

Financial Institutions

Cap. 324A.

FINANCIAL INSTITUTIONS (AUDITED FINANCIAL STATEMENTS) REGULATIONS, 1998

1998/108.

Authority: These Regulations were made on 12th August, 1998 by the Minister under section 115 of the *Financial Institutions Act*.

Commencement: 27 August, 1998.

1. These Regulations may be cited as the *Financial Institutions (Audited Financial Statements) Regulations, 1998*.

2. (1) The financial statements referred to in section 45 of the Act shall be prepared in accordance with International Accounting Standards as established by the International Accounting Standards Committee. Application of regulations.

(2) The above statements shall be in the form set out in the *Schedule* hereto and shall be accompanied by an auditor's report, except in respect of section 45(a), for which the notes to the statements shall be excluded. Schedule.

(3) These Regulations shall apply to the audited financial statements for the fiscal years commencing on or after 1st November, 1996.

SCHEDULE

(Regulation 2)

FINANCIAL STATEMENTS

STATEMENT OF INCOME AND RETAINED EARNINGS

<i>Previous Year</i>	<i>Current Year</i>	-----
Interest Income		-----
Loans, Advances, Discounts and Leases		-----
Securities		-----
Other Money Market Placements		-----
Total Interest Income		-----
Interest Expense		-----
Demand		-----
Savings		-----
Time		-----
Other Borrowings		-----
Total Interest Expense		-----
Net Interest Income		-----
 Other Income		-----
Fees and Commissions		-----
Foreign Exchange Income		-----
Dividend Income		-----
 Other		-----
Net Interest and Other Income		-----
 General and Administrative Expenses		-----
Salaries, Wages and other staff costs		-----
Directors' fees		-----
Head Office Expenses and Management Fees		-----
General Operating Expenses		-----
Depreciation and Amortisation		-----

	<i>Current Year</i>	<i>Previous Year</i>
Provision for losses	-----	-----
Loans and Leases	-----	-----
Investments	-----	-----
Other Expenses		
Total General and Administrative Expenses	-----	-----
Income Before Extraordinary Items and Taxation	-----	-----
Extraordinary Items	-----	-----
Income before Taxation	-----	-----
Taxation	-----	-----
Current	-----	-----
Deferred	-----	-----
Net Income after Taxation	-----	-----
Transfer to Statutory Reserves	-----	-----
Net Income after Transfer	-----	-----
Retained Earnings, beginning of year	-----	-----
Dividends	-----	-----
Income remitted to Head Office	-----	-----
Retained Earnings, end of year	=====	=====

BALANCE SHEET

	<i>Current Year</i>	<i>Previous Year</i>
ASSETS		
Cash	-----	-----
Due from Central Bank of Barbados	-----	-----
Due from Banks and other Financial Institutions	-----	-----
Due from Head Office and Branches	-----	-----
Due from Subsidiaries and Affiliates	-----	-----
Items in the course of collection	-----	-----
Government Securities	-----	-----
Investments in Subsidiaries and Affiliates	-----	-----
Other Money Market Placements	-----	-----
Loans, Advances and Discounts	-----	-----
Leases and other Revenue Earning Assets	-----	-----
Acceptances, Guarantees and Letters of Credit	-----	-----
Fixed Assets	-----	-----
Other Assets	-----	-----
LIABILITIES		
Deposits	-----	-----
Demand	-----	-----
Savings	-----	-----
Time	-----	-----
Other Money Market Placements	-----	-----
Due to Central Bank of Barbados	-----	-----
Due to Banks and Other Financial Institutions	-----	-----
Due to Head Office and Branches	-----	-----
	-----	-----

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	<i>Current Year</i>	<i>Previous Year</i>
Due to Subsidiaries and Affiliates	-----	-----
Items in the course of Collection	-----	-----
Acceptances, Guarantees and Letters of Credit	-----	-----
Corporation Taxes	-----	-----
Other long term funding	-----	-----
Deferred Taxation	-----	-----
Other Liabilities	-----	-----
CAPITAL ACCOUNT		
Share Capital	-----	-----
Other Capital Instruments	-----	-----
Retained Earnings	-----	-----
Reserve Funds	-----	-----
Statutory Reserves	-----	-----
Revaluation Reserves/Surplus	-----	-----
Other Reserves	-----	-----
Head Office Account	-----	-----
Assigned Capital	-----	-----
Loans	-----	-----
Other		

