

# 賬目註釋

## NOTES TO THE ACCOUNTS

### (一) 主要會計政策

#### 甲、編製基礎

本賬目以歷史成本常規法編製，並就投資物業及證券投資之重估作出修訂。本賬目乃根據香港普遍採納之會計準則編製，同時符合香港會計師公會頒佈之會計實務準則之規定。

於本年，本集團採納了由香港會計師公會所頒佈並適用於二〇〇三年一月一日或以後開始之會計年度之會計實務準則第十二號「利得稅」，如以下註釋(一(寅))所詳述，此構成會計政策之改變，故比較數字已重新列賬。

保險業務，包括保險承保、保險代理及其他相關業務，已成為本集團業務中的主要項目。故此，保險營業收入及保險申索準備已於綜合損益表中分別呈列，而比較數字亦已重新分類，以配合此呈列方式。

#### 乙、綜合賬目基準

綜合賬目包括本行與各附屬公司截至十二月三十一日止之賬目。本集團內部各公司間之重大交易及結餘已在綜合賬目內對銷。

在本行之資產負債表內，附屬公司權益乃按其成本值減除減值虧損準備金列示；本行計算其附屬公司之業績是根據已收及應收股息作基準。

#### 丙、共同控制實體

共同控制實體指本集團與其他人士以合約協議方式共同進行經濟活動，該活動受雙方共同控制，任何一方均沒有單方面之控制權。

綜合損益賬包括本集團應佔共同控制實體之本年度業績，而綜合資產負債表則包括本集團應佔共同控制實體之資產淨值。

在本行之資產負債表內，共同控制實體權益以成本值減除減值虧損準備列賬。本行將共同控制實體之業績按已收及應收股息入賬。

#### 丁、聯營公司

聯營公司為附屬公司以外，本集團持有其股權作長期投資，並對其管理具有重大影響力之公司。

### 1 Principal accounting policies

#### (a) Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties and investments in securities, and in accordance with accounting principles generally accepted in Hong Kong and comply with Statements of Standard Accounting Practice (“SSAP”) issued by the Hong Kong Society of Accountants (“HKSA”).

In the current year, the Group adopted SSAP 12 “Income taxes” issued by the HKSA which is effective for accounting periods commencing on or after 1 January 2003. As further explained in note 1(m) below, this represents a change in accounting policy and comparative figures have been restated.

The insurance business, which includes insurance underwriting, insurance agency and other related businesses, has become a significant element of the Group’s business. As a result, the insurance operating income and charge for insurance claims have been separately presented on the consolidated profit and loss account and comparative figures have been reclassified to conform with this presentation.

#### (b) Basis of consolidation

The consolidated accounts include the accounts of the Bank and all of its subsidiaries made up to 31 December. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

In the Bank’s balance sheet, the interests in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Bank on the basis of dividends received and receivable.

#### (c) Jointly controlled entities

A jointly controlled entity is an entity which operates under a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss account includes the Group’s share of the results of jointly controlled entities for the year and the consolidated balance sheet includes the Group’s share of the net assets of the jointly controlled entities.

In the Bank’s balance sheet, the interests in jointly controlled entities are stated at cost less provision for impairment losses. The results of jointly controlled entities are accounted for by the Bank on the basis of dividends received and receivable.

#### (d) Associates

An associate is a company, not being a subsidiary, in which an equity interest is held for the long-term and significant influence is exercised in its management.

## (一) 主要會計政策(續)

### 丁、聯營公司(續)

綜合損益賬包括本集團應佔聯營公司之本年度業績，而綜合資產負債表則包括本集團應佔聯營公司之資產淨值。

在本行之資產負債表內，聯營公司權益以成本值減除減值虧損準備列賬。本行將聯營公司之業績按已收及應收股息入賬。

### 戊、收入認算

本行及其附屬公司之主要業務為提供銀行及有關之財務服務。

利息收入在其產生時列入損益賬，呆賬之利息則撥入暫記賬項內，並在資產負債表內相關結餘中扣除。

保險費收入乃承保之毛保費總額，扣除分出之再保險費用並就未滿期保費作出調整。所承保之毛保費收入在承擔相關風險時確認。

服務費、佣金及租金收入按其應收款項入賬。股息收入在收取款項之權利確定時列賬。

### 己、客戶及同業貸款

所有貸款在有關現金貸予借款人時列賬。客戶及同業貸款乃按其本金結餘值扣除已撥存呆壞賬準備記錄於資產負債表內。同業貸款中包括一年以上到期之定期存放同業。現金回贈予住宅按揭貸款已資本化，並按直線法以三年期於損益賬內作出攤銷。

