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**GUIDELINES TO BANKS AND THEIR AUDITORS
ISSUED UNDER s1(a) OF THE BANKING
SUPERVISION (ACCOUNTS) RULES, 1994**

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ABC Bank (Guernsey) Limited
and its subsidiary companies

Report and financial statements

31 December 199X

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ABC Bank (Guernsey) Limited
and its subsidiary companies

Directors:

Secretary:

Auditors:

Chartered Accountants

Registered office:

Guernsey

ABC Bank (Guernsey) Limited and its subsidiary companies

Report of the directors

The directors submit their report and the audited financial statements of the company and its subsidiaries for the year ended 31 December 199X.

Activities

The company and its subsidiaries carry on the business of banking and related financial services including fiduciary activities. It has assets under management amounting to approximately £ which are not included in the financial statements.

Results

The results of the company and its subsidiaries are shown in the consolidated profit and loss account on page x.

Dividend

The directors do not recommend the payment of a dividend. The directors recommend that a final dividend of £ being pence per share be paid making with the interim of £ being pence per share, a total of £ being pence per share for the year.

Directors

The directors of the company are stated on page 1. Mr. D resigned as a director on x month 199X. Mr. E was appointed a director on this date.

Directors' responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period and are in accordance with applicable laws. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

ABC Bank (Guernsey) Limited and its subsidiary companies

Report of the directors (continued)

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law 1994. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The retiring auditors are who are eligible for re-appointment.

Directors

Auditors' report to the members of ABC Bank (Guernsey) Limited

We have audited the financial statements on pages to .

Respective responsibilities of directors and auditors

As described on page the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 199X and of the group's profit for the year then ended and have been properly prepared in accordance with The Protection of Investors (Bailiwick of Guernsey) Law, 1987, The Banking Supervision (Bailiwick of Guernsey) Law, 1994 and The Companies (Guernsey) Law 1994.

Furthermore, we have examined the Statement of Financial Resources set out on page x and in our opinion the Financial Resources requirement specified in Rule 4.02 of The Collective Investment Schemes (Designated Persons) Rules 1988 has been satisfied.

Chartered Accountants

xx month 199Y

ABC Bank (Guernsey) Limited and its subsidiary companies

Consolidated profit and loss account for the year ended 31 December 199X

	Notes	£	199X	£	£	199W	£
Interest income				X			X
Interest expense				X			X
Net interest income				X			X
Dividends		X			X		
Fees and commissions		X			X		
Foreign exchange		X			X		
Gains/(losses) on investments		X			X		
Other income		X		X	X		X
Total income				X			X
Expenses							
General administration		X			X		
Provision for loan losses		X			X		
Other expenses		X		X	X		X
Operating profit before taxation				X			X
Taxation	4			X			X
Profit for the financial year				X			X
Dividends	5			X			X
Retained profit for the financial year				X			X
Retained profit brought forward				X			X
Retained profit carried forward/4				£ X			£ X

The group has no recognised gains and losses other than the profit for the year.

ABC Bank (Guernsey) Limited and its subsidiary companies

Consolidated statement of total recognised gains and losses for the year ended 31 December 199X

	199X	199W
	£	£
Profit for the financial year	x	x
Unrealised surplus/(deficit) on revaluation of properties/ long term investments	<u>x</u>	<u>x</u>
	<u>x</u>	<u>x</u>
Total recognised gains and losses relating to the year	<u>£ x</u>	<u>£ x</u>

Note: This statement is dispensed with if all gains and losses are dealt with in the Profit & Loss Account.

ABC Bank (Guernsey) Limited and its subsidiary companies

Consolidated balance sheet at 31 December 199X

	Notes	199X £	199W £
Assets			
Cash, current accounts with banks, money at call	6	x	x
Loans and advances to banks	7	x	x
Loans and advances to customers	8	x	x
Investments	9	x	x
Debtors and other accounts	11	x	x
Fixed assets	12	x	x
		<u>£ x</u>	<u>£ x</u>
Liabilities and shareholders' funds			
Share capital	13	x	x
Reserves	14	x	x
Equity shareholders' funds	15	x	x
Subordinated loan	16	x	x
Deposits by banks	18	x	x
Customer accounts	17	x	x
Creditors and other accounts	19	x	x
Taxation		x	x
Proposed dividend	5	x	x
		<u>£ x</u>	<u>£ x</u>

