

1983 No. 400

HOUSING

Registered Housing Associations (Accounting Requirements)
(Northern Ireland) Order 1983

Made 1st December 1983

Coming into operation 1st January 1984

The Department of the Environment in exercise of the powers conferred upon it by Article 126A of the Housing (Northern Ireland) Order 1981(a) and of all other powers enabling it in that behalf hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Registered Housing Associations (Accounting Requirements) (Northern Ireland) Order 1983 and shall come into operation on 1st January 1984.

Interpretation

2. In this Order—

“the 1969 Act” means the Industrial and Provident Societies Act (Northern Ireland) 1969(b);

“the 1981 Order” means the Housing (Northern Ireland) Order 1981;

“the 1983 Order” means the Housing (Northern Ireland) Order 1983(c);

“accounts” means the balance sheet and summary income and expenditure account, the statement of source and application of funds and additional financial statements required by this Order and notes to the accounts;

“association” means a registered housing association within the meaning of Article 124 of the 1981 Order;

“balance sheet” means the balance sheet required for the purposes of sections 37 and 48 of the 1969 Act;

“balance sheet date” means the date on which the period of account ends.

“housing activities” means all those activities of a registered housing association by reference to which it is to be regarded as a housing association;

“housing association grant” means grant payable under Article 137 of the 1981 Order;

“housing land” means land and buildings held by an association for the purpose of providing residential accommodation, including land and buildings in respect of which grant may be paid under Article 137 of the 1981 Order;

“listed investment” means an investment as respects which there has been granted a listing on a recognised stock exchange or any stock exchange of repute (other than a recognised stock exchange) outside the United Kingdom;

“long lease” means a lease whose unexpired term at the balance sheet date is not less than 50 years;

(a) S.I. 1981/156 (N.I. 3) inserted by Article 79 of S.I. 1983/1118 (N.I. 15)

(b) 1969 c. 24 (N.I.)

(c) S.I. 1983/1118 (N.I. 15)

“managing body” means in relation to an association, the committee of management or other directing body of an association;

“notes to the accounts” means notes to the balance sheet, the summary income and expenditure account and the statement of source and application of funds;

“period of account” means the period to which the summary income and expenditure account relates;

“rent” in relation to residential accommodation, includes any sum payable for or in consideration of the use or occupation of that accommodation;

“residential accommodation” has the same meaning as in Article 114 of the 1981 Order;

“summary income and expenditure account” means the revenue account required for the purposes of section 37 of the 1969 Act;

“unlisted investment” means any investment which is not a listed investment; and

“vacant accommodation” means residential accommodation available for occupation which has been vacant during the period of account.

General accounting requirements

3.—(1) The accounts of every association in respect of a period commencing on or after 1st January 1984 shall comply with the requirements of this Order so far as its housing activities are concerned.

(2) Nothing in this Order shall prejudice or affect the duties imposed by section 37 of the 1969 Act insofar as they require a true and fair view to be given of the state of affairs of an association and of its income and expenditure; and accordingly where it is necessary to depart from the requirements of Schedule 1 so as to give such a true and fair view—

(a) nothing in this Order shall prevent such a departure from those requirements; but

(b) the fact of any such departure, the reasons for it and its effect shall be recorded in the notes to the accounts of the association.

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

Disclosure of information

4.—(1) The information set out in Part I of Schedule 1 shall be shown in the balance sheet.

(2) The information set out in Part II of Schedule 1 shall be shown in the balance sheet or in notes to the accounts.

(3) The information set out in Part III of Schedule 1 shall be shown in the summary income and expenditure account.

(4) The information set out in Part IV of Schedule 1 shall be shown in the summary income and expenditure account, or in notes to the accounts.

Preparation of statement of source and application of funds

5.—(1) Every association shall prepare a statement of source and application of funds for the period of account.

(2) The statement of source and application of funds referred to in this Article shall be a statement which shows the disposition during the period of account and the previous period of all funds receivable by the association in each period, and the sources thereof.

