THE POLICE AND CRIME COMMISSIONER FOR SUFFOLK

GROUP AND PCC
STATEMENT OF ACCOUNTS

31 March 2014

Statement of Accounts
for the year ended 31 March 2014

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SUFFOLK INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR SUFFOLK

Opinion on the Police and Crime Commissioner for Suffolk financial statements

We have audited the financial statements of the Police and Crime Commissioner for Suffolk for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Police and Crime Commissioner for Suffolk and Group Movement in Reserves Statement, the Police and Crime Commissioner for Suffolk and Group Comprehensive Income and Expenditure Statement, the Police and Crime Commissioner for Suffolk and Group Balance Sheet, the Police and Crime Commissioner for Suffolk and Group Cash Flow Statement and the related notes 1 to 42, and the Police and Crime Commissioner for Suffolk Pension Fund Account Statements. 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 Suffolk 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. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Suffolk, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 3, 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 2013/14, 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 for Suffolk 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 Statement of Accounts 2013/14 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Suffolk 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 Statement of Accounts 2013/14 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 (updated as at December 2012);
- 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 the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Police and Crime Commissioner and the auditor

The Police and Crime Commissioner 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 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 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 Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources 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 in October 2013, as to whether the Police and Crime Commissioner 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 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 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 in October 2013, we are satisfied that, in all significant respects, *the Police and Crime Commissioner for Suffolk* 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 of the accounts of the Police and Crime Commissioner for Suffolk in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Neil A Harris

Audit Director

For and on behalf of Ernst & Young LLP, Appointed Auditor

Luton

September 2014

Statement of Responsibilities for the Statement of Accounts

The Police and Crime Commissioner for Suffolk (PCC for Suffolk) Responsibilities

The PCC for Suffolk must:

- arrange for the proper administration of the PCC Suffolk's financial affairs and ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer (CFO PCC).
- manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.
- To ensure that there is an adequate Annual Governance Statement

I approve the following Statement of Accounts:

……………………………………………….. ……………………..

T Passmore
Police and Crime Commissioner for Suffolk **Date**

The Chief Financial Officer of the PCC for Suffolk Responsibilities

The CFO PCC is responsible for preparing the Statement of Accounts for the PCC for Suffolk in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards ("the code").

In preparing this statement of accounts, the CFO PCC 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 and its application to local authority accounting.

The CFO PCC 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 Chief Financial Officer of the PCC for Suffolk

I certify that this 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 PCC for Suffolk at 31 March 2014, and its income and expenditure for the year to that date.

………………..…………….…. ……………………………

C Bland CPFA **Date**

Chair of Audit Committee

These accounts were reviewed by the Audit Committee on behalf of the PCC on 23 September 2014.

…………………………….…. ……………………………

D Rowe **Date**

Explanatory Foreword

This section highlights some of the more important issues that were reported in the accounts and comments on any issues that have had a major impact on the PCC's finances.

Introduction

On 15 September 2011 the Police Reform and Social Responsibility Act 2011 (the Act) received Royal Assent in Parliament representing a significant change in the way the police in England and Wales are governed and held accountable. One of the key reforms was to replace the Suffolk Police Authority with a newly elected Police and Crime Commissioner (PCC) for Suffolk who was established as a corporation sole with responsibility for ensuring an efficient and effective force. At the same time the Chief Constable (CC) for Suffolk was also established as a separate corporation sole, with responsibility for operational policing of Suffolk.

The Act provided that on 21 November 2012, all existing rights, assets and liabilities transferred from the Police Authority to the PCC. This included the transfer of all police staff and was referred to as the “Stage 1” transfer. The Act also provided for a second “Stage 2” transfer which referred to the subsequent management of certain staff from the PCC to the CC. The “Stage 2” transfer is designed to allow PCCs and CCs the freedom to agree local arrangements about how their respective functions will be discharged in the future.

The Home Secretary directed that the “Stage 2” transfer was completed by 1 April 2014. This has taken place, and all staff, except those working directly in the Office of the PCC, has transferred to the corporation sole of Chief Constable.

Transfer “Stage 2” impacts upon corporate governance by the PCC and CC and a number of the governance mechanisms have been amended so that appropriate arrangements are in place from 1 April 2014 onwards.

Accounting changes and the impact on the Financial Statements of the PCC and CC

For 2012/13 the presentation of the accounts was based on a principal and agent accounting arrangement with the PCC being the principal and the CC the agent. This was due essentially to the judgement that the PCC had high level control of policing through his Police and Crime Plan objectives. This meant that a full set of statements and notes, and all transactions and balances of the PCC group were represented in the PCC accounts and the primary statements of the CC did not contain any transactions or underlying accounting entries, and limited notes were produced.

Following greater clarity and a better understanding of arrangements and governance between the PCC and the CC, together with bulletins issued by CIPFA and the Audit Commission that enhanced the prevailing guidance, the presentation of the accounts is different this year from last year. The PCC and CC are both considered principals and therefore both corporations sole should have a full set of statements.

This has resulted in a change of accounting policy and therefore requires a prior period adjustment being made to the 12/13 figures to re-present the above position. The prior period adjustment impacts on all the main statements.

This position is more fully explained below.

The International Accounting Standards Board framework states that assets, liabilities and reserves should be recognised when it is probable that any ‘future’ economic benefits associated with the item will flow to, or from the entity. At the outset the PCC took responsibility for the finances of the whole Group and controls the assets, liabilities and reserves, which were transferred from the previous Police Authority. With the exception of the liabilities for employment and post-employment benefits this position has not changed and would suggest that these balances should be shown on the PCC’s Balance Sheet.

The PCC receives all income and makes all payments from the Police Fund for the Group and has responsibility for entering into contracts and establishing the contractual framework under which the CC’s staff operates. The PCC has not set up a separate bank account for the CC, which reflects the fact that all income is paid to the PCC. The PCC has not made arrangements for the carry forward of balances or for the CC to hold cash backed reserves.

Therefore, the CC fulfils his statutory responsibilities for delivering an efficient and effective police force within an annual budget, which is determined by the PCC. The CC ultimately has a statutory responsibility for maintaining the Queen’s peace and to do this has direction and control over the force’s police officers, police community support officers (PCSOs) and police staff. It is recognised that in exercising day-to-day direction and control the CC will undertake activities, incur expenditure and generate income to allow the police force to operate effectively. It is appropriate that a distinction is made between the financial impact of this day-to-day direction and control of the force and the overarching strategic control exercised by the PCC.

Therefore it is felt that the expenditure and income associated with day-to-day direction and control and the PCC's funding to support the CC is best shown in the CC's Accounts, with the main sources of funding (i.e. central government grants and Council Tax) and the vast majority of balances being shown in the PCC's Accounts.

In particular, it should be noted that it has been decided to recognise transactions in the CC's Comprehensive Income and Expenditure Statement (CIES) in respect of operational policing officer and staff costs, and associated operational incomes, and transfer liabilities to the CC's Balance Sheet for employment and post-employment benefits in accordance with International Accounting Standard 19 (IAS19).

The rationale behind transferring the liability for employment benefits is that IAS19 states that the employment liabilities should follow employment costs. Because employment costs are shown in the CC's CIES, on the grounds that the CC is exercising day-to-day direction and control over police officers and police staff, it follows that the employment liabilities are therefore shown in the CC's Balance Sheet.

There were no new CIPFA code 2013/14 requirements that materially affected the Statement of Accounts.

