Registers of Scotland
ros.gov.uk

Innovating for our customers

Annual Report
2017-18

Contents

SG/2018/150

Foreword

Having joined as Keeper of Registers of Scotland in April this year, I'm immensely proud to report on our many successes of 2017-18 in this year's annual report. We have much to be proud of and it's with great anticipation that I look forward to building on all this existing good work to deliver the best for our customers.

Jennifer Henderson
Keeper of the Registers of Scotland

Registers of Scotland (RoS) plays a pivotal role in the Scottish economy by providing a publicly guaranteed system of rights in land and property. We have a dual responsibility to the citizens of Scotland: to maintain existing rights and standards when it comes to land and property registration, and to continually evolve as a business to meet their changing needs.

We've continued to handle high numbers across our business activities this year.

> **We have dealt with over 750,000 applications to our registers and over 175,000 first line information requests to our Customer Services.**

In the majority of cases, we successfully meet our service standards across a range of products and services. Whilst this is positive, it is not reflected across a number of our more complex cases.

This is an area that we will be addressing over the coming year so that we can deliver a high standard of service for all our customers.

Throughout 2017-18, we've made further strides towards completion of the land register by 2024, with 65 per cent of titles now registered. We're working closely with organisations and private landowners, as well as exploring the use of modern technology combined with revised internal processes to accelerate completion. We're grateful to all our stakeholders who have embraced the voluntary registration process and are supporting us in meeting our 2024 land registration completion target. As the year continues, we look forward to collaborating with more customers in undertaking the voluntary registration process so that we can progress with this important national endeavour.

2017-18 has seen us innovate as a business to meet changing customer needs and realise our transformation ambitions; from introducing new registers, to developing new products and services that offer our customers greater efficiency and security on transactions. We've also invested in our people; adapting our resourcing and skills requirements to enable us to smoothly transition towards an increasingly digital registration and information business.

A standout moment over the past year has undoubtedly been the launch of ScotLIS on 24 October 2017. This new service revolutionises the way our customers interact with our data by offering an online, map-based land information service, with access to a wealth of information about land and property in Scotland. As the year progresses, we'll further develop the service, widening digital access to the information we hold, and improving usability for our customers.

In March 2018, the Scottish Parliament approved the Registers of Scotland (Digital Registration etc.) (Scotland) Regulations 2018, which paved the way for further innovation. The first of many changes was our enhanced application form. This work has been informed by extensive user research and removes common sources of confusion, thereby decreasing the likelihood of rejection.

The Digital Discharge Service (DDS) went fully live in May 2017 and by the end of the year accounted for a quarter of applications. DDS removes onerous paper and manual processes, centralises the actions of all parties into a single online portal, and replaces the wet signature requirement with digital signatures, resulting in a quicker, more secure and straightforward service for all parties involved. Thanks to everyone who has embraced DDS and this innovative, digital way of working. We're particularly grateful to the early adopters of DDS who worked tirelessly with us; explaining current and desired ways of working, validating the system and giving continuous feedback. Your commitment has resulted in a system we can be proud of and I look forward to welcoming more customers as the year continues.

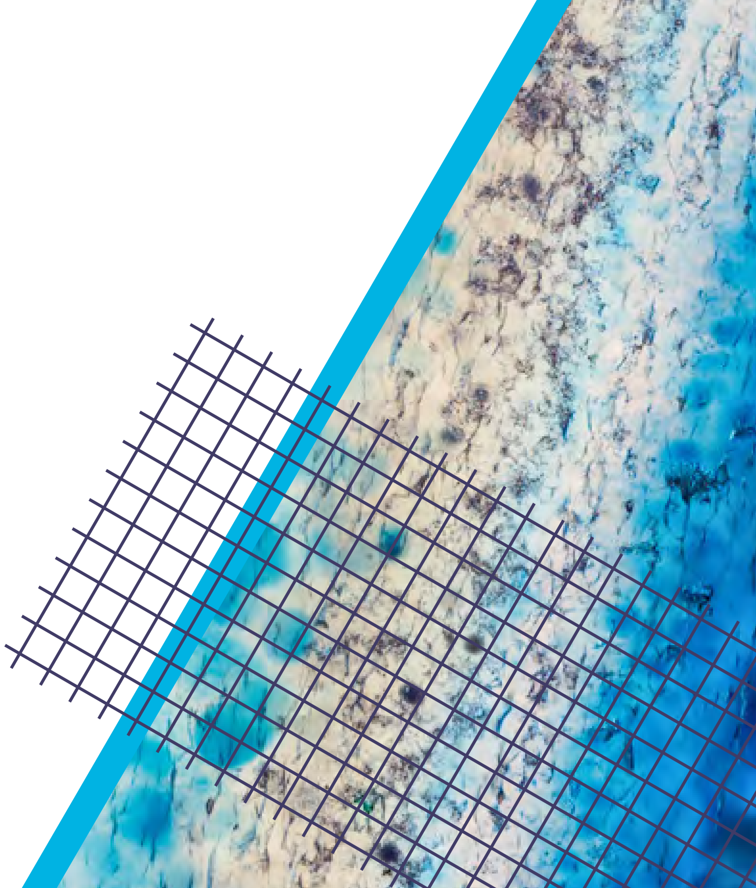
> **DDS went fully live in May 2017 and by the end of the year accounted for a quarter of applications.**

Building on the success of the Landlord Register, the Letting Agents Register launched in January 2018, increasing the number of registers in our care to 19. I'm extremely proud of our role in providing the digital capabilities and infrastructure to support this register which will no doubt offer greater protection to people in the rented housing sector.

28 June 2017 marked the 400th anniversary of the General Register of Sasines, the oldest national land register in the world, dating back to 1617. This momentous occasion was celebrated through a series of events which showcased our rich history, whilst setting out our future aspirations and expanding our international network. A particular highlight was hosting the annual Registrars of Title Conference in Edinburgh in October 2017 where we welcomed delegates from around the world to build on mutual experience and share ideas around land titles.

Finally, thank you to all our customers and stakeholders for your continued support, and to our people whose dedication and expertise enable us to provide this vital service to the people of Scotland.

Jennifer Henderson
Keeper of the Registers of Scotland



Our vision

To be a digital registration and information business trusted for our integrity.

Our values

At the heart of our business are our values. We are:

Impartial – we act without bias, keeping information secure and presenting it accurately

Forward-thinking – we must always add value for the public of Scotland, finding better ways to deliver what they and the Scottish economy need

Professional – we recognise that customers need us to be efficient and effective and to work with pace, passion and pride

Customer-focused – we strive to understand what our customers need and why so that we can design our processes and services for them.

Performance report

Overview

Brief history and background

Registers of Scotland (RoS) is a non-ministerial department and part of the Scottish administration. Since 1 April 1996, we've operated as a trading fund with our financial framework set out in the Public Finance and Accountability (Scotland) Act 2000.

In total, RoS maintains 20 public registers that provide for the registration of legal documents in Scotland. Two of our most active registers relate to land ownership: the Land Register of Scotland and the General Register of Sasines.

Our work is demand-led, with the level of work fluctuating in response to activity in both the housing and commercial property sectors.

In Edinburgh, our office can be found at:

Meadowbank House
153 London Road
Edinburgh
EH8 7AU

In Glasgow, we've completed the move from our previous Hanover House location, and our office can now be found at:

St Vincent Plaza
319 St Vincent Street
Glasgow
G2 5LP

Register*	Applications received
Land Register[1]	541,622
Sasines Register	45,422
Crofting Register	1,068
Landlord Register	26,752
Books of Council and Session	53,980
Register of Inhibitions	20,869

*This table details the highest volume registers we hold. The figures for the Land Register and Sasine Register include advance notices received.
To see all the registers we hold, visit our website.

RoS maintains
20 public registers
that provide for the registration of legal documents in Scotland.

More information on our products and services can be found at **ros.gov.uk**

Statement of purpose and activities

Principal activities

The Keeper of the Registers of Scotland is responsible for maintaining 20 public registers that provide for the registration of legal documents in Scotland. Much of our work involves the two main registers that relate to rights in land: the General Register of Sasines and the Land Register of Scotland.

The General Register of Sasines is a register of deeds, affecting heritable property in Scotland. It was the first of its kind in the world, dating back to the 1617 Registration Act of the old Scots parliament. It inspired the creation of similar registers across the world.

The Land Register of Scotland is gradually replacing the sasine register. It was introduced by the Land Registration (Scotland) Act 1979 and subsequently updated through the Land Registration etc. (Scotland) Act 2012. The land register is a state-guaranteed register of title to land, which results in the creation of a title sheet in which the extent of the property is shown on the ordnance survey map. We are working to complete the land register, as discussed in more detail on **page 15**.

The other registers in our care help underpin a variety of aspects of the Scottish land economy. The Crofting Register, covering crofts, common grazings and land held runrig (divided into strips and belonging to different people), provides a public record of these rights. We also hold the Register of Sites of Special Scientific Interest, the Register of Community Interests in Land and our most recent additions are the Landlord Register and the Letting Agents Register.

We support the wider economy by maintaining the Chancery and Judicial Registers, which comprises nine registers in addition to the three that make up the Books of Council and Session. These hold vital legal information, from the names of parties unable to grant property deeds due to sequestration (Register of Inhibitions), to royal assent for official documents like Acts of the Scottish Parliament (Register of the Great Seal).

More information on our registers, and how they support the people and economy of Scotland, can be found at: **ros.gov.uk/about-us/registers-we-hold**

Our objectives

Our 2017-20 corporate plan covered the financial year 2017-18 and set out our four strategic objectives:

1. By 2020 we will be a fully digital business with processes designed so that automation is the norm, online registration is mandatory and manual intervention only used where it adds value.
2. Our products and services will be available digitally and ScotLIS is the platform of choice for information about land and property, and its data is used to create value for Scotland.
3. By 2020, we will have made progress needed to complete the land register by 2024.
4. We will maintain an agile and sustainable business where our empowered and capable people respond to our customers' needs.

Performance review

This report gives information and details on the finances and internal structure of RoS, but also focuses on the business highlights for the past year.

It's been another busy year for RoS and we're proud of the strides we've taken towards achieving our digital ambitions. To move forward, we've focussed on developing and enhancing our digital products and services as fundamental levers for change. Growing our online services and products, optimising the data we hold and helping customers more easily access this wealth of information have all been key stepping stones in our transformation journey and will enable us to meet customer needs, both now and in the future.

"ScotLIS is faster, easier to use and makes new, innovative ways of working with RoS and our clients possible by providing greater flexibility"

Emma De Sailly, Shepherd and Wedderburn LLP

ScotLIS

The launch of ScotLIS marked a significant milestone in enhancing the way our customers interact with the information we hold. This service brings us closer to our customers by making our property data more transparent and readily accessible. The general public can now see on a map which properties are included in the land register and which in the Sasines Register, when houses have been sold and at what price.

Since its launch on 24 October 2017, ScotLIS has gone from strength to strength with over 27,000 users accessing the public service. We've begun an ambitious transition plan to have all business users on the new service by the end of 2018 – with uptake currently standing at 15 per cent. This service has met the Scottish Government's Digital First Standard which recognises our focus on user needs, the approach to developing the new service and having the required expertise to successfully maintain the service.

Moving forward, we'll continue to develop this service by making further improvements to our public offering, moving business users to the new platform and adding the Crofting Register. Registers Direct will be de-commissioned at the end of 2018, enabling us to fully focus on developing this new service in line with customer needs.

Digital Discharge Service

2017-18 was a pivotal year for our Digital Discharge Service. DDS replaces an existing paper-based process that involved several potentially lengthy rounds of postal correspondence with a fully digital service where all steps are completed within a single online portal.

After months of development, working in close collaboration with customers, and a live pilot with a limited user group, DDS went fully live in May 2017. Since launch, the service has grown in terms of both features and users. DDS has continued to develop and we've introduced usability improvements across the service based on customer feedback. We've also welcomed a number of major lenders and over 80 per cent of solicitor firms onto DDS, providing an effective transition process to the new service. Our lenders include Lloyds Banking Group, Royal Bank of Scotland, National Westminster Bank, Nationwide Building Society, Clydesdale Bank and Yorkshire Bank and we will continue to reach out to more customers. For lenders, the electronic signature requirement greatly reduces the risk of fraud, offering a more secure service.

