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Changes to legislation: Housing Act 1996, Part III is up to date with all changes known to be in force on or before 19 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 1

REGISTERED SOCIAL LANDLORDS: REGULATION

PART III

ACCOUNTS AND AUDIT

General requirements as to accounts and audit

- 16 (1) The [^{F1}Relevant Authority] may from time to time determine accounting requirements for registered social landlords with a view to ensuring that the accounts of every registered social landlord—
- (a) are prepared in a proper form, and
 - (b) give a true and fair view of—
 - (i) the state of affairs of the landlord, so far as its housing activities are concerned, and
 - (ii) the disposition of funds and assets which are, or at any time have been, in its hands in connection with those activities.
- (2) The [^{F1}Relevant Authority] by a determination under sub-paragraph (1) may lay down a method by which a registered charity is to distinguish in its accounts between its housing activities and other activities.
- (3) The accounts of every registered social landlord shall comply with the requirements laid down under this paragraph.
- ^{F2}(4)
- [^{F3}(5) Every registered social landlord shall furnish to the Relevant Authority—
- (a) a copy of its accounts, and
 - (b) (subject to sub-paragraph (7)) a copy of the auditor’s report in respect of them,
- within six months of the end of the period to which they relate.
- (6) The auditor’s report shall state, in addition to any other matters which it is required to state, whether in the auditor’s opinion the accounts comply with the requirements laid down under this paragraph.
- (7) The provisions of sub-paragraphs (5)(b) and (6) do not apply where, by virtue of any enactment—
- (a) any accounts of a registered social landlord are not required to be audited, and
 - (b) instead a report is required to be prepared in respect of them by a person appointed for the purpose (“the reporting accountant”),

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and sub-paragraph (8) shall apply in place of those provisions.

(8) In such a case—

- (a) the registered social landlord shall furnish to the Relevant Authority a copy of the reporting accountant’s report in respect of the accounts within six months of the end of the period to which they relate; and
- (b) that report shall state, in addition to any other matters which it is required to state, whether in the reporting accountant’s opinion the accounts comply with the requirements laid down under this paragraph.]

Textual Amendments

- F1** Words in Pt. I substituted (1.11.1998) by [1998 c. 38, s. 140, Sch. 16 para. 82\(1\)\(2\)](#) (with [ss. 139\(2\), 141\(1\), 143\(2\)](#)); [S.I. 1998/2244, art.5](#).
- F2** Sch. 1 para. 16(4) repealed (18.1.2005) by [Housing Act 2004 \(c. 34\), s. 270\(3\)\(c\), Sch. 11 para. 17\(2\), Sch. 16](#)
- F3** Sch. 1 para. 16(5)-(8) substituted for Sch. 1 para. 16(5) (18.1.2005) by [Housing Act 2004 \(c. 34\), s. 270\(3\)\(c\), Sch. 11 para. 17\(3\)](#)

Modifications etc. (not altering text)

- C1** Sch. 1 para. 16(3)-(5) extended (16.9.1996) by [S.I. 1996/2402, art. 3, Sch. para. 5](#)

Commencement Information

- II** Sch. 1 para. 16 wholly in force 1.10.1996; Sch. 1 para. 16 not in force at Royal Assent see s. 232(3) ; Sch. 1 para. 16(1)(2) in force at 1.8.1996 by 1996/2048, art. 2(1); Sch. 1 para. 16 in force at 1.10.1996 to the extent not already in force, by [S.I. 1996/2402, art. 3](#) (subject to the transitional savings in the Sch. to that S.I.)

[^{F4}Companies exempt from audit requirements: accountant’s report

Textual Amendments

- F4** Sch. 1 para. 16A and cross-heading inserted (18.1.2005) by [Housing Act 2004 \(c. 34\), s. 270\(3\)\(c\), Sch. 11 para. 18](#)

16A (1) This paragraph applies to registered social landlords which are companies registered under the Companies Act 1985 (“RSL companies”).

(2) In section 249A of the Companies Act 1985 (exemptions from audit)—

- (a) subsection (2) shall apply in relation to an RSL company which meets the total exemption conditions in respect of a financial year (whether it is a charity or not), and
- (b) that subsection shall apply in relation to such a company in the same way as it applies in relation to an RSL company which is a charity and meets the report conditions in relation to a financial year; and
- (c) subsection (1) accordingly does not have effect in relation to an RSL company.

