

Customer focused registration:
how we're *evolving* to
meet Scotland's needs



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Foreword

At Registers of Scotland, we hold a significant responsibility as guardians of the nation's land and property registers, and this year we are celebrating an important milestone: the 400th anniversary of the General Register of Sasines, the oldest continuous public national land register.



We're incredibly proud of this landmark occasion, but equally important is the way we've developed as an organisation. From tangible developments in our digital transformation to the move to our first smart working environment at St Vincent's Plaza, Glasgow, there is a great deal to report and celebrate at RoS this year. Indeed, 2016-17 has been a pivotal year for us.

We've continued to handle substantial numbers of property transactions across our business activities this year. We have dealt with over 652,000 applications to our registers and provided our information services to over 94,000 customers. 2016-17 also saw us begin to use my new Keeper-Induced Registration (KIR) powers on a large scale, with over 6,000 titles transferred from the sasine register to the land register through this process. This is a significant step forward in our work to complete the land register by 2024.

Our digital transformation will change RoS into an entirely digital, 21st century business that will continue to act as a critical asset for Scotland's people and economy. In the past year, we've

delivered a number of new products and services as part of this project. Our Digital Discharge Service is revolutionising standard security discharges, taking a paper-based process that could often take weeks or months and replacing it with a customer journey that can be completed in a matter of minutes, while our intuitive Knowledge Base provides a new user-friendly source of registration advice and support on the web.

I'd like to close by extending my thanks to our customers and RoS staff. This year we released a digital consultation to the public, so we could share the proposed next steps on our digital journey with customers. The responses were extremely positive, and I look forward to working with our customers to develop a modern digital registration business that can effectively support the conveyancing and information market in Scotland.

A handwritten signature in black ink, reading "Sheenagh Adams".

Sheenagh Adams

Keeper of the Registers of Scotland



Vision and Values

Our vision

To deliver **customer-focused** registration and information that **creates value** for Scotland.

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 statutory background

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 18 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 Registers 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

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 St
Glasgow

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 18 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.

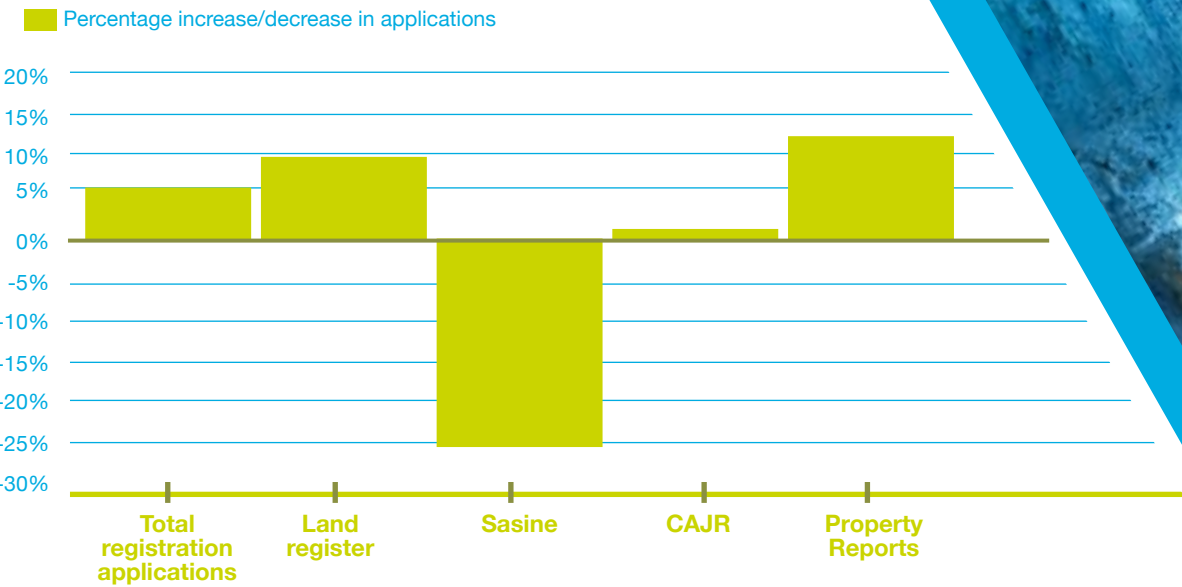
The Land Register of Scotland is gradually replacing the sasine register. It was introduced by the Land Registration (Scotland) Act 1979 and subsequently updated through the Land Registration etc. (Scotland) Act 2012. The land register is a state-guaranteed register of title to land, which results in the creation of a title sheet in which the extent of the property is shown on the cadastral map. We are working to complete the land register, as discussed in more detail on page 16.

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 addition is the Landlord Register.

We support the wider economy by maintaining the Chancery and Judicial Registers, which comprise 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 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 2016-19 corporate plan set out our five strategic objectives:

1. Ensure the integrity of the registers under the keeper's control
2. Build a commercially and environmentally sustainable business
3. Improve our services and products by understanding and collaborating with our customers
4. Promote continuous improvements that focus on providing public value
5. Promote a positive culture where staff are flexible, skilled and creative

Performance

Review

2016-17 has seen a great deal of change, progress and innovation at RoS. 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.

Working with our customers

2016 has been an eventful year at RoS, and we're extremely proud of all our achievements in advancing and developing our business, our products and services, and our people. RoS is the guardian of Scotland's land register, and as such we underpin the Scottish property market. We recognise the responsibility that comes with this task, and also the imperative that our business practices meet customer needs. From the responses to our digital consultation paper to the numerous users who have partnered with RoS in developing and improving our services such as the Digital Discharge Service and ScotLIS, our customers play a vital role in our daily business activities.

