

## 2 FSA002 – Income statement

This data item provides the PRA with information on the main sources of income and expenditure for a firm. It should be completed on a cumulative basis for the firm's current financial year up to the reporting date.

### Valuation

Firms should follow their normal accounting practice wherever possible.

### Currency

You should report in the currency of your annual audited accounts ie in either Sterling, Euro, US dollars, Canadian dollars, Swedish Kroner, Swiss Francs or Yen. Figures should be reported in 000s.

### Consolidation

Firms reporting on a *consolidation group* basis can use the same accounting basis for consolidation as in their accounts, as long as the group on which it is based accords with the *consolidation group*.

### Data elements

These are referred to by row first, then by column, so data element 2B will be the element numbered 2 in column B.

### Trading book

Data elements in column A relate only the trading book. Firms should identify their trading book profits separately from the non-trading book profits wherever possible.

Column B should contain the total (in this regard, it differs from the layout in FSA001).

### 1B Financial and operating income

This is the total of financial and operating income, which is broken down in more detail in elements 2B, 7B, 15B and 20B to 24B.

Where firms can allocate financial and operating income to the trading book, this should be reported in 1A. Firms that intend to include 'net interim trading book profit and loss' in element 61A of FSA003 should be able to identify the trading book portion separately here.

### 2B Interest income

Include both interest actually received and interest receivable which has accrued but has not yet been received. Amounts accrued should be based on the latest date to which these calculations were made; thus for an institution which accrues profits on a daily basis, accruals should include amounts up to and including the reporting date.

Elements 3B to 6B break this down in more detail, but only 4B and 6B are likely to be relevant for *UK designated investment firms*.

Firms should use their best endeavours to allocate interest income according to the categories shown, and should adopt a consistent approach on each reporting date.

### 3B Of which: Retail secured loans

This is unlikely to be relevant for *UK designated investment firms*.

FSA002 definitions

This part of interest income comprises interest received or receivable from any secured lending to retail customers. Firms may use their best estimate to derive this figure, as long as the approach is applied consistently at each reporting date.

**4B Of which: Retail unsecured loans (including bank deposits)**

For *UK designated investment firms*, this will include interest paid by banks or *building societies* on deposits with them.

For deposit takers, this comprises interest received or receivable from retail customers other than on secured lending or card accounts. It includes overdrafts. Firms may use their best estimate to derive this figure, as long as the approach is applied consistently at each reporting date.

Any interest from credit or charge cards should be included in data element 5B.

**5B Of which: Card accounts**

This is unlikely to be relevant for *UK designated investment firms*.

This includes any interest received on charge cards accounts. Firms may use their best estimate to derive this figure, as long as the approach is applied consistently at each reporting date.

**6B Of which: Other**

This comprises all other interest received and receivable and will include all interest receivable on bonds, floating rate notes (FRNs) and other debt instruments as well as interest receivable on repos / reverse repos.

Receipts from security lending / borrowing should only be included when cash collateral is involved – other income from security lending / borrowing should be classified as fees.

It also comprises any interest received not reported in items 3B to 5B.

Include here any interest received on swaps entered into for the purposes of hedging interest rate risk.

**7B Fee and commission income**

This covers all fee and commission income, and is broken down in more detail in elements 8B to 14B below. If a firm cannot allocate the income in a precise manner, it should allocate the income on a best endeavours basis, which should be consistently applied on each reporting date.

Firms should use their best endeavours to allocate fee and commission income according to the categories shown, and should adopt a consistent approach on each reporting date.

**8B Of which: Gross commission and brokerage**

Include commission and brokerage earned by the firm, before the deduction of commissions shared or paid to third parties (these commissions paid to others should be reported in 32B). It will include income from the provision of foreign exchange facilities.

**9B Of which: Performance fees**

This will include incentive fees received by the firm.

To avoid double counting, data input here should not include amounts input under data element 10B below. Data element 9B and data element 10B are mutually exclusive.

**10B Of which: Investment management fees**

Include all underwriting fees and commissions, and fees and commissions from valuations, management of investments and unit trusts and pension funds.