STATEMENT OF CASH FLOWS

	<i>Current Year</i>	<i>Previous Year</i>
Cash flow from operating activities		
Income before taxation	-----	-----
Provision for credit losses	-----	-----
Depreciation and Amortisation	-----	-----
(Gain) loss on disposal of fixed assets	-----	-----
Operating Income before changes in operating assets and liabilities	-----	-----
Increase or decrease in loans and leases, net of repayments	-----	-----
Increase or decrease in credit card receivables	-----	-----
Net increase or decrease in interest payable and receivable	-----	-----
Increase or decrease in other assets and liabilities, net	-----	-----
Increase or decrease in negotiable certificates of deposit	-----	-----
Increase or decrease in deposits, net of withdrawals	-----	-----
Cash generated from (used in) operating activities	-----	-----
Corporation taxes paid	-----	-----
Net cash from (used in) operating activities	-----	-----
Cash flow from financing activities		
Issue of share capital	-----	-----
Issue (repayment) of loan capital	-----	-----

<i>Previous Year</i>	<i>Current Year</i>
Issue of preference shares by subsidiary undertaking	-----
Net increase (decrease) in other borrowings	-----
Dividends paid	-----
Net Cash from (used in) financing activities	-----
Cash flows from investing activities	
Purchase of fixed assets	-----
Proceeds on sale of fixed assets	-----
Disposal of subsidiary	-----
Purchase of government securities	-----
Proceeds from sale of government securities	-----
Interest or dividends received	-----
Net cash from (used in) investing activities	-----
Effect of exchange rate changes on cash and cash equivalents	-----
Net increase (decrease in) cash and cash equivalents for the year	-----
Cash and cash equivalents, beginning of the year	-----
Cash and cash equivalents, end of the year	=====

INSTRUCTIONS

1. Cash and cash equivalents shall be reconciled to the balance sheet amounts if their derivation is not immediately apparent.
2. Cash and cash equivalents include cash, balances with Central Bank and balances with Head Office and branches.

NOTES

The following information shall be disclosed by licensees in their audited financial statements or the notes thereto:

1. Brief note on the licensee including incorporation date and name of parent company.

2. Accounting Policies

Disclosure in respect of the

- (a) basis of preparation of the statements;
- (b) basis of the valuation of investments and securities;
- (c) basis for the determination of losses on assets;
- (d) basis for the providing of assets and the policy for writing off uncollectible assets.
- (e) policy on
 - (i) suspension of the accrual of interest on loans, advances and leasing contracts; and
 - (ii) the return of these assets to full accrual status;
- (f) policy on accounting for foreign exchange transactions and for assets and liabilities denominated in foreign currencies;
- (g) policy on the accounting for acceptances, guarantees, letters of credit and other off balance sheet exposures;
- (h) policy on the accounting for fixed assets;
- (i) policy on the accounting for taxation;
- (j) policy on the basis of consolidation of statements;
- (k) policy on the basis of accounting for investments in subsidiaries and affiliates;

- (l) policy governing the distinction between those transactions and other events that result in the recognition of assets and liabilities on the balance sheet and those transactions and other events that only give rise to contingencies and commitments and off-balance sheet items; and
- (m) basis of determining charges for general banking risks and the accounting treatment of such charges.

3. Line items

Asset and liability accounts should not be offset by the deduction of another liability or asset unless a legal right of set-off exists and the off-setting represents the expectation as to the realisation or settlement of the asset or liability.

4. Loans, Advances and Leasing Contracts

Loans, advances and leasing contracts should be reported net of unearned interest and allowances for loan losses.