At the close of 2017-18, we had processed around 13,000 applications, with DDS applications accounting for about a quarter of applications. Even better for our customers, by the end of the year DDS featured a 99.79 per cent acceptance rate, with all applications that were rejected returned simply because they were duplicates of successful ones. The move from paper to digital has also had significant environmental benefits; resulting in a 16 per cent reduction in paper usage.

New registers

In January 2018, we launched the Letting Agents Register, increasing the number of registers in our care to 19 (during 2018-19, we added our 20th register, the Register of Applications of Community Bodies to Buy Land).

Our IT project team collaborated with Scottish Government policy and operational leads to design and develop the system. Through the system, Letting Agencies can apply for registration and public users can find out if a Letting Agency business is registered and authorised to conduct Letting Agency work. For RoS, the development of the Letting Agents Register in collaboration with Scottish Government and Letting Agents was a significant achievement, building on the success of delivering a new Landlord Registration system in 2017.

The RoS hosted Landlord Register celebrated its first year in operation in February 2018. RoS and Scottish Government have been working closely with local authorities to deliver value focussed enhancements throughout the financial year, including changes to prepare for the GDPR coming into force in May 2018.

The Letting Agents Register opened on 31 January 2018 and finished the year with 36 new applications. This number will increase significantly over the course of the year as operational Letting Agencies submit applications in advance of the legal deadline of 1 October 2018. The Landlord Register finished the financial year with 92,679 applications. Both registers support the Scottish Government's aim for regulatory framework that will raise industry standards and offer greater protection for those in the rented housing sector.

The Landlord Register finished the financial year with 92,679 applications.

New Regulations

In March 2018, the Scottish Parliament approved the Registers of Scotland (Digital Registration etc.) (Scotland) Regulations 2018, which laid the groundwork for future improvements to come. The first change we made based on these regulations was a series of improvements to our land registration application form. The changes made were informed by extensive user research which highlighted potential areas of confusion as well as common errors which can often lead to rejections.

We've removed the signature requirement, which if left unsigned, is currently one of our top reasons for rejections. We've amended the Servitudes and Burdens questions which were a common source of confusion for our customers. The Certification of Links in Title question, which doesn't apply to the vast majority of cases, has been replaced with a Title Information question for first registrations only. These changes are already having a positive impact on our customers – rejections in the improved areas of the application form dropped from 594 in May 2017 to just 5 in May 2018.

These seemingly small changes provide for a more straightforward application process. Furthermore, they aren't the only progress we've made in introducing digital improvements; in 2017-18 we've also been working closely with customers during the discovery phase of our Digital Securities Service, which we'll continue to move forward in 2018-19. Developments such as these mark a significant step forward in our journey to becoming a more customer focussed, efficient and fully digital business by 2020.

We have set out above some of the most notable successes for the past year, but they haven't been the only things to celebrate.

400 celebrations

On 28 June 2017 we celebrated the 400th anniversary of the General Register of Sasines, the oldest national land register in the world, dating back to 1617. This significant milestone was commemorated through a series of activities and events over the course of the year. The aim of these activities was to provide a lasting legacy and increase the positive impact of the work of Registers of Scotland.

A particular highlight was hosting the annual Registrars of Title Conference in Edinburgh during October 2017. Delegates from around the world attended this three day conference and shared their knowledge on a range of subjects including service delivery models in a changing world, the principle of digital first and the role of automation in land title registration. This was a fantastic opportunity to build on mutual experience with registrars from around the world and develop new ideas around land titles; something we are passionate about at RoS.

We commissioned the installation of a commemorative public artwork to mark the occasion in the entrance to our Edinburgh office. We also funded a legal postgraduate master's degree, with a research focus on the publicity and privacy of land registration in Scotland and with an eye to the future, we are sponsoring a data scientist through their MSc.

Our people were actively involved in raising awareness of the anniversary throughout the year and participated in a number of events, volunteering opportunities and competitions that raised over £6,300 for Macmillan Cancer Support.

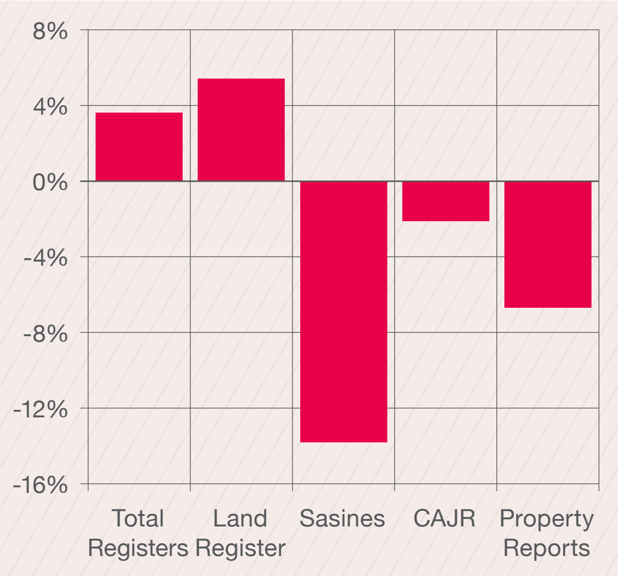
Rejections in the improved areas of the application form dropped from 594 in May 2017 to just 5 in May 2018.

Continuous improvement: building on existing good work

These weren't the only things to be proud of. Over the course of 2017-18, we've invested our efforts in developing the core products and services which we believe will help us to achieve our 2020 digital ambitions. An integral part of this journey has been to support and engage our people through change and enable them to perform at their best. Some particular highlights have been engagement activities to deepen understanding of our strategic direction, the introduction of a Total Reward Programme, and a new Wellbeing programme to provide greater support to our people.

We've continued to process high numbers of applications this year, with a 3.4 per cent increase in the number of applications despatched across all registration products. The number of ARTL applications has decreased by 26 per cent, reflecting the growing uptake of the new digital discharge service amongst our customers. We've also seen a 47 per cent increase in Voluntary Registration applications processed and have produced over 41,000 property reports over the past year.

Percentage increase/decrease in applications between 2017 and 2018



Development Plan Approval

The Development Plan Approval service has continued to grow with 235 different developers now using the service. Last year we were proud to be awarded 'Supporting organisation of the year' by Homes for Scotland in recognition of this service and its significant positive impact on the Scottish housing industry. This free, award winning service gives certainty to our customers that what is built actually falls within the registered title; helping to resolve any title extent issues and giving reassurance to both developers and solicitors. To date, 806 developments have been approved and in 2017-18, 224 developments were approved – the highest number since its launch in 2013.

3.4 per cent increase in the number of applications despatched across all registration products.

As a registration and information business, data is at the heart of everything we do.

Data

As a registration and information business, data is at the heart of everything we do.

> **Throughout 2017-18 we've continued to optimise the use of our data and improve accessibility of this information to our customers.**

Our monthly House Price Index (HPI) report continues to provide valuable information on average house prices in Scotland, placed in the context of house price changes across the UK. We provide this information in our monthly HPI report in partnership with the Office of National Statistics, HM Land Registry and Land and Property Services Northern Ireland. The HPI is recognised as an official statistic, produced in line with the UK Statistics Authority's Code of Practice.

In June 2017, we released our 10 Year Property Market Report to provide a comprehensive overview of the land and property market between 2006 and 2016. The 2017 Calendar Report, published in March 2018, provided a summary of the residential property market over the year, including average prices, volumes and sales by house type.

In March 2018 we released a new dataset to our customers, the Overseas Company Report, which relates to land register titles owned or leased by companies where the company address is outside the UK. This was accompanied by a new statistical bulletin, containing high level statistics on the country of origin of all property owners and tenants in Scotland, including the most frequent countries by origin of purchaser/tenant, and highlighting local authorities where the overseas market has a sizeable impact.

We continue to work with a wide range of customers including government, academia and the commercial sector to meet their data needs in relation to land ownership and the property market. We've been engaging actively with them to raise awareness and understanding of the data we hold and how we're improving it, encouraging feedback and discussion around future possibilities. We successfully met the deadline to provide a compliant INSPIRE Annex I cadastral parcels dataset on the 23rd November 2017 in line with EU requirements. Finally, we've been preparing the organisation for the introduction of the General Data Protection Regulation (GDPR) coming into force on 25 May 2018. In the run up to the implementation of GDPR, colleagues were made aware of the changes and their responsibilities in processing data through a series of communications and online training.

Meeting ongoing goals and targets

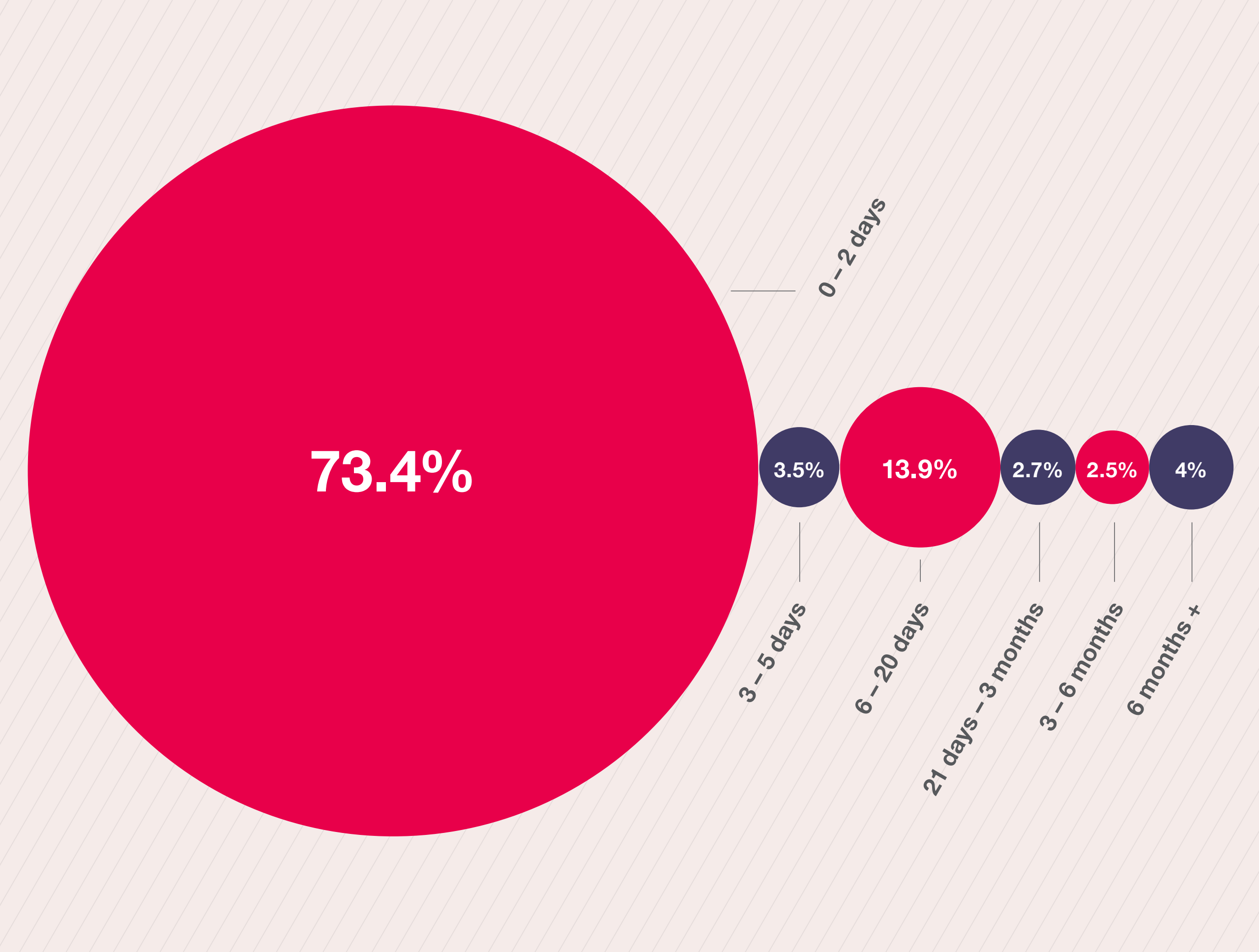
As we transition from current ways of working into a transformed registration and information business, costs to support our existing services have risen. This is reflected in a 4.9 per cent increase in statutory product unit costs across our core business activities. We have met our target to make at least 5 per cent profit on our non-statutory services, with an 8 per cent profit. We've also met our service standards for most of our services – the table opposite sets out our performance over the last year. Overall 91 per cent of work despatched in 2017-18 was completed within 20 working days. We recognise that for more complex cases, we have been unable to meet these standards for all registrations and we continue to focus on ways to improve on this through new technology and revising our internal processes.