New ventures in 2016-17

From strong customer interaction to new products and services, there's much to report for the past year. A key event was our consultation on future digital registration channels. We published our consultation paper in November 2016, detailing our proposed digital direction, and how this would relate to the products and services we provide. This direction was greatly influenced not only by the introduction of the 2012 Land Registration Act, which laid the foundations for conveyancing and land registration in Scotland to move away from paper-based procedures and into the digital world, but also by the evolving requirements of our customers. The primary focus of the consultation was around the proposal to introduce new digital channels for our three main land register transactions (mortgages, discharge of mortgages and transfers of title) and to mandate these channels over time.

The consultation closed in late February 2017 and we are appreciative for all the many responses, which were overwhelmingly supportive. From now through to 2020 RoS will be working with customers to deliver all of these new channels.

2016-17 also witnessed the move to our new Glasgow office at St Vincent Plaza (SVP). As outlined in last year's Annual Report, we began the shift to SVP in late 2016, with staff moving across in February and March 2017. All staff are now settled, and the move has been a great success, with a very smooth transition.

SVP epitomises the overall digital transformation of our business. Our Glasgow office has been

consolidated into one open-plan floor that incorporates flexible working throughout. From desktop stations to adjustable height desks, each work setting has been specifically designed to create a unique experience for the user, while also supporting wellbeing, maximising personal performance, and encouraging staff to think digitally. SVP also brings substantial financial savings, as well as improved efficiency in energy usage and travel requirements.

On the business side of RoS, we have introduced several new products and services this year. One of the foundation projects has been the Digital Discharge Service (DDS). DDS is the result of close collaboration between RoS, the Council of Mortgage Lenders and the Law Society of Scotland, and has delivered a new digital service that vastly improves the efficacy of the mortgage discharge process for all. Interactions are now managed entirely through an online portal, which removes the

need for paper and post, and improves both the speed and efficiency of the process.

In the past year, we've also launched a new version of the Landlord

Register, previously held by the Scottish Government, increasing the number of registers in our care to 18. Through the register, landlords across Scotland can register or renew an application while the general public can access landlord information. For RoS, the development of the Landlord Register in collaboration with the Scottish Government, local authorities and landlords was a significant achievement.

“*Each work setting has been specifically designed to create a unique experience for the user...encouraging staff to think digitally*”

Continuous improvement: building on existing good work

We have set out above some of our most notable successes for the past year, though they haven’t been the only things for us to celebrate. Indeed, our ‘business as usual’ figures reflect strong performance across our key activities. In 2016-17 we received over 652,000 applications across all our registers, an increase of 5.1 per cent on the year before and largely reflecting an increase in property market activity. Land register applications increased by 9 per cent compared to the year before to 512,000, while sasine registrations dropped by over 25 per cent; these developments mirror trends from last year as we continue to make progress with completion of the land register.

Our newest register, the Landlord Register, finished the year with 16,368 applications; over 20 per cent of these were first time applications. We also managed significant numbers of customer service enquiries throughout the year. We handled over 94,000 customer enquiries throughout the year, with 81 per cent of these managed by telephone, and just under 2,000 visits to our customer service centres. In another significant commitment to customer service, we processed over 43,000 property reports over the year, with a particular growth in plan reports requests.

The wider use of statistics based on the property data we hold is one of our strongest achievements this year. The year featured our regular Official Statistics releases, and notably, in addition, the

launch in June 2016 of the new UK House Price Index (HPI). This was developed in partnership with the Office for National Statistics, HM Land Registry and the Northern Ireland Land & Property Services, and enables Scottish housing market trends to be set more clearly in the UK context. Work is now commencing to seek National Statistics accreditation for the HPI as a flagship statistic.

Financially, we’ve reported strong and consistent numbers, while continuing to invest in our digital future. Operational income increased by £2.8 million to £72.6 million, while our retained profits reduced slightly to £86.5 million due to our investment in the business. Further financial details can be found in the summary table below, and on page 54.

	2016-17	2015-16
Change to retained surplus	(£0.6 million)	£7.5 million
Continued operations income	£72.6 million	£69.8 million
Net interest income and charges	£0.119 million	£0.202 million
Capital expenditures	£4.5 million	£3.9 million
Costs	£73.3 million	£62.5 million
Costs comprised:		
Staff costs	£49.8 million	£41.1 million
Restructuring costs	£0.029 million	£0.113 million
Administrative costs	£20.2 million	£18.4 million
Amortisation and depreciation	£3.3 million	£2.8 million

In 2016-17 we accepted
over 652,000
applications

We've continued to progress with our completion of the land register, with a fivefold increase in voluntary registration applications and the start of our Keeper Induced Registration (KIR) activity in privately-held residential property. We now have 62 per cent of land and property titles (around 1.69 million) and 30 per cent of land mass (2,375,354 hectares) in Scotland already registered. This represents a steady increase on the year before, when we had registered 60 per cent of land and property titles (around 1.41 million), and 28.4 per cent of land mass (2,274,180 hectares).

We've continued to work with public and private bodies to promote voluntary registration of land, with several large areas of land coming on to the land register in the past year. Voluntary registration is one of our primary means of completing the land register, and so to encourage additional registration, a 25 per cent discount for all voluntary registrations continues through to mid-2019. In conjunction, we've progressed with our first rounds of Keeper Induced Registrations. These launched in November 2016, and during 2016-17 we have already added over 6,000 properties to the land register through KIR. Building on this success, we're committed to registering around 600,000 properties through KIR in the next few years – an important step in our goal to complete the land register by 2024.

Land register completion will make a comprehensive wealth of property data available on who owns Scotland. We're working to make all this information more accessible to both businesses and the public with our new ScotLIS

service. A lynchpin of our digital transformation, ScotLIS is an innovative, map-based online land and information service that will ultimately allow citizens, communities, professionals and business users to discover comprehensive information about any piece of land or property in Scotland with a single enquiry. ScotLIS will unlock RoS datasets, providing a platform for data from relevant third parties, making it an ideal opportunity for collaboration with other organisations, such as the Coal Authority. Our aim is to make ScotLIS the platform of choice for land and property information in Scotland – development is well underway and it is scheduled to be launched in October 2017.

