



**Scottish Housing
Regulator**

**Determination of
Accounting Requirements**
April 2012
Regulatory Guidance

1. Commencement

This Determination shall take effect from 1 April 2012 and shall apply to RSLs with accounting periods commencing on or after 1 April 2012.

2. Interpretation

In this Determination

“accounting policies” means the specific accounting principles selected and followed by a registered social landlord which are, in the opinion of the governing body of the registered social landlord, appropriate to its circumstances and best suited to present a true and fair view of its results and financial position and which conform with generally accepted accounting practice;

“balance sheet” means the balance sheet required for the purposes of:

- (a) Section 39(1) Co-operative and Community Benefit Societies and Credit Unions Act 1965 (previously known as Industrial and Provident Societies Act 1965); or
- (b) Section 396(1)(a) of the Companies Act 2006;

“book value” means the value of an asset as it appears on the balance sheet;

“depreciation” means the cost or value of an asset which is used or consumed during the period of account;

“executive” means a director, trustee, member of the governing body and member of the key management of a registered social landlord;

“general needs housing” means housing that is not shared ownership accommodation or supported housing accommodation;

“governing body” means in the case of a company, the board and in the case of an industrial and provident society, the management committee;

“historical cost surplus or deficit” means the surplus or deficit if no revaluation has taken place during the period of account;

“impairment” means a reduction in the recoverable amount of a fixed asset below its carrying value;

“income and expenditure account” means the revenue account required for the purposes of:

- (a) Section 3(2) of the Co-operative and Community Benefit Societies and Credit Unions Act 1968 (previously known as the Friendly and Industrial and Provident Societies Act 1968); or
- (b) the profit and loss account referred to in section 396(1) of the Companies Act 2006

“industrial and provident society” means a society registered under the Co-operative and Community Benefit Societies and Credit Unions Act 1965 (previously known as the Industrial and Provident Societies Act 1965);

“officer” has the same meaning as in section 165 Housing (Scotland) Act 2010;

“operating costs” means all of the direct and indirect costs associated with an activity, including cost of sales;

“operating surplus or deficit” means the surplus or deficit incurred after running costs are taken into account and before any interest or other finance costs are taken into account;

“period of account” means the period to which the income and expenditure account relates;

“planned and cyclical maintenance” means costs incurred by the registered social landlord to maintain property that can be planned or contracted for;

“reactive maintenance” means costs incurred by the registered social landlord to maintain property that cannot be planned or contracted for;

“shared ownership accommodation” means accommodation that is owned jointly by the registered social landlord and the occupant;

“the SORP” means the Statement of Recommended Practice: Accounting by Registered Social Landlords Update, issued by the National Housing Federation, the Welsh Federation of Housing Associations and the Scottish Federation of Housing Associations in October 2010;

“subsidiary” has the same meaning as in section 164 Housing (Scotland) Act 2010;

“supported housing accommodation” means accommodation owned by a registered social landlord and allocated to an individual requiring support to live independently, which is occupied by that individual as the individual’s sole or main residence, but does not include accommodation the primary purpose of which is to provide care rather than housing, or which aims to fulfil a statutory duty other than under housing legislation;

“unit of accommodation” means in the case of supported housing or a hostel accommodation which is provided for one individual and, in any other case, a dwelling;

“voids” means the monetary value of rent lost by a registered social landlord for properties that are not let.

3. Application of Determination

This Determination applies to all registered social landlords with a period of account which begins on or after 1 April 2012.

4. Information in specified form

Any requirement in this Determination to prepare information in a specified form shall be satisfied if it is prepared in a form substantially to the same effect.

5. Materiality

Unless stated otherwise, amounts which in a particular context of any provision of this Determination are not material may be disregarded for the purpose of that provision.

6. General accounting requirements

- (1) The accounts of a registered social landlord shall comply with the requirements of this Determination, SORP (where applicable) and applicable financial reporting standards with respect to the form and content of the balance sheet, income and expenditure account, additional statements and any additional information to be provided by way of notes to the accounts.
- (2) Nothing in this Determination shall prevent the accounts giving more information than is required by this Determination.