91 per cent of work despatched in 2017-18 was completed within 20 working days.

Table of Service Standards

Register(s)	Service Standard	Applications completed	Cases meeting service standard
1. Enter new land register applications on the application record	Within 1 working day	**661,860**	**99.4%**
2. Register applications in:			
// Chancery and judicial registers (registration process)	Within 3 working days	**74,849**	**100%**
// Crofting Register		**1,068**	**100%**
3. Register applications in:			
// General Register of Sasines	Within 20 working days	**45,385** (includes Sasine AN)	**97.4%**
4. Register (1) land register applications for deeds affecting:			
// Registered land	Within 20 working days	**254,504**	**98.5%**
// Unregistered land (standard) (2)		**14,280**	**79.4%**
// Part of registered land where the keeper has given development plan approval		**3,991**	**99.8%**
5. Register other applications for deeds affecting unregistered land	Within 6 months	**13,733**	**65.6%**
6. Register other applications for deeds affecting part of registered land	Within 9 months	**19,131**	**61.6%**

Land register applications completed in:



Our financial performance reflected the costs involved in our continuing business transformation as we invest in our digital future. Our journey to becoming a fully digital business requires changes to our staffing structure and bringing in specialist skills to enable development of new systems and processes. Restructuring costs were incurred to move towards the appropriate permanent staffing for the digital future and costs incurred on agency staff and professional fees for the skills required on a shorter term basis through the transition period. Details can be found in the summary table below, and on **page 38**.

	2017-18	2016-17
	Million	Million
Change to retained surplus	(£15.6)	(£0.6)
Continued operations income	£72.6	£72.6
Net interest income and charges	£0.064	£0.119
Capital expenditures	£5.1	£4.5
Costs	£88.1	£73.3
Costs comprised:		
Staff costs	£57.9	£49.8
Restructuring costs	£6.1	£0.029
Administrative costs	£20.7	£20.2
Amortisation and depreciation	£3.4	£3.3

Land register completion

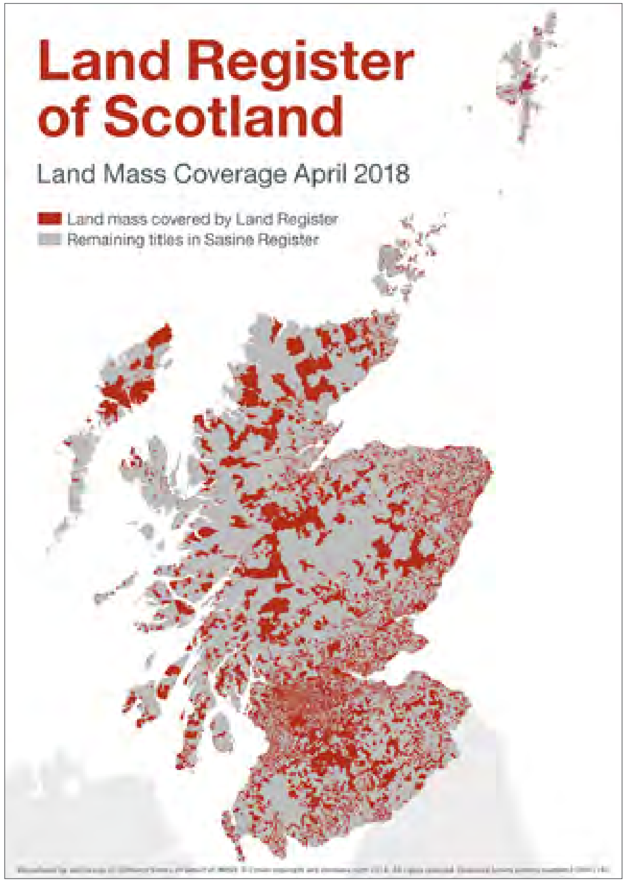
We have now registered 65 per cent of land and property titles (around 1.8 million), amounting to 31.7 per cent land mass coverage or 2,540,618 hectares. Just under 70,000 addresses have been registered under Keeper Induced Registration (KIR) and having processed around 800 follow up transactions without difficulty, we've proved we can create titles which solicitors and lenders are confident to trade on. We are continuing to support public sector bodies in reaching the 2019 target through close collaboration and keeper induced registration.

By working in partnership with West Lothian Council for example, we've successfully registered 10,000 council houses and hope to complete registration of the remainder of their housing stock over the coming months. As a result of the success of this partnership approach, we are now engaging with other councils in a similar way to boost land registration completion.

Approximately 38,000 Local Authority properties have now been registered and other large public landowners such as Forestry Commission Scotland, Scottish Water and Network Rail are all fully engaged in preparing applications.

Looking ahead, we're exploring how we can rapidly scale the volumes of KIR using modern technology coupled with updated internal processes to help us meet the completion target.

Voluntary registration remains one of our primary levers for land registration completion and so we're continuing to offer a 25 per cent discount for voluntary registrations through to mid-2019. As we move closer to the 2019 deadline, public bodies are accelerating their submissions of voluntary registrations. Private landowners are also progressing with voluntary registration; we've registered the Balmoral Estate covering almost 20,000 hectares of land and are continuing to work with large landowners such as the Buccleuch Estates and Atholl Estates to complete their programme of voluntary registrations.



We have now registered 65 per cent of land and property titles (around 1.8 million), amounting to 31.7 per cent of land mass coverage.

SVP has seen our Glasgow office carbon emissions reduce by 68 per cent, while total paper usage has reduced across our whole estate by 16 per cent.

Environmental achievements

RoS recognises the importance of tackling climate change and our responsibility in contributing towards a low carbon future. This is clearly set out in our strategic objectives through our commitment to 'maintain an agile and sustainable business'.

The cycle to work scheme, coupled with our Green Travel Policy encourages staff to make healthier, more environmentally responsible choices about travel to and for work. We were proud to be awarded a Cycling Friendly Employer award by Cycling Scotland in recognition of our efforts to promote cycling to work.

Our Sustainable Procurement Policy seeks to minimise negative environmental and social impacts associated with the products and services we purchase. In line with this, all our IT packaging is now uplifted by the supplier of goods for re-use to avoid waste. To find out more on our approach to procurement, please see this year's **Annual Procurement Report**. Over the past year, we've run a number of environmental campaigns to encourage staff to reduce their own carbon footprint and embed sustainable behaviours in the workplace. During Climate Change Week for example, colleagues were given advice from Home Energy Scotland on saving energy and preventing waste at home and we promoted our Car Club to cut carbon emissions and improve air quality. We've also established an Environmental Working Group to help embed greater awareness of our environmental initiatives and to embed positive behavioural change to improve our environmental impact.

The move of our Glasgow office to St Vincent Plaza truly enables us to become a more digital, efficient and sustainable business by combining cloud-based tools and systems with flexible work settings and improved collaborative technologies. We're currently making plans to upgrade our Edinburgh office to make sure that it's a more energy efficient building and meets our needs now and in the future. In 2017, a large part of the IT server estate was virtualised and moved to a data centre at Saughton House, with old servers being decommissioned creating further energy savings.

SVP has seen our Glasgow office carbon emissions reduce by 68 per cent, while total paper usage has reduced across our whole estate by 16 per cent. We've also managed to cut our overall electricity usage by 5 per cent in 2017/18. We publish a wide range of information on our environmental impacts in autumn each year in line with our climate change duties.

For more information on the Scottish Government's environmental standards, visit **sustainablescotlandnetwork.org**

Investing in our people

Our people are at the heart of our transformation and, as such, we need to ensure they feel supported and enable them to perform at their best. With this in mind, we've focussed this year on attracting talent, preparing people for change and making sure colleagues can be their best at work.

As part of this, we ran events last year which were crucial in helping people understand and prepare for the changes that lie ahead. During these events, colleagues heard more about our strategic direction (the big picture) and explored the impact on them through facilitated group discussion. The sessions were run by colleagues to help cascade and tell our story.

We held our first recruitment fair for short-term job opportunities in June 2017, opening our doors to over 100 potential candidates attracted to working with us. This was a great success and we appointed 55 individuals into roles across our Registration, Data improvement, Customer Services and Quality teams.

RoS colleagues take part in the annual Civil Service People Survey and we're building on this valuable insight through our 'You said We did' campaign. The campaign focuses on positive improvements that will further help colleagues to get the most from their time here at RoS.

As part of our Wellbeing Programme, we've run a number of successful initiatives for colleagues covering financial and personal wellness. Participation in the 2017 Virgin Pulse Global Challenge was its highest yet with just over 400 people taking part. Supporting our colleagues' wellness both at and away from work, we recently delivered Mental Health First Aid training to our first aiders, HR and PCS union representatives, which will help them to support colleagues who are directly or indirectly impacted by mental ill health.

In August 2017 we were delighted to receive a Healthy Working Lives (HWL) gold award in recognition of our commitment to promoting a healthier and more motivated workforce.

Our total Reward platform, mylifestyle, launched in February 2018 and offers colleagues a wide range of benefits to choose according to their individual needs and preferences, while supporting their health and financial wellbeing. This has been really well received by colleagues and we look forward to enjoying the benefits of this innovative platform as the year continues.

We are committed to promoting equality in the workplace and recently re-launched our Inclusion Network. This group represents, supports, and where appropriate, challenges the organisation to ensure that we maintain an inclusive and representative environment. RoS is a member of the Disability Confident scheme to help us make the most of opportunities provided by employing disabled people. The scheme has been set up by the UK Government and aims to improve how employers attract, recruit and retain disabled workers.

As we continue to deliver our transformation through digitisation, automation and more effective internal processes, we will start to see a change to our resource profile. In preparation for this, we offered a voluntary exit scheme, which resulted in 136 leavers by March 2018. We will continue to review our skill and resource requirements as the business evolves to ensure we continue to operate effectively to meet both current and future needs.

Colleagues heard more about our strategic direction and explored the impact on them through facilitated group discussion.

Innovation

Innovation of our products and services as well as accelerating completion of the Land Register have been significant investments and we've drawn on our reserves to enable us to progress with these.

Whilst this means we have been operating at a loss, we are confident that investment in innovation will enable us to create lasting and sustainable change that will benefit our business and ultimately the citizens of Scotland.

Innovation this year has taken many forms, from continuing the great work of our innovation centre as an enabler for change, to developing new products to enhance our registration services and engaging our people around new ways of thinking and working.

Innovation centre

The innovation centre plays an important part in business change by ensuring that new technologies meet business needs and helping prepare people for changes affecting their teams. In our model office, end users have the opportunity to validate new systems delivered by the business transformation programme and give valuable feedback to project teams so that we get the most from our investment in new technology. The innovation centre works in close partnership with projects and business change colleagues to understand the impact on individuals, roles and teams. This means that we can help colleagues to fully understand any new products or initiatives being delivered to them, and the benefits they will bring.

The innovation centre has been actively involved in analysing and refining our business as usual processes so that we can continue to improve performance against service standards. This year we've designed and delivered experiments and developed various tools which will help us better understand the flow of work, any pain-points and identify potential efficiencies that can be realised.

November 2017, Innovation Month, was an opportunity to bring people closer to the work of the innovation centre and explore new ways of working and technologies that will shape RoS in the future. Throughout innovation month, the innovation centre collaborated with other areas of the business to deliver a range of events.

These included learning to code, smart working and overviews of the variety of different roles from the Digital Directorate such as product owners, scrum masters and agile coaches. Overall, 49 sessions covering 11 different themes were held which were attended by colleagues from every part of the business. Feedback from colleagues was extremely positive and their involvement has generated ideas for future activities.

Expanding digital products and services

New mapping tools

As part of our digital transformation, RoS is developing new and improved tools for some of our key processes. The intake stage of registration is one such area; here we gather the information that will be central to the property record moving forward. To ensure this information is processed accurately and efficiently, in 2017-18 we made strong progress with an enhanced suite of mapping tools. These are more intuitive and efficient than previous systems, and will deliver real benefits to our day-to-day activities – we'll be bringing further updates in 2018-19.

Securities and dispositions

Building on the success of our recently launched digital discharge service, we will be extending this online service to standard securities and dispositions. Bringing these services online will help to avoid inconsistent and manual processes; removing any costly delays and reducing the window of risk for the customer.

