



Scottish Housing
Regulator

Determination of Accounting Requirements

Statutory Guidance

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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 policies selected and followed by the RSL which are, in the opinion of the governing body of the RSL, 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 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 RSL to maintain property that can be planned or contracted for;

“reactive maintenance” means costs incurred by the RSL 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 Community Housing Cymru, the National Housing Federation, the Northern Ireland Federation of Housing Associations and the Scottish Federation of Housing Associations as updated;

“statement of comprehensive income” means:

- (a) the revenue account required for the purposes of 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)(b) 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 of the Housing (Scotland) Act 2010;

“supported housing accommodation” means accommodation owned by the 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 the 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 2026.

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 the RSL shall comply with the requirements of this Determination, the 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.
- 6.3 Compliance with this Determination, the SORP and applicable financial reporting standards must be set out in the notes to the financial statements. Any material departures from these must be disclosed along with the reasons for any such departures.
- 6.4 Where the RSL is a member of a group structure and consolidated financial statements are not being produced, the reason for the exemption must be set out in the notes to the financial statements.

7. Statement of Internal Financial Control

- 7.1 The governing body shall include a Statement of Internal Financial Control (SIFC) that at a minimum includes the following:
- (a) an acknowledgement of the governing body's responsibility for the RSL's system of internal financial control;
 - (b) a description of the key procedures used by the RSL and the process by which the governing body reviews the effectiveness of the system of internal financial control;
 - (c) confirmation that the governing body has reviewed the effectiveness of the system of internal financial control and identified weaknesses that have resulted in material loss, contingencies or uncertainties which need to be disclosed;
 - (d) an explanation that the system can only provide reasonable and not absolute assurance against material loss or misstatement; and
 - (e) disclose any non-compliance with these requirements and the associated reasons for the non-compliance.

- 7.2 Where the RSL is the parent in a group structure, the SIFC should be in respect of the group, including unregistered subsidiaries. An individual SIFC is required for each RSL in the group.
- 7.3 A formal opinion on the SIFC shall be provided by the external auditor in the Auditor's Report on Corporate Governance Matters (ARCGM). As a minimum, the ARCGM should include an opinion on whether or not:
- (a) the governing body has complied with the Regulatory Standards in relation to internal financial controls; and
 - (b) the SIFC is consistent with what the external auditors found during their audit work.
- 7.4 Sample wording for the SIFC can be found in Appendix 1 and the ARCGM in Appendix 2.

8. True and fair view

- 8.1 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.
- 8.2 The statement of comprehensive income shall give a true and fair view of the surplus or deficit achieved by the RSL for the reporting period.
- 8.3 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 the 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 an RSL 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 an RSL 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.

9. Housing activities

- 9.1 If in the course of the reporting period the 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.
- 9.2 For the purposes of paragraph 9.1, the type of accommodation includes general needs housing, supported housing accommodation and shared ownership accommodation.

10. Signature on and dating of statement of financial position

10.1 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.

11. Notes to the financial statements

11.1 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.

11.2 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.

12. Additional statements

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

13. Pension schemes

13.1 Where the RSL has a defined benefit pension scheme, the RSL must account for it on a valuation basis when the information is made available to it by the scheme provider.

13.2 If the scheme valuation shows an asset position, this must be disclosed as a 'nil' valuation.

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									



	<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 registered social landlords									
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									
Community centre activities									
Energy distribution/supply									

	<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>
	£	£	£	£	£	£	£	£	£
Renewable energy generation									
Other non-current asset depreciation									
Management charges to subsidiary organisations									
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 net rental income should be applied for item or items included as “other activities”.

Note 4 – Accommodation owned and managed by the RSL

	<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>
Opening balance						
Number of units added						
Number of units sold						
Number of other units lost						
Total units owned						
Number of units owned but managed by others in the figure above*						
Number of units managed not owned						

* Details should be provided of the number of units managed at the beginning and end of the reporting period, the name of each managing body and the total amount and type of funding, if any, payable to that body in respect of those units.

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 RSL is established.
- 1.2 Any identifying number allocated to the RSL 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) Scottish Ministers

2. Administration details

- 2.1 The address of the registered office of the RSL and, if different, the address of the principal office of the RSL.
- 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. Compensation payable to key management personnel

- 3.1 The aggregate amount of any compensation payable to, or receivable by, key management personnel and former key management personnel of the RSL for loss of office (whether by retirement or otherwise) during the reporting period, distinguishing between compensation in respect of the office, whether of the RSL or any subsidiary undertaking, and compensation in respect of other offices.
- 3.2 In paragraph 4.1, "compensation" means compensation received or receivable for:
 - (a) loss of office of the key management personnel of the RSL, or
 - (b) loss, whilst as a member of the key management personnel of the RSL 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 RSL's affairs; or
 - (ii) any office or otherwise in connection with the management of affairs of any subsidiary undertaking of the RSL.

