



**Registers of Scotland**  
Annual Report and Accounts  
**2014 – 2015**



**Registers  
of Scotland**  
[ros.gov.uk](http://ros.gov.uk)



---

## Contents

<b>Keeper's foreword</b>	<b>3</b>
<b>Management commentary and strategic report</b>	
Our purpose	4
Our objectives	5
Operating and financial review	6
Our future	10
Sustainability statement	12
<b>Directors' report</b>	<b>18</b>
<b>Our business</b>	<b>21</b>
<b>Our people</b>	<b>27</b>
<b>Statement of the keeper's and accountable officer's responsibilities</b>	<b>30</b>
<b>Remuneration report</b>	<b>32</b>
<b>Governance statement</b>	<b>41</b>
<b>Independent auditor's report</b>	<b>48</b>
<b>Annual accounts 2014-15</b>	<b>52</b>
<b>Notes to the accounts</b>	<b>56</b>
<b>Appendix</b>	<b>73</b>



## Keeper's foreword

This has been the most significant year for Registers of Scotland (RoS) in recent history. On 8 December 2014 – the “designated day” – the biggest change in registration legislation in a generation came into force with the Land Registration etc. (Scotland) Act 2012. A large part of our activities over the first half of the year focused on engaging with stakeholders and providing guidance, as well as preparing our staff and systems for the change. Since then, the 2012 Act legislation has become business as usual, and we have been able to turn our focus to the many opportunities the 2012 Act creates.



One such opportunity is the completion of the land register. Scottish ministers have committed to complete the register by 2024, including registering all public land and properties by 2019, and have asked RoS to lead this process. A completed land register will be a national asset for Scotland, providing a single, comprehensive, publicly-searchable register that gives clarity on who owns what. We have set up a dedicated project team to meet this challenge and, over the next year, will be piloting the new keeper-induced registration powers introduced by the 2012 Act.

With the implementation of the 2012 Act came the start of our digital transformation; before the designated day, five per cent of submissions<sup>1</sup> to our registers and our reports service were made electronically, compared to over 30 per cent now. Boosting this figure will be a large focus of our work over the coming years, as we do everything we can to protect our environment and make registering property faster, easier, and more secure than ever before.

These digital advancements are incredibly exciting, and create significant possibilities for us to enhance and share the data we hold. One such opportunity is the potential development of an online land and property information system. Announced by Deputy First Minister John Swinney at the end of the financial year, I chaired a taskforce to look at developing a system that will allow users to find out comprehensive information about any piece of land or property in Scotland.

This year has really seen our staff shine; all of our many achievements have been down to their continued hard work, professionalism, and willingness to embrace change. I am, more than ever, grateful to board members and staff throughout RoS for everything they have done, and I thank everyone for their outstanding commitment and dedication in what has been one of our most important years.

**Sheenagh Adams**  
Keeper of the Registers of Scotland

<sup>1</sup> Electronic submissions are applications to: CAJR, land register including ARTL, General Register of Sasines, advance notices and requests for pre-registration reports.

Our purpose

Background

RoS is a non-ministerial department and part of the Scottish administration. Since 1 April 1996, we have operated as a trading fund with our financial regime regulated by the Public Finance and Accountability (Scotland) Act 2000. RoS has offices and customer service centres at

**Meadowbank House**  
**153 London Road**  
**Edinburgh**  
  
and at  
**Hanover House**  
**24 Douglas Street**  
**Glasgow.**



Principal activities

The Keeper of the Registers of Scotland is responsible for maintaining 17 public registers that provide for the registration of legal documents in Scotland. Our work is dominated by the two main registers that relate to rights in land: the General Register of Sasines and the Land Register of Scotland. Our work is demand-led, with the level of work fluctuating in response to activity in the housing market and the commercial property sector.

The General Register of Sasines is a register of deeds, writs and transactions affecting heritable property in Scotland and was the first of its kind in the world. It dates back to the 1617 Registration Act of the old Scots parliament, and has inspired the creation of similar registers across the world. The Land Register of Scotland was introduced by the Land Registration (Scotland) Act 1979 and is gradually replacing the sasine register. The land register is a state-guaranteed register of title to land, which results in the creation of a title sheet in which the property is precisely defined on the ordnance map.



Our objectives

Our 2014-17 corporate plan covered the financial year 2014-15 and set out our five strategic objectives:



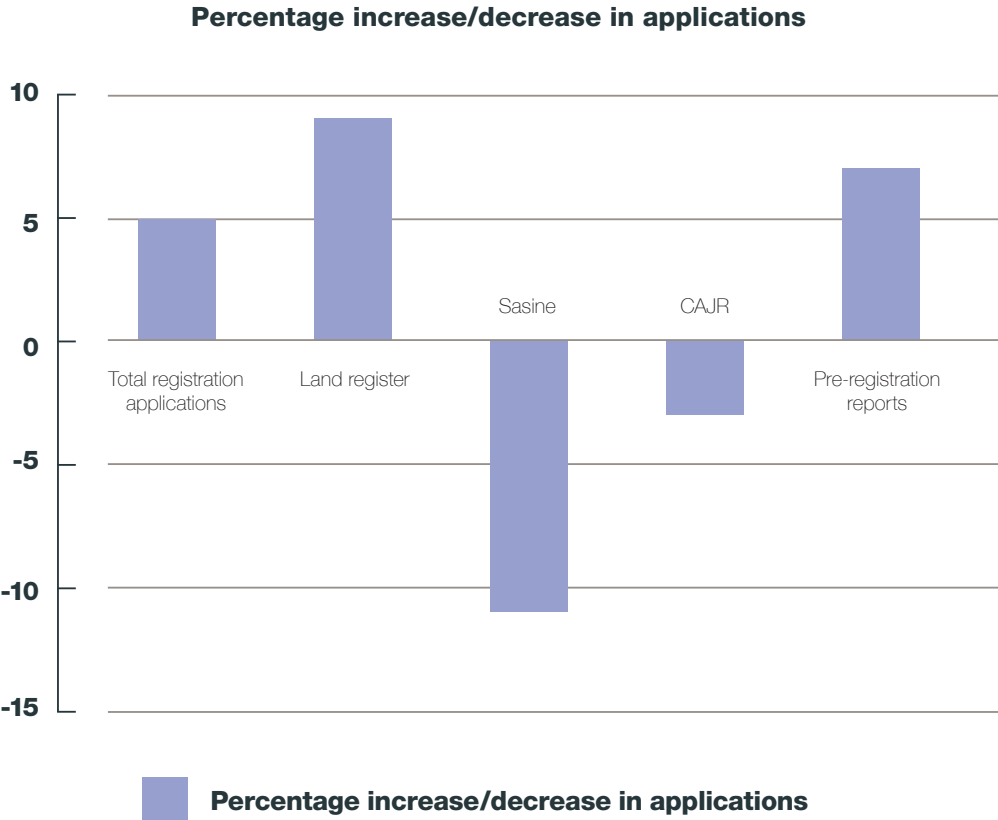
# Strategic report

## Operating and financial review

In 2014-15, we accepted over 400,000 applications to our registers, an increase of nearly five per cent compared to the previous year. Land register applications increased nine per cent, while both sasine and CAJR applications decreased by eleven and three per cent respectively. In addition, we provided nearly 30,000 pre-registration reports, up seven per cent on 2013-14.

This increase can be attributed to our new reports service, introduced in November 2014 and aligned with the 2012 Act. We also introduced the new advance notices, and have accepted over 40,000 since the new legislation commenced on 8 December 2014, providing additional security for people buying and selling properties. By the end of the year, we were

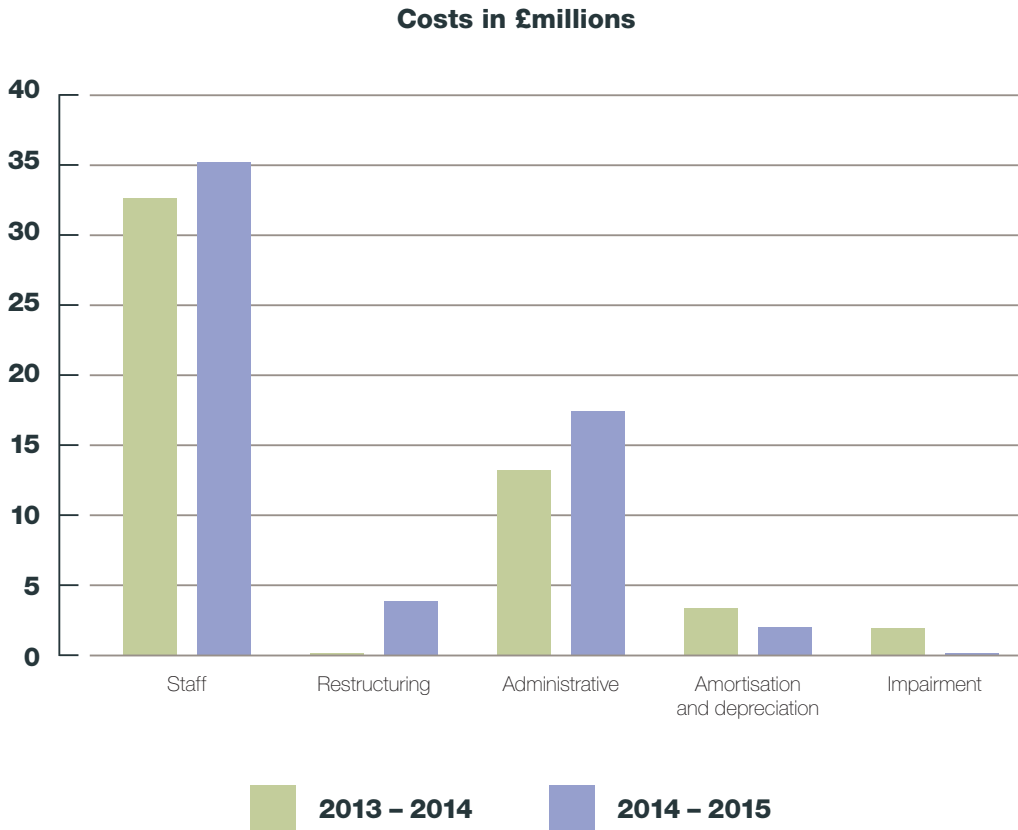
receiving around a third of applications for all our products electronically, and we have made significant improvements in turnaround times. Over the entire year, 55 per cent of all applications for dealings with whole of a registered title were completed in just two days and this had risen to 70 per cent by the end of the year.