Preparation of additional financial statements

6. In addition to the balance sheet, summary income and expenditure account and notes to the accounts as well as the statement of source and application of funds referred to in Article 5 and any other accounts which it is required to prepare apart from this Order, the association shall prepare the following additional financial statements:—

- (a) a property revenue account;
- (b) a property development account; and
- (c) if appropriate, a services revenue account;
- (d) a general income and expenditure account; and
- (e) a statement of housing administration costs.

Requisite form of additional financial statements

7. The financial statements referred to in Article 6 shall be prepared in the following forms that is to say—

- (a) the property revenue account shall be in the form set out in Schedule 2;
- (b) the property development account shall be in the form set out in Schedule 3;
- (c) the services revenue account shall be in the form set out in Schedule 4;
- (d) the general income and expenditure account shall be in the form set out in Schedule 5;
- (e) the statement of housing administration costs shall be in the form set out in Schedule 6.

Method of distinguishing housing activities in the accounts

8.—(1) Where an association undertakes any activities which are not housing activities, the method by which that association shall distinguish in its accounts between its housing activities and other activities shall be as set out in this Article.

(2) The method referred to in this Article shall be:—

- (a) to identify those items which relate solely to housing activities; and
- (b) to apportion those items which relate to housing and other activities.

Previous periods: transitional arrangements

9. Where by virtue of this Order an amount shown in the accounts for the period of account or, as the case may be, the balance sheet date is required to be accompanied by the corresponding amount for the previous period or date, that amount need not be shown where—

- (a) that period, or the period ending on that date, began before 1st January 1984; and
- (b) the managing body of the association state that information relating to that period or to that date cannot be obtained without unreasonable expense or delay.

Constitution of the Grant Redemption Fund

10.—(1) The Grant Redemption Fund of an association shall be constituted and shown in the accounts according to the method set out in this Article and in this Article 'Fund' means Grant Redemption Fund.

(2) The surpluses to be transferred to the Fund under Article 140A of the 1981 Order shall be calculated in the manner determined by the Department under Article 140A (3) of the 1981 Order.

(3) The surpluses so calculated shall be shown as such in the property revenue account.

(4) The Fund shall be shown in the balance sheet and the sums shown under paragraph (3) shall be transferred to that Fund.

(5) Subject to paragraph (7) the sums standing in the Fund shall not be applied or appropriated save as directed by the Department by notice given to the Association under Article 140A(5) of the 1981 Order.

(6) Where sums stand in the Fund in respect of previous periods, they shall be accumulated with any sums transferred to the Fund in respect of the period of account.

(7) Nothing in this Article shall prevent the monies represented by the sums standing in the Fund from being used temporarily by way of investment or for the purposes of the immediate needs of the association in respect of its housing activities, pending notice being given by the Department to the association under Article 140A(5) of the 1981 Order.

Sealed with the Official Seal of the Department of the Environment for Northern Ireland on 1st December 1983.

(L.S.)

J. Kirk

Assistant Secretary

DISCLOSURE OF INFORMATION

PART I

INFORMATION TO BE SHOWN IN THE BALANCE SHEET

1. All amounts shown in the balance sheet for the balance sheet date shall be accompanied by the corresponding amounts for the previous balance sheet date (if any).
2. The various items shown in the balance sheet shall be sufficiently particularised to disclose their nature and the distinction where applicable between different activities of the association.
3. Fixed assets shall be distinguished from current assets.
4. Housing land shall be distinguished from other assets.
- 5.—(1) Fixed assets shall be entered in the balance sheet at their net book value, as ascertained in accordance with this paragraph.
 - (2) The net book value of the fixed assets which comprise housing land of an association shall be accompanied in the balance sheet by the elements in the calculation referred to below.
 - (3) The net book value of any fixed asset other than housing land is the difference between the cost of that asset and the total amount provided for depreciation thereof.
 - (4) The net book value of any other housing land shall be calculated according to the difference between its cost and the sum of:—
 - (a) the total amount provided for depreciation;
 - (b) all housing association grant received in respect thereof; and
 - (c) the total amount transferred to the property equity account (if any) in respect of that land.
 - (5) The cost to be entered under this paragraph for any asset is the cost of its acquisition and the cost of any works carried out thereupon.
6. There shall be itemised the aggregate amounts (where applicable) of the following:—
 - (a) reserves;
 - (b) provision for future cyclical repairs and maintenance to residential accommodation;
 - (c) any other provision (not being in respect of depreciation of assets); and
 - (d) the Grant Redemption Fund.
7. The balance sheet shall distinguish between loans to the association which:—
 - (a) fall to be repaid within one year of the balance sheet date;
 - (b) fall to be repaid at a later date;
 - (c) were incurred for the purposes of the acquisition of, or works upon, housing land; or
 - (d) were incurred for other purposes.
8. The balance sheet shall show the amount included with current assets in respect of revenue deficit grant and hostel deficit grant receivable.