7. True and fair view

- (1) The balance sheet shall give a true and fair view of the state of affairs of the registered social landlord as at the end of the period of account.
- (2) The income and expenditure account shall give a true and fair view of the surplus or deficit incurred by the registered social landlord for the period of account.
- (3) Where it is necessary to depart from the requirements of this Determination so as to give a true and fair view of the state of affairs of a registered social landlord and of its income and expenditure account in accordance with the duties imposed by—
 - (a) section 396(2) of the Companies Act 2006 in the case of a registered social landlord that is a company, or
 - (b) section 3(1) and (4) of the Co-operative and Community Benefit Societies and Credit Unions Act 1968 (previously known as the Friendly and Industrial and Provident Societies Act 1968) in the case of a registered social landlord that is an industrial and provident society, then—

nothing in this Determination shall prevent such a departure but particulars of any such departure, the reasons for it and its effect shall be stated in the notes to the accounts.

8. Accounting principles and policies

- (1) Accounting policies used by a registered social landlord shall be applied consistently within the same accounts and from one period of account to another.
- (2) Accounting policies adopted by a registered social landlord in determining the amounts to be included in respect of items shown in the balance sheet or in the income or expenditure account shall be stated in the notes to the accounts.
- (3) Where a change is made to an accounting policy, details of the change, the reasons for it and its effect on the accounts shall be stated in the notes to the accounts.
- (4) Where the accounts are prepared other than on a going concern basis, a statement to that effect shall be included in the notes to the accounts.
- (5) Amounts in respect of items representing assets or income may not be set off against amounts in respect of items representing liabilities or expenditure (as the case may be) or vice versa.

- (6) All income and expenditure relating to the period of account shall be taken into account without regard to whether the income and expenditure is received or paid during the period of account.

9. Housing activities

- (1) If in the course of the period of account a registered social landlord has engaged in housing activities in two or more types of accommodation that in the opinion of the governing body differ substantially from each other, the income and expenditure account shall state, in respect of each type—
- (a) the amount of the turnover attributable to that type;
 - (b) the costs attributable to that type; and
 - (c) the amount of operating surplus or deficit which is in the opinion of the governing body attributable to that type.
- (2) For the purposes of paragraph (1), the type of accommodation includes general needs housing, supported housing accommodation and shared ownership accommodation.

10. Signature of balance sheet

The balance sheet shall—

- (a) show the date on which the accounts have been authorised for issue by the governing body of the registered social landlord;
- (b) be signed on behalf of the governing body by—
 - (i) a member of the governing body in the case of a company, or
 - (ii) two members and the secretary of the governing body in the case of an industrial and provident society.

11. Notes to the accounts

- (1) Every registered social landlord shall include in the notes to its accounts the information shown in the Schedule to this Determination, together with the corresponding information for its previous period of account.
- (2) Items listed in the Schedule to this Determination shall not be included if there is no amount to be shown in respect of both the period of account and the previous period of account.

12. Additional statements

- (1) Every registered social landlord shall include in the accounts—
- (a) a statement of the total recognised surpluses and deficits, unless the total recognised surpluses and deficits are identical to those shown in the accounts, in which case a statement to this effect; and



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- (b) a note of the historical cost surpluses and deficits, unless the historical cost surpluses and deficits are identical to those shown in the accounts, in which case a statement to this effect.
- (2) A registered social landlord which is–
- (a) in the process of increasing its housing stock, or
 - (b) the owner of 500 or more units of accommodation,
- shall include in the accounts a cash flow statement prepared in accordance with the SORP.



SCHEDULE

INFORMATION TO BE INCLUDED IN THE NOTES TO THE ACCOUNTS

PART 1

Note 1 – Particulars of turnover, operating costs and operating surplus or deficit

	<i>Turnover</i>	<i>Operating Costs</i>	<i>Operating Surplus or Deficit</i>	<i>Operating Surplus or Deficit for Previous Period of Account</i>
	£	£	£	£
Social lettings				
Other activities				
Total				
Total for previous period of account				



Note 2 – Particulars of turnover, operating costs and operating surplus or deficit from social letting activities

	<i>General Needs Housing</i>	<i>Supported Housing Accommodation</i>	<i>Shared Ownership Housing</i>	<i>Other (describe)</i>	<i>Total</i>	<i>Total for previous period of account</i>
	£	£	£	£	£	£
Rent receivable net of service charges						
Service charges						
Gross income from rents and service charges						
Less voids						
Net income from rents and service charges						
Grants from the Scottish Ministers						
Other revenue grants						
Total turnover from social letting activities						
Management and maintenance administration costs						
Service costs						
Planned and cyclical maintenance						
Reactive maintenance costs						
Bad debts – rents						



