



06 March 2012

Our ref: ICAEW Rep 37/12

Your ref:

Philip Winter
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Dear Philip

The Proposed Revised Accounting Direction for Social Housing in England

ICAEW is pleased to respond to your request for comments on *The Proposed Revised Accounting Direction for Social Housing in England*.

Please contact Anne Davis (anne.davis@icaew.com) should you wish to discuss any of the points raised in the attached response.

Yours sincerely

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ICAEW REPRESENTATION

THE PROPOSED REVISED ACCOUNTING DIRECTION FOR SOCIAL HOUSING IN ENGLAND

Memorandum of comment submitted in March 2012 by ICAEW, in response to the Tenant Services Authority consultation paper The Proposed Revised Accounting Direction for Social Housing in England published in December 2011.

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INTRODUCTION

1. ICAEW welcomes the opportunity to comment on the consultation paper *The Proposed Revised Accounting Direction for Social Housing in England* published by the Tenant Services Authority (TSA) on December 2011, a copy of which is available from this [link](#).

WHO WE ARE

2. ICAEW is a world-leading professional accountancy body. We operate under a Royal Charter, working in the public interest. ICAEW's regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. We provide leadership and practical support to over 138,000 member chartered accountants in more than 160 countries, working with governments, regulators and industry in order to ensure that the highest standards are maintained.
3. ICAEW members operate across a wide range of areas in business, practice and the public sector. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. They are trained to provide clarity and apply rigour, and so help create long-term sustainable economic value.
4. This response reflects consultation with the ICAEW Social Housing sub-Committee which includes representatives from public practice and registered social housing providers as well as input from other ICAEW committees. The Social Housing sub-committee is responsible for ICAEW's policy on social housing issues and related submissions to regulators and other external bodies.

MAJOR POINTS

The time is right for revising the guidance

5. We agree that transparency in financial reporting is fundamental to helping tenants, lenders, investors and other stakeholders understand the financial position of social housing providers. An important element of improving transparency in financial reporting is disclosures to the accounts which should be aimed at improving the understandability, comparability and reliability of financial reporting to users. Given the changing economic, funding and political environment, there is need to review disclosures relating to social housing activities in the accounts of registered providers (RPs).
6. We therefore agree that the Accounting Direction should be updated and should aim to provide common guidance on disclosures relating to social housing activities to all providers of social housing, whether profit making or not. While the content of this proposal is similar to the existing Accounting Determination, we feel that this is a good opportunity to revisit the disclosures that are required for financial reporting for RPs. However, we consider that the consultation paper has not struck the right balance between requesting additional information required by the regulator and improving transparency versus cost of preparation, audit and complexity.
7. We recommend that the Regulator sets out its key objectives from the exercise of its powers under the Direction. We suggest that they should be confined to expanding the disclosures otherwise required in financial statements of registered providers to provide information of use to one or more key stakeholder, in a manner which balances the benefits of the additional information with the cost of its production and the impact on the readability of the financial statements. This therefore means that the Direction should not cover accounting policies or requirements to keep proper accounting records, as these are already requirements from other sources. Items which are only of relevance to the Regulator should also be excluded as the Regulator has other means to obtain this information without cluttering the financial

statements. It also means that the Regulator should perform an impact assessment on its proposals.

Clarity of requirements

8. The current proposed Accounting Direction does not easily identify what additional disclosures are required by the regulator and the rationale for these disclosures.
9. We believe there is still far too much detail specified in the Direction which is already contained in accounting standards or the RP SORP. The Direction should simply cross refer to requirements included in the accounting standard or RP SORP, simplifying the disclosure requirements included in the Direction.
10. The proposals do not separate disclosures that might be needed by profit and non-profit making RPs. Given that there are only 4 RPs that are profit-making, it would seem appropriate that disclosures relating to these providers are separately identified in the Accounting Direction, for example, by 'colour coding', 'boxing-off' or having a separate section for additional disclosures for profit-making RPs within the Accounting Direction.
11. It would be useful to consult with profit making RPs. ICAEW's Social Housing sub-committee does not have any experience of profit making RPs, so it is important that the TSA consults with profit making RPs and their advisors.