### 庚、呆壞賬準備

本集團於內部已將貸款分類為不同的級別。貸款之等級大部份乃按照借款人之還款能力及其收回利息及/或本金之可能性而作出評估。貸款等級之評定亦已考慮拖欠償還利息及/或本金之時間。

若本集團對貸款之最終可收回全部本息存有懷疑，均已撥存準備。本集團會按個別情況對該等貸款所潛在之虧損作個別評估，經考慮其抵押品後，提撥特殊準備，將該等資產之賬面價值減至預期可變現之淨值。若虧損未能可靠地估計，本集團則按照預設的提準備準則對應個別貸款之等級，為無抵押貸款部份提撥準備。

## 1 Principal accounting policies (continued)

### (d) Associates (continued)

The consolidated profit and loss account includes the Group's share of the results of associates for the year and the consolidated balance sheet includes the Group's share of the net assets of the associates.

In the Bank's balance sheet, the interests in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Bank on the basis of dividends received and receivable.

### (e) Income recognition

The Bank and its subsidiaries are engaged in the provision of banking and related financial services.

Interest income is recognised in the profit and loss account as it accrues, except in the case of doubtful debts where interest is credited to a suspense account which is netted in the balance sheet against the relevant balances.

Premium income represents gross insurance premium written less reinsurance ceded, as adjusted for unearned premium. Gross premiums written are recognised at date of risk inception.

Fees, commission and rental income are accounted for as and when they are receivable. Dividend income is recognised when the right to receive payment is established.

### (f) Advances to customers, banks and other financial institutions

All advances are recognised when cash is advanced to borrowers. Advances to customers, banks and other financial institutions are reported on the balance sheet at the principal amount outstanding net of provisions for bad and doubtful debts. Advances to banks and other financial institutions include placements with banks and other financial institutions for more than one year. Cash rebates granted in relation to residential mortgage loans are capitalised and amortised to the profit and loss account on a straight line basis over three years.

### (g) Provision for bad and doubtful debts

The Group internally classifies loans and advances into different categories. The classification of loans and advances is largely based on the assessment of the borrowers' capacity to repay and on the degree of doubt about the collectibility of interest and/or principal. The periods that payments of interest and/or principal have been overdue are also taken into account when classifying the loans and advances.

Provisions are made against specific loans and advances as and when the Group has doubt on the ultimate recoverability of principal or interest in full. Specific provision is made to reduce the carrying value of the asset, taking into account available collateral, to the expected net realisable value based on the Group's assessment of the potential losses on those identified loans and advances on a case-by-case basis. Where it is not possible to reliably estimate the loss, the Group applies pre-determined provisioning levels to the unsecured portion of loans and advances based on the classification of the respective loans and advances.

## (一) 主要會計政策(續)

### 庚、呆壞賬準備(續)

此外另有撥出一筆款項作為一般呆賬準備。特殊及一般準備已從資產負債表之「貸款及其他賬項」及「商業票據」中扣除。若債務結欠並無實際可收回之前景，該等債務均被撇除。

### 辛、保險申索準備

所有保險之申索已作全數撥備。未決之保險申索乃就個別索償而作出評估，包括於年結日就已承付但未報賠之索償作出估計。雖然未能就此準備金作出精確的評估，但已根據現存之資料並考慮到有關之了結申索的開支及可向其他各方追討之款項。

### 壬、收回資產

收回抵押品作變現所獲得之資產仍繼續被列作貸款，而收回資產作變現之預期出售價值與該等貸款結欠之差額均會作出提撥準備。

### 癸、外幣

外幣交易乃按照交易日實際匯率折算。外幣結存之貨幣資產負債均依照結算日之匯率伸算。有關匯兌損益已包括在損益賬內。

### 子、固定資產

#### (i) 房產

房產乃指持有之自用物業，按成本值減除累積折舊後列示。如投資物業轉作房產，則按其賬面價值轉撥，其先前之重估儲備則保留在重估投資物業儲備賬內直至有關物業出售為止。在有關物業出售時，其先前之重估儲備則由重估投資物業儲備賬直接轉撥為保留溢利。房產折舊乃按照資產之估計可用年期以直線折舊法計算如下：

- 租約土地按租約尚餘年期予以折舊。
- 樓宇及其改良乃按四十年或租約尚餘年期之較短者予以折舊。

## 1 Principal accounting policies (continued)

### (g) Provision for bad and doubtful debts (continued)

In addition, amounts have been set aside as a general provision for bad and doubtful debts. Both specific and general provisions are deducted from "Advances and other accounts" and "Trade bills" in the balance sheet. When there is no realistic prospect of recovery, the outstanding debt is written off.