To ensure we fully support our move to becoming a fully digital organisation by 2020, we have invested in and prioritised our digital resilience and information security. Central to this has been to use a new data centre at Saughton House, within the wider Scottish Government shared data centre. This move greatly improves our business resilience, and ensures a solid foundation for our continued digital transformation. Furthermore, information security is integral to the design of our future digital services, and we have business continuity plans in place throughout the organisation, which have been tested in both theory and practice this year.

“We now have 62 per cent of land and property titles (around 1.69 million) and 30 per cent of land mass (2,375,354 hectares) in Scotland already registered.”

We've launched an enhanced Development Plan Approval service, used by building firms, that gives both property developers and homeowners certainty that they will be able to quickly register their ownership and rights in a new housing development. We've been using this free service to work effectively with over 100 different developers large and small, while also helping hundreds of developments across Scotland to be quickly registered.

Our enhanced Plan Assistance Service (PAS) has been very popular with customers. This service is used where the title deeds plan or description does not meet our land register deed plan criteria. Our experienced staff in the Plan Assistance Service can create a plan of the title extent using the current Ordnance Survey MasterMap that can be used when submitting an application for registration. The service offers excellent value for money as the new technology allows us to create output more efficiently.

Across our core business activities in the past year, we've reduced our unit costs by 2.5% and increased our commercial income by 7%. We've also met most of our Service Standards – the table on the right sets out our performance in the past year. Overall, almost 90 per cent of work dispatched in 2016-17 was completed within 30 working days. We recognise that in certain instances, particularly more complex land register cases, we have been unable to meet these standards. As part of our digital transformation, we are developing new products and services to speed up our processing of those cases that require further attention. We have also increased the number and quality of feedback and support mechanisms available to our customers – see next page for more information.

Performance summary table

The keeper set 9 service standards for 2016-17. Details of our performance against these standards are shown below.

Register(s): product/process		Target	Performance
1	Enter new land register applications on the application record	Within one working day	99.97%
Register applications in:			
2	Chancery and Judicial Registers (registration process)	Within three working days	100%
3	Crofting Register		99.80%
4	Process General Register of Sasines applications		100%
Register land register applications for deeds affecting:			
5	Registered land ¹	Within 20 working days	99.80%
6	Unregistered land (standard) ²		99.99%
7	Part of registered land where the keeper has given development plan approval.		99.90%
8	Register other applications for deeds affecting unregistered land	Within six months	63.50%
9	Register other applications for deeds ³ affecting part of registered land	Within nine months	80.90%

¹This target applies to applications for deeds affecting registered land that are not dependent on prior or same date applications for deeds affecting unregistered land or part of registered land. Where such prior or same day applications exist, the application for the deed affecting registered land will be delivered to the appropriate Service Standard for prior or same day application.

²This applies to applications in areas upon which pre-work has been carried out. RoS calls such pre-work a research area. Those applications affecting unregistered land that are dependant on applications affecting part of registered land will be delivered to the latter service standard.

³This applies to applications upon which no pre-work has been carried out. Those applications affecting unregistered land that are dependent on applications for deeds affecting a part of registered land will be delivered to the latter Service Standard.



Financial targets

Scottish ministers set us two financial targets:

to deliver
3 per cent
efficiency savings

A 2.5 per cent efficiency improvement on the previous year was achieved.

to achieve a
5 per cent
increase in income from commercial activities

A 7.2 per cent increase on the previous year was achieved.

Environmental responsibility

RoS is committed to an effective sustainable management programme to ensure we reduce and minimise our impact on the environment. Indeed, this is one of many benefits that will be realised as we progress to becoming a digital-first organisation.

Our estates and environmental management are underpinned by a number of key principles. We adhere to relevant Scottish Government legislation, and operate an effective Environmental Management System (EMS), to minimise our use of materials, energy and other natural resources, while supporting a waste hierarchy of reduction, repair, reuse and recycling of products and materials where possible, and reducing waste in general across the organisation.

In supporting these guiding principles, we have set ourselves a number of significant objectives. Our performance against these objectives has been overwhelmingly positive, including a 22 per cent reduction in paper consumption from the previous year, and an electricity consumption reduction of nearly 10 per cent in the same period. We've also made advances in other areas such as minimising travel, continuously improving our processes, procedures and practices to increase sustainability, and embracing both new ways of working and technological advances.

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 www.keepsotlandbeautiful.org/ssn

Continuing to improve our services

Over the past year, we've devoted considerable energy and attention to improving the ways we interact with and support our customers.

From a service-specific point of view, we recognise the primary importance of registration, and the need for effective support in this significant process, and have therefore developed a new digital knowledge base. This intuitive and easy to use service is the new home for registration and guidance support. It's task-based, accessible and searchable, and developed based on user testing and feedback on our new website.

Much like the knowledge base, 2016-17 has witnessed a strong emphasis on user input across our products and services. Central to this has been the expansion of our User Experience (UX) Panel, and our Innovation Centre. The UX Panel plays a vital role in developing our services with the customer's user experience in mind. We're able to better understand potential pain points in existing services, and also share prototypes and wireframes to ensure product development continues to meet customer needs. The Innovation Centre is all about big ideas, and working with internal and external partners to transform them into tangible business change initiatives in order to improve RoS' products and services, and realise benefits. Since its inception in late 2016, it has supported a wide range of projects, such as DDS, KIR, and our new case management system, trialling different scenarios and working collaboratively to find solutions to any issues uncovered during development. Services such as these ensure we deliver high quality services to our customers that are developed with them in mind.

“a 22 per cent reduction in paper consumption from the previous year, and an electricity consumption reduction of nearly 10 per cent in the same period.”

People@RoS – a recipe for success

Succeeding in all the achievements described above wouldn't have been possible without the contributions of the staff here at RoS. Our core strategy is outlined in our people@ros framework. This agenda outlines how we can ensure that all RoS staff are knowledgeable, skilled, competent and flexible in a continually changing work environment.