These innovations, combined with ScotLIS, the digital discharge service and continuous improvement to our products and services through things such as the new application form, have all helped propel RoS towards our 2020 ambitions.

As part of our approach to risk management, we are continually reviewing any risks which may affect our ability to meet our targets and goals outlined above. These include transitioning our services from paper to digital, having the right digital and data skills to deliver our transformed services, downturns in the housing market and the impact of investment decisions we make as a business on our longer-term financial position. For more information on risks identified and how we are actively managing risk, please go to our Risk Management section on **page 25**.

Janet Egdell
Accountable Officer
August 2018

Bringing these services online will help to avoid inconsistent and manual processes; removing any costly delays and reducing the window of risk for the customer.

Accountability report

Corporate governance report

Directors' report

Registers of Scotland board

Jennifer Henderson
Keeper (4/4)[1]

Janet Egdell
Operations director (4/4)

Billy Harkness
Corporate services director (4/4)

Kenny Crawford
Commercial services director (4/4)

Shrin Honap
Non-executive director (4/4)

Deepa Mann-Kler
Non-executive director (3/4)

Jayne Scott
Non-executive director (4/4)

Fiona Ross
Non-executive director (4/4)

[1]Sheenagh Adams retired as Keeper on 31 March 2018 and was replaced by **Jennifer Henderson**.

Audit and Risk Committee

Jayne Scott
Management consultant and non-executive director (4/4)

Stephanie Kerr
Founder and CEO of Amber Limited and non-executive director for Disclosure Scotland (4/4)

Andrew Harvey
Chair of the European Marketing Confederation and non-executive director (4/4)

Chris Andrew
Senior audit manager at the Royal Bank of Scotland (4/4)

Non-executive directors' biographies

Fiona Ross

Following a 20+ year career in financial services and the completion of two terms as Ireland's National Librarian, Fiona became the Founding Museum Director of EPIC, the Irish Emigration Museum, which opened in Dublin in May 2016. In addition to this role, Fiona, an experienced board member, currently sits, at the request of the relevant Government Ministers, on the board of the National Transport Authority of Ireland and the Driver and Vehicle Safety Agency of the UK. Fiona is also an advisor to the Mayor of Bristol and sits on the Board of JK Funds and the Seamus Heaney Family Trust.

Fiona holds a first class law masters in corporate governance and public policy from Queens University Belfast and completed a governance fellowship at George Washington University in Washington DC in 2015. Fiona was recently awarded a first class honours MSc in CyberPsychology.

Shrin Honap

Shrin is a chartered accountant by profession and has held a number of senior roles at Vodafone and Capita focusing on transformation, programme management, credit risk, billing and governance.

Shrin has previously served as a non-executive director within the National Health Service, and currently serves as the chair of the audit and risk committee with the Driver and Vehicle Standards Agency, as a member of the Board at the British Transport Police Authority and a lay member of the Speakers Committee on Parliamentary Expenses. He has recently been appointed to the board of the UKAEA and Office of the public guardian.

Deepa Mann-Kler

Deepa is a non-executive director of the Public Health Agency in Northern Ireland; a lay person for misconduct hearings for the Police Service in Northern Ireland and Chair of the Crescent Arts Centre in Belfast.

Her areas of expertise include corporate governance, risk management, communications, stakeholder engagement, research skills, strategic planning, ethics, equality and anti-discrimination. As a visual artist, Deepa Mann-Kler works in neon and light installations, painting, drawing and photography.

Jayne Scott

After qualifying as a chartered accountant and working with PricewaterhouseCoopers for three years, Jayne moved into the public sector working for the Lothian Health Board as Contracts and Finance Manager. She rose through the finance ranks in a range of organisations across Scotland, becoming Director of Finance and Performance Management with Fife Health Board in 1994, where she was awarded the Scottish Finance Director of the Year for the Public Sector. After five years in that role, Jayne moved into consultancy and started her own company, the Scott Ross Partnership.

For the last 20 years Jayne has worked on a range of consultancy assignments, primarily within the health and education sectors, undertaking financial recovery, project management and interim management roles.

Jayne has an extensive non-executive director portfolio, where she holds posts at the Marine Management Organisation, the Competition and Markets Authority, Private Healthcare information Network and the Consumer Change Board for the next Heathrow Airport Price Control.

Data related incidents reported to the Information Commissioner's Office (ICO)

We have a dedicated security and information assurance team and a data protection officer, who support the accountable officer in her role as senior information risk owner. They advise on notification and reporting as part of the incident management process, in line with the Information Commissioner's guidance. During the year 2017-18, there were no incidents involving personal data reported to the ICO.

Statement of the keeper's and accountable officer's responsibilities

Under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, the Scottish ministers have directed RoS to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction at Appendix 1 to these financial statements.

The accounts are prepared on an accruals basis and must give a true and fair view of Registers of Scotland's state of affairs at the year-end, and of its income, expenditure and cash flows for the financial year.

In preparing the accounts, RoS is required to:

// observe the accounts direction issued by the Scottish ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

// make judgments and estimates on a reasonable basis

// state whether applicable accounting standards as set out in the government financial reporting manual (FReM) have been followed, and disclose and explain any material departures in the financial statements

// prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that RoS will continue in operation.

Section 70 of the Scotland Act 1998 requires Scottish legislation to provide for members of staff of the Scottish administration to be designated as answerable to the Scottish parliament in respect of expenditure and receipts. Such members of staff are called accountable officers. The Keeper of the Registers of Scotland is a statutory office-holder and not part of the staff of the Scottish administration. This means that the Keeper cannot be designated as accountable officer. Janet Egdell, operations director, has been appointed by the permanent secretary to the Scottish government as accountable officer.

Section 15 of the Public Finance and Accountability (Scotland) Act 2000 sets out particular duties that may be assigned the accountable officer. These are:

// signing the accounts

// ensuring the propriety and regularity of the finances of the office-holder

// ensuring that the resources of the office-holder are used economically, efficiently and effectively.

The accountable officer is required to:

// confirm that, as far as she is aware, there is no relevant audit information of which the entity's auditors are unaware, and she has taken all the steps she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information

// confirm that the annual report and accounts as a whole is fair, balanced and understandable and that she takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

More detail on the responsibilities of accountable officers are set out in the memorandum to accountable officers.

The keeper is responsible for the statutory functions placed upon her in relation to the operation of the various public registers for which she is responsible. In addition, the keeper is statutorily responsible for:

- // achieving such financial objectives as may be determined by the Scottish ministers from time to time
- // the preparation for each financial year of accounts of expenditure incurred in the fulfilment of the keeper's functions and income received
- // arranging for an audit of the annual accounts by auditors appointed by the Auditor General in the appropriate time period
- // by agreement with Scottish ministers, arranging for publication of the accounts after these have been laid before parliament.

Governance statement

This governance statement outlines and evaluates the governance, risk management and internal control arrangements in place during the year. In summary, I am satisfied that, overall, RoS is operating in accordance with Scottish government and HM Treasury guidance as regards to internal controls and risk management, and that the governance structure used within the organisation contributes substantially to the achievement of our overall objectives.

Scope of responsibility

As accountable officer for RoS, I am personally answerable to the Scottish parliament for the propriety and regularity of RoS' finances and for the economical, efficient and effective use of the resources placed at its disposal. My duties and those of the keeper/chief executive officer are set out in the statement of responsibilities on **page 22**.

RoS is a non-ministerial department within the Scottish administration and operates as a trading fund. Information about the tasks and duties that RoS performs are set out in the 'statement of purpose and activities' section on **page 7**.

Our framework document sets out the role and responsibilities of the Keeper of the Registers of Scotland and Scottish ministers, as well as the respective roles and responsibilities of other key stakeholders. The framework document is reviewed at least every three years and the most recent review was carried out in June 2018.

Governance framework

The governance framework comprises the range of systems, processes, culture and values used to direct RoS. It is designed to give assurance that the organisation carries out its duties and responsibilities using the highest standards of effective internal control and risk management.

RoS complies with the requirements and best practice principles of the Scottish Public Finance Manual (SPFM).

I am provided with assurance in my role as accountable officer by the RoS board, the executive management team, and the audit and risk committee and by independent non-executive directors. A system of internal controls and active risk management is in place, along with a programme of internal audit reviews. These are described in more detail below.

Internal controls assessment

The system of internal control is designed to manage risk, rather than to eliminate all risks that the organisation might encounter. The system is subject to continuous review and it is modified as necessary to reflect changes in corporate aims and objectives and/or the assessment of risk as it applies to the organisation. In my role as accountable officer, I am assisted by members of RoS' staff, including the executive directors. I secure considerable assurance from the controls they apply in the day-to-day execution of their duties.

Towards the end of each financial year, I also ask those executive directors to certify formally that the controls in their areas have operated properly and effectively for the entire period under review. Where appropriate, the executive directors will seek similar written assurance from their direct reports.

I can confirm that I have received appropriate certificates covering the period 1 April 2017 to 31 March 2018 from all executive directors, and the only significant issue raised was the need for continued investment in and vigilance around the security and resilience of our digital systems, and this is a risk we are actively managing.

The RoS board

The RoS board acts in an advisory capacity to the keeper. Its main responsibilities include, but are not confined to:

// supporting and communicating RoS' vision and values

// helping set the strategy and objectives for RoS

// ensuring that the necessary financial and human resources are in place to deliver the strategy and objectives

// creating a framework of prudent and effective controls that enable risk to be assessed and managed

// monitoring RoS' performance.

During 2017-18, the board consisted of five executives and four non-executive directors. Following John King's departure on 31 March 2018, there are now four executive directors. Current board membership is set out on **page 20**. The non-executive directors provide an external and independent perspective on RoS' work.

The board delegates certain tasks to the executive management team and the audit and risk committee, who report back to the board regularly on these activities.

The audit and risk committee

The audit and risk committee is chaired by non-executive director, Jayne Scott. It has three independent members, as well as the chair. Details of the membership of the committee during 2017-18 can be found on **page 21** of this report. The chair and one of the other members have recent, relevant financial experience in line with the HM Treasury code of good practice on corporate governance.

The committee met four times in 2017-18. The meetings were also attended by me (in my roles as operations director and accountable officer), as well as by the head of finance, the internal and external auditors, and other staff as necessary. The meetings were minuted.

The audit and risk committee provides independent and informed support to me by overseeing and monitoring the corporate governance, risk, value for money and control systems in RoS. The audit and risk committee reviews:

// the strategic processes for risk, control and governance and the associated disclosures in the annual report and accounts

// procedures for whistleblowing and the prevention and detection of fraud

// the accounting policies and the accounts of the organisation, including the process for review of the accounts prior to submission for audit, levels of errors identified, major judgmental areas and management's letter of representation to the external auditors

// the planned activity, results and effectiveness of both internal and external audit

// the adequacy of management response to issues identified by audit activity or by parliamentary committees where they affect the organisation's overall performance

// assurances relating to the corporate governance requirements for the organisation

// proposals for tendering for internal audit services or for purchase of non-audit contractor services.

Each year, the audit and risk committee reviews its own effectiveness, and the chair of the committee reports the results along with a summary of the committee's activities to the board.

After appropriate consultation with me and other executive directors, the audit and risk committee commissions an annual programme of work from RoS' internal auditors. The programme is risk-based and, as well as seeking to assess the proper operation of the system of internal control, focuses on what might prevent the successful achievement of corporate objectives. The audit and risk committee reviews the reports from that programme and monitors actions from audit recommendations to ensure their completion.

The audit and risk committee has considered the annual report and accounts and I have taken account of, and confidence from, their comments and observations prior to signing this governance statement and other parts of the annual report and accounts.

The executive management team (EMT)

The EMT oversees the operational and financial management of RoS on a day-to-day basis. The EMT is chaired by me in my role as operations director and accountable officer. The keeper and all executive directors are members.

The EMT may appoint sub-committees as necessary to enable it to fulfil its responsibilities. There are currently five sub-committees.

Risk management

RoS manages risk as an integral part of our system of internal control using risk management principles set out in the SPFM. We have local risk registers in each directorate, for each programme and major project, along with monitoring general business risks. Our robust risk management framework exists to allow the collation of these risks and escalation through our corporate governance structure to our executive management team and the board as required.

The board and audit and risk committee hold an annual workshop where risks to our overarching corporate outcomes are considered in detail. This workshop includes a consideration of risk appetite with the results informing our risk profile and overall approach to strategic risk for the forthcoming year. Key risks for the new financial year are identified at the workshop and assigned to key risk owners.