To avoid double counting, data input here should not include amounts input under data element 9B above. Data element 9B and data element 10B are mutually exclusive.

**11B Of which: Investment advisory fees**

Include all fees arising from investment advice.

**12B Of which: Corporate finance**

Include all income earned by the firm from corporate finance business.

**13B Of which: UCITS management fees**

This covers income earned through the management of UCITS.

**14B Of which: Other fee and commission income**

Report here any other fee and commission income not reported in data elements 8B to 13B.

**15B Trading income (losses)**

A net loss should be shown with a minus sign to indicate a negative figure.

This is further broken down in elements 16B to 19B.

Firms should use their best endeavours to allocate trading income (losses) according to the categories shown, and should adopt a consistent approach on each reporting date.

**16B of which: Trading investments**

This portion of 15B includes all profits or losses (including revaluation profits or losses) on investments held for dealing. This will generally exclude profits or losses arising from the sale of investments in subsidiary or associated companies, trade investments or the amortisation of premiums or discounts on the purchase of fixed maturity investments.

**17B of which: Charges on UCITS sales / redemptions**

This is that part of 15B (dealing profits/losses) arising from charges made to clients for UCITS sales or redemptions.

**18B of which: Foreign exchange**

This is unlikely to be relevant for *UK designated investment firms*.

This part of 15B includes revaluations of foreign exchange positions, but excludes fees and commissions relating to foreign exchange business (which should be included under data element 8B).

**19B Other trading income (losses)**

Report here any other trading income not reported in data elements 16B to 18B.

## **20B Gains (losses) arising from non-trading instruments**

This element is unlikely to be relevant for *UK designated investment firms*.

Includes gains (losses) arising from non-trading instruments designated at initial recognition to be measured at fair value through profit and loss (FVTPL), commonly referred to as the 'fair value option'.

## **21B Realised gains (losses) on financial assets & liabilities (other than HFT and FVTPL)**

This element is unlikely to be relevant for *UK designated investment firms*.

This should include gains (losses) on financial assets and liabilities (other than those held for trading ('HFT') or those measured at fair value through profit and loss ('FVTPL')).

## **22B Dividend income**

This includes dividend income on all equity investments.

## **23B Other operating income**

This is unlikely to be relevant for *UK designated investment firms*.

It includes property rentals and increases in respect of linked liabilities.

## **24B Gains (losses) on disposals of HFS non-current assets & discontinued operations**

This is unlikely to be relevant for *UK designated investment firms*.

Includes gains (losses) on non-financial items which are 'held for sale' as defined in IFRS 5.

## **25B Financial & operating charges**

This is the total of the firm's operating charges that are broken down in more detail in elements 26B, 32B and 33B.

Where firms can allocate financial and operating charges to the trading book, this should be reported in 25A.

## **26B Interest paid**

This is broken down in further detail in 27B to 31B. Firms should use their best endeavours to allocate interest paid according to the categories shown, and should adopt a consistent approach on each reporting date.

For *UK designated investment firms*, this is likely to be limited to interest paid, or overdraft charges paid, to banks (also detailed in 27B) or on intra-group loans (detailed in 30B) or on other deposits (detailed in 31B).

Include both interest actually paid and interest payable which has accrued but has not yet been paid.

## **27B Of which: Bank and building society deposits**

In the case of *UK designated investment firms*, this will include interest payments to banks for loans or overdrafts.

For deposit takers, this will include all interest paid on balances placed by banks, building societies or other financial institutions.

**28B Of which: Retail deposits**

This will not be relevant for *UK designated investment firms*.

Deposit takers will include here all interest paid on balances placed by retail customers.

**29B Of which: Corporate deposits**

This will not be relevant for *UK designated investment firms*.

Deposit takers will include here all interest paid on balances placed by non-bank, non-connected corporate customers.

**30B Of which: Intra-group deposits**

This will only be relevant for *UK designated investment firms* that have borrowed money from other group companies.

Deposit takers will include all interest paid on balances placed by group companies.