### (h) Charge for insurance claims

Full provision is made for all insurance claims. Outstanding insurance claims are assessed by reviewing individual claims and include an estimate for claims incurred but not reported at the balance sheet date. This provision, although not capable of precise assessment, has been made in the light of available information and after taking into account the related claims settling expenses and possible recoveries from other parties.

### (i) Repossessed assets

Assets acquired by repossession of collateral for realisation continue to be reported as advances. Provision is made on the shortfall between the expected sales proceeds from realisation of the repossessed assets and the outstanding advances.

### (j) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. All exchange gains and losses are dealt with in the profit and loss account.

### (k) Fixed assets

#### (i) Premises

Premises represent those properties held for own use and are stated at cost less accumulated depreciation. Premises reclassified from investment properties are transferred at their carrying value. Any previous revaluation reserve on the reclassified assets is frozen in the investment properties revaluation reserve until the disposal of the asset. On the disposal of the asset, the frozen revaluation reserve is transferred directly to retained earnings. Depreciation of premises is calculated on a straight line basis to write off the assets over their estimated useful lives as follows:

- Leasehold land is depreciated over the unexpired terms of the leases.
- Building and improvements thereto are depreciated over the lesser of 40 years or the unexpired terms of the leases.

## (一) 主要會計政策(續)

### 子、固定資產(續)

#### (ii) 投資物業

投資物業乃指持有作投資用途之物業。租約尚餘年期超過二十年之投資物業，不予折舊，但每隔三年或以內會由獨立專業估值師以公開市值作基準重新估值一次；於每一相隔年間之估值，由外聘或內部專業估值師作出評估。租約尚餘年期二十年或以內之投資物業則按租約尚餘年期提撥折舊準備。

增值列入重估投資物業儲備賬，減值則先按整體投資組合之基準，從重估投資物業儲備對銷，然後在損益賬內扣除。

在出售投資物業時，重估儲備中與先前估值有關之已變現部份，將從投資物業重估儲備中撥入損益賬。

#### (iii) 傢俬及設備

傢俬及設備均按照成本值減除折舊後列示，計算方法乃按照其估計可用年期，以餘額遞減法用年率百分之二十至百分之三十計算。

#### (iv) 減值與出售盈虧

在每年結算日，均須研究內外資訊以評估銀行房產、傢俬及設備是否出現減值。如有跡象顯示資產出現減值，便須評估該等資產之可收回價值及(如適用)將有關減值虧損列賬，使該等資產減值至其可收回之價值。此等減值虧損在損益賬內扣除，如該資產乃按估值列賬，而減值虧損不超過該資產之重估盈餘，該等減值虧損則在此情況下視為重估減值。

出售固定資產(投資物業除外)之收益或虧損指出售所得收入淨額與資產賬面值之差額，並列於損益賬內。任何屬於該等資產之重估儲備結餘均轉撥至保留溢利，並詳列於儲備變動內。

## 1 Principal accounting policies (continued)

### (k) Fixed assets (continued)

#### (ii) Investment properties

Investment properties represent those properties held for their investment potential. Investment properties held on leases with unexpired periods of greater than 20 years are not depreciated but are valued at intervals of not more than three years by an independent professional valuer on an open market value basis; in each of the intervening years, valuations are undertaken by either external or internal professionally qualified valuers. Investment properties held on leases with unexpired periods of 20 years or less are not revalued but are depreciated over the remaining term of the leases.

Increases in valuations are credited to the investment properties revaluation reserve; decreases in valuations are first set off against the investment properties revaluation reserve on a portfolio basis and thereafter are charged to the profit and loss account.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous revaluations is released from the investment properties revaluation reserve to the profit and loss account.

#### (iii) Furniture and equipment

Furniture and equipment is stated at cost less depreciation calculated on a reducing balance basis to write off the assets over their estimated useful lives, at annual rates ranging from 20% to 30%.