RoS delivered high standards of service throughout the year, assisting more than 113,000 customers through a range of services, including over 3,300 visitors to our customer service centres in Edinburgh and Glasgow. Our eservices team also continued to provide support to our online customers, dealing with over 24,000 customer support requests. Ninety-nine per cent of all products and services were provided within the published turnaround times, despite a significant upturn in demand.

Our retained surplus for the year was **£7.5 million** (2013-14: £11.0 million). Continuing operations income for the year was **£66.3 million** (2013-14: £62.6 million), costs were **£58.9 million** (2013-14: £51.6 million), and our net interest income and charges were **£0.125 million** (2013-14: £0.068 million). Capital expenditure for the year was **£1.9 million** (2013-14: £4.4 million).

Costs comprised: staff costs **£35.2 million** (2013-14: £32.7 million); restructuring costs **£4.0 million** (2013-14: £0.043 million); administrative costs **£17.5 million** (2013-14: £13.3 million); amortisation and depreciation **£2.1 million** (2013-14: £3.5 million); and impairment **£0.038 million** (2013-14: £2.1 million).



The results described overleaf and set out in the accounts section of this document (see pages 52 to 72) differ from those predicted for this period in our corporate plan 2014-17, which suggested a surplus for the year of £14.7m in 2014-15.

The main differences between the plan and the actual outcome were:

- **a less robust recovery within the property market than we had anticipated, leading to income being £4.1m less than originally anticipated (albeit still ahead of the previous year)**
- **bringing forward a voluntary exit scheme at a cost of £3.7m**
- **several other smaller variances with an overall net positive impact of £0.6m**

Although it is disappointing that we did not meet our short term financial targets, we remain confident that the medium to long term position of RoS is robust and that we have the financial resources needed to fund the investment proposals set out in our corporate plan.

We continued to make ongoing improvements to our registration processes. However, the significant changes to land registration legislation involved investment in policy and systems development, stakeholder engagement and training of staff, and some deferral of income into 2015-16. The impact of this on our ministerial target for efficiency is detailed on page 9.

Our income from commercial activities increased by 11.2%. This was largely as a result of our new reports service.

Performance against service standards and targets

The keeper set 12 service standards for 2014-15. Details of our performance against targets are shown below.

Notes	
FR:	First registration
DW:	Dealings with whole
TP:	Transfer of part
ARTL:	Automated registration of title to land
CAJR:	Chancery and judicial registers

1	Record new land register applications on the application record	Within one working day	Achieved in all but 40 of the 293,330 cases	99.99%
2	Process ARTL applications	Within 24 hours	Achieved in all 10,380 cases	100%
3	Process CAJR applications	Within three working days	Achieved in all 77,646 cases	100%
4	Process Crofting Register applications	Within three working days	Achieved in all 998 cases	100%
5	Process Sasine applications	Within 20 working days	Achieved in all but 4,973 of the 41,421 cases	87.99%
6	Register DWs <sup>2</sup>	Within 30 working days	Achieved in all but 812 of the 203,174 cases, with 132,675 completed in two days	99.60%
7	Register standard FRs	Within 40 working days	Achieved in all 13,524 cases	100%
8	Register other FRs <sup>3</sup>	Within six months	Achieved in all but 1,393 of the 18,702 cases	92.55%
9	Register TPs from 1 October 2013	Within nine months	Achieved in all but 110 of the 30,515 cases	99.64%
10	Process all customer enquiries <sup>4</sup>	Within five working days	Achieved in all but 201 of the 52,065 cases	99.61%
11	Increase our public service quality index rating from 72 to 74 <sup>5</sup>			63
12	Complete 98.5% or more of registrations, over a 12 month rolling period, without corrective action			99.21%

Scottish ministers set us two financial targets:

1	Deliver 3% efficiency savings	2	Achieve a 5% increase in income from RoS' commercial activities
Minus 2.7% efficiency movement on previous year achieved, i.e. a decrease in efficiency (2013-14: 12% improvement). In 2014-15, this measure was impacted by the legislative changes associated with the 2012 Act. <sup>6</sup>		11.2% increase in income from RoS commercial activities achieved (2013-14: 5.5% increase).	
<sup>2</sup> Those DWs that are dependent on prior or same date FRs and TPs will be delivered to their service standards.		<sup>5</sup> We have implemented a new survey methodology which means that the index score for this year is not directly comparable to the previous score of 72. This new methodology gives us a more robust baseline for comparison going forward.	
<sup>3</sup> These FRs are those upon which no pre-work has been carried out. Other FRs that are dependent on TP applications will be delivered to that service standard.		<sup>6</sup> For the purposes of this target, RoS measures efficiency by comparing our core operational costs with those of the prior year. We then apply an adjustment based on any change in reported income. This adjustments acts as a proxy for the effect of any increase or decrease in market activities and volumes on our costs (volumes can be quite volatile given the cyclical nature of many of the markets we serve).	
<sup>4</sup> The services included in this standard are customer service enquiries and reports.			

Our future

Our main challenges in 2015-16 will be to:

- embed the 2012 Act and the changes it brought into our business operations
- use the commercial powers available to us in the 2012 Act to develop new products and services for the benefit of our customers and the Scottish economy more generally
- improve our business efficiency, flexibility and responsiveness to customers by undertaking a digital transformation programme to provide strong foundations for the future
- accelerate completion of the land register in line with Scottish ministers' commitment to completion by 2024, including registering all public land by 2019. To support this, the keeper will use her new powers under the 2012 Act to encourage voluntary registration and to register property without an application through the process of keeper-induced registration

In March 2015, Deputy First Minister John Swinney announced the development of a land and property information system for Scotland, and invited the keeper to lead a task force to make recommendations on its development. The online system will allow users to find out comprehensive information, which could include school catchment areas, mining reports, flood risks and crime statistics – all information that people often need when making property decisions. The task force includes organisations such as Ordnance Survey, the Royal Institution of Chartered Surveyors (RICS), the Law Society of Scotland and Scottish Government.

Addressing these key challenges will require significant financial investment, both in 2015-16 and in future financial years. The full impact of this investment is set out in our corporate plan for 2015-18, but the overall result is that profits in each of those years are expected to be lower than has been the case in recent years, and lower than might have been expected at this stage of the housing market cycle were this investment not being made.

There will also be significant capital investment, particularly in digital and IT assets. This additional expenditure is necessary if we are to create the type of land registration and information services demanded by our customers and other stakeholders.

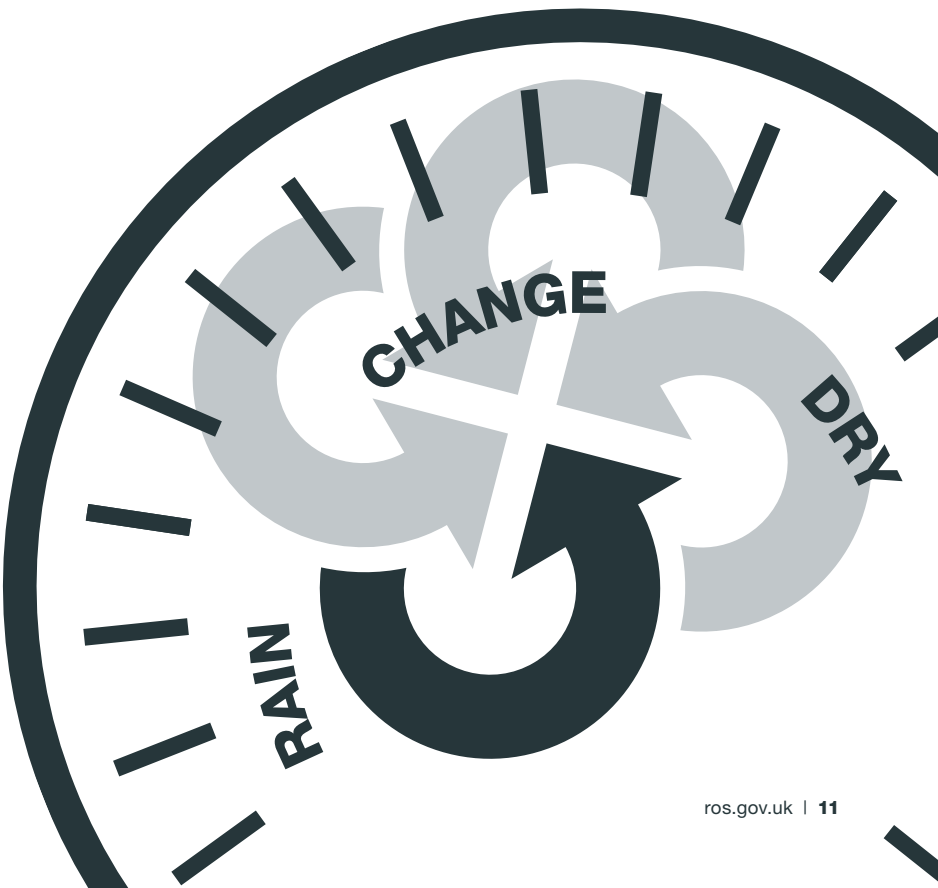
In addition to the four specific challenges identified above and any possible role for us in the creation and delivery of a land information system, we will continue to review existing operations with a view to improving both our commercial and financial sustainability and overall levels of customer and other stakeholder satisfaction. In particular, we will streamline our customer service offering, bringing together our customer services and eservices teams to form a single customer service function.

The General Register of Sasines will celebrate its 400th anniversary in 2017. As holders of the oldest land register in the world, we will be developing a year of events and activities to commemorate the influence the sasine register has had around the world. This will include hosting the annual international registrars of title conference.

We will also seek to improve the effectiveness of our staff and maximise their engagement in what is likely to be a considerable amount of business and organisational change in the years to come. Their contribution will be essential if we are to succeed in our medium to long-term objectives.

Our core activities are, and will remain, the maintenance of our public registers and providing access to them. As has already been noted in this report, our work is dominated by the two registers that relate to rights in land. This work is driven by market demand and a key operational challenge for us is to match the shape and capability of our organisation with movements in the property market.

More information about our vision for the future, and the strategic objectives that we have set to achieve it, can be found in our corporate plan.







### Sustainability statement

We are committed to the protection of our environment, both locally and within the broader commitment to sustainable development set out by Scottish ministers. This involves:

- carrying out our duties under the Climate Change (Scotland) Act 2009
- implementing our environmental management system
- applying our sustainable procurement policy

### Environmental management system (EMS)

RoS monitors performance using our EMS and provides guidance, training and information to staff on environmental and sustainability matters.

**Our estate comprises two buildings:** Meadowbank House (MBH) in Edinburgh and Hanover House (HHO) in Glasgow.

Energy performance certificates are held for both buildings. The new MBH extension has a ‘B’ performance rating, while the rest of the building has retained the ‘D’ rating awarded in June 2009. HHO was assessed in February 2013 and obtained a ‘B’ performance rating.

