

POLICE AND CRIME COMMISSIONER AND NORTH YORKSHIRE POLICE

REPORT FOR A DECISION OF THE EXECUTIVE BOARD

26 March 2019

ACCOUNTING POLICIES

1. Report Purpose

- 1.1 To review the accounting policies to be used in preparation of the Statement of Accounts for 2018/19.

2. Key Information

- 2.1 The accounts are prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom, supplemented by additional guidance set out in CIPFA's Local Authority Accounting Panel Bulletins.
- 2.2 The Code indicates that Group Accounts need to be prepared by the Commissioner, with, for financial accounts purposes, the Chief Constable corporation sole accounted for as a fully controlled subsidiary.
- 2.3 The format of the accounts will be similar to that used in 2017/18.
- 2.4 The accounting policies to be used for both the Commissioner and the Chief Constable will be similar to those used in 2017/18, subject to changes outlined in section 3.

For information a copy of the 2017/18 Group Accounting Policies are provided as Appendix 1

3. Amendments to the Accounting Policies

- 3.1 This report discusses the Group Accounting Policies in detail. These Accounting Policies apply to the whole Group as appropriate, including to the Chief Constables Financial Statements.

Similar amendments will apply to the Accounting Policies for the Chief Constable's Financial Statements, with AP numbers being changed as appropriate and sections not applicable being deleted.

There are no significant amendments required to Accounting Policies for the 2018/19 accounts.

3.2 New International Accounting Standards Adopted for the first time in this Accounting Period

Two new IFRS have been introduced for the 2018/19 accounts.

IFRS 9 Financial Instruments replaces IAS 39 *Financial Instruments: Recognition and Measurement* and was introduced to provide:

- a single approach to the classification and measurement of financial instruments driven by cash flow characteristics and how an instrument is managed. AP27 will be amended to reflect the new standard.
- a forward looking a forward looking 'expected loss' model for impairment rather than the 'incurred loss' model under IAS 39, and

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction contracts. The core principle is the recognition of revenue to depict the transfer of promised goods or services to the service recipient or customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

It is not expected that either of these IFRS will have any impact on the group accounts

3.3 Critical Accounting Estimates and Judgements.

AP 32 will be amended as appropriate to reflect critical judgements made during the preparation and finalisation of the accounts.

3.4 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty.

AP 33 will be amended as appropriate to reflect potential areas of estimation uncertainty identified during the preparation and finalisation of the accounts.

3.5 Accounting Standard that have been issued but have not yet been adopted.

IFRS 16 - Leases does not come into effect until 2020/21 so will continue to be disclosed in AP28 in the 2018/19 accounts.

4. Implications

4.1 Finance

4.1.1 There are no direct financial implications of this report.

4.2 Equality and Diversity

4.2.1 There are no direct implications in relation to Equality and Diversity as a result of this report.

4.3 Public Interest

4.3.1 This matter is not considered to be of significant public interest. In due course the accounting policies used will be published as part of the Statutory Accounts.

4.4 Legal

4.4.1 There are no direct legal consequences of this report.

5. Consultations carried out

5.1 This report will be considered by the Joint Internal Audit Committee at its meeting on 19 March 2019. Any recommendations or comments they may make will be reported verbally to Executive Board at the meeting on 26 March 2019.

5.2 The report will be circulated to External Auditors for comment with the JIAC papers, and their comments will be reported verbally at the JIAC and to the Executive Board.

6. Recommendations / Action Required of the Executive Board

6.1 Members of the Executive Board are recommended to endorse the proposed accounting policies.

Report Information

Joint report of:

Michael Porter, Commissioners Chief Finance Officer; and

Jane Palmer, Chief Constables Chief Finance Officer and Chief Accountant

Date created: 11 March 2019