Explanation of financial statements

The 2013/14 statement of accounts for the Police and Crime Commissioner for Suffolk and the PCC Group are set out on the following pages. The purpose of individual primary statements is explained below:

- The Movement in Reserves Statement (MIRS) 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 unusable 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 differ from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Group.

- The Comprehensive Income and Expenditure Statement (CIES) 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. The PCC raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. Adjustments made between the accounting and funding bases are shown in the Movement in Reserves Statement.

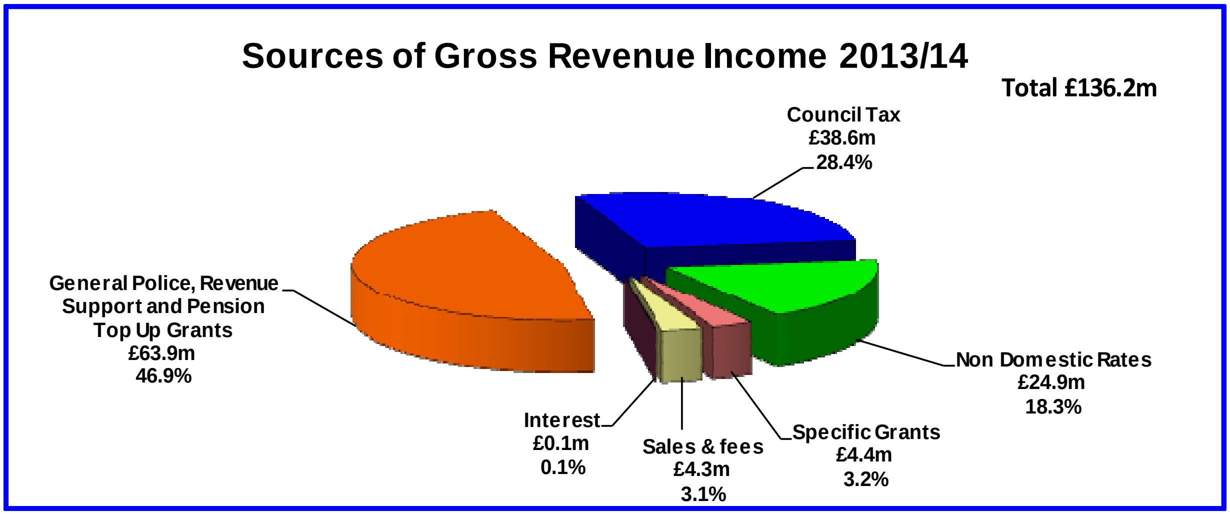
- The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that 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 under regulations'.

- 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 (ie borrowing) to the Group.

Please note that occasionally £1k differences occur between the primary statements and the notes to the accounts, this is due to unavoidable rounding discrepancies. The notes to the accounts are headed "Group" and "PCC" as appropriate. If only one table is included within a note, this relates to both the Group and the PCC.

Sources of Funding

The majority of police funding comes from the Government in the form of general and specific grants together with a share of business rate income from the national pool. The remainder comes from Council tax and fees and charges. The financing burden on local Council taxpayers had steadily increased as Government grants were reduced, however council tax was frozen in 2013/14. The chart below shows the sources of revenue funding in 2013/14:



Revenue Budget

The budget requirement for Suffolk Police expressed in terms of cost per head of population is the second lowest of all 42 police forces in England and Wales. In January 2013, the PCC approved a net revenue budget for 2013/14 of £114.839m. The council tax for a Band D property for 2013/14 was £166.77 following a decision by the PCC to freeze the rate.

Savings plans

The Comprehensive Spending Review (CSR) Settlement in 2010 included the announcement of a 20% reduction in real terms, to be phased in by 2014/15. The ambitious savings plan continued into 2013/14, where savings of £3.654m were identified, and actual savings achieved were £4.118m. The surplus of £0.464m was primarily due to additional savings in relation to collaborative activity. The impact of the Home Office Settlement for 2014/15 is a 4.8% cash reduction and a resulting savings requirement of £2.323m. The PCC and CC are jointly committed to providing the best possible policing service across Suffolk whilst at the same time reducing costs.

Capital Budget

The Capital programme for 2013/14 was initially set at £5.239m. Delays in 2012/13 schemes resulted in a carry-forward of £4.363m, and additional capital grants approved during the year increased the total programme to £10.427m. Actual expenditure against this total was £5.199m. The variance was due to the re-phasing of several local, regional and national schemes, the major ones being Mobile Data, project Athena (to include new crime, intelligence, case and custody systems), Enterprise Resource Planning system, Airwave and Estates downsizing.

The capital programme was financed by government grants and contributions (£1.4m), revenue contributions (£1.2m – including de-minimis and un-capitalised expenditure of £0.4m), the Change Reserve (£0.6m) and capital receipts (£2.0m).

Revenue Expenditure Compared to Budget.

For Budgeting purposes the Revenue Budget is compiled and controlled as set out in the following table:

	Budget £000	Final outturn £000	Variance £000
Constabulary	112,146	111,974	172
Office of the PCC	1,257	1,049	208
Capital Financing	2,716	2,051	665
Net total contributions to / (from) earmarked reserves	(947)	(199)	(748)
Total Net Expenditure	115,172	114,875	297
Grants and non-domestic rates income	76,536	76,536	-
Precept income (before collection fund balance adjustment)	38,303	38,303	-
Transfer from/(to) general reserves	**334**	**37**	**297**

The main variances within the constabulary budget were as follows:

- Surplus in Income of £287k, primarily relating to a surplus in the Incentivisation (Asset Recovery) scheme and a surplus in Mutual Aid in relation to G8 and Operation Solentina
- Planned over-spends in Premises Costs of £750k relating to dual running of stations which have not closed and approved backlog maintenance work.
- Over-spends in Supplies and Services of £316k, primarily relating to increased insurance claims and legal costs.
- Police Officer strength was lower than the budgeted average, which produced an under-spend of £518k in Officer Pay.
- Over-spends in Police Overtime (£181k), Vehicle Fuel (£80k) and Transport Costs (£50k).
- Staff vacancies relating to temporary savings in advance of permanent establishment reductions provided an under-spend of £1,094k.

The Total Net Expenditure in the above table is different to Net Cost of Police Services reported in the CIES (shown on page 13), which is prescribed by the Code of Practice. The difference is primarily made up of accounting adjustments required by the Code. The reconciliation between the two amounts is shown in the table below.

2012/13 £000		2013/14 £000
109,803	**Total Net Expenditure per Outturn Report**	114,875
(2,983)	Revenue funding of capital	(1,286)
(407)	Minimum Revenue Provision (MRP)	(614)
8,761	Depreciation, amortisation and impairments	6,072
32	Proceeds from the sale of fixed assets not taken to the Capital Receipts Reserve	57
25,969	IAS 19 pension service costs (accounting basis)	30,656
(16,270)	Pension contributions (funding basis)	(16,660)
292	Movement on employee benefits accrual	(97)
1,821	Transfers to earmarked reserves	199
194	Interest received	147
(3,117)	Interest payable	(3,103)
124,096	**Net Cost of Police Services**	**130,246**

Pension Liabilities

The PCC operates two separate pension schemes for Police Officers and a further scheme for Police staff. Although benefits from these schemes will not be payable until an officer or staff member retires, the PCC has a future commitment to make these payments and under International Accounting Standard 19 (IAS19), the PCC is required to account for this future commitment based on the full cost at the time of retirement. The future net pension liabilities of the PCC as calculated by an independent actuary are set out in the following table:

Year-end	***Total***	***Officers***	***Staff***
31 March 2014	£1,058m	£1,018m	£40m
31 March 2013	£944m	£915m	£29m

These liabilities result in the Balance Sheet showing net overall liabilities of £1,007m at 31 March 2014, however, the financial position of the PCC remains sound as these liabilities will be spread over many years.