### Targets

We aim to achieve continuous improvement in our environmental performance against a set of specific targets, in accordance with the guidelines laid down by HM Treasury with regard to public sector sustainability reporting.

**Year on year, our targets are to reduce:**

- energy consumption and paper usage by 2.5 per cent
- water consumption by 2.0 per cent
- waste sent to landfill by 1.0 per cent

Although our annual performance fluctuates, comparing our current position against the baseline reveals that we have cumulatively exceeded these targets.



### Performance data

Energy, water and paper data

MBH	2009-10 baseline	2012-13	2013-14	2014-15	Percentage change from 2013-14	Percentage change from baseline
Electricity [kWh]	2,892,611	2,725,340	2,638,870	2,552,110	-3.3%	-11.8%
Gas [kWh]	976,565	1,272,230	1,006,420	1,109,619	+10.3%	+13.6%
Water [m3]	5,190	5,759	3,327	4,008	+20.5%	-22.8%

HHO	2009-10 baseline	2012-13	2013-14	2014-15	Percentage change from 2013-14	Percentage change from baseline
Electricity [kWh]	680,782	413,883	430,385	444,541	+3.3%	-34.7%
Gas [kWh]	349,089	348,093	272,074	308,861	+13.5%	-11.5%
Water [m3]	2,953	3,338	2,639	2,302	-12.8%	-22.0%

RoS (both sites)	2009-10 baseline	2012-13	2013-14	2014-15	Percentage change from 2013-14	Percentage change from baseline
Paper [reams]	26,871	16,504	17,231	16,939	-1.7%	-37.0%

**Notes**

- MBH 2012-13 onwards: electricity, gas and water figures are from actual meter readings.
- HHO electricity, gas and water figures are from actual meter readings.



Recycling and landfill data  
[both sites]

		2010-11 (baseline)	2012-13	2013-14	2014-15
Waste		Actual figures			
Non-financial indicators % of total waste	Total waste (kg)	398,878	200,447	171,865	120,366
	Total waste to landfill (kg)	106,108 26.6%	40,276 20.1%	32,922 19.1%	0 0%
	Total waste recycled (kg)	292,770 73.4%	160,170 79.9%	139,142 80.9%	120,366 100%
Financial indicators	Total waste	£90,831	£47,521	£28,830	£41,412
	Total waste to landfill	£24,161	£9,552	£5,518	£0
	Total waste recycled	£66,670	£37,969	£23,312	£41,412

**Notes**

- 2010-11 was the base year for recording waste data.
- 2014-15: all non-recyclable waste is processed as energy from waste with only residual ash being left.

Summary of performance against targets

Key points for 2014-15:

Overall, our electricity usage has fallen from last year by 2.4 per cent.

Overall gas consumption increased by 11 per cent from the previous year and has increased by 7 per cent from the baseline year. Gas consumption has risen this year due to a longer period of cold weather.

Overall water consumption was 6,310 cubic metres. The increase in water consumption was due to extensive works being carried out at MBH to the water tanks and pumps, which necessitated the emptying of the tanks to complete the works.

Paper usage decreased by 1.7 per cent.

Waste sent to landfill decreased to zero. Our waste contractor provides data on a regular basis on both our recyclable waste and the general waste that previously went to landfill. General waste that cannot be recycled is now used to generate power from waste with only ash residue being left after processing. With the introduction of the Waste (Scotland) Regulations 2012, RoS now collects all food waste separately for recycling as energy from waste.

the 2012 Act. Staff delivered 16 roadshow events across Scotland, and the account management team visited over 300 firms and faculty groups nationwide. Staff used public transport wherever possible, and the RoS pool car and hire vehicles when location or timings ruled this out.

A number of communication channels were used throughout the year to raise awareness of environmental issues and to provide training. During the year, RoS engaged in a number of environmental campaigns holding recycling awareness events, publishing environmental guidance in our newsletter and supporting Earth Hour 2015 with information published on our intranet for all staff.

We have sought to reduce travel at a local level between RoS’ offices and other government premises by increasing the use of our telephone and video conferencing facilities. This year’s business travel mileage increased from last year by 38.9 per cent because of the engagement strategy for



## Future environmental strategy

### At RoS, we aim to:

- contribute towards the Scottish government's environmental targets
- operate an EMS to record our progress
- procure materials and services within a framework that encourages sustainability
- adopt more energy-efficient practices where viable, and support more sustainable modes of travel to reduce our contribution to global climate change
- comply with, and make regular checks of, environmental legislation and other relevant regulations and requirements
- carry out periodic audits of the EMS to check for non-conformities
- recognise that waste has an environmental impact and cost, and therefore seek to prevent it wherever possible via a reduce, reuse, recycle, recover and landfill approach to resource management
- set and regularly review environmental objectives and targets, in line with SMART principles, that address the three main issues of an EMS: pollution control, continuous improvement, and compliance with regulations and legislation
- improve our processes and practices
- seek to provide the necessary resources and training required for effective delivery of our environmental policy
- document our activities and openly communicate our progress in implementing and maintaining our environmental performance
- seek the continuous improvement of both our EMS and our environmental performance
- review this policy at every significant change and in line with RoS strategic objectives to ensure it is appropriate to the nature and scale of RoS operations

We have been scoping a significant range of interventions on resource efficiency using Resource Efficient Scotland (RES) guidance for energy, waste and water. This includes feasibility studies for combined heat and power, as well as improvements to our building energy management systems. This will form part of our 2015-16 EMS review, which

will be further enhanced with a carbon management plan. Aligned with guidance from RES and the Sustainable Scotland Network, this will support our future compliance with the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015, currently in consultation.

## Social and community engagement

RoS continued to operate a small community benefit fund, as well as a social events group. During 2014-15, a total of £3,400 was distributed to a range of community bodies, providing resources such as football equipment.



Janet Egde

**Accountable officer**

**Management commentary and strategic report**

26 August 2015



RoS board

At 31 March 2015, the board comprised:



Sheenagh Adams (4/4)  
Keeper/chief executive (chair)



Janet Egdell (2/2)  
Operations director and accountable officer

The figures in brackets after the name indicate the number of formal board meetings attended compared with the total number that the director was eligible to attend.



John King (4/4)  
Business development director



Kenny Crawford (4/4)  
Commercial services director



John Fanning (4/4)  
Finance director



Billy Harkness (4/4)  
Corporate services director



Stephen Dingle (4/4)  
Non-executive director



Ben Gray (4/4)  
Non-executive director



Jas Patyal (2/4)  
Non-executive director



Fiona Ross (4/4)  
Non-executive director

Members joining the board during the year were:

- Janet Egdell from August 2014

Members leaving the board during the year were:

- Catriona Hardman from August 2014

Biography of non-executive directors

Stephen Dingle

Stephen Dingle is chair of the Audit Committee at RoS. He was formerly a partner with Ernst & Young LLP and an executive director at N M Rothschild & Sons Limited. Stephen is chair of the Coal Authority and a non-executive director and member of the audit committee at Disclosure Scotland.

Ben Gray

Ben Gray heads up Strategy and Development at D.C. Thomson, and has a commercial interest in brightsolid Ltd.

Jas Patyal

Jas Patyal is a director of Burning Strategies Ltd, focusing on information risk and technology governance. Jas has gained extensive experience across a range of leading companies in the private financial services sector, including BlackRock, Visa and the Barclays Group.

Fiona Ross

Fiona Ross is the former chief executive officer of the National Library of Ireland. She currently sits on various UK and Irish boards, including those of the National Archives UK and JK Funds, and holds a governance fellowship at George Washington University in Washington DC.

# Audit committee

The audit committee is chaired by Stephen Dingle, a non-executive director on the RoS board. It met four times during the year. Executive attendees included the accountable officer and finance director, and representatives of the internal and external auditors attended each of the meetings. Membership of the audit committee during the year was as follows:

Member	Background
Stephen Dingle (chair) (4/4)	Retired investment banker and financial adviser
Jeremy Chittleburgh CA (4/4)	Senior partner at Chiene + Tait
Chris Andrew CPFA (4/4)	Director of corporate services, ENABLE Scotland
Stephanie Kerr (4/4)	Independent IT and digital transformation consultant/non-executive director
Jayne Scott CA (4/4)	Management consultant and non-executive director

The figures in brackets after the name indicate the number of formal audit committee meetings attended compared with the total number that the member was eligible to attend.

# Audit

The accounts have been examined and scrutinised by auditors appointed by the Auditor General for Scotland. In my role as the accountable officer, I am confident that the auditors have been made aware of all relevant information. I have taken all steps required to make myself and RoS’ auditors aware of any relevant audit information.

*Janet Egde*  
Janet Egde  
Accountable officer

Directors’ report  
26 August 2015

# Our business

# Land Registration etc. (Scotland) Act 2012



The Land Registration etc. (Scotland) Act came into force on 8 December 2014, the ‘designated day’.

Preparation work for the new processes and procedures to deliver the requirements of the 2012 Act dominated our work for much of this financial year, with the period spent since the introduction focussing on embedding and honing the new practices and supporting our customers as they adapt to this significant change.

To enable implementation, some 12 pieces of subordinate legislation were required, four new digital delivery IT solutions had to be developed, and various changes were made to existing IT systems (see ‘IT provision’ section below). We worked in tandem with the Law Society of Scotland on new guidance and practice materials, as well as on a new suite of pre-registration reports. The changes for both the legal profession and RoS were extensive – the largest for a generation – and we are grateful for the help and support the Law Society and many individual legal professionals provided before and since the designated day in ensuring our guidance remains current and appropriate.

In addition to a comprehensive internal programme to develop clear processes, instructions and training for staff on the 2012 Act, we also rolled out an extensive communications programme to ensure that those involved in conveyancing were able to see, hear and learn about what those changes were and what the implications were for them. This included:

- 16 RoS roadshows covering the length and breadth of Scotland with over 1,700 delegates attending
- workshop sessions with the 20 largest conveyancing firms in their own offices
- face-to-face discussions with over 300 firms from all over Scotland
- presentations to more than 10 regional faculty groups
- exhibitor stands to support speakers at more than 10 third party events
- a dedicated 2012 Act section of the RoS website

Thereafter, we provided a customer helpline to support our online guidance as customers began to submit applications under the new legislation.

The 2012 Act has been transformative for our customers and for RoS. Overnight, we have moved significantly from an organisation that interacts with its registration customers via paper to a more digitised state. We now have multiple products that are submitted to us digitally by our customers and upon completion we now provide an e-notification with a link to a PDF of the advance notice or updated land certificate. This shift to digitisation will be an increasing focus for RoS, in line with the policy of digital first for Scotland’s public services.