Interaction to regulation, legislation and regulators

12. Further thought needs to be given to overlaps and links to the Charities Act 2011 and Charities SORP requirements and how these affect the disclosures in the financial statements by RPs. There are a significant number of charitable housing associations. It is unclear how the regulation by the Charity Commission in England and Wales and the TSA will interact for charitable housing associations.
13. The proposals refer to regulated and non-regulated activities by RPs in paragraphs 3.1 but there is no definition as to what regulated means and by whom. We assume that regulation in this context means the Homes and Communities Agency (HCA) but this could also include, for example, the Charity Commission.

Unnecessary duplication

14. We believe that there is unnecessary duplication of accounting issues in the proposal which are covered in the SORP and therefore do not need to be included in the Direction. A clear distinction should be drawn between the purpose of the Direction and the RP SORP and the Charity SORP, which is of importance to charitable RPs. The Direction is intended to provide additional disclosures needed by the regulator whereas SORPs focus on interpreting accounting principles, policies and treatments set out in UK GAAP in the context of non-profit making RPs, some of which are charitable.

Name of the Direction and lack of consistency in language

15. If the purpose of the Direction is to provide additional disclosures in the accounts of RPs not required elsewhere, then perhaps the title of the Direction should be 'Accounting Disclosures for Private Registered Providers of Social Housing 2012'. The current title gives the impression that it is setting accounting policies or treatment, which is not the case.
16. By incorporating certain elements of UK GAAP, IFRS and the SORP but not all, this has led not only to unnecessary duplication in the Direction but also to confusion in terms, language and also what is required from a regulator's perspective.

More disclosures on financial instruments

- 17.** We suggest that the regulator should be requesting additional disclosures on financial instruments balances since this might be a high risk area for many RPs which have large balances relating to financial instruments and related accruals with third parties. Disclosure on financial instruments could include the following:

- 17.1. Fair value of loans and derivatives at the start and end of the period compared to book value
- 17.2. Level of security pledged on out of the money instruments
- 17.3. Proportion of fixed/floating
- 17.4. Loan profile in terms of due dates
- 17.5. Level of unsecured properties

More flexibility in segmental reporting

- 18.** We are of the strong view that segmental analysis in the notes to the accounts should be based on the way that the provider broadly runs its business rather than a prescribed format. While some guidance on segmental reporting would be useful, it should not be done on a prescribed format since 'one size will not fit all'. While we recognise that this may lead to less consistency, allowing flexibility in segmental reporting would increase the meaningfulness of accounts since the segmental reporting better reflects the key activities of the social housing provider, be these analysed by regions, activities or both, and should also increase the reliability of the information as it will stem from an established accounting process as opposed to purely an exercise for the year end accounts.
- 19.** It is worth observing that IFRS requirements, replicated in a similar manner in the draft proposals for UK GAAP issued by the Accounting Standards Board, emphasise that segmental analysis should be provided in a manner consistent with how the business runs its affairs. Consequently, there is potential for two sets of information to have to be produced once these requirements come into effect, currently proposed in December 2015.
- 20.** If there is a need by the regulator for particular information or analysis, it should explain why and request this as a separate report outside of the financial statements, audited if the regulator considers this to be necessary. In these circumstances, it would be helpful to provide considerably more definition to each of the categories and lines of expenditure so that a much greater level of consistency in analysis could be achieved. Alternatively, if the regulator requests information only in respect of income as opposed to expenditure, then this information should be comparatively easy to produce.

Value for Money Assessment is too onerous

- 21.** The Direction is proposing that RPs include an assessment of value for money in delivering their purpose and objectives in accordance with the regulator's standard. It proposes that this assessment should be included as a part of the board report or OFR. We feel that financial reporting disclosures should not be used to explain compliance with an isolated regulatory standard. Instead, this information should be requested outside of the statutory accounts if it is needed by the regulator. In addition, the regulator should provide guidance on how this might be achieved and the scope of the assessment. One point to note is that since it will be part of the Board report or OFR it will not be separately audited; it is not clear what the objective is of including the disclosures in the financial statements as opposed to any other report produced by the RP.

RESPONSES TO SPECIFIC QUESTIONS

Q1: In the context of the powers available to the social housing regulator under the Housing and Regeneration Act 2008, is the approach taken in the draft accounting direction appropriate?