(3) In section 249C of that Act (report required for the purposes of section 249A(2)), subsection (3) shall apply in relation to an RSL company within sub-paragraph (2)

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- (a) above as if the reference to satisfying the requirements of section 249A(4) were a reference to meeting the total exemption conditions.
- (4) The Relevant Authority may, in respect of any relevant financial year of an RSL company, give a direction to the company requiring it—
- (a) to appoint a qualified auditor to audit its accounts and balance sheet for that year, and
 - (b) to furnish to the Relevant Authority a copy of the auditor’s report by such date as is specified in the direction.
- (5) For the purposes of sub-paragraph (4), a financial year of an RSL company is a “relevant financial year” if—
- (a) it precedes that in which the direction is given, and
 - (b) the company met either the total exemption conditions or the report conditions in respect of that year, and
 - (c) its accounts and balance sheet for that year were not audited in accordance with Part 7 of the Companies Act 1985.
- (6) In this paragraph—
- (a) “financial year” has the meaning given by section 223 of the Companies Act 1985;
 - (b) “qualified auditor” means a person who is eligible for appointment as auditor of the company under Part 2 of the Companies Act 1989;
 - (c) any reference to a company meeting the report conditions is to be read in accordance with section 249A(4) of the Companies Act 1985; and
 - (d) any reference to a company meeting the total exemption conditions is to be read in accordance with section 249A(3) or section 249A(3) and (3A) of that Act, depending on whether it is a charity.]

^{F5}Industrial and provident societies exempt from audit requirements: accountant’s report

Textual Amendments

F5 Sch. 1 para. 17 and cross-heading substituted (18.1.2005) by [Housing Act 2004 \(c. 34\), s. 270\(3\)\(c\)](#), [Sch. 11 para. 19](#)

- 17 (1) This paragraph applies to registered social landlords which are industrial and provident societies.
- (2) Section 9A of the Friendly and Industrial and Provident Societies Act 1968 (duty to obtain accountant’s reports where section 4 applied) shall have effect, in its application to such a landlord, with the omission of subsection (1)(b) (accountant’s report required only where turnover exceeds a specified sum).
- (3) The Relevant Authority may, in respect of any relevant year of account of such a landlord, give a direction to the landlord requiring it—
- (a) to appoint a qualified auditor to audit its accounts and balance sheet for that year, and
 - (b) to furnish to the Relevant Authority a copy of the auditor’s report by such date as is specified in the direction.

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- (4) For the purposes of sub-paragraph (3), a year of account of a landlord is a “relevant year of account” if—
- (a) it precedes that in which the direction is given, and
 - (b) at the end of it there is in force in relation to it a disapplication under section 4A(1) of the Friendly and Industrial and Provident Societies Act 1968.
- (5) In this paragraph—
- “qualified auditor” means a person who is a qualified auditor for the purposes of the Friendly and Industrial and Provident Societies Act 1968;
- “year of account” has the meaning given by section 21(1) of that Act.]

Accounting and audit [F6 or reporting] requirements for charities

Textual Amendments

F6 Words in Sch. 1 para. 18 cross-heading inserted (18.1.2005) by [Housing Act 2004 \(c. 34\), s. 270\(3\)\(c\)](#), [Sch. 11 para. 20\(2\)](#)

- 18 (1) A registered social landlord which is a registered charity shall, in respect of its housing activities (and separately from its other activities, if any), be subject to the following provisions ^{F7}...
- (2) The charity shall in respect of its housing activities—
- (a) cause to be kept properly 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 accounts, its cash holdings and all its receipts and remittances.

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 charity in respect of its housing activities, and to explain its transactions in the course of those activities.

- (3) 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, and
 - (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.

The revenue account and balance sheet must be signed by at least two directors or trustees of the charity.

- ^{F8}(4) The charity must appoint a qualified auditor (“the auditor”) to audit the accounts prepared in accordance with sub-paragraph (3) in respect of each period of account in which—
- (a) the charity’s gross income (within the meaning of the Charities Act 1993) arising in connection with its housing activities, or
 - (b) its total expenditure arising in connection with those activities,

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exceeds the sum for the time being specified in section 43(1) of the Charities Act 1993 (audit required for charities where gross income or total income exceeds the specified sum).

