Statutory Instrument 62 of 1996

Companies (Financial Statements) Regulations,1996

SIs 62/1996, 33/1999.

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INSURANCE COMPANIES

IT is hereby notified that the Minister of Justice, Legal and Parliamentary Affairs has, in terms of section 360 of the Companies Act [*Chapter 24:03*], made the following regulations:—

PART I

PRELIMINARY

1. Title and date of commencement

(1) These regulations may be cited as the Companies (Financial Statements) Regulations, 1996.

(2) These regulations shall come into operation on the 1st May, 1996.

2. Interpretation

(1) In these regulations—

"associated company" means an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor;

"borrowing costs" means interest costs incurred by an enterprise in connection with the borrowing of funds and includes amortisation of discount or premium arising on the issue of debt securities, amortisation of ancillary costs incurred in connection with the arrangement of borrowing, and foreign currency differences relating to funds to the extent that they are regarded as an adjustment to interest costs;

"cash", in relation to cash statements, means cash on hand and demand deposits with financial institutions;

"capital reserve" means a reserve not free for distribution and does not include any amount falling within the definition of "provision";

"cash equivalents", in relation to cash statements, means short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value;

"consolidated financial statement" means a financial statement of a group presented as that of a single enterprise;

"cost method", in relation to accounting for associated companies, means the method of accounting whereby the investment is recorded at cost;

"control" means the power to govern the financial and operating policies of an economic activity so as to obtain benefits from it;

"current investment" means an investment that is by its nature readily realisable and is intended not to be held for more than one year;

"development" means the translation of research findings or other knowledge into a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services prior to the commencement of commercial production;

"equity instrument" means any contract that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities;

[Definition inserted by s.i. 33 of 1999]

"equity method of accounting for investments" means the method of accounting whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the investor's share of the net assets of the investee;

"fair value" means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arms length transaction;

"finance lease" means a lease that transfers substantially all the risks and rewards incident to ownership of an asset; title may or may not be transferred;

"financial asset" means an asset which is—

(*a*) cash;

(b) an equity instrument of another enterprise;

(c) a contractual right to receive cash or another financial asset from another enterprise;

(d) a contractual right to exchange a financial instrument with another enterprise under conditions which are potentially favourable;

"financial instrument" means any contract which gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise;

[Definition inserted by s.i. 33 of 1999]

"financial liability" means any liability which is a contractual obligation—

(*a*) to deliver cash or another financial asset to another enterprise; or

(*b*) to exchange a financial instrument with another enterprise under conditions that are potentially unfavourable;

[Definition inserted by s.i. 33 of 1999] "financial statement" includes—

(a) balance sheets, income statements or profit and loss accounts, cash flow statements, notes and other statements and explanatory material which are identified as being part of the financial statements; and

(b) accounts as defined in section 2, as read with subsection (7) of section 142, of the Act;

"financing activity", in relation to cash flow statements, means an activity that results in changes in the size and composition of the equity capital and borrowings of the company;

"group" means a holding company and all its subsidiaries;

"investing activity", in relation to cash flow statements, means the acquisition and disposal of long-term assets and other investments not included in cash equivalents;

"investment" means an asset held by an enterprise for the accretion of wealth through distribution, for capital appreciation, or for other benefits to the investing enterprise;

"long-term investment" means an investment other than a current investment;

"market value" means the amount obtainable from the sale of an investment in an active market;

"marketable" means an active market from which a market value is available;

"minority interest" means that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned, directly or indirectly through subsidiaries, by the parent;

"net realisable value" means the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale;

"operating activities", in relation to cash flow statements, means the principal revenue producing activities of an enterprise, and any other activities which are not investing or financing activities.

"operational lease" means a lease other than a finance lease;

"ordinary share" means an equity instrument that is subordinate to all other classes of equity instrument;

[Definition inserted by s.i. 33 of 1999]

"provision" means any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability of which the amount cannot be determined with substantial accuracy:

Provided that any such amount which, in the opinion of the directors and the auditors, is in excess of that reasonably necessary for the purpose, shall be treated for the purposes of these regulations as a reserve;

"research" means original and planned investigation undertaken with the hope of gaining new scientific or technical knowledge and understanding;

"revenue reserve" means any reserve other than a capital reserve;

"stocks" means assets that are—

(a) held for sale in the ordinary course of business; or

(b) in the process of production for such sale; or

(c) in the form of material or supplies to be consumed in the production process or in the rendering of services;

"timing differences" means the differences between the taxable income and accounting income for a period that arise because the period in which some items of revenue and expense are included in taxable income does not coincide with the period in which they are included in accounting income; they originate in one period and reverse in one or more subsequent periods.

(2) "Related parties" shall be considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

3. Application

It is not a requirement of these regulations that the numbers, symbols and letters used to identify sections, subsections and paragraphs of the regulations should be used to identify items in the financial statements or annual report of a company.

4. Provisions of the Act incorporated

These regulations incorporate sundry provisions of the principal Act dealing with matters which are to be shown in the financial statements or annual report of the company including the provisions of sections 184 and 185 of the Act which deal with director's salaries, pension and other emoluments, and with loans to directors and other officers respectively.

5. Compliance with these regulations

(1) Every company shall comply with the provisions of Parts II, III and IV of these regulations and the provisions of Parts V, VI and VII in so far as they are relevant to the affairs of the company:

Provided that if the directors of a private company which is not required to appoint an auditor in terms of subsection (7) of section 150 of the Act are of the opinion that to comply with Part III would be of no value to the members of the company, that company shall not be required to prepare a Cash Flow Statement.

(2) Notwithstanding the proviso to subsection (1), where, for any reason, there is non-compliance with the disclosure or accounting requirements of these regulations, the fact of non-compliance and the reason therefor shall be disclosed in the financial statements by way of note.

(3) Where it is not clear from the context what accounting treatment is necessary in order to comply with the disclosure requirements, reference should be made to the appropriate Zimbabwe Accounting Standard.

6. Specific disclosures

The following specific disclosures shall be made in a financial statement— (*a*) restrictions on the title to any assets;

(b) any security given in respect of liabilities;
(c) the methods for providing for pension and retirement plans;
(d) contingent assets and contingent liabilities; and
(e) amounts committed for future capital expenditure together with the source of funding of such expenditure.

