues after conviction.

13. The Committee shall, from time to time, cause to be published in such manner as the Committee may determine the names and addresses of all registered persons, together with such other information appertaining to such persons as the Committee may think appropriate.

Publication of names and addresses of registered persons

14. (1) Any person aggrieved by any decision of the Committee under any of the provisions of this Ordinance may, within the twenty-one days next following the date of the said decision, appeal therefrom to the Royal Court sitting as a Full Court on

Appeals

the grounds that the decision of the Committee was ultra vires or was an unreasonable exercise of its powers.

(2) Any appeal under this section shall be instituted by way of summons which shall set out the material facts upon which the appellant relies and which shall be served on the President of the Committee.

Service of notices.

15. Any notice served for the purposes of this Ordinance shall be validly served—

- (a) on any person, if delivered to him, left, or sent by post addressed to him, at his usual or last known place of abode;
- (b) on any firm, if delivered to any partner of the firm, or left at, or sent by post to, the principal or last known principal place of business of the firm;
- (c) on any company if left at, or sent by post to, its registered office if situate in the Island of Guernsey or the Island of Alderney or, if its registered office is not so situate, its principal or last known principal place of business in the Bailiwick.

Offences.

16. Any person who—

- (a) contravenes the provisions of section one or subsection (2) of section eleven of this Ordinance; or
- (b) fails to comply with any condition to which his registration under the provisions of section four of this Ordinance is subject.

shall be guilty of an offence and liable, on conviction, to a fine or to imprisonment for a term not exceeding two years or to both a fine and such imprisonment.

17. Any person who makes any statement or furnishes any information:— False statements, etc.

- (a) in connection with any application under the provisions of this Ordinance: or
- (b) which he is required to make or furnish under any of the provisions of this Ordinance;

which he knows to be false or recklessly makes any such statement or furnishes any such information which is false in a material particular shall be guilty of an offence and liable, on conviction, to a fine not exceeding five hundred pounds.

18. Where a person convicted of an offence under this Ordinance is a company, or a person who, at the time of the commission of the offence, was a director or officer of the company, or was purporting to act in any such capacity, he shall be deemed to be guilty of that offence unless he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of the offence. Offences by bodies corporate.

19. The provisions of sections six and nine of this Ordinance shall not apply to a company registered under the provisions of section four of this Ordinance if that company satisfies the Committee that in the United Kingdom it would be treated for the purposes of the Protection of Depositors Act, 1963, as a banking company or as a discount company. Banking and discount companies exempt from certain provisions.

Meaning of  
"holding  
company"  
and "sub-  
sidiary".

20. (1) For the purposes of this Ordinance, a company shall, subject to the provisions of subsection (3) of this section, be deemed to be a subsidiary of another if, but only if,—

(a) that other either—

(i) is a member of it and controls the composition of its board of directors;  
or

(ii) holds more than half in nominal value of its equity share capital; or

(b) the first-mentioned company is a subsidiary of any company which is that other's subsidiary.

(2) For the purposes of the foregoing subsection, the composition of a company's board of directors shall be deemed to be controlled by another company if, but only if, that other company by the exercise of some power exercisable by it without the consent or concurrence of any other person can appoint or remove the holders of all or a majority of the directorships; but for the purposes of this provision that other company shall be deemed to have power to appoint to a directorship with respect to which any of the following conditions is satisfied, that is to say—

(a) that a person cannot be appointed thereto without the exercise in his favour by that other company of such a power as aforesaid; or

(b) that a person's appointment thereto follows necessarily from his appointment as director of that other company; or

(c) that the directorship is held by that other company itself or by a subsidiary of it.