F8
...

- (4A) Where sub-paragraph (4) does not apply in respect of a period of account, the charity must appoint a qualified auditor (“the reporting accountant”) to make such a report as is mentioned in paragraph 18A(1) in respect of the period of account.
- (4B) In sub-paragraphs (4) and (4A) “qualified auditor” means a person who is eligible for appointment as auditor of the charity under Part 2 of the Companies Act 1989 or who would be so eligible if the charity were a company registered under the Companies Act 1985.]
- (5) The auditor shall make a report to the charity on the accounts audited by him, stating whether in his opinion—
- (a) the revenue account gives a true and fair view of the state of 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.
- (6) The auditor in preparing his report shall carry out such investigations as will enable him to form an opinion as to the following matters—
- (a) whether the association has kept, in respect of its housing activities, proper books of account in accordance with the requirements of this paragraph,
 - (b) whether the charity has maintained a satisfactory system of control over its transactions in accordance with those requirements, and
 - (c) whether the accounts are in agreement with the charity’s books;
- and if he is of opinion that the charity has failed in any respect to comply with this paragraph, or if the accounts are not in agreement with the books, he shall state that fact in his report.
- (7) The auditor—
- (a) has 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) is entitled to require from officers of the charity such information and explanations as he thinks necessary for the performance of his duties;
- and if he 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.
- (8) A period of account for the purposes of this paragraph is twelve months or such other period not less than six months or more than 18 months as the charity may, with the consent of the [^{F9}Relevant Authority], determine.

Textual Amendments

- F7 Words in Sch. 1 para. 18(1) repealed (18.1.2005) by [Housing Act 2004 \(c. 34\), s. 270\(3\)\(c\), Sch. 11 para. 20\(3\), Sch. 16](#)

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- F8** Sch. 1 para. 18(4)-(4B) substituted for Sch. 1 para. 18(4) (18.1.2005) by [Housing Act 2004 \(c. 34\), s. 270\(3\)\(c\)](#), [Sch. 11 para. 20\(4\)](#)
- F9** Words in Pt. I substituted (1.11.1998) by [1998 c. 38, s. 140](#), [Sch. 16 para. 82\(1\)\(2\)](#) (with ss. 139(2), 141(1), 143(2)); [S.I. 1998/2244, art.5](#).

^{F10}Charities exempt from audit requirements: accountant's report

Textual Amendments

- F10** Sch. 1 para. 18A and cross-heading inserted (18.1.2005) by [Housing Act 2004 \(c. 34\), s. 270\(3\)\(c\)](#), [Sch. 11 para. 21](#)

- 18A (1) The report referred to in paragraph 18(4A) is a report—
- (a) relating to the charity's accounts prepared in accordance with paragraph 18(3) in respect of the period of account in question, and
 - (b) complying with sub-paragraphs (2) and (3) below.
- (2) The report must state whether, in the opinion of the reporting accountant—
- (a) the revenue account or accounts and the balance sheet are in agreement with the books of account kept by the charity under paragraph 18(2),
 - (b) on the basis of the information contained in those books of account, the revenue account or accounts and the balance sheet comply with the requirements of the Charities Act 1993, and
 - (c) on the basis of the information contained in those books of account, paragraph 18(4A) applied to the charity in respect of the period of account in question.
- (3) The report must also state the name of the reporting accountant and be signed by him.
- (4) Paragraph 18(7) applies to the reporting accountant and his functions under this paragraph as it applies to an auditor and his functions under paragraph 18.
- (5) The Relevant Authority may, in respect of a relevant period of account of a charity, give a direction to the charity requiring it—
- (a) to appoint a qualified auditor to audit its accounts for that period, and
 - (b) to furnish to the Relevant Authority a copy of the auditor's report by such date as is specified in the direction;
- and paragraph 18(5) to (7) apply to an auditor so appointed as they apply to an auditor appointed under paragraph 18.
- (6) For the purposes of sub-paragraph (5), a period of account of a charity is a relevant period of account if—
- (a) it precedes that in which the direction is given; and
 - (b) paragraph 18(4A) applied in relation to it.
- (7) In this paragraph "period of account" and "qualified auditor" have the same meaning as in paragraph 18(4A).]

