



Scottish Housing  
Regulator

# **Determination of Accounting Requirements**

**Statutory Guidance**

**February 2019**

# About us

We are the independent regulator of social landlords in Scotland.

## We safeguard and promote the interests of:

Around:

**600,000**

Tenants who live in homes provided by social landlords

---

Over:

**123,000**

Home owners who receive services of social landlords

---

Over:

**45,000**

People and their families who may be homeless and seek help from local authorities

---

Around:

**2,000**

Gypsy/Travellers who can use official sites provided by social landlords

---

## We regulate:

Around:



Social landlords

---

Around:

**160**  
**32**

Registered social landlords

Local authorities

## Our equalities commitment

Promoting equalities and human rights is integral to all of our work. We set out how we will meet our equalities duties in our Equalities Statement.

## Our role:

To monitor, assess and report on social landlords' performance of housing activities and RSLs' financial wellbeing and standards of governance. We intervene, where we need to, to protect the interests of tenants and service users.

Our Regulatory Framework explains how we regulate social landlords. It is available from: [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk)



HAPPY TO TRANSLATE

## 1. Introduction

- 1.1 This Determination of Accounting Requirements is issued in terms of section 68(1) of the Housing (Scotland) Act 2010 (“the Act”). Section 69 of the Act places a statutory duty on Registered Social Landlords (RSLs) to comply with the Determination.
- 1.2 In complying with this Determination, RSLs will meet the requirement to submit information in chapter 3 of the Regulatory Framework.
- 1.3 If you have any questions about this Determination, please contact the SHR contact person named in your Engagement Plan.

## 2. Interpretation

- 2.1 In this Determination:

“**accounting policies**” means the specific accounting principles selected and followed by an RSL 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;

“**affordable letting**” includes all properties let below market levels along with those that are let for social benefit;

“**book value**” means the value of an asset as it appears on the statement of financial position;

“**costs**” means costs net of any recoverable VAT;

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

“**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 a registered society, the management committee;

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

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

“**key management personnel**” includes those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. This will include governing body members.

“**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;

“**person**” includes incorporated and unincorporated organisations;

“**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 for;

“**registered society**” means a society registered under the Co-operative and Community Benefit Societies Act 2014;

“**reporting period**” means the period to which the statement of comprehensive income relates;

“**shared ownership accommodation**” means accommodation that is owned jointly by the RSL and the occupant;

“**the SORP**” means the current Statement of Recommended Practice: Accounting by Registered Social Landlords, issued by the National Housing Federation, the Welsh Federation of Housing Associations and the Scottish Federation of Housing Associations as updated;

“**statement of comprehensive income**” means the revenue account required for the purposes of:

- (a) Section 80(1) of the Co-operative and Community Benefit Societies Act 2014; or
- (b) the profit and loss account referred to in section 396(1) of the Companies Act 2006

“statement of financial position” means the balance sheet required for the purposes of:

- (a) Section 80(3) Co-operative and Community Benefit Societies Act 2014; or
- (b) Section 396(1)(a) of the Companies Act 2006;

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

“**supported housing accommodation**” means accommodation owned by an RSL 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 an RSL for properties that are not let.

### **3. Application of Determination**

- 3.1 This Determination applies to all RSLs with a reporting period which begins on or after 1 January 2015.

### **4. Information in specified form**

- 4.1 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**

- 5.1 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**

- 6.1 The financial statements of an RSL 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 statement of financial position, statement of comprehensive income, additional statements and any additional information to be provided by way of notes to the financial statements.
- 6.2 Nothing in this Determination shall prevent the financial statements giving more information than is required by this Determination.

## **7. True and fair view**

- 7.1 The statement of financial position shall give a true and fair view of the state of affairs of the RSL as at the end of the reporting period.
- 7.2 The statement of comprehensive income shall give a true and fair view of the surplus or deficit incurred by the RSL for the reporting period.
- 7.3 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 an RSL and of its statement of comprehensive income 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 80(1) and (3) of the Co-operative and Community Benefit Societies Act 2014 in the case of a registered social landlord that is a registered 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 financial statements.

## **8. Housing activities**

- 8.1 If in the course of the reporting period an RSL 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 supporting notes to the statement of comprehensive income 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.
- 8.2 For the purposes of paragraph 8.1, the type of accommodation includes general needs housing, supported housing accommodation and shared ownership accommodation.

## **9. Signature on and dating of statement of financial position**

9.1 The statement of financial position shall:

- (a) show the date on which the financial statements have been authorised for issue by the governing body of the RSL;
- (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 a registered society.

## **10. Notes to the financial statements**

10.1 Every RSL shall include in the notes to its financial statements the information shown in the Schedule to this Determination, together with the corresponding information for its previous reporting period.

10.2 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 reporting period and the previous reporting period.