(3) In determining whether one company is a subsidiary of another—

- (a) any shares held or power exercisable by that other in a fiduciary capacity shall be treated as not held or exercisable by it;
- (b) subject to the two following paragraphs, any shares held or power exercisable—
- (i) by any person as a nominee for that other (except where that other is concerned only in a fiduciary capacity); or
  - (ii) by, or by a nominee for, a subsidiary of that other, not being a subsidiary which is concerned only in a fiduciary capacity;

shall be treated as held or exercisable by that other;

- (c) any shares held or power exercisable by any person by virtue of the provisions of any debentures of the first-mentioned company or of a trust deed for securing any issue of such debentures shall be disregarded:
- (d) any shares held or power exercisable by, or by a nominee for, that other or its subsidiary (not being held or exercisable as mentioned in the last foregoing paragraph) shall be treated as not held or exercisable by that other if the ordinary business of that other or its subsidiary, as the case may be, includes the lending of money and the shares are held or power is exercisable as aforesaid by way of security only for the purposes of a transaction entered into in the ordinary course of that business.

(4) For the purposes of this Ordinance, a company shall be deemed to be another's holding company if, but only if, that other is its subsidiary.

(5) In this section the expression "company" includes any body corporate, and the expression

“equity share capital” means, in relation to a company, its issued share capital excluding any part thereof which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution.

Interpretation.

21. (1) In this Ordinance, except where the context otherwise requires, the following expressions have the meanings hereby respectively assigned to them, that is to say:—

“auditor” means a person who is a member of either the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland, the Institute of Chartered Accountants in Ireland or the Association of Certified and Corporate Accountants;

“enactment” includes any enactment of the Parliament of the United Kingdom;

“friendly society” means a society registered under the Friendly Societies Act, 1896, or under that Act as it applies to Northern Ireland;

“registered person” means a person registered under the provisions of section four of this Ordinance.

(2) Except so far as the context otherwise requires, any reference in this Ordinance to any other enactment shall be construed as a reference to that enactment as amended, repealed, replaced, extended or applied by or under any other enactment including this Ordinance.

(3) The Interpretation (Guernsey) Law, 1948, shall apply to the interpretation of this Ordinance throughout the Bailiwick.

22. This Ordinance may be cited as the Protection of Depositors (Bailiwick of Guernsey) Ordinance, 1971. Citation.

23. This Ordinance shall come into force on the first day of January, nineteen hundred and seventy-two. Commence-ment.

## FIRST SCHEDULE Section two

*Form of application for registration under the provisions of the Protection of Depositors (Bailiwick of Guernsey) Ordinance, 1971.*

1. Name of applicant .....
- Address or if applicant is a company the address of its registered office .....
- .....
- Country of Incorporation (where applicable) ...
- Date of Incorporation (where applicable) .....
- Business address (if any) in Guernsey, Alderney or Sark .....
- .....
2. Do you propose to carry on, or hold yourself out as carrying on, the business of accepting money for the purpose of investment on deposit—
  - (i) in the Island of Guernsey .....
  - (ii) in the Island of Alderney .....
  - (iii) in the Island of Sark .....
3. I/We, the undersigned, hereby make application for the registration of ..... in accordance with the provisions of the Protection of Depositors (Bailiwick of Guernsey) Ordinance, 1971, for the period ending 31st December, 19 .....
- Signed ..... Date .....
- In the case of a company, this application must be signed by at least two directors of the applicant company, or if the company has only one director by that director.

Note: Before completing this form, applicants are advised to refer to the Protection of Depositors (Bailiwick of Guernsey) Ordinance, 1971. Copies may be purchased from Her Majesty's Greffier, Royal Court House, Guernsey.

## SECOND SCHEDULE      Section six

*Contents of Accounts of Companies*

The accounts of companies to which the provisions of subsection (1) of section six of this Ordinance apply and the accounts of companies to be submitted to the Committee under the provisions of subsection (2) of the said section six shall contain the following information (where applicable) either in those accounts or in any document annexed thereto.

