



Catalyst Response to Consultation on changes to the Accounting Direction

Catalyst is one of the UK's leading housing associations, with over 37,000 homes housing over 70,000 customers in London and the South East. We are a member of the G15 group of large London housing associations and BuildEast group of large developing housing associations in the East of England.

We are a Registered Provider subject to the Accounting Direction of the Regulatory of Social Housing.

We welcome the opportunity to provide views in response to the consultation on proposed changes to the Accounting Direction for private registered providers of social housing.

If you have any questions or require further information on this response, please contact [REDACTED]

Introduction

Overall we are very supportive of the proposed changes. We do have some suggestions and improvements which are set out below in response to the specific questions raised in the invitation to comment.

Specific comments on questions raised

1. **Do reporting requirements covering the particulars of turnover, cost of sales, operating expenditure and operating surplus (Part 1 Note A) enable:**
 - a. **the performance of the PRP to be explained to stakeholders in meaningful ways?**

Response: Yes, we agree.

- b. **are they consistent with reporting requirements where an operating segment report is produced to comply with IFRS8?**

Response: The IFRS 8 requires that the analysis of operating segments included within financial statements is based on similar information about the components of the entity that management uses to make decisions about operating matters. IFRS 8 information will therefore vary from one RP to another. If operating segments are based on geography rather than products or services, can they still be aggregated?

2. **Does the proposed Accounting Direction adequately set out the reporting requirements in respect of the particulars of turnover and operating expenditure from social housing lettings (Part 1 Note B)?**

Response: Yes, we agree.

3. **Does the proposed Accounting Direction adequately support the Value for Money reporting requirements that must be published annually within the statutory accounts?¹**

Response: Yes, in our view this requirement reflects the current requirements of the Value for Money Standard.

¹ RSH intends to include links to the VFM and the Code of Practice within the proposed Accounting Direction. It should be noted that the links are to existing publications which underwent a separate public consultation. The links are intended to provide further clarification and/or guidance on the requirements of the Accounting Direction and the documents themselves do not form part of this consultation.

4. Are there any areas of the proposed Accounting Direction that should be clarified, expanded on or removed?

Response: This is generally helpful guidance.

We would welcome clarification and examples.

It might be useful to provide clarity around 'material' activities which should be disclosed separately.

We think that the additional requirements are likely to vary from one RP to another. This will increase the risk of the financial statements becoming less easy to follow and benchmark.

There is no clarification in the glossary of terms. For example, what is the definition of 'Charges for support services'?

We would welcome further guidance on 'acceptable methods' of allocating management/overhead type costs across tenures (social and other and non-social) when the costs are not directly attributable to a tenure, but the costs do require allocation across the different tenure activities.

We think that requiring accounting policies to disclose the method of allocating management/overhead type costs across tenures (social and other and non-social) would allow the **user of the accounts greater visibility and understanding.**

5. Does the proposed implementation date provide an adequate timescale for PRPs to introduce the requirements of the Accounting Direction?

Response: For the early adoption of this Direction the reporting period involved has already begun. If the guidance is completed before the end of January 2022 then that would be a reasonable application date for these revisions.

6. Do you agree with these proposed changes?

Response: Yes, we agree.

7. Do you have any other comments regarding the proposed Direction?

Response: There is a typo in the section 'Capital funding and capital commitments', which is number 29 in the direction. There are 3 sub points within this section which are labelled as d, e and f but they should be a, b and c.