PART II

INFORMATION TO BE SHOWN IN THE BALANCE SHEET OR IN NOTES TO THE ACCOUNTS

- 9.—(1) Where during the period of account any of the following events have occurred:—
 - (a) fixed assets have been acquired or disposed of;
 - (b) amounts provided for depreciation have been increased or adjusted;
 - (c) housing association grant has been received in relation to fixed assets; or
 - (d) amounts have been transferred to or from the property equity account (if any) of the association,

the resulting variations in the cost, the total amount provided for depreciation, the total housing association grant received, the balance on the property equity account and the net book value of or in relation to the fixed assets of the association shall be stated in accordance with this paragraph.

(2) The variations referred to above shall be set out in sufficient detail to show their nature and cause, together with the relevant opening and closing amounts.

(3) Where the amount of the reserves or the provisions for the balance sheet date differs from the corresponding amount for the previous balance sheet date, or where amounts have been transferred to or from the reserves or the provisions during the period of account the following information shall be stated:—

- (a) the amounts transferred to or from the reserves or the provisions, as the case may require;
- (b) the source of all amounts transferred to the reserves or, as the case may be, provisions; and
- (c) in the case of a transfer occasioned otherwise than by applying a provision to the purpose for which it was established, how the amounts transferred have been applied.

10. Housing land belonging to the association shall be itemised according to the amounts attributable to:—

- (a) freehold land;
- (b) all leasehold land held under a long lease;
- (c) all other leasehold land.

11. There shall be stated the method used to arrive at:—

- (a) the amount entered for fixed assets in the balance sheet; and
- (b) the provision for future cyclical repairs and maintenance to residential accommodation.

12.—(1) The investments held by the association shall be detailed in accordance with this paragraph.

(2) There shall be stated what proportion of the investments are irredeemable, redeemable within one year of the period of account, or redeemable at a later date.

(3) In relation to fixed-interest investments, there shall be itemised the values entered in the balance sheet attributable to:—

- (a) investments issued or guaranteed by the Crown;
- (b) investments issued or guaranteed by a public or local authority;
- (c) all listed investments not falling within (a) or (b);
- (d) all unlisted investments not falling within (a) or (b).

(4) In relation to all investments other than fixed-interest investments, there shall be itemised the values entered in the balance sheet attributable to:—

- (a) investments with or issued by a bank or building society;
- (b) listed investments;
- (c) all other investments.

(5) In the case of listed investments, there shall be stated their market value, if different from the amount stated under the foregoing provisions of this paragraph and their stock exchange value if less than the market value.

13.—(1) In relation to loans to the association there shall be itemised the total amounts of:—

- (a) all loans repayable by instalments where the last instalment falls to be repaid after the fifth anniversary of the balance sheet date;
- (b) all loans repayable by instalments not falling within (a);
- (c) all loans other than instalment loans which fall to be repaid after the fifth anniversary of the balance sheet date;
- (d) all loans made in respect of housing land;
- (e) all loans not falling within (a), (b), (c) or (d).

(2) For each loan referred to in this paragraph, there shall be stated the names of the guarantors (if any) and:—

- (a) the terms, including the rate of interest, on which the loan is repayable; or
- (b) where the managing body of the association state that a full statement of those terms would be excessively lengthy, a general indication thereof.

(3) In relation to secured loans, there shall be itemised the total amounts of:—

- (a) all loans secured by a charge on the assets of the association;
- (b) all loans secured by a charge on the assets of other persons together with the names of such persons.