## 1. DIRECTORS' STATEMENTS.

There shall be annexed to all accounts a note signed on behalf of the board by two of the directors of the company, or, if there is only one director, by that director, containing in relation to the position at the date of the balance sheet—

- (a) a statement of the main activities of the company and its subsidiaries if any;
- (b) a statement of any change since the commencement of the period to which the accounts relate, in the main activities of the company and its subsidiaries, if any, and so far as it is material to an appreciation of the state of affairs of the company, of any change in the classes of business in which the company has an interest whether as a member of another company or otherwise;
- (c) a statement that, in the opinion of the directors and from their knowledge of the company's affairs, the current assets shown in the company's balance sheet and in any balance sheet comprised

in any group accounts annexed to or incorporated in the company's accounts were realisable in the ordinary course of business at amounts not less than the total shown after making allowance for all appropriate costs, including the costs of realisation and financing:

Provided that if the directors are unable to include a statement to this effect in the note required by this paragraph the note shall instead state that fact and the reasons therefor;

- (d) a statement setting out the number, description and paid up value of any shares in or debentures of the company, the company's subsidiary or holding companies, held by each director of the company or in respect of which he enjoys the beneficial interest;
- (e) a statement disclosing any amount exceeding £1,000 owing to the company by any director or officer of the company or any loan granted to any person so that a director or officer of the company is either directly or indirectly the principal beneficiary thereby, showing in respect of each loan the name of the director or the name and position held by the officer of the company and the amount of the loan outstanding;

For the purposes of this sub-paragraph, "officer" includes an auditor of the company.

## 2. SHARE CAPITAL.

- (1) The voting rights attaching to every class of share;
- (2) The number, description and paid up value of any shares issued, either wholly or in part, for a consideration other than cash, excluding shares issued following the capitalisation of reserves. Where the shares are issued partly for a consideration other than cash and partly for cash, the respective proportions.

## 3. SHARES ISSUED AT A DISCOUNT.

The number, description and paid up value of any shares issued at a discount, together with the balance (if any) of the discount not written off at the date of the balance sheet.

## 4. SUBSIDIARY COMPANIES.

If the company is a subsidiary, this fact and the name of the immediate holding company and the names of any other holding companies shall be prominently stated in the balance sheet.

There shall be shown, by way of note, the number, description and value of any shares or debentures of the company held by a holding company or its nominees.

## 5. PARTICULARS OF INDEBTEDNESS.

(Excluding amounts due to depositors in the normal course of business).

There shall be shown under separate headings in the balance sheet the following—

- (a) Debentures—state nature of security if any;
- (b) Secured loans;
- (c) Unsecured loans;  
(Excluding any amount within the scope of item (d));
- (d) Amounts due to subsidiaries, fellow subsidiaries or holding companies.

## 6. PARTICULARS OF DEPOSITS.

- (1) There shall be shown separately—
  - (a) the total amount of deposits retained by the company;
  - (b) the amount of deposits retained by the company which are repayable—
    - (i) in not more than one month;
    - (ii) in more than one month but not more than three months;
    - (iii) in more than three months and not more than one year;
    - (iv) in more than one year; from the date of the balance sheet;
  - (c) the number of depositors in each of the above classes;
  - (d) the total amount of deposits in each of the above classes made by persons the deposits of each of whom exceed ten per cent of the total amount of the deposits in that class and the number of such persons in relation to each such class.
- (2) For the purposes of this paragraph a deposit shall be deemed to be repayable

on the earliest date on which the depositor could call for repayment if he exercised all options or rights available to him.

- (3) There shall be shown in the profit and loss account the amount of the interest on deposits with the company.

#### 7. LIABILITIES UNDER BLOCK DISCOUNTING TRANSACTIONS.

There shall be shown separately in the balance sheet the aggregate of any liabilities of the company arising out of any agreements or arrangements which involve an assignment by the company of any rights arising under any instalment credit agreements.

#### 8. BANK LOANS AND OVERDRAFTS.

The aggregate amount of bank loans and overdrafts shall be stated in the balance sheet. There shall be shown by way of note—

- (a) the name of each bank and the amount of loan or overdraft outstanding and if any such bank is a subsidiary, fellow subsidiary or holding company of the company, that fact shall be stated;
- (b) the aggregate bank facilities available to the company at the date of the balance sheet.
9. Where any liability of the company is secured, otherwise than by operation of law, on any assets of the company, that fact shall be stated.