7. General disclosures

(1) The following general information shall be disclosed in a financial statement—

(a) all material information that is necessary to make the financial statement clear and understandable;
(b) the name of the company, the country of incorporation, the balance sheet date and the period covered by the financial statement; and
(c) a brief description of the nature of the activities of the company, and the currency in terms of which the financial statement is expressed.

(2) The amounts and classification of items in the financial statements should be supplemented, if necessary for clarity, by additional information.

(3) Significant items in the financial statement shall not be included with, or offset against, other items, without separate identification.

(4) Financial statements shall show corresponding figures for the preceding period.

8. Accounting policies

(1) If fundamental accounting assumptions are not followed, the assumption departed from shall be identified and disclosed.

(2) Prudence and substance rather than form and materiality should govern the accounting policies used and significant accounting policies shall be stated clearly and concisely in one place.

(3) A change in accounting policy which has a material effect in the period being reported upon, or may have a significant effect in a subsequent period, shall be disclosed and quantified together with the reason for the change of policy.

PART II

BALANCE SHEET

9. Share capital

(1) The following shall be disclosed separately for each class of share— (*a*) the number or amount of shares authorised and issued;

(b) the capital not yet paid in;
(c) the par value per share;
(d) the movement in share capital accounts during the period;
(e) the rights, preferences and restrictions with respect to the distribution of dividends and the repayment of capital;
(f) the amount of any fixed cumulative dividends in arrears and the period for which they have been so;
(g) the number and amount of any shares reacquired;
(h) the number and amount of any shares which any person has an option to subscribe for, or in respect of which any person has any preferential right of subscription, together with the following particulars—
(i) the period during which the option or right is exercisable; and
(ii) the price to be paid for shares subscribed for under it; and

(*i*) the amount of any share capital which the members have, either in the articles or by resolution, authorized the directors to issue or to give an option to take up, the terms of such authority and the period for which it is granted.

(2) The amount and earliest date of redemption of redeemable preference shares shall be stated.

10. Reserves

(1) There shall be stated the movement for the period, and any restrictions on the distribution which are otherwise not apparent, of—

(a) capital reserves including the share premium account, capital redemption reserve and any revaluation surpluses; and

(b) revenue reserves including retained earnings.

(2) The aggregate amounts, respectively, of capital and revenue reserves shall be disclosed.

(3) Unless shown in the income statement there shall, in the circumstances indicated, be shown separately—

(a) when the amount of the capital reserves or of the revenue reserves shows an increase during the period, the source from which the amount of the increase has been derived; and

(b) when the amount of the capital reserves or of the revenue reserves shows a decrease during the period, the application of the difference.

(4) The reserves or provisions shall be divided under appropriate subheadings and subsection (3) shall apply to each of the separate amounts shown under those subheadings instead of to the aggregate amount.

11. Long-term liabilities

(1) Long-term liabilities shall be distinguished from current liabilities and the gross amounts of the following items shall be shown separately— (*a*) secured loans;

(b) unsecured loans;

(c) intercompany loans within a group of companies; (*d*) loans from associated companies.

(2) Any portion of a long-term liability repayable within one year shall be deducted therefrom and disclosed as a current liability separate from the gross amount reported in terms of subsection (1).

(3) In respect of each of the items listed in subsection (1), there shall be annexed a summary showing interest rates, repayment terms, covenants, subordinations, conversion features and amounts of unamortised premium and discount.

(4) Where any of the company's debentures are held by a nominee of or a trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the books of the company shall be stated.

(5) Deferred tax balances shall be presented in the balance sheet separately from the shareholders' interests.

(6) There shall be shown, by way of a note, the total borrowing powers authorised in terms of the articles of association.

12. Fixed assets

(1) Fixed assets shall be distinguished from current assets and shall be categorised as—

(a) land and buildings;

(b) plant and equipment; or

(c) other assets, suitably identified.

(2) Leasehold property and assets being acquired on an instalment purchase plan shall be shown separately.

(3) The gross carrying amount and the accumulated depreciation shall be stated for each of the categories of asset identified in subsection (1).

(4) The method of arriving at the amount of any fixed asset shall be to take the difference between its cost or, if it stands in the company's books at a valuation the amount of its valuation, and the aggregate amount provided or written off since the date of acquisition or valuation, as the case may be, for depreciation or diminution of value.

(5) Subsection (4) shall not apply to assets the replacement of which is provided for wholly or partly— (*a*) by making provision for renewals and charging the cost of replacement against the provision so made; or

(*b*) by charging the cost of replacement direct to revenue; and

in that event there shall be stated—

(i) the means by which the replacement is provided for; and

(ii) the aggregate amount of the provision, if any, made for the renewals and not used.

(6) The bases for determining the gross carrying amount for each category of asset identified in subsection (1) shall be stated, and—

(a) when more than one basis has been used, the gross carrying amount for each basis in each category shall be given; and

(b) when assets are stated at revalued amounts, the method adopted to compute those amounts shall be disclosed including the policy in regard to the frequency of revaluations, the nature of any indices used, the year a valuation was last made, and whether an external valuer was involved.

(7) As respects the assets under each heading whose amount is not arrived at in accordance with subsection (4) because their replacement is provided for as mentioned in subsection (5) there shall be stated—

(a) the means for which their replacement is provided for; and

(b) the aggregate amount of the provisions, if any, made for renewals and not used.

13. Investments

(1) Long-term investments shall be distinguished from investments classified as current assets and shall be carried in the balance sheet at either— (*a*) cost; or

(b) revalued amounts; or

(c) in the case of marketable equity securities, the lower of cost and market value determined on a portfolio basis:

Provided that—

(i) if revalued amounts are used, a policy for the frequency of revaluations shall be adopted and disclosed, and an entire category of long-term investments must be revalued at the same time; and

(ii) the carrying amount of all long-term investments shall be reduced to recognise a decline other than temporary in the value of investments, such reduction being determined and made for each investment individually.

(2) Investments classified as current assets shall be carried in the balance sheet at—

(a) market value; or

(b) the lower of cost and market value.

(3) On the disposal of an investment, the difference between the net disposal proceeds and the carrying amount shall be charged or credited to income :

Provided that specialised investment enterprises which are prohibited from distributing profits on the disposal of investments and which carry their investments at fair value may exclude from income changes in the value of investments, whether realised or not. Such enterprises shall include in their financial statements a summary of all movements in value of their investments for the period.