One of our proudest achievements in recent years has been our Modern Apprentices (MA) scheme, and we're proud to report that the programme has continued in the past year. We've been running the scheme since 2013, and in that time over 50 young employees have joined as MAs. They work in a range of teams including registration, finance, procurement, HR, communications and customer services. The programme has been very popular since its inception, and 2016-17 has been no different. Our keeper Sheenagh Adams calls the MAs "one of our greatest success stories", while the MAs themselves have valued the opportunity to gain valuable work experience in a varied environment, while also gaining a full time position and accompanying qualifications.

As well as encouraging the next generation of RoS, we've worked alongside our existing staff to make RoS a great place to work. It's been a strong year for adding to our already talented workforce, particularly to support our digital transformation, with 182 full time members of staff joining the organisation in areas across the business. Additionally, as a major source of pride, we've already achieved the Scottish Government 2020 target of at least 50% women in the boardroom; our current board is comprised of five female and four male members.

Another success is our accreditation initiatives. In the past year, we're delighted to have been awarded the prestigious gold award in the Healthy Working Lives programme. Against stringent criteria, RoS has been recognised for achievement in areas such as lifestyle checks and stress assessment, while also demonstrating a comprehensive wellbeing plan not just for today, but for the future as well. This hasn't been our only success either; RoS is also an accredited Investors in People organisation, which not only recognises our independently-assessed wellbeing

achievements, but also supports our business change to be a smart working, digital-first organisation.

On the back of this recognition, we're continuing to actively encourage wellbeing programmes at RoS. This year, we released a wellbeing survey to our staff; only 8% of companies in the UK take such a step. This initiative measured areas like resilience, wellness and happiness, and achieved a response rate that exceeded our expectations – over half of our staff took part. The results provide us with a better understanding of our people's wellbeing, will help shape future activity, and will be supplemented by a second survey planned for the next financial year.

We're also supporting our staff through an integrated programme of training and qualifications. Leadership and management

“In the past year, we're delighted to have been awarded the prestigious gold award in the Healthy Working Lives programme”

development has been significantly encouraged, with the aim of enhancing senior executive capabilities. This investment will ensure our managers have the skills, knowledge and behaviour needed to inspire colleagues across the organisation. RoS is promoting a similar process across the rest of the organisation through a competency development scheme, to build the skills and behaviours needed to collectively deliver strategic objectives. Technical expertise is another important piece of the puzzle, especially in facilitating our ongoing digital transformation.

Celebrating

400 years of land registration

Throughout 2017, we are celebrating 400 years since the 1617 Registration Act initiated the first land register in the world – the General Register of Sasines. The flagship event marking this is our hosting of the Registrars of Title Conference in October 2017. This event attracts registrars from across the world, and we're delighted that it will be held in Edinburgh this year, to mark our anniversary.

The occasion is also being celebrated with other events and commemorations throughout the year. We've commissioned a special commemorative art installation at Meadowbank House, to celebrate Scotland's land and mark the occasion for posterity. Additionally, in May we hosted a charity golf tournament at the famous Queen's Course at Gleneagles. This event, funded through ticket sales and sponsorship, commemorated the 400 year anniversary and increased awareness of RoS during this important time in our history, while at the same time **raising over £4,000 for MacMillan Cancer Support**, our chosen charity partner.

Janet Egde
Accountable officer

August 2017

Accountability report

Corporate governance report

Directors' report

Registers of Scotland board



Sheenagh Adams
Keeper
(4/4)



Janet Egdell
Operations director
(4/4)



John King
Business development
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
(4/4)



Jayne Scott
non-executive director
(4/4)



Fiona Ross
Non-executive director
(4/4)

Non-executive director's 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 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.



Deepa Mann-Kler

Deepa is a non-executive director of the South Eastern Health & Social Care Trust in Northern Ireland; an independent assessor with the Commissioner of Public Appointment 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.



Audit Committee

Jayne Scott (4/4)

Management consultant and non-executive director

Stephanie Kerr (4/4)

Founder and CEO of Amber Limited and non-executive director for Disclosure Scotland

Andrew Harvey (4/4)

Chair of the European Marketing Confederation and non-executive director

Chris Andrew (4/4)

Senior audit manager at the Royal Bank of Scotland

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

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 2016-17, there were no incidents involving personal data reported to the ICO.

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 Egde, 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 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 27.

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 10.

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 2014-2015.

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 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 2016 to 31 March 2017 from all executive directors, and no significant issues were raised that needed to be reflected in this governance report.

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

The board consists of five executive and four non-executive directors. Board membership is set out on page 25.

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 committee, who report back to the board regularly on these activities.

The audit committee

The audit 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 2016-17 can be found on page 27 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 2016-17. 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 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 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 services from contractors

Each year, the audit 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 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 committee reviews the reports from that programme and monitors actions from audit recommendations to ensure their completion.

The audit 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, as were the heads of operations, land register completion, and digital, over the year 2016-17. 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 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 committee and board meetings.

The risk register currently identifies risks which may affect: the integrity of our registers, such as cyber attacks; the success of our operations and business transformation; and resource implications of expanding our registers and introducing new data products and services.

During 2016-17, we actively managed risks relating to the transformation of our business, supporting and developing our

people and culture to embrace our digital vision and innovative change environment, while progressing our programme of land register completion. This included engaging with key stakeholders, both external and internal, through a number of initiatives to share our digital vision and aligning with stakeholder expectations, developing and delivering new, improved processes and digital systems to support our customers and ensure our staff have the appropriate skills and knowledge development to support our business transformation. RoS risk registers also provide considered risk reduction measures, and countermeasures to mitigate risks or 'live' issues to within acceptable tolerances of our risk appetite.

To ensure that RoS effectively manages strategic risks and controls issues, particularly in respect of organisational performance and delivery, this year we introduced an assurance framework. This provides an overview of the assurance

processes and procedures in place for a range of potential strategic risks.

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), a sub-committee of the EMT, oversees this area and outputs from IAG are reported to me as senior information risk owner.

During 2016-17, eleven 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.

