
STATUTORY INSTRUMENTS

1999 No. 1073

The Registered Housing Associations (Accounting Requirements) (Scotland) Order 1999

Citation, commencement and revocation

1.—(1) This Order may be cited as the Registered Housing Associations (Accounting Requirements) (Scotland) Order 1999 and shall come into force on 1st May 1999.

(2) Subject to paragraph (3), the Registered Housing Associations (Accounting Requirements) (Scotland) Order 1993(1) is hereby revoked.

(3) Notwithstanding paragraph (2), the Registered Housing Associations (Accounting Requirements) (Scotland) Order 1993 shall continue to apply in respect of any period of account starting before 1st April 1999.

Interpretation

2. In this Order, unless the context otherwise requires—

“accounting policies” means the specific accounting bases selected and consistently followed by a registered housing association which are, in the opinion of the board of the registered housing association, 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;

“accounts” means the registered housing association’s financial statements which consist of the balance sheet, the income and expenditure account, the notes to the accounts and any other such statements required to conform with generally accepted accounting practice;

“balance sheet” means the balance sheet required for the purpose of section 39(1) of the Industrial and Provident Societies Act 1965(2);

“balance sheet date” means the date as at which the balance sheet was made up;

“board” means the management committee of the society;

“chief executive” means the person who has overall responsibility for the running of the day to day affairs of the registered housing association;

“co-ownership society” means an industrial and provident society in the case of which—

- (a) the rules of the society restrict membership to persons who are tenants or prospective tenants of the registered housing association and preclude the granting or assignment of tenancies to persons other than members; and
- (b) each tenant (or his personal representatives) will, under the terms of the tenancy agreement or of the agreement under which he became a member of the society, be entitled, on his ceasing to be a member and subject to any conditions stated in either

(1) S.I.1993/487.

(2) 1965 c. 12; section 39(1) was amended by the Friendly and Industrial and Provident Societies Act 1968 (c. 55), section 11(1) and S.I. 1996/1738.

agreement, to a sum calculated by reference directly or indirectly to the value of his housing accommodation;

“designated reserve” means funds set aside to be used for a particular purpose in the future;

“director” means, unless otherwise stated, a member of the board of the registered housing association;

“disposal proceeds fund” means the sums standing in the disposal proceeds account of a registered housing association, calculated and disclosed in accordance with guidance issued by Scottish Homes.

“group” has the same meaning as in section 262(1) of the Companies Act 1985(3);

“housing accommodation” means dwellings, houses in multiple occupation and hostels;

“housing land” means land and buildings held by a registered housing association for the purposes of providing housing accommodation (including accommodation to be provided by disposal for sale or on lease);

“income and expenditure account” means the revenue account required for the purposes of section 3(2) of the Friendly and Industrial and Provident Societies Act 1968(4);

“industrial and provident society” means a body registered under the Industrial and Provident Societies Act 1965;

“notes to the accounts” means notes to the balance sheet or the income and expenditure account;

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

“registered housing association” means a body registered with Scottish Homes under the Housing Associations Act 1985;

“restricted reserve” means funds provided to the registered housing association, the use of which is restricted by general law or by the terms on which the funds were given to the registered housing association or were allowed to be retained by the registered housing association to be used for a specific purpose;

“supported housing” means accommodation owned by a registered housing association and allocated to individuals requiring some form of support in order to live independently in the community, but does not include accommodation the primary purpose of which is to provide care rather than housing, accommodation which aims to fulfil a statutory duty other than under housing legislation and accommodation which is not provided with the aim of providing residents with a permanent home or the life skills and confidence to move into permanent accommodation;

“undertaking” has the same meaning as in section 259(1) of the Companies Act 1985(5); and

“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.

Application

3. This Order applies to the accounts of every registered housing association in respect of a period of account starting on or after 1st April 1999.

(3) 1985 c. 6. Section 262 was substituted by the Companies Act 1989 (c. 40), section 22.

(4) 1968 c. 55.

(5) Section 259 was substituted by the Companies Act 1989, section 22.

Information in specified form

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

Materiality

5. Unless stated otherwise, amounts which in a particular context of any provision of this Order are not material may be disregarded.

General accounting requirements

6. The accounts shall comply with the requirements of this Order (as far as applicable) with respect to the form and content of the balance sheet and income and expenditure account and any additional information to be provided by way of notes to the accounts.

7.—(1) The balance sheet shall give a true and fair view of the state of affairs of the registered housing association 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 housing association for the period of account.

8. Where the accounts are prepared other than on a going concern basis, a statement to that effect shall be included in those accounts.

9. Accounting policies used by a registered housing association shall be applied consistently within the same accounts and from one period of account to another and the accounting policies adopted by the registered housing association in determining the amounts to be included in respect of items shown in the balance sheet or in the income and expenditure account shall be stated (including policies with respect to the depreciation and diminution in the value of assets).

10. The amount of any item shown shall be determined on a prudent basis, and in particular—

- (a) only surpluses realised at the balance sheet date shall be included in the income and expenditure account; and
- (b) all liabilities and deficits which have arisen or are likely to arise in respect of the period of account to which the accounts relate shall be taken into account, including those which only become apparent between the balance sheet date and the date on which it is signed on behalf of the board.