Financial Needs and Resources

As at 31 March 2014, the PCC has usable reserves of £17.5m which are available to support revenue and capital spending. These include earmarked reserves of £12.5m (against which there are significant commitments), and a general reserve of £5.0m. These reserves are not fully supported by cash balances, primarily due to capital expenditure in some prior years being financed from cash.

Treasury Management

Treasury Management includes borrowing, investment, interest rate exposures, cash balances, cash-flow forecasting and banking relationships. The PCC has agreed a Treasury Management Strategy which complies with CIPFA guidance**.** During 2013/14, the PCC continued to invest available cash balances in accordance with cash-flow forecasts, ensuring that prescribed policies with regard to security and liquidity were observed. The average level of investments for 2013/14 was £23.8m and the interest received against the budget of £0.100m was £0.147m. The overall return of 0.62% exceeded the benchmark of the Local Government 7 day rate average of 0.25% by 0.37%

Looking Forward

The economic position for the public sector, including the police, is a challenging one, with austerity measures forecast to reduce government funding to the sector until at least 2019. The Comprehensive Spending Review (CSR) issued in December 2010 (covering the period 2011/12-2014/15) levied significant savings on the police, 20% in real terms, which was then further compounded, in June 2013, by the Spending Round 2013 (SR2013). This review established the broad parameters for 2015/16 with a further reduction of nearly 5% in Police grant funding and an estimated 4% reduction per annum thereafter.

Given the above information and other assumptions, for instance on inflation and precept setting, the approved Medium Term Financial Plan (MTFP) covering the four financial years 2014/15-2017/18 shows a £16.4m deficit by 2017/18. The Constabulary has developed mitigation plans that bridge the budget gap up to the end of 2015/16, and is now working with the PCC to develop sustainable plans and models of operational policing to bridge the £16.4m gap by 2017/18 and beyond. These plans include continuing to work with collaborative partners including Norfolk PCC and CC, together with other PCCs and CCs in the Eastern Region, as well as local partners such as Suffolk County Council, Suffolk Fire and Rescue Service and other local authorities in Suffolk.

Chris Bland CPFA
CFO PCC

Movement in Reserves Statement for the PCC for Suffolk Group

Year Ended 31 March 2013	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	**Total Unusable Reserves £000**	**Total Reserves £000**
Balance at 1 April 2012	**5,784**	**11,354**	**-**	**114**	**17,252**	**(763,025)**	**(745,773)**
Surplus or (deficit) on provision of services (accounting basis)	(38,802)	-	-	-	**(38,802)**	**-**	**(38,802)**
Other comprehensive income and expenditure	-	-	-	-		**(106,963)**	**(106,963)**
Total comprehensive income and expenditure	**(38,802)**	**-**	**-**	**-**	**(38,802)**	**(106,963)**	**(145,765)**
Amortisation of intangible assets	179	-	-	-	**179**	**(179)**	-
Depreciation on property, plant and equipment	3,965	-	-	-	**3,965**	**(3,965)**	-
Revaluation losses on property, plant and equipment	4,616				**4,616**	**(4,616)**	-
Capital grants and contributions credited to the CIES	(1,686)	-	-	3	**(1,683)**	**1,683**	-
Application of capital grants from unapplied account	-	-	-	(66)	**(66)**	**66**	-
Net gain or loss on the sale of non-current assets	933	-	1,911	-	**2,844**	**(2,844)**	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	297	-	**297**	**(297)**	-
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	47,460	-	-	-	**47,460**	**(47,460)**	-
Movement on the collection fund adjustment account	8	-	-	-	**8**	**(8)**	-
Capital expenditure charged to the General Fund Balance	(2,983)	-	-	-	**(2,983)**	**2,983**	-
Statutory provision for the repayment of debt	(407)	-	-	-	**(407)**	**407**	-
Contribution to the Police Pension Fund	(12,980)	-	-	-	**(12,980)**	**12,980**	-
Movement on the Compensated Absences Account	292	-	-	-	**292**	**(292)**	-
Use of capital receipts to fund asset purchases	-	-	(2,208)	-	**(2,208)**	**2,208**	-
Adjustments between accounting basis and funding basis under regulations	**39,399**	**-**	**-**	**(63)**	**39,336**	**(39,336)**	**-**
Net increase / decrease before transfers to Earmarked Reserves	**597**	**-**	**-**	**(63)**	**534**	**(146,299)**	**(145,765)**
Transfers to / from earmarked reserves	1,821	(1,821)	-	-	-	-	-
Increase / decrease in year	**2,418**	**(1,821)**	**-**	**(63)**	**534**	**(146,299)**	**(145,765)**
Balance at 31 March 2013	**8,203**	**9,533**	**-**	**51**	**17,788**	**(909,324)**	**(891,536)**

Movement in Reserves Statement for the PCC for Suffolk Group

Year Ended 31 March 2014	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	**Total Unusable Reserves £000**	**Total Reserves £000**
Balance at 1 April 2013	**8,203**	**9,533**	**-**	**51**	**17,788**	**(909,324)**	**(891,536)**
Surplus or (deficit) on provision of services (accounting basis)	(46,113)	-	-	-	**(46,113)**	**-**	**(46,113)**
Other comprehensive income and expenditure	-	-	-	-	**-**	**(69,510)**	**(69,510)**
Total comprehensive income and expenditure	**(46,113)**	**-**	**-**	**-**	**(46,113)**	**(69,510)**	**(115,623)**
Amortisation of intangible assets	356	-	-	-	**356**	**(356)**	**-**
Depreciation on property, plant and equipment	4,453	-	-	-	**4,453**	**(4,453)**	**-**
Revaluation losses on property, plant and equipment	1,263				**1,263**	**(1,263)**	**-**
Capital grants and contributions credited to the CIES	(1,427)	-	-	-	**(1,427)**	**1,427**	**-**
Application of capital grants from unapplied account	-	-	-	-	**-**	**-**	**-**
Net gain or loss on the sale of non-current assets	(666)	-	1,370	-	**703**	**(703)**	**-**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	632	-	**632**	**(632)**	**-**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	56,513	-	-	-	**56,513**	**(56,513)**	**-**
Movement on the collection fund adjustment account	(327)	-	-	-	**(327)**	**327**	**-**
Capital expenditure charged to the General Fund Balance	(1,286)	-	-	-	**(1,286)**	**1,286**	**-**
Statutory provision for the repayment of debt	(614)	-	-	-	**(614)**	**614**	**-**
Contribution to the Police Pension Fund	(12,290)	-	-	-	**(12,290)**	**12,290**	**-**
Movement on the Compensated Absences Account	(97)	-	-	-	**(97)**	**97**	**-**
Use of capital receipts to fund asset purchases	-	-	(2,001)	-	**(2,001)**	**2,001**	**-**
Adjustments between accounting basis and funding basis under regulations	**45,876**	**-**	**-**	**-**	**45,876**	**(45,876)**	**-**
Net increase / decrease before transfers to Earmarked Reserves	**(236)**	**-**	**-**	**-**	**(236)**	**(115,386)**	**(115,623)**
Transfers to / from earmarked reserves	(2,967)	2,967	-	-	**-**	**-**	**-**
Increase / decrease in year	**(3,203)**	**2,967**	**-**	**-**	**(236)**	**(115,386)**	**(115,623)**
Balance at 31 March 2014	**5,000**	**12,500**	**-**	**51**	**17,550**	**(1,024,710)**	**(1,007,159)**