Responsibility for securing compliance with accounting requirements

- 19 (1) Every responsible person, that is to say, every person who—

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- (a) is directly concerned with the conduct and management of the affairs of a registered social landlord, and
 - (b) is in that capacity responsible for the preparation and audit of accounts,
- shall ensure that paragraph 16 (general requirements as to accounts and audit) and, where applicable, paragraph 18 (accounting and audit requirements for charities) are complied with by the registered social landlord.

(2) If—

- (a) paragraph 16(5) (furnishing of accounts and auditor’s report) is not complied with,
- (b) the accounts furnished to the [F11Relevant Authority] under that provision do not comply with the accounting requirements laid down under paragraph 16(1),
- (c) paragraph 18 (accounting and audit [F12 or reporting] requirements for charities), where applicable, is not complied with,
- F13(d), or
- (e) any notice under section 26 (information relating to disposal proceeds fund) is not complied with,

every responsible person, and the registered social landlord itself, commits a summary offence and is liable on conviction to a fine not exceeding [F14 level 5] on the standard scale.

(3) In proceedings for an offence under this paragraph it is a defence—

- (a) for a responsible person to prove that he did everything that could reasonably have been expected of him by way of discharging the relevant duty;
- (b) for a registered social landlord to prove that every responsible person did everything that could reasonably have been expected of him by way of discharging the relevant duty in relation to the registered social landlord.

(4) Proceedings for an offence under this paragraph may be brought only by or with the consent of the [F11Relevant Authority] or the Director of Public Prosecutions.

[F15(5) Where any of paragraphs (a) to (e) of sub-paragraph (2) applies in respect of any default on the part of a registered social landlord, the High Court may, on the application of the Relevant Authority, make such order as the court thinks fit for requiring the default to be made good.

Any such order may provide that all the costs or expenses of and incidental to the application shall be borne by the registered social landlord or by any of its officers who are responsible for the default.]

Textual Amendments

- F11 Words in Pt. I substituted (1.11.1998) by 1998 c. 38, s. 140, **Sch. 16 para. 82(1)(2)** (with ss. 139(2), 141(1), 143(2)); S.I. 1998/2244, **art.5**.
- F12 Words in Sch. 1 para. 19(2)(c) inserted (18.1.2005) by **Housing Act 2004 (c. 34), s. 270(3)(c), Sch. 11 para. 22(2)(a)**
- F13 Sch. 1 para. 19(2)(d) repealed (18.1.2005) by **Housing Act 2004 (c. 34), s. 270(3)(c), Sch. 11 para. 22(2)(b), Sch. 16**
- F14 Words in Sch. 1 para. 19(2) substituted (18.1.2005) by **Housing Act 2004 (c. 34), s. 270(3)(c), Sch. 11 para. 22(2)(c)** (with Sch. 11 para. 22(3))

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F15 Sch. 1 para. 19(5) inserted (18.1.2005) by [Housing Act 2004 \(c. 34\)](#), s. 270(3)(c), [Sch. 11 para. 22\(4\)](#)

^{F16}Disclosure of information by auditors etc. to the Relevant Authority

Textual Amendments

F16 Sch. 1 para. 19A and cross-heading inserted (18.1.2005) by [Housing Act 2004 \(c. 34\)](#), s. 270(3)(c), [Sch. 11 para. 23](#)

- 19A (1) A person who is, or has been, an auditor of a registered social landlord does not contravene any duty to which he is subject merely because he gives to the Relevant Authority —
- (a) information on a matter of which he became aware in his capacity as auditor of the registered social landlord, or
 - (b) his opinion on such a matter,
- if he is acting in good faith and he reasonably believes that the information or opinion is relevant to any functions of the Relevant Authority.
- (2) Sub-paragraph (1) applies whether or not the person is responding to a request from the Relevant Authority.
- (3) This paragraph applies to a person who is, or has been, a reporting accountant as it applies to a person who is, or has been, an auditor.
- (4) A “reporting accountant” means a person appointed as mentioned in paragraph 16(7)(b).]

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