The following information related to loans should be disclosed:

- (a) gross loans
provision for loan losses
 - (i) specific;
 - (ii) general;
- (b) net loans;
- (c) information that includes details of the movement in the provision for losses since the last reporting period, showing separately any additions, any write-offs, and any recoveries of previous write-offs made during the period, and shows leasing separately;
- (d) the value of loans, advances and leasing contracts included in the balance sheet, on which interest is not being accrued and the basis used to determine the carrying amount of such loans, advances and leasing contracts being carried on a non-accrual basis. Any interest not recognised during the year because of non-accrual classification should be reported;
- (e) the nature and amount of commitments to extend credit which are irrevocable;

- (f) the value of restructured loans at the balance sheet date indicating any interest recognised during the year on these loans; and
- (g) the value of unsecured credit.

5. Contingencies, Commitments and Off-balance Sheet Items

Disclosure of

- (a) the nature and amount of contingencies and commitments arising from off-balance sheet items;
- (b) the nature and amount of irrevocable commitments to extend credit; and
- (c) losses arising from off-balance sheet activities.

6. Full disclosure of any related-party transactions entered into

These include

- (a) the nature and type of such transactions;
- (b) the terms of such transactions which vary from terms offered in the normal course of business;
- (c) closing and opening balances, as well as advances, deposits, repayments, interest received or paid, and other changes during the period;
- (d) the amount charged against income during the period for losses incurred in respect of such transactions and the value of provisions at the balance sheet date;
- (e) irrevocable commitments and contingencies arising from such transactions;
- (f) disclosure of any significant concentrations of assets, liabilities and off-balance sheet items. Such disclosures should be made in terms of geographical area, customer or industry group or other concentrations of risk. A similar analysis and explanation of off-balance sheet items is also important. The amount of significant net foreign currency exposures should also be disclosed; and
- (g) disclosure of an analysis of assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

7. Details of the components of the following accounts

Disclosure of

- (a) investment accounts, e.g. treasury bills, government debentures, equity investments;
- (b) fixed assets accounts, i.e. cost of assets, accumulated depreciation, leasehold improvements and revaluation. Fixed assets should be reported net of depreciation;
- (c) other assets;
- (d) other liabilities;
- (e) other long term debt;
- (f) other capital instruments; and
- (g) other money market instruments.

8. Changes in the Capital Account

The following information shall be placed in a Schedule:

- (a) detail changes made by foreign financial institutions in respect of their Head Office Account as well as a breakdown of the "Other" item; and
 - (b) full disclosure by locally incorporated companies of any transfers to reserve accounts as well as other movements on the reserves.
9. Separate disclosure of assets held by locally incorporated banks for their own account indicating the equity interest in each subsidiary.
 10. Separate disclosure of special advances and temporary advances in relation to the item "Due to Central Bank".
 11. Disclosure of tax on bank assets that should be included in arriving at income and not shown as part of the taxation charge.
 12. A list of the directors of the licensee.
 13. The aggregate amount of secured liabilities and the nature and carrying value of assets pledged as security.

14. A brief description of any pension schemes and an indication of related liabilities.
15. Disclosure in the notes of the financial statements of a financial institution engaged in significant trust activity, in respect of the value of the assets under its management.

16. Financial Instruments

Disclosure of the following information relating to financial instruments:

- (a) terms, conditions and accounting policies for financial instruments;
- (b) exposure to interest rate risk including
 - (i) contractual repricing or maturity dates; and
 - (ii) effective interest rates;
- (c) the maximum credit risk exposure for each class of financial asset at balance sheet date without taking account of any collateral in the event that other parties fail to perform their obligations;
- (d) the fair value of each class of financial asset and liability;
- (e) financial assets carried at an amount in excess of fair value including the reason for not reducing the carrying amount and why it is expected that the carrying amount will be recovered; and
- (f) in the case of a financial instrument carried as a hedge,
 - (i) a description of the anticipated future transactions;
 - (ii) a description of the time at which future transactions are expected to occur;
 - (iii) a description of the hedging instrument;
 - (iv) the amount of any deferred or unrecognised gain or loss; and
 - (v) the expected timing of recognition as income or expense.