
STATUTORY INSTRUMENTS

1993 No. 487

The Registered Housing Associations (Accounting Requirements) (Scotland) Order 1993

PART I
GENERAL

Citation, commencement and revocation

1.—(1) This Order may be cited as the Registered Housing Associations (Accounting Requirements) (Scotland) Order 1993 and shall come into force on 1st April 1993.

(2) Subject to article 3, the Registered Housing Associations (Accounting Requirements) Order 1988⁽¹⁾ and the Registered Housing Associations (Accounting Requirements) (Amendment) Order 1989⁽²⁾ are hereby revoked, in so far as they apply to Scotland.

Interpretation

2. In this Order—

“1965 Act society” means an association which is registered under the Industrial and Provident Societies Act 1965⁽³⁾;

“accounts” mean the balance sheet, and the income and expenditure account;

“association” means a housing association which is registered in the register maintained by Scottish Homes under the Housing Associations Act 1985;

“balance sheet” means the balance sheet required for the purposes of section 39(1) of the Industrial and Provident Societies Act 1965⁽⁴⁾;

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

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

“company” means a company registered under Part I of the Companies Act 1985⁽⁵⁾ and includes a company to which that Part applies by virtue of section 675 of that Act;

“director” includes the chief executive, the person occupying the position of a director by whatever name called and any member of the managing body of the association;

“group” has the same meaning as in section 262(1) of the Companies Act 1985⁽⁶⁾ ie a parent undertaking and its subsidiary undertakings;

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

(1) S.I.1988/395.

(2) S.I. 1989/327.

(3) 1965 c. 12.

(4) Section 39(1) was amended by section 11(1) of the Friendly and Industrial and Provident Societies Act 1968 (c. 55).

(5) 1985 c. 6.

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

“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(7);

“managing body” means—

- (a) in relation to a 1965 Act society, the committee of management or other directing body of the society;
- (b) in relation to a company the board of directors of the company;
- (c) in relation to a charity which is not a company, the trustees of the charity;

“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;

“special needs accommodation” means accommodation which is provided for persons who are vulnerable by virtue of social disadvantage, disability or other special reason, or a hostel; and

“undertaking” has the same meaning as in section 259(1) of the Companies Act 1985(8).

Application

3. This Order applies to the accounts of every association in respect of a period of account commencing on or after 1st April 1993; and in respect of any period of account commencing before that date, the Orders revoked by this Order shall apply as if those Orders had not been revoked.

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.

PART II

PREPARATION OF ACCOUNTS AND THEIR FORM

5. Every association shall prepare accounts for the purposes of this Order at the end of each period of account.

Balance sheet

6. Subject to article 8, the balance sheet of every association for each period of account 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(9);
 - (b) show the amount of the items listed under those headings; and
 - (c) show separately the sum standing in the rent surplus fund, as required by article 19(4).

Income and expenditure account

7. Subject to article 8, the income and expenditure account of every association for each period of account shall—

(7) 1968 c. 55.

(8) Section 259 was inserted by the Companies Act 1989, section 22.

(9) Formats in Schedule 4 have been amended by the Companies Act 1989, Schedule 1, paragraphs 1 to 4.

- (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 where the items are listed by reference to the activities of the association or, in any other case, format 2 of that Part;
- (b) show the amount of the items listed under those headings;
- (c) show separately the surpluses transferred to the rent surplus fund, as required by article 19(3).
- (d) show the amount of the surplus or deficit of the association in respect of the ordinary activities of the association before taxation; and
- (e) show separately as additional items any amount set aside or proposed to be set aside to or withdrawn from reserves.

Accounts formats

8.—(1) Articles 6 and 7 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.

(2) Items to which Arabic numbers are assigned in the format adopted may be combined in an 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 association; or
- (b) the combination facilitates that assessment.

(3) In preparing an association's balance sheet or income and expenditure account the headings and sub-headings otherwise required under articles 6 and 7 in respect of items to which an Arabic number is assigned in the format used may be adapted where the special nature of the association's business requires such adaptation.

9.—(1) Subject to paragraph (2), in respect of every item shown in the balance sheet or the income and expenditure account, the corresponding amount for the previous period of account to that to which the balance sheet or the income and expenditure account relates shall be shown.

(2) An item listed in the format adopted in preparing the balance sheet or income and expenditure account shall not be included if there is no amount to be shown for that item in respect of the period of account and in respect of the previous period of account.

Notes to accounts

10. Every association shall include in the notes to its accounts for each period of account the information specified in—

- (a) Schedule 1 to this Order in the manner shown;
- (b) Schedule 2 to this Order; and
- (c) Schedule 3 to this Order where at the end of a period of account an association is part of a group.

PART III

FURTHER ACCOUNTING REQUIREMENTS

Consistency

11.—(1) Accounting policies used by an association shall be applied consistently within the same accounts from one period of account to another and the accounting policies adopted by the association in determining the amounts to be shown in the balance sheet and in the income and expenditure account shall be stated (including such policies with respect to the depreciation and diminution in the value of assets).

(2) In this article—

“accounting policies” means the specific accounting bases selected and consistently followed by an association which are, in the opinion of the directors of the association, appropriate to its circumstances and best suited to present fairly its results and financial position; and

“consistently” means consistency of accounting treatment of the items with each accounting period and from one accounting period to the next.

Prudence

12.—(1) The amount of any item shown shall be determined on a prudent basis and—

- (a) surpluses realised at the balance sheet date shall be included in the income and expenditure account; and
- (b) 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 become apparent between the balance sheet date and the date on which it is signed on behalf of the managing body.

(2) In paragraph (1) “prudent” means not anticipating revenue and surplus but recognising them only when realised in the form of cash (or of other assets of which the ultimate cash realisation can be assessed with reasonable certainty) and making provision for all known expenses and deficits whether the amount of these is known with certainty or is a best estimate in the light of the information available.

True and fair view

13.—(1) 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 an association and of its income and that expenditure account in accordance with the duties imposed by section 3(1) and (4) of the Friendly and Industrial and Provident Societies Act 1968 or section 226(2) of the Companies Act 1985(10) nothing in this Order shall prevent such a departure.

(2) Nothing in this Order shall prevent the accounts of an association from giving more information than is required by this Order.

Income and charges

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

(10) Section 226 was inserted by the Companies Act 1989, section 4(1).

Aggregate amounts

15. 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.

Circulation of accounts

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

Date and signing

17.—(1) The accounts shall—

- (a) show the date on which they have been approved by the managing body of the association and give the date of approval; and
- (b) be signed by at least one member of that body on its behalf and at least one additional person who is an officer of the association.

(2) That date and those signatures shall appear on the balance sheet of the association.

Distinguishing housing activities

18. Where an association undertakes any activities which are not housing activities, the association shall distinguish in its accounts its housing activities from its other activities by—

- (a) distinguishing land held by an association for the purposes of providing housing accommodation (including accommodation to be provided by disposal on sale or on lease) from other fixed assets;
- (b) identifying any other items 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.

Rent surplus fund

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

(2) The surpluses referred to in section 55(1) of the Housing Act 1988 in respect of any period of account shall be transferred to the rent surplus fund.

(3) The profit and loss account for that period of account shall show separately the surpluses transferred to the rent surplus fund in respect of that period of account.

(4) The balance sheet for that period of account shall show separately the sum standing in the rent surplus fund at the end of that period, indicating to what extent it represents the surpluses in respect of that period of account and to what extent it represents sums in the fund in respect of previous accounting periods.

St. Andrew's House,
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4th March 1993

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State