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	<i>General Needs Housing</i>	<i>Supported Housing Accommodation</i>	<i>Shared Ownership Housing</i>	<i>Other (describe)</i>	<i>Total</i>	<i>Total for previous period of account</i>
	£	£	£	£	£	£
and service charges						
Depreciation of social housing						
Impairment of social housing						
Operating costs for social letting activities						
Operating surplus or deficit for social lettings						
Operating surplus or deficit for social letting for previous period of account						

	<i>Grants from Scottish Ministers</i>	<i>Other revenue grants</i>	<i>Supporting people income</i>	<i>Other income</i>	<i>Total Turnover</i>	<i>Operating costs – bad debts</i>	<i>Other operating costs</i>	<i>Operating surplus or deficit</i>	<i>Operating surplus or deficit for previous period of account</i>
	£	£	£	£	£	£	£	£	£
Other agency/management services									
Developments for sale to registered social landlords									
Developments and improvements for sale to non registered social landlords									
Other activities (describe here)									
Total from other activities									
Total from other activities for the previous period of account									

“Other activities” that are material should be clearly described and a materiality level of 5% of turnover or costs, or “250 000, whichever is lower, should be applied for item or items included as “other activities”

PART 2 : OTHER INFORMATION TO BE INCLUDED IN THE NOTES TO THE ACCOUNTS

Establishment of registered social landlord

1. A statement of the legislative provisions under which the registered social landlord is established.
2. Any identifying number allocated to the registered social landlord as part of a registration process by–
 - (a) the registrar of companies for Scotland, under section 1066 of the Companies Act 2006;
 - (b) the Financial Services Authority;
 - (c) the Office of the Scottish Charity Regulator, or
 - (d) the Scottish Ministers.

Administration details

3. The address of the registered office of the registered social landlord and, if different, the address of the principal office of the registered social landlord.
4. The name of any person who is an executive at any point during the period of account and the date of that person's appointment or resignation if during the period of account.
5. The names and addresses of the bankers, solicitors, auditors and other principal professional advisers of the registered social landlord.

Accounting standards

6. (1) Whether the accounts have been prepared in accordance with applicable accounting standards and the SORP¹, particulars of any material departures from these standards or the SORP and the reason for any such departure.

(2) For the purposes of this paragraph, "accounting standards" has the same meaning as "accounting standards" in section 464 of the Companies Act 2006 and "applicable" means such standards as are, in accordance with their terms, relevant to the registered social landlord's circumstances and to the accounts.

Group accounts

7. (1) Where the registered social landlord is a parent undertaking, whether it is required by any other enactment to prepare group accounts.

(2) Where the registered social landlord is a subsidiary undertaking, the name of the undertaking which the governing body of the registered social landlord regards as its parent undertaking.

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Officers' emoluments

8. The aggregate amount of emoluments payable to, or receivable by the officers and former officers of the registered social landlord whose total emoluments are £60,000 or more, excluding employer's pension contributions, during the period of account.
9. The number of officers whose emoluments during the period of account fall within each band of £10,000 from £60,000 upwards.
10. If there are no officers with emoluments of £60,000 or more during the period of account, this should be stated.
11. The emoluments payable to, or receivable by the chief executive of the registered social landlord, excluding employer's pension contributions.
12. In paragraphs 8 to 11, "emoluments" means payments in respect of an officer's services as an officer of the registered social landlord or the officer's services (while an officer of the registered social landlord) in

connection with the management of its affairs or the affairs of any subsidiary undertaking of the registered social landlord, whether those amounts are payable by the registered social landlord or its subsidiary undertakings, and includes–

- (a) wages and salaries, including performance related pay, payable for the period of account;
- (b) fees and percentages;
- (c) sums payable by way of expense allowance (so far as chargeable to United Kingdom tax);
- (d) contributions payable in respect of pensions except where otherwise stated; and
- (e) the estimated money value of any other benefits otherwise than in cash,

and emoluments in respect of a person accepting office shall be treated as emoluments in respect of his or her service as officer.

13. The pension contributions payable to, or receivable by officers of the registered social landlord whose total emoluments (excluding pension contributions) are £60,000 or more during the period of account, or where no such contribution is payable, a statement to that effect.
14. (1) Particulars of any loan made to an officer or person connected with an officer.
(2) Particulars of any loan which is repayable by the registered social landlord, in which an officer of the registered social landlord or person connected with the officer has an interest.