#### (iv) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that bank premises and furniture and equipment are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

**(一) 主要會計政策(續)****丑、投資證券****(i) 持至到期證券**

持至到期證券是本集團計劃並有能力持有至到期日之有期債務證券。此類證券乃按成本值減除跌價準備列賬，而成本值經就購買時之溢價或折讓，按贖回年期作出攤銷而調整。若本集團估計未能收回這類證券之賬面值，即會提撥準備金並於損益賬內支銷。

有期債務證券攤銷之溢價或折讓作為利息收入。持至到期證券變現之損益在其產生時列入損益賬中。

**(ii) 持作買賣用途之證券**

持作買賣用途之證券指擬從短期的價格波動中獲利而購入之證券，此類證券乃按其公平價值入賬。公平價值乃指交易對手均在知情並願意情況下按公平原則磋商訂立之資產交換或支付債務的金額。公平價值之改變於產生時列入損益賬內。

**(iii) 非持作買賣用途之證券**

非持作買賣用途之證券包括除持至到期證券或持作買賣用途證券以外之債務及股權證券。非持作買賣用途之證券乃按公平價值列於資產負債表內。

非持作買賣用途證券公平值之改變於重估投資儲備內確認，直至該證券沽出或被評定為耗蝕時，屆時有關之累積收益或虧損，會從重估投資儲備轉往損益賬內。

**寅、遞延稅項**

遞延稅項採用負債法就資產負債之稅基與它們在賬目內之賬面值兩者間之短暫差額，作全數確認。遞延稅項採用在結算日前已頒佈或實質頒佈之稅率釐定。

遞延稅項資產乃就有可能將未來應課稅溢利與可動用之短暫差額抵銷而確認。

**1 Principal accounting policies (continued)****(l) Investment in securities****(i) Held-to-maturity securities**

Held-to-maturity securities are dated debt securities for which the Group has both the intention and ability to hold to maturity. These securities are stated at cost adjusted for the amortisation of premiums or discounts arising on acquisition over the periods to maturity, less provision for diminution in their value other than temporary. Provisions are made for the amount of the carrying value which the Group does not expect to recover and are recognised as an expense in the profit and loss account as they arise.

The amortisation of premiums and discounts arising on acquisition of dated debt securities is included as part of interest income. Profits or losses on realisation of held-to-maturity securities are accounted for in the profit and loss account as they arise.

**(ii) Trading securities**

Trading securities are securities which were acquired for the purpose of generating a profit from short-term fluctuations in price and are stated at fair value at the balance sheet date. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Changes in fair value of trading securities are recognised in the profit and loss account as they arise.

**(iii) Non-trading securities**

Non-trading securities include debt and equity securities other than those classified as held-to-maturity securities or trading securities. Non-trading securities are stated at fair value at the balance sheet date.

Changes in the fair value of non-trading securities are recognised in the investment revaluation reserve until the security is sold or determined to be impaired, at which time the cumulative gain or loss is transferred from the investment revaluation reserve to the profit and loss account.

**(m) Deferred taxation**

Deferred taxation is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## (一) 主要會計政策(續)

### 寅、遞延稅項(續)

遞延稅項負債乃就附屬公司、聯營公司及共同控制實體投資所產生之短暫差額而確認，但假若可以控制短暫差額之撥回，並有可能在可預見未來不會撥回則除外。

於往年，遞延稅項乃因應就課稅而計算之溢利與賬目所示之溢利兩者間之時差，根據預期於可預見將來支付或可收回之負債及資產而按現行稅率計算。採納會計實務準則第十二號構成會計政策之變動並已追溯應用，故比較數字已重新列賬，以符合經修訂之政策。

如本賬目註釋(三十)所詳述，本集團於二〇〇二年及二〇〇三年一月一日之年初權益總額已分別增加港幣四千三百九十八萬七千元及港幣四千八百一十一萬五千元，為未確認之遞延稅項資產淨額。是項會計政策之改變導致本集團於二〇〇二年十二月三十一日之遞延稅項資產及遞延稅項負債分別增加港幣三千二百萬零二千元及減少港幣一千六百一十一萬三千元。截至二〇〇二年十二月三十一日止年度之綜合溢利及在本集團之儲備記賬之金額分別已增加港幣一百九十四萬六千元及港幣二百一十八萬二千元。

### 卯、僱員福利

僱員福利包括以下短期僱員應享假期及長期僱員退休福利：

#### (i) 僱員應享假期

僱員在年假和長期服務休假之權利在僱員應享有時確認。本集團為截至結算日止僱員已提供之服務而產生之年假及長期服務休假之估計負債作出撥備。

僱員之病假及產假不作確認，直至僱員正式休假為止。

#### (ii) 退休福利

本集團設有五項職員退休福利計劃，其資產均與本集團之資產分開，由獨立信託基金管理。

本集團含有界定供款安排之退休福利計劃及強制性公積金(簡稱「強積金」)計劃之供款作為費用支銷。

## 1 Principal accounting policies (continued)

### (m) Deferred taxation (continued)

Deferred tax liabilities are recognised on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of SSAP 12 represents a change in accounting policy, which has been applied retrospectively and the comparative figures presented have been restated to conform to the changed policy.