Our key risk register operates as a 'live' register and is reviewed and approved each month by EMT, and at subsequent audit and risk committee and board meetings.

The risk register currently identifies risks which may affect: the integrity of our registers; the success of our operations and ability to transform our processes from paper to digital; the resource implications of expanding our services and enhancing work to complete the land register, and our customers' appetite for switching to our digital services.

During 2017-18, we actively managed risks relating to the transformation of our business, supporting and developing our people and culture to embrace the change to increasingly digital services. We have kept under review the risk that the skills we have within the business may not be those we require in the future, with the need to retrain and recruit people with additional digital and data skills. We also regularly review how risks of a downturn in the housing market or the impact of individual investment decisions we are taking, might affect the longer term financial position of the business. RoS risk registers also provide considered risk control measures, to address risks or 'live' issues to within acceptable tolerances of our risk appetite.

During the year, a particular issue arose, with respect to the resilience of our systems. On two occasions, we experienced a power outage to our Meadowbank House data centre, and our disaster recovery measures did not work as intended, with the systems switching to run from the data centre at Saughton House. We set up a specific project/taskforce to complete the work required to ensure effective disaster recovery, and this work is now in its final stages of testing.

At the beginning of 2018, our facilities management contractor Carillion went into liquidation. We replaced our contract with other facilities management providers and were able to ensure continuity of services throughout this period.

An assurance framework provides an overview of the assurance processes and procedures in place for a range of potential strategic risks and oversight is provided by the audit and risk committee.

As information is our core business, RoS recognises the particular importance of information risk management and information assurance, and is committed to continuous improvement in this area through our ongoing Information Governance (IG) Strategy and Records Management Improvement Plan.

The information assurance group (IAG), reports to the EMT, oversees this area and outputs from IAG are reported to me as senior information risk owner.

During 2017-18, ten potential information security breaches were identified and reported through our information assurance and risk management structure; none resulted in actual breaches. I am content that RoS' Information security protocols were managed effectively, with corrective actions implemented timeously.

Over the past year, we've received increased numbers of fraud enquiries. This is mainly due to increased numbers of enquiries from Police Scotland, the Crown Office Procurator Fiscal Service and other public bodies with powers to investigate serious crime. RoS continues to work collaboratively with public bodies, in particular Police Scotland and the Crown Office Procurator Fiscal Service, to detect and address issues relating to serious crime. We take fraud prevention very seriously and have continued to develop staff awareness and provide staff training, with further initiatives being undertaken in the next financial year.

We reviewed and updated our policies and procedures on fraud, whistleblowing and hospitality. Annual reports on these were considered by the Audit and Risk committee and formed part of the assurance process.

Internal audit

The work of our internal audit provider is an important source of assurance to me in my role as accountable officer. We outsource the provision of internal audit services and PricewaterhouseCoopers (PwC) will deliver these services until March 2018, when Scottish Government internal audit will provide the service.

A separate report was provided for each internal audit study. Each report includes detailed findings, recommendations for improvement, and agreed management responses. A total of seven internal audit reviews were completed in 2017-18 and reported to the audit and risk committee. These included reports on workforce planning, change process effectiveness and stakeholder relationships and communication.

Overall the head of internal audit's opinion was that the adequacy and effectiveness of governance, risk management and control was generally satisfactory with some improvements required. This was based on the fact that whilst there were medium risk rated weaknesses identified in individual assignments these are not significant in aggregate to the system of internal control and there was only one high risk finding and this is being addressed by management action. None of the individual assignment reports had an overall classification of high risk.

PwC works to the Public Sector Internal Audit Standards, as well as to their own internal technical and client service standards.

Review of effectiveness

As accountable officer, I have responsibility for reviewing the ongoing effectiveness of the system of internal control. My review has been informed by the outputs from:

- the executive managers within RoS (both in an individual capacity and as a collective group operating through the mechanism of the EMT)
- the board
- the audit and risk committee
- the work of our internal audit function
- comments made by our external auditors (Audit Scotland) in the form of their interim and final reports
- other reviews and studies that are undertaken by third parties from time to time.

Based on the above and my own knowledge of the organisation, I am satisfied that, during the year under review, the overall control environment within RoS operated effectively and supported the organisation in meeting its aims and objectives.

There are no significant matters arising from my review.

Remuneration and staff report

The sections marked (Audited*) in this Remuneration and staff report are subject to a separate opinion by Audit Scotland. The other sections of the Remuneration and staff report were reviewed by Audit Scotland to ensure they were consistent with the financial statements.

Appointments and remuneration policy

Civil service appointments are made in accordance with the Civil Service Commission's recruitment principles. These require appointments to be made on merit on the basis of fair and open competition, but also include the circumstances when appointments may otherwise be made.

The executive directors of the RoS board hold appointments that are open-ended (ie not fixed term). The rules for termination are set out in the civil service management code. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the civil service compensation scheme. RoS, like other parts of the Scottish government and the rest of the UK civil service, has a policy of no mandatory retirement age for its senior civil servants and other staff, in line with the implementation of the Equality Act 2010. For pension details, see **page 29**. Non-executive directors are appointed on a fixed term basis.

Remuneration policy

The remuneration of substantive senior civil servants employed by RoS (i.e. the keeper and the operations director) is determined by the Scottish government and set in accordance with the civil service management code (available at civilservice.gov.uk) and with independent advice from the Senior Salaries Review Body (SSRB). Both the keeper and the operations director are members of the Principal Civil Service Pension Scheme (see note 1.11).

Within the Scottish government, the Top Level Pay Committee, comprising the permanent secretary, the directors general and the non-executive members of the strategic board, ensures that the pay and performance management system (PPMS) policy falls within the parameters set by the SSRB and Cabinet Office. The pay strategy is administered by a system of pay committees, which determine salary and any non-consolidated performance-related pay recommendations based on assessments of performance.

The remuneration of the other executive members of the RoS board is governed by the overall pay policy for RoS staff. It has to be agreed with the Scottish government within the guidelines set by Scottish ministers.

Non-executive directors receive fees for attendance at regular RoS board meetings. Fees are based on a daily rate at a level set out in Scottish government guidance. Non-executive directors' expenses incurred as a result of undertaking RoS business are also reimbursed.

Salary

The following sections provide details of the remuneration and pension interests of board members.

None of the board members in the table opposite, received any benefits in kind or bonus payments during the two years.

Board members	Salary £'000		Pension Benefits £'000		Total £'000	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Sheenagh Adams Keeper and chief executive (until 31 March 2018)	80-85	75-80	9	17	85-90	95-100
Janet Egdell Operations director and accountable officer	70-75	70-75	17	22	85-90	90-95
John King Consulting director (until 31 March 2018)	75-80	75-80	5	16	80-85	90-95
Kenny Crawford Business development and information director	70-75	70-75	3	28	75-80	95-100
Billy Harkness Corporate director	75-80	70-75	14	15	90-95	85-90
Fiona Ross Non-executive director	0-5	0-5			0-5	0-5
Jayne Scott Non-executive director	5-10	5-10			5-10	5-10
Shrin Honap Non-executive director	5-10	5-10			5-10	5-10
Deepa Mann-Kler Non-executive director	5-10	0-5			0-5	0-5

	2017-18	2016-17
Band of highest paid director's total remuneration £'000	80-85	75-80
Median total remuneration £	27,531	27,170
Ratio	2.9	2.9

Single total figure of remuneration (Audited)

Fair pay disclosure (Audited*)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in RoS in the financial year 2017-18 was £80,000-£85,000 (2016-17: £75,000-£80,000). This was 2.9 times (2016-17: 2.9) the median remuneration of the workforce, which was £27,531 (2016-17: £27,170).

In 2017-18, no (2016-17: no) member of staff received remuneration in excess of the highest-paid director. Remuneration ranged from £2,000 to £79,000 (2016-17: £2,000 to £78,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

John King left under voluntary exit terms on 31 March 2018. He received a compensation payment of £95,000.

The non-executive directors are not employees of the organisation, nor do they benefit from pension arrangements.

Pension benefits (Audited*)

	Accrued pension at pension age as at 31/3/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/18	CETV at 31/3/17	Real increase in CETV (page XX)	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Sheenagh Adams Keeper and chief executive (until 31 March 2018)	35-40 plus lump sum of 115-120	0-2.5 plus lump sum of 0-2.5	908	874	9	-
Janet Egdell Operations director and accountable officer	30-35	0-2.5	520	483	5	-
John King Consulting director (until 31 March 2018)	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 0-2.5	644	599	4	-
Kenny Crawford Business development and information director	30-35 plus lump sum of 95-100	0-2.5 plus lump sum of 0-2.5	660	617	2	-
Billy Harkness Corporate director	30-35 plus lump sum of 95-100	0-2.5 plus lump sum of 0-2.5	662	610	11	-

Civil service pensions

Pension benefits are provided through the civil service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension age (or 65 if higher).

From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation.

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022.

All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3 per cent and 8.05 per cent of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6 per cent and 8.05 per cent for members of premium, classic plus, nuvos and all other members of alpha.

Benefits in classic accrue at the rate of one-eightieth of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement.

For premium, benefits accrue at the rate of one-sixtieth of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum.

Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium.

In nuvos, a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation.

Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32 per cent. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

For 2017-18, RoS' contributions of £6,387,559 were payable to the Principal Civil Service Pension Scheme (PCSPS) (2016-17: £5,857,361) at one of four rates in the range 20 per cent to 24.5 per cent of pensionable pay (2016-17: 20 per cent to 24.5 per cent), based on salary bands.

The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. For 2017-18, employer contributions of £51,783 (2016-17: £28,136) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8 per cent and 14.75 per cent (2016-17: 8 per cent and 14.75 per cent).

RoS also match employee contributions up to 3 per cent of pensionable earnings. In addition, RoS contributions of £155 in 2017-18 (2016-17: £114), 0.5 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the statement of financial position date were £4,941 (2016-17: £4,314). Contributions prepaid at that date were nil.

The accrued pension quoted is the pension members are entitled to receive when they reach pension age, or immediately on ceasing to be active members of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha.

Further details about the civil service pension arrangements can be found at the website **civilservicepensionscheme.org.uk**

Cash equivalent transfer values (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax, which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Reporting of civil service and other compensation schemes – exit packages (Audited*)

During 2017-18, RoS offered a voluntary exit scheme. 136 people left under this scheme by 31 March 2018. There were no compulsory redundancies during the year.

	Total number of exit packages by cost band	
Exit package cost band	**2017-18**	**2016-17**
<£10,000	6	0
£10,000 – £25,000	26	0
£25,000 – £50,000	50	0
£50,000 – £100,000	54	0
£100,000 – £150,000	0	0
£150,000 – £200,000	0	0
Total number of exit packages	136	0
Total resource cost	**£6.135M**	**0**

Redundancy and other exit costs are paid in accordance with the provisions of the civil service compensation scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of the exit package being agreed. Where the department has agreed early retirements, the additional costs are met by the department and not by the civil service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Staff numbers and costs by permanent and other (Audited*)

During 2017-18, the average number of full-time equivalent (FTE) staff employed was 1,418 (2016-17: 1,173). The increase was driven by the resource requirements of business transformation and the increased volumes of work. Agency staff increased to 317 FTE (2016-17: 157) and were primarily to meet the IT aspects of transformation. Fixed term contracts increased to 99 FTE (2016-17: 49) largely at the administrative officer resource arising from our commitment to complete the land register by 2024.

Staff Costs	2018	2017
Administration Costs	**£'000**	**£'000**
Wages and salaries	32,556	29,922
Social Security costs	3,123	2,835
Other pension costs	6,440	5,885
Inward secondments	45	255
Agency staff costs	15,546	10,899
Other staff costs	223	0
Total administration staff costs	**57,933**	**49,796**
Restructuring costs	6,150	29
Total	**64,083**	**49,825**

Restructuring costs include lump sum compensation payments and providing for future pension payments.

Diversity profile

In relation to our diversity profile, 49 per cent of staff are female (2016-17: 48 per cent); 1.5 per cent have declared themselves as being from ethnic minority backgrounds (2016-17: 1.4 per cent); and 7.5 per cent declared themselves as being disabled (2016-17: 6.7 per cent). We have two senior civil service staff, both of whom are female. Further equality information can be found in our **2017 Equality Mainstreaming Report**.