(4) The following shall be disclosed— (*a*) the accounting policies for—

(i) the determination of the carrying amount of investments;

(ii) the treatment of changes in market value of current investments carried at market value; and

(iii) the treatment of the revaluation surplus on the sale of a revalued investment;

(b) the market value of marketable investments if they are not carried in the balance sheet at market value;

(c) the fair value of investment properties if they are accounted for as long-term investments and not carried at fair value;

(d) any significant restrictions on the realizability of investments or the remittance of income or the proceeds of disposal; and

(e) for long-term investments at revalued amounts— (i) the policy for the frequency of revaluations;

(ii) the date of the latest revaluation; and

(iii) the basis of revaluation and whether an external valuer was involved.

(2) Companies whose main business is the holding of investments shall provide an analysis of the investment portfolio.

14. Other long-term assets

The following items shall be disclosed separately including, if applicable, the method and period of depreciation and any write-offs during the period—

(*a*) long-term investments in any subsidiaries and associated companies; (*b*) long-term debtors, including—

(i) debtors and bills receivable;

(ii) amounts owing by directors;

(iii) intercompany debtors; and

(iv) associated company debtors;

(c) goodwill;

(d) patents, trademarks and similar assets;

(e) expenditure carried forward, including— (i) preliminary expenses not written off;

(ii) expenses incurred on the issue of shares or debentures and not written off;

(iii) discount on shares which has not been written off;

(iv) commission on the issue of shares or debentures which has not been written off; and

(v) discount on debentures which has not been written off;

(f) cash and bank balances not available for current operations;

(g) the aggregate amount of any outstanding loans made to purchase shares in the company under the authority of the proviso to subsection (1) of section 58 of the Act; and (*h*) any other long-term assets.

15. Current assets

(1) The following shall be disclosed separately—

(a) cash and bank balances available for current operations;

(b) the market value of securities not intended to be retained and capable of being readily realised; (*c*) debtors expected to be received within one year of the balance sheet date, including— (i) debtors and bills receivable;

(ii) amounts due from directors or other officers;

(iii) inter-company debtors;

(iv) associated company debtors; and (v) other debtors and prepaid expenses; and (*d*) stocks.

(2) Stocks shall be valued at the lower of cost and net realisable value and the following shall be disclosed— (*a*) the accounting policies adopted in measuring stocks, including the cost formula;

(*b*) the total carrying amount of stocks and the carrying amount in classifications appropriate to the company; and

(3) If fixed production overhead has been entirely or substantially excluded from the valuation of stock on the grounds that it does not directly relate to putting the stock in its present location and location that fact shall be disclosed.

(4) The total amount of the current assets shall be disclosed.

16. Loans to officers, nominees and trustees

In accordance with section 185 of the Act, details of loans made and repaid during the period by the company, or by a subsidiary of the company, or by a third party where the loan was granted as a consequence of the person's relationship to the company, to directors or officers of the company, shall be disclosed.

17. Current liabilities

(1) The following items shall be shown separately—

(*a*) any bank loans and overdrafts; (*b*) other loans;

(*c*) the current portions of long-term liabilities unless they are to be refinanced in which case the terms of refinancing are to be shown; (*d*) creditors, including—

(i) trade creditors and bills payable;

(ii) payables to directors;

(iii) intercompany creditors;

(iv) associated company creditors;

(v) dividends payable and proposed;

(vi) taxation payable; and

(vii) other creditors and accrued expenses analysed where significant;

(e) deferred revenues and advances from customers;

(f) accruals for contingencies; and

(g) provisions other than provisions for depreciation, renewals or diminution in value of fixed assets under appropriate subheadings if significant;

(2) The total amount of the current liabilities shall be stated.

(3) Unless shown in the income statement, there shall be shown separately the amount, at the end of the immediately preceding financial year, that the provisions, other than provisions for depreciation, renewals or diminution in value of fixed assets, exceeded the aggregate of the sums since applied and the amounts retained for the purpose thereof and the application of the difference.

18. Construction contracts

In accounting for construction contracts the method used to recognise contract revenue and expenditure shall be disclosed together with—

(a) the amount of contract revenue recognised as revenue during the period;

(b) the methods used to determine the stage of completion of contracts in progress; and (*c*) for contracts in progress at the balance sheet date—

(i) the aggregate amount of costs incurred and recognised profits, less recognised losses, to date; (ii) the amount of advances received; and (iii) the amount of retentions.

PART III

CASH FLOWSTATEMENT

19. Preparation of cash flow statement

A cash flow statement shall be prepared and presented as an integral part of a company's financial statement and must show cash flows during the period classified by operating, investing and financing activities.

20. Operating activities

Cash flows from operating activities shall be reported using either—

(a) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or

(b) the indirect method, whereby net profit or loss is adjusted for the effect of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

21. Investing and financing activities

Cash flows from investing and financing activities shall be reported as gross cash receipts and gross cash payments, except—

(a) cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the company; and

(b) cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short; which may be reported on a net basis.

22. Cash flows of financial institutions

Cash flows arising from the following activities of a financial institution may be reported on a net basis—

(a) cash receipts and payments for the acceptance and repayment of deposits with a fixed maturity date;

(b) the placement of deposits with and withdrawal of deposits from other financial institutions; and (*c*) cash advances and loans made to customers and the repayment of those advances and loans.

23. Foreign currencies

Cash flows arising from transactions in a foreign currency and the cash flows of a foreign subsidiary shall be translated to the reporting currency at the dates of the cash flows.

24. Extraordinary items

The cash flows associated with extraordinary items shall be classified as arising from operating, investing or financing activities and shall be disclosed separately.

25. Interest and dividends

The cash flows from interest and dividends received and paid shall each be disclosed separately and must be classified in an appropriate and consistent manner from period to period as from operating, investing or financing activities.

26. Taxes on income

The cash flows arising from taxes on income shall be disclosed separately and should be classified as cash flows from operating activities unless they can be specifically identified as from financing or investing activities.

27. Acquisitions and disposals

The following shall be disclosed in aggregate and be classified as investing activities, in respect of both acquisitions and disposals of subsidiaries or other business units during the period—

(a) the total purchase or disposal consideration;

(b) the portion of the purchase or disposal consideration discharged by means of cash and cash equivalents;

(c) the amount of cash and cash equivalents in the subsidiary or business unit acquired or disposed of; and

(d) the amount of the assets and liabilities other than cash or cash equivalents in the subsidiary or business unit acquired or disposed of.