Movement in Reserves Statement for the PCC for Suffolk

Year Ended 31 March 2013 Restated	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	**Total Unusable Reserves £000**	**Total Reserves £000**
Balance at 1 April 2012	**5,784**	**11,354**	**-**	**114**	**17,252**	**40,803**	**58,055**
Surplus or (deficit) on provision of services (accounting basis)	(3,284)	-	-	-	**(3,284)**	**-**	**(3,284)**
Other comprehensive income and expenditure	-	-	-	-		**(940)**	**(940)**
Total comprehensive income and expenditure	**(3,284)**	**-**	**-**	**-**	**(3,284)**	**(940)**	**(4,224)**
Amortisation of intangible assets	179	-	-	-	**179**	**(179)**	-
Depreciation on property, plant and equipment	3,965	-	-	-	**3,965**	**(3,965)**	-
Revaluation losses on property, plant and equipment	4,616	-	-	-	**4,616**	**(4,616)**	-
Capital grants and contributions credited to the CIES	(1,686)	-	-	3	**(1,683)**	**1,683**	-
Application of capital grants from unapplied account	-	-	-	(66)	**(66)**	**66**	-
Net gain or loss on the sale of non-current assets	933	-	1,911	-	**2,844**	**(2,844)**	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	297	-	**297**	**(297)**	-
Difference between IAS 19 pension costs and those	-	-	-	-	**-**	**-**	-
calculated in accordance with statutory requirements	(745)	-	-	-	**(745)**	**745**	-
Movement on the collection fund adjustment account	8	-	-	-	**8**	**(8)**	-
Capital expenditure charged to the General Fund Balance	(2,983)	-	-	-	**(2,983)**	**2,983**	-
Statutory provision for the repayment of debt	(407)	-	-	-	**(407)**	**407**	-
Contribution to the Police Pension Fund	-	-	-	-	**-**	**-**	-
Movement on the Compensated Absences Account	-	-	-	-	**-**	**-**	-
Use of capital receipts to fund asset purchases	-	-	(2,208)	-	**(2,208)**	**2,208**	-
Adjustments between accounting basis and funding basis under regulations	**3,881**	**-**	**-**	**(63)**	**3,818**	**(3,818)**	**-**
Net increase / decrease before transfers to Earmarked Reserves	**597**	**-**	**-**	**(63)**	**534**	**(4,758)**	**(4,224)**
Transfers to / from earmarked reserves	1,821	(1,821)	-	-	-	-	-
Increase / decrease in year	**2,418**	**(1,821)**	**-**	**(63)**	**534**	**(4,758)**	**(4,224)**
Balance at 31 March 2013	**8,203**	**9,533**	**-**	**51**	**17,788**	**36,045**	**53,833**

Movement in Reserves Statement for the PCC for Suffolk

Year Ended 31 March 2014	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	**Total Unusable Reserves £000**	**Total Reserves £000**
Balance at 1 April 2013	**8,203**	**9,533**	**-**	**51**	**17,788**	**36,045**	**53,833**
Surplus or (deficit) on provision of services (accounting basis)	(2,290)	-	-	-	**(2,290)**	**-**	**(2,290)**
Other comprehensive income and expenditure	-	-	-	-	**-**	**(117)**	**(117)**
Total comprehensive income and expenditure	**(2,290)**	**-**	**-**	**-**	**(2,290)**	**(117)**	**(2,406)**
Amortisation of intangible assets	356	-	-	-	**356**	**(356)**	-
Depreciation on property, plant and equipment	4,453	-	-	-	**4,453**	**(4,453)**	-
Revaluation losses on property, plant and equipment	1,263	-	-	-	**1,263**	**(1,263)**	-
Capital grants and contributions credited to the CIES	(1,427)	-	-	-	**(1,427)**	**1,427**	-
Application of capital grants from unapplied account	-	-	-	-	**-**	**-**	-
Net gain or loss on the sale of non-current assets	(666)	-	1,370	-	**703**	**(703)**	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	632	-	**632**	**(632)**	-
Difference between IAS 19 pension costs and those	-	-	-	-	**-**		-
calculated in accordance with statutory requirements	304	-	-	-	**304**	**(304)**	-
Movement on the collection fund adjustment account	(327)	-	-	-	**(327)**	**327**	-
Capital expenditure charged to the General Fund Balance	(1,286)	-	-	-	**(1,286)**	**1,286**	-
Statutory provision for the repayment of debt	(614)	-	-	-	**(614)**	**614**	-
Contribution to the Police Pension Fund	-	-	-	-	**-**	**-**	-
Movement on the Compensated Absences Account	-	-	-	-	**-**	**-**	-
Use of capital receipts to fund asset purchases	-	-	(2,001)	-	**(2,001)**	**2,001**	-
Adjustments between accounting basis and funding basis under regulations	**2,054**	**-**	**-**	**-**	**2,054**	**(2,054)**	**-**
Net increase / decrease before transfers to Earmarked Reserves	**(236)**	-	-	-	**(236)**	**(2,171)**	**(2,406)**
Transfers to / from earmarked reserves	(2,967)	2,967	-	-	**-**	**-**	**-**
Increase / decrease in year	**(3,202)**	**2,967**	**-**	**-**	**(236)**	**(2,171)**	**(2,406)**
Balance at 31 March 2014	**5,000**	**12,500**	**-**	**51**	**17,550**	**33,875**	**51,426**

Comprehensive Income and Expenditure Statement

for the PCC for Suffolk Group

for the year ended 31 March 2014

Gross Expenditure 2012/13 £000	Income 2012/13 £000	Net Expenditure 2012/13 £000		Note	Gross Expenditure 2013/14 £000	Income 2013/14 £000	Net Expenditure 2013/14 £000
			Division of Service:				
56,148	(4,351)	51,796	Local Policing		59,812	(2,097)	57,716
11,005	(103)	10,902	Dealing with the Public		11,731	(111)	11,620
14,990	(4,302)	10,688	Criminal Justice Arrangements		14,545	(4,624)	9,920
5,373	(370)	5,003	Road Policing		5,886	(358)	5,529
7,405	(1,102)	6,304	Specialist Operations		6,582	(627)	5,955
7,148	(285)	6,863	Intelligence		6,976	(623)	6,352
27,493	(1,265)	26,228	Investigations		27,649	(1,093)	26,557
3,512	(51)	3,461	Investigative Support		3,864	(29)	3,835
2,638	(1,628)	1,010	National Policing		2,780	(1,382)	1,398
230	-	230	Non-distributed costs		109	-	109
1,611	-	1,611	Corporate and democratic core		1,256	-	1,256
137,552	**(13,456)**	**124,096**	**Net Cost of Police Services**	**7**	**141,190**	**(10,944)**	**130,246**
			Other Operating Expenditure:				
901	**-**	**901**	Loss/(profit) on disposal of fixed assets		**-**	**(723)**	**(723)**
			Financing and Investment Income and Expenditure:				
3,117	-	3,117	Interest payable and similar charges	**36**	3,103	-	3,103
37,761	-	37,761	Pensions interest cost and expected return on pensions assets	**20**	42,517	-	42,517
-	(194)	(194)	Interest and investment income	**36**	-	(147)	(147)
40,878	**(194)**	**40,684**			**45,620**	**(147)**	**45,473**
			Taxation and Non-specific Grant Income:				
-	(12,980)	(12,980)	Home Office contribution to police pensions	**11**	-	(12,290)	(12,290)
-	(505)	(505)	Revenue support grant	**11**	-	-	-
-	(42,761)	(42,761)	General grants	**11**	-	(51,601)	(51,601)
-	(1,686)	(1,686)	Capital grants and contributions	**11**	-	(1,427)	(1,427)
-	(26,030)	(26,030)	Non-domestic rate redistribution		-	(24,935)	(24,935)
-	(42,918)	(42,918)	Precepts	**14**		(38,630)	(38,630)
-	**(126,878)**	**(126,878)**			**-**	**(128,883)**	**(128,883)**
		38,802	**Deficit/(Surplus) on the Provision of Services**				**46,113**
			Other Comprehensive Income and Expenditure:				
		-	(Surplus) / deficit on the revaluation of assets				209
		106,963	Remeasurements of the net defined benefit liability (asset)				69,301
		106,963					**69,510**
		145,765	**Total Comprehensive Income and Expenditure**				**115,623**