## 10. CASH, BILLS DISCOUNTED AND SHORT TERM INVESTMENTS.

- (1) There shall be stated in the balance sheet under separate heads—
  - (a) cash at banks and cash in hand;
  - (b) bills discounted;
  - (c) short term investments.
- (2) There shall be shown by way of note—
  - (a) the name of each bank and the amount deposited therewith and if any such bank is a subsidiary, fellow subsidiary or holding company of the company, that fact shall be stated;
  - (b) the amount of any bills discounted or short term investments known to be the liabilities of a subsidiary, fellow subsidiary or holding company of the company and the name of each such company;
  - (c) the aggregate of any assets deriving their value from bills discounted by or short term loans, to any one person, where such aggregate exceeds twenty per cent of the total value of bills discounted and short term investments.

## 11. INVESTMENTS.

There shall be shown under separate heads in the balance sheet—

- (a) quoted investments (other than investments in associated companies);
- (b) unquoted investments (other than investments in associated companies).

The aggregate market value of the quoted investments shall be shown and the basis of valuation of unquoted investments shall be stated. Where unquoted investments appear in the balance sheet at cost, the directors shall express an opinion (which opinion shall appear in the balance sheet) as to whether the aggregate market value of such investments exceeds, is equal to, or is less than the aggregate cost thereof and in the last case shall give an opinion as to the aggregate market value of the said investments. Where unquoted investments appear in the balance sheet at a book value other than cost, the cost price of such investments shall also be stated in the balance sheet.

If the cost price or actual market value of any quoted investment exceeds twenty per cent of the corresponding aggregate cost price or market value of the section as disclosed in the balance sheet, such fact shall be stated and the name of the investment, the cost price and actual or estimated market value disclosed.

## 12. INVESTMENTS—ASSOCIATED COMPANIES.

There shall be shown separately in the balance sheet the aggregate amount of assets consisting of shares in companies known by the company to be associated companies.

Where such investments appear in the balance sheet at cost the directors shall express an opinion (which opinion shall appear in the balance sheet) as to whether the aggregate market value of such investments exceeds, is equal to, or is less than the aggregate cost thereof, and in the last case shall give an opinion

as to the aggregate market value of the said investments. If the cost price or actual or estimated market value of any investment exceeds twenty per cent of the corresponding aggregate cost or market value of this section as disclosed in the balance sheet such fact shall be stated and the name of the investment, the cost price, and actual or estimated market value disclosed.

If the assets of any such associated company are known to be subject to a charge in favour of any person other than the company this fact shall be stated and the amount of the charge or charges disclosed.

### 13. LOANS.

(1) There shall be shown separately in the balance sheet—

(a) the total amount of any outstanding loans (whether secured or otherwise) made by the company other than those included by reason of sub-paragraph (b) of this paragraph;

(b) the total amount of loans to companies known to be associated companies.

(2) There shall be shown by way of note—

(a) the amount of loans included in sub-paragraph (a) of paragraph (1) above which are repayable within a period of—

(i) up to twelve months;

(ii) more than twelve months;

from the date of the balance sheet.

For the purposes of this sub-paragraph a loan shall be deemed to be repayable on the earliest date on which the company could call for repayment if it exercised all options or rights available to it.

- (b) where, after making any provision for bad or doubtful debts, the aggregate of all sums owing by any person to the company included in sub-paragraph (a) of paragraph (1) above exceeds ten per cent of the total amount shown in the balance sheet in respect of the said sub-paragraph (a), there shall be stated the number of such persons and the total amount payable by such persons;
- (c) in respect of sub-paragraph (b) of paragraph (1) above, there shall be shown separately the name of each associated company, the nature of its business and the amount of the loan outstanding.

#### 14. INSTALMENT CREDIT AGREEMENTS— PARTICULARS RELATING TO ASSETS.

There shall be shown separately in the balance sheet the total amount receivable by the company under instalment credit agreements after taking into account provision for bad and doubtful debts, showing separately the amount receivable by the company under instalment credit agreements which have been assigned to the company and amounts receivable in respect of any other such agreements.

15. **INSTALMENT CREDIT AGREEMENTS—  
PARTICULARS RELATING TO DEFERRED  
REVENUE.**

(1) There shall be shown separately in the balance sheet what part (if any) of the total amount shown under paragraph 14 represents the amount of revenue which is attributed to any period subsequent to the date of the balance sheet.