28. Miscellaneous

(1) The components of cash and cash equivalent shall be disclosed and a reconciliation of the amounts in the cash flow statement with the equivalent amounts in the balance sheet shall be presented.

(2) The amount of significant cash and cash equivalent balances held by the company which are not available for use by the group shall be disclosed together with the reasons therefor.

PART IV

INCOME STATEMENT

29. Specific disclosures

(1) There shall be shown separately in the income statement or in a note attached thereto—

(*a*) turnover, sales or other operating revenue; (*b*) income from investments, including—

- (i) interest;
- (ii) royalties;
- (iii) dividends;
- (iv) rentals;
- (v) profits and losses on disposal of investments; and
- (vi) changes in the value of current investments;

(c) depreciation or amortisation of fixed assets;

(d) interest expense, distinguishing interest on the company's debentures or other fixed loans from other interest;

(e) significant intercompany transactions;

(f) any material effect within the period or, possibly, in subsequent periods, arising from changes in accounting policies;

(g) the difference between the net sale proceeds and the net carrying amount of any previously revalued item of property, plant or equipment, sold during the period;

(h) the auditor's remuneration including any of his expenses paid by the company;

(i) transfers to or from provisions other than provisions for depreciation, renewals or diminution in value of fixed assets;

(j) in accordance with section 161 of the Act, the amounts of any emoluments, pension and compensation paid to directors and past directors; (*k*) net income, including—

- (i) amount of income from ordinary activities; and
- (ii) nature and amount of unusual items related to ordinary activities;

(l) the amounts provided for taxation, specifying the taxes and the relative amount including—

- (i) expense related to income from ordinary activities;
- (ii) expense relating to unusual items, prior period items and changes in accounting policy; and
- (iii) tax effects, if any, arising from the revaluation of assets;

(m) unusual charges or credits;

(n) any adjustments for prior period items resulting from changes in accounting policies or the adjustment of fundamental errors;

(o) the amounts respectively provided for the redemption of share capital and loans;

(p) transfers to or from capital and revenue reserves; and

(q) the aggregate amounts of dividends paid and proposed.

(2) An explanation of the relationship between the tax expense and the net accounting income before tax shall be given unless the relationship is self-explanatory in terms of current tax rates.

(3) If no provision for taxation has been made, a statement of that fact, the reason therefor, and the period in respect for which no provision has been made, shall be made.

30. Earnings per share

(1) Where the shares of a company are quoted on a recognised stock exchange—

(a) the basic and diluted earnings per share on the face of the income statement for each class of ordinary shares that has a different right to share in the net profit for the period shall be presented with equal prominence for all periods presented; and

(b) the following aspects shall be considered in the disclosure of earnings per share—

- (i) the amounts used as the numerators in calculating the basic and diluted earnings per share, and a reconciliation of those amounts to the net profit or loss for the period; and

(ii) the weighted average number of ordinary shares used as the denominator in calculating the basic and diluted earnings per share, and a reconciliation of these denominators to each other.

(2) If a company discloses, in addition to basic and diluted earnings per share, per share amounts—

(a) such amounts shall be calculated using the weighted average number of ordinary shares; and

(b) any component of net profit used which is not reported as a line item in the income statement shall be reconciled with the line item which is reported in the income statement; and

(c) the basic and diluted per share amounts shall be disclosed with equal prominence.

[Section inserted by s.i. 33 of 1999]

31. Depreciation

(1) The following is to be shown for each major class of depreciable asset, not including forests and similar regenerative resources, mines, research and development, goodwill and land having an indefinite useful life— (*a*) the depreciation methods used;

(b) the useful lives or depreciation rates used;

(c) the total depreciation allocated for the period; and

(d) the gross amount of depreciable assets and the accumulated depreciation.

(2) If the method of depreciation or the useful lives of major depreciable assets are changed, the effect of the change is to be quantified and the reason for the change is to be stated in the period in which it takes place.

(3) The depreciation policy for assets leased under a finance lease must be consistent with that for depreciable assets owned by the company and if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term or its useful life.

PART V

HOLDING COMPANIES, SUBSIDIARIES AND ASSOCIATED COMPANIES

32. Application of this Part

This Part shall apply where a company is a holding company, whether or not it is itself a subsidiary of another body corporate.

33. Consolidated financial statements

(1) Consolidated financial statements need not be prepared when—

(a) the holding company is itself the wholly-owned subsidiary of another company registered in Zimbabwe; or

(b) the holding company is almost wholly-owned by a company registered in Zimbabwe and all the owners of the minority interest agree.

(2) In all other circumstances a holding company shall issue group financial statements in the form of consolidated financial statements incorporating all subsidiaries, foreign and domestic, except as provided in section 144 of the Act and when—

(a) control is intended to be temporary because the subsidiary was acquired and is held exclusively with a view to its subsequent disposal in the near future; or

(b) a subsidiary operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent.

(3) The following shall be disclosed in the consolidated financial statements—

(a) the name of, country of incorporation or residence, proportion of ownership, interest in and, if different, the proportion of voting power held in, all significant subsidiaries;

(b) where applicable—

(i) the reasons for not consolidating a subsidiary;

(ii) the nature of the relationship between the parent and a subsidiary of which the parent does not own, directly or indirectly through subsidiaries, more than one half of the voting power;

(iii) the name of any enterprise in which more than one half of the voting power is owned, directly or indirectly through subsidiaries, but which, because of the absence of control, is not a subsidiary; and

(iv) the effect of the acquisition and disposal of subsidiaries on the financial position at the reporting date, the results for the reporting period and on the corresponding amounts for the preceding period.

(4) If the accounting policies of a subsidiary are not the same as those of the holding company, the differences shall be stated together with the proportions of the items in the consolidated financial statements to which different accounting policies have been applied.

34. Holding company's own financial statements

(1) In the holding company's separate financial statements, a description of the method used to account for subsidiaries shall be provided.

(2) The aggregate amount of assets consisting of shares in and amounts owing, whether on account of loan or otherwise, from the company's subsidiaries, distinguishing shares from indebtedness, shall be disclosed, and the aggregate amount of indebtedness, whether on account of loan or otherwise, to the company's subsidiaries shall also be disclosed and—

(a) the references in Part II of these regulations to the company's investments shall include investments in its subsidiaries which shall be separately disclosed; and

(b) subsection (3) of section 12 shall not apply in relation to fixed assets consisting of interests in the company's subsidiaries.