Sickness absence

Our sick absence has increased from 2016-17. Though currently not a formal target, we aim to be below an average of seven, which is good practice across the Civil Service. Our wellbeing strategy is helping to address this.

	Total days lost	Short term days lost	Long term days lost	Annual average working days lost per 1.00 FTE	2016-17 end of year annual average working days lost per 1.00
Total	11,515	5,241	6,274	9.36	7.45

Policies in relation to disabled persons

The following RoS policies have guidance related to disability:

// diversity and equal opportunities

// dignity at work

// maximising attendance.

As part of our ongoing policy review we continue to equality impact assess any revisions to existing policies and creation of new policies.

We are committed to eliminating discrimination and encouraging diversity amongst our workforce. Our aim is that our workforce will be truly representative of the diverse communities we serve and each employee feels respected and able to give of their best. We aim to eliminate discrimination and unfair treatment on the grounds of irrelevant difference, including those nine characteristics protected by the law. Further information on **Equality and Diversity** can be found on our website.

Partnership working

We work in partnership with the Public and Commercial Services Union to bring mutual benefits to RoS, staff and customers. In line with The Trade Union (Facility Time Publication Requirements) Regulations, we publish information relating to trade union facility time. For more information on this, go to Appendix 2.

Parliamentary accountability and audit report

Regularity of expenditure

RoS has always been committed to paying invoices promptly. In line with Scottish government policy, we aim to pay suppliers within ten working days. We achieved a performance of 89 per cent (2016-17: 83 per cent), with 4.8 days (2016-17: 5.7 days) being the average time taken to pay creditors. A system is in place for dealing quickly with all complaints and disputes and to advise suppliers without delay when invoices, or part invoices, are contested.

Fees and charges

RoS income of £72.6 million for 2017-18 was split £64 million from statutory fees and £8.6 million non-statutory fees (2016-17: £72.6 million income split £64.5 million from statutory fees and £8.1 million non-statutory fees). Further information on these are in note 2.1. As set out in note 1.3 RoS fee policy involves some loss-making complex transactions. These losses were £7.1 million for 2017-18 (2016-17: £9.7 million) and are detailed in note 17, along with losses of £0.6 million relating to sasine process and under indemnity provisions (2016-17: £1.3 million).

As at 31 March 2018, RoS has contingent liabilities in relation to potential future indemnity payments that are not yet quantifiable. Quantifiable indemnities are noted at 13.3.

Janet Egdell
Accountable officer
21 August 2018

Independent auditor's report

Independent auditor's report to Registers of Scotland, the Auditor General for Scotland and the Scottish Parliament

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Registers of Scotland for the year ended 31 March 2018 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in taxpayers' equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017/18 Government Financial Reporting Manual (the 2017/18 FReM).

In my opinion the accompanying financial statements:

- // give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2018 and of its net expenditure for the year then ended;
- // have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 FReM; and
- // have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

// the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

// the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the keeper's and accountable officer's responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities This description forms part of my auditor's report.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit

// the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and

// the information given in the Governance statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

// adequate accounting records have not been kept; or

// the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or;

// I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Stephen Boyle CPFA
Audit Director

Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow G2 1BT

August 2018

Annual accounts 2017-18

Registers of Scotland annual accounts 2017-18

Statement of comprehensive income for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Income – continuing operations	2	**72,576**	72,607
Staff costs	3	**(57,933)**	(49,796)
Administrative costs	4	**(20,727)**	(20,198)
Operating surplus/(deficit)		**(6,084)**	**2,613**
Profit/(loss) on disposal of non-current assets		**0**	0
Investment income – interest receivable	7	**231**	295
Interest payable	14	**(167)**	(176)
Amortisation and depreciation	5 and 6	**(3,406)**	(3,294)
Impairment of non-current assets	5	**0**	0
Restructuring costs	3	**(6,150)**	(29)
Retained surplus/(deficit) for the financial year		**(15,576)**	**(591)**
Gain/(loss) on revaluation of property, plant and equipment	5	**256**	761
Comprehensive surplus/(deficit) for the financial year		**(15,320)**	**170**

The notes on **pages 42-45** form part of these accounts.

Statement of financial position as at 31 March 2018

		2018	2017
Non-current assets	**Notes**	**£'000**	**£'000**
Property, plant and equipment	5	**11,799**	11,674
Intangible assets	6	**5,280**	3,497
Receivables due after one year	10	**38**	40
Total non-current assets		**17,117**	**15,211**
Current assets			
Inventories	9	**322**	287
Trade and other receivables	10	**4,734**	4,025
Cash and cash equivalents	11	**85,804**	92,038
Total current assets		**90,860**	96,350
Total assets		**107,977**	**111,561**
Current liabilities			
Trade and other payables falling due within one year	12	**29,477**	17,137
Provisions for liabilities and charges	13	**2,419**	2,766
Total current liabilities		**31,896**	**19,903**
Non-current liabilities			
Trade and other payables falling due over one year	12	**612**	534
Provisions for liabilities and charges	13	**321**	549
Total non-current liabilities		**933**	1,083
Total liabilities		**32,829**	20,986
Net assets		**75,148**	**90,575**
Taxpayers' equity	14		
Capital Loan		**1,859**	1,966
Retained Profits		**70,933**	86,509
Revaluation Reserve		**2,356**	2,100
Total taxpayers equity		**75,148**	**90,575**

The notes on **pages 42-45** form part of these accounts.

Janet Egdell
Accountable Officer
21 August 2018

Statement of cash flows for the year ended 31 March 2018

		2018	2017
Cash flows from operating activities	**Notes**	**£'000**	**£'000**
Retained surplus/(deficit) for the financial year		**(15,576)**	(591)
Adjustments for non-cash transactions			
amortisation and depreciation	5 & 6	**3,406**	3,294
impairment or disposal of non-current assets	5 & 6	**6**	0
interest receivable		**(231)**	(295)
interest payable		**167**	176
Movements in working capital			
(increase)/decrease in trade and other receivables	10	**(667)**	(708)
increase/(decrease) in trade and other payables	12	**12,509**	(459)
(increase)/decrease in inventories	9	**(35)**	661
Movements in provisions	13	**(575)**	(736)
Net cash flow from operating activities		**(996)**	**1,342**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(1,693)**	(2,239)
Purchase of property, plant and equipment accrual adjustment		**(87)**	87
Purchase of intangible assets	6	**(3,371)**	(2,238)
Proceeds from disposal of property, plant and equipment		**0**	0
Interest receivable	7	**231**	295
Interest receivable accrual adjustment		**(41)**	40
Interest payable	14	**(167)**	(176)
Interest payable repayment adjustment		**(4)**	(4)
Net cash flow from investing activities		**(5,132)**	**(4,235)**
Cash flows from financing activities			
Repayment of loans from NLF	14	**(106)**	(106)
Net cash flow from financing		**(106)**	**(106)**
Net increase in cash and cash equivalents		**(6,234)**	(2,999)
Cash and cash equivalents at beginning of period	11	**92,038**	95,037
Cash and cash equivalents at end of period	11	**85,804**	92,038

The notes on **pages 42-45** form part of these accounts.

Statement of changes in taxpayers' equity

	Capital loan	Retained profits	Revaluation reserve	Total reserves
	£'000	£'000	£'000	£'000
Balance at 31 March 2016	**2,072**	**87,100**	**1,339**	**90,511**
Repaid during year	(106)	-	-	(106)
Net gain/(loss) on revaluation of property	-	-	761	761
Net operating profit for the year	-	(591)	-	(591)
Balance at 31 March 2017	**1,966**	**86,509**	**2,100**	**90,575**
Repaid during year	(107)	-	-	(107)
Net gain/(loss) on revaluation of property	-	-	256	256
Net operating profit/(loss) for the year	-	(15,576)	-	(15,576)
Balance at 31 March 2018	**1,859**	**70,933**	**2,356**	**75,148**

The notes on **pages 42-45** form part of these accounts.

Notes to the accounts

1. Accounting policies

1.1 Statement of accounting policies

In accordance with the accounts direction issued by Scottish ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 (reproduced at **page 57**), these accounts have been prepared in compliance with the principles and disclosure requirements of the financial reporting manual 2017-18, which follows generally accepted accounting practice as defined in international financial reporting standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretation Committee (IFRIC) Interpretations and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by RoS are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are prepared using accounting policies and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard (IAS) 8: *Accounting Policies, Changes in Accounting Estimates and Errors*.

The accounts are prepared on a going-concern basis.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets and, where material, current asset investments and inventories to fair value as determined by the relevant accounting standard.

1.3 Operating income, fees and charges

Operating income, which excludes value added tax (VAT), represents the invoiced value of services supplied, and is derived almost wholly from within the United Kingdom. RoS operates a system of prepayment of registration fees, which are initially held as a creditor in the statement of financial position. Revenue is only recognised once work is complete and despatched.

From 8 December 2014, fees are set in accordance with sections 110(1), (2) and (3) of the Land Registration etc. (Scotland) Act 2012, which consider the expenses incurred by the keeper in relation to the matters specified in section 110(3)(a) and (b) of that Act and the desirability of encouraging registering, recording and entering in any register under the management and control of the keeper.

The income derived from services outwith the above are set in accordance with section 108(3) of the Land Registration etc. (Scotland) Act 2012.

Prior to 8 December 2014, fees and charges were set in accordance with section 25 of the Land Registers (Scotland) Act 1868.

Operating as a trading fund, RoS is expected to ensure that income is sufficient to meet expenditure, taking one year with another. Analysis of the income from the main fees charged appears in note 2.1.

The fee policy considers income from all transactions, within which some complex transactions may incur a loss. Registrations involving the initial and more complex transactions in the land register cost more to undertake than the fee charged. The shortfall in fee income on these transactions is offset by surpluses on other registrations. The losses relating to these transactions are shown in note 17.

Full details of all fees and charges are available on the RoS website at **ros.gov.uk**

1.4 Estimation techniques

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

// **Note 12** – fees received in advance

// **Note 13** – estimated provision for indemnity claims

// **Note 13** – exit packages

1.5 Value added tax (VAT)

The majority of services provided by RoS fall outside the scope of value added tax. VAT on expenditure on contracted-out services can be recovered in full by RoS. For other expenditure, only part of the input VAT may be recovered and the irrecoverable element is either charged to the income statement, or capitalised as part of the cost of acquisition of fixed assets, as appropriate.

1.6 Property, plant and equipment

Recognition

All property, plant and equipment assets are accounted for as non-current assets unless they are deemed to be held-for-sale.

Capitalisation

Minor new works and furniture are written off in the year of purchase, as are all other items of a capital nature costing less than £5,000.

Valuation

Freehold land and buildings have been stated at fair value using open market value and are professionally valued every three years. In the intervening years, the retail price index is applied to provide a desktop valuation. A professional valuation was obtained at 16 December 2016. The valuation was by Robert McArthur BSc (Hons) RICS for and on behalf of Cushman and Wakefield.

Plant and equipment assets that have short useful lives, low values, or both, are no longer revalued using indices but are reported at depreciated historic cost as a proxy for fair value.

Depreciation

Freehold land is not depreciated.

Provision for depreciation is made so as to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The expected useful lives of assets are regularly and systematically reviewed to ensure that they genuinely reflect the actual replacement cycle of all assets. The expected useful lives are as follows:

// **plant and machinery** – five years (see below)

// **computer equipment** – various (see below)

// **office equipment** – five years (see below)

// **freehold building** – 20 years (see note 5)

Computer equipment requires to be assessed on an individual basis and is depreciated over three to five years, depending on the expected useful life of the asset involved. Asset lives are reviewed at the end of each financial year.

Plant and machinery, and office equipment for St Vincent Plaza, including infrastructure set-up costs, are depreciated over the respective 10-year leases of the buildings.

The fixed assets do not include the value of the various registers created and maintained by RoS, nor the records ancillary to them.

1.7 Intangible assets

Software and licences to use software developed by third parties are treated as intangible. Intangible assets are reported at amortised historic cost as a proxy for fair value.

Assets are typically depreciated over three to five years, depending on the expected useful life of the asset involved, however in particular circumstances the useful life may be two years and the depreciation is set accordingly.

RoS has a programme to develop IT systems, and applies IAS 38 *Intangible Assets*. All costs eligible to be defined as development expenditure, including directly related staff costs, are capitalised and held as assets under construction. Depreciation commences when the asset enters into use.