The financial statements on pages xx to xx were approved by the Board of Directors on xx 199Y and are signed on its behalf by:

Directors

ABC Bank (Guernsey) Limited

Balance sheet
at 31 December 199X

	<i>Notes</i>	199X £	199W £
Assets			
Cash, current accounts with banks, money at call	6	x	x
Loans and advances to banks	7	x	x
Loans and advances to customers	8	x	x
Investments	9	x	x
Investments in subsidiaries	10	x	x
Debtors and other accounts	11	x	x
Fixed assets	12	x	x
		<u>£ x</u>	<u>£ x</u>
Liabilities and shareholders' funds			
Share capital	13	x	x
Reserves	14	x	x
Equity shareholders' funds	15	x	x
Subordinated loan	16	x	x
Deposits by banks	18	x	x
Customer accounts	17	x	x
Creditors and other accounts	19	x	x
Taxation		x	x
Proposed dividend	5	x	x
		<u>£ x</u>	<u>£ x</u>

The financial statements on pages xx to xx were approved by the Board of Directors on xx 199Y and are signed on its behalf by:

Directors

ABC Bank (Guernsey) Limited and its subsidiary companies

Consolidated cash flow statement for the year ended 31 December 199X

	Notes	£	199X	£	£	199W	£
Net cash inflow from operating activities	24(i)			x			x
Returns on investments and servicing of finance	24(ii)			(x)			(x)
Taxation paid				(x)			(x)
Capital expenditure and financial investment	24(ii)			(x)			(x)
				<u>x</u>			<u>x</u>
Acquisitions and disposals	24(ii)			x			x
Equity dividends paid				(x)			(x)
Financing	24(ii)			<u>x</u>			<u>x</u>
Increase in cash	24(iii)			<u>£ x</u>			<u>£ x</u>

[Banks may take advantage of the exemption under Financial Reporting Standard No 1]

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the group and the company:-

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain assets [specify] and in accordance with UK applicable accounting standards.

Consolidation

The consolidated financial statements of the company incorporate the financial statements of the company and of its subsidiaries.

Income

Interest and fees are accounted for on an accruals basis

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling based on the rates of exchange ruling at 31 December 199X. Foreign currency transactions during the year are translated at the rates of exchange ruling at the date of the transactions. Foreign exchange gains and losses are included in the profit and loss account.

Loans

Loans are included at the principal amount outstanding, net of unearned income and less a general provision. Unearned income on discounted loans is included in the profit and loss account on an accruals basis apportioned over the life of the loans.

Investments

Debt securities are held for long term investment and included at cost adjusted for amortisation of premium and accretion of discounts. Other investments held for the long term are included at cost. Other instruments are included in the balance sheet at market value with any resultant profits and losses included in the profit and loss account

Forward foreign exchange contracts and other derivatives

Interest rate derivatives held to hedge assets, liabilities or positions measured on the accruals basis are classified as non-trading and accounted for in the same manner as the underlying items hedged. Profits and losses on instruments hedging interest-rate exposure are recognised over the life of the contract as an adjustment to interest receivable or payable.

Other derivatives, including swaps, futures and forward contracts, options and similar contracts are carried at their fair values. Fair values are based on quoted market prices when available.

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

1 Principal accounting policies (continued)

Fixed assets

The freehold/leasehold property has been revalued. The surplus on revaluation is shown under revaluation reserve.

Other fixed assets are stated at cost less depreciation.

Depreciation

Depreciation is calculated at the following annual rates so as to write off the cost of fixed assets over their anticipated useful lives.

Taxation

Taxation provided is that chargeable on profits for the year.

Fiduciary activities

The assets and liabilities of trusts and companies under administration are not included in these financial statements.

Related party transactions

Under Financial Reporting Standard No. 8, the company is exempt from disclosing transactions within the ABC Group, other than those required by local regulations, as it is wholly owned by that group whose consolidated annual accounts, which include the company's results, are publicly available.

2 Review of the Bank's risk profile [Example wording which must be tailored for the specific activities of the bank]

The Bank's financial instruments, other than derivatives, comprise deposits, money market assets and liabilities, some cash and liquid resources, and other various items that arise directly from its operations.

The Bank also enters into derivatives transactions (principally interest rate swaps and forward foreign currency contracts). The purpose of such transactions is to manage the interest rate and currency risks arising from the Bank's operations and other financial instruments.