(2) Where, in relation to any instalment credit agreements in respect of which amounts are receivable by the company after the date of the balance sheet, no amount of revenue is attributed to any period subsequent to the date of the balance sheet, an explanation shall be given of the method or methods by which any such revenue is brought into account.

16. **INSTALMENT CREDIT AGREEMENTS—  
PARTICULARS RELATING TO NEW  
BUSINESS.**

There shall be shown separately the total amount receivable under instalment credit agreements entered into by the company during the period of six months immediately preceding the date of the balance sheet and under any other such agreements to the extent that they have been assigned to the company at any time during that period.

17. **GOODS SUBJECT TO RENTAL AGREEMENTS.**

There shall be shown separately in the balance sheet the amount attributable to any goods owned by the company which are the subject of hiring agreements (other than hire-purchase agreements) and the method of that valuation.

## 18. ASSETS SUBJECT TO A CHARGE.

Where any assets of the company are subject to a charge to secure the liabilities of any other person such fact shall be stated, including, where practicable, the amount secured.

## 19. SPECIAL INFORMATION TO BE GIVEN BY CERTAIN PROPERTY COMPANIES.

(1) Where a substantial part of the business of a company submitting accounts for the purposes of this Ordinance consists or has consisted at any time during the period to which the accounts relate of any one or more of the activities specified in paragraph (2) there shall in addition to the information specified in the preceding paragraphs be set out under separate heads the information specified in paragraph (3).

(2) The activities referred to in paragraph (1) are—

- (a) the purchase or holding of land for investment, development or resale;
- (b) the lending of money on the security of charges on land;
- (c) otherwise dealing, whether by way of sale, lease, exchange or otherwise, with land.

(3) There shall be shown separately—

- (a) the amounts, after deducting all amounts provided or written off in respect of depreciation or diminution of value, attributable in the balance sheet to—

- (i) land in the ownership of the company;
- (ii) land leased by the company where the lease has not less than fifty years to run from the date of the balance sheet;
- (iii) land leased by the company where the lease has less than fifty years but not less than five years to run;
- (iv) land leased by the company where the lease has less than five years to run from the date of the balance sheet;
- (v) any other land:

distinguishing in relation to each of the foregoing classes the amounts attributable to land situate in the British Islands and the amount attributable to land situated elsewhere:

- (b) the aggregate amount after deduction of provisions for losses, receivable by the company in respect of money lent on the security of charges on land and, to the extent that the said aggregate amount is payable in respect of separate charges, that part of the said aggregate amount which is attributed to money lent on the security of charges relating to each of the classes of land specified in heads (i) and (ii) of clause (a) of this paragraph distinguishing in each case between land situated in the British Islands and land situated elsewhere.
- (4) (a) Where the amount attributed to any land in the balance sheet is stated on the basis of the cost

thereof, there shall be shown separately in relation to each of the classes of land specified in heads (i) and (ii) of clause (a) of paragraph (3) (distinguishing in each case as aforesaid)—

- (i) the cost of acquisition by the company;
- (ii) the cost of all additions and alterations since the date of acquisition;
- (iii) the amount provided or written off in respect of depreciation or diminution of value.

(b) Where the amount attributed to any land in the balance sheet is shown on the basis of a valuation such amounts shall be shown separately in relation to each of the classes specified in heads (i) and (ii) of paragraph (3) of this Article. There shall be shown by way of note, particulars of the valuations specifying in relation to the total amount shown in the balance sheet such amounts as represent—

- (i) valuations carried out more than 5 years before the date of the balance sheet;
- (ii) valuations carried out within 5 years of the date of the balance sheet;
- (iii) valuations carried out by independent valuers;

