

SCHEDULES

SCHEDULE 3

Section 26.

ACCOUNTING REQUIREMENTS FOR CHARITABLE HOUSING ASSOCIATIONS

Books of account, &c

- 1 (1) The association shall in respect of its housing activities—
- (a) cause to be kept proper books of account showing its transactions and its assets and liabilities, and
 - (b) establish and maintain a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances.
- (2) The books of account must be such as to enable a true and fair view to be given of the state of affairs of the association in respect of its housing activities, and to explain its transactions in the course of those activities.

Accounts and balance sheets

- 2 (1) The association shall for each period of account prepare—
- (a) a revenue account giving a true and fair view of the association's income and expenditure in the period, so far as arising in connection with its housing activities, and
 - (b) a balance sheet giving a true and fair view as at the end of the period of the state of the association's affairs.
- (2) The revenue account and balance sheet must be signed by at least two trustees of the association.

Appointment of auditor

- 3 (1) The association shall in each period of account appoint a qualified auditor to audit the accounts prepared in accordance with paragraph 2.
- (2) A person is qualified for the purposes of this paragraph if he is either a member of one of the following bodies—
- the Institute of Chartered Accountants in England and Wales,
 - the Institute of Chartered Accountants of Scotland,
 - the Association of Certified Accountants,
 - the Institute of Chartered Accountants in Ireland,
 - any other body of accountants established in the United Kingdom and recognised by the Secretary of State for the purposes of section 389(1)(a) of the Companies Act 1985.
- or is a person who is for the time being authorised by the Secretary of State under section 389(1)(b) of that Act or any corresponding earlier legislation as being a person with similar qualifications obtained outside the United Kingdom.

Status: This is the original version (as it was originally enacted).

- (3) But none of the following shall be appointed—
- (a) a trustee, officer or employee of the association or of an associated body,
 - (b) a person who is a partner of, or in the employment of, or who employs a person within paragraph (a), or
 - (c) a body corporate ;
- and a body of persons (whether corporate or unincorporate and whether or not itself a charity) is for this purpose an associated body if it is essentially under the same management or control as the association.
- (4) A Scottish firm is qualified for appointment as auditor, notwithstanding sub-paragraph (3)(c), if each of the partners in it is qualified for appointment

Auditor's report

- 4 (1) The association's auditor appointed under this Schedule shall make a report to the association on the accounts audited by him.
- (2) The report shall state whether in the auditor's opinion—
- (a) the revenue account gives a true and fair view of the state of income and expenditure of the association in respect of its housing activities and of any other matters to which it relates, and
 - (b) the balance sheet gives a true and fair view of the state of affairs of the association as at the end of the period of account.

Duties of auditor

- 5 The auditor in preparing his report shall carry out such investigations as will enable him to form an opinion as to the following matters—
- (a) whether the association has kept, in respect of its housing activities, proper books of account in accordance with the requirements of this Schedule ;
 - (b) whether the association has maintained a satisfactory system of control over its transactions in accordance with those requirements, and
 - (c) whether the accounts are in agreement with the association's books;
- and if he is of opinion that the association has failed in any respect to comply with this Schedule, or if the accounts are not in agreement with the books, he shall state that fact in his report.

Auditor's right of access to books, etc.

- 6 The auditor—
- (a) has a right of access at all times to the books, deeds and accounts of the association, so far as relating to its housing activities, and to all other documents relating to those activities, and
 - (b) is entitled to require from the trustees or officers of the association such information and explanations as he thirties necessary for the performance of his duties ;
- and if he fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of his audit, he shall state that fact in his report.

Periods of account

- 7 A period of account for the purposes of this Schedule is twelve months or such other period not less than six months or more than 18 months as the association may, with the consent of the Corporation, determine.