22. As noted in paragraph 8 –11 we believe that the proposals require significant changes in order to clarify disclosure requirements for all RPs and avoid unnecessary confusion by including requirements, accounting treatments and definitions which can found elsewhere.
23. In terms of approach, ICAEW is of the view that the proposals in the Direction might be better received if more informal up-front consultation had been conducted with key stakeholders by the TSA prior to public consultation.
24. While there are benefits associated with change, there are also costs. In preparing this response, our overriding concern is the quality of financial reporting in the public interest, subject to practicality and cost/benefit considerations. As required by the government, we would strongly recommend that a regulatory impact assessment is undertaken by the TSA on the proposals in the Direction since there will be costs associated with preparing and auditing disclosures.
25. The Accounting Direction focuses on improving understandability and comparability in social housing activities by providers. However, further thought needs to be given to overlaps and links to the Charities Act 2011 requirements and how these affect the disclosures in the financial statements by RPs. There are a significant number of charitable housing associations and the Charities Act 2011 requirements are more extensive than the Industrial and Provident and Friendly Societies requirements referred to in the Direction. It is unclear how the regulation by the Charity Commission in England and Wales and the HCA will interact for charitable housing associations.

Q2: Does the proposed accounting direction at Annex A and the additional disclosures relating to social housing activities adequately ensure the clarity and transparency of those activities? If not, please suggest how this might be met.

26. Based on our major points highlighted above and the significant number of comments and suggestions raised in Q3, we would strongly urge the regulator delays implementation of the Direction and re-consults with key stakeholders in order to ensure that points raised relating to unnecessary duplication and lack of clarity on disclosures can be addressed in order to improve clarity and transparency over social housing activities in the accounts of RPs.

Q3: Are there any areas of the proposed accounting direction that should be clarified, expanded or removed?

Citation and comment

27. The first time that the term RPs appears in the Direction is in paragraph 4. RPs should be substituted with 'Registered Providers' (RPs) since this is the first time that this abbreviation appears in the Direction.

Interpretation

28. In order to avoid confusion, we would strongly suggest removing all definitions which are included elsewhere in UK GAAP, SORP or legislation such as the Companies Act or Housing and Regeneration Act 2008. For example we would recommend deleting specific definitions on accounting policies, accounts, generally accepted accounting principles, income and expenditure, balance sheet, company and associate since these terms are defined in other source documents.

29. If the above recommendation is implemented, we would suggest having a statement under the interpretation section that states that this section covers additional definitions relating to disclosures required by the TSA which are not included elsewhere in the accounting standards, SORPs or relevant legislation.
30. If definitions from other sources are included in the Direction because it is felt to help the reader, it would be helpful if the definitions were exactly the same as in other sources of information, if possible including relevant hyperlinks. For example, the definition of 'social housing' could be replaced by the definitions in use in the Communities and Local Government Planning Policy Statement (PPS3). The proposed definition of 'social housing' raises more questions than it answers. For example, is low cost rental defined in terms of the tenant's or provider's perspective? The Industrial and Provident Society definition should probably be 'incorporated under' rather than 'registered under'. Similarly, while having a definition of 'larger registered provider' is useful since it relates to disclosure in the Direction, this definition is not consistent with the SORP nor is it clear. We think a larger RP should be 'an RP which owns and/or manages more than 1,000 units of accommodation.'
31. The only exceptions we propose in relation to this general theme is where the Regulator wishes to clarify terms used elsewhere, where there is more than one common usage of a term or where the legal definition is not the same in different forms of legislation. Examples where definitions are helpful include the remuneration disclosures of Board members.
32. A few definitions included in the Direction are potentially useful but need to be clearer and more comprehensive. For example, it is unclear if a 'unit of accommodation' is measured in terms of bed space or a physical room. Similarly, does the definition of 'void losses' include income lost from rental and service charges or just rental?
33. Definitions needed for the purposes of additional disclosures required by the regulator in the Direction should be included in this section. For example, there is no definition of 'other social housing lettings' which is required in the current proposed segmental reporting outlined in part 1, Note B.
34. Terms not in general use or used in a special way according to context should be defined in the Direction if the term is used in a requirement for the purposes of generating particular information. For example, paragraph 15(b) on page 15 refers to a person being an 'ordinary member of the pension scheme'. It would be useful to include this definition and cross-reference in the interpretation section. Similarly, there is no definition of emoluments for the purposes of the accounting requirements in paragraphs 12 to 16 ('Directors' and senior staff emoluments').
35. Definitions not used for disclosure requirements in the Direction or elsewhere, should be deleted.
36. Finally, we are of the view that this section is intended to provide a list of definitions which are relevant to the additional disclosures required in the Direction. If so, we would suggest renaming this section 'Definitions' instead of 'Interpretation'.