Compensation payable to officers

15. The aggregate amount of any compensation payable to, or receivable by officers and former officers of a registered social landlord for loss of office (whether by retirement or otherwise) during the period of account, distinguishing between compensation in respect of the office, whether of the registered social landlord or any subsidiary undertaking and compensation in respect of other offices.
16. In paragraph 15, “compensation” means compensation received or receivable for–
 - (a) loss of office of the officer of the registered social landlord, or
 - (b) loss, while an officer of the registered social landlord or in connection with ceasing to be an officer of that body, of–
 - (i) any other office in connection with the registered social landlord’s affairs; or
 - (ii) any office or otherwise in connection with the management of affairs of any subsidiary undertaking of the registered social landlord.

Consideration for officers' services

17. (1) The aggregate amount of any consideration payable to or receivable by third parties during the period of account, where the consideration is £60,000 or more, for making available the services of any person to perform in the role of officer of the registered social landlord, or (while an officer of the registered social landlord) in connection with the management of the affairs of the registered social landlord or the affairs of any subsidiary undertaking of the registered social landlord.
(2) For the purposes of this paragraph, “third parties” means persons other than an officer of the registered social landlord or any of its subsidiary undertakings.
18. (1) In paragraphs 8 to 17, amounts to be disclosed include benefits other than in cash and, in relation to such amounts, reference to the amounts are to be the estimated monetary value of the benefit.
(2) The nature of such benefits shall also be disclosed.

Employees

19. (1) The average number of full time equivalent employees of the registered social landlord, as ascertained from the average number of full time equivalent employees employed in each month of the period of account.
(2) Where the total number of employees differs materially from the number of full time equivalent employees, this should be disclosed.
20. In paragraph 19, a “full time equivalent” employee means a full time employee working standard hours and includes temporary, seconded and agency staff.

21. In relation to employees of the registered social landlord, the aggregate amount of–
- (a) wages and salaries (including performance related pay) payable for the period of account;
 - (b) social security costs incurred by the registered social landlord;
 - (c) any pension costs incurred; and
 - (d) costs of employing temporary, seconded and agency staff.
22. In paragraph 21–
- (a) “social security costs” means any contributions by the registered social landlord to any state social security or pension scheme, fund or arrangement; and
 - (b) “pension costs” includes any costs incurred by the registered social landlord in respect of any pension scheme established for the purpose of providing pensions for persons currently or formerly employed by the registered social landlord, any sums set aside for the future payment of pensions directly by the registered social landlord to current or former employees and any pensions paid directly to such persons without having first been set aside.

Auditors

23. The amount of remuneration including sums payable in respect of expenses received by or receivable by the registered social landlord’s auditors in their capacity as such.
24. (1) The amount of any remuneration including sums payable in respect of expenses, received by or receivable by the registered social landlord’s auditors or their associates in respect of services other than those of auditors in their capacity as such.
- (2) For the purposes of this paragraph, “associate” has the same meaning as in regulations made under section 256 Companies Act 2006.

Interest payable and similar charges

25. A summary of interest payable and similar charges disclosing–
- (a) deferred interest; and
 - (b) interest charged on late payment of taxation.

Taxation

26. A breakdown of the tax charge for the period of account including–
- (a) the amount of Corporation tax;
 - (b) the amount of any under or over provision for Corporation tax in the previous periods of account; and
 - (c) the charge to deferred tax.
27. Particulars of any special circumstances which affect liability in respect of the taxation of surpluses, income or capital gains for the period of account, or liability in respect of these items for future periods of account.

Fixed Assets

28. The amount of fixed assets at the beginning and at the end of the period of account and the effect on any amount shown in the balance sheet in respect of that item of–
- (a) any revision of the amount in respect of any fixed assets included under that item made during the period of account;
 - (b) acquisitions during the period of account;
 - (c) disposals of fixed assets during the period of account; and
 - (d) any transfers of fixed assets of the registered social landlord to and from that item during the period of account.
29. A reconciliation between the balance at the beginning and at the end of the period of account, for all fixed assets, and in aggregate, a reconciliation of housing properties and other fixed assets, in respect of gross cost or valuation, capital grants, accumulated depreciation and net book value.