## **11. Additional statements**

11.1 Every RSL must include in the financial statements a statement of cash flows prepared in accordance with the format specified in the SORP.

## Schedule

### Information to be included in the notes to the financial statements

#### 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 Reporting Period</i>
	£	£	£	£
Affordable letting activities				
Other activities				
Total				
Total for previous reporting period				

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

	<i>General Needs Social Housing</i>	<i>Supported Social Housing Accommodation</i>	<i>Shared Ownership Housing</i>	<i>Other (describe)</i>	<i>Total</i>	<i>Total for previous reporting period</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 released from deferred income						
Revenue grants from Scottish Ministers						
Other revenue grants						
Total turnover from affordable letting activities						
Management and maintenance administration costs						
Service costs						



	<i>General Needs Social Housing</i>	<i>Supported Social Housing Accommodation</i>	<i>Shared Ownership Housing</i>	<i>Other (describe)</i>	<i>Total</i>	<i>Total for previous reporting period</i>
	£	£	£	£	£	£
Planned and cyclical maintenance including major repairs costs						
Reactive maintenance costs						
Bad debts – rents and service charges						
Depreciation of affordable let properties						
Impairment of affordable let properties						
Operating costs for affordable letting activities						
Operating surplus or deficit for affordable letting activities						
Operating surplus or deficit for affordable letting activities for previous reporting period						

### Note 3 – Particulars of turnover, operating costs and operating surplus or deficit from other activities

	<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 reporting period</i>
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing									
Care and repair									
Investment property activities									
Factoring									
Support activities									
Care activities									
Contracted out services undertaken for registered social landlords									

<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 reporting period</i>
£	£	£	£	£	£	£	£	£

Contracted out services  
undertaken for other  
organisations

Developments for sale to  
registered social landlords

Developments and  
improvements for sale to other  
organisations

Uncapitalised development  
administration costs

Other activities (describe here\*)

**Total from other activities**

**Total from other activities for  
the previous reporting period**

\* “Other activities” that are material should be clearly described and a materiality level of 5% of total 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 financial statements

#### 1. Establishment of registered social landlord

- 1.1 A statement of the legislative provisions under which the registered social landlord is established.
- 1.2 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 Conduct Authority;
  - (c) the Office of the Scottish Charity Regulator, or
  - (d) the Scottish Ministers.

#### 2. Administration details

- 2.1 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.
- 2.2 The name of any person who is a member of the key management personnel at any point during the reporting period and their role in the organisation, and the date of that person's appointment or resignation if during the reporting period.
- 2.3 The names and addresses of the principal professional advisors, including bankers, solicitors, external and internal auditors.

#### 3. Key management personnel emoluments

- 3.1 The aggregate amount of emoluments payable to, or receivable by, the key management personnel and former key management personnel of the registered social landlord whose total emoluments are £60,000 or more, excluding employer's pension contributions, during the reporting period.
- 3.2 The number of key management personnel whose emoluments during the reporting period fall within each band of £10,000 from £60,000 upwards.
- 3.3 If there are no key management personnel with emoluments of £60,000 or more during the reporting period, this should be stated.
- 3.4 The emoluments payable to, or receivable by, the chief executive or equivalent of the registered social landlord split as follows:
  - (a) emoluments excluding employer's pension contributions;
  - (b) employer's pension contributions; and
  - (c) total emoluments payable.
- 3.5 The number of governing body members whose emoluments during the reporting period fall within each band of £5,000 from £0 to £5,000 and upwards.
- 3.6 In paragraphs 3.1 to 3.5, "emoluments" means payments in respect of key management personnel services as key management personnel of the registered

social landlord or key management personnel services (whilst acting as key management personnel 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 reporting period;
- (b) fees and percentages;
- (c) sums payable by way of expense allowance (so far as chargeable to United Kingdom tax);
- (d) non-contractual payments;
- (e) contributions payable in respect of pensions except where otherwise stated; and
- (f) the estimated money value of any other benefits otherwise than in cash.

Emoluments in respect of a person accepting office shall be treated as emoluments in respect of his or her service as a member of the key management personnel.

- 3.7 The pension contributions payable to, or receivable by, key management personnel of the registered social landlord whose total emoluments (excluding pension contributions) are £60,000 or more during the reporting period, or where no such contribution is payable, a statement to that effect.

#### **4. Compensation payable to key management personnel**

- 4.1 The aggregate amount of any compensation payable to, or receivable by, key management personnel and former key management personnel of a registered social landlord for loss of office (whether by retirement or otherwise) during the reporting period, 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.

- 4.2 In paragraph 4.1, "compensation" means compensation received or receivable for:

- (a) loss of office of the key management personnel of the registered social landlord, or
- (b) loss, whilst as a member of the key management personnel of the registered social landlord or in connection with ceasing to be a member of the key management personnel 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.

