

Housing News

February 2012

Year of the Dragon

The start of a new year is always an opportunity for reflection. As we look back on 2011, the last year reporting under the old Statement of Recommended Practice (SORP), it is, perhaps, worth considering the main themes that emerged from our 2011 audits and their continuing relevance in 2012.

For most, the reporting required for the 31 March 2011 year end was overshadowed by discussions around the implementation of the updated SORP in 2012. In particular, the principals and plans relating to component accounting became a key focus - our factsheet 'Component

accounting - what's the plan?' provides useful anecdotal evidence from these discussions which may aid your final preparations.

Anticipated themes such as impairment, especially around land banks, and going concern didn't impact as widely as may have been expected. Undoubtedly these matters will remain relevant in 2012 (and beyond) as the impact of regime changes, cost reduction exercises and banks' lending priorities become more evident.

The main area of technical discussion in 2011 came from funding solutions, with associations looking

at alternatives as traditional debt costs increased. These complex arrangements require advance planning to ensure the accounting doesn't result in unexpected consequences.

It may be too late for new year resolutions but early discussions with your advisors would certainly be worthwhile in 2012 if you are looking at financing options.

However, the real financial reporting question, in the year of the dragon, may be whether the next release on the Future of UK GAAP will deliver on tentative announcements and quell the fires ignited by the original draft.

Is the new regulatory framework that different?

In November 2011 the TSA launched its consultation on the new regulatory framework which is planned to come into effect 1 April 2012. Much of the framework is maintained from the previous regime but some requirements have been fundamentally changed. Perhaps the most substantial of these relates to the Value for Money (VfM) standard which shifts the emphasis from 'efficiency of service delivery' to 'a comprehensive approach to achieving VfM, taking into account the interests and commitments to stakeholders'.

Rightly, most would argue that stakeholders' interests are already at the heart of the sector - suggesting that the implications of the proposals should be limited. Unsurprisingly, the devil is in the detail and the requirements underpinning the standard, particularly around the opportunity cost of decisions and maximising the future return on assets, are likely to be problematic in terms of measurement and transparent reporting. The starting point of any external VfM assessment will be your own reporting and it is essential that

this articulates a broad and coherent view of how you link the application of resources to the achievement of objectives at an organisational level. In our experience, a common pitfall is to bias reporting to the easily measureable success stories rather than portraying a balanced overview of a continuing journey - an approach to be avoided as it enviably leads to more questions!

The consultation closes 10 February 2012.

An appropriate code of governance?

The 2010 regulatory framework introduced the requirement for providers to adopt and comply with an appropriate code of governance – allowing an element of choice. But, what is an appropriate code?

Most have, understandably, continued to apply the NHF 'Excellence in Governance' but anecdotal evidence suggests that larger providers are considering, and in some cases adopting, the FSA's UK Code of Corporate Governance applied by listed companies. These two codes are similar in applying the recognised

procedure of 'comply or explain' but the appropriateness of this concept is up for debate as the European Commission's Green Paper on the EU Corporate Governance Framework questions whether optional principles and guidance, rather than hard regulation, can achieve effective governance.

Our recent publication reviewing governance reporting in the FTSE 350 suggests that the 'comply or explain' approach has achieved significant success over the last ten years – with straight compliance almost doubling

in that time. But, as corporate stakeholders and regulators call for more informed reporting, pressure may result in a more prescriptive approach which would undoubtedly be adopted, at least in part, by registered providers. So whilst Boards consider which Code is the most appropriate, the issue may actually be whether the underlying principles of UK governance reporting will survive.

'FTSE350 Corporate Governance review – a challenging climate ahead' is available to download from our website.

We would like to invite you to attend a series of seminars focusing on some of the current issues affecting organisations within the housing sector. Each of these sessions will address a different issue and you are welcome to attend as many sessions as you wish.

London

Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

T 020 7383 5100
F 020 7383 4715

RSVP

E ava.kimpton-pasfield@uk.gt.com



Seminar programme

Housing Finance workshop

Our accounting update for registered providers will offer practical guidance covering issues affecting your financial statements. Topics will include: component accounting, capitalisation policies and asset impairment, together with reporting on governance and internal controls under new regulatory requirements as well as an update on tax issues in the sector.

London

Thursday 8 March 2012

8.30pm Registration and coffee
9.00pm Seminar commences
12.00pm Lunch

Leeds

Friday 9 March 2012

9.00am Registration and coffee
9.30am Seminar commences
12.30pm Lunch

Leeds

No 1 Whitehall Riverside
Leeds
West Yorkshire
LS1 4BN

T 0113 245 5514
F 0113 246 5055

RSVP

E beverley.a.johnson@uk.gt.com

When social media becomes a liability

Social media's biggest advantage is also its biggest disadvantage – its pervasiveness. It has millions of frequent users, which means misinformation or malicious falsehoods can be spread as far and as fast as any positive publicity. The not for profit world is particularly vulnerable to this and our team of specialists can take you through ways of mitigating these risks and what you need to be thinking about.

London

Wednesday 25 April 2012

3.30pm Registration and coffee
4.00pm Seminar commences
5.30pm Drinks and canapés

Tax/VAT/Employee issues update

Our tax seminar will provide an update on developments in direct taxes, VAT and an update on employee issues as they affect the sector, as well as providing timely reminders on topical issues.

London

Thursday 24 May 2012

3.30pm Registration and coffee
4.00pm Seminar commences
5.30pm Drinks and canapés

An update on IFRS

As the migration of UK GAAP to IFRS continues to develop, this session will provide an update on the latest position for the not for profit sector, highlighting key developments, areas of concern and practical issues which need addressing. Specialists from our not for profit and IFRS conversion teams will lead the session with plenty of opportunity for debate.

London

Wednesday 10 October 2012

8.30am Registration and coffee
9.00am Seminar commences
5.30pm Finish

Tax/VAT/Employee issues update

Our tax seminar will provide an update on developments in direct taxes, VAT and an update on employee issues as they affect the sector, as well as providing timely reminders on topical issues.

London

Wednesday 5 December 2012

3.30pm Registration and coffee
4.00pm Seminar commences
5.30pm Drinks and canapés



© 2012 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton UK LLP is a member firm within Grant Thornton International Ltd ('Grant Thornton International'). Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered by the member firms independently.

www.grant-thornton.co.uk