30. (1) Where the registered social landlord has recognised impairment losses in the accounts in the period of account, there shall be stated–
- (a) the classes of fixed asset affected; and
 - (b) the financial impact of the recognised impairment losses in relation to the surplus and net book value of fixed assets.
- (2) For the purposes of this paragraph, “recognised impairment losses” means the recognition in the accounts, of the reduction in the recoverable amount of a fixed asset below its carrying value.
31. (1) Where any amount is shown in respect of land (including buildings) in the registered social landlord’s balance sheet, there shall be stated–
- (a) how much of that amount relates to land owned by the registered social landlord and how much relates to land which is held on a lease; and
 - (b) how much of the amount attributable to land held by the registered social landlord on a lease relates to land held on a long lease and how much to land held on a short lease.
- (2) For the purposes of this paragraph, “long lease” and “short lease” have the same meaning as in Paragraph 7 of Schedule 10 to the Large and Medium sized Companies and Group (Accounts and Reports) Regulations 2008 (2008/No 410).

Fixed asset investment

32. (1) Where a registered social landlord disposes of a house on shared equity terms, that disposal shall be treated as a fixed asset investment and the grant the registered social landlord receives from the Scottish Ministers shall be treated as a capital grant and shown separately as a deduction from the investment.
- (2) For the purposes of this paragraph, “disposed of on shared equity terms” has the meaning given in section 83(3) Housing (Scotland) Act 2001.

Rent arrears

33. The aggregate amount of gross rent arrears, the amount of any provisions for bad and doubtful debts, and the aggregate amount for net rent arrears.

Creditors

34. In respect of each item shown under “creditors” in the registered social landlord’s balance sheet, there shall be stated–
- (a) the aggregate amount of any debts included under that item in respect of which any security has been given by the registered social landlord, including an indication of the nature of the security given;
 - (b) the terms of payment or repayment of any debt and the rate of interest payable on the debt; and
 - (c) the aggregate amount of adjustments made to the book value of the debt in respect of finance costs, discounts and premiums.
35. If it is not practicable to comply with paragraph 34(b) because to do so would result in a statement of excessive length it shall be sufficient to give a broad summary of the terms of payment or repayment and the rates of interest payable on the debts.

Provisions

36. In respect of any provision shown in the balance sheet–
- (a) what the provision is intended for;
 - (b) the amount brought forward from the previous period of account;
 - (c) the amount carried forward to the next period of account;
 - (d) the charge to the income and expenditure account for the period of account including any amount relating to interest receivable or investment income; and
 - (e) expenditure charged to the provision for the period of account.

37. The amount of the provision for deferred taxation shall be stated separately from the amount of any other provision for liability.
38. The reason for any charge for a provision where the reason is other than that which the provision was intended for.
39. In paragraphs 36 to 38, "provision" means an amount retained as reasonably necessary for the purpose of providing for any liability which is either likely to be incurred, or certain to be incurred but uncertain as to the date on which it will arise.

Share capital

40. The balance of share capital at the beginning and at the end of the period of account, together with details of movements during the period of account.

Accommodation managed by the registered social landlord

41. (1) The number of units of different types of accommodation managed by the registered social landlord at the beginning and at the end of the period of account.

(2) For the purposes of this paragraph the type of accommodation includes general needs housing, supported housing accommodation and shared ownership accommodation.

Accommodation managed by others

42. Where units of accommodation owned by a registered social landlord are managed on behalf of the registered social landlord by another body—
 - (a) the number of units of accommodation managed at the beginning and at the end of the period of account;
 - (b) the name of each managing body; and
 - (c) the total amount and type of funding, if any, payable to that body in respect of those units.
43. If it is not practicable to comply with paragraph 42 because to do so would result in a statement of excessive length, it shall be sufficient to give details of the main managing bodies and a summary of the number of units of accommodation and amount and type of funding payable.

Charges

44. Particulars of any charge on the assets of the registered social landlord to secure the liabilities of any other person, including, where practicable, the amount secured.

Capital and other commitments

45. There shall be stated where practicable, the aggregated amount or estimated amount of contracts for capital expenditure, so far as not provided for, together with an indication of the proposed financing of such expenditure.
46. Particulars of any other financial commitments which have not been provided for and are relevant to assessing the registered social landlord's state of affairs.

Contingent liabilities

47. The following information shall be given with respect to any other contingent liability not provided for—
 - (a) the amount or estimated amount of that liability;
 - (b) its legal nature; and
 - (c) whether any security has been provided by the registered social landlord in connection with that liability and, if so, the nature and amount of that security.