The main risks arising from the Bank's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of 199W.

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

2 Review of the Bank's risk profile (continued)

Credit risk

Credit risk is the risk that a customer or counterparty will be unable or unwilling to meet a commitment that it has entered into with a member of the Group. The Group manages its credit risk centrally to optimise the use of credit availability and to avoid excessive risk concentration. The Group's Board of Directors receive regular reports on credit exposures at both Group and subsidiary levels. These include information on large credit exposures, asset concentration, industry exposures, levels of bad debt provisioning and country exposure limits.

Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in realising assets or otherwise raising funds to meet commitments. The Bank monitors expected cash outflow for each of the next ten working days. Its policy throughout the year has been to ensure liquidity by maintaining at all times sufficient high quality liquid assets to cover the expected net cash outflow over the next five business days. The maturity analysis of the assets and liabilities are disclosed in the respective notes disclosed below.

The customer deposit base represents a stable source of funding due to the number and diversity of depositors. Liquidity is further managed through dealings in the money markets. At 31 December 199X xx% of the Bank's deposits and money market liabilities were due to mature in more than five years.

Interest rate risk

Exposure to interest rate risk is the risk that arises when there is an imbalance between rate- and non rate-sensitive assets, liabilities and off balance sheet items. The Bank's policy is to maintain the interest rate risk at a minimal level except that management may invest the shareholders' funds in fixed or floating rate instruments in response to market conditions. Interest rate swaps are used to manage the interest rate exposure.

The table on page xx shows management's estimate of the interest rate sensitivity gap as at 31 December 199X. Assets and liabilities are included in the table at the earliest date at which the applicable interest rate can change.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Bank's foreign exchange exposure arises from providing services to customers. The Bank's policy is to hedge against foreign exchange risks by engaging in forward currency transactions and currency swaps. The Group's Board of Directors receive regular reports on foreign currency exposures at both Group and subsidiary levels.

The table in note 22 shows the Bank's exposure to major currencies as at 31 December 199X.

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

3 Interest rate sensitivity gap analysis

Part of the Bank's return on financial instruments is obtained from controlled mismatching of the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or, if earlier, the dates on which the instruments mature. The table below summarises these repricing mismatches on the Bank's non-trading book as at 31 December 199X and is representative of the whole year. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date, taking into account the effects of derivatives whose effect is to alter the interest basis of an asset or liability.

	Within 3 months £	After 3 months but within 6 months £	After 6 months but within 1 year £	After 1 year but within 5 years £	After 5 years £	Non- interest bearing funds £	Total £
Assets:							
Loans and advances to banks	x	x	x	x	x	x	x
Loans and advances to customers	x	x	x	x	x	x	x
Treasury and other eligible bills	x	x	x	x	x	x	x
Debt and equity securities	x	x	x	x	x	x	x
Other assets	x	x	x	x	x	x	x
Total assets	x	x	x	x	x	x	x
Liabilities:							
Deposits by banks	x	x	x	x	x	x	x
Customer accounts	x	x	x	x	x	x	x
Debt securities in issue	x	x	x	x	x	x	x
Subordinated liabilities	x	x	x	x	x	x	x
Other liabilities	x	x	x	x	x	x	x
Shareholders' fund	x	x	x	x	x	x	x
Total liabilities	x	x	x	x	x	x	x
Off balance sheet items	x	x	x	x	x	x	x
Interest rate sensitivity gap	x	x	x	x	x	x	x
Cumulative interest rate sensitivity gap at 31 December 199X	x	x	x	x	x	x	x
Cumulative interest rate sensitivity gap at 31 December 199W	x	x	x	x	x	x	x

This table does not take into account the effect of interest rate options used by the Bank to hedge interest rate risk. [Explanation of any significant variances from previous years must be disclosed].

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

4 Taxation

Taxation is based on profits for the year and is made up as follows:-

	Group 199X £	Group 199W £
Current income tax	x	x
Under/over provision in respect of previous years	x	x
	<u>£ x</u>	<u>£ x</u>

5 Dividends

Dividends are stated net of Guernsey Income Tax.

	199X £	199W £
Interim dividend of £ per share	x	x
Proposed final dividend of £ per share	x	x
	<u>£ x</u>	<u>£ x</u>

The proposed final dividend is payable on 199 .