(3) There shall be shown by way of note to the balance sheet or in a statement or report annexed thereto the number, description and amount of the shares in and debentures of the company held by its subsidiaries or their nominees, but excluding any of those shares or debentures in the case of which the subsidiary is concerned in a representative capacity or in the case of which it is concerned as trustee and neither the company nor any subsidiary thereof is beneficially interested under the trust, otherwise than by way of security only for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money.

(4) Where consolidated financial statements are not submitted, there shall be annexed to the balance sheet a statement showing—

(a) the reasons why consolidated financial statements have not been presented;

(b) the net aggregate amount, so far as it concerns members of the holding company and is not dealt with in the company's financial statements, of the subsidiaries' profits after deducting the subsidiaries' losses, or *vice versa*—

(i) for the respective financial years of the subsidiaries ending with or during the financial year of the company; and

(ii) for their previous financial years since they respectively became the holding company's subsidiary;

(c) the net aggregate amount of the subsidiaries' profits after deducting the subsidiaries' losses, or *vice versa*—

(i) for the respective financial years of the subsidiaries, ending with or during the financial year of the company; and

(ii) for their other financial years since they respectively became the holding company's subsidiary; so far as those profits are dealt with, or provision is made for those losses, in the company's financial statements;

(d) any qualifications contained in the report of the auditors of the subsidiaries on their financial statements, and any note or saving contained in those financial statements to call attention to a matter which, apart from the note or saving, would properly have been referred to in such a qualification, in so far as the matter which is the subject of the qualification or note is not covered by the company's own financial statements and is material from the point of view of its members; and

(e) in relation to the subsidiaries, if any, whose financial years did not end with that of the company—

(i) the reasons why the company's directors consider that the subsidiaries' financial years should not end with that of the company; and

(ii) the dates on which the subsidiaries' financial years ending last before that of the company respectively ended or the earliest or latest of those dates;

or, in so far as the information required by this subsection is not obtainable, a statement that it is not obtainable:

Provided that the Minister may, on the application or with the consent of the company's directors, direct that in relation to any subsidiary this subsection shall not apply or shall apply only to such extent as may be provided by the direction.

(5) Where consolidated financial statements are not submitted in terms of paragraph (*a*) of subsection (1) of section 33, the holding company shall disclose the name and registered office of its parent that publishes consolidated financial statements.

(6) Paragraphs (*b*) and (*c*) of subsection (4) shall apply only to profits and losses of a subsidiary which may properly be treated in the holding company's financial statements as revenue profits or losses, and the profits or losses attributable to any shares in a subsidiary for the time being held by the holding company or any other of its subsidiaries shall not, for that or any other purpose, be treated as aforesaid so far as they are profits or losses for the period before the date on or as from which the shares were acquired by the company or any of its subsidiaries except that they may in a proper case be so treated where—

(a) the company is itself the subsidiary of another body corporate; and

(b) the shares were acquired from the body corporate or a subsidiary of it; and, for the purpose of determining whether any profits or losses are to be treated as profits or losses for the said period, the profit or loss for any financial year of the subsidiary may, if it is not practicable to apportion it with reasonable accuracy by reference to the facts, be treated as accruing from day to day during that year and be apportioned accordingly.

35. Associated companies

(1) Investments in associated companies shall be accounted for in the consolidated financial statements under the equity method except when the investment is acquired and held exclusively with a view to its disposal in the near future in which case it must be accounted for under the cost method.

(2) If—

(a) an investor ceases to have significant influence in an associated company but retains either in whole or in part, its investment; or

(b) the use of the equity method is no longer appropriate because the associated company operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor;

the investor shall discontinue the use of the equity method and the carrying amount of the investment shall be regarded as cost.

(3) Investments in associated companies accounted for using the equity method shall be classified as long-term assets and disclosed separately in the balance sheet, and—

(a) the share of the profit and losses of such investments shall be disclosed as a separate item in the income statement; and

(b) any share of any unusual or prior period item shall be disclosed.

(4) A list and description of all significant associated companies, including the proportion of ownership interest and, if different, the proportion of voting power held, and the method used for accounting for the investment shall be included in all group financial statements.

PART VI

GENERAL

36. Discontinued operations

The following disclosures shall be made for each discontinued operation— (*a*) the nature of the discontinued operation;

(b) the industry and geographical segments in which it is reported;

(c) the effective date of discontinuance for accounting purposes;

(d) the manner of discontinuance;

(e) the gain or loss on discontinuance and the accounting policy used to measure that gain or loss; and

(f) the revenue and profit or loss from the ordinary activities of the operation for the period, together with the corresponding amounts for each prior period presented.

37. Business combinations

For all business combinations, the following shall be disclosed in the financial statements prepared immediately following the combination—

(a) the names and descriptions of the combining enterprises;

(b) the effective date of the combination for accounting purposes;

(c) the method of accounting used to reflect the combination;

(d) the percentage of voting shares acquired;

(e) the cost of acquisition and a description of the purchase consideration paid or contingently payable; and

(f) the amount of any difference between the cost of acquisition and the aggregate fair value of the net identifiable assets acquired, and the treatment thereof including the period of amortisation of any goodwill arising on acquisition.

38. Capitalisation of borrowing costs

The financial statements shall disclose—

(a) the accounting policy adopted for borrowing costs;

(b) the amount of borrowing costs capitalised during the period; and

(c) the capitalisation rate used to determine the amount of borrowing cost eligible for capitalisation.

39. Contingencies and charges over assets

(1) The particulars of any charge on the assets of the company to secure the liabilities of any other person shall be stated.

(2) If it is probable that future events will confirm that, at the balance sheet date, an asset has been impaired or a liability incurred and a reasonable estimate of the resulting loss can be made, the amount of the contingent loss shall be accrued by a charge in the Income Statement.

(3) If the conditions in subsection (2) are not met, the existence of a contingent loss shall be disclosed together with information as to its nature, any uncertain factors that may affect the future outcome, and an estimate of the financial effect or a statement that an estimate cannot be made.

(4) Any probable contingent gains shall be disclosed together with information as to their nature, any uncertain factors that may affect the future outcome, and an estimate of the financial effect or a statement that an estimate cannot be made.

