STATUTORY INSTRUMENTS

1984 No. 1833

HOUSING, ENGLAND AND WALES
HOUSING, SCOTLAND

The Registered Housing Associations (Limited Accounting Requirements) Order 1984

Made - - - -	*22nd November* 1984
Laid before Parliament	*4th December* 1984
Coming into Operation	*1st January* 1985

The Secretary of State for the Environment as respects England, the Secretary of State for Wales as respects Wales and the Secretary of State for Scotland as respects Scotland, in exercise of the powers conferred upon them by sections 124(1) and 151(3) of the Housing Act 1980(**a**) and of all other powers enabling them in that behalf, hereby make the following order:—

Citation, commencement and interpretation

1.— (1) This order may be cited as the Registered Housing Associations (Limited Accounting Requirements) Order 1984 and shall come into operation on 1st January 1985.

(2) In this order—

"the 1965 Act" means the Industrial and Provident Societies Act 1965(**b**);

"the 1974 Act" means the Housing Act 1974(**c**);

"the 1980 Act" means the Housing Act 1980;

"the 1982 order" means the Registered Housing Associations (Accounting Requirements) Order 1982(**d**);

"the 1983 order" means the Registered Housing Associations (Accounting Requirements for Almshouses) Order 1983(**e**);

"almshouse" means a corporation or body of persons which is a charity within the meaning of the Charities Act 1960(**f**) and which is prevented by

(**a**) 1980 c. 51.
(**b**) 1965 c. 12.
(**c**) 1974 c. 44; section 29 was amended by the 1980 Act, Schedule 18, paragraphs 1 and 2, and section 29A was inserted by the 1980 Act, Schedule 18, paragraph 3.
(**d**) S.I. 1982/828.
(**e**) S.I. 1983/207.
(**f**) 1960 c. 58.

its rules or constituent instrument from granting tenancies of dwelling-houses occupied for the purposes of the charity;

"approved housing project" means a housing project approved for the purposes of section 29 or, as the case may be, section 29A of the 1974 Act;

"association" means a registered housing association within the meaning of Part VIII of the 1980 Act;

"co-ownership society" means an association which is registered under the 1965 Act in the case of which—

(i) the rules of the society restrict membership to persons who are tenants or prospective tenants of the association and preclude the granting or assignment of tenancies to persons other than members, and

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

"dwelling" has the same meaning as in section 129(1) of the 1974 Act;

"hostel" has the same meaning as in section 129(1) of the 1974 Act;

"housing accommodation" shall be construed in accordance with section 29(2) of the 1974 Act;

"qualifying association" has the meaning assigned by article 2 of this order; and

"unit of accommodation" means, in the case of a hostel, the accommodation provided for one individual, and in any other case, a dwelling.

(3) In this order, unless otherwise stated, any reference to an article, paragraph or Schedule is a reference to the article, paragraph or Schedule, as the case may be, bearing that number in the 1982 order.

Qualifying association

2. An association (including an almshouse) is a qualifying association for the purposes of this order in relation to any period if—

(a) on the day when that period begins, it is providing no more than 100 units of accommodation; and

(b) it has not during that period received a loan in connection with an approved housing project, other than a project consisting solely of repairs; and

(c) it is not a co-ownership society.

Accounting requirements for qualifying associations

3.— (1) The accounts of every qualifying association in respect of any period commencing on or after 1st January 1985 shall, so far as its housing activities are concerned, comply either with the full accounting requirements or with the limited accounting requirements.

(2) In paragraph (1) of this article—

(a) "full accounting requirements" in relation to an association other than an almshouse means the accounting requirements laid down by the 1982 order, and in relation to an almshouse means those requirements as modified by the 1983 order, and

(b) "limited accounting requirements" means the accounting requirements laid down by the 1982 order with the modifications specified in the Schedule to this order.

Amendment of 1982 order

4. The 1982 order shall be amended as follows—

(a) in article 1(2), after the definition of "the 1980 Act" there shall be inserted—

""the 1984 order" means the Registered Housing Associations (Limited Accounting Requirements) Order 1984;";

(b) in article 2(1), after the word "shall", there shall be inserted ", subject to article 3 of the 1984 order,";

(c) in article 2(2)—

(i) after the words "in this order", wherever occurring, there shall be inserted "or the 1984 order";

(ii) after the words "to this order" there shall be inserted "or, as the case may be, Schedule 1 to this order as modified in accordance with the Schedule to the 1984 order,";

(iii) for the words "the notes to the accounts of the association" there shall be substituted "the notes to the accounts (within the meaning of this order or, as the case may be, the 1984 order)";

(d) in article 2(3), after the words "this order", wherever occurring, there shall be inserted "or the 1984 order".

Article 3 SCHEDULE

MODIFICATION OF THE 1982 ORDER FOR APPLICATION TO QUALIFYING ASSOCIATIONS IN ACCORDANCE WITH ARTICLE 3

1. In article 1(2) (interpretation)—

(a) for the definitions of "accounts" and "notes to the accounts", there shall be substituted—

""accounts" means the balance sheet and income and expenditure account, and notes to the accounts;

"notes to the accounts" means notes to the balance sheet and income and expenditure account;";

(b) in the definitions of "period of account" and "summary income and expenditure account", for the words "summary income and expenditure account" wherever occurring, there shall be substituted "income and expenditure account"; and

(c) the definitions of "listed investment" and "unlisted investment" shall be omitted.