6 Cash, current accounts with banks, money at call

	Group 199X £	Company 199X £	Group 199W £	Company 199W £
Amount due from holding company	x	x	x	x
Amount due from subsidiaries		x		x
Amount due from fellow subsidiaries	x	x	x	x
Amount due from other related parties	x	x	x	x
Due from banks	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

7 Loans and advances to banks

	Group 199X	Company 199X	Group 199W	Company 199W
	£	£	£	£
Deposits with holding company	x	x	x	x
Deposits with subsidiaries		x		x
Deposits with fellow subsidiaries	x	x	x	x
Deposits with other related parties	x	x	x	x
Deposits with banks	x	x	x	x
Deposits with public authorities	x	x	x	x
Deposits with others	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

	Group 199X	Company 199X	Group 199W	Company 199W
	£	£	£	£
Repayable:				
Up to one month	x	x	x	x
From one month to three months	x	x	x	x
From three months to one year	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

8 Loans and advances to customers

<i>Group and Company</i>	199X		199W	
	£	£	£	£
Repayable in less than a year				
Secured	x		x	
Unsecured	x	x	x	x
	<u></u>	<u></u>	<u></u>	<u></u>
Repayable in more than a year				
Secured	x		x	
Unsecured	x	x	x	x
	<u></u>	<u></u>	<u></u>	<u></u>
		x		x
Provision for loan losses				
- general provision		x		x
- specific provision		x		x
		<u>£ x</u>		<u>£ x</u>

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

8 Loans and advances to customers (continued)

Included above are loans totalling £ (199W £) that are non-performing and which have interest accrued of £ (199W £) included in the financial statements and interest due of £ (199W £) that has not been provided in the financial statements. During the year amounts totalling £x were written off. [A tabulated presentation may be more appropriate in certain circumstances].

9 Investments

Investments held at cost	Group 199X £	Company 199X £	Group 199W £	Company 199W £
Floating rate notes	x	x	x	x
Bonds	x	x	x	x
Treasury bills	x	x	x	x
Government and public sector securities	x	x	x	x
Bullion	x	x	x	x
Other money market instruments	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

The fair value of these investments is £xx (Group) and £xx (Company) (199W £xx and £xx.) which is equal to their market value.

Investments held at value

Floating rate notes	x	x	x	x
Bonds	x	x	x	x
Government and public sector securities	x	x	x	x
Unlisted investments	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

10 Investments in subsidiaries

Name of Subsidiary	Nature of Business	Issued Capital	% held		Country of Incorporation
			Directly	Indirectly	

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

11 Debtors and other accounts

	Group 199X £	Company 199X £	Group 199W £	Company 199W £
Due from holding company	x	x	x	x
Due from subsidiaries		x		x
Due from fellow subsidiaries	x	x	x	x
Due from other related parties	x	x	x	x
Others	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

12 Fixed assets

Group and Company

	Land & building £	Office equipment £	Total £
<i>Net book amount</i>			
At 31 December 199X	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>
At 31 December 199W	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

Land and buildings were valued on 199 by on an open market basis of £

13 Share capital

	199X £	199W £
<i>Authorised:</i>		
shares of each	<u>£ x</u>	<u>£ x</u>
<i>Share capital allotted, called up and fully paid:</i>		
shares of each	<u>£ x</u>	<u>£ x</u>

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

14 Reserves

<i>Group</i>	Share Premium £	Revaluation £	Profit & Loss £	Total £
Balance at 1 January 199X	x	x	x	x
Retained profit for the year			x	x
Balance at 31 December 199X	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

<i>Company</i>	Share Premium £	Revaluation £	Profit & Loss £	Total £
Balance at 1 January 199X	x	x	x	x
Retained profit for the year			x	x
Balance at 31 December 199X	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

15 Equity shareholders' funds

	Group 199X £	Company 199X £	Group 199W £	Company 199W £
Total recognised gains and losses relating to the year	x	x	x	x
Dividends	<u>(x)</u>	<u>(x)</u>	<u>(x)</u>	<u>(x)</u>
	x	x	x	x
Shareholders' funds at 1 January	<u>x</u>	<u>x</u>	<u>x</u>	<u>x</u>
Shareholders' funds at 31 December	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

16 Subordinated loan

The subordinated loan is due to . It is subordinate to all other liabilities of the company and is repayable in 20XX or earlier at the option of the company, with the agreement of the Guernsey Financial Services Commission, and bears interest at market rates.