Comprehensive Income and Expenditure Statement

for the PCC for Suffolk

for the year ended 31 March 2014

Restated Gross Expenditure 2012/13 £000	Restated Income 2012/13 £000	Restated Net Expenditure 2012/13 £000		Note	Gross Expenditure 2013/14 £000	Income 2013/14 £000	Net Expenditure 2013/14 £000
			Division of Service:				
4,084	(40)	4,044	Local Policing		3,180	(785)	2,395
280	(11)	269	Dealing with the Public		566	(9)	557
2,100	(2,745)	(646)	Criminal Justice Arrangements		588	(2,743)	(2,156)
299	(3)	296	Road Policing		778	(2)	776
464	(3)	461	Specialist Operations		353	(3)	350
367	(5)	361	Intelligence		288	(4)	284
1,891	(19)	1,871	Investigations		1,113	(16)	1,097
259	(2)	257	Investigative Support		340	(2)	338
50	(2)	49	National Policing		97	(1)	95
-	-	-	Non-distributed costs		-	-	-
1,611	-	1,611	Corporate and democratic core		1,256	-	1,256
11,404	**(2,831)**	**8,573**	**Net Cost of Police Services before group funding**	**7**	**8,558**	**(3,566)**	**4,992**
117,760	-	117,760	Intra-group funding		123,922	-	123,922
129,164	**(2,831)**	**126,333**	**Net Cost of Policing Services**		**132,480**	**(3,566)**	**128,914**
			Other Operating Expenditure:				
901	**-**	**901**	Loss/(profit) on disposal of fixed assets		**-**	**(723)**	**(723)**
			Financing and Investment Income and Expenditure:				
3,117	-	3,117	Interest payable and similar charges	**36**	3,103	-	3,103
6	-	6	Pensions interest cost and expected return on pensions assets	**20**	27	-	27
-	(194)	(194)	Interest and investment income	**36**	-	(147)	(147)
3,123	**(194)**	**2,929**			**3,130**	**(147)**	**2,983**
			Taxation and Non-specific Grant Income:				
-	(12,980)	(12,980)	Home Office contribution to police pensions	**11**	-	(12,290)	(12,290)
-	(505)	(505)	Revenue support grant	**11**	-	-	-
-	(42,761)	(42,761)	General grants	**11**	-	(51,601)	(51,601)
-	(1,686)	(1,686)	Capital grants and contributions	**11**	-	(1,427)	(1,427)
-	(26,030)	(26,030)	Non-domestic rate redistribution		-	(24,935)	(24,935)
-	(42,918)	(42,918)	Precepts	**14**	-	(38,630)	(38,630)
-	**(126,878)**	**(126,878)**			**-**	**(128,883)**	**(128,883)**
		3,284	**Deficit/(Surplus) on the Provision of Services**				**2,291**
			Other Comprehensive Income and Expenditure:				
		-	(Surplus) / deficit on the revaluation of assets				209
		940	Remeasurements of the net defined benefit liability (asset)	**20**			(92)
		940					**117**
		4,224	**Total Comprehensive Income and Expenditure**				**2,407**

Balance Sheet for the PCC for Suffolk Group

as at 31 March 2014

31 March 2013 £000		Notes	31 March 2014 £000
68,125	Property, plant and equipment	**16**	65,499
2,112	Intangible assets	**16**	3,111
70,236	**Non-Current Assets**		68,610
1,940	**Long Term Debtors**	**23**	1,309
72,177	**Total Long term Assets**		69,918
246	Inventories	**22**	232
7,821	Short term debtors and prepayments	**23**	6,449
12,839	Cash and cash equivalents	**24**	16,937
3,001	Short term investments	**21**	2,005
2,219	Assets held for sale	**25**	1,613
26,127	**Current Assets**		27,236
98,303	**TOTAL ASSETS**		**97,154**
9,657	Short-term creditors and accruals	**26**	11,088
9,657	**Current Liabilities**		11,088
944,215	Other long term liabilities	**20**	1,057,739
622	Provisions	**28**	871
9,595	Long term borrowing	**36**	9,342
24,860	PFI Liabilities	**19**	24,625
288	Finance leases	**29**	228
602	Grants receipts in advance	**11**	421
980,182	**Long Term Liabilities**		1,093,225
989,840	**TOTAL LIABILITIES**		**1,104,313**
(891,536)	**NET ASSETS / (LIABILITIES)**		**(1,007,159)**
17,788	Usable reserves	**Page 9/10**	17,551
(909,324)	Unusable reserves	**32**	(1,024,710)
(891,536)	**TOTAL RESERVES**		**(1,007,159)**

The unaudited accounts were issued on 30 June 2014 and the audited accounts, as amended following audit, were authorised for issue on 23 September 2014.

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C Bland CPFA (CFO PCC) **Date**

Balance Sheet for the PCC for Suffolk

as at 31 March 2014

31 March 2013 £000 Restated		Notes	31 March 2014 £000
68,125	Property, plant and equipment	**16**	65,499
2,112	Intangible assets	**16**	3,111
70,236	**Non-Current Assets**		68,610
1,940	**Long Term Debtors**	**23**	1,309
72,177	**Total Long term Assets**		69,918
246	Inventories	**22**	232
7,821	Short term debtors and prepayments	**23**	6,449
12,839	Cash and cash equivalents	**24**	16,937
3,001	Short term investments	**21**	2,005
2,219	Assets held for sale	**25**	1,613
26,127	**Current Assets**		27,236
98,303	**TOTAL ASSETS**		**97,154**
7,843	Short-term creditors and accruals	**26**	9,371
7,843	**Current Liabilities**		9,371
660	Other long term liabilities	**20**	872
622	Provisions	**28**	871
9,595	Long term borrowing	**36**	9,342
24,860	PFI Liabilities	**19**	24,625
288	Finance leases	**29**	228
602	Grants receipts in advance	**11**	421
36,627	**Long Term Liabilities**		36,357
44,470	**TOTAL LIABILITIES**		**45,728**
53,833	**NET ASSETS / (LIABILITIES)**		**51,426**
17,788	Usable reserves	**Page 11/12**	17,551
36,045	Unusable reserves	**32**	33,875
53,833	**TOTAL RESERVES**		**51,426**

The unaudited accounts were issued on 30 June 2014 and the audited accounts, as amended following audit, were authorised for issue on 23 September 2014.