2. For article 4 (disclosure of information), there shall be substituted—

"4. The information set out in Part III of Schedule 1 to this order shall be shown in the income and expenditure account; and the information set out in Part IV of that Schedule shall be shown either in the income and expenditure account or in notes to the accounts.".

3. Article 5 (preparation of statement of source and application of funds) shall be omitted.

4. For article 6 (preparation of additional financial statements), there shall be substituted—

"Preparation of additional financial statement

6. In addition to any other accounts which it is required to prepare apart from those required by virtue of this order, the association shall prepare a statement of housing administration costs which shall be in the form set out in Schedule 4 to this order, or a form substantially to the like effect.".

5. Article 7 (requisite form of additional financial statements) shall be omitted.

6. Article 9 (previous periods: transitional arrangements) shall be omitted.

7. For article 10(3) there shall be substituted—

"(3) The surpluses so calculated shall be shown as such in the income and expenditure account.".

8. In Part I of Schedule 1 (information to be shown in the balance sheet)—

(a) in paragraph 5, in sub-paragraph (2) the words "which is not a co-ownership society", and sub-paragraph (4), shall be omitted;

(b) for paragraph 6*(c)*, there shall be substituted—

"*(c)* any other provision (not being in respect of depreciation of assets or bad debts);";

(c) after paragraph 6*(d)*, there shall be inserted—

"(*e*) investments".

9. In Part II of Schedule 1 (information to be shown in the balance sheet or in notes to the accounts)—

(a) paragraph 12 shall be omitted;

(b) for paragraph 13(1) and (2), there shall be substituted—

"(1) There shall be itemised the total amounts of all loans advanced to the association by each of the following—

(a) the Public Works Loan Commissioners;

(b) local authorities;

(c) the Housing Corporation;

(d) banks;

(e) present or former members of the association; and

(f) any other persons.

(2) In relation to each loan referred to in this paragraph there shall be stated the name of the guarantor (if any).".

10. For Part III of Schedule 1, there shall be substituted—

"PART III

INFORMATION TO BE SHOWN IN THE INCOME AND EXPENDITURE ACCOUNT

16. In this Part of this Schedule "account" means income and expenditure account.

17. All amounts shown for the period of account shall be accompanied by the corresponding amounts for the previous period (if any).

18.— (1) The account shall show as income:—

(a) rents (excluding service charges) receivable after deducting general and water rates recoverable from tenants and losses arising from vacant accommodation and bad debts;

(b) service charges receivable;

(c) grants and subsidies receivable from the Secretary of State or a public authority (other than grant receivable under section 93 of the Finance Act 1965(a));

(d) interest and dividends from investments;

(e) net surpluses from sales of property;

(f) all other income.

(2) The account shall show as expenditure—

(a) management expenses;

(b) the costs of repairs and maintenance, including provision for future works;

(c) service costs, showing separately those relating to hostels and those relating to other housing accommodation;

(d) interest on loans attributable to housing land;

(e) depreciation equal to repayment of loan principal;

(f) other depreciation;

(g) amounts transferred to the Grant Redemption Fund;

(h) all other expenditure.

(3) The account shall also show—

(a) the gross surplus or deficit for the period of account, as ascertained by deducting expenditure from income, but before deducting the tax or crediting the grant referred to below;

(b) the amount charged to revenue for corporation tax and income tax, together with grant receivable under section 93 of the Finance Act 1965;

(c) the overall surplus or deficit for the period of account, after deducting the tax and crediting the grant referred to in *(b)* above.

(4) All amounts transferred to or withdrawn from reserves shall be appropriately indicated.".

11. In Part IV of Schedule 1, for the title there shall be substituted—

"INFORMATION TO BE SHOWN IN THE INCOME AND EXPENDITURE ACCOUNT OR IN NOTES TO THE ACCOUNTS".

12. Schedules 2 (property revenue account of an association which is not a co-ownership society) and 3 (general income and expenditure account of an association which is not a co-ownership society) shall be omitted.

(a) 1965 c. 25.

Patrick Jenkin,
Secretary of State for
the Environment.

14th November 1984.

Nicholas Edwards,
Secretary of State for
Wales.

21st November 1984.

George Younger,
Secretary of State for
Scotland.

22nd November 1984.

EXPLANATORY NOTE

(This note is not part of the order.)

This order allows qualifying housing associations (article 2) to prepare their accounts for accounting periods commencing on or after 1st January 1985 in an alternative form. They may either comply with the accounting requirements of this order or with the accounting requirements of the Registered Housing Associations (Accounting Requirements) Order 1982 ("the 1982 Order") as modified in the case of almshouses by the Registered Housing Associations (Accounting Requirements for Almshouses) Order 1983 (article 3). The order permits a qualifying association to prepare one revenue account and one additional financial statement and to observe the requirements in Schedule 1 to the 1982 Order (concerning the disclosure of information) as modified by this order.

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