Materiality

37. We believe that paragraph 7 on materiality is unhelpful as it stands. While reference to materiality is useful in the Direction, the definition should be in line with that found in UK GAAP in relation to 'general' balances and amounts.
38. There is no consideration of what 'particular context' means with the current proposed definition. The text needs to be expanded since, from an audit point of view, some figures are 'material' because certain disclosures are required irrespective of the numbers involved, for example, directors' remuneration. The Direction should, therefore, state what disclosures are required for the Regulator and therefore not subject to the usual materiality judgement that

affect general balances and amounts in the financial statements. Preparers and auditors of financial statements by RPs should be allowed to use their professional judgment regarding materiality of other figures in the financial statements.

Group structures

39. Paragraph 8 does not refer to the exemptions for subsidiaries permitted in the Companies Act or Industrial and Provident Societies Acts relating to the preparation of group accounts. Therefore, we suggest that this paragraph be changed accordingly to state something along the lines of 'should prepare group financial statements unless permitted by legislation and financial reporting standards not to do so.'

General accounting requirements

40. We are of the view that paragraph 9 is unnecessary since keeping proper accounting records is already required in law and accounting standards.
41. Paragraph 10 should state the underlying principle is that accounts should comply with UK GAAP as interpreted by the SORP and additional disclosures as outlined in the Direction.

Balance sheet and income and expenditure statement and notes to the accounts

42. The paragraphs 11 to 24 should be deleted and replaced with sign-posting to the SORP or underlying UK GAAP as appropriate. The paragraphs contained in this section appear to be replicating existing content in standards such as SSAP 25 on Segmental Reporting and FRS 18 on going concern which is not necessary. There is also the risk of confusion if the Direction makes reference to certain accounting standards and not others.
43. Paragraph 14 b) should refer to 'the date on which the accounts are signed' not the 'date on which it is signed on behalf of the board.'

The schedule – part 1 – Note A: particulars of social housing turnover, operating costs and operating surplus

44. In addition to our comments in paragraphs X-S, we have the following specific comments on part 1, note A:
- 44.1. Note A title should be amended to 'Note A – particulars of social housing turnover, cost of sales, operating costs and operating surplus.' An additional column must be added after the 'Turnover' column and headed 'Cost of Sales'. This is necessary for current asset property sales activity.
 - 44.2. It is not clear what is meant by 'charges for support services' since no definition is included in the interpretation section of the Direction.
 - 44.3. There is no clear guidance on what is meant by 'Other social housing activities – Other' in note A. At a minimum, if this analysis is required, social housing providers should be asked to specify what 'Other social housing activities – Other' are in their note to the accounts.
 - 44.4. It is worth considering a separate line under 'Current asset property sales' called 'Current asset property write downs'. Such amounts are not impairments but are still write downs in respect of housing development activities. Otherwise, many RPs may incorrectly aggregate current asset write downs with fixed asset impairments which will then appear in Part 1, Note B which is incorrect.
45. We are not supportive of Part 1, Note A, note 2 on materiality because this note is incompatible with allowing the board to exercise their judgement on materiality and the level of disclosure necessary for the accounts to give a true and fair view. It ignores the possibility that an item or disclosure may be material even if it not quantitatively material. In addition, as

currently drafted, note 2 is not clear. For example, when working out materiality, does the note mean the lower of 5% of social housing turnover or costs or can you choose?

The schedule – part 1 – Note B: segmental analysis: particulars of income and expenditure form social housing lettings

46. In Note B, there are no comparative figures for the detail, only the total amount. Comparatives for the detail are likely to be useful when comparing the activities of the social housing provider year on year. There continues to be a lack of definitions for note B. For example:

46.1. There is no clear guidance on what constitutes 'service charge costs' and 'management'. For example, should staff time be split between management and services or should it all be in management or, taking it further, should staff costs be allocated to the maintenance lines? At present, staff costs may or may not be allocated consistently across the expected categories.

46.2. It is not clear as to where planned cyclical maintenance expenditure which may or may not be routine in nature should be categorised.

47. We don't believe that the disclosure in relation to void losses referred to in Part B, Note 1 is practical. Firstly, there is no guidance on how to disclose 'void losses between social rent and affordable rent' in Note B since this is not separately identified in Note B. Secondly, guidance is needed on how void losses might be allocated if the use of the property changes. For example, if the property changes from social rent to affordable rent, where should the void losses associated with that property appear in this categorisation? We do not believe that categorising void losses in this manner will enhance the transparency of the RPs accounts.