As detailed in note 30 to the accounts, opening total equity of the Group at 1 January 2002 and 2003 have been increased by HK\$43,987,000 and HK\$48,115,000, respectively, which represent the unrecognised net deferred tax assets. This change has resulted in an increase in deferred tax assets and a decrease in deferred tax liabilities of the Group at 31 December 2002 by HK\$32,002,000 and HK\$16,113,000 respectively. The consolidated profit and amount credited to reserves of the Group for the year ended 31 December 2002 have been increased by HK\$1,946,000 and HK\$2,182,000 respectively.

### (n) Employee benefits

Employee benefits include short-term leave entitlements and long-term staff retirement benefits as follows:

#### (i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are recognised when the absences occur.

#### (ii) Retirement benefits

The Group operates five staff retirement schemes. The assets of these schemes are all held separately from those of the Group in independently administered funds.

The Group's contributions to schemes with defined contribution arrangements and the mandatory provident fund ("MPF") schemes are expensed as incurred.

**(一) 主要會計政策(續)****卯、僱員福利(續)****(ii) 退休福利(續)**

於註釋(八)詳述含有界定福利安排之退休福利計劃每年之供款，是由精算師定期評估該等計劃之資產負債而釐定。含有界定福利安排之退休福利計劃是採用預計單位貸記法評估：根據精算師的建議，將有關退休福利成本在損益賬扣除，令定期成本分攤至僱員服務年期。退休界定福利責任為估計未來現金流出量之現值，利用到期日與相關條款類似之政府債券之息率計算。所有超過退休福利計劃資產或界定福利義務兩者中較大者之百分之十的累積未實現精算盈虧，乃按照僱員平均尚餘服務年期確認。

**辰、營業租約**

任何租約，如因持有該資產所得之絕大部份報酬及風險仍保留在出租公司內，該等租約以營業租約列賬。該等營業租約租金，按租約年期以直線法從損益賬內扣除。

若本集團或本行為營業租約之出租人，則有關出租資產在資產負債表內以固定資產列賬，此等資產以類似自置資產之貫徹基準按照其估計可用年期予以折舊。租金收入(扣除向承租人支付之任何優惠)以直線法在租期內入賬。

**巳、租購合約及融資租賃**

應收客戶之租購合約及融資租賃賬款按投資淨額列入「貸款及其他賬項」內，該投資淨額包括租購合約及融資租賃之應收租金總額減未賺取之財務收入。應收租金隱含之財務收入於租賃期間列入損益賬內，使每個會計期間為投資結欠淨額取得近乎穩定之收益率。租購合約及融資租賃之經紀佣金於租約期內以直線法攤銷。

**午、資產負債表以外之金融工具**

資產負債表以外之金融工具包括本行在外匯、利率及股票市場內進行之衍生工具如期貨、遠期、期權及掉期之交易。此等工具之入賬方式視乎有關交易是用作買賣或風險對沖而定。

**1 Principal accounting policies (continued)****(n) Employee benefits (continued)****(ii) Retirement benefits (continued)**

Annual contributions to the retirement benefit schemes with defined benefit arrangements as detailed in note 8 are determined based on periodic valuations by qualified actuaries of the assets and liabilities of such schemes. Retirement benefit schemes with defined benefit arrangements are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefits is charged to the profit and loss account so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries. The defined benefit obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liabilities. Actuarial gains and losses are recognised by amortising the amount by which the cumulative unrecognised gains and losses exceed 10% of the greater of these schemes' assets and the defined benefit obligations over the average expected future working lifetime of the members of the schemes.

**(o) Operating leases**

Leases where substantially all of the rewards and risks of ownership of the asset remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Where the Group or the Bank is a lessor under operating leases, assets leased out are included in fixed assets in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned fixed assets. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

**(p) Hire purchase contracts and finance leases**

The amounts due from customers in respect of hire purchase contracts and finance leases are included in "Advances and other accounts" at net investment which represents the total rentals receivable under hire purchase contracts and finance leases less unearned finance income. Finance income implicit in the rental receivable is credited to the profit and loss account over the lease period or hire period so as to produce an approximately constant periodic rate of return on the net investment outstanding for each accounting period. Dealer commission paid for hire purchase contracts or finance leases is amortised on a straight line basis over the terms of the leases.

**(q) Off balance sheet financial instruments**

Off balance sheet financial instruments include derivatives such as futures, forward, option and swap transactions undertaken by the Group in the foreign exchange, interest rate and equity markets. The accounting for these instruments is dependent upon whether the transactions are undertaken for trading purposes or to hedge risk.