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SCHEDULES

SCHEDULE 16

REGISTERED HOUSING ASSOCIATIONS

PART I

ACCOUNTING REQUIREMENTS FOR CHARITABLE

HOUSING ASSOCIATIONS

- 1 (1) The charity shall in respect of its housing activities—
 - (a) cause to be kept proper books of account showing its transactions and its assets and liabilities; and
 - (b) establish and maintain a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances.
- (2) The books of account must be such as to enable a true and fair view to be given of the state of affairs of the society in respect of its housing activities, and to explain its transactions in the course of those activities.
- 2 (1) The charity shall for each period of account prepare—
 - (a) a revenue account giving a true and fair view of the charity's income and expenditure in the period, so far as arising in connection with its housing activities,
 - (b) a balance sheet giving a true and fair view (as at the end of the period) of the state of the charity's affairs.
- (2) The revenue account and balance sheet must be signed by at least two trustees of the charity.
- 3 (1) The charity shall in each period of account appoint a qualified auditor to audit the accounts prepared to comply with paragraph 2.
- (2) A person is qualified for the purposes of this paragraph if he is either a member of one of the following bodies—
 - (a) the Institute of Chartered Accountants in England and Wales;
 - (b) the Institute of Chartered Accountants of Scotland ;
 - (c) the Association of Certified Accountants;
 - (d) the Institute of Chartered Accountants in Ireland ;
 - (e) any other body of accountants established in the United Kingdom and recognised by the Secretary of State for the purposes of section 161(1)(a) of the Companies Act 1948,or a person who is for the time being authorised by the Secretary of State under section 161(1)(b) of that Act as being a person with similar qualifications obtained outside the United Kingdom.

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- (3) But none of the following shall be appointed—
- (a) any trustee, officer or servant of the charity or of an associated body;
 - (b) any person who is a partner of or in the employment of, or who employs, a trustee, officer or servant of the charity or of an associated body ; or
 - (c) a body corporate;
- and any body of persons is " associated " for this purpose (whether a corporate or unincorporated body, and whether or not itself a charity) if it is essentially under the same management or control as the charity.
- (4) A Scottish firm is qualified for appointment as auditor, notwithstanding sub-paragraph (3)(c) above, if each of the partners in it is qualified for appointment.
- 4 (1) The charity's auditor appointed under this Schedule shall make a report to the charity on the accounts examined by him.
- (2) The report shall state whether, in the auditor's opinion—
- (a) the revenue account gives a true and fair view of the income and expenditure of the charity in respect of its housing activities and of any other matters to which it relates ; and
 - (b) the balance sheet gives a true and fair view of the state of affairs of the charity as at the end of the period of account
- 5 (1) It shall be the duty of the charity's auditor so appointed, in preparing his report, to carry out such investigations as will enable him to form an opinion as to the following matters—
- (a) whether the charity has kept, in respect of its housing activities, proper books of account in accordance with the requirements of this Schedule;
 - (b) whether the charity has maintained a satisfactory system of control over its transactions in accordance with all those requirements; and
 - (c) whether the accounts are in agreement with the charity's books.
- (2) If the auditor is of opinion that the charity has failed in any respect to comply with this Schedule, or if the accounts are not in agreement with the books, the auditor shall state that fact in his report.
- (3) The auditor—
- (a) shall have a right of access at all times to the books, deeds and accounts of the charity, so far as relating to its housing activities, and to all other documents relating to those activities; and
 - (b) shall be entitled to require from the trustees or officers of the charity such information and explanations as he thinks necessary for the performance of his duties.
- (4) If the auditor fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of his audit, he shall state that fact in his report.
- 6 A period of account for the purposes of this Schedule is 12 months or such other period not less than 6 months and not more than 18 months as the charity may with the consent of the Housing Corporation determine.