48. As noted in paragraph 41, we are not supportive of having a note on materiality.

The schedule – part 2: other information to be shown in the accounts

49. We believe that paragraphs 1-4 are unnecessary since this information is already included in the SORP.

50. The heading 'Transparency in reporting of social housing activities' does not appear to be supported by the contents of paragraphs 5 and 6 which focus on non-regulated parts of the business. We believe that this section is trying to focus on disclosures of intra-group transactions and segmental analysis of regulated and non-regulated activities. We therefore suggest that this section is split into two with the first renamed 'Transparency in reporting of intra-group activities' and the second names 'Segmental analysis of regulated and non-regulated activities'. However, we have an overall significant concern over the level of complexity and extensive disclosure that will be required as a result of paragraphs 5, 6 and 7 of this section. While such allocations are standard practice in the management information of RPs and have been for many years, this level of additional disclosure may require an extensive amount of work by RPs and their auditors. We therefore suggest that the Regulator performs an assessment of the potential amount of work required to produce this information and compares this to the benefits.

51. If the decision is made to introduce the disclosure requirements outlined in paragraphs 5 and 6 as part of the financial reporting, it would be helpful to provide more guidance on what is required and to define the various terms. For example, it is not clear what is meant by 'business' or 'businesses', 'material transactions' (material to whom), 'amounts attributable to regulated and non-regulated activities' (is this intended to identify cross-subsidising of regulated by unregulated or vice versa? Does this relate to related party transactions?)

52. Paragraph 8 needs re-wording since a directors' report is not part of the accounts but should accompany the accounts in the annual report.

53. OFR requirements in paragraph 9 refer to larger RPs which is defined as 1,000 units or more. This is different from the definition used within the SORP which only recommends that RPs above 5000 units produce an OFR. Although we have no objection in principle to the expansion in this requirement, we recommend that the Regulator performs an assessment of its cost and compares this to the benefits to the readers.
54. We note that the current requirement for RPs to include a statement about internal control in the OFR is not carried through to the proposed board report and operating and financial review requirements in paragraphs 8-10. If the regulator requires a statement about internal control which is normally part of the OFR and a requirement in the Trustees report for charitable RPs, then it should say so. However, if it does not, it would be helpful to make an explicit statement to that effect.
55. Paragraph 10 should be slightly rephrased. We think the first sentence intends that the board report or OFR includes a self- assessment of the performance of the social housing provider, not the board. This paragraph also requires the assessment of performance to be 'transparent and accessible to stakeholders'. It would be helpful if the term 'stakeholders' was defined in the Direction.
56. The disclosure requirements on value for money in paragraph 10 seem unusual for an Accounting Direction. In our view, the statutory accounts should not be used for explaining compliance with an isolated regulatory standard. This information should be obtained outside of the statutory accounts preparation exercise.
57. As defined in paragraph 11, a director is a member of the senior management team. We are not clear about who would be included in the category of 'senior staff' referred to in the section title for paragraphs 12-19, if they are not members of the senior management team. It would be preferable to use the same term if the intended meaning is the same as that of the defined term.
58. We are not clear as to why directors' and senior staff emoluments outlined in paragraphs 12 and 14 should be in bands of £5,000 rather than £10,000 as currently required in the Charities SORP.
59. Paragraph 12 does not provide guidance as to where the aggregate amount of emoluments should be disclosed. For example, should they be disclosed as part of the accounts or separate but accompanying a remuneration report?
60. Paragraphs 13 and 14 are slightly confusing. It is not clear what is meant by the terms 'annualised basis' and 'full time equivalent'.
61. We are unclear if the disclosures relating to paragraph 16 should deliberately exclude associates. In addition, the purpose of the last sentence in paragraph 16 needs clarification. Is this supposed to be an anti-avoidance measure?
62. We are not clear as to what paragraph 18(b)(i) & (ii) means and therefore would find further guidance on terms such as 'in connection with RP's affairs' beneficial.
63. Paragraph 19 refers to all past directors' pensions but does not stipulate a timeframe. Does this disclosure relate to the aggregate amount of past directors pensions over the life of the entity? If so, this requirement is more onerous than those for listed company's directors' remuneration reports of large and medium sized companies and groups. Alternatively, does it mean in relation to amounts payable for the year or the amounts recognised in the financial statements?
64. Paragraph 22 restricts the disclosure to staff engaged on social housing activities only whilst paragraph 23 requires all employment costs to be disclosed regardless of social or non-social

activities being undertaken. This will lead to misleading employee disclosures. In addition, further guidance is needed on how senior management team members who aren't board directors but are directors as defined in paragraph 11 fit into this disclosure requirement.