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 the provision of internal audit will be subject to a programmed procurement exercise to ensure best value.

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 six internal audit reviews were completed in 2016-17 and reported to the audit committee. These included reports on corporate and strategic planning, keeper induced registration and fraud management.

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 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

Appointments and remuneration

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 61. 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. The table below and supporting information is subject to audit.

Single total figure of remuneration						
Board members	Salary £'000		Pension Benefits £'000		Total £'000	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Sheenagh Adams Keeper and chief executive	75-80	75-80	17	25	95-100	100-105
Janet Egde Operations director and accountable officer	70-75	65-70	22	34	90-95	100-105
John King Business development director	75-80	75-80	16	39	90-95	115-120
Kenny Crawford Commercial services director	70-75	70-75	28	42	95-100	110-115
Billy Harkness Corporate services director	70-75	70-75	15	21	85-90	90-95
John Fanning Finance director (to 31 March 2016)	-	70-75	-	28	-	95-100
Fiona Ross Non-executive director	0-5	10-15	-	-	0-5	10-15
Jayne Scott Non-executive director	5-10	0-5	-	-	5-10	0-5

Shrin Honap Non-executive director	5-10	0-5	-	-	5-10	0-5
Deepa Mann-Kler Non-executive director	0-5	0-5	-	-	0-5	0-5
Stephen Dingle Non-executive director (to 31 December 2015)		0-5				0-5
Ben Gray Non-executive director (to 31 December 2015)		0-5				0-5
Jas Patyal Non-executive director (to 31 December 2015)		0-5				0-5
	2016-17			2015-16		
Band of highest paid director's total remuneration £'000	75-80			75-80		
Median total £'000	27,170			26,901		
Ratio	2.9			2.9		

None of the above received any benefits in kind or bonus payments during the two years.

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 2016-17 was £75,000-£80,000 (2015-16: £75,000-£80,000). This was 2.9 times (2015-16: 2.9) the median remuneration of the workforce,

which was £27,170 (2015-16: £26,901). In 2016-17, no (2015-16: no) member of staff received remuneration in excess of the highest-paid director. Remuneration ranged from £2,000 to £78,000 (2015-16: £2,000 to £77,000). 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.

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

Pension benefits

The table below and supporting information is subject to audit.

	Accrued pension at pension age as at 31/3/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/17	CETV at 31/3/16	Real increase in CETV (see page 43)	Employer
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Sheenagh Adams Keeper and chief executive	35-40 plus lump sum of 110-115	0-2.5 plus lump sum of 2.5-5	874	815	17	-
Janet Egdell Operations director and accountable officer	30-35	0-2.5	483	453	9	-
John King Business development director	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 2.5-5	599	559	13	-
Kenny Crawford Commercial services director	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	617	566	23	-
Billy Harkness Corporate services director	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	610	570	12	-

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 2016-17, RoS' contributions of £5,857,361 were payable to the Principal Civil Service Pension Scheme (PCSPS) (2015-16: £5,508,827) at one of four rates in the range 20.0 per cent to 24.5 per cent of pensionable pay (2015-16: 20.0 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 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

The partnership pension account is a stakeholder pension arrangement. RoS makes a basic contribution of between 8 per cent and 14.75 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers.

For 2016-17, this contribution was £28,136 (2015-16: £23,506). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3.0 per cent of pensionable salary (in addition to the employer's basic contribution).

RoS also contributes a further 0.5 per cent of pensionable salary, which amounted to £114 in 2016-17 (2015-16: £69) to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement). Contributions due to the partnership pension providers at the balance sheet date were £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

A cash equivalent transfer value (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

There were no exit packages or compulsory redundancies during the year. The table below and supporting information is subject to audit.

Exit package cost band	Total number of exit packages by cost band	
	2016-17	2015-16
<£10,000	0	1
£10,000 - £25,000	0	5
£25,000 - £50,000	0	7
£50,000 - £100,000	0	17
£100,000 - £150,000	0	5
£150,000 - £200,000	0	0
Total number of exit packages	0	35
Total resource cost	0	£2.12M

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

During 2016-17, the average number of full-time equivalent (FTE) staff employed was 1173 (2015-16 1056). The increase was driven by the resource requirements of business transformation and the increased volumes of work. Agency staff increased to 157 FTE (2015-16 89) and were primarily to meet the IT aspects of transformation. There has been a further increase in the administrative officer resource arising from our commitment to complete the land register by 2024. This recruitment has continued to be on a fixed term basis. A number of staff on fixed term contracts were made permanent during 2016-17. Fixed term contracts reduced to 49 FTE (2015-16 141) as a consequence of fixed term staff being made permanent.

Staff Costs	2017	2016
Administration Costs	£'000	£'000
Wages and Salaries	29,922	28,189
Social Security costs	2,835	1,984
Other Pension costs	5,885	5,532
Inward secondments	255	206
Agency Staff costs	10,899	5,237
Other Staff Costs	0	1
Total administration staff costs	49,796	41,149
Restructuring costs	29	113
	49,825	41,262

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

Breakdown by gender

In relation to our diversity profile, 48% of staff are female (2015-16: 48%); 1.4 % have declared themselves as being from ethnic minority backgrounds (2015-16: 1.9%); and 6.7% declared themselves as being disabled (2015-16: 7.4%). We have two senior civil service staff, both of whom are female.

Sickness absence

Unfortunately our sick absence has increased from the low in 2015-16. 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	2015-16 end of year annual average working days lost per 1.00
Total	8,558	4,270	4,288	7.45	6.47

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.

Our staff handbook also has guidance surrounding flexible working hours, diversity and equality and reserved car parking.

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 83 per cent (2015-16: 83 per cent, re-stated from 92 per cent), with 5.7 days (2015-16: 5.9 days, re-stated from 4.9 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 2016-17 was split £64.0 million from statutory fees and £8.6 million non-statutory fees (2015-16: £69.8 million income split £62.0 million from statutory fees and £7.8 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 £9.7 million for 2016-17 and are detailed in note 17, along with losses of £1.3 million relating to sasine process and under indemnity provisions.