- (iv) valuations carried out by officers of the company or an associated company.
  - (c) For the purposes of this paragraph an independent valuation means a valuation made by a person carrying on a business which includes the business of valuing property, not being an officer or servant of the company, or of a subsidiary or a holding company of the company or of a subsidiary of such a holding company, nor a partner or employee of such an officer or servant.
- (5) There shall be shown separately in respect of the period covered by the accounts—
- (a) the aggregate amount of rents receivable by the company in respect of any land;
  - (b) the aggregate amount of ground rents, repairs, services, insurance, premiums, rates and other expenses payable by the company in respect of any land;
  - (c) the aggregate amount of profits or losses arising from the sale of any land by the company;
  - (d) the aggregate amount of interest receivable by the company in respect of loans by the company on the security of charges on land;
  - (e) the aggregate amount of revenue expenses which have been transferred to capital accounts as representing costs of development.

- (6) For the purposes of this Schedule--
- (a) "land" includes any interest or right in or over land;
  - (b) where the company is the lessee of any land and has an option to extend the lease, the duration of the lease shall be taken to include any period for which the company may, by the exercise of the option, extend the lease.

## 20. GROUP ACCOUNTS.

Where at the end of a period in respect of which accounts are submitted in support of an application for registration by a company and the company has subsidiaries, the company (whether or not it is itself a wholly-owned subsidiary of another body corporate) shall annex to the accounts group accounts (except insofar as group accounts are incorporated in the company's accounts) dealing with the state of affairs and the profit or loss of the company and the subsidiaries:

Provided that group accounts need not deal with a subsidiary of the company if—

- (a) the directors and auditors are of opinion that it would be of no real value to depositors in view of the insignificant amounts involved; or
- (b) the permission in writing of the Committee is obtained.

References in the following paragraphs of this Schedule to group accounts shall be construed as references to any such accounts whether annexed to or incorporated in the company's accounts.

The group accounts shall, in relation to each subsidiary dealt with, be made up to the same date and cover the same period as the company's accounts:

Provided that, if the permission in writing of the Committee is obtained, the information included in the group accounts may, in relation to any of the company's subsidiaries specified in the permission, be made up to such date and cover such period as may be so specified.

The information to be given in group accounts shall where applicable and so far as practicable be in accordance with the foregoing provisions of this Schedule.

21. The Committee may on application by the company's directors modify any of the foregoing provisions for the purpose of adapting them to the circumstances of the company.

### THIRD SCHEDULE Section six

#### *Auditor's Report*

1. The report of the auditor on the audited accounts of any company to which the provisions of subsection (1) of section six of this Ordinance apply, or on the accounts to be delivered to the Committee under the provisions of subsection (2) of the said section six, shall include statements on the following matters:—

Whether, in the auditor's opinion, the balance sheet and the profit and loss account (and, in the case of group accounts submitted by a holding company, the group accounts) have been properly prepared in accordance with the provisions of this Ordinance, and whether in his opinion a true and fair view is given—

- (i) in the case of the balance sheet, of the state of affairs of the business at the end of the period to which the accounts relate;
  - (ii) in the case of the profit and loss account, of the profit or loss of the business for the period to which the accounts relate;
  - (iii) in the case of group accounts submitted by a holding company, of the state of affairs and profit or loss of the company and its subsidiaries dealt with thereby: Provided that, the auditor shall not be required to report on any of the statements required to be annexed to the accounts by reason of the provisions of paragraph 1 of the Second Schedule to this Ordinance.
2. It shall be the duty of the auditor generally to carry out such investigations as will enable him to form the opinions required to be expressed in paragraph 1 of this Schedule. Where, in the auditor's opinion, a transaction has taken place which results in the balance sheet showing a situation materially different from that which would otherwise have obtained, the auditor shall make specific reference to any such transaction in his report unless the transaction is adequately disclosed in, or by way of, note to the accounts.
3. The report of the auditor on the abridged accounts to be available to depositors under the provisions of subsection (2) of section six of this Ordinance shall include a statement to the effect that the company's balance sheet and profit and loss account and, in the case of a holding company submitting group accounts, the group

accounts, are drawn up in a manner authorised by the Committee.