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C Bland CPFA (CFO PCC) **Date**

Cash-flow Statement for the PCC for Suffolk Group for the year ended 31 March 2014

2012/13 £000		Note	2013/14 £000
(38,802)	**Net Surplus/(deficit) on the provision of services**	**Page 13**	**(46,113)**
46,711	Adjustment for non cash or cash equivalent movements	**35**	53,600
	Adjustment for items included in net deficit on the provision		
-	of services that are investing or financing activities:		-
(1,686)	Capital grants and contributions		(1,427)
6,223	**Net cash flows from operating activities**		6,060
(7,121)	Investing activities	**34**	(1,418)
(518)	Financing activities	**34**	(545)
(1,416)	**Net increase or (decrease) in cash and cash equivalents**	**33**	**4,097**
14,255	Cash and cash equivalents at the beginning of the reporting period	**24**	12,839
12,839	**Cash and cash equivalents at the end of the reporting period**	**24**	**16,937**

Cash-flow Statement for the PCC for Suffolk
for the year ended 31 March 2014

2012/13 £000 Restated		Note	2013/14 £000
(3,284)	**Net Surplus/(deficit) on the provision of services**	**Page 14**	**(2,291)**
11,194	Adjustment for non cash or cash equivalent movements	**35**	9,777
	Adjustment for items included in net deficit on the provision		
-	of services that are investing or financing activities:		-
(1,686)	Capital grants and contributions		(1,427)
6,223	**Net cash flows from operating activities**		6,059
(7,121)	Investing activities	**34**	(1,418)
(518)	Financing activities	**34**	(545)
(1,416)	**Net increase or (decrease) in cash and cash equivalents**	**33**	**4,097**
14,255	Cash and cash equivalents at the beginning of the reporting period	**24**	12,839
12,839	**Cash and cash equivalents at the end of the reporting period**	**24**	**16,936**

Notes to the Financial Statements for the PCC for Suffolk and the PCC for Suffolk Group

1. Accounting Policies

(a) General principles

The Statement of Accounts summarises the Group's transactions for the 2013/14 financial year and its position at the year-end 31 March 2014. The Group is required to prepare an annual Statement of Accounts by the Accounts and Audit regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (COP) and the 2013/14 Service Reporting Code of Practice for Local Authorities (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

(b) Cost recognition and Intra-Group adjustment

The PCC pays for all expenditure including salaries of police officers, police community support officers and police staff. There is no transfer of real cash between the PCC and Chief Constable and the latter does not have a bank account into which monies can be received or paid from. Operational costs and incomes are recognised in the Chief Constable's Accounts to reflect the PCC's resources consumed in the direction and control of day-to-day policing at the request of the Chief Constable. The Chief Constable also recognises the employment and post-employment costs and liabilities in his Accounts. To fund these costs the Chief Constable's Accounts show funding guarantee provided by the Commissioner to the Chief Constable as income, although no real cash changes hands. This treatment forms the basis of the intra-group adjustment between the Accounts of the Commissioner and Chief Constable.

(c) Recognition of working capital

The Scheme of Governance and Consent sets out the roles and responsibilities of the Police and Crime Commissioner and the Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. As per these governance documents all contracts and bank accounts are in the name of the PCC. No consent has been granted to the CC to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the accounts of the PCC and the Group.

(d) Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not in the financial period in which cash payments are paid or received.

(e) Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

(f) Debtors and creditors

Revenue and capital transactions are included in the accounts on an accruals basis. Where goods and services are ordered and delivered by the year-end, the actual or estimated value of the order is accrued. With the exception of purchasing system generated accruals a de-minimis level of £100 is set for year-end accruals.

(g) Charges to the CIES (Comprehensive Income and Expenditure Statement) for Non-Current Assets

The CIES is debited, where appropriate, with the depreciation, amortisation and impairment of Non-Current Assets held during the year, but council tax is not raised to include these charges. Instead an annual provision known as the "Minimum Revenue Provision (MRP)" is made from the revenue budget to contribute to the cost of any unfunded capital expenditure, which is represented by the "Capital Financing Requirement". Guidance issued) under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2009, enables authorities to calculate an amount of MRP, which they consider to be prudent. For capital expenditure incurred from 2008/09, the PCC has approved calculating the MRP using the Option 3 method, which results in equal instalments of MRP being charged over the related assets' useful life.

Depreciation, amortisation and impairment losses are reversed from the General Fund and charged to the Capital Adjustment Account via the MIRS (Movement in Reserves Statement). MRP is charged to the General Fund along with any Revenue Funding of Capital and credited to the Capital Adjustment Account via the MIRS.

(h) Prior Period Adjustments, changes in accounting policies and estimates and errors

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 period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group 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 year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(i) Employee benefits

Benefits payable during employment

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement, time off in lieu and flexi time earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave or similar balances into the following period.

Post employment benefits

Officers and employees are members of three defined benefit schemes: The Local Government Pensions Scheme (LGPS), administered by Suffolk County Council; The Police Pension Scheme and the New Police Pension Scheme. Both the police schemes are unfunded.

The liabilities attributable to the Group of all three schemes are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits (including injury benefits on the Police Schemes) earned to date by officers and employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current officers and employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.5%, this is based on the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The rates used are based on the gross redemption yields over 15 years from the scheme valuation date.

The assets of the LGPS attributable to the Group are included in the balance sheet at their fair value as follows:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.

The change in the net pensions liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year, it is allocated in the CIES to the services for which the employee or officer worked**.** The current service cost is based on the latest available actuarial valuation.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Past service costs are disclosed on a straight-line basis over the period in which the increase in benefit vests.

- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. It is charged to the Financing and Investment Income and Expenditure Line in the CIES. The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- Expected 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. It is credited to the Financing and Investment Income and Expenditure line in the CIES.
- Gains/losses on settlements and curtailments – the results of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees. They are debited or credited to the Surplus/Deficit on the Provision of Services in the CIES as part of Non Distributed Costs. Losses arising on a settlement or curtailment are measured at the date on which the employer becomes committed to the transaction. In respect of gains arising, the date is when all parties are committed.
- Actuarial gains and losses – changes in the net pensions liability that arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. They are debited to the pension reserve.
- Contributions paid to the pension funds – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amounts payable by the Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This means that in the MIRS there are appropriations to and from the Pensions Reserve to move the notional debits and credits for retirement 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. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Group is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer toencourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Group 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 the 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.

(j) Events after the reporting period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified.

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events. However where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

(k) Financial instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to 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 rate of interest is the amount that discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Group has, 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.

Financial Assets

Financial assets can be classified into two types:
(i) Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
(ii) Available for sale assets – assets that have a quoted market price and/or do not have a fixed or determinable payment

The PCC does not hold any financial assets available for sale.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the most of the loans that the PCC has made, this means that the amount presented in the Balance Sheet is the outstanding principal and receivable (plus accrued interest). Interest credited to the CIES is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the CIES.

(l) Foreign currency

No provision is made for the impact of variations in exchange rates on liabilities stated in the balance sheet. Any transactions which are denominated in foreign currency are translated into sterling at the spot rate at the time that the payment is made

(m) Government grants and contributions

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

- The Group will comply with the conditions attached to the payments, and
- The grants or contributions will be received

Amounts recognised as due to the Group are not credited to the CIES until conditions attaching 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/contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the CIES.