As at 31 March 2017, 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

August 2017

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 2017 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of comprehensive income, Statement of financial position, Statement of cash flows, 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 2016-17 Government Financial Reporting Manual (the 2016-17 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 2017 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 2016-17 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 in the UK and Ireland (ISAs (UK&I)). 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 Standards for Auditors, 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.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation 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&I) 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.

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 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 in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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 other prescribed matters

I am required by the Auditor General for Scotland to express an opinion on the following matters.

In my opinion, the auditable 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 auditable 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
Assistant Director
Audit Scotland

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

September 2017

Registers of Scotland annual accounts 2016-17

Statement of comprehensive income for the year ended 31 March 2017

	Note(s)	2017 £'000	2016 £'000
Income - continuing operations	2	72,607	69,819
Staff costs	3	(49,796)	(41,149)
Administrative costs	4	(20,198)	(18,420)
Operating surplus		2,613	10,250
Profit/(loss) on disposal of non-current assets		0	0
Investment income - interest receivable	7	295	387
Interest payable	14	(176)	(185)
Amortisation and depreciation	5 and 6	(3,294)	(2,792)
Impairment of non-current assets	5	0	0
Restructuring costs	3	(29)	(113)
Retained surplus/(loss) for the financial year		(591)	7,547
Gain/(loss) on revaluation of property, plant and equipment	5	761	114
Comprehensive surplus/(loss) for the financial year		170	7,661

The notes on pages 59 to 62 form part of these accounts.

Statement of financial position

as at 31 March 2017

	Note(s)	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	5	11,674	10,792
Intangible assets	6	3,497	2,435
Receivables due after one year	10	40	45
Total non-current assets		15,211	13,272
Current assets			
Inventories	9	287	948
Trade and other receivables	10	4,025	3,353
Cash and cash equivalents	11	92,038	95,037
Total current assets		96,350	99,338
Total assets		111,561	112,610
Current liabilities			
Trade and other payables falling due within one year	12	17,137	17,941
Provisions for liabilities and charges	13	2,766	3,213
Total current liabilities		19,903	21,154
Non-current liabilities			
Trade and other payables falling due over one year	12	534	107
Provisions for liabilities and charges	13	549	838
Total non-current liabilities		1,083	945
Total liabilities		20,986	22,099
Net assets		90,575	90,511
Taxpayers' equity			
Capital Loan	14	1,966	2,072
Retained Profits		86,509	87,100
Revaluation Reserve		2,100	1,339
Total taxpayers equity		90,575	90,511



Janet Egdell

Accountable Officer

August 2017

The notes on pages 59 to 62 form part of these accounts.

Statement of cash flows

for the year ended 31 March 2017

	Note(s)	2017 £'000	2016 £'000
Cash flows from operating activities			
Retained surplus for the financial year		(591)	7,547
Adjustments for non-cash transactions			
Amortisation and depreciation	5 & 6	3,294	2,792
Impairment of non-current assets	5 & 6	0	0
Interest receivable		(295)	(387)
Interest payable		176	185
Movements in working capital			
(Increase)/decrease in trade and other receivables	10	(708)	(513)
Increase/(decrease) in trade and other payables	12	(459)	4,422
(Increase)/decrease in inventories	9	661	(247)
Movements in provisions	13	(736)	(1,448)
Net cash flow from operating activities		1,342	12,351
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(2,152)	(2,421)
Purchase of intangible assets	6	(2,238)	(1,483)
Proceeds from disposal of property, plant and equipment		0	0
Interest receivable	7	295	387
Interest receivable accrual adjustment		40	(53)
Interest payable	14	(176)	(185)
Interest payable repayment adjustment		(4)	(4)
Net cash flow from investing activities		(4,235)	(3,759)
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		(2,999)	8,486
Cash and cash equivalents at beginning of period	11	95,037	86,551
Cash and cash equivalents at end of period	11	92,038	95,037

The notes on pages 59 to 62 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 2015	2,178	79,553	1,225	82,956
Repaid during year	(106)			(106)
Net gain/(loss) on revaluation of property			114	114
Net operating profit for the year		7,547		7,547
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/(loss) for the year		(591)		(591)
Balance at 31 March 2017	1,966	86,509	2,100	90,575

The notes on pages 59 to 62 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 27), these accounts have been prepared in compliance with the principles and disclosure requirements of the financial reporting manual 2016-17, 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.

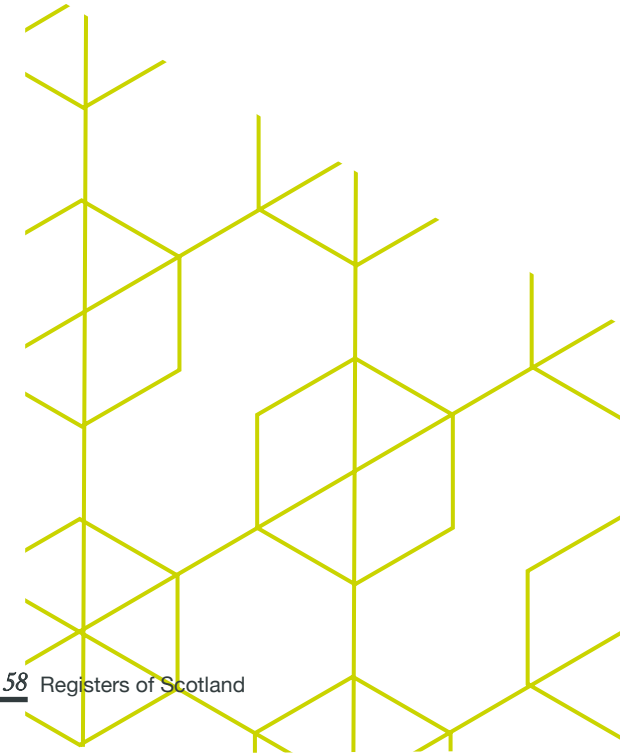
The fee policy considers income from all transactions, within which some complex transactions may incur a loss. Registrations involving the initial and more complex transactions in the land register cost more to undertake than the fee charged. The shortfall in fee income on these transactions is offset 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 www.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

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 Hanover House and 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 depreciated 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 29 August 2017.