# Fee review

As part of our biannual fee review process, we reviewed all of our fees on behalf of Scottish ministers and introduced the Registers of Scotland (Fees) Order 2014.

This came into force on **8 December 2014** to coincide with the required changes for the 2012 Act. This saw no change to the level of our statutory registration fees which, after consulting with the minister for enterprise, we have committed to freeze until April 2017. Charges for non-statutory products and services have been removed from the order and are published on our website.

# IT provision

This has been a very busy year with the successful implementation of the Land Registration etc. (Scotland) Act 2012. This required changes to many of our systems, the creation of new online capability and major coordination across the IT and business teams.

In addition to the 2012 Act, we have delivered a suite of new online reports and successfully delivered the land and buildings transaction tax in collaboration with Revenue Scotland.

On our infrastructure side, we completed a very successful roll-out of Windows 8 and an enhanced desktop solution to improve desktop stability and displays. We have continued to improve the resilience of our systems through virtualisation and were accredited with ISO 22301 and ISO 27001.

The new digital strategy that will provide RoS with the technical springboard required to provide leading registration and data services was devised and approved by the board in February 2015. We are now initiating the delivery programme to make this a reality by 2017.

All this activity, plus other work undertaken to improve the capability and performance of our IT function, has resulted in an increase in IT expenditure in 2014-15 when compared to recent years. Some of this additional cost has arisen because of the 2012 Act (the four new systems have been treated as capital investments, but some other related costs incurred on 2012 Act have impacted on reported profits), but increased IT expenditure was also used to address legacy underinvestment, creating better IT resilience and business continuity capability, improving systems in advance of our digital transformation programme, and putting in place the necessary project management infrastructure for that programme. As described in the ‘our future’ section of this report, IT costs are likely to increase in the medium term as we progress our digital investment activities, but should fall once that programme is concluded.

# Land register completion

Scottish ministers invited the keeper in May 2014 to complete the Land Register of Scotland by 2024, including registering all public land by 2019. RoS has set up a project to coordinate its activities that will allow us to fulfil the work that we need to do to allow land register completion (LRC) in this time frame.

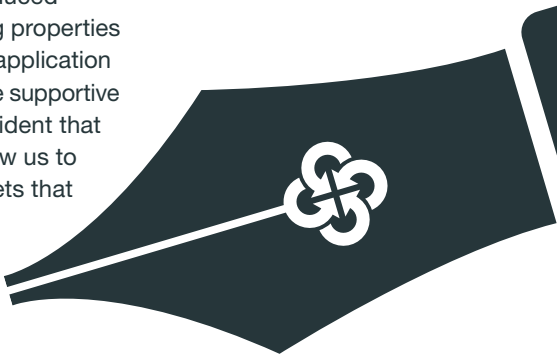
LRC is a policy aim of the 2012 Act and is possible because of changes implemented as part of the Act, including the extension of the number of triggers that induce a first registration, and the introduction of keeper-induced registration powers. This allows us to register land without an application from the owner. These measures give us confidence that we can play our part in achieving the commitment made by Scottish ministers, and we welcome the focus on LRC.

A completed land register will be a national asset for Scotland, providing a single, comprehensive, publicly searchable register that gives clarity on who owns what. Property boundaries are clearly recorded and shown

using the Ordnance Survey map with all the restrictions, burdens and securities set out in one place. Overall, it should make it faster and more secure to transact in property.

Around 58 per cent of all potential properties are currently on the land register covering 26 per cent of Scotland’s land mass. Almost all the remaining titles are held on the General Register of Sasines. Property currently transfers from the sasine to the land register mostly through change in ownership, or by the owner voluntarily applying for registration.

In 2014, we consulted on our overall approach to LRC to increase the rate of voluntary registrations, close the sasine register to certain types of deeds, and create a separate keeper-induced registration process that will bring properties onto the land register without an application from the owner. Stakeholders were supportive of our approach and we are confident that the actions we took this year allow us to fulfil our part in meeting the targets that have been set.



# Land and buildings transaction tax

On 1 April 2015, land and buildings transaction tax (LBTT) replaced stamp duty land tax and became the first tax to have been developed and introduced in Scotland in over 300 years. LBTT is administered by the new tax authority, Revenue Scotland, supported by RoS in the collection of the tax. In preparation for the role that RoS plays, we continued to work throughout 2014-15 with colleagues in Revenue Scotland to establish functional requirements for the tax collection system.

In collaboration with Revenue Scotland, a vast amount of work was undertaken – such as engaging with key stakeholder groups, including the Law Society of Scotland and the Professional Support Lawyers Group – to ensure that users’ needs were placed at the forefront of what we do.

Work was done to integrate Revenue Scotland’s new system with existing RoS’ systems. This joined-up approach provides a much more streamlined approach to the collection of tax and the registration of the associated transaction.

## Customer services

During 2014-15, we received re-accreditation to the Customer Service Excellence award, the recognised UK standard for public sector organisations. Since receiving the award in 2010, we have improved our performance on these measures year-on-year.

In 2014, RoS gained 'compliance plus' ratings for a number of the services we make available to our customers, as well as for cooperative working with other providers, partners and communities.

In 2014-15, we successfully implemented a new website for the organisation, with the aim of making our information easier to find and our online customer services functions more user-friendly.

## Data

RoS publishes quarterly official statistics on house prices and volumes of sales for Scotland, which helps shed light on what is happening in the property market. A number of data enhancements were introduced in 2014-15 that will improve the quality of the data used in these statistical reports, as well as the content of our bulk data and ad hoc reports.

During the year, we conducted a joint consultation with the other land registries and the Office for National Statistics to explore the possibility of a joint UK House Price Index. The results of this consultation will feed into the proposals for the further development of the index over the next financial year.

## Reports



In November 2014, we introduced a new pre-registration reports service and portal on our website. The content of the reports was agreed with the Law Society of Scotland with the aim of ensuring that solicitors could interact with us online and have access to the information they require to submit their applications for registration.

## Indemnity claims

At the start of the financial year, there were 66 active claims for indemnity, and a further 151 claims were made during the year.

Of the 151 claims, 121 were made under the 1979 Act, 28 under the 2012 Act, and two under the terms and conditions governing the property reports service. One hundred and nineteen claims were settled at a cost

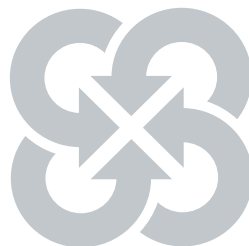
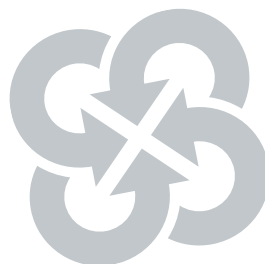
of £344,000. A further 12 were rejected, as it was determined that they had no statutory basis. As of 31 March 2015, there were 86 claims outstanding against the keeper.



## Fraud prevention

Fraud prevention is an important part of the work of RoS. During 2014-15, we continued to work with HM Land Registry (HMLR) in England and Wales, Land & Property Services in Northern Ireland and the Property Registration Authority Ireland to pool our knowledge of common frauds and share best practice in how to prevent them. Our well-established relationships with Police Scotland, the Law Society of Scotland and the Council of Mortgage Lenders have also allowed RoS to contribute significantly towards combating property fraud.

Fraud awareness training was given to all senior registration staff. This training covered fraud detection and reporting and the impact of the Land Registration etc. (Scotland) Act 2012 in this area.



## Supplier payment policy

RoS has always been committed to paying invoices promptly. In line with Scottish government policy, we aim to pay suppliers within ten working days. We achieved a performance of 89 per cent (2013-14: 91 per cent), with 4.9 days (2013-14:

4.5 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.

## Our people

## Staff profile

During 2014-15, the average number of full-time equivalent (FTE) staff employed was 903.

In relation to our diversity profile, 48 per cent of staff are female (2013-14: 47.6 per cent); 2.2 per cent have declared themselves as being from ethnic minority backgrounds (2013-14: 2.3 per cent); and 7.7 per cent declared themselves as being disabled (2013-14: 7.9 per cent). We have two senior civil service staff, both of whom are female.

## Equality and diversity

RoS is committed to eliminating discrimination and encouraging diversity among our workforce. Our aim is that our workforce will be truly representative of the diverse communities we serve and that each member of staff feels respected and able to give of his or her best.

We strive to eliminate discrimination and unfair treatment on the grounds of irrelevant difference, including those nine characteristics protected by law: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, and sex and sexual orientation. This is supported by the Equality Act 2010.

We have a network of equality champions from all parts of the business who help to deliver the specific RoS equality and diversity outcomes, as follows:

- 1 Managers and staff have increased understanding of equality and diversity issues, fostering an inclusive culture and eliminating discrimination, victimisation and harassment within RoS.**
- 2 Recruitment activities are open, fair and undertaken without bias, ensuring that roles are awarded on the basis of merit, ideally creating a RoS staff profile that reflects the population of Scotland.**
- 3 All sectors of the Scottish population can access and be confident about the integrity and usability of RoS products and services.**



## Disability

In March 2015, RoS retained the two ticks disability symbol following our annual review by the Department for Work and Pensions. The symbol is awarded by Jobcentre Plus to employers who have made commitments to employ, retain and develop the abilities of disabled staff.



## Modern apprenticeships

RoS has an older demographic, with 70% of staff aged 40 years or over. In support of Scotland's youth employment strategy and to start addressing our age profile, we launched our first modern apprentice programme in 2012. During 2014-15, we ran our third programme and offered 15 employment opportunities to young people aged 16-19 years old.

Since January 2012, RoS has supported 39 young people into employment, with 12 having secured permanent employment within RoS, a further 12 in the final stages of their apprenticeship, and 15 just embarking on their 18 month training programme. The young people receive on-the-job training while working towards achieving SVQ level 3 qualifications in either facilities management, business and administration or customer services.

There is growing interest in the programme across the organisation and we are exploring opportunities in IT and cyber security. In October 2014, RoS and Limelight Careers (our modern apprentice training partner) won the Scottish Training Federation 'Success in Partnership' award, which is an acknowledgement of the high quality of the training programmes our apprentices participate in.

## Health and safety

Our business activities are considered low risk, and this was reflected in 2014-15 by the fact that only one accident occurred that was reportable to the health and safety executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) (2013-14: one).

Our commitment to health and safety is reinforced by providing an online training programme on health and safety, as well as fire safety awareness, to all staff.

## Organisational wellbeing

A wellbeing programme has been a regular feature at RoS for many years, and we hold the Healthy Working Lives gold award.