1.8 Impairment of non-current assets

RoS carries out an annual review of non-current assets, applying IAS 36 *Impairment of Assets*. If an asset has suffered an impairment loss then a charge is recognised in the statement of comprehensive income. If the asset is carried at a revalued amount, the impairment loss is treated as a revaluation decrease.

1.9 Financial instruments

IFRS 7 *Financial Instruments: Disclosures* requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

RoS relies primarily on income from statutory activities and has one small loan as detailed at note 14.1 and is therefore not exposed to any material liquidity risks. Material deposits are held with the National Loans Fund and the Government Banking Service.

RoS is not exposed to interest rate risk or currency risk as all material assets and liabilities are denominated in sterling.

1.10 Operating leases

An operating lease is a lease other than a finance lease. Rentals payable in respect of operating leases will be charged to the statement of comprehensive income on a straight line basis over the term of the lease.

1.11 Pension costs

RoS employees are civil servants who are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS). PCSPS is an unfunded, multi-employer defined benefit scheme but RoS is unable to identify its share of the underlying assets and liabilities. The scheme is accounted for as a defined contribution scheme under the multi-employer exemption permitted in IAS 19 *Employee Benefits*. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (**www.civilservice.gov.uk/pensions**).

Further pension details can be found in the **remuneration report** in the annual report section of this document.

1.12 Employee benefits

The cost of providing employee benefits is recognised in the period in which RoS receives services from its employees, rather than when it is paid or payable. Short-term employee benefits are recognised as an expense in the period in which the employee renders the service. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following year. Performance payments are recognised only when there is a legal or constructive obligation to pay them and the costs can be reliably estimated.

On occasion, RoS offers voluntary exit schemes in line with Scottish Government guidelines. Termination benefits are recognised when it can be demonstrated that there is an irreversible agreement to terminate the employment of employee(s) before the scheme’s retirement date, or as a result of an offer to encourage voluntary redundancy.

1.13 Inventories – work in progress

Work in progress (WIP) is stated at the lower of cost or net realisable value. In determining net realisable value, if expected costs to completion exceed estimated fee income, a provision is established to cover the shortfall. In the case of work in progress, cost includes all direct expenditure and production overheads based on normal levels of activity. Costs are apportioned on the basis of per capita and working days.

1.14 Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for irrecoverable amounts. The carrying amount of trade receivables is deemed to be an approximation of fair value.

1.15 Cash and cash equivalents

Cash represents cash in hand, cash held with the Government Banking Service, cash on deposit with the National Loans Fund and cash in commercial bank accounts.

1.16 Trade and other payables

Trade payables are stated at their nominal value. The carrying amount of trade payables is deemed to be an approximation for fair value. Registration fees received in advance are shown as creditors until completed, as stated in note 1.3.

1.17 Provisions

RoS provides for legal and constructive obligations that are of uncertain timing or amount at the statement of financial position date, on the basis of management's best estimate of the expenditure required to settle the obligation. Where appropriate, this is supported by independent professional advice. Provisions are charged to the statement of comprehensive income and recorded as liabilities in the statement of financial position. IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is applied.

1.18 Contingent liabilities

Where appropriate, liabilities that have only a possible chance of crystallising and do not meet the provisions criteria will be classified as contingent liabilities. IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is applied.

1.19 Capital government grant

Government grants provided to finance the purchase of a specific asset are recognised as income in the statement of comprehensive income.

1.20 Segmental reporting

RoS' operating segments are broadly split between registration activity covered by statutory fees and commercial activity covered by non-statutory fees. Reporting on these segments is at note 2. IFRS 8 *Operating Segments* is applied. This is due to non-statutory fees meeting the criteria for reportable segments accounting for 10 per cent or more of revenue.

1.21 Date of issue of accounts

The accountable officer authorised these accounts for issue on 21 August 2018.

2. Operating segments

International Financial Reporting Standard 8 (IFRS8) – Operating Segment Reporting, requires analysis of income and expenditure by principal business activities.

There are two operating segments to our business – statutory registration services and non-statutory commercial services.

Detailed in the table below is the income from statutory fees and non-statutory fees, the cost of service and the net operating surplus for each segment. The staff costs and administrative costs are allocated with the service if directly identifiable or otherwise apportioned according to the income from each segment.

2018			
	Statutory	Non-statutory	Total
	£'000	£'000	£'000
Income	63,938	8,638	72,576
Staff costs	(51,639)	(6,294)	(57,933)
Administrative costs	(18,619)	(2,108)	(20,727)
Operating surplus/(deficit)	**(6,320)**	**236**	**(6,084)**

2017			
	Statutory	Non-statutory	Total
	£'000	£'000	£'000
	Re-stated	Re-stated	
Income	64,537	8,070	72,607
Staff costs	(44,685)	(5,111)	(49,796)
Administrative costs	(18,120)	(2,078)	(20,198)
Operating surplus	**1,732**	**881**	**2,613**

More detail on the income for each segment is at note 2.1 and detail on the administrative costs is at note 4.

2.1 Income – continuing operations

	2018	2017
	£'000	£'000
Statutory		Re-stated
First Registrations	8,136	9,353
Transfers of Part	7,946	8,411
Dealings with Whole	44,033	42,585
Sasines	1,200	1,334
Chancery and Judicial Registers	1,198	1,242
Other statutory income	1,425	1,612
	63,938	**64,537**
Non-statutory		Re-stated
Registers Direct and Customer Service Centres	4,613	4,581
Reports and other income (including recoveries)	4,025	3,489
	8,638	**8,070**
	72,576	**72,607**

2016-17 figures are re-stated as £541k of statutory income was wrongly classified as non-statutory.

3. Staff costs

	2018	2017
	£'000	£'000
Administration Costs		
Wages and salaries	32,556	29,922
Social security costs	3,123	2,835
Other pension costs	6,440	5,885
Inward secondments	45	255
Agency staff costs	15,546	10,899
Other staff costs	223	0
Total administration staff costs	**57,933**	**49,796**
Restructuring costs	6,150	29
	64,083	**49,825**

Restructuring costs include lump sum compensation payments and providing for future pension payments.

Average number of persons employed

	2018	2017
Permanent staff		
Registration	639	657
Corporate services (including customer service centres)	360	307
	999	**964**
Other staff		
Agency staff	317	157
Fixed term contracts	99	49
Secondees in	3	4
Seconded out	0	(1)
	1,418	**1,173**

4. Administrative costs

		2018	2017
	Notes	£'000	£'000
Staff-related costs			
Travel and subsistence expenses		268	296
Staff training		579	308
Other staff costs		391	334
Supplies and services			
Catering		45	56
Security		317	418
Equipment and services		5,989	9,932
General administrative expenditure		1,187	1,064
Services from Ordnance Survey		422	411
Copy deeds/quick copies		19	13
Professional fees		7,029	502
Bank charges		20	23
Indemnity and legal costs		821	1,488
External audit		51	56
Internal audit		71	47
Accommodation and utilities			
Estate charges		848	1,349
Operating leases – rents		436	1,041
Repairs, maintenance and minor works		1,679	1,599
Utilities		437	407
Environmental services		436	397
Non-cash items			
Movement in work in progress	9	(452)	1,263
Movement in provision for indemnity	13	134	(807)
Movement in provision for dilapidations	13	0	0
		20,727	**20,198**

5. Property, Plant and Equipment

5.1 Cost or Valuation

	Land – Freehold	Buildings – Freehold	Information Technology	Plant & Machinery	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation			Re-stated			
At 1 April 2017	**1,700**	**7,806**	**7,631**	**3,337**	**0**	**20,474**
Additions	-	-	1,467	15	211	1,693
Transfers in/(out)	-	-	-	-	-	0
Revaluation in year	57	209	-	-	-	266
Disposals	-	-	-	-	-	0
At 31 March 2018	**1,757**	**8,015**	**9,098**	**3,352**	**211**	**22,433**
Depreciation			Re-stated			
At 1 April 2017	**0**	**91**	**5,378**	**3,331**	**0**	**8,800**
Charged in year	-	469	1,352	3	-	1,824
Backlog depreciation	-	10	-	-	-	10
Revaluation in year	-	-	-	-	-	0
Disposals	-	-	-	-	-	0
At 31 March 2018	**0**	**570**	**6,730**	**3,334**	**0**	**10,634**
NBV at 31 March 2018	**1,757**	**7,445**	**2,368**	**18**	**211**	**11,799**
NBV at 31 March 2017	1,700	7,715	2,253	6	0	11,674
Analysis of asset financing						
Owned	1,757	7,445	2,368	18	211	11,799
NBV at 31 March 2018	**1,757**	**7,445**	**2,368**	**18**	**211**	**11,799**

5.2 Cost or Valuation

	Land – Freehold	Buildings – Freehold	Information Technology	Plant & Machinery	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation			Re-stated			
At 1 April 2016	**1,762**	**6,487**	**6,920**	**3,331**	**25**	**18,525**
Additions	-	381	686	6	1,167	2,240
Transfers in/(out)	-	1,167	25	0	(1,192)	0
Revaluation in year	(62)	(229)	-	-	-	(291)
At 31 March 2017	**1,700**	**7,806**	**7,631**	**3,337**	**0**	**20,474**
Depreciation			Re-stated			
At 1 April 2016	**0**	**811**	**3,615**	**3,307**	**0**	**7,733**
Charged in year	-	332	1,763	24	-	2,119
Backlog depreciation	-	0	-	-	-	0
Revaluation in year	-	(1,052)	-	-	-	(1,052)
Disposals	-	-	-	-	-	0
At 31 March 2017	**0**	**91**	**5,378**	**3,331**	**0**	**8,800**
NBV at 31 March 2017	**1,700**	**7,715**	**2,253**	**6**	**0**	**11,674**
NBV at 31 March 2016	1,762	5,676	3,305	24	25	10,792
Analysis of asset financing						
Owned	1,700	7,715	2,253	6	0	11,674
NBV at 31 March 2017	**1,700**	**7,715**	**2,253**	**6**	**0**	**11,674**

All assets are owned by RoS, and there are no finance leases or PFI arrangements in place. The Information technology opening balances for cost and depreciation have been restated by £986,000 as they wrongly included some previously impaired balances. The NBV balances are unaffected.

5.3 Freehold land and buildings

Note 1 on accounting policies states that RoS will professionally revalue freehold land and buildings every three years, and in the intervening years the figures will be updated by a desktop valuation. Freehold land and buildings were revalued at £7,960,000 as at 16 December 2016, on the basis of existing use value. The valuation was split into £1,700,000 land and £6,260,000 buildings. The expected useful life of the building was put at 20 years. The valuation was carried out as per note 1.6 by independent external valuers, Cushman and Wakefield, and was prepared in accordance with the requirements of the Royal Institution of Chartered Surveyors (RICS) appraisal and valuation manual.

6. Intangible assets

Intangible assets comprise software and licences to use software developed by third parties.

6.1 Cost or Valuation

	Assets under development	Software	Computer licences	Total
	£'000	£'000	£'000	£'000
Cost or Valuation		Re-stated	Re-stated	
At 1 April 2017	**1,224**	**19,865**	**1,438**	**22,527**
Additions	1,553	1,818	0	3,371
Reclassification	(2,042)	2,042	-	0
Impairment	-	-	-	0
Disposals	(6)	-	-	(6)
At 31 March 2018	**729**	**23,725**	**1,438**	**25,892**
Amortisation		Re-stated	Re-stated	
At 1 April 2017	**0**	**18,241**	**789**	**19,030**
Charged in year	-	1,151	431	1,582
Reclassification	-	-	-	0
Impairment	-	-	-	0
Disposals	-	-	-	0
At 31 March 2018	**0**	**19,392**	**1,220**	**20,612**
NBV at 31 March 2018	**729**	**4,333**	**218**	**5,280**
NBV at 31 March 2017	1,224	1,624	649	3,497

6.2 Cost or Valuation

	Assets under development	Software	Computer licences	Total
	£'000	£'000	£'000	£'000
Cost or Valuation		Re-stated	Re-stated	
At 1 April 2016	**83**	**18,769**	**1,438**	**20,290**
Additions	1,868	369	0	2,237
Reclassification	(727)	727	-	0
Impairment	-	-	-	0
Disposals	-	-	-	0
At 31 March 2017	**1,224**	**19,865**	**1,438**	**22,527**
Amortisation				
At 1 April 2016	**0**	**17,519**	**336**	**17,855**
Charged in year	-	722	453	1,175
Reclassification	-	-	-	0
Impairment	-	-	-	0
Disposals	-	-	-	0
At 31 March 2017	**0**	**18,241**	**789**	**19,030**
NBV at 31 March 2017	**1,224**	**1,624**	**649**	**3,497**
NBV at 31 March 2016	83	1,250	1,102	2,435

Assets under development included new systems being developed as part of the transformation program. These assets are being developed internally and in collaboration with external parties. The Software and Computer licences opening balances for cost and amortisation have been restated by £5,277,000 and £27,000 respectively as they wrongly included some previously impaired balances. The NBV balances are unaffected.