40. Post balance sheet events

(1) If dividends stated to be in respect of the period covered by the financial statements are proposed or declared after the balance sheet date that do no affect the condition of assets or liabilities at the balance sheet date but before the approval of the financial statements in terms of section 146 of the Act, appropriate adjustments to the financial statements shall be made or the amounts of the dividends disclosed separately.

(2) Any event occurring after the balance sheet date that does not affect the condition of assets and liabilities at the balance sheet date but which is of such importance that non-disclosure would affect the ability of users of the financial statements to make proper evaluations and decisions, shall be disclosed together with a description of the nature of the event and either an estimate of its financial effect or a statement that an estimate cannot be made.

41. Retirement benefits

(1) The following shall be disclosed in the company financial statements—

(a) the accounting policies adopted for the retirement benefit plan costs including a general description of the valuation method or methods used;

(b) any other significant matters which affect comparability with the prior period;

(c) where the amounts funded since the inception of the retirement benefit plan are different from the amounts charged to income over the same period, the amount of the resulting liability or deferred charge, and the funding approach adopted if there is no systematic policy of funding; and (*d*) in the case of a defined benefit plan—

(i) the amount of the shortfall, if any, of the net realisable value of the fund assets, together with the liability or deferred charge, if any, described in paragraph (*c*), from the actuarially determined value of vested benefits;

(ii) a statement of the funding approach adopted; and (iii) the date of the last actuarial valuation.

(2) When a company has more than one retirement benefit plan, a liability arising under one plan shall not be offset against a deferred charge arising under the other, and a shortfall of plan assets for one plan shall be disclosed without offsetting any excess of assets of the other.

42. Leases in the financial statements of lessees

(1) Lessees shall disclose the amount of assets that are the subject of finance leases at each balance sheet date.

(2) At inception, a finance lease shall be reflected in the balance sheet of a lessee by recording an asset and a liability at amounts equal to the fair value of the leased property.

(3) The liabilities related to the leased assets referred to in section 52 shall be shown separately from other liabilities differentiating between current and long-term portions.

(4) Commitments for minimum lease payments under finance leases and under non-cancellable operating leases with a term of more than one year, shall be disclosed by lessees in summary form giving the amounts and periods in which the payments will become due.

(5) Lessees shall disclose any significant financing restrictions, renewal or purchase options, contingent rentals and other contingencies arising from leases.

43. Leases in the financial statements of lessors

(1) Lessors shall disclose the amount of the gross investment in finance leases, the related unearned income and the unguaranteed residual value of leased assets.

(2) Lessors shall state the basis or bases used for allocating income so as to produce a constant periodic rate of return indicating whether the return relates to the net investment outstanding or the net cash investment outstanding in the lease.

(3) When a significant part of the lessor's business comprises operating leases, the amount of the leased assets shall be disclosed by each major class of asset together with the related accumulated depreciation.

44. Research and development

(1) The total of research and development costs recognised as an expense shall be disclosed.

(2) The movement in and balance of unamortised development costs, and the basis of amortisation of development costs shall be disclosed.

45. Government grants

(1) Government grants shall be recognised, on a systematic basis, in the Income Statement and over the periods necessary to match them with the related costs which they are intended to compensate.

(2) Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet either as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

(3) The following matters shall be disclosed in relation to any government grants received— (*a*) the accounting policy adopted including the method of presentation in the financial statements;

(b) the nature and extent of the government grants recognised in the financial statements;

(c) any other forms of government assistance from which the company has directly benefited; and

(d) any unfulfilled conditions and other contingencies attached to government grants or other assistance which have been recognised in the financial statements.

46. Foreign currency transactions

(1) Foreign currency transactions shall be recorded at the exchange rate at the time of the transaction or, when a forward exchange contract has been entered into, at the forward rate specified in such contract.

(2) Foreign currency monetary items shall be reported at the closing rate on the balance sheet date or, when a forward exchange contract has been entered into, at the forward rate specified in such contract.

(3) When a forward exchange contract has been entered into, the difference between the forward rate and the spot rate at the inception of the contract shall be recognised in income over the life of the contract unless in respect of capital expenditure when the difference may be capitalised provided the adjusted carrying amount does not exceed the lower of replacement cost and the amount recoverable for the use or sale of the asset.

(4) Any exchange differences arising on settlement or translation of short term monetary items shall be recognised in income for the reporting period, except—

(a) those that, in substance, form part of the enterprise's net investment in a foreign entity; and

(b) those that arise on a foreign currency liability accounted for as a hedge of an enterprise's net investment in a foreign entity; which should be classified as equity until the disposal of the net investment, at which time they should be recognised as income or expenses.

(5) An enterprise shall disclose—

(a) the amount of exchange differences included in the net profit or loss for the period;

(b) net exchange differences classified as equity as a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period; and

(c) the amount of exchange difference arising during the period which is included in the carrying amount of an asset.

(6) When the reporting currency is not Zimbabwe dollars, the reason for using a different currency and the reason for any change in the reporting currency shall be disclosed.

(7) When there is a change in the classification of a significant foreign operation, an enterprise shall disclose— (*a*) the nature of the change in classification;

(b) the reason for the change;

(c) the impact of the change in classification on shareholders' equity; and

(d) the impact on net profit or loss for each prior period presented had the change in classification occurred at the beginning of the earliest period presented.

(8) The method selected to translate goodwill and fair value adjustments arising on the acquisition of a foreign entity shall be disclosed.

(9) The terms of any foreign loans shall be stated, including—

(a) the period of the loan;

(b) the repayment schedule showing separately the capital and the interest payments in both the foreign and Zimbabwe currency;
(c) interest rates and details if subject to change;
(d) the purpose for which the loan has been taken; and
(e) the exchange rate at which the loan has been translated in the financial statements.

(10) In relation to loans not covered by forward exchange contracts, the following shall be stated— (*a*) the outstanding amount in both the foreign and Zimbabwe currency; and (*b*) the movement in the aggregate of uncovered loans during the period.

(11) In relation to loans for which part of the period of the loan or part of the amount of the loan is not covered by forward exchange contracts, the following shall be stated—
(a) as regards the uncovered portion of the loan, information as prescribed in subsection (10);
(b) as regards the covered portion of the loan, information as prescribed in subsection (12) and the length of the unexpired period of the forward exchange contract.

