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Ultra Vires Acts: 'Ultra Vires' in Latin means beyond the powers; the doctrine of ultra vires has two connotations concerning joint stock companies; first, the term 'acts ultra vires the company' means the acts which the company is not authorized by its memorandum to undertake and cannot subsequently be ratified; second, the term 'acts ultra vires the directors' means the acts which are beyond the powers of the directors in terms of the company's articles, but such acts can subsequently be ratified by the shareholders.

Unclaimed Balances: also called dormant balances or dormant accounts in which there is no client activity, or may not have been used and may have been virtually abandoned; the right to such balances devolves to the state after a specified period; on the reappearance of the claimant, the balance may be redeemed by the claimant.

Uncollected Fund: are cheques or drafts that are presented by a bank to the draweee bank but are not paid by the latter; may also include cheques not paid due to insufficient funds in the drawer's account; also called uncollected items.

Uncollectable Accounts, Receivables: are of several of types; for example an uncollectable but receivable loan is the amount not likely to be paid by the borrower due to insolvency, or because creditors may not have security against such a receivable.

Undercapitalization: is inadequacy of capital relative to level of business operations; or relative to capital adequacy requirements for a business, a firm, or a bank; it occurs when the equity or shareholder's funds are less than total capital

requirements which may temporarily be managed with current liabilities or fixed assets; to remedy undercapitalisation additional equity has to be raised from new investors in capital markets, but the prospects of attracting additional equity from new investors depends on performance and financial strength of the company or the bank, or a premium on dividends may have to be offered if expected profitability levels permit; if access to capital markets is restricted or if the financial performance is weak, and new investors are not forthcoming, then the only resource is increase in equity by current shareholders; for example, recapitlisation by the government of state owned enterprises or nationalized banks.

Underwriter: is an investment bank, or a group or syndicate of investment banks who undertake an underwriting commitment for a fee to handle the sale of a new issue of a security such as a bond or a debenture on behalf of the issuer and with compliance to registration, listing and rating requirements.

Underwriting: involves purchase of a new issue of a security by the underwriter from the issuer for resale to the public under an agreement and for an underwriting fee; the underwriting commitment involves purchase of the entire issue or part of it, designated for resale to the public with an underwriting spread, which is the difference between the cost of purchase and the resale price of the security; there are several types of underwriting arrangements such as private placement, public offering, negotiated underwriting, or standby underwriting.

Underwriting Commitment: is the undertaking given by underwriters to a company to underwrite issue of new bonds or new equity financing instruments.

Underwriting Risks and Costs: are of two types; first, the market risk that the new security may be perceived more risky and may be priced lower than the issue price causing a loss to the underwriter; second, the interest rate risk, or the risk that the interest rate may rise and may thus lower the price of the security on the bond during the intervening period when the underwriter purchases the security and offers for resale to the public; the underwriting fee includes a premium for these risks together with the cost of underwriting.

Undivided Profits: are retained earnings or earned surplus, or the portion of after-tax profit which is not paid out to stockholders as dividend. In some cases, it also refers to the earnings of an entity, such as a syndicate or partnership, preceding allocation of profit according to the profit distribution agreement.

Unforeseen Loss: is unexpected loss due to unanticipated events or unanticipated market downturn; or unexpected loss due to acts or omissions of third parties; or a loss due to natural calamities.

Uniform Accounting Standards: are rules, procedures, accounting standards and practices uniformly adopted by financial institutions and banks in compliance with disclosure and reporting requirements and to facilitate cross institutional performance evaluation and assessment.

Uniform Rate: is a rate of return paid to asset holders; or a uniform interest rate paid to all depositors of a given category; or a uniform rate of interest charged to borrowers of similar category.

Unlimited Guarantee: in a contract of guarantee the guarantor usually limits his liability to a certain stated amount; but if he does not so limit his liability, the guarantee is called unlimited, and the creditor may demand any amount which may include his incidental costs, losses and damages.

Uninsured Deposits: are deposits which are not covered by deposit insurance scheme in the event of insolvency, bankruptcy or failure of deposit taking institutions; for example, deposits held by finance companies, investment companies or other nonbank financial institutions.