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.

	Statutory £'000	Non-statutory £'000	2017 Total £'000
		£'000	£'000
Income	63,996	8,611	72,607
Staff costs	(43,562)	(6,234)	(49,796)
Administrative costs	(17,950)	(2,248)	(20,198)
Operating surplus	2,484	129	2,613

	Statutory £'000	Non-statutory £'000	2016 Total £'000
		£'000	£'000
Income	62,020	7,799	69,819
Staff costs	(36,238)	(4,911)	(41,149)
Administrative costs	(16,379)	(2,041)	(18,420)
Operating surplus	9,403	847	10,250

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

	2017 £'000	2016 £'000
2.1 Income - continuing operations		
Statutory		
First Registrations	9,353	9,592
Transfers of Part	8,411	6,881
Dealings with Whole	42,585	41,439
Sasines	1,334	1,736
Chancery and Judicial Registers	1,242	1,216
Other statutory income	1,071	1,156
	63,996	62,020
Non-statutory		
Registers Direct and Customer Service Centres	5,122	4,956
Reports and other income (including recoveries)	3,489	2,843
	8,611	7,799
	72,607	69,819

3. Staff Costs

	2017	2016
	£'000	£'000
Administration Costs		
Wages and Salaries	29,922	28,189
Social Security costs	2,835	1,984
Other Pension costs	5,885	5,532
Inward secondments	255	206
Agency Staff costs	10,899	5,237
Other Staff Costs	0	1
Total administration staff costs	49,796	41,149
Restructuring costs	29	113
	49,825	41,262

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

	2017	2016
Average number of persons employed		
Permanent staff		
Registration	657	565
Corporate services (including customer service centres)	307	260
	964	825
Other staff		
Agency staff	157	89
Fixed term contracts	49	141
Seconded in	4	3
Seconded out	(1)	(2)
	1,173	1,056

4. Administrative costs

	Note(s)	2017	2016
		£'000	£'000
Staff-related costs			
Travel and subsistence expenses		296	202
Staff training		308	402
Other staff costs		334	314
Supplies and services			
Catering		56	55
Security		418	385
Equipment and services		9,932	8,895
General administrative expenditure		1,064	919
Services from Ordnance Survey		411	467
Copy deeds/quick copies		13	20
Professional fees		502	959
Bank charges		23	25
Indemnity and legal costs		1,488	1,755
External audit		56	55
Internal audit		47	58
Accommodation and utilities			
Estate charges		1,349	1,136
Operating leases - rents		1,041	710
Repairs, maintenance and minor works		1,599	648
Utilities		407	414
Environmental services		397	276
Non-cash items			
Movement in work in progress	9	1,263	376
Movement in provision for indemnity	13	(807)	115
Movement in provision for VAT	13	0	161
Movement in provision for dilapidations	13	0	73
		20,198	18,420

5. Property, Plant and Equipment

5.1 Cost or Valuation	Land - Freehold £'000	Buildings - Freehold £'000	Information Technology £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
At 1 April 2016	1,762	6,487	7,906	3,331	25	19,511
Additions	-	381	686	6	1,167	2,240
Transfers in/(out)	-	1,167	25	-	(1,192)	0
Revaluation in year	(62)	(229)	-	-	-	(291)
Disposals	-	-	-	-	-	0
At 31 March 2017	1,700	7,806	8,617	3,337	0	21,460
Depreciation						
At 1 April 2016	0	811	4,601	3,307	0	8,719
Charged in year	-	332	1,763	24	-	2,119
Backlog depreciation	-	-	-	-	-	0
Revaluation in year	-	(1,052)	-	-	-	(1,052)
Disposals	-	-	-	-	-	0
At 31 March 2017	0	91	6,364	3,331	0	9,786
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

5.2 Cost or Valuation	Land - Freehold £'000	Buildings - Freehold £'000	Information Technology £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
At 1 April 2015	1,735	6,388	6,451	3,440	0	18,014
Additions	-	-	2,396	-	25	2,421
Revaluation in year	27	99	-	-	-	126
Disposals	-	-	(941)	(109)	-	(1,050)
At 31 March 2016	1,762	6,487	7,906	3,331	25	19,511
Depreciation						
At 1 April 2015	0	479	4,143	3,342	0	7,964
Charged in year	-	320	1,399	74	-	1,793
Backlog depreciation	-	12	-	-	-	12
Revaluation in year	-	-	-	-	-	0
Disposals	-	-	(941)	(109)	-	(1,050)
At 31 March 2016	0	811	4,601	3,307	0	8,719
NBV at 31 March 2016	1,762	5,676	3,305	24	25	10,792
NBV at 31 March 2015	1,735	5,909	2,308	98	0	10,050
Analysis of asset financing						
Owned	1,762	5,676	3,305	24	25	10,792
NBV at 31 March 2016	1,762	5,676	3,305	24	25	10,792

All assets are owned by RoS, and there are no finance leases or PFI arrangements in place.

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 1.5 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.