(12) In relation to loans covered by forward exchange contracts, the following shall be stated— (*a*) the outstanding amount in Zimbabwe currency converted at the forward cover rate; and (*b*) the cost of the forward cover.

(13) It shall be stated whether the interest payments are covered by forward exchange rate contracts or not.

(14) If the foreign loan is hedged against future export earnings this shall be stated and details of such expected earnings given.

47. Foreign entities and operations

The following disclosures shall be made with regard to the translation of the financial statements of a foreign enterprise or of foreign operations for incorporation in the company financial statements— (*a*) the methods used;
(b) the net exchange difference taken to shareholders' interest;
(c) the net exchange difference taken to income; and
(d) whether closing or average rates were used to translate the income statement.

48. Segmental reporting

(1) In order to enable users of the financial statements of quoted companies and other economically significant companies and their subsidiaries to determine the risk and profit associated with segments of the company which trade significantly in different economic or geographic sectors, the following shall be disclosed for each such segment—
(a) sales or other operating revenues, distinguishing between revenue derived from customers outside the enterprise and revenue derived from other segments;
(b) the profit or loss associated with the segment;
(c) the assets employed in the segment expressed in monetary amounts or as a percentage of the assets employed by the company as a whole; and (*d*) the basis of inter-segment pricing.

(2) A reconciliation shall be provided between the sum of the information on individual segments and the aggregated information in the financial statements.

(3) Any changes in the means of identifying segments and any changes in the accounting practices used to report segmental information shall be disclosed.

49. Related parties

(1) In order that users of the financial statements of quoted companies and other economically significant companies and their subsidiaries may evaluate related party relationships where control exists, these shall be disclosed whether or not there have been transactions between the related parties during the period.

(2) If there have been transactions between related parties, the following shall be disclosed— (*a*) the nature of the related party relationship;
(b) the type of transactions;
(c) the volume of transactions either as an amount or appropriate proportion;
(d) amounts or appropriate proportions of outstanding items; and (*e*) pricing policies.

50. Joint ventures

(1) A list and description of all interests in joint ventures shall be provided showing the proportion of ownership held.

(2) In respect of all joint ventures a venturer shall disclose—
(a) the aggregate amount of the following contingencies, unless the probability of loss is remote, separately from the amount of other contingencies—
(i) any contingencies incurred in relation to interests in joint ventures and any share in each of the contingencies which have been incurred jointly with other venturers;

(ii) its share of the joint venture's contingencies for which it is contingently liable; and
(iii) any contingencies which arise from being contingently liable for the liabilities of other participants in the joint venture;

and

(b) the aggregate amounts of the following commitments separately from other commitments—
(i) its own capital commitments in relation to its interest in joint ventures and its share of the capital commitments that have been incurred jointly with other venturers; and (ii) its share of the capital commitments of the joint ventures themselves.

51. Jointly controlled operations

In respect of its interests in jointly controlled operations a company shall recognise in its separate financial statements and group financial statements—

(a) the assets that it controls and the liabilities that it incurs; and
(b) the expenses that it incurs and its share of the income that it earns; as a consequence of its participation in the joint venture.

52. Jointly controlled assets

In respect of its interests in jointly controlled assets a company shall recognise in its separate financial statements and its group financial statements—

(a) its share of the jointly controlled assets, classified according to the nature of those assets;
(b) any liabilities which it has incurred and its share of any liabilities incurred jointly in relation to the joint venture;
(c) any income for the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
(d) any expenses which it has incurred in respect of its interest in the joint venture.

53. Jointly controlled entities

A company shall report its interest in jointly controlled entities in its consolidated financial statements using proportionate consolidation.

54. Taxation (1)

The method used to determine tax expense shall be disclosed.

(2) The taxes on income relating to an item that is charged or credited to shareholders' interests shall be accounted for in the same manner as the relevant item and the amount shall be disclosed.

(3) The amount of the tax effect of the timing differences, both current and cumulative, not accounted for shall be disclosed.

(4) The amount and future availability of tax losses for which the related tax effects have not been included in the net income of any period shall be disclosed.

(5) The tax effects, if any, related to assets that have been revalued to amounts in excess of historical cost or previous revaluation.

54A. Offsetting of a financial asset and a financial liability

54A. A financial asset and financial liability shall be offset and the net amount reported in the balance sheet when a company—

(a) has a legally enforceable right to set off the recognised amounts concerned; and
(b) intends either to set off on a net basis, or to realise the asset and settle the liability simultaneously.

54B. Interest, dividends, losses and gains

54B. (1) Any interest, dividend, loss or gain on a financial instrument classified as a financial liability or any component part of it shall be reported in the income statement as an expense or income.

(2) Any distribution to a holder of a financial instrument classified as an equity instrument shall be debited by the issuer directly to equity.

54C. Terms, conditions and accounting policies

54C. For each class of financial asset, financial liability and equity instrument, both recognised and unrecognised, a company shall disclose—

(a) information about the extent and nature of the financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and
(b) the accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied.

54D. Interest rate risk

54D. For each class of financial asset and financial liability, both recognised and unrecognised, a company shall disclose information about its exposure to interest rate risk, including— (*a*) contractual repricing or maturity dates, whichever dates are earlier; and (*b*) effective interest rates, when applicable.

54E. Credit risk

54E. For each class of financial asset, both recognised and unrecognised, a company shall disclose information about its exposure to credit risk, including—

(a) the amount that best represents its maximum credit risk exposure at the balance sheet date, without taking account of the fair value of any collateral, in the event that other parties fail to perform their obligations under financial instruments; and

(b) significant concentrations of credit risk.

54F. Fair value

54F. (1) For each class of financial asset and financial liability, both recognised and unrecognised, a company shall disclose information about fair value.

(2) When it is not practicable within the constraints of timeliness or cost to determine the fair value of an asset or financial liability with sufficient reliability, that fact shall be disclosed together with information about the principal characteristics of the underlying financial instrument that are pertinent to its fair value.

54G. Financial assets carried at an amount in excess of fair value

54G. When a company carries one or more financial assets at an amount in excess of their fair value, the company shall disclose—

(a) the carrying amount and the fair value of either the individual assets or appropriate groupings of those individual assets; and

(b) the reasons for not reducing the carrying amount, including the nature of the evidence that provides the basis for the belief by management that the carrying amount will be recovered.