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

17 Customer accounts

	Group 199X £	Company 199X £	Group 199W £	Company 199W £
Current accounts	x	x	x	x
Deposit accounts	x	x	x	x
	<u>x</u>	<u>x</u>	<u>x</u>	<u>x</u>
Amounts due to holding company	x	x	x	x
Amounts due to subsidiaries		x		x
Amounts due to fellow subsidiaries	x	x	x	x
Amounts due to other related parties	x	x	x	x
	<u>x</u>	<u>x</u>	<u>x</u>	<u>x</u>
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>
Deposit and current accounts	Group 199X	Company 199X	Group 199W	Company 199W
Repayable:	£	£	£	£
Up to one month	x	x	x	x
From one month to three months	x	x	x	x
From three months to one year	x	x	x	x
From one year to five years	x	x	x	x
More than five years	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>
Holding company, fellow subsidiaries, and other related parties:				
	Group 199X	Company 199X	Group 199W	Company 199W
Repayable:	£	£	£	£
Up to one month	x	x	x	x
From one month to three months	x	x	x	x
From three months to one year	x	x	x	x
From one year to five years	x	x	x	x
More than five years	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

18 Bank Deposits

	Group 199X £	Company 199X £	Group 199W £	Company 199W £
Deposit accounts	x	x	x	x
	<u>x</u>	<u>x</u>	<u>x</u>	<u>x</u>
Amounts due to holding company	x	x	x	x
Amounts due to subsidiaries		x		x
Amounts due to fellow subsidiaries	x	x	x	x
Amounts due to other related parties	x	x	x	x
	<u>x</u>	<u>x</u>	<u>x</u>	<u>x</u>
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>
Deposit and current accounts	Group 199X	Company 199X	Group 199W	Company 199W
Repayable:	£	£	£	£
Up to one month	x	x	x	x
From one month to three months	x	x	x	x
From three months to one year	x	x	x	x
From one year to five years	x	x	x	x
More than five years	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>
Holding company, fellow subsidiaries and other related parties:				
	Group 199X	Company 199X	Group 199W	Company 199W
Repayable:	£	£	£	£
Up to one month	x	x	x	x
From one month to three months	x	x	x	x
From three months to one year	x	x	x	x
From one year to five years	x	x	x	x
More than five years	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

19 Creditors and other accounts

	Group 199X	Company 199X	Group 199W	Company 199W
	£	£	£	£
Due to holding company	x	x	x	x
Due to subsidiaries		x		x
Due to fellow subsidiaries	x	x	x	x
Due to other related parties	x	x	x	x
Others	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

20 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £ (199W £). Contributions totalling £ (199W £) were payable to the fund at the 31 December 199X and are included in creditors and other accounts. (Note: refer to SSAP24 for defined benefit schemes).

21 Memorandum items, foreign exchange and interest rate contracts

In the normal course of business there are various outstanding commitments and contingent liabilities that are not reflected in the consolidated financial statements.

	Group 199X	Company 199X	Group 199W	Company 199W
	£	£	£	£
Contingent liabilities				
Guarantees secured	x	x	x	x
Guarantees unsecured	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>
Commitments				
Undrawn credit facilities				
over one year	x	x	x	x
one year or less	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

The contractual amounts of contingent liabilities and commitments, which are credit related instruments, represent the amounts at risk should the contract be fully drawn upon and the client default.

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

21 Memorandum items, foreign exchange and interest rate contracts (continued)

Guarantees

The company has written guarantees of £x in respect of XYZ Bank Limited, a 100% subsidiary. XYZ Bank Limited had net assets of £x at 31 December 199X.

Exchange rate and interest rate contracts

Group and company	199X		199W	
	Contract amount £	Replacement cost £	Contract amount £	Replacement cost £
Exchange rate contracts				
related parties	x	x	x	x
others	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>
Interest rate contracts				
related parties	x	x	x	x
others	x	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

The contractual amounts of the exchange rate and interest rate contracts indicate the volume of transactions outstanding at the balance sheet date: they do not represent amounts at risk. Replacement cost of contracts represents the mark to market assets on all contracts with a positive value (ie assets of the group/company). Replacement cost is therefore an approximation to the credit risk for these contracts as at the balance sheet date.