7. Interest receivable

	2018	2017
	£'000	£'000
On Paymaster and National Loans Fund balances	231	295

8. Financial instruments

Financial instruments (policy)

Financial assets (represented by lending and receivables) are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- // no early repayment or impairment is recognised
- // where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- // the fair value of trade and other receivables is taken to be the invoiced or billed amount

An impairment review is carried out for all financial assets at the balance sheet date.

Credit risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other third parties as well as credit exposures to RoS' customers. Cash investments are held with the National Loans Fund and are guaranteed by HM Treasury. The credit risk associated with holding investments is similar to that with holding government bonds.

As most of RoS' customers either pay in advance or are on direct debit, there are no significant balances that are overdue.

Liquidity risk

RoS has a small capital loan repayable over 40 years. The balance of the loan and the repayments are not considered significant.

All RoS' creditors are paid within 10 working days where possible. There is no significant risk around those paid out with our standard terms.

Market risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested.

9. Inventories

	2018	2017
	£'000	£'000
Work in progress	322	287

The movement in work in progress (see note 4) is made up of:

	2018	2017
	£'000	£'000
Increase/(decrease) in asset balances	35	(661)
(Increase)/decrease in provision	417	(602)
	452	(1,263)

10. Trade receivables and other current assets

	2018	2017
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	972	997
Less: Provision for bad debts	(36)	(15)
	936	**982**
Other receivables	711	206
VAT	0	0
Prepayments and accrued income	3,087	2,837
Total receivable within one year	**4,734**	**4,025**
The above is further analysed as:		
Other central government bodies	614	155
Local authorities	32	47
NHS bodies	0	1
Bodies external to government	4,088	3,822
	4,734	**4,025**
Amounts falling due after more than one year:		
Other receivables – subrogation	**38**	**40**

11. Cash and cash equivalents

	2018	2017
	£'000	£'000
Balance at 1 April	92,038	95,037
Net change in cash and cash equivalent balances	(6,234)	(2,999)
Balance at 31 March	**85,804**	**92,038**
The following balances at 31 March were held at:		
Government Banking System	9,131	3,881
Commercial banks and cash in hand	1,673	1,157
Short term investments	75,000	87,000
Balance at 31 March	**85,804**	**92,038**

12. Trade payables and other current liabilities

	2018	2017
	£'000	£'000
Amounts falling due within one year:		
Trade payables and accruals	10,755	2,989
Other payables	70	68
Other taxation and social security	832	769
VAT	231	50
Fees received in advance	17,483	13,155
NLF loans	106	106
Total due within one year	**29,477**	**17,137**
Amounts falling due over one year:		
Trade payables	612	534
	30,089	**17,671**
The above is further analysed as:		
Other central government bodies	1,707	1,080
Local authorities	192	176
NHS bodies	28	31
Bodies external to government	28,162	16,384
Balance at 31 March	**30,089**	**17,671**

13. Provisions for Liabilities and Charges

13.1

	Early retirement	Indemnities	Work in Progress	VAT	Dilapidations	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2016	**1,226**	**1,447**	**1,017**	**161**	**200**	**4,051**
Additional provision made	-	465	602	-	-	1,067
Revaluation of provision	19	(156)	-	-	-	(137)
Amounts incurred and charged against provision	(389)	(1,047)	-	(161)	-	(1,597)
Unused amounts reversed	-	(69)	-	-	-	(69)
At 31 March 2017	**856**	**640**	**1,619**	**0**	**200**	**3,315**
Additional provision made	-	543	173	-	-	716
Revaluation of provision	15	(13)	-	-	-	2
Amounts incurred and charged against provision	(307)	(376)	(590)	-	-	(1,273)
Unused amounts reversed	-	(20)	-	-	-	(20)
At 31 March 2018	**564**	**774**	**1,202**	**0**	**200**	**2,740**
Analysis of total provisions:						
At 31 March 2017						
Current	307	640	1,619	-	200	2,766
Non-current	549	-	-	-	-	549
	856	**640**	**1,619**	**0**	**200**	**3,315**
At 31 March 2018						
Current	243	774	1,202	-	200	2,419
Non-current	321	-	-	-	-	321
	564	**774**	**1,202**	**0**	**200**	**2,740**

13.2 Early retirement

This provision relates to future pension costs up to normal retirement age for employees who retired early under the Principal Civil Service Pension Scheme.

13.3 Indemnities

A provision for indemnity payments has been provided based upon a review of the outstanding claims and an estimate of the settlement values (see note 18).

13.4 Work in progress

Registrations involving the initial and more complex transactions in the land register cost more to undertake than the fee charged. This provision represents the costs to completion less estimated fee income for such registrations in process at the year end. The shortfall in fee income on these transactions is offset by surpluses on other registrations (see note 17).

13.5 VAT

The provision relates to an over recovery of VAT identified in a VAT review carried out by Scott Moncrieff, which was repaid in 2016-17.

13.6 Dilapidations

The provision for 2015-16 relates to the termination of the lease on Hanover House, 24 Douglas Street, Glasgow.

14. Taxpayers' equity

14.1 Capital loan

This was set up on 1 April 1996 at the start of trading fund status. The loan amounted to £4,250,000 repayable over 40 years with an interest rate of 8.375 per cent. Interest payable to the National Loans Fund amounted to £167,000 for the year to 31 March 2018 (2017: £176,000).

Repayments on the Capital Loan are as follows:

	2018	2017
	£'000	£'000
Between one and two years	106	106
Between two and five years	319	319
In more than five years	1,434	1,541
	1,859	**1,966**
Within one year (included in Creditors)	107	106
	1,966	**2,072**

14.2 Retained profits

These are the accumulated amount since the start of trading fund status on 1 April 1996.

14.3 Revaluation reserve

This reflects the movement in the revaluation of freehold land and buildings as detailed in note 5.

15. Capital commitments

Contracted capital commitments at 31 March 2018 not otherwise included in these accounts are as follows:

	2018	2017
	£'000	£'000
Property, plant and equipment	217	180
Intangible assets	0	0

16. Commitments under leases

Obligations under operating leases comprise:

	2018	2017
Buildings:	£'000	£'000
Not later than one year	519	276
Later than one year and not later than five years	2,076	2,076
Later than five years	1,429	1,948
	4,024	**4,300**
Other:		
Not later than one year	nil	nil
Later than one year and not later than five years	nil	nil
Later than five years	nil	nil

RoS is committed to an operating lease in St Vincent Plaza, Glasgow until January 2026.

17. Losses

RoS settled 532 claims for loss, arising from errors made either in the sasine recording process or under the indemnity provisions of the Land Registration (Scotland) Act 1979 and the Land Registration etc. (Scotland) Act 2012, at a cost of £604,000 (2016-17: 534 claims, £1,327,000).

As noted at paragraph 1.3, RoS aims to achieve cost recovery over all transactions, within which more complex transactions incur a loss. This is to protect customers from the higher costs involved in registering on the land register for the first time. RoS made losses relating to first registrations (FR) and transfers of part (TP) as shown below.

	2018	2017
	£'000	£'000
Opening FR WIP provision	(52)	0
Closing FR WIP provision	(225)	(52)
Change in provision	(173)	(52)
Cost of FR registrations	(13,676)	(15,357)
FR income	8,136	9,353
Loss	**(5,713)**	**(6,056)**

	2018	2017
	£'000	£'000
Opening TP WIP provision	(1,567)	(1,017)
Closing TP WIP provision	(978)	(1,567)
Change in provision	589	(550)
Cost of TP registrations	(9,934)	(11,543)
TP income	7,946	8,411
Loss	**(1,399)**	**(3,682)**

18. Contingent liabilities

As at March 2018, RoS has contingent liabilities in relation to potential future indemnity payments that are not yet quantifiable. Quantifiable indemnities are noted at 13.3. There may be indemnity payments associated with the outcome of the criminal trial R v Edwin McLaren and Lorraine McLaren but these are not yet quantifiable. It also has contingent liabilities in relation to pension costs of a small number of staff who transferred in from BT, our previous IT partner and contingent liabilities in relation to the Construction Industry Scheme (CIS) for expenditure relating to RoS buildings since 2010. The CIS liabilities are uncertain and undergoing expert review. Any payments would have the possibility of reimbursement.

19. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, as interpreted by the FReM, the following information is provided on related party transactions.

RoS is a trading fund and a non-ministerial department in the Scottish Administration. Other government departments and agencies are regarded as related parties.

During the year, RoS had a significant number of transactions with other government departments and agencies. Most of these transactions have been with Ordnance Survey, Transport Scotland (an agency of the Scottish Government), Cabinet Office, National Records of Scotland, Revenue Scotland, HM Treasury, HM Revenue and Customs and the Scottish Court Service.

None of the board members, key managerial staff or other related parties has undertaken any material transactions with RoS during the year.

20. Accounting standards issued not yet effective

International Accounting Standard (IAS) 8 on Accounting Policies requires organisations to disclose details of any IFRS that has been issued but is not yet effective. At 31 March 2018 the following IFRS, none of which will be material to Registers of Scotland accounts, have been issued but are not effective as they are not yet applied in the Government Financial Reporting Manual (FReM):

- // IAS 7 Statement of cash flows (Disclosure initiative)
- // IAS 12 Income taxes (Recognition of deferred taxes for unrealised losses)
- // IFRS 9 Financial instruments – effective date 1 January 2018
- // IFRS 15 Revenue from contracts with customers – effective date 1 January 2018
- // IFRS 16 – Leases – effective date 1 January 2019

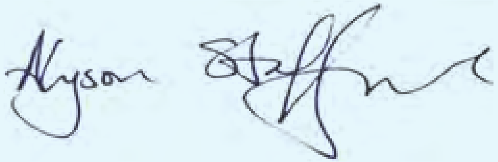
Appendix one

Registers of Scotland trading fund

Registers of Scotland
Direction by the Scottish Ministers

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000:

1. The statement of accounts for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 2 July 2004 is hereby revoked.



Signed by the authority of the Scottish Ministers
Dated 17 January 2006

Appendix two

Trade Union Facility Time

Facility time generates benefits for employees, managers and the wider community from effective joint working between union representatives and employers.

A number of studies have shown that union workplaces tend to be safer and that trade unions help to promote skills and training in workplace. The Registers of Scotland recognises this through our support for trade union learning and equality initiatives.

The **NatCen study** highlighted four main benefits from the use of facility time:

- Provision of a ready-made structure for meaningful consultation and negotiation saves money and reassures members that their views are valued in decision-making.
- Facilitation of partnership working with trade unions improves workplace relations and the reputation of an employer as ‘a good place to work’.
- Earlier intervention in relation to complaints, grievances and disciplinary action prevents escalation into more serious problems and saves organisations (and taxpayers) money by reducing the impact on staff time and possible legal costs.
- Better communication during restructuring and redundancy processes improves understanding of decisions, minimises negative impacts and reduces the number of working days lost through industrial action.

The **Fair Work Convention** highlights these points through its ‘Effective voice’ principle. As they state: “It is clear from international evidence that employees and workers want a voice, not only to resolve problems and conflicts (which is important) but also to engage and participate constructively in organisations.”

On organisational change, they say: “There are many examples in Scotland and elsewhere of how collective voice through trade unions working with employers has addressed a wide range of organisational challenges and contributed to organisational improvements.”

It is the view of Registers of Scotland that facility time data legally required by the Trade Union (Facility Time Publication Requirements) Regulations 2017, should be set in the context of the vast benefits that facility time bring to the workforce and to the employer, as set out above. This is supported by the Scottish Government, the STUC and our affiliated trade unions.

Table 1: Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
10	10

Table 2: Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	0
1-50%	8
51-99%	0
100%	2

Table 3: Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Provide the total cost of facility time	£148,190.72
Provide the total pay bill	£57,993,222.00
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	**0.25%**

Table 4: Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	**15.82%**

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