54H. Hedges of anticipated future transactions

54H. When a company has accounted for any financial instrument as a hedge of risks associated with anticipated future transactions, it shall disclose—

(a) a description of the anticipated transactions, including the period of time until they are expected to occur; and

(b) a description of the hedging instrument; and

(c) the amount of any deferred or unrecognised gain or loss and the expected timing of recognition as income or expense.

[Sections 54A – 54F inserted by s.i. 33 of 1999]

PART VII

BANKS AND SIMILAR FINANCIAL INSTITUTIONS

55. Application of this Part

(1) This Part shall apply to any company registered as a commercial bank, accepting house, discount house or financial institution in terms of the Banking Act [*Chapter 24:01*], any building society registered in terms of the Building Societies Act [*Chapter 24:02*], and any unit trust scheme registered as an internal scheme in terms of the Collective Investment Schemes Act 1997.

[Subsection substituted by s.i. 33 of 199]

(2) For the purposes of this Part the expression “bank” includes all companies referred to in subsection (1).

56. Balance sheet

(1) A bank shall present a balance sheet that categorises assets and liabilities by nature and lists them in an order that reflects their relative liquidity.

(2) In addition to the requirements of Part II, the disclosures in the balance sheet, or the notes to the financial statements, of a bank shall include but should not be limited to the following assets and liabilities— (*a*) assets—

(i) cash and balances with the Reserve Bank of Zimbabwe;

(ii) government bills and other bills eligible for rediscounting with the Reserve Bank of Zimbabwe;

(iii) government and other securities held for dealing purposes;

(iv) placements with, and loans and advances to, other banks;

(v) other money market placements;

(vi) loans and advances to customers; and

(vii) investment securities; and

(*b*) liabilities—

(i) deposits from other banks;

(ii) other money market deposits;

(iii) amounts owed to other depositors;

(iv) certificates of deposit;

(v) promissory notes and other liabilities evidenced by paper; and (vi) other borrowed funds.

(3) The amount at which any asset or liability is stated in the balance sheet shall not be offset by the deduction of another liability or asset unless a legal right of set-off exists and the offsetting represents an expectation as to the realisation or settlement of the asset or liability.

(4) A bank shall disclose the market value of securities if these values are different from the carrying amounts.

57. Income statement

(1) A bank shall present an income statement which categorises income and expenses by nature and discloses the amounts of the principal types of income and expenses.

(2) In addition to the requirements of Part IV, the disclosures in the income statement or the notes to the financial statements of a bank shall include, but should not be limited to, the following items of income and expense—

(*a*) interest and similar income;

(b) interest expense and similar charges;

(c) dividend income;

(d) fee and commission income;

(e) fee and commission expense;

(f) gains less losses from dealing securities;

(g) gains less losses from investment securities;

(h) gains less losses from dealing in foreign currencies;

(i) other operating income;

(j) losses on loans and advances; (*k*) general administrative expenses; and (*l*) other operating expenses.

58. Items not to be offset

Income and expense items shall not be offset except for those relating to hedges and assets or liabilities offset in accordance with section 85.

59. Contingencies and commitments regarding off balance sheet items

A bank shall disclose the following contingencies and commitments—

(a) the nature and amount of commitments to extend credit that are irrevocable; and

(b) the nature and amount of contingencies and commitments arising from off balance sheet items including those relating to—

(i) direct credit substitutes including general guarantees of indebtedness, bank acceptance guarantees, and standby letters of credit serving as financial guarantees for loans and securities;

(ii) performance bonds, bid bonds, warranties and standby letters of credit related to particular transactions;

(iii) short-term self-liquidating trade-related contingencies arising from the movement of goods;

(iv) those sale and repurchase agreements not recognised in the balance sheet;

(v) interest and foreign exchange rate related items including swaps, options and futures; and (vi) other commitments, note issuing facilities and revolving underwriting facilities.

60. Assets and liabilities

(1) An analysis of assets and liabilities by relevant maturity groupings shall be provided.

(2) Any significant concentration of assets, liabilities and off balance sheet items shall be disclosed in terms of geographical areas, customer or industrial groupings or other concentrations of risk.

(3) The net foreign currency exposure shall be disclosed.

61. Losses on loans and advances

A bank shall disclose—

(a) the accounting policy which describes the basis on which uncollectible loans and advances are recognised as an expense and written off;

(b) details of movements in the provision for losses on loans and advances during the period—

(i) the amount charged to income for losses on uncollectible loans and advances;

(ii) the amount charged for loans and advances written-off; and

(iii) the amount credited for loans and advances previously written-off that have been recovered;

(c) the aggregate amount of the provision for losses on loans and balances; and

(d) the aggregate amount included in the balance sheet for loans and advances on which interest is not being accrued and the basis used to determine the carrying amount of such loans and advances.

62. General

(1) Any amounts set aside in respect of general banking risks shall be disclosed.

(2) The aggregate amount of secured liabilities and the nature and carrying amount of the assets pledged as security shall be disclosed.

PART VIII

INSURANCE COMPANIES

63. Application of this Part

(1) This Part shall apply to any insurance company as defined in section 329 of the Act and in terms of the Insurance Act [*Chapter 24:07*]respecting amounts to be furnished to the Commissioner of Insurances.

(2) An insurance company is not required to comply with any of the disclosure requirements of these regulations except those set out in subsection (4) of section 7, paragraphs (*f*), (*h*) and (*i*) of subsection (1) of section 9, subsection (4) of section 11, paragraphs (*c*), (*d*), (*e*) and (*g*) of section 14, and sections 46 and 47.

64. Compliance with these regulations

(1) The Minister may direct any insurance company whose business includes, to a substantial extent business other than insurance business, to comply with all the requirements of these regulations or such of them as may be specified by the Minister in respect either of the whole of its business or such part thereof as may be so specified.

(2) Where an insurance company is entitled to the benefit set out in subsection (1), then any wholly owned subsidiary thereof shall also be so entitled if its business consists only of business which is complementary to insurance business of the classes carried on by the insurance company.

(3) For the purposes of subsection (2), a company shall be deemed to be the wholly owned subsidiary of an insurance company if it has no members except the insurance company and the insurance company's wholly owned subsidiaries and its or their nominees.

(4) Where a company entitled to the benefit of any provision contained in this Part is a holding company, the provisions of Part V shall apply only to the separate financial statements of that company.