#### FOURTH SCHEDULE Section six

##### *Contents of advertisements, brochures etc.*

1. Any advertisement with respect to deposits to be made with a business to which this Ordinance applies shall conform to the following provisions.
2. An advertisement shall state—
  - (a) the name of the business;
  - (b) the business address and the address of the registered office (if any);
  - (c) that copies of the most recent audited and interim accounts are available on demand.
3. (1) Where an advertisement specifies the rates of interest payable on deposits the advertisement shall state—
  - (a) the minimum amount, if any, which would have to be deposited in order to earn that rate of interest;
  - (b) the minimum period of time, if any, during which a deposit of that amount would have to be retained by the business in order to earn that rate of interest; and
  - (c) the minimum period of notice, if any, which would have to be given before repayment could be required of a deposit earning that rate of interest.

(2) Where an advertisement specifies more than one rate of interest payable on deposits the advertisement shall contain the information required by sub-paragraph (1) of this paragraph in relation to each such rate of interest.

4. (1) Where an advertisement contains a reference to the amount of the authorised capital or issued capital of a company or of any holding company of a company that amount shall be described as such and the advertisement shall also state with equal prominence the amount of the paid-up capital, described as such, of a company or of that holding company, as the case may be.

(2) Where an advertisement contains a reference to the amount of the capital (whether authorised, issued or paid-up) of a holding company of a company the advertisement shall also state with equal prominence the amount of the paid-up capital of the company, described as such.

5. (1) Where an advertisement contains a reference to the amount of the business's assets the advertisement shall, unless that amount relates to the business's net assets and is so described, state with equal prominence the amount of the business's liabilities, described as such:

(2) Where an advertisement contains a reference to the amount of the assets of a holding company of a company—

- (a) the advertisement shall, unless that amount relates to the net assets of that holding company and is so described, state with equal prominence the amount of the liabilities of that holding company, described as such; and

(b) the advertisement shall state with equal prominence the amount of the net assets of the company, described as such.

(3) Where an advertisement contains a reference to the amount of the assets of a group of which a company is a member—

(a) the advertisement shall, unless that amount relates to the net assets of the group and is so described, state with equal prominence the amount of the liabilities of the group, described as such; and

(b) the advertisement shall state with equal prominence the amount of the net assets of the company, described as such.

(4) Where an advertisement contains a reference to the amount of the capital and reserves of a holding company of a company, or of a group of which the company is a member, the advertisement shall also state with equal prominence the amount of the capital and reserves of the company, described as such.

(5) References in this Schedule to the amount of the net assets of a group and the amount of the liabilities of a group shall be construed as references to the amount of the net assets or liabilities respectively, which appear or would appear from a consolidated balance sheet dealing with the state of affairs of the holding company of the group and all its subsidiaries; and an advertisement shall not contain any reference to the amount of the assets or liabilities of a group other than references

to the amount of such assets or liabilities as appear or would appear from such a consolidated balance sheet as aforesaid:

(6) Where by virtue of any provision of this Schedule an advertisement is required to state an amount as a consequence of the inclusion therein of any other amount that requirement shall be deemed to be complied with—

- (a) if the amount required to be stated is stated with the same degree of approximation as is the other amount; or
- (b) if the advertisement states that the amount of any liabilities required to be stated does not exceed an amount specified in the advertisement or that the amount of any assets or of any capital and reserves required to be stated exceeds an amount so specified.

(7) For the purposes of this Schedule—

- (a) "liabilities" includes provisions;
- (b) the net assets of a company or a group shall be taken to be the total assets less the liabilities;
- (c) a group means a company and all its subsidiaries.

6. An advertisement shall not state or imply that the repayment of any deposits or the payment of any interest payable on deposits is guaranteed or secured unless the advertisement also states the nature and extent of the guarantee and the name of the guarantor, or the nature and extent of the security, as the case may be.

7. An advertisement shall not contain the words "bank" or "banker" whether in the English or any other language and whether in the singular or plural or the word "banking" or any expression which includes these words unless the consent of the Committee has first been obtained in writing:

Provided that nothing in this Schedule shall prohibit an advertisement from stating the name of any business or describing any company as a member of the Industrial Bankers Association.

**R. H. VIDELO,**  
Her Majesty's Greffier.





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