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

(n) Heritage Assets

Heritage assets owned by the Group are not material and are therefore not disclosed as a separate class on the Balance Sheet. Further information on Heritage Assets are disclosed in Note 40 to the Financial Statements.

(o) Intangible assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Group will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase. Research expenditure is not capitalised.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the PCC's services.

Intangible assets are measured at cost and are amortised over their useful life and charged appropriately to the relevant service line in the CIES. As amortisation, impairments and disposal gains are not permitted to have an impact on the General Fund balance, such amounts are reversed in the MIRS and posted to the Capital Adjustment Account (CAA) or for sales proceeds, the Capital Receipts Reserve.

(p) Inventories

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. Supplies from inventories are charged to the relevant service line in the CIES using an average cost formula.

(q) Investment policy

The PCC has an investment and cash management policy for 2013/14, which was approved in February 2013. The main provisions are:

- to invest only in the money markets or in direct bank accounts and only to approved institutions, which are, the Bank of England, specific UK banks and their wholly owned UK subsidiaries, local authorities and building societies which achieve a P1 rating from Moody's.
- A minimum of £1m is held on an instant access basis to meet any unexpected needs.

(r) Jointly controlled operations and jointly controlled assets

Jointly controlled operations are activities undertaken by the PCC or Chief Constable in conjunction with other parties that involve the use of the assets and the resources of the parties rather than the establishment of a separate entity. The Group recognises on its Balance Sheet the assets it controls and the liabilities and expenses that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity or operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Group and other parties, with the assets being used to obtain benefits for all parties. The arrangement does not involve the establishment of a separate entity. The Group accounts for its share of the jointly controlled assets, the liabilities, income and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the arrangement.

(s) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified 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.

<u>The Group as Lessee</u>

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the PCC are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

Property, Plant and Equipment recognised under finance leases is accounted for using the 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 PCC at the end of the lease period).

The PCC is not required to raise council tax to cover depreciation 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 requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the MIRS for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg, there is a rent-free period at the commencement of the lease).

<u>The Group as Lessor</u>

The Group currently is not party to any contract in which it acts as lessor.

(t) Overheads and support services

The costs of overheads and support services are charged to service lines that benefit from the supply or service in accordance with the costing principles of (SeRCOP). Costs are attributed to service lines either directly or using an appropriate cost driver with the exception of:

Corporate and Democratic Core – costs relating to the PCC's status as a multi-functional, democratic organisation.

Non Distributed Costs – the cost of discretionary 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 Expenditure on Continuing Services.

(u) Private Finance Initiative (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Group at the end of the contracts for no additional charge, the Group carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- lifecycle replacement costs – charged to the unitary payment when they are incurred in future years.

(v) Police pension fund account

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The format of the Police Pension Fund Account is prescribed by the Home Office. The Account is not a Pension Fund within the context of IAS 19 or accounting conventions, but is simply a record of the transactions between the PCC and the Home Office. The Fund Statement is prepared on an accruals basis.

(w) Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, 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. All expenditure on the acquisition, creation or enhancement and disposal of non-current assets is capitalised subject to a de minimis threshold of £5,000, except for expenditure on computers, PC screens, printers, photocopiers, radios, firearms and furniture items costing over £500, which will always be capitalised.

Measurement

Assets are initially measured at cost, comprising:

- the 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 and restoring the site on which it is located

The Group does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie, it will not lead to a variation in the cash flows of the Group). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Group.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.
- Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount 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. (Exceptionally, gains might be 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 in the following way:

- 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 lines in the Comprehensive Income and

Expenditure Statement.

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for in the following way:

- 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.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines 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.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land) and assets that are not yet available for use (i.e., assets under construction).

Deprecation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment – straight-line allocation over the useful life of the asset

The Code of Practice requires that where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately, where the remaining asset life is significantly different for identifiable components, unless it can be proved that the impact on the Group's Statement of Accounts is not material. The Group has assessed the cumulative impact of component accounting. As a result the Group applies component accounting prospectively to assets that have a valuation in excess of £2m unless there is clear evidence that this would lead to a material misstatement in the Group's Financial Statements.

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 or amortisation is charged in both the year of acquisition and disposal of an asset on a pro rata basis. Depreciation or amortisation is charged once an asset is in service and consuming economic benefit.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is 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 Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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 same line in the CIES also 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 accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the PCC's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MIRS.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

(x) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive 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. For instance, the Group may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that 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, taking into account relevant risks and uncertainties.

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 – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line.

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

The insurance claims provision is maintained to meet the liabilities for claims received but for which the timing and/or the amount of the liability is uncertain. The Group self-insures part of the third party, motor and employer's liability risks. External insurers provide cover for large individual claims and to cap the total claims which have to be met from the provision in any insurance year. Charges are made to revenue to cover the external premiums and the estimated liabilities which will not be met by external insurers. Liability claims may be received several years after the event and can take many years to settle.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Group 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 disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the PCC 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 PCC.

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

(y) Reserves

The Group sets aside specific amounts 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 appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for

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the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC – these reserves are explained in the following paragraphs:

Revaluation Reserve

This Reserve records the accumulated gains on fixed assets arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). The reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred, only because the asset has been revalued. The balance on this Reserve for Assets disposed is written out to the Capital Adjustment Account. The overall balance on this reserve thus represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historic cost.

Capital Adjustment Account

This Account accumulates (on the debit side) the write-down of the historical costs of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The balance on this Account represents timing differences between the amount of the historical cost of the fixed assets that have been consumed and the amount that has been financed in accordance with statutory requirements.

(z) Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Financial Statements have been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom for 2013/14 (COP), the COP is based on International Financial Reporting Standards (IFRSs).

In 2014-2015 adoption of the amendments to the following may be required to be reported;

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of Interests in Other entities
- IFRS 13 Fair Value Measurement
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

3. Critical Judgements in Applying Accounting Standards

In applying the accounting policies set out in Note 1, the PCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are.

- The budget is set by the PCC and provides the Chief Constable with the authority to incur expenditure. There are still uncertainties about the future funding beyond 2014/2015 in regard of what the PCC will receive from the government and limitations around the precept. The PCC and Chief Constable are working together to mitigate the impact of the funding gap emerging over the period of the Medium Term Financial Plan, the impact of which will be realised in the budget set by the PCC.

- The allocation of transactions and balances between the PCC and the Chief Constable, that has been set out in the foreword to these accounts, is a judgement as a result of greater clarity and a better understanding of arrangements and governance between the PCC and the Chief Constable, as well as bulletins issued by CIPFA and the Audit Commission that enhanced the prevailing guidance.

- The PCC has taken over the obligations arising from a PFI contract entered into by the former Police Authority. The 30 year PFI contract was for the provision of newly built Police Investigation Centres, title to the assets will be retained by the PCCs of both Norfolk and Suffolk on completion of the contract. Associated assets have been capitalised and treated “on Balance Sheet” as required by IFRS.

- Suffolk and Norfolk have a significant number of assets including those under Private Finance Initiatives (PFI) arrangements. The PCC has the responsibility, control and risk in terms of the provision of those assets. Consequently, a critical judgement has been made to show any connected grant funding (e.g. for PFI), and the capital and financing costs of the provision of those assets in the PCC accounts. As the Chief Constable utilises the assets on a day-to-day basis, the officers and staff of the CC have responsibility for the use of the consumables, heating and lighting and so forth. Consequently, these costs are shown in the CC accounts including the service charges element of the PFI.