14. Where an association has made a loan to a member of its managing body, an officer or an employee, there shall be stated:—

- (a) the date on which the loan was made;
- (b) the name of the borrower;
- (c) whether the loan was made to an officer or employee under his contract of employment with the association;
- (d) the total amount outstanding in respect of the loan; and
- (e) the terms, including the rate of interest, on which the loan is or purports to be repayable.

15. The following items shall be stated where applicable, namely:—

- (a) the amount included with current assets in respect of arrears of rent and service charges, together with the amount deducted therefrom for bad or doubtful debts;
- (b) any deferred expenditure on residential accommodation occupied or intended to be occupied for a short period;
- (c) particulars of any charge on the assets of the association to secure the liabilities of another person;
- (d) the basis on which the amount set aside for tax is calculated;
- (e) the total amount or estimated amount of any material capital expenditure not provided for, distinguishing the amount contracted for and the amount not contracted for but decided upon by the association;
- (f) the means by which and the persons by whom the expenditure referred to in the foregoing sub-paragraph is intended to be financed;
- (g) the general nature and the total estimated amount of any other material contingent liabilities not provided for.

PART III

INFORMATION TO BE SHOWN IN THE SUMMARY INCOME AND EXPENDITURE ACCOUNT

16. In this Part "account" means summary 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) net rent income receivable, bring gross rents receivable for residential accommodation, less the amount deducted therefrom by reason of bad and doubtful debts or vacant accommodation;
- (b) total grants and subsidies receivable from the Department (other than revenue deficit grant or hostel deficit grant or grant receivable under section 15 of the Finance Act (Northern Ireland) 1966(a));
- (c) interest and dividends from investments; and
- (d) all other income.

- (2) The account shall show as expenditure:—
- (a) amounts transferred to the Grant Redemption Fund; and
 - (b) 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 15 of the Finance Act (Northern Ireland) 1966;
 - (c) revenue deficit and hostel deficit grant receivable for the period; and
 - (d) the overall surplus or deficit for the period of account, after deducting the tax and crediting the grant referred to in (b) and (c).
- (4) All amounts transferred to or withdrawn from reserves shall be appropriately indicated.

PART IV

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

19.—(1) Where depreciation or replacement of fixed assets is provided for otherwise than by a charge to revenue, that method and the amount so provided shall be set out.

(2) Where an amount is charged to revenue for depreciation or replacement of fixed assets, but is determined otherwise than by reference to their amount as entered in the balance sheet, that fact shall be stated.

(3) The basis on which the amount charged to revenue for corporation tax and income tax is calculated shall be stated.

(4) There shall be stated:—

- (a) the average number of employees of the association, as ascertained from the average number of persons employed in each week of the period of account;
- (b) the total remuneration of the employees of the association in the period of account;
- (c) social security costs;
- (d) other pension costs;
- (e) the total remuneration, including expenses, of the auditors of the association;
- (f) any payments by way of fees or other remuneration or by way of expenses to a member of the association, being neither a member of the managing body nor an officer nor an employee thereof;
- (g) any payments by way of fees or other remuneration or by way of expenses to a member of the managing body, being neither an officer nor an employee of the association;
- (h) any payment by way of fees or other remuneration or by way of expenses to an officer of the association, not being an employee;
- (i) any other payment or gifts made, or benefits granted, to the persons referred to in Articles 134 and 135 of the 1981 Order;
- (j) any material amount withdrawn from a provision otherwise than for the purpose for which that provision was established.

SCHEDULE 2

Article 7(a)

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Property revenue account of an association

PROPERTY REVENUE ACCOUNT OF (NAME OF ASSOCIATION) FOR THE PERIOD ENDED

	Residential accommodation (excluding hostels and shared ownership schemes)	Hostels	Shared ownership schemes (see Note 4)	Total	Preceding period
	£	£	£	£	£
INCOME					
Rents (excluding service charges) receivable					
less General rates recoverable from tenants					
Losses arising from vacant accommodation and bad debts (see Note 1)					
Other					
Total income					
EXPENDITURE					
Management expenses					
Repairs and maintenance—					
(a) current repairs and maintenance (see Note 2)					
(b) cyclical repairs and maintenance (including provision for future repairs and maintenance) (see Note 3)					
Interest attributable to residential accommodation payable on loans by—					
(a) the Department					
(b) others					