This is only achieved by organisations that demonstrate long-term commitment to improving health and wellbeing within their workplaces and beyond. We continue to provide access to a comprehensive range of wellbeing-related initiatives

and events, including access to the Global Corporate Challenge, the world's largest corporate health and wellbeing initiative aimed at increasing the activity levels of workers who have sedentary jobs and lifestyles.

## Learning and development

We are committed to the ongoing development of RoS staff, ensuring that development activities are aligned to supporting business success as well as individual career aspiration, supported by our learning and organisational development strategy.

During 2014-15, the learning activity was predominantly focused on preparing for the implementation of the Land Registration etc. (Scotland) Act 2012. Staff took part in 188 training activities, specifically designed to help them understand the legislative changes and the impact on RoS and our customers.

There was also focus on developing management and leadership capability and, following a people management skills assessment exercise across all parts of the business, a number of management

development programmes were launched in March 2015 aligned to Institute of Leadership and Management (ILM) accreditation.

Skills assessments across the entire organisation began in January 2015. The information gathered will be used to inform learning and development activities going forward, ensuring that RoS remains equipped to continue delivering expert registration services and excellent customer service.

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 RoS’ state of affairs at the year-end, and of its income, expenditure and cash flows for the financial year.

In preparing the accounts, RoS is required to:

- **observe the accounts direction issued by the Scottish ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis**
- **make judgments and estimates on a reasonable basis**
- **state whether applicable accounting standards as set out in the government financial reporting manual (FReM) have been followed, and disclose and explain any material departures in the financial statements**
- **prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that RoS will continue in operation**

Section 70 of the Scotland Act 1998 requires Scottish legislation to provide for members of staff of the Scottish administration to be designated as answerable to the Scottish parliament in respect of expenditure and receipts. Such members of staff are called accountable officers. The Keeper

of the Registers of Scotland is a statutory office-holder and not part of the staff of the Scottish administration. This means that the keeper cannot be designated as accountable officer. Janet Egdell, operations director, has been appointed by the permanent secretary to the Scottish government as accountable officer.

Section 15 of the Public Finance and Accountability (Scotland) Act 2000 sets out particular duties that may be assigned to 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 general responsibilities of accountable officers, which include ensuring the propriety and regularity of the public finances and the keeping of records, 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:

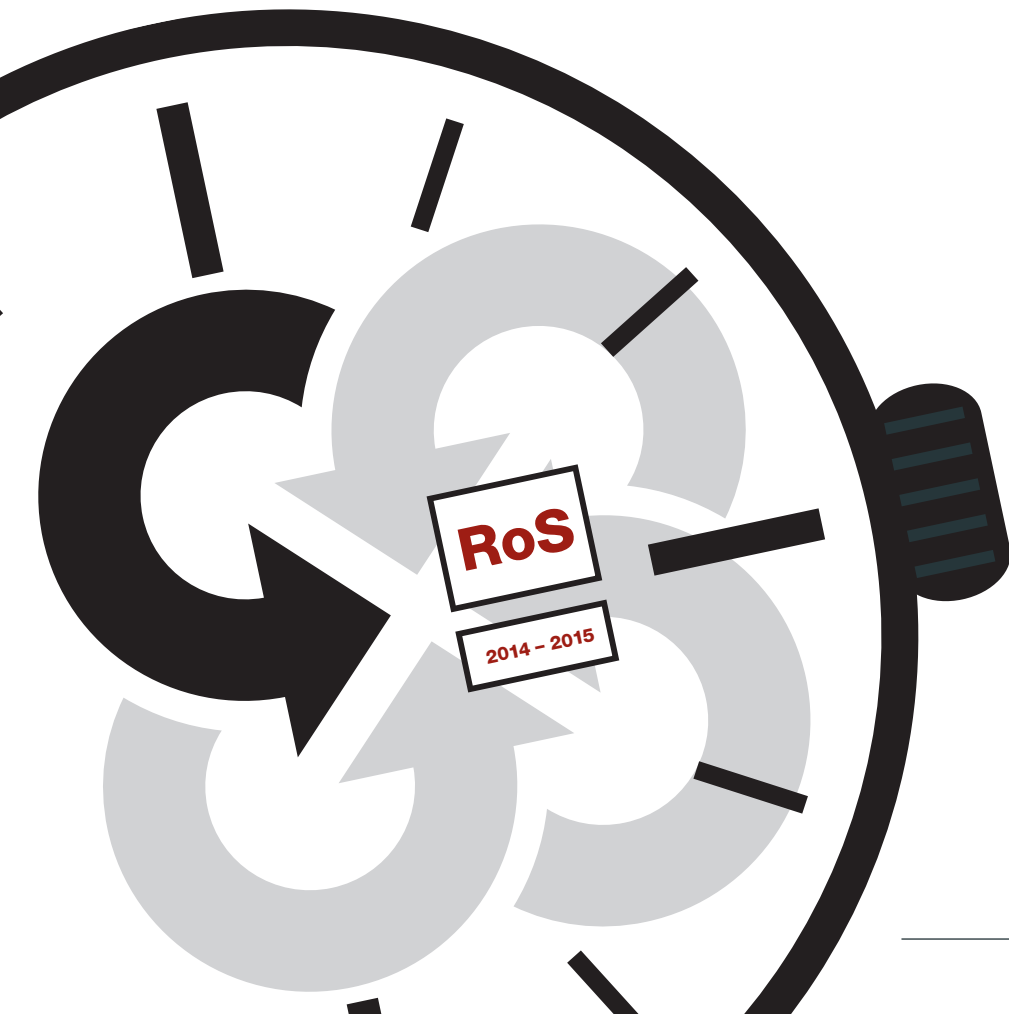
- **achieving such financial objectives as may be determined by the Scottish ministers from time to time**
- **the preparation for each financial year of accounts of expenditure incurred in the fulfilment of the keeper’s functions and income received**
- **arranging for an audit of the annual accounts 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**

## Appointments and remuneration policy

Civil service appointments are made in accordance with the Civil Service Commission’s recruitment principles, which require appointments to be 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. 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 Employment Equality (Age) Regulations 2006. For pension details, see page 58.



## 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 [www.civilservice.gov.uk](http://www.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, which 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 paid at the daily rate set out in Scottish government guidance. Non-executive directors’ expenses incurred as a result of undertaking RoS business are also reimbursed.

## Salary and performance pay

The following sections provide details of the remuneration and pension interests of board members. The table overleaf and supporting information is subject to audit.

**Continues overleaf** →

Single total figure of remuneration

Board members	Salary £'000		Pension Benefits £'000		Total £'000	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Sheenagh Adams Keeper and chief executive	75-80	75-80	16	2	90-95	75-80
Catriona Hardman Deputy keeper Legal and corporate services (until 31 August 2014)	35-40 (65-70 full-year equivalent)	65-70	21	16	55-60 (90-95 full-year equivalent)	85-90
Janet Egdell Operations director and accountable officer (from 18 August 2014)	40-45 (65-70 full-year equivalent)	–	0	–	40-45 (65-70 full-year equivalent)	–
John King Business development director	75-80	65-70	43	13	115-120	80-85
Kenny Crawford Commercial services director	65-70	60-65	34	24	100-105	85-90
John Fanning Finance director	70-75	65-70	26	26	95-100	90-95
Billy Harkness Corporate services director	70-75	65-70	14	9	80-85	75-80
Stephen Dingle Non-executive director	5-10	5-10	–	–	5-10	5-10
Ben Gray Non-executive director	0-5	0-5	–	–	0-5	0-5
Jas Patyal Non-executive director	0-5	0-5	–	–	0-5	0-5
Fiona Ross Non-executive director	0-5	0-5	–	–	0-5	0-5
	2014-15			2013-14		
Band of highest paid director's total remuneration £'000	75-80			75-80		
Median total remuneration £	26,635			26,371		
Ratio	2.9			2.9		

The non-executive posts are non-pensionable.

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 2014-15 was £75,000-£80,000 (2013-14: £75,000-£80,000). This was 2.9 times (2013-14: 2.9) the median remuneration of the workforce, which was £26,635 (2013-14: £26,371).

In 2014-15, no (2013-14: one) member of staff received remuneration in excess of the highest-paid director. Remuneration

ranged from £2,000 to £77,000 (2013-14: £15,000 to £110,000). 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.

Catriona Hardman left under voluntary exit terms on 31 August 2014. She received a compensation payment of £34,543.

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 31/3/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/15	CETV at 31/3/14	Real increase in CETV (see page 39)	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Sheenagh Adams Keeper and chief executive	30-35 plus lump sum of 100-105	0-2.5 plus lump sum of 2.5-5	735	683	14	–
Catriona Hardman Deputy keeper (until 31 August 2014)	30-35	0-2.5	587 <sup>1</sup>	573	20	–
Janet Egdell Operations director (from 18 August 2014)	25-30	(2.5-0)	397	390 <sup>2</sup>	(10)	–
John King Business development director	25-30 plus lump sum of 75-80	0-2.5 plus lump sum of 5-10	482	427	33	–
Kenny Crawford Commercial services director	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 5-10	487	439	25	–
John Fanning Finance director	0-5	0-2.5	50	28	14	–
Billy Harkness Corporate services director	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 0-2.5	507	473	10	–

<sup>1</sup> CETV at 31 August 2014  
<sup>2</sup> CETV at 18 August 2014

# Civil service pensions

Pension benefits are provided through the civil service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). 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 and nuvos are increased annually in line with pensions increase legislation. Members joining since 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 1.5 per cent and 6.85 per cent of pensionable earnings for classic, and 3.5 per cent and 8.85 per cent for premium, classic plus and nuvos. 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, members build up a pension based on their 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. 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 2014-15, RoS contributions of £4,510,131 were payable to the Principal Civil Service Pension Scheme (PCSPS) (2013-14: £4,363,882) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, 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 2014-15 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 3.0 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. For 2014-15, this contribution was £10,724 (2013-14: £13,513). 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 0.8 per cent of pensionable salary, which amounted

to £52 in 2014-15 (2013-14: £59) 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 £1,081. 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.

Further details about the civil service pension arrangements can be found at [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions).

## Cash equivalent transfer values

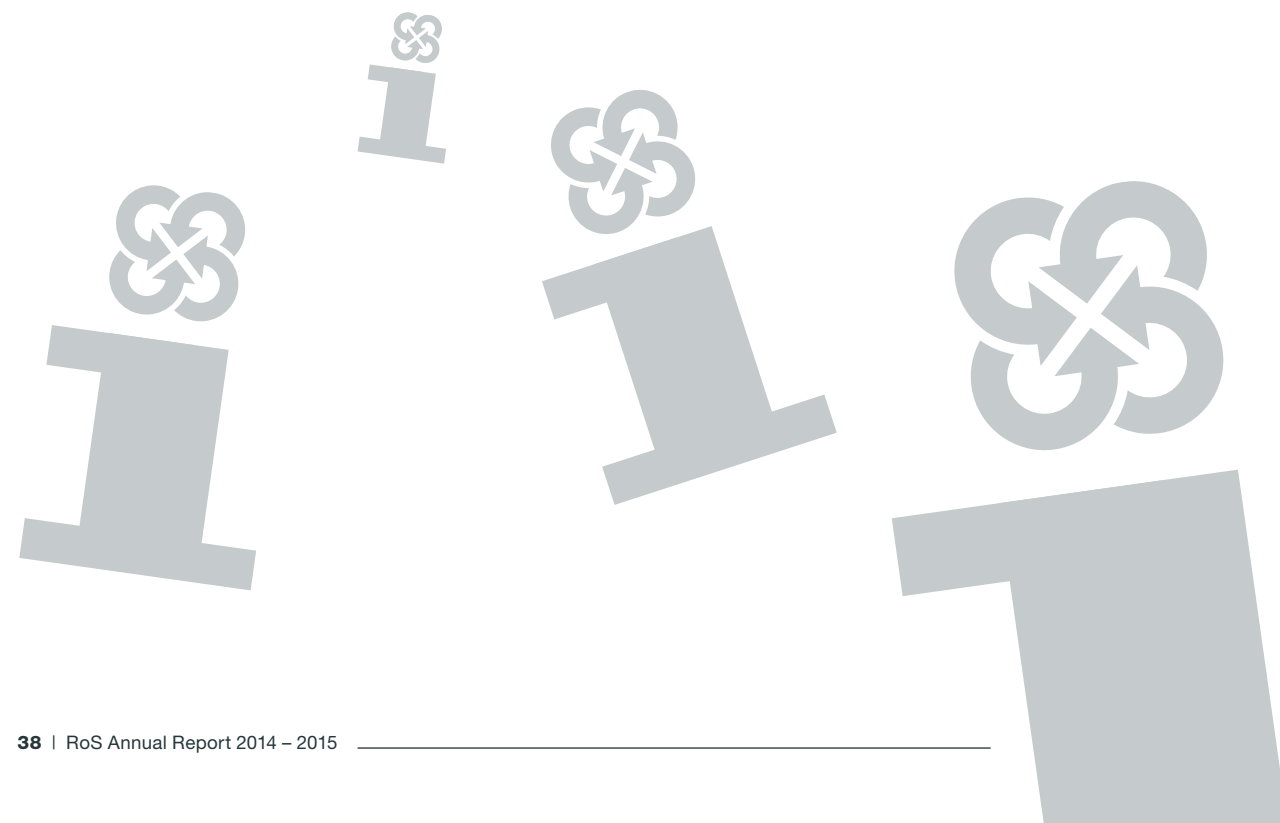
A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

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 his or her buying additional pension benefits at the individual's 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

During 2014-15, RoS offered a targeted voluntary exit scheme. Twenty-six people signed up to this scheme by 31 March 2015. A further 32 people planned to leave under the scheme but had not signed by 31 March 2015. The provision for these costs is shown at note 13.

The table below and supporting information is subject to audit.

Exit package cost band	Total number of exit packages by cost band	
	2014-15	2013-14 re-stated
<£10,000	0	0
£10,000 – £25,000	1	1
£25,000 – £50,000	8	0
£50,000 – £100,000	14	2
£100,000 – £150,000	2	0
£150,000 – £200,000	1	0
<b>Total number of exit packages</b>	<b>26</b>	<b>3</b>
<b>Total resource cost</b>	<b>£1.653M</b>	<b>£0.129M</b>

There were no compulsory redundancies during the year.

Redundancy and other exit costs have been 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 leaving. 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.

One person in the £25,000 – £50,000 band also received an ex gratia payment of £1,906.

The 2013-14 column is re-stated as RoS was previously undercharged for one of the 2013-14 leavers. This undercharge has now been paid and the table updated to move one person out of the £10,000 – £25,000 band and into the £50,000 – £100,000 band, and to increase the total costs by £41,000. Further detail can be seen at note 3.

*Janet Egde*  
Janet Egde

Accountable officer

Remuneration report  
26 August 2015

## 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 pages 30 to 31.

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 is set out in the ‘our purpose’ section on pages 4 to 5.

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 was revised this year in line with our stated practice of subjecting it to review every three years.



## 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. 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 2014 to 31 March 2015 from all executive directors and that, insofar as any matters were identified by them, they are 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:



The board consists of six executive and four non-executive directors. Board membership is set out on page 18.

### The non-executive directors provide an external perspective on RoS' work.

The board delegates certain tasks to the executive management team and the audit committee, which is chaired by a non-executive director.

# 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 are the heads of operations, land register completion, communications, and digital.

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

# The audit committee

The audit committee is chaired by non-executive director Stephen Dingle, and has four independent members, as well as the chair. Details of the membership of the committee during 2014-15 can be found on page 20 of this report. The chair and three 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 2014-15. The meetings were also attended by me (in my roles as operations director and accountable officer), as well as by the finance director, 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 judgemental 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.

# Risk management

As accountable officer, I have overall responsibility and accountability for the effective management of risk throughout RoS. I am the board's risk champion.

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 major project, and we monitor general business risks. A process exists to allow the collation of these risks and their escalation through our corporate governance structure to the board as required.

The board and audit committee hold an annual workshop where risks to RoS' overarching corporate outcomes are considered in detail. This workshop includes a consideration of risk appetite with the results informing the overall approach to strategic risk for the forthcoming year.

Our key risk register operates as a live register and is reviewed at each EMT, audit committee and board meeting. The risk register currently identifies risks relating to the security of our registers, the quality and accuracy of data held within them, business continuity and disaster recovery capability, and our ability to manage significant change, particularly IT-enabled change. We also recognise certain financial risks, for example the impact of large indemnity or warranty claims, or uncertainties associated with changes in the housing market.

During 2014-15, we successfully managed a number of specific risks. Examples include the successful delivery of important legislative change and significant changes in the structure of our workforce. LBTT and, perhaps more particularly, the 2012 Act were momentous legislative changes for RoS and had significant impacts on our recurring operations. While we are pleased to have successfully managed the introduction of these two pieces of legislation, we appreciate that their associated day-to-day risks still require active governance and we are managing those risks accordingly.

We recognise that LRC also represents a significant challenge for RoS. We have set up a separate business unit to manage this project under the leadership of one of our most experienced managers, and we will employ our usual project management practices to mitigate the risks associated with this work.

RoS recognises the particular importance of information risk management and information assurance to our organisation. The information assurance group (IAG), a sub-committee of the EMT, has been set up to oversee this area. Outputs from IAG are reported to me in my role as senior information risk owner.

I can confirm that during 2014-15 there were no information security breaches or personal data security incidents.



# 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) is contracted to deliver these services until March 2016. During 2014-15, PwC delivered a programme of audit studies plus additional items, either requested by the audit committee or approved by the committee at the request of senior management.

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 nine internal audit reviews were completed in 2014-15 and reported to the audit committee.

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 upon 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.

*Janet Egdell*  
Janet Egdell  
**Accountable officer**

**Governance statement**  
26 August 2015

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

I have audited the financial statements of Registers of Scotland for the year ended 31 March 2015 under the Public Finance and Accountability (Scotland) Act 2000.

The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers’ Equity, and the related notes.

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 2014-15 Government Financial Reporting Manual (the 2014-15 FReM).

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 125 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.

Respective responsibilities of the accountable officer and auditor

As explained more fully in the Statement of the Accountable Officer’s Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income.

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

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. It also involves obtaining evidence about the regularity of expenditure and income. In addition, I 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, irregularities, or inconsistencies I consider the implications for my report.

---

## Opinion on financial statements

In my opinion the 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 2015 and of its retained surplus for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union, as interpreted and adapted by the 2014-15 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.

## 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.

---

## Opinion on other prescribed matters

In my opinion:

- the part of the remuneration report to be audited has been properly 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 Management Commentary and Strategic Report, for the financial year for which the financial statements are prepared, is consistent with the financial statements.

## Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the remuneration report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the governance statement does not comply with guidance from the Scottish Ministers.

I have nothing to report in respect of these matters.

Mark Taylor CPFA

**Assistant Director – Audit Scotland**

**18 George Street  
Edinburgh, EH2 2QU**

28 August 2015

## Statement of comprehensive income for the year ended 31 March 2015

		2015 £'000	2014 £'000
Income – continuing operations	2	<b>66,346</b>	62,553
Staff costs	3	<b>(35,232)</b>	(32,737)
Administrative costs	4	<b>(17,497)</b>	(13,305)
<b>Operating surplus</b>		<b>13,617</b>	<b>16,511</b>
Profit/(loss) on disposal of non-current assets		<b>0</b>	1
Investment income – interest receivable	7	<b>319</b>	270
Interest payable	14	<b>(194)</b>	(202)
Amortisation and depreciation	5 & 6	<b>(2,133)</b>	(3,497)
Impairment of non-current assets	5	<b>(38)</b>	(2,057)
Restructuring costs	3	<b>(4,037)</b>	(43)
<b>Retained surplus for the financial year</b>		<b>7,534</b>	<b>10,983</b>
Gain/(loss) on revaluation of property, plant and equipment		<b>68</b>	(2,326)
<b>Comprehensive surplus for the financial year</b>		<b>7,602</b>	<b>8,657</b>

The notes on pages 56 to 72 form part of these accounts.

## Statement of financial position as at 31 March 2015

		2015 £'000	2014 £'000
<b>Non-current assets</b>			
Property, plant and equipment	5	<b>10,050</b>	11,394
Intangible assets	6	<b>1,951</b>	808
Receivables due after one year	10	<b>33</b>	34
<b>Total non-current assets</b>		<b>12,034</b>	<b>12,236</b>
<b>Current assets</b>			
Inventories	9	<b>701</b>	1,295
Trade and other receivables	10	<b>2,799</b>	2,712
Cash and cash equivalents	11	<b>86,551</b>	76,250
<b>Total current assets</b>		<b>90,051</b>	<b>80,257</b>
<b>Total assets</b>		<b>102,085</b>	<b>92,493</b>
<b>Current liabilities</b>			
Trade and other payables falling due within one year	12	<b>13,561</b>	14,360
Provisions for liabilities and charges	13	<b>2,324</b>	996
<b>Total current liabilities</b>		<b>15,885</b>	<b>15,356</b>
<b>Non-current liabilities</b>			
Trade and other payables falling due over one year	12	<b>69</b>	136
Provisions for liabilities and charges	13	<b>3,175</b>	1,541
<b>Total non-current liabilities</b>		<b>3,244</b>	<b>1,677</b>
<b>Total liabilities</b>		<b>19,129</b>	<b>17,033</b>
<b>Net assets</b>		<b>82,956</b>	<b>75,460</b>
<b>Taxpayers' equity</b>			
Capital Loan	14	<b>2,178</b>	2,284
Retained Profits		<b>79,553</b>	72,019
Revaluation Reserve		<b>1,225</b>	1,157
<b>Total taxpayers' equity</b>		<b>82,956</b>	<b>75,460</b>

The notes on pages 56 to 72 form part of these accounts.

*Janet EgdeU*  
Janet EgdeU

**Accountable officer**

**Registers of Scotland  
annual accounts 2014-15**  
26 August 2015



## Statement of cash flows for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>			
Retained surplus for the financial year		<b>7,534</b>	10,983
Adjustments for non-cash transactions			
Amortisation and depreciation	5 & 6	<b>2,133</b>	3,497
impairment of non-current assets	5 & 6	<b>38</b>	2,057
interest receivable		<b>(319)</b>	(270)
interest payable		<b>194</b>	202
Movements in working capital			
(Increase)/decrease in trade and other receivables	10	<b>(79)</b>	(553)
Increase/(decrease) in trade and other payables	12	<b>(862)</b>	(5,660)
(Increase)/decrease in inventories	9	<b>594</b>	599
Movements in provisions	13	<b>2,962</b>	(1,142)
<b>Net cash flow from operating activities</b>		<b>12,195</b>	<b>9,713</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	<b>(354)</b>	(3,790)
Purchase of intangible assets	6	<b>(1,548)</b>	(661)
Proceeds from disposal of property, plant and equipment		<b>0</b>	1
Interest received	7	<b>312</b>	268
Interest paid	14	<b>(198)</b>	(207)
<b>Net cash flow from investing activities</b>		<b>(1,788)</b>	<b>(4,389)</b>
<b>Cash flows from financing activities</b>			
Repayment of loans from NLF	14	<b>(106)</b>	(107)
<b>Net cash flow from financing</b>		<b>(106)</b>	<b>(107)</b>
<b>Net increase in cash and cash equivalents</b>		<b>10,301</b>	<b>5,217</b>
Cash and cash equivalents at beginning of period	11	<b>76,250</b>	71,033
Cash and cash equivalents at end of period	11	<b>86,551</b>	76,250

The notes on pages 56 to 72 form part of these accounts.

## Statement of changes in taxpayers' equity

	Capital loan £'000	Retained profits £'000	Revaluation reserve £'000	Total reserves £'000
<b>Balance at 31 March 2013</b>	<b>2,391</b>	<b>61,036</b>	<b>3,483</b>	<b>66,910</b>
Repaid during year	(107)	–	–	(107)
Net gain/(loss) on revaluation of property	–	–	(2,326)	(2,326)
Net operating profit for the year	–	10,983	–	10,983
<b>Balance at 31 March 2014</b>	<b>2,284</b>	<b>72,019</b>	<b>1,157</b>	<b>75,460</b>
Repaid during year	(106)	–	–	(106)
Net gain/(loss) on revaluation of property	–	–	68	68
Net operating profit for the year	–	7,534	–	7,534
<b>Balance at 31 March 2015</b>	<b>2,178</b>	<b>79,553</b>	<b>1,225</b>	<b>82,956</b>

The notes on pages 56 to 72 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 74), these accounts have been prepared in compliance with the principles and disclosure requirements of the government financial reporting manual, 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.

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 18.

Full details of all fees and charges are available on the RoS website at [www.ros.gov.uk](http://www.ros.gov.uk).

### 1.4 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.

### 1.5 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 30 September 2013, following completion of the extension and refurbishment of Meadowbank House.

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, including infrastructure set-up costs, are depreciated over the 10 year lease of the building. The fixed assets do not include the value of the various registers created and maintained by RoS, nor the records ancillary to them.

### 1.6 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.

### 1.7 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.

### 1.8 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.

1.9 Finance leases

Where substantially all the risks and rewards of ownership of an asset subject to a lease are borne by RoS, it will be recorded as a non-current asset and a corresponding creditor recorded in respect of the debt due to the lessor, with the interest element of the finance lease payment charged to the statement of comprehensive income. RoS does not have any finance leases.

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](http://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 considers that there are no operating segments that require to be disclosed under IFRS 8 *Operating Segments*. Separate financial information about operating segments is therefore not produced.

1.21 Date of issue of accounts

The accountable officer authorised these accounts for issue on the date they were certified by the external auditor.



## 2. Income – continuing operations

	2015 £'000	2014 £'000
<b>Registration</b>		
First Registrations	8,766	8,503
Transfers of Part	8,531	9,026
Dealings with Whole	38,278	34,684
Sasines	3,023	3,300
Chancery and Judicial Registers	1,261	1,306
	<b>59,859</b>	<b>56,819</b>
<b>Commercial</b>		
Registers Direct and Customer Service Centres	4,587	4,359
Reports and Other	1,488	1,034
	<b>6,075</b>	<b>5,393</b>
Other Operating Income (including recoveries)	412	341
	<b>66,346</b>	<b>62,553</b>

## 3. Staff Costs

	2015 £'000	2014 £'000
<b>Administration Costs</b>		
Wages and Salaries	25,957	24,855
Social Security costs	1,884	1,794
Other Pension costs	4,521	4,377
Inward secondments	212	175
Agency Staff costs	2,657	1,512
Other Staff costs	1	24
<b>Total administration staff costs</b>	<b>35,232</b>	<b>32,737</b>
Restructuring costs	4,037	43
	<b>39,269</b>	<b>32,780</b>

Restructuring costs include lump sum compensation payments and providing for future pension payments. The 2014-15 figure also includes £374,122 restructuring costs that were wrongly omitted by Capita in previous years' charges. Capita paid benefits under the Civil Service Compensation Scheme on an agency basis. These undercharges were identified by MyCSP following the transfer of the pensioner payroll from Capita.

Average number of persons employed	2015	2014 re-stated
<b>Permanent staff</b>		
Registration	647	633
Corporate services (including customer service centres)	256	251
	<b>903</b>	<b>884</b>
<b>Other staff</b>		
Agency staff	65	39
Fixed term contracts	5	0
Seconded in	3	2
Seconded out	(1)	(3)
	<b>975</b>	<b>922</b>

The 2013-14 figures are re-stated as the contracts totals were overstated by 7 and the seconded out understated by 1.

## 4. Administrative costs

	Notes	2015 £'000	2014 £'000
<b>Staff-related costs</b>			
Travel and subsistence expenses		304	197
Staff training		224	228
Other staff costs		130	176
<b>Supplies and services</b>			
Catering		38	67
Security		435	415
Equipment and services		8,036	5,464
Operating leases – vehicles		3	5
General administrative expenditure		893	963
Services from Ordnance Survey		442	413
Copy deeds/quick copies		36	117
Professional fees		941	207
Bank charges		24	27
Indemnity and legal costs		582	718
External audit		54	57
Internal audit		66	46
<b>Accommodation and utilities</b>			
Estate charges		1,302	1,225
Operating leases – rents		685	683
Repairs, maintenance and minor works		675	1,113
Utilities		439	510
Environmental services		296	368
<b>Non-cash items</b>			
Movement in work in progress	9	988	599
Movement in provision for indemnity	13	904	(293)
		<b>17,497</b>	<b>13,305</b>

## 5. Property, Plant and Equipment

	Land – Freehold £'000	Buildings – Freehold £'000	Information Technology £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
<b>5.1 Cost or Valuation</b>						
At 1 April 2014	1,720	6,331	14,076	3,442	0	25,569
Additions	–	–	354	–	–	354
Transfers In/(Out)	–	–	–	–	–	0
Revaluation in year	15	57	–	–	–	72
Impairment	–	–	–	–	–	0
Disposals	–	–	(7,979)	(2)	–	(7,981)
<b>At 31 March 2015</b>	<b>1,735</b>	<b>6,388</b>	<b>6,451</b>	<b>3,440</b>	<b>0</b>	<b>18,014</b>
<b>Depreciation</b>						
At 1 April 2014	0	158	10,748	3,269	0	14,175
Charged in year	–	317	1,374	75	–	1,766
Backlog depreciation	–	4	–	–	–	4
Impairment	–	–	–	–	–	0
Revaluation in year	–	–	–	–	–	0
Disposals	–	–	(7,979)	(2)	–	(7,981)
<b>At 31 March 2015</b>	<b>0</b>	<b>479</b>	<b>4,143</b>	<b>3,342</b>	<b>0</b>	<b>7,964</b>
<b>NBV at 31 March 2015</b>	<b>1,735</b>	<b>5,909</b>	<b>2,308</b>	<b>98</b>	<b>0</b>	<b>10,050</b>
NBV at 31 March 2014	1,720	6,173	3,328	173	0	11,394
<b>Analysis of asset financing</b>						
Owned	1,735	5,909	2,308	98	0	10,050
Finance Leased	–	–	–	–	–	0
On-balance sheet PFI	–	–	–	–	–	0
PFI residual interest	–	–	–	–	–	0
<b>NBV at 31 March 2015</b>	<b>1,735</b>	<b>5,909</b>	<b>2,308</b>	<b>98</b>	<b>0</b>	<b>10,050</b>

	Land – Freehold £'000	Buildings – Freehold £'000	Information Technology £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
<b>5.2 Cost or Valuation</b>						
At 1 April 2013	1,499	8,028	13,441	3,887	3,653	30,508
Additions	–	–	3,410	–	364	3,774
Transfers In/(Out)	–	4,017	–	–	(4,017)	–
Revaluation in year	221	(3,657)	–	–	–	(3,436)
Impairment	–	(2,057)	–	–	–	(2,057)
Disposals	–	–	(2,775)	(445)	–	(3,220)
<b>At 31 March 2014</b>	<b>1,720</b>	<b>6,331</b>	<b>14,076</b>	<b>3,442</b>	<b>0</b>	<b>25,569</b>
<b>Depreciation</b>						
At 1 April 2013	0	918	12,263	3,634	0	16,815
Charged in year	–	350	1,260	80	–	1,690
Backlog depreciation	–	33	–	–	–	33
Impairment	–	–	–	–	–	0
Revaluation in year	–	(1,143)	–	–	–	(1,143)
Disposals	–	–	(2,775)	(445)	–	(3,220)
<b>At 31 March 2014</b>	<b>0</b>	<b>158</b>	<b>10,748</b>	<b>3,269</b>	<b>0</b>	<b>14,175</b>
<b>NBV at 31 March 2014</b>	<b>1,720</b>	<b>6,173</b>	<b>3,328</b>	<b>173</b>	<b>0</b>	<b>11,394</b>
NBV at 31 March 2013	1,499	7,110	1,178	253	3,653	13,693
<b>Analysis of asset financing</b>						
Owned	1,720	6,173	3,328	173	0	11,394
Finance Leased	–	–	–	–	–	0
On-balance sheet PFI	–	–	–	–	–	0
PFI residual interest	–	–	–	–	–	0
<b>NBV at 31 March 2013</b>	<b>1,720</b>	<b>6,173</b>	<b>3,328</b>	<b>173</b>	<b>0</b>	<b>11,394</b>

### 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 £7,960k as at 30 September 2013, on the basis of existing use value. The valuation was split into £1,700k land and £6,260k buildings. The expected useful life of the building was put at 20 years. The valuation was carried out by independent external valuers, DTZ, 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 £'000	Software £'000	Computer licences £'000	Total £'000
<b>6.1 Cost or Valuation</b>				
At 1 April 2014	184	29,161	842	30,187
Additions	1,270	186	92	1,548
Reclassification	(1,181)	1,181	–	0
Impairment	(38)	–	–	(38)
Disposals	–	(11)	(7)	(18)
<b>At 31 March 2015</b>	<b>235</b>	<b>30,517</b>	<b>927</b>	<b>31,679</b>
<b>Amortisation</b>				
At 1 April 2014	0	28,568	811	29,379
Charged in year	–	344	23	367
Reclassification	–	–	–	0
Impairment	–	–	–	0
Disposals	–	(11)	(7)	(18)
<b>At 31 March 2015</b>	<b>0</b>	<b>28,901</b>	<b>827</b>	<b>29,728</b>
<b>NBV at 31 March 2015</b>	<b>235</b>	<b>1,616</b>	<b>100</b>	<b>1,951</b>
NBV at 31 March 2014	184	593	31	808
<b>6.2 Cost or Valuation</b>				
At 1 April 2013	–	31,325	907	32,232
Additions	225	402	34	661
Reclassification	(41)	40	–	(1)
Impairment	–	–	–	0
Disposals	–	(2,606)	(99)	(2,705)
<b>At 31 March 2014</b>	<b>184</b>	<b>29,161</b>	<b>842</b>	<b>30,187</b>
<b>Amortisation</b>				
At 1 April 2013	–	29,375	902	30,277
Charged in year	–	1,799	8	1,807
Reclassification	–	–	–	0
Impairment	–	–	–	0
Disposals	–	(2,606)	(99)	(2,705)
<b>At 31 March 2014</b>	<b>0</b>	<b>28,568</b>	<b>811</b>	<b>29,379</b>
<b>NBV at 31 March 2014</b>	<b>184</b>	<b>593</b>	<b>31</b>	<b>808</b>
NBV at 31 March 2013	0	1,950	5	1,955

Assets under development included new functionality on the existing systems and new systems to deliver the requirements of the Land Registration etc. (Scotland) Act 2012.

## 7. Interest receivable

	2015 £'000	2014 £'000
On Paymaster and National Loans Fund balances	<b>319</b>	<b>270</b>

## 8. Financial instruments

### Financial instruments (policy)

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

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

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

### Credit risk

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

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

### Liquidity risk

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

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

### Market risk

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



## 9. Inventories

	2015 £'000	2014 £'000
Work in progress	701	1,295

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

	2015 £'000	2014 £'000
Increase/(decrease) in asset balances	(594)	(599)
(Increase)/decrease in provision	(394)	0
	(988)	(599)

## 11. Cash and cash equivalents

	2015 £'000	2014 £'000
Balance at 1 April	76,250	71,033
Net change in cash and cash equivalent balances	10,301	5,217
<b>Balance at 31 March</b>	<b>86,551</b>	<b>76,250</b>

### The following balances at 31 March were held at:

Government Banking System	4,230	3,141
Commercial banks and cash in hand	1,321	1,109
Short term investments	81,000	72,000
<b>Balance at 31 March</b>	<b>86,551</b>	<b>76,250</b>

## 10. Trade receivables and other current assets

	2015 £'000	2014 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables	795	570
Less: Provision for bad debts	(3)	(4)
	792	566
Other receivables	225	175
VAT	0	496
Prepayments and accrued income	1,782	1,475
<b>Total receivable within one year</b>	<b>2,799</b>	<b>2,712</b>
The above is further analysed as:		
Other central government bodies	181	586
Local authorities	48	32
NHS bodies	2	0
Bodies external to government	2,568	2,094
	2,799	2,712
<b>Amounts falling due after more than one year:</b>		
<b>Other receivables – subrogation</b>	<b>33</b>	<b>34</b>

## 12. Trade payables and other current liabilities

	2015 £'000	2014 £'000
<b>Amounts falling due within one year:</b>		
Trade payables and accruals	3,815	3,231
Other payables	52	70
Other taxation and social security	627	573
VAT	55	0
Fees received in advance	8,906	10,380
NLF loans	106	106
<b>Total due within one year</b>	<b>13,561</b>	<b>14,360</b>
<b>Amounts falling due over one year:</b>		
Trade payables	69	136
	13,630	14,496
The above is further analysed as:		
Other central government bodies	980	886
Local authorities	110	101
NHS bodies	14	36
Bodies external to government	12,526	13,473
<b>Balance at 31 March</b>	<b>13,630</b>	<b>14,496</b>

## 13. Provisions for Liabilities and Charges

<b>13.1</b>	Early retirement £'000	Indemnities £'000	Work in Progress £'000	Exit packages £'000	Dilapidations £'000	Total £'000
<b>At 1 April 2013</b>	2,958	721	0	0	0	3,679
Additional provision made	–	187	–	–	–	187
Revaluation of provision	(93)	–	–	–	–	(93)
Amounts incurred and charged against provision	(756)	(383)	–	–	–	(1,139)
Unused amounts reversed	–	(97)	–	–	–	(97)
<b>At 31 March 2014</b>	<b>2,109</b>	<b>428</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,537</b>
Additional provision made	–	1,125	394	2,044	127	3,690
Revaluation of provision	68	–	–	–	–	68
Amounts incurred and charged against provision	(575)	(160)	–	–	–	(735)
Unused amounts reversed	–	(61)	–	–	–	(61)
<b>At 31 March 2015</b>	<b>1,602</b>	<b>1,332</b>	<b>394</b>	<b>2,044</b>	<b>127</b>	<b>5,499</b>
<b>Analysis of total provisions:</b>						
<b>At 31 March 2014</b>						
Current	568	428	–	–	–	996
Non-current	1,541	–	–	–	–	1,541
	<b>2,109</b>	<b>428</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,537</b>
<b>At 31 March 2015</b>						
Current	444	1,332	394	27	127	2,324
Non-current	1,158	–	–	2,017	–	3,175
	<b>1,602</b>	<b>1,332</b>	<b>394</b>	<b>2,044</b>	<b>127</b>	<b>5,499</b>

### 13.2 Early retirement

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

### 13.3 Indemnities

A provision for indemnity payments has been provided based upon a review of the outstanding claims and an estimate of the settlement values (see note 18). This includes a single claim for £0.9 million which is expected to be paid in 2015-16. Some of this payment will be recovered however the amount was not known at the year end.

### 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 18).

### 13.5 Exit packages

This provision relates to staff who have 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.

### 13.6 Dilapidations

The provision is an estimate on the costs payable on the termination of the lease on the ground floor office suite, Lomond House, 9 George Square, Glasgow in 2015-16.

## 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 £194,000 for the year to 31 March 2015 (2014: £202,000).

Repayments on the Capital Loan are as follows:

	<b>2015</b> £'000	<b>2014</b> £'000
Between one and two years	106	106
Between two and five years	319	319
In more than five years	1,753	1,859
	<b>2,178</b>	<b>2,284</b>
Within one year (included in Creditors)	106	107
	<b>2,284</b>	<b>2,391</b>

### 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 2015 not otherwise included in these accounts are as follows:

	2015 £'000	2014 £'000
Property, plant and equipment	0	93
Intangible assets	2	124

## 16. Commitments under leases

Obligations under operating leases comprise:

	2015 £'000	2014 £'000
<b>Buildings:</b>		
Not later than one year	685	763
Later than one year and not later than five years	666	1,351
Later than five years	0	0
	<b>1,351</b>	<b>2,114</b>
<b>Other:</b>		
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 George Square, Glasgow until July 2015.

## 17. Contingent liabilities

As at 31 March 2015, RoS has contingent liabilities in relation to potential future indemnity payments that are not yet quantifiable. Quantifiable indemnities are noted at 13.3.

## 18. Losses

RoS settled 119 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 £344,000 (2013-14: 82 claims, £504,000).

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

	2015 £'000	2015 £'000
Opening FR WIP provision	0	0
<b>Closing FR WIP provision</b>	<b>(142)</b>	<b>(252)</b>
Change in provision	(142)	(252)
Cost of FR registrations	(11,600)	(10,568)
FR income	8,766	8,531
<b>Loss</b>	<b>(2,976)</b>	<b>(2,289)</b>

## 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, 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

A number of new accounting standards have been issued or amendments made to existing standards but these have not yet been applied in these financial statements. The standards that are considered relevant and the anticipated impact on the consolidated accounts are as follows:

- 
- **IFRS 13 *Fair value measurement*.** Applies from the accounting year 2015-16 and is unlikely to impact the valuation method for Meadowbank which is held as a fair value asset.
  - **IAS 36 *Impairment of assets*.** Amendments to this standard apply from the accounting year 2015-16. This will result in greater disclosures for any future impairments.
- 

# Appendix



Appendix 1

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

76 | RoS Annual Report 2014-15



**Registers  
of Scotland**  
ros.gov.uk

**For further information about Registers of  
Scotland, our products and services, contact:**

**Principal Office**

Meadowbank House  
153 London Road  
Edinburgh EH8 7AU

LP 50 Edinburgh 5  
DX 550906 Edinburgh 9

Tel: **0800 169 9391**

Email: [customer.services@ros.gov.uk](mailto:customer.services@ros.gov.uk)

Textphone users: 0845 607 0168

**Glasgow Office**

Hanover House  
24 Douglas Street  
Glasgow G2 7NQ

LP 12 Glasgow 5  
DX 501752 Glasgow 9

Tel: **0800 169 9391**

Email: [customer.services@ros.gov.uk](mailto:customer.services@ros.gov.uk)