Included in the above table are interest rate contracts used for hedging purposes with a contract amount of £ . The carrying value of these contracts is £ and the fair value based on market rates is £ . [Where the unrecognised gains and losses on hedging contracts are significant FRS 13 requires further disclosure].

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

22 Currency exposure

The currency exposure as at 31 December 199X is stated in the sterling equivalent.

	£	%	US\$	%	Euro	%	Other major currencies %	Others	%	Total
Assets	x		x		x		x	x		x
Off-balance sheet assets	x		x		x		x	x		x
Liabilities including										
shareholders funds	(x)		(x)		(x)		(x)	(x)		(x)
Off-balance sheet liabilities	(x)		(x)		(x)		(x)	(x)		(x)
Net position at 31.12.9X	x		x		x		x	x		x
Net position at 31.12.9W	x		x		x		x	x		x

23 Geographical analysis of assets and liabilities

	Assets		Liabilities	
	199X	199W	199X	199W
	£	£	£	£
Channel Islands and Isle of Man	x	x	x	x
United Kingdom	x	x	x	x
Other EU Member States	x	x	x	x
Other (specify as appropriate)	x	x	x	x
	£ x	£ x	£ x	£ x

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

24 Cash flow statement

(i) Reconciliation of operating profit to net operating cash flows

	199X £	199W £
Operating profit	x	x
Increase in accrued income and prepayments	(x)	(x)
Increase in accruals and deferred income	x	x
Provision for bad and doubtful debts	x	x
Loans and advances written off net of recoveries	x	x
Depreciation and amortisation	x	x
Interest on subordinated loan added back	x	x
Profit on sale of investment debt and equity securities	(x)	(x)
Provisions for liabilities and charges	x	x
Other non-cash movements	x	x
Net cash flow from trading activities	x	x
Net increase in collections/ transmissions	(x)	(x)
Net increase in loans and advances to banks and customers	(x)	(x)
Net increase in deposits by banks and customer accounts	(x)	(x)
Net increase in debt securities in issue	x	x
Net increase in non-investment debt and equity securities	(x)	(x)
Net increase in other liabilities	x	x
Net cash inflow from operating activities	£ x	£ x

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

24 Cash flow statement (continued)

(ii) Gross cash flows

	199X £	199W £
Returns on investments and servicing of finance		
Interest on loan capital	(x)	(x)
Preference dividends paid	(x)	(x)
Dividends paid to minority shareholders in subsidiary undertaking	(x)	(x)
	<u>£ (x)</u>	<u>£ (x)</u>
Capital expenditure and financial investment		
Purchase of investment securities	(x)	(x)
Sale and maturity of investment securities	x	x
Purchase of tangible fixed assets	(x)	(x)
Sales of tangible fixed assets	x	x
	<u>£ (x)</u>	<u>£ (x)</u>
Acquisitions and disposals		
Investment in associated undertaking	(x)	(x)
Sale of investment in associated undertaking	x	x
	<u>£ x</u>	<u>£ x</u>
Financing		
Issue of ordinary share capital	x	x
Repayments of loan capital	(x)	(x)
	<u>£ x</u>	<u>£ x</u>

(iii) Analysis of the balances of cash as shown in the balance sheet

	199X £	199W £	Cash Flow £
Cash and balances at central banks	x	x	x
Loans and advances to other banks repayable on demand	x	x	x
	<u>£ x</u>	<u>£ x</u>	<u>£ x</u>

ABC Bank (Guernsey) Limited and its subsidiary companies

Notes to the financial statements (continued)

24 Cash flow statement (continued)

(iv) Analysis of changes in financing during the year

	Share capital (including premium) £	Loan capital £
Balance at 1 January 199X	x	x
Foreign exchange differences	x	x
Cash inflow/(outflow) from financing	x	(x)
Other movements	(x)	
Balance at 31 December 199X	£ x	£ x

25 Holding company

ABC Bank (Guernsey) Limited is a wholly owned subsidiary of ABC Bank which is incorporated in . The ultimate holding company and ultimate controlling party is which is incorporated in

ABC Bank (Guernsey) Limited and its subsidiary companies

Statement of financial resources as at 31 December 199X

	199X £	199W £
Financial resources		
Gross capital per Balance Sheet on page x	£ x =====	£ x =====
Financial resources requirement	£ x =====	£ x =====
Satisfaction of financial resources rules		
Financial resources	x	x
Financial resources requirement	x -----	x -----
Excess financial resources	£ x =====	£ x =====