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	£	£	£	£	£
Depreciation:—					
(a) equal to repayment of loan principal					
(b) other					
Other					
Total expenditure	_____	_____	_____	_____	_____
Surplus/(deficit) for the period before transfer to Grant Redemption Fund	_____	_____	_____	_____	_____
Transfer to Grant Redemption Fund	_____	_____	_____	_____	_____
Surplus/(deficit) for the period transferred to general income and expenditure account	=====	=====	=====	=====	=====

Notes

1. *Vacant accommodation* means residential accommodation available for occupation which has been vacant during the period.
2. *Current repairs and maintenance* means works of repair and maintenance, undertaken from time to time as the occasion requires.
3. *Cyclical repairs and maintenance* means works of repair and maintenance undertaken at intervals in accordance with a programme of works.
4. *Shared ownership schemes* means residential accommodation the subject of a lease as defined in Article 31(6)(a) of the 1981 Order.

Property development account of an association

PROPERTY DEVELOPMENT ACCOUNT OF (NAME OF ASSOCIATION) FOR
THE PERIOD ENDED

	£	£	Preceding period	
			£	£
INCOME				
<i>Development Administration</i>				
Grant receivable for acquisition and development (see Note 1)				
Grant receivable for projects on which completion has become impossible				
	_____		_____	
<i>Other</i>				
Total Income	_____		_____	
		_____		_____
EXPENDITURE				
<i>Development Administration</i>				
Management expenses				
Abortive Development Costs (see Note 2)				
	_____		_____	
<i>Other</i>				
	_____		_____	
Total Expenditure		_____		_____
Surplus/(deficit) for the period transferred to general income and expenditure account				
		=====		=====

Notes

1. *Grant receivable for acquisition and development* means so much of the grant payable under Article 137 of the 1981 Order as relates to the administrative costs of acquiring and developing residential accommodation.
2. *Abortive development costs* means costs incurred on projects on which completion has become impossible or which are not approved by the Department.

SCHEDULE 4

Article 7(c)

Services revenue account of an association

SERVICES REVENUE ACCOUNT OF (NAME OF ASSOCIATION) FOR THE PERIOD ENDED

	£	£	Preceding period	
			£	£
INCOME				
Service charges receivable (see Note 1)	_____		_____	
<i>Other</i>	_____		_____	
Total Income		_____		_____
EXPENDITURE				
Management Expenses	_____		_____	
Service Costs	_____		_____	
Total Expenditure		_____		_____
Surplus/(deficit) for the period transferred to general income and expenditure account		=====		=====

Notes

1. *Service charges receivable* means the total amount receivable in respect of services provided by the association for each resident of each property owned by the association during the period of account.
2. *Service costs* means the total expenditure incurred in respect of services provided by the association during the period of account.

SCHEDULE 5

Article 7(d)

General income and expenditure account of an association

GENERAL INCOME AND EXPENDITURE ACCOUNT OF (NAME OF ASSOCIATION) FOR THE PERIOD ENDED

	£	£	Preceding period	
			£	£
Surplus/(deficit) transferred from the Property Revenue Account				
Surplus/(deficit) transferred from the Property Development Account				
Surplus/(deficit) transferred from the Services Revenue Account	_____		_____	
Transfer to Services Revenue Equalisation Account	_____		_____	
Surplus/(deficit) for the period		_____		_____
<i>Fees for Architects and Surveyors Services</i> (See Note 1)				
Fees receivable				
<i>less</i> management expenses	_____		_____	
Surplus/(deficit) for the period		_____		_____
<i>Managed associations</i> (see Note 2)				
Fees and Recoveries				
<i>less</i> management expenses	_____		_____	
Surplus/(deficit) for the period		_____		_____
<i>Sales of Residential Accommodation</i> (see Note 3)				
Proceeds of sales				
<i>less</i> (a) net book value of accommodation sold, representing:—				
(i) loan debt repayable;				
(ii) housing association grant repayable;				
(iii) other				
(b) Management Expenses	_____		_____	
Surplus/(deficit) for the period		_____		_____
<i>Houses acquired for disposal</i> (see Note 4)				
Proceeds of sales				
Housing association grant receivable	_____		_____	
<i>less</i>				
Management expenses				
Cost of sales	_____		_____	
Surplus/(deficit) for the period		_____		_____