#### **5. Consideration for services of key management personnel**

- 5.1 The aggregate amount of any consideration payable to or receivable by third parties during the reporting period, where the consideration is £60,000 or more, for making available the services of any person to perform in the role of key management personnel of the registered social landlord, or (whilst as a member of the key management personnel 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.

- 5.2 For the purposes of paragraph 5.1, “third parties” means persons other than members of the key management personnel of the registered social landlord or any of its subsidiary undertakings.
- 5.3 In paragraphs 3.1 to 5.1, 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. The nature of such benefits shall also be disclosed.

## **6. Employees**

- 6.1 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 reporting period.
- 6.2 Where the total number of employees differs materially from the number of full time equivalent employees, this should be disclosed.
- 6.3 In paragraphs 6.1 and 6.2, a “full time equivalent” employee means a full time employee working standard hours and includes temporary, seconded and agency staff.
- 6.4 In relation to employees of the registered social landlord, the aggregate amount of each of:
- (a) wages and salaries (including performance related pay) payable for the reporting period;
  - (b) national insurance costs incurred by the registered social landlord;
  - (c) any pension costs incurred; and
  - (d) costs of employing temporary or seconded staff including those engaged through an employment agency.
- 6.5 In paragraph 6.4:
- (a) “national insurance costs” means any contributions by the registered social landlord to any state welfare 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.

## **7. Auditors**

- 7.1 The amount of remuneration, including sums payable in respect of expenses, inclusive of non-recoverable VAT, paid or payable to the registered social landlord’s external auditors in their capacity as such.
- 7.2 The amount of any remuneration, including sums payable in respect of expenses, inclusive of non-recoverable VAT, paid or payable to the registered social landlord’s external auditors or their associates in respect of services other than those of external auditors in their capacity as such.
- 7.3 For the purposes of paragraph 7.2, “associate” has the same meaning as in regulations made under section 256 Companies Act 2006.

## **8. Interest payable and similar charges**

8.1 A summary of interest payable and similar charges disclosing:

- (a) deferred interest;
- (b) interest charged on late payment of taxation; and
- (c) any early redemption penalties.

## **9. Taxation**

9.1 Particulars of any special circumstances which affect liability in respect of the taxation of surpluses, income, or capital gains for the reporting period, or liability in respect of these items for future reporting periods.

## **10. Non-current assets**

10.1 Details of the accounting policy for works to existing properties and how amounts to be capitalised are determined, including a table of components capitalised and their estimated useful lives for depreciation purposes.

10.2 Specific disclosure of total expenditure each year on works to existing properties, split between the amount capitalised and the amount charged to the statement of comprehensive income. Amounts capitalised should be analysed between the replacement of components and improvements.

10.3 Where any amount is shown in respect of land (including buildings) in the registered social landlord's statement of financial position, 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.

10.4 For the purposes of paragraph 10.3, "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).

## **11. Shared equity activity**

11.1 Where a registered social landlord participates in shared equity activities, details should be provided of the level of involvement as at the date of the statement of financial position.

## **12. Rent arrears**

12.1 The aggregate amount for each of the following:

- (a) gross rent arrears;
- (b) the amount of any provisions for bad and doubtful debts,
- (c) where material, the net present value adjustment required if there are repayment schedules in place; and
- (d) net rent arrears.

### **13. Deferred income**

- 13.1 A reconciliation of the total grant held as deferred income between the balance at the beginning and at the end of the reporting period split between social housing grant and other grants.
- 13.2 A summary of the grant due to be released to the statement of comprehensive income split between social housing grant and other grants for the following:
- (a) amounts due within one year or on demand; and
  - (b) amounts due in one year or more.

### **14. Payables**

- 14.1 In respect of each item shown under “payables” in the registered social landlord’s statement of financial position, there shall be stated a profile of the expected repayments for the following time periods:
- (a) amounts due within one year;
  - (b) amounts due in one year or more but less than two years;
  - (c) amounts due in two years or more but less than five years; and
  - (d) amounts due in more than five years.

### **15. Accommodation managed by the registered social landlord**

- 15.1 The number of units of different types of accommodation managed by the registered social landlord at the beginning and at the end of the reporting period.
- 15.2 For the purposes of paragraph 15.1 the type of accommodation includes general needs housing, supported housing accommodation and shared ownership accommodation.

### **16. Accommodation managed by others**

- 16.1 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 reporting period;
  - (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.
- 16.2 If it is not practicable to comply with paragraph 16.1 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.

### **17. Charges**

- 17.1 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. For example, this would include any charges which secure a cross-group guarantee obligation.



## **18. Capital and other commitments**

- 18.1 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.
- 18.2 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.



**Scottish Housing  
Regulator**

[www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk)