



# Statement of Accounts 2013/14

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The Police and Crime Commissioner  
for North Yorkshire

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### NYPCC AND NYPCC GROUP

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## EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS for NYPCC and NYPCC Group

### 1. Introduction

The purpose of this Foreword is to provide a brief explanation of the financial aspects of the Police and Crime Commissioner for North Yorkshire's (NYPCC) activities. It gives an indication, in broad terms, of where NYPCC's money comes from, what it is spent on and the services it delivers.

The Police Reform and Social Responsibility Act 2011 (the Act) received Royal Assent on 15 September 2011 and North Yorkshire Police Authority (NYPA) was replaced on 22 November 2012 by two "corporation sole" bodies - the Police and Crime Commissioner for North Yorkshire (NYPCC) and the Chief Constable of North Yorkshire Police (CCNY). These bodies are required to prepare separate financial statements.

This transaction involved a transfer of functions from NYPA, but the essentials of service delivery have been maintained. There has also been an extension of function and responsibility as NYPCC also has a commissioning role.

The financial statements presented here represent accounts for NYPCC and also for the NYPCC Group (the Group). NYPCC has been identified as the parent organisation of CCNY and the requirement to produce group accounts stems from the powers and responsibilities of NYPCC under the Act.

The Group accounts for the year ended 31 March 2014 are presented in the format laid down in "The Code of Practice on Local Authority Accounting in the United Kingdom" (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The transfer from NYPA to NYPCC has been accounted for under the merger accounting provisions in the Code and the financial statements for 2012/13 were presented as if the functions had been performed by the Group for the whole of the year ending 31 March 2013. No financial statements were presented for NYPA for any part of the year ending 31 March 2013.

The statements included in the accounts are as follows:

#### ***Statement of Responsibilities for the Statement of Accounts***

This explains both NYPCC's and the Chief Finance Officer's responsibilities in respect of the Statement of Accounts.

#### ***Movement in Reserves Statement***

This Statement shows the movement in the year on the different reserves held by the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for precept setting purposes. The net increase/decrease before transfers to the Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves.

#### ***Comprehensive Income and Expenditure Statement***

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

#### ***Balance Sheet***

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves (for example the General Reserve and the Insurance Reserve) and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis" (for example the Capital Adjustment Account).

### **Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

### **Statement of Accounting Policies**

This explains the basis of the preparation of figures in the accounts. The accounts can only be properly appreciated if the policies that have been followed in dealing with material items are explained. Changes in policies from previous years have been clearly shown.

### **Police Pension Fund Account**

This account summarises the income and expenditure related to the Police Pension Schemes. These statements are supported by various notes.

### **Annual Governance Statement**

This statement outlines the Group's governance framework. It is not an audited part of the accounts on which the Auditors give an opinion.

## **2. Accounting Principles**

### **Balance Sheet**

On 22 November 2012, the assets, liabilities and reserves of NYPA were transferred directly to NYPCC and statutory and local arrangements and practice determine that NYPCC continues to hold and maintain direct control of substantially all the assets, liabilities and reserves at the balance sheet date.

All payments for the Group are made by NYPCC from the Police Fund and all income and funding is received by NYPCC. NYPCC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that substantially all the assets, liabilities and reserves of the Group are recognised on the NYPCC Balance Sheet.

### **Comprehensive Income and Expenditure Statement (CIES)**

Under the Act, CCNY is responsible to NYPCC for the day to day provision of the policing functions, including direction and control of police officers. To facilitate this NYPCC delegated certain powers over authorisation of revenue expenditure within the agreed budget and direction and control over police staff to staff under the directional control of CCNY.

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that expenditure related to the Cost of Police Services will be shown in the CCNY CIES, funded by an equal and opposite credit from NYPCC. All income and funding and expenditure directly controlled by NYPCC (which is largely that expenditure which occurs below Cost of Police Services in the Group CIES) will be shown in the NYPCC Single Entity CIES.

The Group CIES shows the consolidated income, funding and expenditure of the whole Group.

### **Intra-Group Charges**

NYPCC makes charges to CCNY:

- for the use of Long-Term Assets, equivalent to the debits made to the NYPCC CIES for the impairment, depreciation, amortisation and revaluation of the assets

CCNY makes charges to NYPCC:

- for the cost of policing services

These charges are eliminated in the Group accounts.

### 3. Summary of Financial Year 2013/14: Revenue

The Group incurred revenue expenditure during the year. Revenue Expenditure is generally spent on items which are consumed within the financial year and is financed from Precepts, Government Grants and other income. Details of spend with forecast of outturn are reported throughout the year. There is a direct relationship to the spend of revenue in the year and the Comprehensive Income and Expenditure Statement, however in the accounts a technical treatment is applied which makes a direct comparison to the in-year management position difficult. The summary that follows provides the detail on the outturn spend position compared to the budget. This gives a clearer assessment of performance in the year compared to the budget. The total budget for the year was £133.5m.

The Group operates a Corporate Budget Devolved Resource Management approach with corporate owners of budget, assets and resources for the majority of the budget. Effective management by Budget Holders resulted in an overall underspend and transfer to reserves of £4.3m. This was predicted as the year progressed and where appropriate was factored into the 2014/15 budget setting. The underspend has reduced the future year cost of investments and is contributing to the Police and Crime Plan Fit for the Future strategic goal.

The position against the main budget headings is shown below:

**Table 1**

	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Force</b>			
Employee Costs	113,451	111,152	2,299
Police Officers' Ill-Health Pensions paid by the Group	2,860	2,804	56
Premises	4,972	4,719	253
Supplies & Services	17,771	14,305	3,466
Transport	3,307	3,064	243
Financial Costs & Transfers to/from Reserves	4,346	10,757	(6,411)
<b>Force Net Expenditure</b>	<b>146,707</b>	<b>146,801</b>	<b>(94)</b>
Victims & Commissioning	723	731	(8)
Office of the Police and Crime Commissioner	964	802	162
Targeted Grant			
- Ringfenced Grants	(1,452)	(1,383)	(69)
- Other Non-Ringfenced Grants	(7,825)	(7,825)	-
Non-Grant Income	(5,596)	(5,605)	9
<b>Total Net Expenditure</b>	<b>133,521</b>	<b>133,521</b>	<b>-</b>
<b>Sources of Finance</b>			
Precepts on District Councils	56,135	56,135	-
National Non-Domestic Rates	31,100	31,100	-
Central Government Police Grant	46,286	46,286	-
<b>Total Sources of Finance</b>	<b>133,521</b>	<b>133,521</b>	<b>-</b>
<b>Surplus (Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Group continued to reduce costs and at the same time improve services to the public and all of the NYP communities.

## Employee Costs

Employee costs are the most significant element of the revenue budget and the outturn against these are shown in more detail below:

**Table 2**

	<b>Outturn Variance £'000</b>
Police salaries	3,404
Staff and PCSO salaries	1,100
Leavers costs	(169)
Overtime	(1,051)
Unsocial hours, overnight and hardship	174
Agency	(705)
Other employee costs	217
<b>Total Operational Employee Costs</b>	<b>2,970</b>
<b>Non-Operational Employee Costs</b>	<b>(671)</b>
<b>Total Employee Costs</b>	<b>2,299</b>

**Police Salaries** - as Officers retire or transfer out of the Force, Police Officer numbers have reduced faster than anticipated and at the beginning of the year were lower than was assumed when the budget was set.

During the year the Chief Constable and the Police and Crime Commissioner announced their commitment to protect frontline service delivery in order to retain operational capacity and capability. A total of 31 officers have transferred from other Forces and 69 Student Officers were recruited in line with current recruitment plans to maintain the number of Police Officers at 1392.

Police officer recruitment plans for 2014/15 are ongoing with expected intakes of 14 transferees from other Forces in June, 14 Student Officers in August, October and January planned at the moment.

The budget for Police Officers took account of all the agreed Winsor recommendations, including a provision for unsocial hours payments, which was also budgeted for separately. This resulted in an underspend of £1.1m. The underspend also includes savings of £500k arising from Winsor 2 recommendations agreed after the standard cost was set, principally the introduction of the phased reduction of Competency Related Threshold Payments (CRTP).

Police Officer retirements during the year and Student Officer recruitment have resulted in a decrease in the actual cost of a Police Officer compared to the standard costing assumption used when the budget was set. The standard cost for the 2014/15 budget has been revised to reflect this.

**Police Community Support Officer (PCSO) Salaries** - from 2013/14 the Neighbourhood Policing Grant was absorbed into the general Police Grant and the Home Office no longer required a minimum number of PCSOs. During the year the Chief Constable and the Police and Crime Commissioner committed to maintaining 183 PCSOs to protect frontline service delivery. Recruitment plans took account of potential leavers and the impact of the Forcwide Police Officer recruitment campaign, which resulted in a number of PCSOs becoming student officers. As a result 13 new PCSOs started in May 2013, 11 in November 2013 and 14 in March 2014.

PCSO recruitment plans for 2014/15 are ongoing with expected intakes of 14 in June and October 2014 planned at the moment. To take account of potential leavers during the year and the impact of Forcwide Police Officer campaigns during the year, which may result in the reduction in the number of existing PCSOs, a further PCSO recruitment campaign may be required later in the year.

**Staff Salaries** - although a vacancy factor was built into the budget when it was set the number of vacancies have exceeded the vacancy factor resulting in an underspend for the year.

A number of posts are currently vacant and are being actively recruited into.

To assist with the future resilience of the organisation NYP continues to challenge whether recruitment is required whenever a post becomes vacant. Once posts are confirmed as required it is important to obtain the resource in a timely and effective manner. Process improvements, holding lists and Geographical campaigns have been put in place to reduce the time taken to recruit into posts.

This underspend is partly offset by the overspend on the Agency budget.



**Overtime** - the shortfall in Police Officer numbers and consequential underspend in Police Officer salaries above has contributed towards the requirement for additional overtime

Targeted initiatives to reduce crime across the Force have increased the level of Police overtime. When the 2013/14 budget was set the exact nature of these initiatives was not known and this overspend is offset by a corresponding underspend in Supplies and Services.

Requests for mutual aid assistance will frequently result in additional overtime. The outturn overspend includes the overtime for mutual aid provided to other forces at short notice. This cost is offset by additional mutual aid income included in Incidents below. Charges for mutual aid are at a standard rate irrespective of whether the time was provided as overtime or substantive hours.

**Agency** - the overspend is due to the extension of Agency contracts for critical Operational reasons to cover vacant posts, including the recruitment of former Police Officers on a temporary basis to fill current vacancies in Crime and the large scale abstractions to resource an investigation on behalf of a neighbouring Force.

During the year some Agency contracts across a number of Directorates were extended for Operational reasons, resulting in an overspend, which has been partly offset by an underspend of £250k on money set aside for particular activities during the year which wasn't required. As a result, the transfer from reserves to fund the spend was also not required.

**Leavers Costs** - during the year a review of Senior Management Teams resulted in a number of redundancies and early retirements across Departments. These costs were not anticipated when the budget was set.

The savings achieved from the new staffing structures have been included in the budget going forward.

**Employee Other Non-Salary Costs** - overall vacancies have contributed to a small underspend on accommodation and subsistence costs and fewer Major Incidents requiring overnight accommodation or travel abroad.

A provision of £168k was included in the 2012/13 accounts for relocation expenses to transferees from other Forces. It has now been agreed that NYP will not pay these relocation expenses resulting in an underspend against this budget, partly offset by relocation expenses paid in relation to the recruitment of a new Chief Constable and Assistant Chief Constable during the year.

**NYP Collaboration** - The outturn includes the salary costs of Forensic staff who were waiting for redeployment in the first part of the year and the subsequent redundancy costs that were not recharged to Region.

#### **Premises costs**

Property and Facilities continue to replace old inefficient heating systems with more efficient boilers and building management systems to give more control and in 2013/14 the heating system at Headquarters was updated.

Revised utility invoices, sale of premises and the milder winter resulted in savings on utility costs. These changes were taken into account when the 2014/15 budget was set.

A contingency for additional costs in relation to new tier one properties was not required. Any costs should be more than offset by the savings associated with closing existing properties and the contingency has been removed from the budget going forward. A number of leases for tier one properties have been terminated since the budget was set.

When the budget was set it was assumed that full lease cost for Athena House would be paid, and recharged to the Crown Prosecution Service (CPS) for the full year. However following their move to other premises the CPS started to pay for their share of the lease directly resulting in an underspend against the premises budget offset by an overspend against the income budget for the recharge not required.

A reduction in the use of external room hire for training purposes and a delay in moving into new premises in York also resulted in savings in 2013/14 against the budget.

These underspends have been partly offset by an overspend on the repairs and maintenance budget. During the year a number of additional works have been carried out in line with Operational Requirements including the creation of a new classroom and relocating the trainers to meet the Force training requirements, the replacement of the Uninterrupted Power Supply (UPS), strengthening the plant room floor and the installation of new changeover switches to improve resilience to the main server room infrastructure.

### **Supplies and Services**

When the 2013/14 budget was set a number of contingency budgets were held centrally including £100k for the Apprentice scheme, £100k for additional uniform costs for Student Officers, PCSOs and Specials, £100k accommodation for Student Officers, £100k ISD contingency for additional licences due to changing technology, £75k Officer High Speed Driver Training and a regional contingency of £165k. During the year the costs relating to these contingencies have either been absorbed within the relevant corporate budget or were not required resulting in an overall underspend against the budget of £622k and the forecast of £475k.

When the budget was set £500k was set aside for targeted initiatives to reduce crime and disorder. The majority of the agreed initiatives resulted in additional overtime worked and the underspend on supplies and service budget is offset by the overspend on overtime.

The underspend of £356k on the legal and insurance budget is offset by a transfer to the insurance provision of £433k.

In October 2013 North Yorkshire Police launched an enhanced Major Crime Unit to increase its capability to investigate murder and other serious violent and sexual crimes. The running costs for this new unit were originally included in the 2013/14 budget for the full year resulting in an underspend. £100k of this underspend was earmarked from the Crime - Evidence and Forensic budget to help reduce the backlog of forensic analysis work resulting from the increased use of computers and mobile devices by criminals. The value of the work necessitated Regional Procurement agreement. This was not completed by the end of the financial year and was included in the carry forward requests considered by the Executive Board.

During 2013/14 North Yorkshire's Sexual Assault Referral Centre (SARC) was opened to provide victims of sexual crime with help, support and advice rather than having the only option to report directly to the Police. The first year's costs of running the centre have resulted in an underspend. Where appropriate the 2014/15 budget has been amended to reflect these savings. An increase in cross border charges expected as a result of the closure of all rape suites except SARC has not happened yet so the true cost of these charges will not be seen until 2014/15. The number of call-outs for sexual offence examinations was less than budgeted.

A contingency of £50k for the Prisoner Welfare contract has not been required this year.

Work has been ongoing in ISD to ensure all contracts deliver best value for money and as a result contracts have been merged and other contracts ceased as necessary. An underspend of £80k resulted, these changes have been reflected in the 2014/15 budget.

A delay in the renewal of the Microsoft Enterprise Agreement, which forms part of the IT infrastructure review, has meant that the costs only commenced from 1 October resulting in an underspend of £50k against the budget in 2013/14. This is a one-off underspend as the full annual cost will be reflected in the 2014/15 accounts.

Following ongoing discussions with the Home Office and Airwaves a credit of £37k was received for a shortfall in service delivery relating to spot enhancements at four locations. This reduction in cost in 2013/14 was offset by an increased Revenue Contribution to Capital (RCCO) to fund the cost of the additional Airwave radio coverage at Fulford Road, York.

When the budget was set funds of £434k were set aside for Road Safety and other Partnership initiatives. These were not spent and the transfer to reserves not required resulted in an underspend.

In 2013/14 work commenced to review and enable the transfer of the responsibility of Custody and Medical Welfare Provision from the Police to NHS England. The budget for this work was funded by a grant of £120k from the Department of Health. During the year £50k was spent on consultancy work including a police custody health needs assessment and project work by the NHS Commissioning Board resulting in an underspend of £70k which has been carried forward to 2014/15. This underspend is offset by a corresponding overspend against targeted grant.

During the year the savings identified when new contracts are negotiated or processes implemented have been identified and captured centrally. These savings have been taken into account when setting the 2014/15 budget.

The final Regional Collaboration charges were less than the budget partly due to the late start of the identification unit and the early return of Regional Roads Policing who have now been moved out of Regional Collaboration and back into Operational budgets. This underspend was offset by an overspend for the use of the Regional Underwater Search Unit during the year.

### **Transport**

The 2013/14 budget assumed a 5% increase in fuel costs but the average cost of fuel has reduced by 2.6% between November 2012 and December 2013. This has resulted in a full year saving of £135k. The bulk of NYP's fleet is now fuelled by diesel which is more economical than petrol vehicles which has resulted in a further saving.

Vacancies and an increased use of technology for conference calling have reduced the cost of travelling expenses.

These underspends have been partly offset by an overspend on the cost of using the National Police Air Service. Contracted flying hours were increased during the year.

The 2014/15 budget has been amended to reflect these changes where necessary.

### **Financial Costs and Transfers to/from Reserves**

A number of changes to the budgeted transfer to and from reserves has resulted in a net overspend including:

- £2.1m transfer to reserves to fund expenditure agreed to be carried forward to 2014/15;
- a transfer of £433k to increase the insurance provision in line with latest requirements. This has been partly offset by a £356k underspend on the Legal and Insurance budget;
- £2.8m transfer to Major Capital Reserve to fund capital projects going forward;
- £500k transfer to set aside monies to fund the expenditure to implement the Change programme which will deliver savings to balance future years budgets.

Decision notices agreed during the year have resulted in an additional transfer of £223k for revenue contributions to capital.

### **Targeted Grant Income**

During the year the Force successfully secured funding under the Police Innovation Fund for a Multi Agency Antisocial Behaviour Hub and a Shared Support Services Delivery Model. Any consequential costs relating directly to these grants are included as expenditure.

As discussed under Supplies & Services, £70k of the grant received for NHS Commissioning has been carried forward into 2014/15 to match the expenditure.

### **Non-Grant Income**

During the year the forecast income from Phase 1 of the Safety Camera Van project was reduced by £400k. The costs of purchasing and converting the vehicles and other project set-up costs were also less than had been predicted. The administrative overhead in staff resources to process the transactions has been much higher than anticipated, reducing the amount of time that the team have been able to spend "out on the road". Reduced operational time has resulted in lower than expected income. This has been addressed in the proposal for an expansion of the Safety Camera Van project, which was submitted to Executive Board in June.

During the year there has been changes to budgeted income from a number of sources, the most significant area being £776k income received for mutual aid to other Police Forces for specific incidents such as the recent G8 Summit, policing football matches and English Defence League (EDL) marches. No budget provision is made in advance for the receipt of mutual aid income due to the unpredictable nature of the requests for assistance.

#### 4. Segmental Analysis

The results for the year can be analysed across operating segments as follows:

**Table 3**

	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Response and Reassurance	53,049	50,290	2,759
Crime	23,871	23,382	489
Specialist Operations	18,842	19,352	(510)
Corporate	7,940	11,101	(3,161)
PCC and Commissioning	1,687	1,533	154
Other	28,132	27,863	269
<b>Segment Net Cost of Services (= Total Net Expenditure in Table 1)</b>	<b>133,521</b>	<b>133,521</b>	<b>-</b>

Full details on segment reporting is shown in Statement of Accounts Note 5.

**Table 4**

<b>Current Year</b>	<b>Response and Reassurance</b>	<b>Crime</b>	<b>Specialist Operations</b>	<b>Corporate</b>	<b>PCC</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income</b>							
Targeted Grant Income	655	292	533	7,376	94	352	<b>9,302</b>
Other Income	345	50	1,264	3,289	-	657	<b>5,605</b>
<b>Total Income</b>	<b>1,000</b>	<b>342</b>	<b>1,797</b>	<b>10,665</b>	<b>94</b>	<b>1,009</b>	<b>14,907</b>
<b>Expenditure</b>							
Employee Costs	48,940	22,616	18,949	4,056	496	16,591	<b>111,648</b>
Supplies and Services	949	837	1,784	4,063	1,236	6,672	<b>15,541</b>
Premises Costs	6	3	44	10	40	4,657	<b>4,760</b>
Transport	1,395	268	359	89	19	952	<b>3,082</b>
Financial and Pension Costs	-	-	13	13,548	(164)	-	<b>13,397</b>
<b>Total Expenditure</b>	<b>51,290</b>	<b>23,724</b>	<b>21,149</b>	<b>21,766</b>	<b>1,627</b>	<b>28,872</b>	<b>148,428</b>
<b>Segment Net Cost of Services</b>	<b>50,290</b>	<b>23,382</b>	<b>19,352</b>	<b>11,101</b>	<b>1,533</b>	<b>27,863</b>	<b>133,521</b>

##### **Response and Reassurance**

This segment, which is the largest of the Group's operational segments, includes neighbourhood and community policing services, police community support officers, police station front desk enquiry teams, together with force control room operations.

##### **Crime**

The Crime segment covers all operations associated with the detection and investigation of crime together with associated support services such as scientific and forensics support.

##### **Specialist Operations**

Specialist Operations include key activities such as Major Incident units and operational units (including firearms and road policing).

##### **Corporate**

The Corporate segment includes activities and costs that provide the infrastructure that allows services to be provided and the information that is required for public accountability.

### **PCC and Commissioning**

This segment includes the cost of operating the NYPCC's office, the Commissioner's Statutory Officers, internal and external audit fees, democratic representation and governance and allowances and expenses for the NYPCC. The segment also includes the cost of the Victims and Commissioning team.

### **Other**

Included within Other are those segments where both income and expenditure is less than 10% of total gross income or expenditure. These include both operational services and support departments.

## **Comprehensive Income and Expenditure Statement**

The figures for the year shown here can be reconciled to the Comprehensive Income and Expenditure Statement (CIES) (See Statement of Accounts Note 5). However the technical treatment required means that the outturn presented here and the movement on the General Fund Balance in these accounts are different.

**Table 5**

	<b>2013/14</b>
	<b>£'000</b>
<b>Surplus for the Year shown in Table 1</b>	-
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	72,559
Transfers to/from Earmarked Reserves	(9,524)
Transfer from Revenue to General Reserve	(203)
<b>Deficit for the Year on the Provision of Services as per Comprehensive Income and Expenditure Statement</b>	<b>62,832</b>

The major element contributing to the difference between the outturn breakeven position and the overall deficit is the inclusion of charges for pension fund benefits (See Statement of Accounts Note 26 and Police Pension Fund Accounts and Notes). The pension fund amounts also affect the Balance Sheet, resulting in a negative net worth (more liabilities than assets). This treatment is explained further in part 11 which follows. It means that a direct link to the Balance Sheet, reserves and budget monitoring information provided regularly during each year cannot be made without a reconciliation or adjusting out the pension effect.

## **5. Income from Government Grants and Local Taxpayers**

The NYPCC finances its spending through income received from Government Grants and local taxpayers. The contributions made by each of these sources of funding are shown in Table 1.

Council tax is the only major source of income under the Group's direct control. The other sources are determined by Central Government.

The Group set a Band D precept of £204.55 in 2013/14, which was the same as 2012/13.

In total, the Group received £77.4m in core grants from Central Government. This compares with a total of £75.2m in 2012/13. Although this represents an increase, it includes a number of grants which were previously paid separately.

## **6. Collaborative Working**

The Group continued to engage in collaborative working throughout 2013/14 in partnership with the other Yorkshire and the Humber forces. The governance for this regional programme of activity was via the Joint Police Authority Committee (JPAC) until 22 November 2012 and is now via the Regional Collaboration Board in accordance with the Heads of Agreement. Up to 31 August 2013 the administration of activities was via the Regional Programme Team including the financial administration of regional budgets which was led by West Yorkshire PCC (WYPCC).

With effect from 1 September 2013, the Regional Programme changed to a lead force model and the Regional Programme Team was disbanded. Each lead force is responsible for the financial administration of the programme they lead. The impact of regional working on NYPCC primary statements is as follows:

- The CIES incorporates the Group's contribution to the regional work for the 2013/14 financial year (See Statement of Accounts Note 13b);
- Humberside PCC (HPCC) have lead responsibility within the regional programme for property matters. One property is leased under these arrangements and is shown in Humberside accounts, however the potential future impact of this arrangement on NYPCC has been disclosed as a contingent liability (see Statement of Accounts Note 27);
- The Cash Flow Statement incorporates the cash outflow associated with regional contributions paid.

A number of regional units are in operation. These include strategic roads policing, regional procurement and forensic services. The contribution to regional working in the year was £3.5m. One of the drivers is to reduce costs and overheads. To date the requirement to achieve savings has been planned and met without taking savings from regional working into account.

## 7. Summary of the Financial Year 2013/14: Capital Expenditure

Capital Expenditure is spent on items which provide value to the Group for more than one year and is financed from Government Grants, income realised from the sale of capital assets, revenue contributions, loans and reserves.

The original budget for the 2013/14 Capital Programme was £8.9m. Additional approvals were made during the year making a total budgeted spend of £12.9m. Actual spend during the year was £4.5m. A number of cost reductions were achieved to planned expenditure over the year. Of the amount not spent, £7.7m was slippage to be carried forward into 2014/15 and £0.7m was underspend.

The investments made contribute to the Fit for the Future strategic goal, many being those which will contribute towards reduced revenue costs in the future or enable a consolidation of other assets.

Alongside making the savings required to balance the budget moving forward the Group has committed to continued investment to support delivery. Using a prioritisation model that assesses risks as well as opportunities for the complete portfolio of works, the Group is able to continue to invest in future years with a focus on ensuring efficient and effective delivery and cost reduction investments.

The overall capital position is as follows:

**Table 6**

Scheme Description	Note	Original Budget	Spend	Variance
		£'000	£'000	£'000
Rolling Programs: includes Fleet and IS		7,989	2,475	5,514
Estates: includes remedials and major projects		3,385	972	2,413
Other schemes		1,509	1,049	460
<b>Total</b>		<b>12,883</b>	<b>4,496</b>	<b>8,387</b>

The expenditure was incurred across the following asset categories:

Assets under Construction	14	421	
Other Property, Plant and Equipment	14/18b	3,357	
Intangible Assets	16	718	
<b>Total</b>		<b>4,496</b>	

The capital expenditure was funded as follows: -

	£'000	%
Capital Expenditure in year	4,496	
<b>Total Financing requirement</b>	<b>4,496</b>	
<b>Financed by:</b>		
Capital Receipts	2,281	50.7%
Capital Grants	1,158	25.8%
Lease finance received	356	7.9%
Sums set aside from Revenue and Revenue Reserves	701	15.6%
<b>Total Financing</b>	<b>4,496</b>	<b>100.0%</b>

The variations on the capital programme consist of the following:

**Table 7**

<b>Scheme Description</b>	<b>Variance £'000</b>	<b>Explanation</b>
Rolling Investment Programmes £8.0m allocation for 2013/14	Outturn: Total expenditure of £2.5m with slippage of £4.9m and underspend of £0.6m.	During the year approval was granted to address significant key risks in respect of NYP informational technology core infrastructure. This piece of work has commenced and will be completed in 2014/15 and as a result the budget has been slipped. The majority of the underspend arises due to reduced activity in relation to betterment in vehicle prices. The model employed by the Head of Transport to identify those vehicles that require replacement takes account of NYP operational requirements and the financial constraints under which it operates. This has resulted in savings during the year.
Estates £3.4m allocation for 2013/14	Outturn: Total expenditure of £1m with slippage of £2.4m.	Slippage is mainly due to re-priorisation and rescheduling of the Estates Strategy programme.
Other Programmes and Projects £1.5m allocation for 2013/14	Outturn: Total expenditure of £1m with slippage of £0.5m.	Delays in the expenditure in relation to the ANPR Strategy account for the majority of the slippage.

The capital expenditure plans and funding sources for future years are included in the Medium Term Financial Plan (MTFP).

## 8. Achievements

The 2013/14 financial year was one of significant development for policing in North Yorkshire. The Police and Crime Commissioner published the first Police and Crime Plan following consultation with the public and local stakeholders, Chief Constable Dave Jones took up post, and Assistant Chief Constable Paul Kennedy was appointed. The strong collaborative approach forged between the Commissioner and the Chief Constable and his operational leadership team during the year, has ensured that there is now a robust mechanism for public priorities to flow into the delivery of services on the ground.

A number of major initiatives were introduced throughout 2013/14, in line with the themes outlined in the Police and Crime Plan. These included:

- The opening of a new dedicated Major Crime Unit in Harrogate to focus on the investigation of murder and other serious violent and sexual crimes, including the development of specialist skills for officers and staff working in this important field;
- The launch of Operation Hawk, an intelligence-led campaign which uses automatic number plate recognition technology to identify and pursue criminals who travel into North Yorkshire to prey on the region's rural communities;
- The development of a new protective services hub, to enable police officers, analysts and specialist staff to work together to protect the area's most vulnerable people, including children at risk of sexual exploitation and those under threat of serious domestic violence;
- A continued commitment to frontline delivery, through the introduction of new Police Officers in Scarborough, and Special Constables in York and Selby;
- The creation of a panel to ensure that Out of Court Disposals are properly scrutinised, and only used where appropriate, to increase the level of public trust in this mechanism for serving justice.

In addition to addressing these areas of pressing concern, 2013/14 also saw the initiation of plans for a new headquarters for North Yorkshire Police, which will allow improvements and efficiencies in operational service to be introduced.

## 9. Fixed Assets (See Statement of Accounts Notes 14 to 18)

All the properties have been valued at 31 March 2014. The valuations are undertaken in accordance with the RICS Valuation Standards ("The Red Book") published by the Royal Institution of Chartered Surveyors.

The depreciation and amortisation charges for the year, amounting to £5.1m (2012/13 £5.3m) have been charged to the Comprehensive Income and Expenditure Statement within Net Cost of Services.

The sale of surplus property continued in line with the Estates Strategy with disposals of property consisting of former police houses and empty property (including the former Harrogate Police Station). This contributed £2.2m to fund the capital programme. The disposals strategy continues into future years with a planned downsize of the estate and consolidation into locations which meet operational demand and which infrastructure is cost effective and productive in size and facilities.

#### **10. Borrowing (See Statement of Accounts Note 23)**

Total borrowing outstanding for capital purposes at 31 March 2014 amounted to £584k including leases, equivalent to debt outstanding of £0.73 per head of population. The borrowing represents the balance of the debt inherited by the Group on the formation of NYPA in April 1995, together with leasing arrangements for new equipment.

The debt is analysed in the accounts as £205k long-term and £379k included in current liabilities (being the amount repayable within the next twelve months). The Group is proactive in managing its debt and overall funding and has recognised the need to borrow in the future to invest in infrastructure and capital assets. The ongoing need to make investments to respond to national requirements continues, as does the need to kit and equip officers and staff to enable them to be as effective and productive as possible. The Group has therefore adopted an approach of continuing with major investments and replacement projects as a long-term strategic view of policing delivery has been taken.

In line with the Treasury Management Strategy, careful consideration will be taken to ensure a balance of economic outlook, cash flow, reserve balances and affordability are taken into account for borrowing decisions.

The Group utilises capital grant, revenue budget contributions, reserves and borrowing to fund capital expenditure. The Medium Term Financial Plan, along with the funding strategy, considers all funding options and implications alongside the revenue impact for future years. These are then all taken into account as part of budget setting, which itself balances financing with performance outputs and investment in resources.

#### **11. Pensions (See Statement of Accounts Note 26)**

As part of the terms and conditions of officers and employees, the Group offers retirement benefits in accordance with national agreements and schemes. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Group's net pension liability at 31 March 2014 has been calculated by the actuaries, in accordance with International Accounting Standard 19, to be £1,299.8m.

The Group participates in three pension schemes:

- The Local Government Pension Scheme (LGPS) for police staff, administered by North Yorkshire County Council. This is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets;
- Two Police Pension Schemes for police officers. These are unfunded schemes, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The liabilities of £1,299.8m show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of the Group as recorded in the Balance Sheet. The impact results in a negative overall balance of £1,216.4m. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary;
- Finance is only required to be raised to cover police pensions when the pensions are actually paid. Funding arrangements for the Police Pension Fund are detailed in the Police Pension Fund Accounts.

During 2011 there was a national consultation and report produced in relation to pensions. Lord Hutton reported on the long-term reform of public service pensions. The wide remit included both the LGPS and police pension schemes. A Career Average Scheme (CARE) for the LGPS came into effect from 1 April 2014. The current final salary police pension schemes will close from April 2015. The changes are aimed at longer-term stability and viability and there is no reason to expect that these will adversely affect the liability position rather they should, as intended, improve it.



## 12. Provisions and Contingencies

Details are provided in Statement of Accounts Notes 25 and 27.

## 13. Events after the Reporting Period

Details are provided in Statement of Accounts Note 28.

## 14. Impact of current economic climate and Medium Term Financial Plan (MTFP) Implications

As a result of the current economic downturn and the need to reduce public sector spending, the Group has had to prepare for the funding reductions identified within the budget settlement. The planning undertaken in previous years anticipated future spending constraints and funding reductions. The assumptions in relation to costs and funding were continually reviewed with a resulting increasing funding gap emerging.

## 15. Accounting Policies and Presentation of the Accounts

The accounting policies adopted in the preparation of the accounts are set out formally in the Statement of Accounting Policies which follow.

Under the Audit Commission Act 1998 members of the public have the right to inspect the Group's accounts and supporting documents, and to question the auditor, or make objections to the matters contained in them. The times at which the accounts are deposited for inspection are advertised in the Yorkshire Post and both the Commissioner's and the Chief Constable's websites.

Every effort has been made to ensure the accuracy of these accounts and compliance with accounting requirements.

The Group's external auditors are:

Mazars LLP  
The Rivergreen Centre  
Aykley Heads  
Durham  
DH1 5TS

Michael Porter

Chief Finance Officer for the Police and Crime Commissioner for North Yorkshire  
Date: 24 September 2014

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS of NYPCC and the NYPCC Group

### **The Responsibilities of the Police and Crime Commissioner for North Yorkshire**

The Police and Crime Commissioner is required to:

- Make arrangements for the proper administration of their financial affairs and to ensure that one of their officers has the responsibility for the administration of those affairs. In this Police and Crime Commissioner's Office, that officer is the Police and Crime Commissioner's Chief Finance Officer;
- Manage their affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

Julia Mulligan

Police and Crime Commissioner for North Yorkshire  
Date: 24 September 2014

Joanna Carter

Chief Executive Officer for the Police and Crime Commissioner for North Yorkshire  
Date: 24 September 2014

### **The Responsibilities of the Police and Crime Commissioner's Chief Finance Officer**

The Chief Finance Officer is responsible for the preparation of the Police and Crime Commissioner's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### **Certificate by the Police and Crime Commissioner's Chief Finance Officer**

I certify that the Statement of Accounts has been prepared in accordance with proper accounting practice and presents a true and fair view of the financial position of the Police and Crime Commissioner for North Yorkshire at 31 March 2014, and its income and expenditure for the year then ended.

Michael Porter

Chief Finance Officer for the Police and Crime Commissioner for North Yorkshire  
Date: 24 September 2014

## MOVEMENT IN RESERVES STATEMENT for the YEAR ENDED 31 March 2014 (Group)

	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2012 - Restated</b>	<b>8,773</b>	<b>20,087</b>	-	-	<b>28,860</b>	<b>(1,088,052)</b>	<b>(1,059,192)</b>
Surplus/(deficit) on provision of services (accounting basis)	(66,658)	-	-	-	(66,658)	-	(66,658)
Other comprehensive income and expenditure	3a/26	-	-	-	-	(138,615)	(138,615)
<b>Total Comprehensive income and expenditure</b>	<b>(66,658)</b>	-	-	-	<b>(66,658)</b>	<b>(138,615)</b>	<b>(205,273)</b>
Adjustments between accounting basis & funding basis under regulations	1	77,276	-	-	77,276	(77,276)	-
<b>Net increase/(decrease) before transfers to Earmarked Reserves</b>	<b>10,618</b>	-	-	-	<b>10,618</b>	<b>(215,891)</b>	<b>(205,273)</b>
Transfers (to)/from Earmarked Reserves	2	(9,897)	4,992	-	(4,905)	4,905	-
<b>Increase/(decrease) in year</b>	<b>721</b>	<b>4,992</b>	-	-	<b>5,713</b>	<b>(210,986)</b>	<b>(205,273)</b>
<b>Balance at 31 March 2013 - Restated</b>	<b>9,494</b>	<b>25,079</b>	-	-	<b>34,573</b>	<b>(1,299,038)</b>	<b>(1,264,465)</b>
Surplus/(deficit) on provision of services (accounting basis)	(62,832)	-	-	-	(62,832)	-	(62,832)
Other comprehensive income and expenditure	3a/26	-	-	-	-	110,904	110,904
<b>Total Comprehensive income and expenditure</b>	<b>(62,832)</b>	-	-	-	<b>(62,832)</b>	<b>110,904</b>	<b>48,072</b>
Adjustments between accounting basis & funding basis under regulations	1	72,559	-	-	72,559	(72,559)	-
<b>Net increase/(decrease) before transfers to Earmarked Reserves</b>	<b>9,727</b>	-	-	-	<b>9,727</b>	<b>38,345</b>	<b>48,072</b>
Transfers (to)/from Earmarked Reserves	2	(9,524)	8,823	-	(701)	701	-
<b>Increase/(decrease) in year</b>	<b>203</b>	<b>8,823</b>	-	-	<b>9,026</b>	<b>39,046</b>	<b>48,072</b>
<b>Balance at 31 March 2014</b>	<b>9,697</b>	<b>33,902</b>	-	-	<b>43,599</b>	<b>(1,259,992)</b>	<b>(1,216,393)</b>
Reserves held for:							
Capital purposes	-	20,799	-	-	20,799	-	-
Revenue purposes	9,494	4,280	-	-	13,774	-	-
<b>Total at 31 March 2013 - Restated</b>	<b>9,494</b>	<b>25,079</b>	-	-	<b>34,573</b>	-	-
Capital purposes	-	26,111	-	-	26,111	-	-
Revenue purposes	9,697	7,791	-	-	17,488	-	-
<b>Total at 31 March 2014</b>	<b>9,697</b>	<b>33,902</b>	-	-	<b>43,599</b>	-	-

An analysis of Earmarked Reserves is provided in Note 2 and an analysis of Unusable Reserves is provided in Note 3 to the accounts.

MOVEMENT IN RESERVES STATEMENT for the YEAR ENDED 31 March 2014 (PCC)

	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2012 - Restated</b>	<b>8,773</b>	<b>20,087</b>	-	-	<b>28,860</b>	<b>52,606</b>	<b>81,466</b>
Surplus/(deficit) on provision of services (accounting basis)	(3,944)	-	-	-	(3,944)	-	(3,944)
Other comprehensive income and expenditure	3a/26	-	-	-	-	526	526
<b>Total Comprehensive income and expenditure</b>	<b>(3,944)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,944)</b>	<b>526</b>	<b>(3,418)</b>
Adjustments between accounting basis & funding basis under regulations	1	14,562	-	-	14,562	(14,562)	-
<b>Net increase/(decrease) before transfers to Earmarked Reserves</b>	<b>10,618</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,618</b>	<b>(14,036)</b>	<b>(3,418)</b>
Transfers (to)/from Earmarked Reserves	2	(9,897)	4,992	-	(4,905)	4,905	-
<b>Increase/(decrease) in year</b>	<b>721</b>	<b>4,992</b>	<b>-</b>	<b>-</b>	<b>5,713</b>	<b>(9,131)</b>	<b>(3,418)</b>
<b>Balance at 31 March 2013 - Restated</b>	<b>9,494</b>	<b>25,079</b>	-	-	<b>34,573</b>	<b>43,475</b>	<b>78,048</b>
Surplus/(deficit) on provision of services (accounting basis)	7,740	-	-	-	7,740	-	7,740
Other comprehensive income and expenditure	3a/26	-	-	-	-	(416)	(416)
<b>Total Comprehensive income and expenditure</b>	<b>7,740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,740</b>	<b>(416)</b>	<b>7,324</b>
Adjustments between accounting basis & funding basis under regulations	1	1,987	-	-	1,987	(1,987)	-
<b>Net increase/(decrease) before transfers to Earmarked Reserves</b>	<b>9,727</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,727</b>	<b>(2,403)</b>	<b>7,324</b>
Transfers (to)/from Earmarked Reserves	2	(9,524)	8,823	-	(701)	701	-
<b>Increase/(decrease) in year</b>	<b>203</b>	<b>8,823</b>	<b>-</b>	<b>-</b>	<b>9,026</b>	<b>(1,702)</b>	<b>7,324</b>
<b>Balance at 31 March 2014</b>	<b>9,697</b>	<b>33,902</b>	-	-	<b>43,599</b>	<b>41,773</b>	<b>85,372</b>
Reserves held for:							
Capital purposes	-	20,799	-	-	20,799	-	-
Revenue purposes	9,494	4,280	-	-	13,774	-	-
<b>Total at 31 March 2013 - Restated</b>	<b>9,494</b>	<b>25,079</b>	<b>-</b>	<b>-</b>	<b>34,573</b>	<b>-</b>	<b>-</b>
Capital purposes	-	26,111	-	-	26,111	-	-
Revenue purposes	9,697	7,791	-	-	17,488	-	-
<b>Total at 31 March 2014</b>	<b>9,697</b>	<b>33,902</b>	<b>-</b>	<b>-</b>	<b>43,599</b>	<b>-</b>	<b>-</b>

An analysis of Earmarked Reserves is provided in Note 2 and an analysis of Unusable Reserves is provided in Note 3 to the accounts.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT for the Year Ended 31 March 2014 (Group)

	Note	2013/14			2012/13 - Restated		
		Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Local Policing		63,661	(4,207)	59,454	68,647	(3,326)	65,321
Dealing with the Public		14,020	(775)	13,245	14,660	(685)	13,975
Criminal Justice Arrangements		13,140	(1,425)	11,715	13,245	(1,393)	11,852
Roads Policing		8,808	(1,100)	7,708	8,995	(591)	8,404
Specialist Operations		11,952	(715)	11,237	12,686	(640)	12,046
Intelligence		9,547	(470)	9,077	9,503	(474)	9,029
Investigation		21,711	(1,378)	20,333	21,036	(1,157)	19,879
Investigative Support		4,329	(211)	4,118	4,789	(195)	4,594
National Policing		6,304	(4,290)	2,014	5,630	(3,939)	1,691
PCC Commissioned Services		1,030	(94)	936	-	-	-
<b>Cost of Police Services</b>		<b>154,502</b>	<b>(14,665)</b>	<b>139,837</b>	<b>159,191</b>	<b>(12,400)</b>	<b>146,791</b>
Corporate and Democratic Core		1,017	-	1,017	1,446	1	1,447
Non-Distributed Costs:							
- Past Service Cost	26	30	-	30	60	-	60
- Curtailment Cost	26	297	-	297	105	-	105
<b>Net Cost of Services</b>		<b>155,846</b>	<b>(14,665)</b>	<b>141,181</b>	<b>160,802</b>	<b>(12,399)</b>	<b>148,403</b>
Other Operating Income and Expenditure	6			17,436			20,700
Financing and Investment Income and Expenditure	8a			57,073			55,314
Taxation and Non-Specific Grant Income	9			(152,858)			(157,759)
<b>(Surplus) or deficit on the Provision of Services</b>				<b>62,832</b>			<b>66,658</b>
<b>Other Comprehensive Income and Expenditure</b>							
(Surplus) or deficit on revaluation of non-current assets	3a			416			(526)
(Surplus) or deficit on remeasurements of defined benefit liability	26			(111,320)			139,141
<b>Other Comprehensive (Income) and Expenditure</b>				<b>(110,904)</b>			<b>138,615</b>
<b>Total Comprehensive (Income) and Expenditure</b>				<b>(48,072)</b>			<b>205,273</b>

Under merger accounting rules and the Code, comparatives for NYPCC for the year ended 31 March 2013 are presented as if the functions of the former Police Authority had been performed by NYPCC throughout the year

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT for the Year Ended 31 March 2014 (PCC)

	Note	2013/14			2012/13 - Restated		
		Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Local Policing		-	(4,207)	(4,207)	-	(3,326)	(3,326)
Dealing with the Public		-	(775)	(775)	-	(685)	(685)
Criminal Justice Arrangements		-	(1,425)	(1,425)	-	(1,393)	(1,393)
Roads Policing		-	(1,100)	(1,100)	-	(591)	(591)
Specialist Operations		-	(715)	(715)	-	(640)	(640)
Intelligence		-	(470)	(470)	-	(474)	(474)
Investigation		-	(1,378)	(1,378)	-	(1,157)	(1,157)
Investigative Support		-	(211)	(211)	-	(195)	(195)
National Policing		-	(4,290)	(4,290)	-	-	-
PCC Commissioned Services		1,030	(94)	936	-	(3,939)	(3,939)
<b>Cost of Police Services</b>		<b>1,030</b>	<b>(14,665)</b>	<b>(13,635)</b>	-	<b>(12,400)</b>	<b>(12,400)</b>
Corporate and Democratic Core		1,017	-	1,017	1,445	1	1,446
Non-Distributed Costs:							
- Past Service Cost	26	-	-	-	-	-	-
- Curtailment Cost	26	-	-	-	-	-	-
Intragroup Funding	5c	140,698	-	140,698	152,084	-	152,084
<b>Net Cost of Services</b>		<b>142,745</b>	<b>(14,665)</b>	<b>128,080</b>	<b>153,529</b>	<b>(12,399)</b>	<b>141,130</b>
Other Operating Income and Expenditure	6			17,436			20,700
Financing and Investment Income and Expenditure	8a			(398)			(127)
Taxation and Non-Specific Grant Income	9			(152,858)			(157,759)
<b>(Surplus) or deficit on the Provision of Services</b>				<b>(7,740)</b>			<b>3,944</b>
<b>Other Comprehensive Income and Expenditure</b>							
(Surplus) or deficit on revaluation of non-current assets	3a			416			(526)
<b>Other Comprehensive (Income) and Expenditure</b>				<b>416</b>			<b>(526)</b>
<b>Total Comprehensive (Income) and Expenditure</b>				<b>(7,324)</b>			<b>3,418</b>

Under merger accounting rules and the Code, comparatives for NYPCC for the year ended 31 March 2013 are presented as if the functions of the former Police Authority had been performed by NYPCC throughout the year

## BALANCE SHEET as at 31 March 2014 (Group)

		31 March 2014	31 March 2013	31 March 2012
	Note	£'000	Restated £'000	Restated £'000
<b>Long-Term Assets</b>				
Property, Plant and Equipment	14	38,673	39,447	35,837
Investment Property	15	221	1,363	955
Intangible Assets	16	1,372	1,273	1,769
Assets under Construction	14	421	-	14,501
<b>Total Long-Term Assets</b>		<b>40,687</b>	<b>42,083</b>	<b>53,062</b>
<b>Current Assets</b>				
Assets Held for Sale	17	1,071	2,135	520
Short-term Investments		7,009	-	-
Inventories	20	226	185	247
Short-term Debtors	21	9,486	11,924	11,643
Cash and Cash Equivalents	22	44,127	36,085	31,888
<b>Total Current Assets</b>		<b>61,919</b>	<b>50,329</b>	<b>44,298</b>
<b>Total Assets</b>		<b>102,606</b>	<b>92,412</b>	<b>97,360</b>
<b>Current Liabilities</b>				
Cash and Cash Equivalents	22	(275)	(10)	(479)
Short-term Borrowing	23	(236)	(235)	(236)
Short-term Creditors	24	(15,842)	(13,549)	(14,186)
Short-term Provisions	25	(1,527)	(1,713)	(1,356)
<b>Total Current Liabilities</b>		<b>(17,880)</b>	<b>(15,507)</b>	<b>(16,257)</b>
<b>Long-Term Liabilities</b>				
Long-term Provisions	25	(1,075)	(923)	(998)
Long-term Borrowing	23	-	(236)	(471)
Pension Fund Liability	26	(1,299,839)	(1,340,160)	(1,138,826)
Other Long-term Liabilities	23	(205)	(51)	-
<b>Total Long-Term Liabilities</b>		<b>(1,301,119)</b>	<b>(1,341,370)</b>	<b>(1,140,295)</b>
<b>Net Assets (Liabilities)</b>		<b>(1,216,393)</b>	<b>(1,264,465)</b>	<b>(1,059,192)</b>
<b>Reserves</b>				
<b>Usable Reserves</b>				
Earmarked Reserves	2	33,902	25,079	20,087
General Fund Balance		9,697	9,494	8,773
Capital Receipts Reserve		-	-	-
Capital Grants Deferred		-	-	-
<b>Total Usable Reserves</b>		<b>43,599</b>	<b>34,573</b>	<b>28,860</b>
<b>Unusable Reserves</b>				
Revaluation Reserve		2,570	3,209	3,306
Capital Adjustment Account		38,316	40,118	49,221
Pensions Reserve		(1,299,839)	(1,340,160)	(1,138,826)
Collection Fund Adjustment Account		887	148	79
Accumulated Absences Account		(1,926)	(2,353)	(1,832)
<b>Total Unusable Reserves</b>	3	<b>(1,259,992)</b>	<b>(1,299,038)</b>	<b>(1,088,052)</b>
<b>Total Reserves</b>		<b>(1,216,393)</b>	<b>(1,264,465)</b>	<b>(1,059,192)</b>

Under merger accounting rules and the Code, comparatives for NYPCC for the year ended 31 March 2013 are presented as if the functions of the former Police Authority had been performed by NYPCC throughout the year

## BALANCE SHEET as at 31 March 2014 (PCC)

		31 March 2014	31 March 2013	31 March 2012
	Note	£'000	Restated £'000	Restated £'000
<b>Long-Term Assets</b>				
Property, Plant and Equipment	14	38,673	39,447	35,837
Investment Property	15	221	1,363	955
Intangible Assets	16	1,372	1,273	1,769
Assets under Construction	14	421	-	14,501
<b>Total Long-Term Assets</b>		<b>40,687</b>	<b>42,083</b>	<b>53,062</b>
<b>Current Assets</b>				
Assets Held for Sale	17	1,071	2,135	520
Short-term Investments		7,009	-	-
Inventories	20	93	91	110
Short-term Debtors	21	9,573	12,292	11,643
Cash and Cash Equivalents	22	44,111	36,066	31,868
<b>Total Current Assets</b>		<b>61,857</b>	<b>50,584</b>	<b>44,141</b>
<b>Total Assets</b>		<b>102,544</b>	<b>92,667</b>	<b>97,203</b>
<b>Current Liabilities</b>				
Cash and Cash Equivalents	22	(275)	(10)	(479)
Short-term Borrowing	23	(236)	(235)	(236)
Short-term Creditors	24	(15,842)	(13,548)	(14,290)
Short-term Provisions	25	(614)	(539)	(261)
<b>Total Current Liabilities</b>		<b>(16,967)</b>	<b>(14,332)</b>	<b>(15,266)</b>
<b>Long-Term Liabilities</b>				
Long-term Provisions	25	-	-	-
Long-term Borrowing	23	-	(236)	(471)
Pension Fund Liability	26	-	-	-
Other Long-term Liabilities	23	(205)	(51)	-
<b>Total Long-Term Liabilities</b>		<b>(205)</b>	<b>(287)</b>	<b>(471)</b>
<b>Net Assets (Liabilities)</b>		<b>85,372</b>	<b>78,048</b>	<b>81,466</b>
<b>Reserves</b>				
<b>Usable Reserves</b>				
Earmarked Reserves	2	33,902	25,079	20,087
General Fund Balance		9,697	9,494	8,773
Capital Receipts Reserve		-	-	-
Capital Grants Deferred		-	-	-
<b>Total Usable Reserves</b>		<b>43,599</b>	<b>34,573</b>	<b>28,860</b>
<b>Unusable Reserves</b>				
Revaluation Reserve		2,570	3,209	3,306
Capital Adjustment Account		38,316	40,118	49,221
Pensions Reserve		-	-	-
Collection Fund Adjustment Account		887	148	79
Accumulated Absences Account		-	-	-
<b>Total Unusable Reserves</b>	3	<b>41,773</b>	<b>43,475</b>	<b>52,606</b>
<b>Total Reserves</b>		<b>85,372</b>	<b>78,048</b>	<b>81,466</b>

Under merger accounting rules and the Code, comparatives for NYPCC for the year ended 31 March 2013 are presented as if the functions of the former Police Authority had been performed by NYPCC throughout the year



**CASH FLOW STATEMENT**  
for the YEAR ENDED 31 March 2014  
for NYPCC and the NYPCC Group

		2013/14 Group	2013/14 PCC	2012/13 Group Restated	2012/13 PCC Restated
	Note	£'000	£'000	£'000	£'000
<b>Net deficit / (surplus) on the provision of services</b>		<b>62,832</b>	<b>(7,740)</b>	66,658	3,944
<i>Adjustments to net deficit / (surplus) on the provision of services for non-cash movements:</i>					
(Increase) / decrease in provisions		35	(75)	(282)	(278)
Movement in pension liability		(70,999)	-	(62,193)	-
Depreciation, impairments and revaluations	18e	(4,211)	(4,211)	(15,444)	(15,444)
Increase / (decrease) in debtors		(2,335)	(2,615)	272	640
(Increase) / decrease in provision for bad debts		(102)	(102)	9	9
(Increase) / decrease in creditors		(2,167)	(2,168)	657	763
Increase / (decrease) in inventories		41	2	(61)	(19)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised		(2,331)	(2,331)	(1,111)	(1,111)
		(82,069)	(11,500)	(78,153)	(15,440)
<i>Adjustments for items included in the net deficit / (surplus) on the provisions of services that are investing and financing activities:</i>					
Proceeds of disposal of non-current assets		2,280	2,280	579	579
<b>Net Cash Flows from Operating Activities</b>	29	<b>(16,957)</b>	<b>(16,960)</b>	(10,916)	(10,917)
Net Cash Flows from Investing Activities	30	9,223	9,223	6,085	6,085
Net Cash Flows from Financing Activities	31	(43)	(43)	165	165
<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>(7,777)</b>	<b>(7,780)</b>	(4,666)	(4,667)
Cash and cash equivalents at the beginning of the reporting period	22	36,075	36,056	31,409	31,389
<b>Cash and cash equivalents at the end of the reporting period</b>	22	<b>43,852</b>	<b>43,836</b>	36,075	36,056

## ACCOUNTING POLICIES for the YEAR ENDED 31 March 2014 for NYPCC and the NYPCC Group

### 1. General and Changes in Accounting Policy

These financial statements are prepared in accordance with the Accounts and Audit (England) Regulations 2011 and proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code) and the Service Reporting Code of Practice for Local Authorities 2013/14 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The accounts have been prepared on a going concern basis using a historical cost convention, modified by the revaluation of certain categories of non-current assets and financial instruments.

The principal accounting policies adopted are set out below.

### 2. Transfer of Functions from North Yorkshire Police Authority

The Police Reform and Social Responsibility Act 2011 (the Act) received Royal Assent on 15 September 2011, and North Yorkshire Police Authority (NYPA) was replaced on 22 November 2012 by two "corporation sole" bodies - the Police and Crime Commissioner for North Yorkshire (NYPCC) and the Chief Constable of North Yorkshire Police (CCNY). These bodies are required to prepare separate financial statements.

This transaction involved a transfer of functions, but the essentials of service delivery have been maintained.

The financial statements presented here represent accounts for NYPCC and also for the NYPCC Group (the Group). NYPCC has been identified as the parent organisation of CCNY and the requirement to produce group accounts stems from the powers and responsibilities of NYPCC under the Act.

The transfer has been accounted for under the merger accounting provisions of the Code, and the financial statements for 2012/13 were presented as if the functions had been performed by the Group for the whole of the year ending 31 March 2013. No financial statements were presented for NYPA for any part of the year ending 31 March 2013.

### 3. Accounting Principles

#### **Balance Sheet**

On 22 November 2012, the assets, liabilities and reserves of NYPA were transferred directly to NYPCC and statutory and local arrangements and practice determine that NYPCC continues to hold and maintain direct control of substantially all the assets, liabilities and reserves at the balance sheet date.

All payments for the Group are made by NYPCC from the Police Fund and all income and funding is received by NYPCC. NYPCC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that substantially all the assets, liabilities and reserves of the Group are recognised on the NYPCC Balance Sheet.

#### **Comprehensive Income and Expenditure Statement (CIES)**

Under the Act, CCNY is responsible to NYPCC for the day to day provision of the policing functions, including direction and control of police officers. To facilitate this NYPCC delegated certain powers over authorisation of revenue expenditure within the agreed budget and direction and control over police staff to staff under the direction and control of CCNY.

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that expenditure related to the Cost of Police Services will be shown in the CCNY CIES, funded by an equal and opposite credit from NYPCC. All income and funding and expenditure directly controlled by NYPCC (which is largely that expenditure which occurs below Cost of Police Services in the Group CIES) will be shown in the NYPCC single entity CIES.

The Group CIES shows the consolidated income, funding and expenditure of the whole Group.

### **Intra-Group Charges**

NYPCC makes charges to CCNY:

- for the use of Long-Term Assets, equivalent to the debits made to the NYPCC CIES for the impairment, depreciation, amortisation and revaluation of the assets

CCNY makes charges to NYPCC:

- for the cost of policing services

These charges are eliminated in the Group accounts.

### **Changes to Accounting Principles**

In the 2012/13 accounts, all the assets, liabilities and reserves were included in the single entity Balance Sheet of NYPCC. Revised guidance has now been issued in support of the Code, and as a result it has now been determined that some of the assets, liabilities and reserves should be shown in the single entity accounts of CCNY. Under the Code, this is a change in accounting policy and requires presentation of restated Balance Sheets at 31 March 2012 and 31 March 2013 as well as a restated CIES for the year ended 31 March 2013.

Details of the restatements are included in the relevant notes to these financial statements.

These restatements do not have any impact on the Group Accounts (only the single entity accounts of NYPCC).

## **4. Transition to International Financial Reporting Standards ("IFRS")**

In 2010/11 accounts were presented in accordance with IFRS for the first time. Local authorities were required to account for the transition to IFRS in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards, except where interpretations or adaptations to fit local authorities are detailed in the Code.

The exemptions that are applicable to the Group in preparing financial statements are detailed below:

- The depreciated historical cost of an asset as at 1 April 2009 remains the depreciated historical cost of that asset as at 31 March 2009 under the Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice ("the SORP"), rather than requiring a retrospective review of the depreciation policy, measurement of useful life and residual cost;
- In adopting International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 4 - Determining Whether an Arrangement Contains a Lease, it has been determined whether an arrangement existing as at 1 April 2009 contained a lease on the basis of facts and circumstances existing at that date. Where it has been determined that an arrangement contains a lease, that lease has been accounted for retrospectively from the commencement of the lease;
- The requirements of the Code in relation to accounting for the depreciation of significant components of an asset and the de-recognition of old components and recognition of new components have been applied to new assets completed on or after 1 April 2010 and to significant improvements to existing assets incurred from 1 April 2010.

## **5. New International Accounting Standards Adopted for the first time in this Financial Period**

Under the Code, the amendments to the following International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) apply to these accounts for the first time:

**IAS 1 - "Presentation of Financial Statements"** (issued in June 2011). This amendment relates to changes to the Comprehensive Income and Expenditure Account (CIES) concerning items that are potentially reclassifiable to (Surplus) or Deficit on the Provision of Services at a future time. Items recorded under Other Comprehensive Income and Expenditure on the CIES to be grouped into:

- those that will not be reclassified subsequently to profit or loss; and
- those that will be reclassified subsequently to profit or loss when specific conditions are met.

All the items recorded by the Group in these accounts as Other Comprehensive Income and Expenditure are of the type that will not be reclassified subsequently to profit or loss, so this presentation change has not had an impact on these accounts.

**IAS 19 “Employee Benefits”** (issued in June 2011). This relates to changes to the presentation of Other Long-Term Employee Benefits and Termination Benefits.

The Group does not have any employee benefits plans (other than post-employment benefits) which are not expected to be settled wholly before 12 months after the end of the accounting period so the changes to Other Long-Term Employee Benefits have not had an impact on these accounts.

The changes to the recognition and measurement of termination benefits have not had an impact on the presentation of figures in these accounts.

**IAS 19 “Employee Benefits”** (issued in June 2011). This requires changes to the presentation of Post-Employment Benefits (i.e. Pension Schemes). There are new classes of components of defined benefit cost to be recognised in the financial statements (net interest on the defined benefit liability and remeasurements of the net defined benefit liability) and new recognition criteria for past service costs. Implementation of these changes has not had a significant impact on the presentation of figures in these accounts. The disclosure changes have been incorporated into Note 26 to these accounts and the CIES. Comparative figures have been restated as appropriate.

**IFRS 7 “Financial Instruments: Disclosures”** (December 2011). This amendment relates to disclosures about Offsetting Financial Assets and Liabilities. However the Group does not have any financial assets or liabilities that fall within IFRS 7, so this IFRS has not impacted on these financial statements.

## 6. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date of provision of the relevant goods or services;
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## 7. Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions are recognised as income when there is reasonable assurance that:

- the conditions attached to the payments will be complied with; and
- that the grants or contributions will be received.

Amounts recognised as due are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES.

### **Police Pension Top-Up Grant**

The top-up grant receivable from the Home Office in respect of the Police Pension Fund is credited to the CIES after Net Cost of Services, as part of Taxation and Non-Specific Grant Income. The equal and opposite amounts payable to the Police Pension Fund are shown within the Other Operating Income and Expenditure line of the CIES, so that the impact on council tax payers is eliminated. This treatment is in line with the requirements of the Police Pension Fund Regulations 2007 (SI 1932/2007) (updated by SI 1887/2008).

### **Donated Assets**

Donated assets received are recognised immediately on receipt as Property, Plant and Equipment and the value of the donation is recognised in the relevant service line in the CIES, provided that conditions have been satisfied. The fair value of donated assets received for which conditions have not been satisfied are carried in the Balance Sheet in the Donated Assets Account. When conditions are satisfied, the donation is credited to the CIES. When donation income is credited to the CIES, it is reversed out of the General Fund Balance in the Movement in Reserves Statement.

### **Capital Grants**

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## **8. Employee Benefits**

### **Short-Term Employee Benefits**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include wages and salaries, annual leave, flexitime, time-off in-lieu and re-rostered rest days and are recognised as an expense for services in the year in which employees render service. An accrual is made for the costs earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the relevant service line in the CIES and then reversed out through the Movement in Reserves Statement so that benefits are charged to the council tax payer in the financial year in which the absence occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy, and are charged on an accruals basis to the relevant service or, where applicable, to the Non-Distributed Costs line in the CIES when there is a demonstrable commitment to the termination of the employment of an employee or group of employees or to the making of an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Retirement Benefits**

Officers and staff participate in pension schemes, with separate schemes for police officers and for police staff. All schemes provide members with defined benefits (retirement lump sums and pensions) related to pay and service.

The main aspects of these pension schemes are:

- (a) The attributable assets of each scheme are included in the Balance Sheet at fair value;
- (b) The attributable liabilities of each scheme are measured on an actuarial basis using the projected unit credit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of earnings for current employees;
- (c) Scheme liabilities are discounted at a rate that is determined by reference to market yields at the end of the reporting period on high quality corporate bonds;
- (d) The surplus/deficit in each scheme is the excess/shortfall of the fair value of assets in the scheme over/below the present value of the scheme liabilities;
- (e) The change in the net pensions liability for each scheme is analysed into seven components:

- Current service cost - the increase in liabilities as a result of years of service earned this year. The current service cost is stated net of employees' contributions, so as to reflect the part of the total pensions liabilities that are to be funded by the Group - allocated in the CIES to the services for which the employees worked;
- Past service costs - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs;
- Net interest on the defined benefit liability - the change during the year in the net defined benefit liability or asset that arises from the passage of time - debited to the Financing and Investment Income and Expenditure line in the CIES;
- Return on assets - the annual investment return on the fund assets attributable to the Group, based on an average of the expected long-term return (excluding any amounts included in the net interest on the defined benefit liability) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- Gains or losses on settlements or curtailments - the result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs;
- Actuarial gains/losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve;
- Contributions paid to the fund - cash paid as employer's contributions to the pension fund in settlement of liabilities - not accounted for as an expense.

Statutory provisions require the General Fund Balance to be charged with the amount payable to the pension funds or directly to pensioners in the year, not the amount calculated in accordance with relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension funds and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

A separate statement of Police Pension Fund Accounts is prepared to reflect the transactions in respect of funding for the Police Pension Schemes.

## 9. Funding of Police Pension Fund

The top-up grant receivable from the Home Office in respect of the Police Pension Fund is included in the CIES. The amounts payable to the Police Pension Fund are shown within Other Operating Income and Expenditure so that the impact on council tax payers is eliminated. This treatment is in line with the requirements of the Police Pension Fund Regulations 2007 (SI 1932/2007) (updated by SI 1887/2008).

## 10. Value Added Tax (VAT)

Income and expenditure excludes any amounts related to recoverable VAT. All VAT collected is payable to HM Revenue and Customs and the majority of VAT paid is recoverable from it.

## 11. Overheads and Support Services

The costs of overheads and support services are charged to those services that benefit from the supply or service in accordance with the costing principles of the *CIPFA Service Reporting Code of Practice for Local Authorities 2012/13* (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Group's status as a multi-functional, democratic organisation;
- Non-Distributed Costs - the cost of discretionary pension benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the CIES, as part of Net Cost of Services.

## 12. Segmental Reporting

Decisions about resource allocation within the Group are made using internal management reports which show net expenditure on a segmental basis, using methodologies which in some cases are different from the accounting policies in the financial statements. In particular interest and capital charges are not included in the management reports. The cost of retirement benefits is based on payment of employers' pension contributions rather than the current service cost of benefits accrued during the year. Segment information in these financial statements is based on the Group's internal management reporting. Segments are reported where expenditure is 10% or more of the gross expenditure or where income is 10% or more of the gross income within the net cost of services.

Internal management reporting does not include information on segment assets or liabilities and, accordingly, information on segment assets and liabilities has not been included in the notes to the accounts.

The functions performed are reported using the following segments:

### Response and Reassurance

This segment, which is the largest of the operational segments, includes neighbourhood and community policing services, Police Community Support Officers, police station front desk enquiry teams and force control room operations.

### Crime

The Crime segment covers all operations associated with the detection and investigation of crime together with associated support services such as scientific and forensics support.

### Specialist Operations

Specialist Operations include key activities such as Major Incident units and operational units (including firearms and road policing).

### Corporate

The corporate segment includes activities and costs that provide the infrastructure that allows services to be provided, and the information that is required for public accountability.

### PCC and Victims and Commissioning

This segment includes the cost of operating the NYPCC's office, the Commissioner's Statutory Officers, internal and external audit fees, democratic representation and governance and allowances and expenses for the NYPCC and (up to 22 November 2012) Police Authority members. The segment also includes the Victims and Commissioning team.

### Other

Included within Other are those segments where both income and expenditure is less than 10% of total gross income or expenditure. These include both operational services and support departments.

## 13. Jointly Controlled Operations - Regional Working

The Group engages in collaborative working in partnership with the other Yorkshire and the Humber forces to deliver a number of specific services on a regional basis. The governance for this regional programme of activity was via a Joint Police Authority Committee (JPAC) until 22 November 2012 when a Regional Collaboration Board was constituted in accordance with the Heads of Agreement. Up to 31 August 2013, the administration of activities was via the Regional Programme Team, including the financial administration of regional budgets which were led by the Police and Crime Commissioner for West Yorkshire Police (WYPCC).

With effect from 1 September 2013, the regional programme changed to a lead force model and the Regional Programme Team was disbanded. Each lead force is responsible for the financial administration of the programme they lead.

The participating Commissioners use their own resources to undertake this venture and the accounting arrangements for regional working are to account for this as a Joint Arrangement Not an Entity ('JANE') in line with CIPFA guidance:

- Each Commissioner accounts for the assets it controls, the liabilities it incurs, the expenses that it incurs and the income receivable in relation to amounts recharged to the venture;
- The Police and Crime Commissioner for Humberside (HPCC) has lead responsibility within the regional programme for property matters. One property has been leased under these arrangements and is shown in the HPCC financial statements, however the potential future impact of this arrangement for the Group has been disclosed as a contingent liability in the notes to these financial statements.

WYPCC financial statements include memorandum accounts summarising all pertinent transactions up to 31 August 2013.

#### 14. Property, Plant & Equipment

Property, Plant and Equipment are assets that have physical substance and are held for use in the provision of services, for rental purposes, or for administrative purposes and that are expected to be used during more than one financial year.

##### **Recognition**

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis (subject to a de minimus level of £1,000), provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, such components are separately recognised, either on initial acquisition of the assets, or when the asset is enhanced or re-valued.

##### **Measurement**

Property, Plant and Equipment are initially measured at cost, comprising:

- Purchase price;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- The initial estimate of the costs of dismantling and removing the item at the end of its useful life and restoring the site on which it is located.

Borrowing costs incurred whilst assets are under construction are not capitalised - these are debited to the CIES as incurred.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the relevant service line in the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the fair value of donated assets received for which conditions have not been satisfied are carried in the Balance Sheet in the Donated Assets Account. When conditions are satisfied, the donation is credited to the CIES.

Assets acquired under finance leases are measured at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Assets are then carried in the Balance Sheet using the following measurement basis:

- Land and Buildings, Police Houses, Plant and Equipment and Vehicles - fair value, determined as the lower of net current replacement cost (existing use value) and net realisable value in existing use. For non-property assets that have short useful lives or low values (or both), depreciated historical cost is used as a proxy for fair value;
- Assets in the course of construction - cost less any accumulated impairment losses until brought into use, when they are valued and reclassified.

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying value is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- Where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.



The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only (the date of its formal inception). Gains arising before that date have been consolidated into the Capital Adjustment Account.

Revaluation gains and losses are not permitted to have an impact on the General Fund Balance. Any gains and losses charged to the CIES are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

### 15. Investment Properties

Investment Properties are properties that are held to earn rentals, and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or for administrative purposes. Investment Properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains or losses on revaluation are debited or credited to the Financing and Investment Income line in the CIES. The same treatment is applied to gains and losses on disposal, but disposals are otherwise accounted for in accordance with Accounting Policy 19.

Revaluation and disposal gains and losses are not permitted to have an impact on the General Fund Balance. Gains are credited and losses charged to the CIES are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

All lease agreements entered into in respect of investment properties let to third parties are operating leases. Rental income from investment property is recognised on a straight-line basis over the term of the lease and is credited to Financing and Investment income and expenditure in the CIES. Any lease incentives granted are recognised as an integral part of the total rental income.

### 16. Assets Held for Sale

Non-current assets are reclassified as an Asset Held for Sale when it become probable that the carrying amount will be recovered principally through a sale transaction rather than its continuing use. This condition is regarded as met when:

- a sale is highly probable;
- the asset is available for immediate sale in its present condition;
- management are committed to the sale;
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets Held for Sale are revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Assets Held for Sale are not depreciated.

If an asset no longer meets the criteria to be classified as an Asset Held for Sale, it is classified back to non-current assets and valued at the lower of:

- the carrying amount before it was classified as held for sale; adjusted for depreciation, amortisation and/or revaluations that would have been recognised had it not been classified as held for sale; and
- the recoverable amount at the date of the decision not to sell.

Assets to be abandoned or scrapped are not reclassified as Assets Held for Sale.

The eventual disposal of an Asset Held for Sale is accounted for in accordance with Accounting Policy 19.

Disposal gains and losses are not permitted to have an impact on the General Fund Balance. Gains and losses charged to the CIES are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

## 17. Intangible Assets

### ***Purchased Software***

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Group as a result of past events, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset.

Expenditure on software is recognised initially at cost. Amounts are only revalued where the fair value can be determined by reference to an active market. In practice, no software licences held meet this criterion and they are therefore carried at amortised cost.

Revaluation gains and losses are not permitted to have an impact on the General Fund Balance. Any gains and losses charged to the CIES would therefore be reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Expenditure incurred on an intangible asset after it has been recognised does not meet the recognition requirements of the Code and is charged to the Surplus or Deficit on the Provision of Services in the CIES.

All expenditure on website development is charged to the CIES, since the website is primarily intended to promote services.

### ***Internally Generated Assets***

All expenditure on the development of intangible assets is charged to the CIES, since the expenditure does not meet the recognition requirements of the Code.

### ***Other Intangibles***

At 31 March 2014 no other intangible assets were held.

## 18. Impairment of Tangible and Intangible Assets

This policy applies to the impairment of Property, Plant and Equipment, Investment Properties, Assets Held for Sale and Intangible Assets, modified as set out in the specific accounting policies for these categories of assets.

Tangible and intangible assets are reviewed annually to determine whether there is any indication that those assets have suffered an impairment. Where such indication exists, and if the differences are estimated to be material, the recoverable amount of the asset is estimated and an impairment loss is recognised for the shortfall (if any).

The recoverable amount is the higher of fair value (less costs to sell) and value in use. Value in use of a non-cash generating asset is the present value of the asset's remaining service potential. Value in use of a cash generating asset is the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment in respect of a non-revalued asset is recognised as an expense against the relevant service line in the CIES. An impairment loss on a revalued asset is recognised in the Revaluation Reserve to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset and thereafter in the CIES.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Impairment gains and losses are not permitted to have an impact on the General Fund Balance by statutory arrangements. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

## 19. Disposals of Tangible and Intangible Assets

This policy applies to the disposal of Property, Plant and Equipment, Investment Properties, Assets Held for Sale and Intangible Assets, modified as set out in the specific accounting policies for these categories of assets.

When an asset is disposed of or decommissioned, the carrying value of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the CIES as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Where a significant separate component of an asset is replaced or restored, the carrying amount of the old component is de-recognised to avoid double counting. This includes de-recognition of significant parts of an asset not previously recognised as a separate component.

Amounts received for a disposal in excess of £10,000 are categorised as Capital Receipts and are credited to the Capital Receipts Reserve (the usable element) or the Capital Adjustment Account (the set-aside element, if applicable) and can then only be used for new capital investment or set aside to reduce the underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

Where there is deferred credit held in respect of the asset disposed off (e.g. a balance on the Donated Assets Account) this is written off to the CIES as part of the gain or loss on disposal.

Disposal gains and losses are not permitted to have an impact on the General Fund Balance by statutory arrangements. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

## 20. Depreciation of Tangible Assets and Amortisation of Intangible Assets

This policy applies to Property, Plant and Equipment and Intangible Assets, modified as set out in the specific accounting policies for these categories of assets.

Depreciation is provided for on all Property, Plant and Equipment assets with a determinable finite life (i.e. excluding Land) that are available for use by the systematic allocation of their depreciable amounts over their useful lives. Amortisation is similarly charged on Intangible Assets.

Depreciation is calculated in the following bases:

- Land is not depreciated;
- Buildings (excluding Assets under Construction) - straight line allocation over the life of the asset, as assessed by the valuer at the time of valuation. Lives used range between 20 and 50 years;
- Vehicles, Plant, Furniture and Equipment - a percentage of the value of each class of asset in the Balance Sheet. Percentages used are based on estimated lives of up to 5 years, as advised by a suitably qualified officer.

Amortisation of intangible fixed assets is calculated on the following basis:

- A percentage of the value in the Balance Sheet. Percentages used are based on finite useful lives of between 2 and 7 years, as advised by a suitably qualified officer.

Where an asset has major components with different estimated useful lives, these are depreciated or amortised separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation and amortisation are not permitted to have an impact on the General Fund Balance by statutory arrangements. The amounts charged to the CIES are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

## 21. Charges to the Comprehensive Income and Expenditure Statement (CIES) for the Use of Tangible and Intangible Assets

The CIES is debited with the following amounts to record the real cost of holding tangible and intangible assets during the year:

- Depreciation attributable to tangible fixed assets;
- Amortisation attributable to intangible fixed assets;
- Revaluation and impairment losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.

The Group is not required to raise council tax to cover depreciation, amortisation or revaluation and impairment losses. However, an annual provision from revenue is required to contribute towards the reduction of the overall borrowing requirement equal to an amount calculated on a prudent basis determined in accordance with statutory guidance. Depreciation, amortisation and revaluation and impairment losses are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## 22. Short-Term Investments

Short-Term Investments comprise interest-bearing deposits, held with banks and other financial institutions, maturing more than three months from the date of acquisition. They are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the deposits are derecognised or impaired, as well as through the amortisation process.

## 23. Inventories

Inventories are included in the Balance Sheet at average prices. Obsolete and slow moving items are written off during the year and reduce the value of inventories shown in the Balance Sheet.

This treatment differs from the requirements of the Code, which requires stocks to be shown at the lower of cost and net realisable value. It is considered that this difference in treatment does not have a material effect on the accounts.

All inventories comprise supplies that are intended for use in the provision of services.

## 24. Debtors

Debtors are recognised and measured at the fair value of the consideration receivable when the revenue has been recognised.

Where consideration is paid in advance of the receipt of goods or services or other benefit, a debtor is recognised in respect of the payment in advance.

In most cases, the consideration receivable is in the form of cash or cash equivalents and the amount of revenue is the amount receivable. However if payment is on deferred terms, the consideration receivable is recognised initially at the cash price equivalent. The difference between this amount and the total payments is recognised as interest revenue in Surplus or Deficit on the Provision of Services in the CIES. Short duration receivables with no interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions (e.g. revenue from precepts) and therefore these transactions are always measured at the full amount receivable.

A provision for impairment of debtors is established when there is evidence that all the amounts due will not be able to be collected.

The amount of the provision is based on the best estimate of the likelihood of the recoverable amount. The carrying amount of the asset is reduced through the use of a doubtful debt provision account and the amount of the loss is recognised in the CIES within Cost of Services. When a debtor amount is uncollectable, it is written off against the Doubtful Debt Provision Account. Any subsequent recovery of amounts previously written off are credited to the CIES.

## 25. Cash and Cash Equivalents

Cash and Cash Equivalents include cash-in-hand and deposits that are repayable on demand. Cash equivalents are defined as deposits which:

- are repayable on demand or maturing within three months of the date of acquisition;
- are readily convertible to known amounts of cash; and
- are not subject to a significant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents are shown net of outstanding bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

## 26. Creditors

Creditors are recognised and measured at the fair value of the consideration payable when the ordered goods or services have been received.

In most cases, the consideration payable is in the form of cash or cash equivalents and the amount of the expense is the amount payable. However if payment is on deferred terms, the consideration payable is recognised initially at the cash price equivalent. The difference between this amount and the total payment is recognised as interest expense in Surplus or Deficit on the Provision of Services in the CIES. Short duration payables with no interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions (e.g. expense relating to council tax and general rates) and therefore these transactions are always measured at the full amount payable.

Where consideration is received in respect of revenue, but the revenue does not meet the criteria for recognition of revenue, a creditor is recognised in respect of the receipt in advance.

## 27. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities and includes both the most straightforward financial instruments (e.g. trade payables and receivables) and the most complex such as equity instruments.

Typical financial instruments are trade payables and trade receivables, borrowings, bank deposits and investments.

### **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the life of the instrument to the amount at which it was initially recognised. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

The Group has not given any financial guarantees.

The Group has not had any gains or losses on the repurchase or early settlement of borrowing, nor any premiums or discounts on financial liabilities.

### **Financial Assets**

Financial assets are classified into two types:

- loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market;
- available-for-sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments. The Group does not hold any available-for-sale assets.

### **Loans and Receivables**

Loans and receivables are recognised when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line of the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

### **Immaterial Transaction Costs**

Immaterial transaction costs that the Code would usually require to be applied to adjust a financial instrument's initial carrying amount are written off immediately to Surplus or Deficit on the Provision of Services line in the CIES.

The Group has not made any soft loans and no assets have been identified as impaired. There have not been any gains or losses arising on the de-recognition of a Financial Asset.

The Group has not transferred any financial assets.

### **Compliance**

In compliance with CIPFA guidance, the Group has:

- Adopted CIPFA's Treasury Management in the Public Services: Code of Practice;
- Set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

## **28. Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place that gives rise to an obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service line in the CIES in the year the Group becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service in the CIES.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the obligation is settled.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives rise to a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **29. Leasing**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. Leases that do not meet the definition of finance leases are accounted for as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. This would include Private Finance Initiative (PFI) contracts, but the Group does not have any contracts of this type.

### **Lessee**

#### **Finance Leases**

Assets held under finance leases are recognised on the Balance Sheet at the commencement of the lease at fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Initial direct costs are added to the carrying amount of the asset. Premiums paid are applied to write down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a finance charge debited to the Financing and Investment Income and Expenditure line in the CIES;
- a charge for the acquisition of the interest in the asset - applied to write down the lease liability.

Assets recognised under finance leases are accounted for using policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life where ownership of the asset does not transfer to the Group at the end of the lease period.

NYPCC is not required to raise council tax to cover depreciation, amortisation or revaluation and impairment losses arising on leased assets. Instead a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory guidance. Depreciation, amortisation and revaluation and impairment losses are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Operating Leases**

Rentals payable under operating leases are charged to the CIES on a straight-line basis over the term of the relevant lease, even where this does not match the pattern of payments.

Benefits receivable as an incentive to enter into an operating lease are included within deferred income and recognised in the CIES on a straight-line basis over the lease term.

### **Lessor**

No component of the Group has any assets acquired under finance leases or operating leases that have been subsequently sub-let to third parties.

No component of the Group has granted a finance lease over any assets.

Certain freehold properties are let to third parties. These arrangements are all operating leases and the properties are classified as Investment Property. Rental income from investment property is recognised on a straight-line basis over the term of the lease and is classified as income within the appropriate segment in the CIES, even where this does not match the pattern of payments receivable.

## **30. Events after the Balance Sheet Date**

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There are two types of events:

- Adjusting events are those that provide evidence of conditions that existed at the end of the reporting period. Where any adjusting events are found amounts recognised in the Statement of Accounts are updated to reflect those adjusting events;
- Non-adjusting events are those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not updated for non-adjusting events, but where material, disclosure is made in the notes of the nature and estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## **31. Exceptional Items and Prior Period Adjustments**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the CIES or in the Notes to the Accounts, depending on how significant the items are to an understanding of the financial performance.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **32. Reserves**

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the CIES in that year to count against the Net Cost of Services. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net impact on council tax payers.

Certain reserves are kept to manage the accounting process for non-current assets, financial instruments, retirement and employee benefits. These do not represent usable resources - these reserves are explained in the relevant policies.

The Group has a policy on Provisions and Reserves. This policy was adopted by NYPCC on 22 November 2012 and reviewed on 30 May 2014. The treatment of reserves and provisions within the accounts is in line with this policy.

### **33. Critical Accounting Estimates and Judgements**

In applying the Accounting Policies, the Group has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The following critical judgements have been made in the Statement of Accounts:

#### ***Future government funding***

There is a high degree of uncertainty about future levels of funding for police services. However it has been determined that this uncertainty is not sufficient to provide an indication that the assets might be impaired as a result of a need to close facilities and/or reduce levels of service provision.

#### ***Accounting principles***

As set out in Accounting Policy 3, it has been determined that substantially all assets, liabilities and reserves of the Group are recognised on the NYPCC Balance Sheet.

### **34. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

#### ***Property, Plant and Equipment***

Assets are depreciated over useful lives that are dependent on assumptions about the level of maintenance and repairs that will be incurred in relation to individual assets. The current economic climate makes it uncertain whether current spending on repairs and maintenance will be sustainable, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls. It is estimated that the annual depreciation charge for buildings would increase by £46k (PCC £46k) for every year that useful lives had to be reduced.

Valuation of assets and consideration of impairment depends on a number of complex judgements and a firm of Surveyors and Valuers is engaged to provide expert advice about the assumptions to be applied. The valuation (and any impairment review) is commissioned in accordance with UKPS 1.3 of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards.

The effects on the asset valuation of changes in the assumptions interact in complex ways and are difficult to evaluate.



### **Pensions Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Firms of consulting actuaries are engaged to provide expert advice about the assumptions to be applied.

The actuaries have provided the following sensitivity information:

<b>Impact on Defined Benefit Obligations - Group</b>	<b>Change in Assumption</b>	
	<b>LGPS</b>	<b>Police Pension Schemes</b>
Longevity (increase or decrease by 1 year)	£9.4m	£22.3m
Rate of inflation (increase or decrease by 0.1%)	£9.9m	Not provided
Rate of increase in salaries (increase or decrease by 0.1%)	£7.8m	£5.5m
Rate of increase in pensions (increase or decrease by 0.1%)	Not provided	£21.6m
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	£3.8m	£26.8m

### **Provisions**

A provision has been made for the settlement of ongoing claims not covered by insurers, based on claims received, historical experience of claims not received at the balance sheet date and estimated settlement values.

An increase over the forthcoming year of 10% in either the number of claims or the estimated average settlement would have the effect of adding £260k (PCC £61k) to the provision needed.

Due to the nature of the claims experience it is difficult to make a dependable assessment of the window during which particular litigation might determine, and consequently when any cost may be incurred.

A change of 10% between long-term and current provisions would result in a change of £153k (PCC £61k) between current liabilities and long-term liabilities.

### **Employee Benefits**

The Group has made an accrual for employee benefits outstanding at the year-end, comprising flexitime, annual leave and re-rostered rest days. The accrual is estimated based on returns from each department and data captured from the Duties Management system.

Approximately 76% of the accrual (£1.5m) (PCC £nil) relates to rest days in lieu (RDIL). An increase or decrease of 5% in the number of RDIL owed would change the accrual by £74k (PCC £nil).

### **35. Accounting Standards that have been issued but have not yet been adopted**

The following standards have been issued but have not yet been adopted at 31 March 2014:

- IFRS 13 Fair Value Measurements (May 2011)
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (as amended in 2011)
- IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)
- IAS 32 Financial Instruments: Presentation

## NOTES to the ACCOUNTS for NYPCC and the NYPCC Group

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**1. Supplementary information to the Movement in Reserves Statement**

Analysis of adjustments between accounting basis and funding basis under regulations:

Current year - Group	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation and impairment	4,440	-	-	-	4,440	(4,440)	-
Amortisation of Intangible Assets	619	-	-	-	619	(619)	-
Movement on Donated Assets Account	-	-	-	-	-	-	-
Revaluation of Property, Plant & Equipment	(581)	-	-	-	(581)	581	-
Movement in fair value of Investment Properties	(213)	-	-	-	(213)	213	-
Movement in fair value of Assets Held for Sale	(54)	-	-	-	(54)	54	-
Net book value of disposals	2,331	-	-	-	2,331	(2,331)	-
Sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,281)	-	-	2,281	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	(2,281)	(2,281)	2,281	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(1,158)	-	-	-	(1,158)	1,158	-
Application of grants to capital financing	-	-	-	-	-	-	-
Amounts by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	70,999	-	-	-	70,999	(70,999)	-
Amount by which precept income included in the Comprehensive Income & Expenditure statement is different from the amount taken to the General Fund under statute	(739)	-	-	-	(739)	739	-
Statutory provision for the repayment of debt	(377)	-	-	-	(377)	377	-
Amount by which the charge for accumulating compensating absences included in the Comprehensive Income & Expenditure Statement is different from the amount taken to the General Fund under statute	(427)	-	-	-	(427)	427	-
Income in relation to Donated Assets	-	-	-	-	-	-	-
<b>Total</b>	<b>72,559</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,559</b>	<b>(72,559)</b>	<b>-</b>

**1. Supplementary information to the Movement in Reserves Statement**

Analysis of adjustments between accounting basis and funding basis under regulations:

Current year - PCC	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation and impairment	4,440	-	-	-	4,440	(4,440)	-
Amortisation of Intangible Assets	619	-	-	-	619	(619)	-
Movement on Donated Assets Account	-	-	-	-	-	-	-
Revaluation of Property, Plant & Equipment	(581)	-	-	-	(581)	581	-
Movement in fair value of Investment Properties	(213)	-	-	-	(213)	213	-
Movement in fair value of Assets Held for Sale	(54)	-	-	-	(54)	54	-
Net book value of disposals	2,331	-	-	-	2,331	(2,331)	-
Sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,281)	-	-	2,281	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	(2,281)	(2,281)	2,281	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(1,158)	-	-	-	(1,158)	1,158	-
Application of grants to capital financing	-	-	-	-	-	-	-
Amount by which precept income included in the Comprehensive Income & Expenditure statement is different from the amount taken to the General Fund under statute	(739)	-	-	-	(739)	739	-
Statutory provision for the repayment of debt	(377)	-	-	-	(377)	377	-
Income in relation to Donated Assets	-	-	-	-	-	-	-
<b>Total</b>	<b>1,987</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,987</b>	<b>(1,987)</b>	<b>-</b>

**1. Supplementary information to the Movement in Reserves Statement**

Analysis of adjustments between accounting basis and funding basis under regulations

Prior Year - Group - Restated	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation and impairment	4,624	-	-	-	4,624	(4,624)	-
Amortisation of Intangible Assets	680	-	-	-	680	(680)	-
Movement on Donated Assets Account	-	-	-	-	-	-	-
Revaluation of Property, Plant & Equipment	9,888	-	-	-	9,888	(9,888)	-
Movement in fair value of Investment Properties	(27)	-	-	-	(27)	27	-
Movement in fair value of Assets Held for Sale	279	-	-	-	279	(279)	-
Net book value of disposals	1,111	-	-	-	1,111	(1,111)	-
Sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(579)	-	-	579	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	(579)	(579)	579	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(1,110)	-	-	-	(1,110)	1,110	-
Application of grants to capital financing	-	-	-	-	-	-	-
Amounts by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	62,193	-	-	-	62,193	(62,193)	-
Amount by which precept income included in the Comprehensive Income & Expenditure statement is different from the amount taken to the General Fund under statute	(69)	-	-	-	(69)	69	-
Statutory provision for the repayment of debt	(235)	-	-	-	(235)	235	-
Amount by which the charge for accumulating compensating absences included in the Comprehensive Income & Expenditure Statement is different from the amount taken to the General Fund under statute	521	-	-	-	521	(521)	-
Income in relation to Donated Assets	-	-	-	-	-	-	-
<b>Total</b>	<b>77,276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,276</b>	<b>(77,276)</b>	<b>-</b>

**1. Supplementary information to the Movement in Reserves Statement**

Analysis of adjustments between accounting basis and funding basis under regulations

Prior Year - PCC - Restated	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation and impairment	4,624	-	-	-	4,624	(4,624)	-
Amortisation of Intangible Assets	680	-	-	-	680	(680)	-
Movement on Donated Assets Account	-	-	-	-	-	-	-
Revaluation of Property, Plant & Equipment	9,888	-	-	-	9,888	(9,888)	-
Movement in fair value of Investment Properties	(27)	-	-	-	(27)	27	-
Movement in fair value of Assets Held for Sale	279	-	-	-	279	(279)	-
Net book value of disposals	1,111	-	-	-	1,111	(1,111)	-
Sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(579)	-	-	579	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	(579)	(579)	579	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(1,110)	-	-	-	(1,110)	1,110	-
Application of grants to capital financing	-	-	-	-	-	-	-
Amount by which precept income included in the Comprehensive Income & Expenditure statement is different from the amount taken to the General Fund under statute	(69)	-	-	-	(69)	69	-
Statutory provision for the repayment of debt	(235)	-	-	-	(235)	235	-
Income in relation to Donated Assets	-	-	-	-	-	-	-
<b>Total</b>	<b>14,562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,562</b>	<b>(14,562)</b>	<b>-</b>

## 2. Earmarked Reserves

Current Year	At 1 April 2013	Transfers (to)/from Revenue	Transfers to Finance Capital	Transfers between Revenue Reserves	Total Movement on Reserves	At 31 March 2014
Group and PCC	£'000	£'000	£'000	£'000	£'000	£'000
Capital Reserve	-	3,430	(668)	(1,810)	952	952
Estates Strategy Reserve	6,718	-	-	-	-	6,718
Major Capital Reserve	14,081	2,817	-	1,543	4,360	18,441
<b>Capital Reserves</b>	<b>20,799</b>	<b>6,247</b>	<b>(668)</b>	<b>(267)</b>	<b>5,312</b>	<b>26,111</b>
Insurance Reserve	1,219	33	(33)	-	-	1,219
Confiscated Monies Reserves	68	(25)	-	-	(25)	43
Revenue CRDP Reserve	614	(416)	-	(126)	(542)	72
Collaboration Reserve	-	-	-	-	-	-
PCC Community Fund Reserve	-	1,185	-	(5)	1,180	1,180
Cost of Change Reserve	500	500	-	-	500	1,000
Transitional Costs	-	-	-	-	-	-
Priority Spending Reserve	600	643	-	-	643	1,243
Major Incident Reserve	805	-	-	-	-	805
Governance Reserve	1	-	-	-	-	1
Revenue Initiatives	473	1,357	-	398	1,755	2,228
Investment Initiatives	-	-	-	-	-	-
<b>Revenue Reserves</b>	<b>4,280</b>	<b>3,277</b>	<b>(33)</b>	<b>267</b>	<b>3,511</b>	<b>7,791</b>
<b>Total</b>	<b>25,079</b>	<b>9,524</b>	<b>(701)</b>	<b>-</b>	<b>8,823</b>	<b>33,902</b>

Prior Year	At 1 April 2012/ Acquired by the PCC	Transfers (to)/from Revenue	Transfers to Finance Capital	Transfers between Revenue Reserves	Total Movement on Reserves	At 31 March 2013
Group and PCC	£'000	£'000	£'000	£'000	£'000	£'000
Capital Reserve	-	3,188	(594)	(2,594)	-	-
Estates Strategy Reserve	3,541	3,177	-	-	3,177	6,718
Major Capital Reserve	12,777	4,000	(4,215)	1,519	1,304	14,081
<b>Capital Reserves</b>	<b>16,318</b>	<b>10,365</b>	<b>(4,809)</b>	<b>(1,075)</b>	<b>4,481</b>	<b>20,799</b>
Insurance Reserve	1,219	96	(96)	-	-	1,219
Confiscated Monies Reserves	143	(75)	-	-	(75)	68
Revenue CRDP Reserve	1,114	(1,566)	-	1,066	(500)	614
Collaboration Reserve	-	-	-	-	-	-
Cost of Change Reserve	-	500	-	-	500	500
Priority Spending Reserve	-	600	-	-	600	600
Major Incident Reserve	805	-	-	-	-	805
Governance Reserve	219	(218)	-	-	(218)	1
Revenue Initiatives	269	195	-	9	204	473
Investment Initiatives	-	-	-	-	-	-
<b>Revenue Reserves</b>	<b>3,769</b>	<b>(468)</b>	<b>(96)</b>	<b>1,075</b>	<b>511</b>	<b>4,280</b>
<b>Total</b>	<b>20,087</b>	<b>9,897</b>	<b>(4,905)</b>	<b>-</b>	<b>4,992</b>	<b>25,079</b>

### 3. Unusable Reserves

Group	Note	31 March 2014	31 March 2013	31 March 2012
		£'000	Restated £'000	Restated £'000
Revaluation Reserve	3a	2,570	3,209	3,306
Capital Adjustment Account	3b	38,316	40,118	49,221
Pensions Reserve	3c	(1,299,839)	(1,340,160)	(1,138,826)
Collection Fund Adjustment Account	3d	887	148	79
Accumulated Absences Account	3e	(1,926)	(2,353)	(1,832)
<b>Total Unusable Reserves</b>		<b>(1,259,992)</b>	<b>(1,299,038)</b>	<b>(1,088,052)</b>

PCC	Note	31 March 2014	31 March 2013	31 March 2012
		£'000	Restated £'000	Restated £'000
Revaluation Reserve	3a	2,570	3,209	3,306
Capital Adjustment Account	3b	38,316	40,118	49,221
Collection Fund Adjustment Account	3d	887	148	79
<b>Total Unusable Reserves</b>		<b>41,773</b>	<b>43,475</b>	<b>52,606</b>

#### 3 (a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Group arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Group and PCC	Note	2013/14 £'000	2012/13 £'000	2011/12 £'000
<b>Balance at 1 April</b>		<b>3,209</b>	<b>3,306</b>	<b>3,777</b>
Surplus or (deficit) on revaluation of non-current assets not posted to Surplus or Deficit on the Provision of Services	18c	(416)	526	(189)
Difference between fair value and historical cost depreciation	3b	(64)	(568)	(101)
Accumulated gains on assets sold or scrapped	3b	(159)	(55)	(181)
<b>Balance at 31 March</b>		<b>2,570</b>	<b>3,209</b>	<b>3,306</b>

#### 3 (b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Group.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.



Note 1 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Group and PCC		2013/14	2012/13	2011/12
	Note	£'000	Restated £'000	Restated £'000
<b>Balance at 1 April</b>		<b>40,118</b>	49,221	43,637
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
- Charges for depreciation and impairment on non-current assets and amortisation of intangible assets	14/16	(5,059)	(5,304)	(4,596)
- Revaluation adjustments on Property, Plant and Equipment	18c	581	(9,888)	(3,681)
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7	(2,331)	(1,111)	(3,116)
Adjusting amounts written out of the Revaluation Reserve	3a	223	623	282
Capital financing applied in the year:				
- Use of the Capital Receipts Reserve to finance new capital expenditure	18a	2,281	579	2,047
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	18a	1,158	1,110	979
- Application of grants to capital financing of capital investment charged against the General Fund		-	-	-
- Statutory provision for the financing of capital investment charged against the General Fund		377	235	235
- Capital expenditure charged against the General Fund	2	701	4,905	13,113
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	15	213	27	358
Movements in the market value of Assets Held for Sale debited or credited to the Comprehensive Income and Expenditure Statement	17	54	(279)	(43)
Movement in Donated Assets Account debited or credited to the Comprehensive Income and Expenditure Statement		-	-	-
Income in relation to Donated Assets		-	-	6
<b>Balance at 31 March</b>		<b>38,316</b>	40,118	49,221

### 3 (c) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Group accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Group makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Group has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Group	2013/14	2012/13	2011/12
		Restated	Restated
	£'000	£'000	£'000
<b>Balance at 1 April</b>	<b>(1,340,160)</b>	<b>(1,138,826)</b>	<b>(1,064,168)</b>
Remeasurements of pension assets and liabilities	111,320	(139,141)	(8,212)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(91,317)	(82,608)	(87,896)
Employer's pension contributions and direct payments to pensioners payable in the year	20,318	20,415	21,450
<b>Balance at 31 March</b>	<b>(1,299,839)</b>	<b>(1,340,160)</b>	<b>(1,138,826)</b>

### PCC

As described in Accounting Policy 3 it has been determined that these financial statements should be restated to account for pensions in the single entity accounts of CCNY rather than NYPCC.

	2013/14	2012/13	2011/12
		Restated	Restated
	£'000	£'000	£'000
<b>Balance at 31 March</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

### 3 (d) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of precept income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Group and PCC	2013/14	2012/13	2011/12
	£'000	£'000	£'000
<b>Balance at 1 April</b>	<b>148</b>	<b>79</b>	<b>291</b>
Amount by which precept income credited to the Comprehensive Income and Expenditure Statement is different from precept income calculated for the year in accordance with statutory requirements	739	69	(212)
<b>Balance at 31 March</b>	<b>887</b>	<b>148</b>	<b>79</b>

### 3 (e) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Group	2013/14	2012/13	2011/12
	£'000	£'000	£'000
<b>Balance at 1 April</b>	<b>(2,353)</b>	<b>(1,832)</b>	<b>(1,785)</b>
Settlement or cancellation of accrual made at the end of the preceding year	2,353	1,832	1,785
Amounts accrued at the end of the current year	(1,926)	(2,353)	(1,832)
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	427	(521)	(47)
<b>Balance at 31 March</b>	<b>(1,926)</b>	<b>(2,353)</b>	<b>(1,832)</b>

**PCC**

As described in Accounting Policy 3, it has been determined that these financial statements should be restated to account for Accumulated Absences in the single entity accounts of CCNY rather than NYPCC.

	2013/14	2012/13	2011/12
		Restated	Restated
	£'000	£'000	£'000
<b>Balance at 31 March</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**4. Leases**

**The Group as Lessee**

The Group leases a number of properties, which have been accounted for as operating leases. The total rentals payable in 2013/14 were £432k (PCC £nil) (2012/13 £349k, PCC £nil).

The Group uses certain other equipment financed under an operating lease. The amount paid in 2013/14 was £203k (PCC £nil) (2012/13 £195k, PCC £nil).

**Commitments under Operating Leases**

At the balance sheet date the Group was committed to making total payments of £635k (PCC £nil) (2012/13 £544k, PCC £nil) under operating leases.

		Expiring in less than 1 year	Expiring between 1 and 5 years	Expiring in over 5 years	Total
		£'000	£'000	£'000	£'000
<b>Group</b>					
<b>31 March 2014</b>	<b>Land and Buildings</b>	91	132	209	432
	<b>Plant and Equipment</b>	-	133	70	203
	<b>Total</b>	<b>91</b>	<b>265</b>	<b>279</b>	<b>635</b>
<b>Group</b>					
<b>31 March 2013</b>	Land and Buildings	98	95	156	349
	Plant and Equipment	126	69	-	195
	<b>Total</b>	<b>224</b>	<b>164</b>	<b>156</b>	<b>544</b>
<b>Group</b>					
<b>31 March 2012</b>	Land and Buildings	77	120	155	352
	Plant and Equipment	74	204	-	278
	<b>Total</b>	<b>151</b>	<b>324</b>	<b>155</b>	<b>630</b>

**The Group as Lessor**

The Group leases out certain investment properties to tenants under operating leases. Under the terms of the operating leases no contingent rents are payable.

**5. Amounts Reported for Resource Allocation Decisions**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice for Local Authorities (SeRCOP). However, decisions about resource allocation are taken on the basis of budget reports analysed across operational departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- expenditure on some support services is budgeted and accounted for centrally.

5 (a) Amounts Reported for Resource Allocation Decisions

Current Year - Group	Response & Reassurance £'000	Crime £'000	Specialist Operations £'000	Corporate £'000	PCC £'000	Other £'000	Total £'000
<b>Income</b>							
Targeted grant	655	292	533	7,376	94	352	9,302
Other income	345	50	1,264	3,289	-	657	5,605
	<b>1,000</b>	<b>342</b>	<b>1,797</b>	<b>10,665</b>	<b>94</b>	<b>1,009</b>	<b>14,907</b>
<b>Expenditure</b>							
Employee costs	48,940	22,616	18,949	4,056	496	16,591	111,648
Supplies and services	949	837	1,784	4,063	1,236	6,672	15,541
Premises costs	6	3	44	10	40	4,657	4,760
Transport	1,395	268	359	89	19	952	3,082
Financial	-	-	13	13,548	(164)	-	13,397
	<b>51,290</b>	<b>23,724</b>	<b>21,149</b>	<b>21,766</b>	<b>1,627</b>	<b>28,872</b>	<b>148,428</b>
<b>Segmental Net Cost of Police Services</b>	<b>50,290</b>	<b>23,382</b>	<b>19,352</b>	<b>11,101</b>	<b>1,533</b>	<b>27,863</b>	<b>133,521</b>

Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):

							133,521
Less:							
Amounts not included in Net Cost of Police Services						(10,103)	
Amounts reported below Cost of Police Services in CIES						(832)	
Plus:							
Amounts not included in Segmental Net Cost of Police Services						17,251	6,316
<b>Net Cost of Police Services</b>							<b>139,837</b>

5 (a) Amounts Reported for Resource Allocation Decisions

Current Year - PCC	Response & Reassurance £'000	Crime £'000	Specialist Operations £'000	Corporate £'000	PCC £'000	Other £'000	Total £'000
<b>Income</b>							
Targeted grant	655	292	533	7,376	94	352	9,302
Other income	345	50	1,264	3,289	-	657	5,605
	<b>1,000</b>	<b>342</b>	<b>1,797</b>	<b>10,665</b>	<b>94</b>	<b>1,009</b>	<b>14,907</b>
<b>Expenditure</b>							
Employee costs	-	-	-	-	496	-	496
Supplies and services	-	-	-	-	1,236	230	1,466
Premises costs	-	-	-	9	40	-	49
Transport	-	-	-	-	19	423	442
Financial	-	-	-	10,582	(164)	-	10,418
	-	-	-	<b>10,591</b>	<b>1,627</b>	<b>653</b>	<b>12,871</b>
<b>Segmental Net Cost of Police Services</b>	<b>(1,000)</b>	<b>(342)</b>	<b>(1,797)</b>	<b>(74)</b>	<b>1,533</b>	<b>(356)</b>	<b>(2,036)</b>

Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):

Less:							(2,036)
Amounts not included in Net Cost of Police Services						(10,103)	
Amounts reported below Cost of Police Services in CIES						(801)	
Plus:							
Amounts not included in Segmental Net Cost of Police Services						(695)	(11,599)
<b>Net Cost of Police Services</b>							<b>(13,635)</b>

5 (a) Amounts Reported for Resource Allocation Decisions

Prior Year - Group - Restated	Response & Reassurance £'000	Crime £'000	Specialist Operations £'000	Corporate £'000	PCC £'000	Other £'000	Total £'000
<b>Income</b>							
Targeted grant	109	188	656	6,855	-	336	8,144
Other income	401	38	855	2,486	(46)	761	4,495
	<b>510</b>	<b>226</b>	<b>1,511</b>	<b>9,341</b>	<b>(46)</b>	<b>1,097</b>	<b>12,639</b>
<b>Expenditure</b>							
Employee costs	50,773	23,144	19,171	3,879	436	15,755	113,158
Supplies and services	1,157	1,405	1,789	3,020	588	6,226	14,185
Premises costs	(2)	6	48	116	22	4,655	4,845
Transport	1,466	300	363	136	10	906	3,181
Financial	-	-	1	14,183	(223)	-	13,961
	<b>53,394</b>	<b>24,855</b>	<b>21,372</b>	<b>21,334</b>	<b>833</b>	<b>27,542</b>	<b>149,330</b>
<b>Segmental Net Cost of Police Services</b>	<b>52,884</b>	<b>24,629</b>	<b>19,861</b>	<b>11,993</b>	<b>879</b>	<b>26,445</b>	<b>136,691</b>

Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):

Less:							136,691
Amounts not included in Net Cost of Police Services						(10,331)	
Amounts reported below Cost of Police Services in CIES						(1,347)	
Plus:							
Amounts not included in Segmental Net Cost of Police Services						21,778	10,100
<b>Net Cost of Police Services</b>							<b>146,791</b>

5 (a) Amounts Reported for Resource Allocation Decisions

Prior Year - PCC - Restated	Response & Reassurance £'000	Crime £'000	Specialist Operations £'000	Corporate £'000	PCC £'000	Other £'000	Total £'000
<b>Income</b>							
Targeted grant	109	188	656	6,855	-	336	8,144
Other income	401	38	855	2,486	(46)	761	4,495
	<b>510</b>	<b>226</b>	<b>1,511</b>	<b>9,341</b>	<b>(46)</b>	<b>1,097</b>	<b>12,639</b>
<b>Expenditure</b>							
Employee costs	-	-	-	-	436	-	436
Supplies and services	-	-	-	-	588	304	892
Premises costs	-	-	-	64	22	-	86
Transport	-	-	-	-	10	411	421
Financial	-	-	-	11,000	(223)	-	10,777
	-	-	-	<b>11,064</b>	<b>833</b>	<b>715</b>	<b>12,612</b>
<b>Segmental Net Cost of Police Services</b>	<b>(510)</b>	<b>(226)</b>	<b>(1,511)</b>	<b>1,723</b>	<b>879</b>	<b>(382)</b>	<b>(27)</b>

Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):

Less:							(27)
Amounts not included in Net Cost of Police Services						(10,331)	
Amounts reported below Cost of Police Services in CIES						(1,109)	
Plus:							
Amounts not included in Segmental Net Cost of Police Services						(933)	(12,373)
<b>Net Cost of Police Services</b>							<b>(12,400)</b>

**5 (b) Reconciliation to Subjective Analysis**

This reconciliation shows how the figures in the analysis of income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

<b>Current Year - Group</b>	Segmental analysis £'000	Amounts not reported to management for decision making £'000	<b>Net Cost of Police Services £'000</b>	Amounts reported below Net Cost of Police Services £'000	<b>Surplus / Deficit on Provision of Services £'000</b>
Fees, charges & other service income	5,377	(14)	<b>5,363</b>	14	<b>5,377</b>
Interest and investment income	228	(228)	-	228	<b>228</b>
Precept income	-	-	-	56,874	<b>56,874</b>
Government grants and contributions	9,302	-	<b>9,302</b>	95,984	<b>105,286</b>
<b>Total income</b>	<b>14,907</b>	<b>(242)</b>	<b>14,665</b>	<b>153,100</b>	<b>167,765</b>
Employee expenses	111,648	12,120	<b>123,768</b>	75,892	<b>199,660</b>
Other service expenses	26,629	(372)	<b>26,257</b>	372	<b>26,629</b>
Depreciation, amortisation and impairment	-	4,477	<b>4,477</b>	(267)	<b>4,210</b>
Interest payments	48	(48)	-	48	<b>48</b>
Repayment of loan and other borrowing	374	(374)	-	-	-
Transfers to/from Reserves	9,729	(9,729)	-	-	-
Gain or loss on disposal of non-current assets	-	-	-	50	<b>50</b>
<b>Total Expenditure</b>	<b>148,428</b>	<b>6,074</b>	<b>154,502</b>	<b>76,095</b>	<b>230,597</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>133,521</b>	<b>6,316</b>	<b>139,837</b>	<b>(77,005)</b>	<b>62,832</b>



5 (b) Reconciliation to Subjective Analysis

Current Year - PCC	Segmental analysis £'000	Amounts not reported to management for decision making £'000	Net Cost of Police Services £'000	Amounts reported below Net Cost of Police Services £'000	Surplus / Deficit on Provision of Services £'000
Fees, charges & other service income	5,377	(14)	5,363	14	5,377
Interest and investment income	228	(228)	-	228	228
Precept income	-	-	-	56,874	56,874
Government grants and contributions	9,302	-	9,302	95,984	105,286
<b>Total income</b>	<b>14,907</b>	<b>(242)</b>	<b>14,665</b>	<b>153,100</b>	<b>167,765</b>
Employee expenses	496	(456)	40	18,094	18,134
Other service expenses	2,224	(1,234)	990	372	1,362
Depreciation, amortisation and impairment	-	-	-	(267)	(267)
Interest payments	48	(48)	-	48	48
Repayment of loan and other borrowing	374	(374)	-	-	-
Transfers to/from Reserves	9,729	(9,729)	-	-	-
Gain or loss on disposal of non-current assets	-	-	-	50	50
Intragroup funding (note 5 (c))	-	-	-	140,698	140,698
<b>Total Expenditure</b>	<b>12,871</b>	<b>(11,841)</b>	<b>1,030</b>	<b>158,995</b>	<b>160,025</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(2,036)</b>	<b>(11,599)</b>	<b>(13,635)</b>	<b>5,895</b>	<b>(7,740)</b>

5 (b) Reconciliation to Subjective Analysis

Prior Year - Group - Restated	Segmental analysis	Amounts not reported to management for decision making	Net Cost of Police Services	Amounts reported below Net Cost of Police Services	Surplus / Deficit on Provision of Services
	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	4,270	(14)	4,256	14	4,270
Interest and investment income	225	(225)	-	225	225
Precept income	-	-	-	61,567	61,567
Government grants and contributions	8,144	-	8,144	96,192	104,336
<b>Total income</b>	<b>12,639</b>	<b>(239)</b>	<b>12,400</b>	<b>157,998</b>	<b>170,398</b>
Employee expenses	113,158	5,926	119,084	76,156	195,240
Other service expenses	25,765	(850)	24,915	849	25,764
Depreciation, amortisation and impairment	-	15,192	15,192	252	15,444
Interest payments	76	(76)	-	76	76
Repayment of loan	235	(235)	-	-	-
Transfers to/from Reserves	10,096	(10,096)	-	-	-
Gain or loss on disposal of non-current assets	-	-	-	532	532
<b>Total Expenditure</b>	<b>149,330</b>	<b>9,861</b>	<b>159,191</b>	<b>77,865</b>	<b>237,056</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>136,691</b>	<b>10,100</b>	<b>146,791</b>	<b>(80,133)</b>	<b>66,658</b>

5 (b) Reconciliation to Subjective Analysis

Prior Year - PCC - Restated	Segmental analysis	Amounts not reported to management for decision making	Net Cost of Police Services	Amounts reported below Net Cost of Police Services	Surplus / Deficit on Provision of Services
	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	4,271	(14)	4,257	(31)	4,226
Interest and investment income	225	(225)	-	225	225
Precept income	-	-	-	61,567	61,567
Government grants and contributions	8,143	-	8,143	96,192	104,335
<b>Total income</b>	<b>12,639</b>	<b>(239)</b>	<b>12,400</b>	<b>157,953</b>	<b>170,353</b>
Employee expenses	436	(436)	-	20,550	20,550
Other service expenses	1,769	(1,769)	-	803	803
Depreciation, amortisation and impairment	-	-	-	252	252
Interest payments	76	(76)	-	76	76
Repayment of loan	235	(235)	-	-	-
Transfers to/from Reserves	10,096	(10,096)	-	-	-
Gain or loss on disposal of non-current assets	-	-	-	532	532
Intragroup funding (note 5(c))	-	-	-	152,084	152,084
<b>Total Expenditure</b>	<b>12,612</b>	<b>(12,612)</b>	<b>-</b>	<b>174,297</b>	<b>174,297</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(27)</b>	<b>(12,373)</b>	<b>(12,400)</b>	<b>16,344</b>	<b>3,944</b>

### 5 (c) Intragroup Funding

PCC	2013/14	2012/13
	£'000	Restated £'000

#### Charges from the PCC to CCNY

*Credited to the same headings as the costs they are recharging, as part of Cost of Police Services*

Amounts equivalent to:

- amounts charged to Income & Expenditure for Property, Plant and Equipment	4,478	15,192
- increase in provisions	259	380
- insurance costs	184	242
- interest charge on finance leases	13	1
- inventories expensed	423	412
<b>Recharges deducted in Cost of Police Services</b>	<b>5,357</b>	<b>16,227</b>

#### Charges from CCNY to the PCC

*Charged to Cost of Police Services*

- expenditure to be charged to provisions	184	102
- democratic core costs	216	340

*Charged to Net Cost of Services*

- gross expenditure on policing services	140,698	152,084
	<b>141,098</b>	<b>152,526</b>

### 6. Other Operating Income and Expenditure

Group and PCC	2013/14	2012/13
	£'000	£'000
Police Pension Top-up Grant paid to Pension Scheme	17,440	19,889
Gains and losses on the disposal of non-current assets	50	532
Movement in fair value of Assets Held for Sale	(54)	279
<b>Total</b>	<b>17,436</b>	<b>20,700</b>

### 7. Gains and Losses on Disposal of Non-Current Assets

An analysis of the gains and losses on disposal of non-current assets is shown below.

Group and PCC	2013/14	2013/14	2013/14	2012/13	2012/13	2012/13
	Net Book Value	Proceeds	Total	Net Book Value	Proceeds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>(Gain) / loss on:</b>						
Property, Plant and Equipment	97	(47)	50	532	-	532
Assets Held for Sale	2,234	(2,234)	-	579	(579)	-
<b>Total</b>	<b>2,331</b>	<b>(2,281)</b>	<b>50</b>	<b>1,111</b>	<b>(579)</b>	<b>532</b>

**8 (a) Financing and Investment Income and Expenditure**

Group	2013/14	2013/14	2013/14	2012/13	2012/13	2012/13
	Expenditure £'000	Income £'000	Total £'000	Restated Expenditure £'000	Restated Income £'000	Restated Total £'000
Interest payable:						
<i>On bank account</i>	5	-	5	11	-	11
<i>On other loan</i>	43	-	43	65	-	65
Pensions interest cost	57,471	-	57,471	55,441	-	55,441
Interest income from cash and cash equivalents and short-term investments	-	(228)	(228)	-	(225)	(225)
Amounts in relation to Investment Properties:						
<i>Net rental expenditure</i>	9	(14)	(5)	64	(15)	49
<i>Movement in fair value</i>	-	(213)	(213)	-	(27)	(27)
<b>Total</b>	<b>57,528</b>	<b>(455)</b>	<b>57,073</b>	<b>55,581</b>	<b>(267)</b>	<b>55,314</b>

PCC	2013/14	2013/14	2013/14	2012/13	2012/13	2012/13
	Expenditure £'000	Income £'000	Total £'000	Restated Expenditure £'000	Restated Income £'000	Restated Total £'000
Interest payable:						
<i>On bank account</i>	5	-	5	11	-	11
<i>On other loan</i>	43	-	43	65	-	65
Interest income from cash and cash equivalents and short-term investments	-	(228)	(228)	-	(225)	(225)
Amounts in relation to Investment Properties:						
<i>Net rental expenditure</i>	9	(14)	(5)	64	(15)	49
<i>Movement in fair value</i>	-	(213)	(213)	-	(27)	(27)
<b>Total</b>	<b>57</b>	<b>(455)</b>	<b>(398)</b>	<b>140</b>	<b>(267)</b>	<b>(127)</b>

**8 (b) Investment Property Rentals**

Gross and net rental income from Investment Properties

Group and PCC	2013/14 £'000	2012/13 £'000
<b>Properties let to tenants under operating leases:</b>		
Gross rent receivable	14	15
Property operating expenses	(8)	(7)
	<b>6</b>	<b>8</b>
<b>Properties that did not generate any rental income:</b>		
Property operating expenses	(1)	(57)
<b>Net rental expenditure</b>	<b>5</b>	<b>(49)</b>

**9. Taxation and Non-Specific Grant Income**

<b>Group and PCC</b>		<b>2013/14</b>	<b>2012/13</b>
	Note	<b>£'000</b>	<b>£'000</b>
Precept Income	10	56,874	61,567
Non-Domestic Rates redistribution		31,100	30,731
Home Office grant payable towards the cost of retirement benefits		17,440	19,889
Non-Ringfenced Government Grants:			
- Police Grant		46,286	43,866
- Revenue Support Grant		-	596
Capital Grants and contributions		1,158	1,110
<b>Total</b>		<b>152,858</b>	<b>157,759</b>

**10. Precept Income**

The Police and Crime Commissioner levies a precept on all the District and Unitary Councils within North Yorkshire equivalent to the amount needed to collect in council tax on behalf of the Police and Crime Commissioner for North Yorkshire.

<b>Group and PCC</b>		<b>2013/14</b>	<b>2012/13</b>
	Note	<b>£'000</b>	<b>£'000</b>
Precept set by Police and Crime Commissioner		56,026	61,483
Collection Fund surplus received		109	15
		<b>56,135</b>	<b>61,498</b>
Adjustment of surplus to accruals basis	3d	739	69
<b>Total</b>		<b>56,874</b>	<b>61,567</b>

The constituent Councils' contributions were as follows:

<b>Group and PCC</b>		<b>2013/14</b>	<b>2012/13</b>
		<b>£'000</b>	<b>£'000</b>
Craven		4,290	4,601
Hambleton		6,804	7,382
Harrogate		11,873	12,620
Richmondshire		3,704	3,977
Ryedale		4,054	4,350
Scarborough		7,193	8,515
Selby		5,751	6,262
York		12,466	13,791
<b>Total</b>		<b>56,135</b>	<b>61,498</b>

## 11. Remuneration Report

### 11 (a) Remuneration of Senior Officers

In setting the condition of service of Senior Officers the Police and Crime Commissioner has regard to the following factors:

- the need to recruit, retain and motivate suitably qualified people to carry out their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- differences in terms and conditions of employment between the public and private sector and taking account of relative job security and value of benefits in kind;
- changes in national pay systems, including flexibility and the reward of success, and job weight in differentiating the remuneration of particular posts;
- the relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.

Total remuneration of senior police officers comprises elements that are set centrally for all police forces in the UK and other elements that are set locally. Pay elements that are set centrally include base salary, accommodation allowances and pension benefits. Centrally-set elements for serving police officers are determined in accordance with the Police Regulations 2003 (as amended).

For the purposes of this report the senior officers comprised the following personnel during the year:

Police and Crime Commissioner  
 Chief Constable \*  
 Deputy Chief Constable \*  
 Assistant Chief Constables \*  
 Chief Officer Resources (to 30 April 2013)  
 Chief Executive (to 19 July 2013)  
 Chief Executive Officer (from 1 May 2013)  
 Chief Finance Officer for the Police and Crime Commissioner  
 Chief Finance Officer for the Chief Constable (from 1 May 2013)  
 \* *serving police officers.*

Where applicable disclosures are also provided for employees who have fulfilled the above roles on a temporary or acting basis.

	2013/14	2012/13		Total
	Senior Officers	Members	Senior Officers	
	£'000	£'000	£'000	£'000
Salaries and short-term benefits	814	117	591	708
Post-employment benefits	152	-	113	113
Termination benefits	201	-	248	248
<b>Total</b>	<b>1,167</b>	<b>117</b>	<b>952</b>	<b>1,069</b>

	2013/14	2013/14	2012/13	2012/13
	Group	PCC	Group	PCC
	£'000	£'000	£'000	£'000
Salaries and short-term benefits	814	276	708	106
Post-employment benefits	152	39	113	16
Termination benefits	201	201	248	-
<b>Total</b>	<b>1,167</b>	<b>516</b>	<b>1,069</b>	<b>122</b>

**11 (b) Remuneration of Other Employees**

Levels of pay for other employees are determined in accordance with the following:

- Police officer remuneration is determined in accordance with the Police Regulations 2003 (as amended);
- Remuneration of support staff is agreed by the Police Support Staff council.

**11 (c) Remuneration of Members of the Police Authority (up to 22 November 2012)**

There were 17 members of the Police Authority. Nine of the members were councillors from the North Yorkshire County Council and the City of York Council and Borough Councils. The remaining eight members were independent (but there was a vacancy). The accounts reflect that there were councillor member changes and a total of 16 (2011/12 17) individuals served as members during the year.

A joint Committee of the local councils was responsible for the appointment of the councillors while the independent members were selected by an Independent Panel established in accordance with statute and appointed by the Authority.

North Yorkshire Police Authority members were entitled to claim an allowance for the work that they carried out for the Authority. In addition, members were able to claim for mileage or public transport costs when attending Authority meetings or attending an event on behalf of the Authority.

The allowance scheme was approved and published by the Police Authority and set out the allowances payable in all these cases. The allowance scheme was reviewed annually.

Amounts payable to members for allowances and reimbursed expenses are detailed below:

	2012/13 £'000 (to 22 Nov 2012)
Salary & Members' Allowances	92
Special Responsibility Allowance	9
Telephone and Computers	1
Travel and Subsistence	14
Conferences and Training	1
Tribunal and Panel Members	-
<b>Salaries and short-term benefits</b>	<u>117</u>
National Insurance	4
<b>Total</b>	<u><u>121</u></u>

	2012/13 £'000
At the year-end the following was owing to:	
Members of the Authority	-
Tribunal and Panel Members	-
<b>Total</b>	<u><u>-</u></u>



## 11 (d) Remuneration Entitlements of Senior Officers

### **Salary**

Pay and allowances for the Police and Crime Commissioner are set by the Home Office acting on the advice of the Senior Salaries Review Board. Basic salary for serving police officers is determined and approved by the Secretary of State for the Home Office each year. Salaries are set for all police officers of all ranks up to and including Chief Constables. Pay reviews are carried out each year and any increases are applicable from 1 September. Pay reviews for other senior officers are agreed with the Police Support Staff Council. Any increases are also applicable from 1 September.

### **Other Allowances and Benefits**

With the exception of the Police and Crime Commissioner, other allowances and benefits include allowances and expenses paid, in addition to basic salary, that are chargeable to UK income tax. They comprise the following:

- (a) Accommodation allowance;
- (b) Car available for private use or car allowance paid as additional salary;
- (c) Healthcare;
- (d) Personal development and training;
- (e) Relocation - Relocation benefits comprise amounts payable through a combination of cash and non-cash items, and are referenced as such in the tables of Senior Officer Remuneration below.

Accommodation allowances are a historic payment and were paid to police officers who resided in their own accommodation as opposed to Police Houses. They are not paid to any police officers joining the Force after April 1995, other than those that may be transferred from other Forces and who are already in receipt of accommodation allowances.

### **Allowances**

For the purposes of the disclosures that follow, amounts disclosed as allowances are those that are included with salary.

The Commissioner and the Chief Constable are committed to ensuring that Chief Officer remuneration terms are clear and lawful and that public policy standards are met.

### **Benefits in Kind**

Benefits in kind include the estimated value of any benefits that are provided to senior officers in forms other than cash. During the year benefits in kind included the cash equivalents of cars provided to senior officers as disclosed to HM Revenue and Customs on form P11D.

### **Pension Benefits**

The pension figure included in the disclosures below represents the value of the employer's pension contribution to the senior officer's pension pot, in whichever scheme he/she is a member.

### **Police Officers**

Those members of the senior officer team who are also serving police officers are eligible to join the Police Pension Scheme. During 2013/14 all eligible senior officers were members of the Police Pension Scheme 1987.

The scheme is a defined benefit scheme, providing pension benefits linked to final salary. The scheme is a 40/60ths scheme, with a full pension payable under the scheme after 30 years' service. The maximum pension payable is 40/60ths of salary. The accrual rate for the scheme is 1/60th of salary for each year worked for the first 20 years service and 2/60ths for each year for the following 10 years and nil thereafter. At retirement members may opt to give up (commute) part of their pension entitlement in return for a lump sum cash payment.

Senior officers' contributions are currently at the rate of 14% of pensionable salary. (See Police Pension Fund Account and Note 26 to the accounts for further information on the Police Pension schemes).

### **Other Senior Officers**

Those members of the Senior Officer team who are not serving police officers are eligible to participate in the Local Government Pension Scheme ("LGPS"). During 2013/14 all eligible senior officers except the Police and Crime Commissioner were members of the scheme.

The scheme is a defined benefit scheme, providing pension benefits linked to final salary. The current scheme provides for an accrual rate of 1/60th of salary for each year of service. There is no time limit to the amount of service that can be built up but benefits must be taken by age 75. At retirement members may opt to give up (commute) part of their pension entitlement in return for a lump sum cash payment.

Senior officers' contributions are currently at the rate of between 7.2% and 7.5% of pensionable salary. (See Note 26 to the accounts for further information on the Local Government Pension Scheme).

11 (e) A summary of Senior Officer Remuneration for the year ended 31 March 2014 is presented below:

	Salary	Benefits in kind	Allowance	Value of employers pension contribution	Termination Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>PCC and Group</b>						
Police and Crime Commissioner:						
J Mulligan	70	-	-	-	-	70
Chief Executive:						
J Holderness - up to 30/4/13	24	-	-	5	201	230
Chief Executive Officer:						
J Carter - from 1/5/13 (4)	107	-	9	21	-	137
Commissioner's CFO*:						
G Macdonald - from 1/5/13	66	-	-	13	-	79
<b>Group only</b>						
Chief Constable:						
D Jones - from 3/6/13 (1)	106	21	4	26	-	157
T Madgwick (Acting) - up to 2/6/13 (2)	19	1	1	4	-	25
Deputy Chief Constable:						
T Madgwick - from 3/6/13 (2)	92	4	3	22	-	121
S Cross (Acting) - up to 2/6/13 (2)	18	1	1	4	-	24
Assistant Chief Constable:						
S Cross - from 2/6/13 up to 2/10/13 (2)	35	3	1	8	-	47
I Spittal - up to 23/6/13 (2)	21	1	1	5	-	28
K McIntosh (Acting) - from 1/9/13 (3)	68	2	2	17	-	89
P Kennedy - from 2/9/13 (3)	55	3	2	13	-	73
Chief Officer Resources and Chief Constable's CFO*:						
J Carter - up to 30/4/13 (4)	11	-	1	2	-	14
Chief Constable's CFO*:						
J Palmer - from 1/5/13	61	-	-	12	-	73
<b>Total</b>	<b>753</b>	<b>36</b>	<b>25</b>	<b>152</b>	<b>201</b>	<b>1,167</b>

\* CFO - Chief Finance Officer

Benefit and allowance types payable: (1) a,b,e (2) a,b,c (3) a,b (4) b,c

The Chief Executive Officer (former Chief Officer Resources) receives an allowance for providing her own vehicle for business purposes, this is shown under allowances. The operational police officers use vehicles provided by the force. These are included in benefits in kind to the extent that they are subject to taxation for personal use.

The PCC Chief Finance Officer's function was discharged via a contract with West Yorkshire Police Authority and then West Yorkshire Police and Crime Commissioner until 30 April 2013 and the remuneration of the post holder is reflected in those accounts.

On 1 May 2013 the Group completed a review of strategic management and from this date J Carter was appointed as the Commissioner's Chief Executive Officer and Monitoring Officer, G Macdonald was appointed as the Commissioner's Chief Finance Officer and J Palmer as the Chief Constable's Chief Finance Officer. The former Chief Executive continued to provide other services to the Commissioner until he left in July 2013.

The 2012/13 statutory accounts included a provision of £201k in relation to an exit package for the Chief Executive calculated on the same basis as termination benefits for other leavers, comprising compensation for loss of office (payable through a voluntary redundancy scheme) plus a payment directly to the Local Government Pension Scheme. The Chief Executive left in July 2013 and this is reported as part of his remuneration in 2013/14.

On 10 July 2014, M Porter was appointed as the Commissioner's Chief Finance Officer following the resignation of G Macdonald.

A summary of Senior Officer Remuneration for the year ended 31 March 2013 is presented below:

	Salary	Benefits in kind	Allowance	Value of employers pension contribution	Termination Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>PCC and Group</b>						
Police and Crime Commissioner:						
J Mulligan wef 22/11/12	25	-	-	-	-	25
Chief Executive:						
J Holderness	81	-	-	16	-	97
Treasurer and CFO*:						
J Heeley	-	-	-	-	-	-
<b>Group only</b>						
Chief Constable:						
G Maxwell up to 31/5/12 (1)	11	1	11	4	248	275
T Madgwick (Acting) wef 1/6/12 (2)	92	8	3	22	-	125
Deputy Chief Constable:						
T Madgwick up to 31/5/12 (2)	18	1	1	4	-	24
S Cross (Acting) wef 1/6/12 (2)	88	6	5	21	-	120
Assistant Chief Constable:						
S Cross up to 31/5/12 (2)	17	1	1	4	-	23
I Spittal wef 1/6/12 (2)	83	9	3	20	-	115
Chief Officer Resources and Chief Constable's CFO*:						
J Carter (3)	116	-	10	22	-	148
<b>Total</b>	<b>531</b>	<b>26</b>	<b>34</b>	<b>113</b>	<b>248</b>	<b>952</b>

\* CFO - Chief Finance Officer

Benefit and allowance types payable: (1) a,b,c,d (2) a,b,c (3) b,c

The Chief Officer Resources received an allowance for providing her own vehicle for business purposes, this is shown under allowances. Chief Constable Maxwell had a vehicle allowance included in allowances. The other operational police officers use vehicles provided by the force, which are included in benefits in kind to the extent that they are subject to taxation for personal use.

The Treasurer (and latterly the PCC Chief Finance Officer) function was discharged via a contract with West Yorkshire Police Authority and then West Yorkshire Police and Crime Commissioner and the remuneration of the post holder is reflected in those accounts.

The 2011/12 statutory accounts included a provision of £248k in relation to an exit package payable to Chief Constable Maxwell in May 2012. This is reported as part of his remuneration in 2012/13.

#### 11 (f) Officers and Staff

	2013/14 Group	2013/14 PCC	2012/13 Group	2012/13 PCC
Average number of officers and staff, including Senior Officers	2,758	8	2,762	7

The number of individuals, excluding senior officers, who have received total remuneration greater than or equal to £50,000 per annum (in bands of £5,000) are listed below. The figures below represent the amounts paid in each year, taking account of starting and leaving dates, where retiring staff have been replaced during the year, and include officers seconded to other Forces. Total remuneration comprises gross salaries and allowances, taxable benefits as declared to HM Revenue and Customs on form P11D, and any bonus amounts in relation to the year in question (paid or payable). Total remuneration excludes any termination benefits payable and does not include employer's pension or national insurance contributions.

The table includes 91 police officers (2012/13 90) below the rank of Chief Superintendent.

Total remuneration	2013/14		2012/13	
	Group	PCC	Group	PCC
£50,000 to £54,999	59	-	52	-
£55,000 to £59,999	23	-	23	-
£60,000 to £64,999	8	-	8	-
£65,000 to £69,999	4	-	3	-
£70,000 to £74,999	3	-	4	-
£75,000 to £79,999	5	-	6	-
£80,000 to £84,999	1	-	3	-
£85,000 to £89,999	2	-	1	-
<b>Total</b>	<b>105</b>	<b>-</b>	<b>100</b>	<b>-</b>

### 11 (g) Termination Benefits

The Group terminated the contracts of a number of employees in 2013/14, incurring liabilities of £238k (PCC £nil) (£278k in 2012/13, PCC £201k) payable to Senior Officers and staff in the form of compensation for loss of office (through a voluntary redundancy scheme) and enhanced pension benefits (payable directly to the appropriate pension scheme).

The number of exit packages, with total cost per band and total cost of the redundancies, are set out in the table below:

Group	Number of Compulsory Redundancies		Number of Other departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
							£'000	£'000
£0 - £20,000	-	-	7	-	7	-	60	(8)
£20,001 - £40,000	-	-	4	1	4	1	108	22
£60,001 - £80,000	-	-	1	1	1	1	70	63
£200,001 - £250,000	-	-	-	1	-	1	-	201
<b>Total</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>3</b>	<b>12</b>	<b>3</b>	<b>238</b>	<b>278</b>

Some of the exit package costs provided for in the 2011/12 accounts were settled at different figures than estimated, and the adjustments are recorded in 2012/13, resulting in the negative costs declared for the £0-£20,000 band in 2012/13.

PCC	Number of Compulsory Redundancies		Number of Other departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
							£'000	£'000
£200,001 - £250,000	-	-	-	1	-	1	-	201
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>201</b>

## 12. Other Amounts Credited/Charged to the Comprehensive Income and Expenditure Statement

### 12 (a) Movement in Provisions

There has been a significant increase in provisions for other insurances. This follows an actuarial review which enabled a quantification of the potential cost of claims not yet made (see Note 25).

### 12 (b) Inventories Expensed during the Period

	2013/14 Group £'000	2012/13 Group £'000	2013/14 PCC £'000	2012/13 PCC £'000
Uniforms/other items	306	803	-	-
Garage	423	411	423	411
Write-down of inventories recognised	4	60	-	-
<b>Total inventory charges recognised in the Comprehensive Income &amp; Expenditure Statement</b>	<b>733</b>	<b>1,274</b>	<b>423</b>	<b>411</b>

There were no reversals of any previous write-down in inventories.

### 12 (c) Sponsorship

The Police and Crime Commissioner has the power to receive gifts, loans of property and sponsorship up to a limit of 1% of the annual revenue budget (2013/14 limit £1.3m). Contributions are made under specific agreements and if not utilised in the year of receipt are carried forward. During the year £9k (PCC £nil (2012/13 £19k, PCC £nil) was utilised by the Group from the sponsorship and donation accounts in reflection of expenditure primarily on focused safety and crime reduction initiatives. £15k (PCC £15k) (2012/13 £7k, PCC £7k) has been carried forward into 2014/15.

### 12 (d) Police Authority and Police and Crime Commissioner Costs

Costs of the Police and Crime Commissioner were:

Group and PCC	2013/14 £'000	2012/13 £'000 to 22 Nov 2012	2012/13 £'000 from 22 Nov 2012
PCC	87	-	31
Statutory Officers	277	114	101
Termination Cost	-	-	201
Panel Costs / Members Costs	2	121	-
Support : Employees Costs	186	87	46
Support : Other Costs	73	21	6
External Audit Fees	36	33	16
Internal Audit Fees	40	38	20
Subscriptions	26	9	4
Community Engagement	23	10	4
Other	52	12	31
<b>Total Expenditure</b>	<b>802</b>	<b>445</b>	<b>460</b>
Income	-	-	-
<b>Net Expenditure</b>	<b>802</b>	<b>445</b>	<b>460</b>

**12 (e) Audit Fees**

The Group incurred the following fees relating to external audit and inspection.

	2013/14 Group £'000	2013/14 PCC £'000	2012/13 Group £'000	2012/13 PCC £'000
External Audit Fees	63	43	73	53
Rebate from Audit Commission	(10)	(7)	(4)	(3)
<b>Total</b>	<b>53</b>	<b>36</b>	<b>69</b>	<b>50</b>

**12 (f) Grant Income**

In addition to the grants included in Taxation and Non-Specific Grants Income (Note 9), the Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14:

Group and PCC	2013/14 £'000	2012/13 £'000
<b>Credited to Services</b>		
Council Tax Support Grant	5,728	-
Anti-Terrorism	1,164	1,172
Community Safety Grant	630	-
Precept Freeze Grant	620	1,844
Criminal Records Bureau	343	325
Debt Charges Grant	142	153
Transitional Housing Benefits Grant	119	-
Domestic Violence Coordinators	106	100
Commissioning of Victim Support Services	94	-
Independent Domestic and Sexual Violence Advisors	70	70
Economic Crime Unit	68	73
Police Innovation Fund	65	-
Commissioning of Healthcare	49	2
SARC	37	3
Business Crime Reduction	18	15
Local Criminal Justice Board Grant	14	35
National Procurement Hub	11	11
Sundry Grants £10k or less	24	15
PCSO Funding / Neighbourhood Police Grant	-	3,402
Olympic Games Safety and Security	-	665
Laser Scanning Technology	-	112
Youth Crime and Substance Misuse	-	85
New Burdens Council Tax Reform	-	27
Pre-Olympic Safety and Security	-	22
Targeting Metal Theft	-	13
<b>Total Credited to Services</b>	<b>9,302</b>	<b>8,144</b>

The Group has received a number of grants that have yet to be recognised as income as they have conditions attached to them which have not been met during the year. At 31 March 2014 current liabilities include £386k (PCC £386k) (2013 £78k, PCC £78k) in respect of Revenue Grants received in advance and £nil in respect of Capital Grants received in advance.

### 13. Partnership Arrangements

#### 13 (a) Local Criminal Justice Board (LCJB)

The Group provides financial management on behalf of the LCJB, which is a combined Board made up of Criminal Justice Agencies.

During 2013/14 the Group did not receive any additional funding (2012/13 £nil) from the Office for Criminal Justice Reform on behalf of the LCJB. Group expenditure of £41k (PCC £nil) (2012/13 £37k, PCC £nil) has been incurred in 2013/14 and included in these accounts. The expenditure has been funded in part by grant income received in 2011/12 brought forward.

#### 13 (b) Regional Collaboration

The Regional Collaboration Programme was developed following the Home Office withdrawal of its plans in 2005 to merge Police Forces. Regional Collaboration is very different to a formal merger and is bringing opportunities to the participating Forces across many policing activities whilst retaining local Police Forces, local identity and local accountability.

Governance arrangements are in place to support Regional Collaboration. A Joint Police Authority Committee (JPAC) was constituted under section 101 and 107 of the Local Government Act 1972 until 22 November 2012, when it was replaced by a Regional Collaboration Board. The Board is a sub-committee of each participating Commissioner and comprises the Commissioners plus other officers from each of the participating forces. It was formed to support Section 23 of the Police Act 1996/Police and Justice Act 2006.

Regional Collaboration is funded from contributions made by the four participating forces. Where there is deemed to be equal benefit the contribution is based on equal shares. Where benefit is not deemed to be equal, the level of contribution from each Force is dependant upon an assessment of the benefit to be derived from each specific project or initiative, primarily based upon net revenue expenditure proportions.

With effect from 1 September 2013, the regional programme changed to a lead force model and the Regional Programme Team was disbanded. Each lead force is responsible for the financial administration of the programme they lead. The lead force will employ police staff on a permanent, substantive basis and Police Officers will be seconded to the lead force. The Police and Crime Commissioners within the Yorkshire and Humberside Region have agreed to indemnify the lead force to ensure that any costs are shared between them in the event of any employment tribunal or civil court claims related to regional employment.

The total net expenditure of this Group during 2013/14 in relation to the Yorkshire and the Humber regional collaboration work was £3.5m (PCC £nil) (2012/13 £1.6m, PCC £nil), of which £1.4m (PCC £nil) (2012/13 £1.6m, PCC £nil) was contributed directly to the Joint Arrangement managed by WYPCC in the period up to 31 August 2013. £2.1m (PCC £nil) (2012/13 £nil, PCC £nil) was contributed to the lead force arrangements after 1 September.

West Yorkshire Police and Crime Commissioner (WYPCC) publish memorandum accounts for the Regional Collaboration Programme within their financial statements. The memorandum accounts for 2013/14 up to 31 August 2013 show the following information:

Group	2013/14	2012/13
	to 31 Aug 2013	
	£'000	£'000
Staff Costs	8,799	8,957
Property related expenses	437	502
Supplies and services	4,090	2,725
Transport related expenses	406	545
<b>Expenditure</b>	<b>13,732</b>	<b>12,729</b>
Contributions	11,253	11,197
Other income – Home Office	2,572	1,663
<b>Income</b>	<b>13,825</b>	<b>12,860</b>
<b>Surplus in year</b>	<b>93</b>	<b>131</b>
<b>Contributions</b>		
West Yorkshire	4,985	4,796
South Yorkshire	2,869	2,740
North Yorkshire	1,375	1,504
Humberside	2,024	2,157
<b>Total Contributions</b>	<b>11,253</b>	<b>11,197</b>

Regional Collaboration costs have had the following impact on the Group Cost of Police Services (PCC £nil) shown on the face of the CIES:

Current Year - Group	Share of Regional Expenditure	Group Expenditure	Total Expenditure	Group Income	Net Impact
	£'000	£'000	£'000	£'000	£'000
Roads Policing	91	63	154	-	154
Operational Support	22	97	119	-	119
Intelligence	75	85	160	-	160
Investigations	241	271	512	-	512
Investigative Support	946	1,556	2,502	-	2,502
National Policing	-	1,901	1,901	(1,838)	63
<b>Total</b>	<b>1,375</b>	<b>3,973</b>	<b>5,348</b>	<b>(1,838)</b>	<b>3,510</b>

Prior Year - Group	Share of Regional Expenditure	Group Expenditure	Total Expenditure	Group Income	Net Impact
	£'000	£'000	£'000	£'000	£'000
Roads Policing	476	-	476	-	476
Operational Support	68	-	68	-	68
Intelligence	53	-	53	-	53
Investigations	670	-	670	-	670
Investigative Support	279	-	279	-	279
National Policing	-	711	711	(680)	31
<b>Total</b>	<b>1,546</b>	<b>711</b>	<b>2,257</b>	<b>(680)</b>	<b>1,577</b>



#### 14. Property, Plant and Equipment

Movements in Property, Plant and Equipment during the year ending 31 March 2014 were as follows:

Current Year - Group and PCC	Land and Buildings		Plant and Equipment	Vehicles	Assets under Construction	Total
	Police Stations and other commercial properties	Police Houses				
Note	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
Opening Value at 1 April 2013 - Restated	30,331	1,160	13,909	9,680	-	55,080
Additions	194	-	1,520	1,643	421	3,778
Disposals	-	-	(261)	(1,482)	-	(1,743)
Reclassifications	239	-	-	-	-	239
Revaluations	18c (1,090)	5	-	-	-	(1,085)
Impairments	18d -	-	-	-	-	-
<b>Closing Value at 31 March 2014</b>	<b>29,674</b>	<b>1,165</b>	<b>15,168</b>	<b>9,841</b>	<b>421</b>	<b>56,269</b>
<b>Depreciation</b>						
Opening Value at 1 April 2013	(183)	(26)	(9,832)	(5,592)	-	(15,633)
Charge for the year	(1,003)	(38)	(1,727)	(1,672)	-	(4,440)
Reclassifications	-	-	-	-	-	-
Write back depreciation on disposals	-	-	260	1,388	-	1,648
Write back depreciation on revaluations	18c 1,186	64	-	-	-	1,250
Write back depreciation on impairments	18d -	-	-	-	-	-
<b>Closing Value at 31 March 2014</b>	<b>-</b>	<b>-</b>	<b>(11,299)</b>	<b>(5,876)</b>	<b>-</b>	<b>(17,175)</b>
<b>Net Book Value as at 31 March 2014</b>	<b>29,674</b>	<b>1,165</b>	<b>3,869</b>	<b>3,965</b>	<b>421</b>	<b>39,094</b>

Net book value at 31 March 2014 can be analysed as follows:

Property, Plant and Equipment	38,673
Assets under Construction	421
	<b>39,094</b>

Movements in Property, Plant and Equipment during the year ending 31 March 2013 were as follows:

Prior Year - Group and PCC	Land and Buildings					Assets Under Construction	Total
	Police Stations and other commercial properties	Police Houses	Plant and Equipment	Vehicles			
Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
Opening Value at 1 April 2012 / Acquired by the PCC - Restated	25,294	1,872	13,002	9,183	14,501	63,852	
Additions	2,742	-	1,100	1,659	922	6,423	
Disposals	(417)	-	(193)	(1,162)	-	(1,772)	
Reclassifications	13,305	(679)	-	-	(15,423)	(2,797)	
Revaluations	18c (10,593)	(33)	-	-	-	(10,626)	
Impairments	18d -	-	-	-	-	-	
<b>Closing Value at 31 March 2013 - Restated</b>	<b>30,331</b>	<b>1,160</b>	<b>13,909</b>	<b>9,680</b>	<b>-</b>	<b>55,080</b>	
<b>Depreciation</b>							
Opening Value at 1st April 2012 / Acquired by the PCC - Restated	(104)	(24)	(8,209)	(5,177)	-	(13,514)	
Charge for the year	(1,324)	(39)	(1,774)	(1,487)	-	(4,624)	
Reclassifications	-	-	-	-	-	-	
Write back depreciation on disposals	18 18	-	151	1,072	-	1,241	
Write back depreciation on revaluations	18c 1,227	37	-	-	-	1,264	
Write back depreciation on impairments	18d -	-	-	-	-	-	
<b>Closing Value at 31 March 2013 - Restated</b>	<b>(183)</b>	<b>(26)</b>	<b>(9,832)</b>	<b>(5,592)</b>	<b>-</b>	<b>(15,633)</b>	
<b>Net Book Value as at 31 March 2013 - Restated</b>	<b>30,148</b>	<b>1,134</b>	<b>4,077</b>	<b>4,088</b>	<b>-</b>	<b>39,447</b>	
<b>Net Book Value as at 1 April 2012 - Restated</b>	<b>25,190</b>	<b>1,848</b>	<b>4,793</b>	<b>4,006</b>	<b>14,501</b>	<b>50,338</b>	

Restated net book value at 31 March 2013 can be analysed as follows:

Property, Plant and Equipment	39,447
Assets under Construction	-
	<u>39,447</u>

Land and Buildings (police stations and other commercial properties plus police houses) are held at market valuation. All properties were valued at 31 March 2014. The valuations are undertaken by an external valuer in accordance with the RICS Valuation Standards ("The Red Book") published by the Royal Institution of Chartered Surveyors.

The depreciation charge for the year, amounting to £4.4m (PCC £4.4m) (2012/13 £4.6m, PCC £4.6m), has been charged to the Comprehensive Income and Expenditure Statement across all lines within Net Cost of Services.

Land and Buildings include a Police Box valued at £29k which is not being depreciated on the advice of the valuers.

## 15. Investment Property

Movements in Investment Property during the year are shown below:

Group and PCC	Note	2013/14 £'000	2012/13 £'000	2011/12 £'000
<b>Balance at 1 April / Acquired by the PCC</b>		<b>1,363</b>	955	1,167
Additions - other expenditure		-	-	-
Reclassification from Property, Plant & Equipment		-	706	-
Reclassification to Assets Held for Sale	17	(1,355)	(325)	(570)
Revaluations included in CIES	18c	213	27	358
<b>Balance at 31 March</b>		<b>221</b>	1,363	955

All investment properties are freehold. Investment properties are those held to earn rentals or for capital appreciation or both, rather than for use in the provision of services or for administrative purposes. All investment properties are either unlet or let to tenants under operating leases.

Investment properties are held at market valuation and are valued each year. The valuations are undertaken in accordance with the RICS Valuation Standards ("The Red Book") published by the Royal Institution of Chartered Surveyors.

At the balance sheet date the Group held a total of 3 investment properties (PCC 3) (2012/13 6, PCC 6). All these properties were previously operational properties which are no longer required for operational purposes.

## 16. Intangible Assets

Intangible Assets comprise purchased software only. Movements during the year are shown below:

Group and PCC	2013/14 £'000	2012/13 £'000	2011/12 £'000
<b>Cost</b>			
<b>Balance at 1 April / Acquired by the PCC</b>	<b>4,223</b>	4,039	3,415
Additions - purchased	718	184	624
<b>Balance at 31 March</b>	<b>4,941</b>	4,223	4,039
<b>Amortisation</b>			
<b>Balance at 1 April / Acquired by the PCC</b>	<b>(2,950)</b>	(2,270)	(1,624)
Charge for the year	(619)	(680)	(646)
<b>Balance at 31 March</b>	<b>(3,569)</b>	(2,950)	(2,270)
<b>Net Book Value at 31 March</b>	<b>1,372</b>	1,273	1,769

The amortisation charge for the year, amounting to £619k (PCC £619k) (2012/13 £680k, PCC £680k), has been charged to the Comprehensive Income and Expenditure Statement across all lines within Net Cost of Services.

## 17. Assets Held for Sale

Group and PCC	Note	2013/14 £'000	2012/13 £'000	2011/12 £'000
<b>Balance at 1 April / Acquired by the PCC</b>		<b>2,135</b>	520	408
Assets newly classified as held for sale:				
Property, Plant and Equipment		(239)	2,091	1,676
Investment Properties	15	1,355	325	570
Additions		-	57	-
Disposals		(2,234)	(579)	(2,047)
Revaluations	18c	54	(279)	(87)
<b>Balance at 31 March</b>		<b>1,071</b>	2,135	520

## 18. Analysis of amounts in relation to Non-Current Assets

### 18 (a) Financing of Non-Current Assets

The additions to non-current assets totalled £4.5m (PCC £4.5m) (2012/13: £6.7m, PCC £6.7m). The table below shows the resources that have been used to finance the additions. Where capital expenditure is to be financed in future years by charges to revenue, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically that has yet to be financed.

Group and PCC	Note	2013/14 £'000	2012/13 £'000	2011/12 £'000
<b>Capital Expenditure:</b>				
Property, Plant and Equipment		3,778	6,423	15,515
Donated Vehicle		-	-	6
Intangible Fixed Assets	16	718	184	624
Assets Held for Sale	17	-	57	-
		<b>4,496</b>	6,664	16,145
<b>Sources of finance:</b>				
Capital Receipts	3b	2,281	579	2,047
Capital Grants	3b	1,158	1,110	979
Sums set aside from Revenue and Revenue Reserves	2	701	4,905	13,113
Lease Finance received		356	70	-
Donation Income		-	-	6
<b>Closing Capital Financing Requirement - Restated</b>		<b>4,496</b>	6,664	16,145

Group and PCC	2013/14 £'000	2012/13 £'000	2011/12 £'000
<b>Opening Capital Financing Requirement</b>	<b>892</b>	1,057	1,292
Increase (decrease) in underlying need to borrowing (supported by government financial assistance)	(235)	(235)	(235)
Increase (decrease) in underlying need to borrowing (unsupported by government financial assistance)	217	70	-
<b>Closing Capital Financing Requirement</b>	<b>874</b>	892	1,057

### 18 (b) Major Capital Schemes

The major items of capital expenditure are detailed in the table below:

Group and PCC Description	2013/14 £'000	2012/13 £'000
Rolling Programs: IS Replacement Equipment	765	562
Fleet Programme	1,590	1,534
Plant and Equipment	108	141
Estates: Estates Strategy - Major Schemes	552	2,055
Capital work-in-progress - new build	421	2,087
Other Schemes: Origin	196	-
Other Schemes (Below £200K)	864	285
<b>Total</b>	<b>4,496</b>	<b>6,664</b>

The expenditure was incurred across the following asset categories:

Property, Plant and Equipment	3,778	6,423
Assets Held for Sale	-	57
Intangible Assets	718	184
<b>Total</b>	<b>4,496</b>	<b>6,664</b>

### 18 (c) Revaluation

The revaluations have had the following impact on these accounts:

Current Year - Group and PCC	Land and Buildings £'000	Police Houses £'000	Sub Total £'000	Investment Properties £'000	Assets Held for Sale £'000	Total £'000
Revaluation charged/(credited) to Revaluation Reserve	423	(7)	416	-	-	416
Revaluation charged/(credited) to Income and Expenditure	(519)	(62)	(581)	(213)	(54)	(848)
<b>Total</b>	<b>(96)</b>	<b>(69)</b>	<b>(165)</b>	<b>(213)</b>	<b>(54)</b>	<b>(432)</b>
Cost	1,090	(5)	1,085	(213)	(54)	818
Depreciation	(1,186)	(64)	(1,250)	-	-	(1,250)
<b>Total</b>	<b>(96)</b>	<b>(69)</b>	<b>(165)</b>	<b>(213)</b>	<b>(54)</b>	<b>(432)</b>

Prior Year - Group and PCC	Land and Buildings £'000	Police Houses £'000	Sub Total £'000	Investment Properties £'000	Assets Held for Sale £'000	Total £'000
Revaluation charged/(credited) to Revaluation Reserve	(454)	(72)	(526)	-	-	(526)
Revaluation charged/(credited) to Income and Expenditure	9,820	68	9,888	(27)	279	10,140
<b>Total</b>	<b>9,366</b>	<b>(4)</b>	<b>9,362</b>	<b>(27)</b>	<b>279</b>	<b>9,614</b>
Cost	10,593	33	10,626	(27)	279	10,878
Depreciation	(1,227)	(37)	(1,264)	-	-	(1,264)
<b>Total</b>	<b>9,366</b>	<b>(4)</b>	<b>9,362</b>	<b>(27)</b>	<b>279</b>	<b>9,614</b>

At 31 March 2014 the cost or valuation of assets subject to revaluation can be analysed as follows (all other assets are held at cost):

Group and PCC	Land and Buildings £'000	Police Houses £'000	Sub Total £'000	Investment Properties £'000	Assets Held for Sale £'000	Total £'000
Properties last revalued at:						
31 March 2014	46,330	988	47,318	208	942	48,468
<b>Total</b>	<b>46,330</b>	<b>988</b>	<b>47,318</b>	<b>208</b>	<b>942</b>	<b>48,468</b>

#### 18 (d) Impairment

##### Property, Plant and Equipment, Investment Properties and Assets Held for Sale

All properties were valued at 31 March 2014.

At 31 March 2013, the surveyors were requested to review the condition of the assets not valued and confirmed that they did not consider that there was any material impairment in connection with the condition of these properties.

The surveyors provided information on changes in market values on a district by district basis and the Group has concluded that the changes in market value are not material. Accordingly, no impairments have been recorded at 31 March 2014 (31 March 2013 - none).

##### Intangible Assets

There were no impairments of intangible assets at 31 March 2014 (31 March 2013 - none)

#### 18 (e) Amounts Charged to Comprehensive Income and Expenditure Statement

Group and PCC		2013/14 £'000	2012/13 £'000
Depreciation of Property, Plant and Equipment	Note 14	4,440	4,624
Revaluation	18c	(581)	9,888
Impairment		-	-
<b>Sub-Total Property, Plant and Equipment</b>		<b>3,859</b>	<b>14,512</b>
Amortisation of Intangible Fixed Assets	16	619	680
Revaluation Investment Properties	18c	(213)	(27)
Revaluation Assets Held for Sale	18c	(54)	279
<b>Total</b>		<b>4,211</b>	<b>15,444</b>

## 18 (f) Capital Commitments

At 31 March the Group was committed to the following capital expenditure:

Group and PCC	31 March 2014	31 March 2013
	£'000	£'000
IS Replacement Equipment	-	32
Plant and Equipment	158	22
Major Capital New Provision	-	273
Fleet Vehicles	486	829
Software/System Upgrades	-	19
Information Systems Rolling Programme	455	-
Estates Transformation Programme Improvements	358	-
Capital Work-in-Progress - New Build	1,488	-
Other schemes (below £200k)	643	-
<b>Total as at 31 March</b>	<b>3,588</b>	<b>1,175</b>

Capital commitments related to the following asset categories:

Property, Plant and Equipment	3,167	1,156
Intangible Assets	421	19
<b>Total</b>	<b>3,588</b>	<b>1,175</b>

The Group had no commitments in relation to repairs or maintenance at the year-end (PCC £nil) (2012/13: £nil, PCC £nil).

## 19. Financial Instruments

	Long-term		Current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Group and PCC £'000	Group and PCC £'000	Group £'000	Group £'000	PCC £'000	PCC £'000
<b>Debtors</b>						
Loans and receivables (incl accrued interest)	-	-	58,480	44,308	59,919	47,644
<b>Total Debtors</b>	<b>-</b>	<b>-</b>	<b>58,480</b>	<b>44,308</b>	<b>59,919</b>	<b>47,644</b>
<b>Borrowings</b>						
Financial liabilities at amortised cost	-	236	236	235	-	-
<b>Total Borrowings</b>	<b>-</b>	<b>236</b>	<b>236</b>	<b>235</b>	<b>-</b>	<b>-</b>
<b>Other Long-Term Liabilities</b>						
Finance lease liabilities	205	51	143	19	-	-
<b>Total Other Long-Term Liabilities</b>	<b>205</b>	<b>51</b>	<b>143</b>	<b>19</b>	<b>-</b>	<b>-</b>
<b>Creditors</b>						
Financial liabilities at amortised cost	-	-	12,431	10,079	15,063	12,936
<b>Total Creditors</b>	<b>-</b>	<b>-</b>	<b>12,431</b>	<b>10,079</b>	<b>15,063</b>	<b>12,936</b>

**Income, Expense, Gains and Losses**

Group and PCC	2013/14			2012/13		
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	(48)	-	(48)	(76)	-	(76)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(48)</b>	<b>-</b>	<b>(48)</b>	<b>(76)</b>	<b>-</b>	<b>(76)</b>
Interest income	-	228	228	-	225	225
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>228</b>	<b>228</b>	<b>-</b>	<b>225</b>	<b>225</b>
<b>Net gain/(loss) for the year</b>	<b>(48)</b>	<b>228</b>	<b>180</b>	<b>(76)</b>	<b>225</b>	<b>149</b>

**Fair Value of Assets and Liabilities Carried at Amortised Cost**

Financial liabilities and financial assets represented by loans 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 take place over the remaining life of the instruments, using the following assumptions:

- For Public Works Loan Board (PWLB) and other loans payable, the discount rate used is the PWLB rate for new borrowing;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of each class of financial assets and liabilities which are carried in the Balance Sheet at amortised cost is disclosed below.

**Financial Liabilities - carried at amortised cost**

Group	31 March 2014		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Bank overdraft	275	275	10	10
Short-term borrowing	379	397	254	254
Long-term borrowing	205	205	287	362
Other Creditors	12,156	12,156	10,069	10,069
<b>Total Financial Liabilities</b>	<b>13,015</b>	<b>13,033</b>	<b>10,620</b>	<b>10,695</b>
<b>Current</b>	<b>12,810</b>	<b>12,828</b>	<b>10,333</b>	<b>10,333</b>
<b>Long-term</b>	<b>205</b>	<b>205</b>	<b>287</b>	<b>362</b>
<b>Total Financial Liabilities</b>	<b>13,015</b>	<b>13,033</b>	<b>10,620</b>	<b>10,695</b>



PCC	31 March 2014		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Bank overdraft	275	275	10	10
Short-term borrowing	379	397	254	254
Long-term borrowing	205	205	287	362
Other Creditors	14,787	14,787	12,925	12,925
<b>Total Financial Liabilities</b>	<b>15,646</b>	<b>15,664</b>	<b>13,476</b>	<b>13,551</b>
<b>Current</b>	<b>15,441</b>	<b>15,459</b>	<b>13,189</b>	<b>13,189</b>
<b>Long-term</b>	<b>205</b>	<b>205</b>	<b>287</b>	<b>362</b>
<b>Total Financial Liabilities</b>	<b>15,646</b>	<b>15,664</b>	<b>13,476</b>	<b>13,551</b>

The fair value is greater than the carrying amount because the long-term borrowing is at a fixed rate and the interest rate payable is higher than the rates available for similar loans at the balance sheet date.

#### Financial Assets - Loans and receivables

Group	31 March 2014		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Short-term investments	7,009	7,006	-	-
Cash and cash equivalents	44,127	44,129	36,085	36,086
Debtors	8,683	8,683	9,460	9,460
Provision for doubtful debts	(1,339)	(1,339)	(1,237)	(1,237)
<b>Total Financial Assets</b>	<b>58,480</b>	<b>58,479</b>	<b>44,308</b>	<b>44,309</b>

PCC	31 March 2014		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Short-term investments	7,009	7,006	-	-
Cash and cash equivalents	44,111	44,113	36,066	36,067
Debtors	10,138	10,138	12,815	12,815
Provision for doubtful debts	(1,339)	(1,339)	(1,237)	(1,237)
<b>Total Financial Assets</b>	<b>59,919</b>	<b>59,918</b>	<b>47,644</b>	<b>47,645</b>

The differences between fair value and the carrying amount are attributable to fixed interest instruments receivable being held with interest rates that are higher than the prevailing rate estimated to be available at 31 March.

#### 20. Inventories

Group	31 March 2014	31 March 2013	31 March 2012
	£'000	£'000	£'000
Uniforms/Other Items	133	94	137
Garage	93	91	110
<b>Total as at 31 March</b>	<b>226</b>	<b>185</b>	<b>247</b>

PCC	31 March 2014	31 March 2013	31 March 2012
		Restated	Restated
	£'000	£'000	£'000
Garage	93	91	110
<b>Total as at 31 March</b>	<b>93</b>	<b>91</b>	<b>110</b>

All inventories comprise supplies used in the provision of services.

## 21. Debtors

Group	31 March 2014	31 March 2013	31 March 2012
	£'000	£'000	£'000
<b>Amounts receivable:</b>			
Central government bodies	4,353	5,751	4,410
Other Local Authorities (including Police and Crime Commissioners)	1,076	382	647
NHS bodies	-	-	1
Public corporations and trading funds	-	-	-
Other debtors external to general government	3,254	3,327	3,093
	8,683	9,460	8,151
Provision for Doubtful Debts	(1,339)	(1,237)	(1,246)
	7,344	8,223	6,905
Value Added Tax	774	713	1,628
Payments in advance	1,368	2,988	3,110
<b>Total as at 31 March</b>	<b>9,486</b>	<b>11,924</b>	<b>11,643</b>

## PCC

As described in Accounting Policy 3, it has been determined that these financial statements should be restated to account for certain debtors in the single entity accounts of CCNY rather than NYPCC.

	31 March 2014	31 March 2013	31 March 2012
		Restated	Restated
	£'000	£'000	£'000
<b>Amounts receivable:</b>			
Central government bodies	4,353	5,751	4,410
Other Local Authorities (including Police and Crime Commissioners)	1,076	382	647
NHS bodies	-	-	1
Public corporations and trading funds	-	-	-
Other debtors external to general government	3,254	3,327	3,093
Intra group debtors	1,455	3,356	3,110
	10,138	12,816	11,261
Provision for Doubtful Debts	(1,339)	(1,237)	(1,246)
	8,799	11,579	10,015
Value Added Tax	774	713	1,628
<b>Total as at 31 March</b>	<b>9,573</b>	<b>12,292</b>	<b>11,643</b>

Other Local Authorities (including Police and Crime Commissioners) includes £85k (PCC £85k) (2012/13 £113k, PCC £113k) in respect of regional collaboration with other Police and Crime Commissioners in Yorkshire and Humberside.

All debtors at the end of the current and previous year are due within one year.

Movement in the provision for doubtful debts during the year was as follows:

	2013/14 Group	2012/13 Group	2013/14 PCC	2012/13 PCC Restated
	£'000	£'000	£'000	£'000
<b>Balance at 1 April / Acquired by the PCC</b>	<b>(1,237)</b>	<b>(1,246)</b>	<b>(1,237)</b>	<b>(1,246)</b>
Written off as uncollectable	-	-	-	-
Recovered during the year	-	-	-	-
Provided against in year	(102)	9	(102)	9
<b>Balance at 31 March</b>	<b>(1,339)</b>	<b>(1,237)</b>	<b>(1,339)</b>	<b>(1,237)</b>

The Group does not generally allow extended credit for customers, such that only £195k (PCC £195k) (2012/13 £268k, PCC £268k) of the £685k (PCC £685k) (2012/13 £706k, PCC £706k) listed debtors balance is past its due date for payment. The past due amount can be analysed as follows:

	31 March 2014 Group	31 March 2013 Group	31 March 2014 PCC	31 March 2013 PCC Restated
	£'000	£'000	£'000	£'000
Less than three months	127	168	127	168
Three to six months	2	3	2	3
Six months to one year	1	27	1	27
More than one year	65	70	65	70
<b>Total</b>	<b>195</b>	<b>268</b>	<b>195</b>	<b>268</b>

## 22. Cash and Cash Equivalents

Group	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000
Cash at bank and in hand	23	22	22
Short-term deposits falling due within 3 months	44,104	36,063	31,866
<b>Cash and short-term deposits</b>	<b>44,127</b>	<b>36,085</b>	<b>31,888</b>
Bank current account	(275)	(10)	(479)
<b>Total Cash and Cash Equivalents</b>	<b>43,852</b>	<b>36,075</b>	<b>31,409</b>

PCC	31 March 2014 £'000	31 March 2013 Restated £'000	31 March 2012 Restated £'000
Cash at bank and in hand	7	3	2
Short-term deposits falling due within 3 months	44,104	36,063	31,866
<b>Cash and short-term deposits</b>	<b>44,111</b>	<b>36,066</b>	<b>31,868</b>
Bank current account	(275)	(10)	(479)
<b>Total Cash and Cash Equivalents</b>	<b>43,836</b>	<b>36,056</b>	<b>31,389</b>

## Banking Arrangements

The Group (PCC) has the following facilities with North Yorkshire Barclays Corporate:

- BACS £24,500,000
- Company Barclaycard £215,000
- Business Internet Banking £10,000,000

The Group (PCC) holds two current accounts, one is a holding account from which wages and salaries are paid, the other is for general banking and at the end of each day cleared balances are automatically swept into the Business Premium account which earns 0.25%. There are also two Treasury Fixed Deposit accounts.

The Group (PCC) does not have a formal overdraft facility in place and no security is provided to the bank for the above banking arrangements. At 31 March 2014 and 31 March 2013 cheques written but not yet presented at the bank resulted in the bank account balance showing as overdrawn.

### 23. Borrowing

The Group (PCC) has a loan transferred from North Yorkshire County Council. The loan is unsecured and is repayable in equal instalments of £235,400 per annum. Interest is due on the loan at a fixed rate of 9.145% per annum.

An analysis of the remaining repayments for the loan is presented below. It is based on the remaining period at the balance sheet date to the contractual maturity date. The amounts presented are the contractual undiscounted cash flows based on the earliest date on which the Group can be required to pay.

<b>Group and PCC</b>	<b>31 March 2014</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	236	235	236
Between one and two years	-	236	236
Between two and five years	-	-	235
	<b>236</b>	<b>471</b>	<b>707</b>
Less: amount due for settlement within one year (shown within current liabilities)	(236)	(235)	(236)
<b>Amount due for settlement after one year</b>	<b>-</b>	<b>236</b>	<b>471</b>

The Group has acquired some operational IT equipment under finance leases. The assets acquired are carried as Property, Plant and Equipment in the Balance Sheet at the following amounts:

<b>Group and PCC</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>£'000</b>	<b>£'000</b>
Plant and Equipment (Net book value)	<b>383</b>	<b>69</b>

<b>Group and PCC</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>£'000</b>	<b>£'000</b>
The minimum lease payments are made up of the following amounts:		
Within one year	143	19
Between one and two years	146	24
Between two and five years	59	27
	<b>348</b>	<b>70</b>
Less amount due for settlement within one year (within current liabilities)	(143)	(19)
<b>Amount due for settlement after one year</b>	<b>205</b>	<b>51</b>

## 24. Creditors

Group	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000
<b>Amounts due:</b>			
Central government bodies	429	391	82
Other local authorities (including Police and Crime Commissioners)	3,860	1,351	570
NHS bodies	8	2	3
Public corporations and trading funds	-	3	80
HMRC employment taxes and national insurance	2,044	2,288	2,186
Other creditors external to government	8,589	8,891	10,462
Income received in advance	526	545	593
Grants received in advance	386	78	209
<b>Total as at 31 March</b>	<b>15,842</b>	<b>13,549</b>	<b>14,185</b>

## PCC

As described in Accounting Policy 3, it has been determined that these financial statements should be restated to account for certain creditors in the single entity accounts of CCNY rather than NYPCC.

	31 March 2014 £'000	31 March 2013 Restated £'000	31 March 2012 Restated £'000
<b>Amounts due:</b>			
Intragroup creditors	12,598	11,365	11,769
Other creditors external to government	2,332	1,560	1,719
Income received in advance	526	545	593
Grants received in advance	386	78	209
<b>Total as at 31 March</b>	<b>15,842</b>	<b>13,548</b>	<b>14,290</b>

Other local authorities (including Police and Crime Commissioners) includes £2.7m (PCC £nil) (2012/13 £300k, PCC £nil) in respect of regional collaboration with other Police and Crime Commissioners in Yorkshire and Humberside (see Note 13 (b)).

## 25. Provisions

Group	Employee Related £'000	Other Insurance £'000	Total £'000
<b>At 1 April 2013</b>	<b>1,306</b>	<b>1,331</b>	<b>2,637</b>
Additional provision required	53	380	433
Amounts utilised during year	(129)	(339)	(468)
Unused amounts credited to income statement	-	-	-
Effect of discount	-	-	-
<b>At 31 March 2014</b>	<b>1,230</b>	<b>1,372</b>	<b>2,602</b>

Provisions have been analysed between short-term and long-term as follows:

	Employee Related £'000	Other Insurance £'000	Total £'000
<b>2013/14</b>			
Short-term	675	852	1,527
Long-term	555	520	1,075
<b>Total</b>	<b>1,230</b>	<b>1,372</b>	<b>2,602</b>

	Employee Related	Other Insurance	Total
	£'000	£'000	£'000
2012/13			
Short-term	841	872	1,713
Long-term	464	459	923
<b>Total</b>	<b>1,305</b>	<b>1,331</b>	<b>2,636</b>

	Employee Related	Other Insurance	Total
	£'000	£'000	£'000
2011/12			
Short-term	669	687	1,356
Long-term	109	889	998
<b>Total</b>	<b>778</b>	<b>1,576</b>	<b>2,354</b>

### PCC

As described in Accounting Policy 3, it has been determined that these financial statements should be restated to account for some provisions in the single entity accounts of CCNY rather than NYPCC.

	<b>Other Insurance £'000</b>
<b>At 1 April 2013 - Restated</b>	<b>539</b>
Additional provision required	259
Amounts utilised during year	(184)
Unused amounts credited to income statement	-
Effect of discount	-
<b>At 31 March 2014</b>	<b>614</b>

Provisions have been analysed between short-term and long-term as follows:

<b>Other Insurance</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
		Restated	Restated
<b>2013/14</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Short-term	614	539	261
Long-term	-	-	-
<b>Total</b>	<b>614</b>	<b>539</b>	<b>261</b>

All cases are individually insignificant. Employee Related provisions relate to claims arising from the Group's employers liability cover, together with other employee related provisions. Other Insurance provisions relate to claims arising from the Group's non-employee related insurance cover, principally motor and material damage claims.

Sums have been set aside to provide for the settlement of ongoing claims not covered by insurers (identified as Provisions) and to provide for other possible events that might give rise to claims retained in Reserves. Based on past experience of the time taken to settle claims, an estimate has been made of the proportion of claims which are likely to be settled within 12 months of the balance sheet date, and these are provided as current liabilities.

The Group has made arrangements with its insurers to provide cover for:

- liability claims subject to a policy excess of £75,000 for any one occurrence;
- liability and third party motor claims aggregating over £1.2 million;
- third party motor claims subject to an excess of £75,000 for any one occurrence;
- material damage to property, together with consequential business interruption, subject to a policy excess of £1,000 for any one occurrence in respect of all risks cover, £250 for any one occurrence in respect of cover for Money and £75,000 for any one occurrence for all other incidents;
- computer, motor uninsured loss recovery, engineering, airside liability, fidelity guarantee, personal accident, travel and contract works subject to policy terms and conditions.

There are no reimbursements from third parties expected in relation to any of the above provisions.

## 26. Retirement Benefits

### PCC

As described in Accounting Policy 3, it has been determined that these financial statements should be restated to account for pensions in the single entity accounts of CCNY rather than NYPCC.

Accordingly the pensions disclosures for NYPCC have been restated to nil for 2012/13.

### Group

#### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Group participates in three pension schemes:

- The Local Government Pension Scheme (LGPS) for police staff, administered by North Yorkshire County Council. This is a funded defined benefit final salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets;
- Two Police Pension Schemes for police officers. These are unfunded defined benefit final salary schemes, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The second scheme was introduced in April 2006 with the intention that joint contributions of employers and employees would finance the full costs of pension liabilities. All police officers recruited from April 2006 onwards will become members of the new scheme and the previous scheme has been closed to new members. The Group's participation in the Police Pension Schemes is administered by Mouchel Business Services.

Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pension funds for the year is less than the amounts payable, the Group must annually transfer to the pension funds an amount required to meet the deficit. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government pension top-up grant. If, however, the pension funds are in surplus for the year, the surplus is required to be transferred from the pension funds to the Group which must then repay the amount to central government.

#### Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund Balance.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

Group	2013/14			2012/13	2011/12
	LGPS	Police Pension Scheme 1987	Police Pension Scheme 2006	Restated	Restated
				Total	Total
	£'000	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>					
<i>Net Cost of Services</i>					
Current Service Cost	4,974	25,100	3,340	26,901	27,419
Past Service Cost - exceptional item	-	30	-	60	-
Curtailment Cost	297	-	-	105	840
Administration Costs	105	-	-	101	-
	5,376	25,130	3,340	27,167	28,259
<i>Financing and Investment Income and Expenditure:</i>					
Interest Cost	1,781	54,760	930	55,441	59,637
Net charge (credit) to surplus or deficit on provision of services	7,157	79,890	4,270	82,608	87,896
<i>Other comprehensive income</i>					
(Surplus) deficits on remeasurements of scheme assets and liabilities	(38,123)	(74,003)	806	139,141	8,212
<b>Net charge (credit) to Comprehensive Income and Expenditure Statement</b>	<b>(30,966)</b>	<b>5,887</b>	<b>5,076</b>	<b>221,749</b>	<b>96,108</b>
<b>Movement in Reserves Statement</b>					
Reversal of net charges made to surplus or deficit on provision of services for retirement benefits in accordance with IAS19	7,157	79,890	4,270	82,608	87,896
<i>Actual amount charged against the General Fund Balance for the year</i>					
Employers contribution payable to the scheme	(5,345)	(11,167)	(1,546)	(18,135)	(19,250)
Retirement benefits payable to pensioners	-	(2,260)	-	(2,280)	(2,200)
<b>Total</b>	<b>1,812</b>	<b>66,463</b>	<b>2,724</b>	<b>62,193</b>	<b>66,446</b>

The figures for the Police Pension Scheme 1987 include the Injury Awards which are funded directly by the Group.



**Assets and Liabilities in Relation to Retirement benefits**

*Reconciliation of present value of scheme liabilities*

Group	2013/14			Total	2012/13	2011/12
	Funded Liabilities	Unfunded Liabilities			Total Restated	Total Restated
	LGPS	Police Pension Scheme 1987	Police Pension Scheme 2006			
	£'000	£'000	£'000		£'000	£'000
Balance at 1 April / acquired by PCC	(148,283)	(1,277,810)	(19,210)	<b>(1,445,303)</b>	(1,225,531)	(1,145,980)
Current service cost	(4,974)	(25,100)	(3,340)	<b>(33,414)</b>	(26,901)	(27,419)
Interest cost	(6,489)	(54,760)	(930)	<b>(62,179)</b>	(59,965)	(65,018)
Contributions by scheme participants	(1,703)	(6,000)	(1,640)	<b>(9,343)</b>	(8,151)	(7,991)
Actuarial gains and (losses)	22,185	53,400	2,360	<b>77,945</b>	(169,198)	(16,260)
Benefits paid	3,325	40,030	20	<b>43,375</b>	44,608	37,977
Curtailment cost	(297)	-	-	<b>(297)</b>	(105)	(840)
Past service costs	-	(30)	-	<b>(30)</b>	(60)	-
<b>Balance at 31 March</b>	<b>(136,236)</b>	<b>(1,270,270)</b>	<b>(22,740)</b>	<b>(1,429,246)</b>	<b>(1,445,303)</b>	<b>(1,225,531)</b>

*Reconciliation of fair value of the scheme assets*

Group	2013/14			Total	2012/13	2011/12
	LGPS	Police Pension Scheme 1987	Police Pension Scheme 2006		Total Restated	Total Restated
	£'000	£'000	£'000		£'000	£'000
Balance at 1 April	105,143	-	-	<b>105,143</b>	86,705	81,812
Interest on plan assets	4,708	-	-	<b>4,708</b>	4,524	5,381
Administration expenses	(105)	-	-	<b>(105)</b>	(101)	-
Actuarial gains and (losses)	15,938	20,603	(3,166)	<b>33,375</b>	30,057	8,048
Employer contributions	5,345	13,427	1,546	<b>20,318</b>	20,415	21,450
Contributions by scheme participants	1,703	6,000	1,640	<b>9,343</b>	8,151	7,991
Benefits paid	(3,325)	(40,030)	(20)	<b>(43,375)</b>	(44,608)	(37,977)
<b>Balance at 31 March</b>	<b>129,407</b>	<b>-</b>	<b>-</b>	<b>129,407</b>	<b>105,143</b>	<b>86,705</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in respective markets.

The actual gain on scheme assets in the year was £12.5m (2012/13 £14.5m).

**Scheme History**

Group	2013/14	2012/13	2011/12	2010/11	2009/10
	£'000	Restated £'000	Restated £'000	£'000	£'000
<b>Present value of liabilities:</b>					
LGPS	(136,236)	(148,283)	(122,161)	(112,880)	(112,397)
Police Pension Scheme 1987	(1,270,270)	(1,277,810)	(1,091,580)	(1,024,870)	(1,115,030)
Police Pension Scheme 2006	(22,740)	(19,210)	(11,790)	(8,230)	(5,110)
<b>Total liabilities</b>	<b>(1,429,246)</b>	<b>(1,445,303)</b>	<b>(1,225,531)</b>	<b>(1,145,980)</b>	<b>(1,232,537)</b>
<b>Fair value of assets (LGPS):</b>	<b>129,407</b>	<b>105,143</b>	<b>86,705</b>	<b>81,812</b>	<b>70,131</b>
<b>Surplus/(deficit) in the scheme:</b>					
LGPS	(6,829)	(43,140)	(35,456)	(31,068)	(42,266)
Police Pension Scheme 1987	(1,270,270)	(1,277,810)	(1,091,580)	(1,024,870)	(1,115,030)
Police Pension Scheme 2006	(22,740)	(19,210)	(11,790)	(8,230)	(5,110)
<b>Total</b>	<b>(1,299,839)</b>	<b>(1,340,160)</b>	<b>(1,138,826)</b>	<b>(1,064,168)</b>	<b>(1,162,406)</b>

The liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1,218.4m (2012/13 £1,265.8m). However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Finance is only required to be raised to cover police pensions when the pensions are actually paid. Funding arrangements for the Police Pension Fund are detailed in the Police Pension Fund Accounts.

The projected employer contribution rates for 2014/15 and the weighted average duration of the defined benefit obligations for scheme members, as provided by the Actuary, are as follows:

Scheme	Percentage of Pensionable Pay	Weighted Average Duration
Local Government Pension Scheme (LGPS)	16.5%	23 years
Police Pension Scheme 1987	49.6%	21 years
Police Pension Scheme 2006	45.9%	37 years

These are the projected rates that would be required to fully cover the pension costs arising in the year and do not represent the actual cost or contributions to be made.

Members of the Police Pension Schemes are able to seek a refund of contributions if they leave the service with less than two years service. With effect from 1 April 2014 members of the LGPS will automatically receive a refund of contributions if they leave with less than two years service. Up to that date members could opt for a refund if they left with less than three months service.

**History of experience gains and losses**

The actuarial gains identified as movements on the Pensions Reserve in 2013/14 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2014:

	2013/14	2012/13	2011/12	2010/11	2009/10
	Group and PCC	Group and PCC	Group and PCC		restated
	%	Restated %	%	%	%
<b>Differences between the expected and actual return on assets:</b>					
Percentage of scheme assets	12.3%	9.5%	(5.0%)	0.9%	30.4%
<b>Experience gains and losses on liabilities:</b>					
Percentage of scheme liabilities	(1.3%)	(1.9%)	(1.5%)	(1.3%)	(0.5%)

The Group expects to make employer contributions of £4.4m (PCC £0.1m) to the Local Government Pension Scheme in the year to 31 March 2015. Employer contributions to the Police Pension Schemes in the same period are expected to be £12.1m.

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Police Pension Schemes liabilities have been assessed by the Government Actuary's Department ("GAD") and the LGPS liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates for the LGPS being based on the latest full valuation of the scheme as at 31 March 2013.

The principal assumptions used by the actuaries have been:

	Local Government Pension Scheme		Police Pension Schemes	
	2013/14	2012/13	2013/14	2012/13
<i>Mortality assumptions:</i>				
Longevity at 65 for current pensioners:				
Men	23.0 yrs	22.6 yrs	23.4 yrs	23.4 yrs
Women	25.5 yrs	25.3 yrs	25.9 yrs	25.8 yrs
Longevity at 65 for future pensioners				
Men	25.3 yrs	24.4 yrs	25.6 yrs	25.7 yrs
Women	27.8 yrs	27.2 yrs	28.0 yrs	27.9 yrs
Rate of inflation	2.4%	2.4%	2.5%	2.5%
Rate of increase in salaries	3.9% *	4.15%	4.5%	4.75%
Rate of increase in pensions	2.4%	2.4%	2.5%	2.5%
Rate for discounting scheme liabilities	4.6%	4.4%	4.4%	4.3%
Take up of option to convert annual pension into retirement grant	50.0%	50.0%	-	-

\* An adjustment has been made for short-term pay restraint in line with the most recent actuarial valuation.

The Police Pension Schemes have no assets to cover their liabilities. The LGPS assets consist of the following categories:

	Fair Value of Scheme Assets	
	2013/14	2012/13
	£'000	Restated £'000
Cash and Cash Equivalents	647	526
Bonds:		
Government	16,047	14,511
Corporate	9,706	9,778
Sub-total Bonds	25,753	24,289
Property - UK	6,082	3,890
Private Equity		
UK: Quoted	61,985	45,947
Overseas: Quoted	21,352	18,190
Overseas: Emerging Model	3,365	3,154
Sub-total Private equity	86,702	67,291
Other		
Diversified Growth Fund	10,223	9,147
<b>Total Assets</b>	<b>129,407</b>	<b>105,143</b>

## 27. Contingent Liabilities

The Group has not made provision in these accounts for the potential outcome of legal proceedings pending conclusion in relation to Civil and Employment Claims where it is not considered probable that a payment or a transfer of economic benefits will be required to settle the obligations.

On behalf of the Police and Crime Commissioners for Yorkshire and Humberside the Police and Crime Commissioner for Humberside has entered into a property lease arrangement. The annual costs associated with this property are shared between the four forces within the region. The Group has agreed to indemnify the Police and Crime Commissioner for Humberside against the future costs in the unlikely event that the joint collaborative arrangements are discontinued during the lifetime of the lease arrangements.

This Group has agreed to indemnify other Regional Police and Crime Commissioners for its share of any costs in the event of any employment tribunal or civil court claims related to regional employment. This indemnity is unlimited. At this time, it is not possible to predict the value or timing of any obligations falling due as a result of this indemnity.

Note 25 (Provisions) explains the treatment in respect of provision for amounts as known at the date of these accounts.

## 28. Events after the Reporting Period

The Group has considered events that have occurred since the balance sheet date, up to the date that the accounts have been authorised for issue (24 September 2014). Other than as mentioned below, no events have been identified which could materially impact on the figures in these financial statements, nor which would require disclosure to maintain the fair presentation of the financial statements.

No material or significant events have occurred after the reporting period at the time of compiling these accounts which are not already referred to or which amend the content of the Statement of Accounts.

The Commissioner was required to provide the Home Secretary with a Stage 2 transfer scheme under the Police Reform and Social Responsibility Act 2011. The scheme details the transfer of staff to the Chief Constable on 1 April 2014. On that date the NYPCC delegation of direction and control over all police staff to staff under the direction and control of CCNY will cease, and each party will have direction and control of staff in their own employ.

During July 2014 the Police and Crime Commissioner decided to close the project to build a Northern base for North Yorkshire Police in the light of a new opportunity for collaboration with a neighbouring force. As a result of this decision some of the costs shown as Assets Under Construction in these accounts may need to be written off during 2014/15. At this time it is not possible to quantify the amount of the write-off that will be required.

## 29. Net Cash Flows from Operating Activities

Net Cash Flows from Operating Activities include:

<b>Group and PCC</b>	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Interest received	<b>224</b>	<b>206</b>
Interest paid	<b>48</b>	<b>76</b>

## 30. Net Cash Flows from Investing Activities

<b>Group and PCC</b>	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Purchase of Property, Plant and Equipment, Investment Property, Intangible Assets and Assets under Construction	4,496	6,664
Purchase of Short-Term Investments	48,204	13,750
Proceeds from the sale of Property, Plant and Equipment and Assets Held for Sale	(2,280)	(579)
Proceeds from Short-Term Investments	(41,197)	(13,750)
<b>Net Cash Flows from Investing Activities</b>	<b>9,223</b>	<b>6,085</b>

**31. Net Cash Flows from Financing Activities**

<b>Group and PCC</b>	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Cash receipts of short-term and long-term borrowing	(356)	(71)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	78	1
Repayments of short-term and long-term borrowing	235	235
<b>Net Cash Flows from Financing Activities</b>	<b>(43)</b>	<b>165</b>

**32. Related Party Transactions**

The Group is required to disclose material transactions and balances with related parties - bodies or individuals that have the potential to control or exercise significant influence over the Group or be controlled or influenced by the Group. Disclosure of these transactions allows readers to assess the extent to which the Group might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Group.

The Group has sound arrangements for internal control and corporate governance (including a scheme of delegations and purchase, contract and procurement regulations) which minimise the potential for a single officer to constrain the actions of the Group, and which seek to ensure that the Group obtains Value for Money in all transactions.

**Central Government**

Central Government has effective control over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates, provides a substantial part of the Group's funding in the form of grants and prescribes the terms of many of the transactions the Group has with other parties.

Central Government has a role, together with the Police and Crime Commissioner and the Chief Constable, in the tripartite system of police governance. Government Grants received by the Group are set out in Notes 9 and 12(f). Grant receipts outstanding at 31 March 2014 are included in Debtors (Note 21).

**Other Local Authorities (including Other Police and Crime Commissioners)**

Local Government provides a proportion of the funding for the Group and, until 22 November 2012, nominated Members of the Authority. Details of precepts are set out in Note 10. Transactions with the Yorkshire and Humberside Police and Crime Commissioners in respect of Regional Collaboration are set out in Note 13(b). The amounts owing to and from Other Local Authorities at the balance sheet date are included in Debtors (Note 21) and Creditors (Note 24).

**Key Management**

Key Management of the Group are also classed as related parties. Key Management are considered to be the Police and Crime Commissioner and other senior officers (as defined in Note 11) and other persons having the authority and responsibility for planning, directing and controlling the activities of the Group, including the oversight of these activities.

Remuneration of Key Management is disclosed in Note 11.

Up to 22 November 2012, members of the Authority had control over the Authority's financial and operating policies. Members' allowances up to that date are disclosed in Note 11.

The Group is a member of the Association of Police and Crime Commissioners (APCC) and the Association of Police and Crime Chief Executives (APACE) and senior officers engage with APCC and APACE on Group business. During 2013/14 the Group incurred subscription and conference costs of £1k (PCC £1k) (2012/13 £11k, PCC £11k). £1k (PCC £1k) was outstanding at 31 March 2014 (31 March 2013 £nil, PCC £nil).

Senior police officers are members of the Association of Chief Police Officers (ACPO) and engage with ACPO on Force business. During 2013/14 the Group incurred subscriptions and other costs of £1k (PCC £nil) (2012/13 £26k, PCC £nil). The Group received £nil (PCC £nil) (2012/13 £56k, PCC £56k) from ACPO in relation to reimbursement of costs of officers seconded to ACPO. At 31 March 2014 £nil (PCC £nil) (31 March 2013 £nil, PCC £nil) was owed to the Group by ACPO.

The Group purchased and received services to a value of £51k (PCC £nil) (2012/13 £52k, PCC £nil) from organisations in which members (up to 22 November 2012) or senior officers had positions on the governing body. In all instances transactions were made with proper consideration of declaration of interest. The relevant members or senior officers did not take part in any discussion or decision in relation to the transactions. Where appropriate, details of these transactions are recorded in the Register of Members interests. At 31 March 2014 £nil (PCC £nil) (31 March 2013 £nil, PCC £nil) was owed by the Group to these organisations.

During the period up to 22 November 2012, accommodation and meeting facilities to the value of £nil (PCC £nil) (2011/12 £2k, PCC £nil) were provided by a company controlled by one member of the former Police Authority. The balance owing by the Group to the company at 31 March 2013 was £nil (PCC £nil) (2011/12 £nil, PCC £nil).

In the period up to 22 November 2012, the Group paid rental and service costs of £nil (PCC £nil) to an organisation in which a former member of the Authority was employed. £Nil (PCC £nil) was outstanding at 31 March 2013.

### Pension Schemes

Transactions with Pension Schemes are set out in Note 26.

## 33. Nature and Extent of Risks Arising from Financial Instruments

### Key Risks

The Group's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk** the possibility that other parties might fail to pay amounts due to the Group
- **Liquidity risk** the possibility that the Group might not have funds available to meet its commitments to make payments
- **Refinancing risk** the possibility that the Group might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms
- **Market risk** the possibility that financial loss might arise for the Group as a result of changes in such measures as interest rates movements.

### Overall procedures for managing risk

The Group's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Group to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Group to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Group's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be approved before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Group's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by the Commissioner for 2013/14 on 5 March 2013. The key issues within the Strategy were:

- The Authorised Limit for 2013/14 was set at £13.1m. This was the maximum limit of external borrowings or other long-term liabilities;
- The Operational Boundary was expected to be £10.0m. This was the expected level of debt and other long-term liabilities during the year;
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 50% based on the net debt.

These policies are implemented by Financial Services on behalf of the Group. The Group maintains written principles for overall risk management, as well as written policies (Treasury Management Practices - TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers.

This risk is minimised through the Annual Investment Strategy, which is based solely upon the use of "specified investments", with all investments being sterling denominated with maturities up to a maximum of 364 days and meeting a minimum "high" credit rating. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

This Group uses the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

The full Investment Strategy for 2013/14 was approved by the Commissioner on 5 March 2013. It forms part of the Treasury Management Strategy.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings.

The Group's maximum exposure to credit risk in relation to its investments in banks and building societies of £37.6m (2012/13 £36.1m) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Group's deposits, but there was no evidence at the 31 March 2014 that this was likely to crystallise.

The following analysis summarises the maximum exposure to credit risk on financial assets, based on experience of default, adjusted to reflect current market conditions:

Group	Total		Historical experience of default		Estimated maximum exposure to default	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£'000	£'000	%	%	£'000	£'000
Short-term investments	7,009	-	-	-	-	-
Cash and cash equivalents	44,127	36,085	-	-	-	-
Other debtors and amounts owed by related parties	7,344	8,223	0.06%	0.03%	4	2
<b>Total</b>	<b>58,480</b>	<b>44,308</b>			<b>4</b>	<b>2</b>

PCC	Total		Historical experience of default		Estimated maximum exposure to default	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£'000	£'000	%	%	£'000	£'000
Short-term investments	7,009	-	-	-	-	-
Cash and cash equivalents	44,111	36,066	-	-	-	-
Other debtors and amounts owed by related parties	8,799	11,578	0.06%	0.03%	4	2
<b>Total</b>	<b>59,919</b>	<b>47,644</b>			<b>4</b>	<b>2</b>

No breaches of the counterparty criteria occurred during the reporting period and the PCC does not expect any losses from non-performance by any of her counterparties in relation to deposits and bonds.

An age analysis of the amounts due from debtors is disclosed in Note 21.

Collateral - During the reporting period the Group held no collateral as security (PCC none).

### Liquidity Risk

The Group manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Group has ready access to borrowings from the money markets to cover any day-to-day cash flow needs, and the PWLB and money markets for access to longer-term funds. The Group is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing are due to be paid in less than one year.

### Refinancing and Maturity risk

The Group maintains a significant investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Group relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Group's approved treasury and investment strategies address the main risks and Financial Services addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of existing and proposed financial liabilities; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Group's day-to-day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity profile of financial liabilities is set out in Note 23.

### Market Risk

#### Interest Rate Risk

The Group is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Group, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:



- Borrowings at variable rates - the interest expense charged to the CIES will rise (however the Group does not currently have any variable rate borrowings);
- Borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates - the interest income credited to the CIES will rise;
- Investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Group has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Group's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The Financial Services Directorate monitors market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rate borrowings would be postponed.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	<b>2013/14</b>
	<b>Group and PCC</b>
	<b>£'000</b>
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	447
Decrease in fair value of fixed rate investment assets	38
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	3

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in Note 19 - Fair Value of Assets and Liabilities carried at Amortised Cost

**Price Risk**

The Group does not generally invest in equity shares or marketable bonds.

**Foreign Exchange Risk**

The Group has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to gains or losses arising from movements in exchange rates.

**POLICE PENSION FUND ACCOUNT**  
for the YEAR ENDED 31 March 2014

	2013/14 Police Pension Scheme 1987 £'000	2013/14 Police Pension Scheme 2006 £'000	2013/14 Total Police Pension Fund Account £'000	2012/13 £'000
<b>Contributions receivable</b>				
From Employer				
Normal	(10,614)	(1,546)	(12,160)	(12,514)
Early retirement	(553)	-	(553)	(627)
Reimbursement of unabated pensions of '30+' Police Officers	-	-	-	(3)
	(11,167)	(1,546)	(12,713)	(13,144)
From Members	(5,901)	(720)	(6,621)	(6,207)
	(17,068)	(2,266)	(19,334)	(19,351)
<b>Transfers in</b>				
Individual transfers from other schemes	(99)	(923)	(1,022)	(297)
Received from other PCCs re pre-1974 pensioners	-	-	-	(142)
<b>Benefits payable</b>				
Pensions	29,882	21	29,903	28,199
Commutations and lump sum retirement benefits	7,798	-	7,798	11,241
Lump sum death benefits	-	-	-	236
<b>Payments to and on account of leavers</b>				
Refunds of contributions	-	-	-	3
Individual transfers out to other schemes	91	4	95	-
Paid to other PCCs re pre-1974 pensioners	-	-	-	-
<b>Deficit for the year before transfer from the Police and Crime Commissioner of amount equal to the deficit</b>	<b>20,604</b>	<b>(3,164)</b>	<b>17,440</b>	<b>19,889</b>
Additional funding payable by the PCC to fund the deficit for the year	(20,604)	3,164	(17,440)	(19,889)
<b>Net amount payable/receivable for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**POLICE PENSION FUND NET ASSETS STATEMENT**  
at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 £'000
Current Assets	5	-	62
Current Liabilities	6	-	(62)
<b>Net Assets</b>		<b>-</b>	<b>-</b>

## NOTES TO THE POLICE PENSION FUND ACCOUNTS

**1. Accounting Policies**

The Police Pension Fund Accounts have been prepared in accordance with the IFRS Code and on an accruals basis. This means that sums due to or from the Pension Fund are included as they fall due, whether or not the cash has been received or paid. The accounting convention adopted is historical cost.

**2. Operation of Police Pension Schemes**

The Group operates two Pension Schemes for police officers. These are unfunded schemes, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. The second scheme was introduced in April 2006, with the intention that joint contributions of employers and employees would finance the full costs of pension liabilities. All police officers recruited from April 2006 onwards will become members of the new scheme and the previous scheme has been closed to new members.

The charge in the accounts of the Group represents the net cost of pensions and other benefits paid, after deducting contributions receivable from members. Members contribution rates vary between 11.5% and 14% of pensionable pay.

**3. Funding of Police Pension Schemes**

The funding arrangements for Police Pension Schemes changed on 1 April 2006. Before 1 April 2006 the schemes did not have a percentage of pensionable pay type of contribution, rather the Authority was responsible for paying pensions of former employees on a pay-as-you-go basis. Under the new funding arrangements the schemes remain unfunded but the Group no longer meets the pension outgo directly, instead the Group pays an employer's contribution, based on a percentage of pay, into the Pension Fund. Each individual Police and Crime Commissioner in England and Wales is required by legislation to operate a Pension Fund for police officers and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation.

Under the new arrangements, the Pension Fund will be balanced to nil at the end of the year by either paying over to the Group the amount by which amounts receivable by the Fund for the year exceeded the amounts payable or by receiving cash from the Group equal to the amount by which the amount payable from the pension fund for the year exceeded the amount receivable.

The Group will either pay an amount equal to the amount received from the Pension Fund to the Home Office or receive a pension top-up grant from the Home Office equal to the amount paid to the Pension Fund.

**4. Liabilities in Relation to Retirement Benefits**

The Police Pension Fund Accounts do not take account of liabilities to pay pensions and other benefits after the period end. Details of the liabilities for retirement benefits attributable to the Group at 31 March 2014, and of the basis for assessing those liabilities, are included in Note 26 to the Statement of Accounts.

The present value of the Police Pension Scheme liabilities, based on the most recent full valuation of the Scheme (as at 31 March 2012) and updated to the balance sheet date, are disclosed below:

	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>£'000</b>	<b>£'000</b>
Police Pension Scheme 1987	1,270,270	1,277,810
Police Pension Scheme 2006	22,740	19,210
<b>Total present value of liabilities</b>	<b>1,293,010</b>	<b>1,297,020</b>

Full details of the liabilities for retirement benefits attributable to the Group at 31 March 2014, and of the basis for assessing those liabilities, are included in Note 26 to the Group Accounts.

**5. Current Assets**

	<b>31 March 2014</b>	31 March 2013
	<b>£'000</b>	£'000
Other Local Authorities (including Police and Crime Commissioners)		62
<b>Total</b>	<b>-</b>	<b>62</b>

**6. Current Liabilities**

	<b>31 March 2014</b>	31 March 2013
	<b>£'000</b>	£'000
Other Local Authorities (including Police and Crime Commissioners)		62
Reduction in funding receivable from the Group	-	-
<b>Total</b>	<b>-</b>	<b>62</b>

## INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR NORTH YORKSHIRE

### Opinion on the financial statements

We have audited the financial statements of the Police and Crime Commissioner for North Yorkshire for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the PCC and Group Movement in Reserves Statement, the PCC and Group Comprehensive Income and Expenditure Statement, the PCC and Group Balance Sheet, the PCC and Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the Police and Crime Commissioner for North Yorkshire in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

### Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### 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 Police and Crime Commissioner's and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword and the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for North Yorkshire as at 31 March 2014 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

### Opinion on other matters

In our opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;
- We issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- We designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Police and Crime Commissioner to consider it at a public meeting and to decide what action to take in response; or
- We exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects

**Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

***Respective responsibilities of the Authority and the auditor***

The Police and Crime Commissioner for North Yorkshire is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Police and Crime Commissioner for North Yorkshire has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Police and Crime Commissioner for North Yorkshire has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the arrangements for securing economy, efficiency and effectiveness are operating effectively.

***Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources***

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission, as to whether the Police and Crime Commissioner for North Yorkshire has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for North Yorkshire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner for North Yorkshire had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

***Conclusion***

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that, in all significant respects, the Police and Crime Commissioner for North Yorkshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

**Certificate**

We certify that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

.....  
Cameron Waddell CPFA  
For and on behalf of Mazars LLP, Appointed Auditors  
The Rivergreen Centre  
Aykley Heads  
Durham, DH1 5TS

Date: 24 September 2014

ANNUAL GOVERNANCE STATEMENT  
THE POLICE AND CRIME COMMISSIONER FOR NORTH YORKSHIRE (NYPCC)  
and the NYPCC Group

SEE SEPARATE DOCUMENT

## GLOSSARY OF TERMS

**ACCRUAL:** The recognition, in the correct accounting period, of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

**ACCRUED BENEFITS:** The benefits for service up to a given point in time, whether vested rights or not.

**ACTUARIAL GAINS AND LOSSES:** For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

**ACTUARIAL VALUATION:** A valuation of assets held, an estimate of the present value of benefits to be paid and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

**AGENCY SERVICES:** The provision of services by a Police and Crime Commissioner or Chief Constable (the agent) on behalf of another Police and Crime Commissioner or Chief Constable, which is legally responsible for providing those services. The responsible Police and Crime Commissioner or Chief Constable reimburses the Police and Crime Commissioner or Chief Constable providing the service.

**AMORTISED COST:** The cost of an intangible asset after amortisation, which is the systematic allocation of the depreciable amount of an asset over its useful life.

**ANNUAL GOVERNANCE STATEMENT:** Describes the governance framework incorporating the systems and processes, culture and values by which the Group is directed and controlled and the activities through which it accounts to and engages with the community.

**APPROPRIATIONS:** Amounts transferred to or from revenue or capital reserves.

**ASSET:** An item which has a value; for example, land and buildings, vehicles, equipment, cash.

**AUDIT COMMISSION:** An independent body, established under the Local Government Finance Act 1982. It is the responsibility of the Audit Commission to appoint external auditors to Police and Crime Commissioners and Chief Constables.

**BALANCES:** The total general balances available are the accumulated surplus of income over expenditure which enable operation without borrowing until the first precept and grant payments are received in the early part of the financial year. Balances are also used to cover any unexpected expenditure during the financial year.

**BALANCE SHEET:** This sets out the financial position of an organisation on a particular date. It shows the balances and reserves at the organisation's disposal, its long-term indebtedness, the fixed and net current assets employed in its operations and summarised information on the fixed assets held.

**BUDGET:** A statement of an organisation's plans in financial terms. A budget is prepared and approved before the start of each financial year and is used to monitor actual expenditure throughout the year.

**CAPITAL ADJUSTMENT ACCOUNT:** The account through which all financing of fixed assets is charged.

**CAPITAL EXPENDITURE:** Expenditure on new assets or on the enhancement of existing assets so as to prolong their life or enhance market value.

**CAPITAL FINANCING CHARGES:** The repayment of loans and interest used to pay for capital projects.

**CAPITAL GRANT:** Grant from Central Government used to finance specific schemes in the capital programme. Where capital grants are receivable these are used, as far as possible, to finance capital expenditure to which they relate in the year that the grant is received.

**CAPITAL RECEIPTS:** The proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debt, as laid down within rules set by Central Government.

**CAPITAL RESERVE:** Created to provide an alternative source of financing for capital expenditure and to ensure some stability in the level of capital programmes that can be financed.

**CASH FLOW STATEMENT:** This summarises the cash receipts and payments of the Group arising from transactions for both revenue and capital purposes.

**CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA):** This is the main professional body for accountants working in the public services.



**COLLECTION FUND:** A fund administered by each District Council in which individuals' council tax payments are paid. The Police and Crime Commissioner raises a precept on the fund to finance part of their net revenue expenditure.

**COLLECTION FUND ADJUSTMENT ACCOUNT:** The account through which to implement the accruals basis for recording the precept in these accounts without affecting the bottom line for taxpayers.

**COMPONENT ACCOUNTING:** Component accounting requires that where an asset has several components, which can be physically separated from the principal asset and which have significantly different useful lives, these should be recognised separately and should be depreciated based on their respective useful lives. Component accounting aims to improve depreciation accounting and thus improves the measurement of operating results. It also facilitates accounting for replacements.

**CONTINGENCY:** The sum of money set aside to meet unforeseen expenditure or liability.

**COUNCIL TAX:** The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

**CREDIT APPROVAL:** Authorisations given by Central Government to local authorities, which enable them to finance capital expenditure by borrowing or other credit arrangements such as leasing.

**CREDITORS:** Individuals or organisations to whom money is owed at the end of the financial year.

**CURRENT ASSETS AND LIABILITIES:** Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short term.

**CURRENT SERVICE COSTS (PENSIONS):** The increase in the present value of a defined benefit scheme's liabilities expected to arise from the employee service in the current period.

**CURTAILMENT:** For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

**DEBTORS:** Individuals or organisations from whom money is owed at the end of the financial year.

**DEFERRED LIABILITIES:** Liabilities which, by arrangement, are payable beyond the next year, at some point in the future or paid off by an annual sum over a period of time.

**DEFERRED PENSIONS:** Individuals who have ceased to be active members but are entitled to benefits payable at a later date.

**DEFINED BENEFIT SCHEME:** A pension scheme which defines the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

**DEPRECIATION:** An annual charge to reflect the extent to which an asset has been worn out or consumed during the financial year.

**DIRECT REVENUE FINANCING:** Resources provided from the revenue budget to finance the cost of capital projects.

**DISCRETIONARY BENEFITS:** Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under discretionary powers.

**EARMARKED RESERVES:** These reserves represent monies set aside that can only be used for a specific purpose.

**EXPECTED RATE OF RETURN ON PENSION ASSETS:** For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

**EXTRAORDINARY ITEMS:** Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside ordinary activities and are not expected to recur.

**FINANCE AND OPERATING LEASE:** A Finance lease transfers all of the risks and rewards of ownership of a fixed asset to the lessee. If these leases are used, the assets acquired have to be included within the fixed assets in the balance sheet at the market value of the asset involved. With an operating lease the ownership of the asset remains with the leasing company and an annual rent is charged to the relevant service revenue account.

**FINANCIAL REGULATIONS:** A written code of procedures approved by the Police and Crime Commissioner, intended to provide a framework for proper financial management.

**FIXED ASSETS:** Tangible assets that yield benefits for a period of more than one year.

**FORMULA SPENDING SHARE (FSS):** An assessment by Central Government of how much a Police and Crime Commissioner needs to spend to provide a common level of service, having regard to their individual circumstances. It is used to distribute Revenue Support Grant and Police Grant.

**GAD:** The Government Actuaries Department. They provide estimates of the liabilities of the Police Pension Scheme.

**GOING CONCERN:** The concept that an organisation will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

**GOVERNMENT GRANTS:** Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

**IMPAIRMENT:** A reduction in the value of an asset from the balance sheet value occurring as a result of a change in the condition and consumption of the asset or as a result of market conditions.

**INCOME AND EXPENDITURE ACCOUNT:** This summarises the resources generated and consumed for the year and shows how the costs have been financed.

**INTEREST INCOME:** The money earned from the investment of surplus cash.

**INTEREST COSTS (PENSIONS):** For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS):** Standards and Interpretations adopted by the International Accounting Standards Board (IASB). They comprise:

- (a) International Financial Reporting Standards;
- (b) International Accounting Standards; and
- (c) Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

**INVESTMENTS (PENSION FUND):** The investments of a Pension Fund will be accounted for in the statements of that Fund. However, sponsoring bodies are also required to disclose, as part of disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

**MINIMUM REVENUE PROVISION (MRP):** The statutory minimum amount which a Police and Crime Commissioner is required to set aside on an annual basis as a provision to redeem debt.

**NET BOOK VALUE:** The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**NET CURRENT REPLACEMENT COST:** The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

**NATIONAL NON-DOMESTIC RATES (NNDR):** The business rate in the pound is the same for all non-domestic ratepayers and is set annually by the government. Income from business rates goes into a central government pool that is then distributed according to resident population.

**NON-OPERATIONAL ASSETS:** Non-operational assets are fixed assets held but not directly occupied or used in the delivery of services. They include surplus properties awaiting disposal and assets that are under construction.

**OPERATIONAL ASSETS:** Fixed assets held and occupied, used or consumed in the direct delivery of those services for which they have either a statutory or discretionary responsibility.

**OUTTURN:** The actual amount spent in the financial year.

**PAST SERVICE COST:** For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**PAYMENTS IN ADVANCE:** These represent payments prior to 31 March for supplies and services received by the Group after 1 April.

**PENSION FUND:** A fund which makes pension payments on retirement of its participants.

**POLICE GRANT:** A grant paid by the government to Police and Crime Commissioners as a proportion of the Formula Spending Share or FSS.

**PRECEPT:** The income which the Police and Crime Commissioner requires the District Council to raise from Council Tax on behalf of the Police and Crime Commissioner.

**PROJECTED UNIT METHOD:** An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. The scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners, and their dependents, allowing where appropriate for future increases and
- the accrued benefits for members in service at the valuation date.

**PROVISION:** An amount set aside to provide for a liability that is likely to be incurred but the exact amount and the date on which it will arise are uncertain.

**PUBLIC WORKS LOAN BOARD (PWLB):** A government agency which provides longer-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

**RECEIPTS IN ADVANCE:** These represent income received prior to 31 March for supplies and services provided by the Group after 1 April.

**RESERVES:** Monies set aside by the Group that do not fall within the definition of provisions.

**RETIREMENT BENEFITS:** All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

**REVENUE CONTRIBUTIONS TO CAPITAL:** Contribution from the Comprehensive Income and Expenditure Statement to finance capital expenditure and thus reduce the requirement to borrow.

**REVENUE SUPPORT GRANT (RSG):** General government grant support towards expenditure.

**REVALUATION RESERVE:** This account represents the difference between the current valuation of fixed assets and the historic costs of those assets. This Account came into effect 1 April 2007.

**SCHEME LIABILITIES:** The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employee is committed to provide for service up to the valuation date.

**SERVICE REPORTING CODE OF PRACTICE FOR LOCAL AUTHORITIES (SeRCOP):** A CIPFA guide to accounting for best value which provides a consistent and comparable calculation of the cost of services.

**SETTLEMENT:** An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to effect the settlement.

**SPONSORSHIP:** The voluntary provision of non-public funds, services, equipment or other resources that enable the enhancement or extension of the normal service provided.

**STATEMENT OF ACCOUNTING POLICIES:** This explains the basis of the figures in the accounts. The accounts can only be properly appreciated if the policies that have been followed in dealing with material items are explained. Changes in policies from previous years have been clearly shown.

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS:** This explains the responsibilities of both the Police and Crime Commissioner and Police and Crime Commissioner's Chief Finance Officer in respect of the Statement of Accounts.

**STATEMENTS OF STANDARD ACCOUNTING PRACTICE (SSAP):** These standards were adopted by the Accounting Standards Board (ASB) from its predecessor, the Accounting Standards Committee (ASC), and regulate the preparation and presentation of financial statements. Any new Standards are now referred to as Financial Reporting Standards (FRS). The CIPFA Code of Practice on Local Authority Accounting 2007 requires compliance to these Standards or disclosures in the notes if there are any material departures from those Standards.

**TRANSFER VALUES:** Payment made by one pension scheme to another in respect of accrued pension rights when a member of a scheme changes pensionable employment.

**TREASURY MANAGEMENT POLICY (TMP):** This is a policy adopted to manage investments, cash flows, and banking transactions. It governs the control of risks associated with these activities and the pursuit of optimum investment return balanced with security of investment.

**WORK IN PROGRESS:** The cost of work done on an uncompleted project at the balance sheet date.

## ACRONYMS

ACC	Assistant Chief Constable
ACPO	Association of Chief Police Officers
AGS	Annual Governance Statement
APACE	Association of Policing and Crime Chief Executives
APCC	Association of Police and Crime Commissioners
ASC	Accounting Standards Committee
CC	Chief Constable
CCNY	Chief Constable of North Yorkshire Police
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CFR	Capital Financing Requirement
CIES	Comprehensive Income and Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
DCC	Deputy Chief Constable
FRS	Financial Reporting Standards
FSS	Formula Spending Share
FTE	Full Time Equivalent
GAD	Government Actuary's Department
HM	Her Majesty
HMRC	Her Majesty's Revenue and Customs
HO	Home Office
HPCC	Police and Crime Commissioner for Humberside
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IS	Information Systems
ISD	Information Services Department
IT	Information Technology
JANE	Joint Arrangement Not an Entity
JPAC	Joint Police Authorities Committee
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LCJB	Local Criminal Justice Board
LGPS	Local Government Pension Scheme
MRP	Minimum Revenue Provision
MTFP	Medium Term Financial Plan
NHS	National Health Service
NYP	North Yorkshire Police
NYPA	North Yorkshire Police Authority
NYPCC	Police and Crime Commissioner for North Yorkshire
PCC	Police and Crime Commissioner
PCSO	Police Community Support Officer
PFI	Private Finance Initiative
PPE	Property, Plant and Equipment
PWLB	Public Works Loan Board
RICS	Royal Institution of Chartered Surveyors
SeRCOP	Service Reporting Code of Practice
SORP	Statement of Recommended Practice
SSAP	Statements of Standard Accounting Practices
SYPCC	Police and Crime Commissioner for South Yorkshire
TMP	Treasury Management Practices
VAT	Value Added Tax
WYPA	West Yorkshire Police Authority
WYPCC	Police and Crime Commissioner for West Yorkshire