	Assets under development	Software	Computer licences	Total
	£'000	£'000	£'000	£'000
6.1 Cost or Valuation				
At 1 April 2016	83	24,046	1,465	25,594
Additions	1,868	369	0	2,237
Reclassification	(727)	727	-	0
Impairment	-	-	-	0
Disposals	-	-	-	0
At 31 March 2017	1,224	25,142	1,465	27,831
Amortisation				
At 1 April 2016	0	22,796	363	23,159
Charged in year	-	722	453	1,175
Reclassification	-	-	-	0
Impairment	-	-	-	0
Disposals	-	-	-	0
At 31 March 2017	0	23,518	816	24,334
NBV at 31 March 2017	1,224	1,624	649	3,497
NBV at 31 March 2016	83	1,250	1,102	2,435
6.2 Cost or Valuation				
At 1 April 2015	271	30,481	927	31,679
Additions	223	0	1,260	1,483
Reclassification	(411)	411	-	0
Impairment	-	-	-	0
Disposals	-	(6,846)	(722)	(7,568)
At 31 March 2016	83	24,046	1,465	25,594
Amortisation				
At 1 April 2015	0	28,901	827	29,728
Charged in year	-	741	258	999
Reclassification	-	-	-	0
Impairment	-	-	-	0
Disposals	-	(6,846)	(722)	(7,568)
At 31 March 2016	0	22,796	363	23,159
NBV at 31 March 2016	83	1,250	1,102	2,435
NBV at 31 March 2015	271	1,580	100	1,951

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.

7. Interest receivable

	2017 £'000	2016 £'000
On Paymaster and National Loans Fund balances	295	387

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.

Market risk

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

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.

9. Inventories

	2017 £'000	2016 £'000
Work in progress	287	948
	2017 £'000	2016 £'000
The movement in work in progress (see note 4 above) is made up of:		
Increase/(decrease) in asset balances	(661)	247
(Increase)/decrease in provision	(602)	(623)
	(1,263)	(376)

10. Trade receivables and other current assets

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade receivables	997	973
Less: Provision for bad debts	(15)	(7)
	982	966
Other receivables	206	271
VAT	0	67
Prepayments and accrued income	2,837	2,049
Total receivable within one year	4,025	3,353
The above is further analysed as:		
Other central government bodies	155	275
Local authorities	47	67
NHS bodies	1	3
Bodies external to government	3,822	3,008
	4,025	3,353
Amounts falling due after more than one year:		
Other receivables - subrogation	40	45

11. Cash and cash equivalents

	2017 £'000	2016 £'000
Balance at 1 April	95,037	86,551
Net change in cash and cash equivalent balances	(2,999)	8,486
Balance at 31 March	92,038	95,037
The following balances at 31 March were held at:		
Government Banking System	3,881	11,769
Commercial banks and cash in hand	1,157	1,268
Short term investments	87,000	82,000
Balance at 31 March	92,038	95,037

12. Trade payables and other current liabilities

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade payables and accruals	2,989	5,286
Other payables	68	14
Other taxation and social security	769	650
VAT	50	0
Fees received in advance	13,155	11,885
NLF loans	106	106
Total due within one year	17,137	17,941
Amounts falling due over one year:		
Trade payables	534	107
	17,671	18,048
The above is further analysed as:		Re-stated
Other central government bodies	1,080	1,574
Local authorities	176	107
NHS bodies	31	8
Bodies external to government	16,384	16,359
Balance at 31 March	17,671	18,048

13. Provisions for Liabilities and Charges

13.1	Early retirement £'000	Indemnities £'000	Work in Progress £'000	Exit packages £'000	VAT £'000	Dilapidations £'000	Total £'000
At 1 April 2015	1,602	1,332	394	2,044	0	127	5,499
Additional provision made		1,187	765		161	200	2,313
Revaluation of provision	76						76
Amounts incurred and charged against provision	(452)	(1,047)	(142)	(1,972)			(3,613)
Unused amounts reversed		(25)		(72)		(127)	(224)
At 31 March 2016	1,226	1,447	1,017	0	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	0	200	3,315

Analysis of total provisions:

At 31 March 2016

Current	388	1,447	1,017		161	200	3,213
Non-current	838						838
	1,226	1,447	1,017	0	161	200	4,051

At 31 March 2017

Current	307	640	1,619			200	2,766
Non-current	549						549
	856	640	1,619	0	0	200	3,315

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 17).

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 also note 17).

13.5 Exit packages

This provision related to staff who expressed their intention to leave through a voluntary exit package offered in 2014-15 but who had not signed at the end of the year. These staff had left by 31 March 2016 or decided not to leave so the provision is no longer required.

13.6 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.

13.7 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 £176,000 for the year to 31 March 2017 (2016: £185,000).

Repayments on the Capital Loan are as follows:

	2017 £'000	2016 £'000
Between one and two years	106	106
Between two and five years	319	319
In more than five years	1,541	1,647
	1,966	2,072
Within one year (included in Creditors)	106	106
	2,072	2,178

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 2017 not otherwise included in these accounts are as follows:

	2017 £'000	2016 £'000
Property, plant and equipment	180	0
Intangible assets	0	0

16. Commitments under leases

	2017 £'000	2016 £'000
Buildings:		
Not later than one year	276	650
Later than one year and not later than five years	2,076	1,833
Later than five years	1,948	2,467
	4,300	4,950
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 for Hanover House, Glasgow until April 2017 and an operating lease in St. Vincent Plaza, Glasgow until January 2026.

17. Losses

RoS settled 534 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 £1,327,000 (2015-16: 225 claims, £1,391,000). This included one payment of £962,000 which was provided for in last year's accounts.

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.

	2017 £'000	2016 £'000
Opening FR WIP provision	0	(142)
Closing FR WIP provision	(52)	0
Change in provision	(52)	142
Cost of FR registrations	(15,357)	(15,064)
FR income	9,353	9,592
Loss	(6,056)	(5,330)

	2017 £'000	2016 £'000
Opening TP WIP provision	(1,017)	(252)
Closing TP WIP provision	(1,567)	(1,017)
Change in provision	(550)	(765)
Cost of TP registrations	(11,543)	(10,611)
TP income	8,411	6,881
Loss	(3,682)	(4,495)

18. Contingent liabilities

As at March 2017, 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.

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 2017 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):

- // Amendment to IAS 7 Disclosure initiative
- // IFRS 9 – Financial instruments – effective date 1 January 2018
- // IFRS 16 – Lease – effective date 1 January 2019
- // IFRS 15 – Revenue from contracts with customers – effective date 1 January 2018

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

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