4. Employees

- 4.1 The average number of full time equivalent employees of the RSL, as ascertained from the average number of full time equivalent employees employed in each month of the reporting period.
- 4.2 Where the total number of employees differs materially from the number of full time equivalent employees, this should be disclosed.
- 4.3 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.
- 4.4 In relation to employees of the RSL, 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 RSL;
 - (c) any pension costs incurred excluding any amounts paid in relation to a past service pension deficit recovery agreement;
 - (d) any amounts paid in relation to a past service pension deficit recovery agreement; and
 - (e) costs of employing temporary or seconded staff including those engaged through an employment agency

4.5 In paragraph 6.4:

- (a) “national insurance costs” means any contributions by the RSL to any state welfare or pension scheme, fund or arrangement; and
- (b) “pension costs” includes any costs incurred by the RSL in respect of any pension scheme established for the purpose of providing pensions for persons currently or formerly employed by the RSL, any sums set aside for the future payment of pensions directly by the RSL to current or former employees and any pensions paid directly to such persons without having first been set aside.

5. Contracted out services

5.1 Where provision of services that would normally be provided in-house by employees is undertaken by a third party, the total amount of cost incurred for each service being provided.

5.2 In paragraph 7.1, “services” relates to the type of work being undertaken and not to the individual contract and might include, but is not limited to, the following:

- (a) finance;
- (b) maintenance;
- (c) human resources;
- (d) internal audit;
- (e) digital services.

It does not relate to services available as a result of being in a membership body.

6. Auditors

6.1 The amount of remuneration, including sums payable in respect of expenses, inclusive of non-recoverable VAT, paid or payable to the RSL’s external auditors in their capacity as such.

6.2 The amount of any remuneration, including sums payable in respect of expenses, inclusive of non-recoverable VAT, paid or payable to the RSL’s external auditors or their associates in respect of services other than those of external auditors in their capacity as such.

6.3 For the purposes of paragraph 7.2, “associate” has the same meaning as in regulations made under section 256 Companies Act 2006.

7. Interest payable and similar charges

7.1 A summary of interest payable and similar charges disclosing:

- (a) deferred interest;
- (b) capitalised interest;
- (c) interest payable on lease payments;
- (d) interest charged on late payment of taxation; and
- (e) any early redemption penalties

8. Taxation

- 8.1 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.

9. Non-current assets

- 9.1 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.
- 9.2 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.
- 9.3 Where any amount is shown in respect of land (including buildings) in the RSL's statement of financial position, there shall be stated:
- (a) how much of that amount relates to land owned by the RSL 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 RSL on a lease relates to land held on a long lease and how much to land held on a short lease
- 9.4 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).

10. Shared equity activity

- 10.1 Where the RSL participates in shared equity activities, details should be provided of the level of involvement as at the date of the statement of financial position.

11. Rent arrears

- 11.1 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

12. Deferred income

- 12.1 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.
- 12.2 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

13. Payables

13.1 In respect of each item shown under “payables” in the RSL’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

14. Heat with rent and similar charges

14.1 Where the RSL is required to be registered with the Office of Gas and Electricity Markets (OFGEM) or its successor body, details for the current and previous year of:

- (a) the amount collected in respect of heat with rent and similar charges;
- (b) the level of arrears that relate specifically to those charges;
- (c) the amount of provision for bad and doubtful debts that relate specifically to those charges; and
- (d) the level of surplus or deficit on any equalisation accounts associated with those charges.

15. Charges

15.1 Particulars of any charge on the assets of the RSL 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.

16. Capital and other commitments

16.1 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.

16.2 Particulars of any other financial commitments which have not been provided for and are relevant to assessing the RSL’s state of affairs.

Appendix 1

Sample Statement on Internal Financial Controls

The Governing Body acknowledges its ultimate responsibility for ensuring that the RSL has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the RSL, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Governing Body's responsibility to establish and maintain the systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key system and rules in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Governing Body to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Governing Body;
- the Audit Committee/Governing Body received reports from management and from external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Governing Body has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended <INSERT DATE>. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Appendix 2

Sample Auditor's Report on Corporate Governance Matters

REPORT BY THE AUDITORS TO THE MEMBERS OF <RSL NAME> ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page <NUMBER> concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Advisory Guidance which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin <REFERENCE> issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page <NUMBER> has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Advisory Guidance issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Advisory Guidance issued by the Scottish Housing Regulator in respect of internal financial controls.



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