Preceding period

	£	£	£	£
<i>Other income and expenditure</i>				
<i>Income</i>				
Gross investment income				
Donations				
Other	_____		_____	
<i>less Expenditure</i>				
Interest payable as bank interest and charges				
Interest not attributable to residential accommodation				
Interest on Grant Redemption Fund				
Other — specify (if material)	_____		_____	
Surplus/(deficit) for the period		_____		_____
Total surplus/(deficit) for the period before taxation		_____		_____
Taxation				
<i>less</i> grant receivable from the Department under section 15 of the Finance Act (Northern Ireland) 1966		_____		_____
<i>add</i> Revenue Deficit Grant receivable				
Hostel Deficit Grant receivable		_____		_____
Total surplus/(deficit) for the period after taxation and deficit grants		=====		=====

Notes

1. *Fees for architects and surveyors services* means fees paid to the association in respect of services of architects and surveyors employed by the association.
2. *Managed associations* means associations whose affairs are managed in consideration of a fee by the association to which the account relates.
3. *Sales of residential accommodation* includes leases granted in consideration of a premium.
4. *Houses acquired for disposal* means houses disposed of by the association after it has carried out works of repair, improvement or conversion.

Statement of housing administration costs

<p><i>Note:</i> Costs taken from Property Revenue Account. Allowance determined by the Department using a monthly average.</p>	<p><i>Calculation of averages:</i> (i) the arithmetic average of tenanted units and units available for occupation for Part A Table 1. (ii) as (i) above and warden/caretaker units for Part A Table 2. (iii) the arithmetic average of resident bedspaces available for occupation for Part B Table 1.</p>	<p><i>Total divided by:</i></p>
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PART A—Residential accommodation (excluding hostels)

	Total £	Average per unit £		Total £
<i>Table 1 Management</i>			<i>Table 3 Total maintenance</i>	
Maximum management allowances			Maximum current maintenance allowances	_____
Management costs	_____	_____	Maximum cyclical maintenance allowances	_____
			Total maximum maintenance allowances	_____
Costs over/(under) maximum allowances	=====	=====	Current maintenance costs	_____
			Cyclical maintenance costs	_____
<i>Table 2 Current maintenance</i>			Total maintenance costs	_____
Maximum current maintenance allowances			Total costs over/(under) total maximum allowances	_____
Current maintenance costs	_____	_____		=====
Costs over/(under) maximum allowances	=====	=====		

PART B—Hostels

	Total £	Average per unit £
<i>Table 1 Management</i>		
Maximum management allowances	_____	_____
Management costs	_____	_____
Costs over/(under) maximum allowances	=====	=====
<i>Table 2 Current maintenance</i>		
Maximum current maintenance allowances	_____	_____
Current maintenance costs	_____	_____
Costs over/(under) maximum allowances	=====	=====

<i>Table 3 Total maintenance</i>	
Maximum current maintenance allowances	_____
Maximum maintenance allowances	_____
Total maximum maintenance allowances	=====
Current maintenance costs	_____
Cyclical maintenance costs	_____
Total maintenance costs	=====
Total costs over/(under) total maximum allowances	=====

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EXPLANATORY NOTE

(This note is not part of the Order.)

This Order, which is the first order made under Article 126A of the Housing (Northern Ireland) Order 1981, lays down accounting requirements for housing associations registered with the Department of the Environment for Northern Ireland, with a view to ensuring that their accounts are prepared in the requisite form and give a true and fair view of their state of affairs, so far as their housing activities are concerned. These requirements are additional to the existing law which obliges every registered housing association to prepare a balance sheet and a revenue account showing a true and fair view of the affairs of the association. The Order also lays down the method by which an association shall constitute its Grant Redemption Fund under Article 140A of the Housing (Northern Ireland) Order 1981 and show that Fund in its accounts. Article 126A provides that the accounts of every registered housing association for any period beginning on or after the day on which this Order comes into force must comply with those requirements and Article 126B provides penalties for non-compliance with those requirements.