**31B Of which: On other items**

This will only be relevant for *UK designated investment firms* if they have issued bonds, interest rate swaps for hedging purposes or commercial paper.

Deposit takers will include all interest paid on all other balances not reported in 27B to 30B. It includes interest payments on bonds and subordinated loans, certificates of deposits and commercial paper issued.

Include here any losses on interest rate swaps used for hedging purposes.

**32B Fees and commissions expenses**

Include commissions paid or shared with other firms, plus fees, brokerage and other charges paid in relation to the execution, registration or clearing of transactions. Commissions paid to staff should be reported under 35B.

**33B Other operating expenses**

Include here other expenses (that are not identified elsewhere) that arise in the course of undertaking the firm's activities. However, costs such as electricity and rent should be reported under 38B (general administrative expenses).

**34B Other costs**

This is the total of other costs and charges that are detailed in items 35B and 38B to 43B below.

Where firms can allocate other costs to the trading book, this should be reported in 34A.

**35B Staff expenses**

This is the total of the costs broken down in 36B and 37B.

It should exclude general staff benefits, such as subsidised restaurants, which should be included in general administrative expenses in 38B.

**36B Of which: Staff costs (ie non-discretionary)**

Include salary costs, employer's national insurance contributions and social security costs, the employer's contribution to any pension scheme, and benefits in kind. Also include here commissions paid to staff on business they have introduced.

**37B Of which: Charges for discretionary staff costs**

Include discretionary bonuses and profit/performance share and share option schemes. Any commissions paid to staff on business they did not introduce should be recorded here.

**38B General administrative expenses**

This includes rates, rent, insurance of building, lighting, heating, depreciation and maintenance costs. Also include marketing, communications, professional fees including auditor's remuneration and other general overheads of the business.

**39B Depreciation and amortisation**

This covers the depreciation of property, plant and equipment and includes amortisation of intangibles.

**40B Impairment/provisions**

This is the total cost of impairment charges and provisions made.

**41B Other charges**

This will include operating lease rentals.

**42B Share of profit (losses) of associates**

Firms reporting on a solo or unconsolidated basis should include the dividends from other group companies only.

**43B Exceptional items**

Include here any significant items which are separately disclosed in your accounts by virtue of their size or incidence to enable a full understanding of the group's financial performance. Transactions which may give rise to exceptional items may include gains or losses on disposal of investments, subsidiaries and early termination of debt instruments. Details relating to these amounts should be provided in data element 48A.

**44B Profit (loss) before tax**

This is the total financial and operating income (data element 1) less the financial and operating charges (25), and other costs (34). If the profit attributable to the trading book can be calculated, it should be reported in 44A.

**45B Tax charge (income)**

This comprises current tax charge (income) and deferred tax charge (income). Include any adjustments recognised in the period for current tax of prior periods. It may also include the amount of deferred tax charge (income) relating to the origination and reversal of temporary differences.

**46B Net profit (loss)**

This is the total profit (loss) after tax, before accounting for any minority interests.

**Memorandum items**

**47B Dividends paid during year**

Only those dividends paid in the period should be reported here.

**48A Details of exceptional items**

Please provide details of any amounts included in data item 43B.

## FSA002 – Income statement validations

### Internal validations

Data elements are referenced by row then column.

Validation number	Data element		
1	1B	=	2B + 7B + 15B + 20B + 21B + 22B + 23B + 24B
1a	1A	≤	1B
2	2B	=	3B + 4B + 5B + 6B
3	7B	=	8B + 9B + 10B + 11B + 12B + 13B + 14B
4	15B	=	16B + 17B + 18B + 19B
5	25B	=	26B + 32B + 33B
6	25A	≤	25B
7	26B	=	27B + 28B + 29B + 30B + 31B
8	34B	=	35B + 38B + 39B + 40B + 41B + 42B + 43B
8a	34A	≤	34B
9	35B	=	36B + 37B
10			[deleted]
11	44A	=	1A – 25A – 34A
12	44B	=	1B – 25B – 34B
13	46B	=	44B – 45B

### External validations

There are no external validations for this data item.