Unit Bank: is a bank with a single operating office at one location, a money centre, or a metropolitan area; a unit bank is typically a small bank with no branches, as against a branch bank with several branch offices.

Unit Banking: is a banking system where banking laws and branching rules and regulations do not allow a bank to open branches or engage in full service banking operations.

Universal Banks: are banks which offer full range of services of a commercial bank and investment bank; a supermarket for banking services; mostly large European banks.

Universal Banking: is a banking system where a bank is authorized to offer full range of banking and financial services, and is not restricted by law, rules and regulations, to a particular spectrum of banking; universal banks, therefore, combine the salient features of commercial banking, such as accepting deposits, making loans and financing trade operations; investment banking facilities, such as underwriting, providing equity finance, and investment advisory services; providing clients access to securities market, portfolio investment operations, holding or managing investment accounts, offering brokerage services and securities trading facilities. Such a wide spectrum of operations allowed to the universal banks, it is argued, may lead to a concentration of financial and economic power in a few large banks, and insider's control or interests such as those in group banking to the detriment of the financial and banking system; but

universal banking experience in Europe as well as elsewhere does not bear this out, and with liberalization of banking systems, the trend is increasingly towards universal banking practices except where tightly regulated by banking laws and regulations.

Unlimited Liability: is the liability of partners or proprietor of a company with respect to their creditors, which includes a commitment to cover the liability not only from business investments but also personal assets if business investment and pledged assets are insufficient; this is distinct from the limited liability of shareholder in a joint stock company which is limited to the amount of shares held.

Unquoted Shares: are shares of a private limited company which are not entitled for listing on a stock exchange, or shares of a public limited company which are not listed with a stock exchange; in either case, formal quotation for such shares are not available on the floor of a stock exchange.

Unregulated Market: is a market not subject to rules or regulations regarding its operations specified by authorities concerned, or not subject to self regulation by association of traders participating in the market, or any self-governing institution established to oversee trading practices and procedures; unregulated markets exist for commodities, precious metals, currency, even for stocks and shares but with limited size of operations in stocks and shares.

Unsecured Credit, Loan: is a credit or a loan granted on the strength of borrower's personal creditworthiness or guarantee but not secured by collateral or tangible asset. Regulations in certain countries restrict banks in extending such loans beyond a certain amount to a single borrower with maximum limit for total loans of a bank.

Unsound Banking Practices: are banking procedures and practices that do not adhere to well established principles and standards of sound banking; may involve imprudent, speculative or even unlawful lending practices with insufficient collateral and non-compliance to standard procedures and practices; overexposure to a few clients and concentration in few sectors; inability or unwillingness to pursue recovery in case of loan default; weak or inadequate management of banking risks; insufficient safeguards against illiquidty and capital inadequacy. (*see Sound Banking*)

Unusual Acquisition: when a small, but financially strong listed company with a better record acquires a large company, or where a company acquires another company which is engaged in an entirely different field of activity, it is known as unusual acquisition.

Upstream Participation Loan: is an arrangement of sharing a loan by a group of banks through correspondent banking network under which a larger correspondent bank, called upstream bank buys a portion of the loan from the smaller bank called respondent or downstream bank; the smaller bank who sells such an upstream participation loan does so because the amount of loan may exceed its legal lending limit or it may not like to assume the entire risk, but the selling bank still earns a fee for selling the loan.

Usance: is the time allowed on a bill of exchange for payment; the period of time between the date of acceptance or date of the bill and its due date; the period for which a bill of exchange is drawn.

Uses of Cash: includes holding of cash for future payments; cash disbursement and cash payments made for various purposes such as repayment of a debt or an obligation; purchase of goods and services; settlements and clearance of payments.

Usuary: is a rate of interest charged by unregulated or informal lenders well in excess of market-based rates, often in multiples of market interest rates; for example, money lenders charging 4% a month or more on loan balances usually from borrowers who do not have access to bank loans.

Utilities: are public services such as supply of gas, electricity and water which are subject to specific regulations.

Utilization Fee: is an annual fee, opposite to a commitment fee charged by banks on the portion of a revolving line of credit or term loan which has been drawn down by the borrower.