65. We believe that paragraph 26 is vague and risks resulting in inconsistent disclosures across the sector, especially in relation to SHPS pensions schemes. It would be helpful if the Regulator either specified the disclosures it would like to see on this area if it has a particular objective of increasing or standardising disclosure. If it does not, then it need not make this comment as this largely reproduces the existing requirements of FRS 17.
66. Financial assistance is already defined in the interpretation section of the Direction page 4 but this definition could be improved using the text in paragraph 27.
67. It is not clear why these two categories of interest in paragraph 28 have been singled out for further disclosure by the regulator nor is the basis of any apportionment of costs clear. Furthermore, if interest is deferred, it would not be included in interest payable and similar charges. This paragraph is missing a verb.
68. The treatment of VAT relating to external audit fees is inconsistent between paragraphs 29 and 30, since it refers in the first to "non-recoverable" VAT. A simpler alternative to 29 and 30 would be to require auditor's remuneration to be stated net of VAT because the purpose of the disclosure is to show the benefit to the auditors, not the cost to the RP. In any case, the Companies Act equivalent of this disclosure is specifically excluding VAT and therefore the Direction's requirements on this are potentially inconsistent with the Act, where it applies.
69. Paragraph 30 uses the definition of 'Associate' from s.494 CA2006 which would be a better definition to use in the interpretation section.
70. We suggest that an additional line on 'accumulated impairment' after 'accumulated depreciation' would enhance the information required in the fixed asset note referred to in paragraph 31. It would be helpful for the additions line in the fixed asset note to be clearer. Additions to completed properties should distinguish between completed properties acquired, construction costs, components capitalised and other works to existing properties.
71. We think that paragraph 32b) is not very clear and risks many interpretations by preparers of RP accounts.
72. Using different terminology relating to land including buildings throughout paragraph 33 is confusing. Paragraph 33 a) and b) refers to properties but perhaps this should disclosure should relate to land including buildings. The disclosure in 33 b) is confusing because you cannot have a short leasehold land.
73. Paragraph 34 suggests that this note refers to equity capital which is in nearly all cases not applicable to RPs.
74. We believe that paragraph 44 on contingent liabilities disclosures should be restricted to material contingent liabilities not all contingent liabilities. It should also specify that the disclosure relates to contingent liabilities as at the balance sheet date.
75. Paragraph 49 refers to 'key-worker accommodation', a term which is not defined in the interpretation section of the Direction. A definition on key-worker accommodation would be welcome if this disclosure is of importance.
76. As currently outlined in paragraph 52, there is a risk that information about social housing activities could be omitted from the financial statements (other than perhaps the OFR) if controlled by the reporting entity but not carried out directly by it.

- 77.** The Direction does not discuss reporting requirements for subsidiaries in paragraph 52 on Group Structures. ICAEW believes that subsidiaries should be exempt from some reporting requirements. In particular, those relating to segmental information, if equivalent information is provided on a consolidated basis within group accounts of another RP.
- 78.** The Accounting Direction, where possible, should make general references to relevant legislation and accounting principles or standards. The proposals include specific references to specific IFRS and legislation. It would be better if the references were more general, referring to accounting standards and legislation applicable to the social housing provider's accounts at a particular point in time. This approach would help to ensure that the Accounting Direction is future proof and does not immediately become out of date by forthcoming changes in accounting standards and legislation.
- 79.** The suggested format for disclosure of RCGF and DPF balances in Appendix 1 is incorrect. The second line refers to 'inputs to reserve' and should be changed to 'inputs to fund' or 'inputs to the creditor'.
- 80.** We believe that the OFR should include a reference to the risk and management of risks associated with financial instruments.

Q4: Does the proposed implementation date provide an adequate timescales for the introduction of any new requirements?

- 81.** We believe that if the final proposals involve significant changes to the social housing providers processes and systems to generate the required disclosures, there will be a need for transitional relief, especially for comparative figures.

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