11. All income and expenditure relating to the period of account shall be taken into account without regard to the date of receipt or payment.

12. In determining the aggregate amount of any item to be included in the accounts, the amount of each individual asset or liability that falls to be taken into account shall be determined separately.

13. Where it is necessary to depart from the requirements of this Order so as to give a true and fair view of the state of affairs of a registered housing association and of its income and expenditure account in accordance with the duties imposed by section 3(1) and (4) of the Friendly and Industrial and Provident Societies Act 1968(6), then—

- (a) nothing in this Order shall prevent such a departure; but
- (b) particulars of any such departure, the reason for it and its effect shall be given in a note to the accounts.

14. Nothing in this Order shall prevent the accounts giving more information than is required by this Order.

(6) Section 3(4) was amended by the Friendly Societies Act 1974 (c. 46), Schedule 11.

15. If in the course of the period of account a registered housing association has engaged in housing activities in two or more classes of accommodation that, in the opinion of the board, differ substantially from each other, there shall be stated in respect of each class (describing it)–

- (a) the amount of the turnover attributable to that class; and
- (b) the amount of the surplus or deficit before taxation which is in the opinion of the board attributable to that class.

16. Where the accounts are to be circulated by the registered housing association to persons who are not members, a copy of the auditor's report on those accounts shall be circulated at the same time.

17. The balance sheet shall–

- (a) show the date on which the accounts have been approved by the board;
- (b) be signed on behalf of the board by at least two members of the board and the secretary.

Balance sheet and income and expenditure account

18. Subject to article 20, the balance sheet of every registered housing association shall–

- (a) include headings and sub-headings corresponding to the items listed in Format 1 of Part I of Schedule 4 to the Companies Act 1985;
- (b) show the amount of the items listed under those headings.

19. Subject to article 20, the income and expenditure account of every registered housing association shall–

- (a) include headings and sub-headings corresponding to the items listed–
 - (i) in Format 1 of Part I of Schedule 4 to the Companies Act 1985 where the items are listed by reference to the activities of the registered housing associations; or
 - (ii) in any other case, in Format 2 of that Part;
- (b) show the amount of the items listed under those headings;
- (c) show the amount of the surplus or deficit of the registered housing association in respect of the ordinary activities of the registered housing association before taxation; and
- (d) show separately as additional items any amount set aside or proposed to be set aside to or withdrawn from reserves.

20. Articles 18 and 19 are not to be read as requiring the heading or sub-heading for any item to be distinguished by any letter or number assigned to that item in the format used.

21. The corresponding amount, if any, for the previous period of account shall be shown against each item in the balance sheet or the income and expenditure account.

22. Items listed in the Format adopted in preparing the balance sheet or the income and expenditure account shall not be included if there was no amount to be shown in respect of both the previous period of account and the period of account.

23. Items to which Arabic numbers are assigned in the Format adopted may be combined in the registered housing association's accounts for a period of account if–

- (a) their individual amounts are not material to assess the state of affairs or surplus or deficit of the registered housing association; or
- (b) the combination facilitates that assessment, but in this case the individual items so combined shall be shown in the notes to the accounts.

24. In preparing the registered housing association's balance sheet or income and expenditure account, the headings and sub-headings otherwise required under articles 18 and 19 in respect

of items to which an Arabic number is assigned may be adapted where the special nature of the registered housing association's business requires such adaptation.

Notes to the accounts

25. Every registered housing association shall include in the notes to its accounts the information shown in Part 1 and Part 2 of the Schedule to this Order in the manner shown.

26. Where at the end of a period of account the registered housing association is part of a group, it shall include in the notes to its accounts the information specified in Part 3 of the Schedule to this Order.

Distinguishing housing activities

27. Where a registered housing association undertakes any activities which are not housing activities, it shall in its accounts distinguish its housing activities from its other activities by—

- (a) distinguishing housing land from other fixed assets;
- (b) identifying any other assets and liabilities which relate solely to housing activities; and
- (c) apportioning income and expenditure between those items which relate to housing activities and those relating to other activities.

The rent surplus fund

28.—(1) The rent surplus fund of a registered housing association required to maintain such a fund shall be constituted and shown in the accounts according to the method set out in article 29.

(2) Article 5 does not apply to articles 29 and 30.

29.—(1) The surpluses calculated in the manner determined under section 55(3) of the Housing Act 1988 shall be shown in the notes to the accounts.

(2) These surpluses shall be transferred to the rent surplus fund.

(3) Where sums are in the rent surplus fund in respect of previous periods of account, they shall be accumulated with any sums transferred to the rent surplus fund in respect of the period of account.

30. Where a proportion of the rent surplus fund is retained for re-investment, then this amount shall be shown in a restricted reserve.

The disposal proceeds fund

31.—(1) The disposal proceeds fund of a registered housing association required to maintain such a fund shall be constituted and shown in the accounts according to the method set out in article 32.

(2) Article 5 does not apply to article 32.

32.—(1) The net disposal proceeds calculated in the manner determined under Scottish Homes' guidance shall be shown in a note to the accounts and included in long term creditors within the accounts.

(2) Where sums are in the disposal proceeds fund in respect of previous periods of account, they shall be accumulated with any sums transferred to the disposal proceeds fund in respect of the period of account.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

St Andrew's House,
Edinburgh
26th March 1999

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Office