- Costs of pension arrangements require estimates assessed by independent qualified actuary’s regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS19 reporting are the responsibility of the Group as advised by the actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population.

- In respect of the LGPS police staff pension costs, a pro rata apportionment has been applied to the PCC’s staff and CC’s staff. A sensitivity analysis has been undertaken which shows that this pro rata split is materially accurate.

- Establishing the valuation of operational and residential properties. Depreciation is a calculation based on asset value and expected useful life of the assets. If the useful life of an asset is reduced then the depreciation charge to CIES will increase. The PCC monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year.

- When the accounts were prepared for 2012/13 Chief Constables did not have the same statutory ability as local authorities to override specific accounting treatments so that these would not adversely affect the taxpayer. The recent Police Reform and Social Responsibility Act 2011(transitional provision) Order 2013 modified the existing statute to allow Chief Constables to be treated as if they were a local authority and therefore have these override powers that are presented in the MIRS. Also, as explained in the Explanatory Foreword and accounting policies, a prior period adjustment is required as a result of greater clarity of guidance around the accounting for PCCs and CCs in order to recognise transactions in the CC accounts. In order to make the information more comparable and meaningful for the readers of the accounts the critical judgement is to show the 2012/13 prior period adjustment as though the CC had the statutory override powers at that point.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Property, plant and equipment

The value of land and property together with asset lives are obtained from the PCC’s appointed external valuers (NPS Group). The PCC relies upon the experience and knowledge of the valuer using the Royal Institute of Chartered Surveyors (RICS) *Appraisal and Valuation Manual* to provide a fair value under IAS16. The carrying value of land and buildings (excluding assets under construction and held for sale) at the Balance Sheet date was as follows:

Land	£12.7m
Property	£43.2m

Due to changing land and property prices in the current economic climate this valuation may change in the next financial year. Valuations are accounted in accordance with paragraph (v) of the accounting policies note.

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. A firm of consulting actuaries is engaged to provide the PCC with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £20.6m.

5. Intra-group Funding Arrangement Between the PCC and Chief Constable

The background and principles that underpin the accounting arrangements and create the need for an intra-group adjustment have been set out in the foreword to the Accounts.

The PCC receives all funding on behalf of the Group; at no time, under the current arrangements, does the Chief Constable hold any cash or reserves. However, it is felt that to accurately represent the substance of the financial impact of the day-to-day control exercised by the Chief Constable over policing it is necessary to capture the costs associated with this activity in the Chief Constable's CIES. A consequence of this is that the employment liabilities associated with police officers and police staff is also contained in the Chief Constable's CIES and the accumulative balances are held on the Chief Constable's Balance Sheet. All other assets and liabilities are held on the PCC's Balance Sheet.

Whilst no actual cash changes hands the PCC has undertaken to fund the resources consumed by the Chief Constable. The PCC effectively makes all payments from the Police Fund. To reflect this position in the Accounts funding from the PCC offsets cost of service expenditure contained in the Chief Constable's CIES. This intra-group adjustment is mirrored in the PCC's CIES. The financial impact associated with the costs of the employment liabilities is carried on the balance sheet in accordance with the Code and add to the carrying value of the Pensions Liability and the Accumulated Absences Liability.

6. Service Expenditure Analysis

The principal functions included within the Net Cost of Service line in the Group's financial statements relate to the day to day costs of administering and supporting the PCC's office as well as working directly with local communities and the public. The Net Cost of Service line also includes the financial resources of the Group under the direction and control of the Chief Constable through operational policing, and is included in the CIES as follows:

Local policing
Neighbourhood policing
Incident (response) management
Specialist Community liaison
Local command team and support overheads

Dealing with the public
Dealing with the public command team and support overheads
Local call centres/front desk
Central communications unit
Contact management units

Road policing
Roads Policing command team and support overheads
Traffic units
Traffic wardens/PCSOs - Traffic
Vehicle recovery
Casualty reduction partnership

Criminal justice arrangements
Criminal Justice Arrangements command team and support overheads
Custody
Criminal justice
Police National Computer (PNC)
Criminal Records Bureau (CRB)
Coroner assistance
Fixed penalty scheme (central ticket office)
Property officer/stores

Specialist investigation
Crime support command team and support overheads
Major investigation unit
Economic crime (including regional asset recovery team)
Specialist investigation
Serious and organised crime unit
Public protection

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Specialist operations
Central operations command team and support overheads
Air operations
Dogs section
Level 1 advanced public order
Firearms unit
Civil contingencies

Intelligence
Central intelligence command team and support overheads
Intelligence/threat assessments
Intelligence gathering

Investigative support
Investigative support command team and support overheads
Scenes of crime officers
External forensic costs
Fingerprint/Internal forensic costs
Photographic image recovery
Other forensic services

National policing
Secondments (out of force)
Counter-terrorism/Special Branch
ACPO projects/initiatives

Please note that business support function costs are absorbed into the above operational functions.

Corporate and Democratic Core costs relate to the democratic representation, management, administration and governance functions of the PCC's office, it also includes officer time spent on advising the PCC and public consultation.

Non Distributed costs are costs that cannot be allocated to current operational functions. Examples are: impairments of non-operational property such as police houses and past service pension costs.

7. Amounts Reported for Resource Allocation Decisions

	County Policing Command	Protective Services	Custody & Criminal Justice	Human Resources & Training	Finance & Resources	Other Services	Total Chief Constable	PCC's Office	Not reported to Management	Amount not included in CIES	Total Group
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Reported to Cabinet in 2013/14											
Fees charges and other income	(337)	(853)	(1,160)	(24)	(554)	(1,251)	**(4,179)**	**(83)**	-	-	**(4,262)**
Government grants	-	(898)	-	-	-	-	**(898)**	**(3,483)**	-	-	**(4,381)**
Total Income	**(337)**	**(1,751)**	**(1,160)**	**(24)**	**(554)**	**(1,251)**	**(5,077)**	**(3,566)**	-	-	**(8,643)**
Employee expenses	51,629	21,070	9,546	3,495	6,430	5,868	**98,038**	**1,082**	30,559	(16,660)	**113,019**
Other service expenses	2,139	2,314	2,021	631	10,196	1,212	**18,513**	**1,531**	447	(692)	**19,799**
Depreciation and impairments	-	-	-	-	-	-	**-**	**6,071**	-	-	**6,071**
Total Operating Expenditure	**53,768**	**23,384**	**11,567**	**4,126**	**16,626**	**7,080**	**116,551**	**8,684**	**31,006**	**(17,352)**	**138,889**
Net Operating Expenditure	**53,431**	**21,633**	**10,407**	**4,102**	**16,072**	**5,829**	**111,474**	**5,118**	**31,006**	**(17,352)**	**130,246**
Reported to Cabinet in 2012/13											
Fees charges and other income	(319)	(1,885)	(838)	(23)	(462)	(1,308)	**(4,835)**	**(97)**	-	-	**(4,932)**
Government grants	(58)	(1,161)	-	-	-	(3,081)	**(4,300)**	**(2,734)**	-	-	**(7,034)**
Total Income	**(377)**	**(3,046)**	**(838)**	**(23)**	**(462)**	**(4,389)**	**(9,135)**	**(2,831)**	-	-	**(11,966)**
Employee expenses	49,476	22,115	9,478	3,996	6,521	5,519	**97,105**	**1,290**	26,261	(16,270)	**108,386**
Other service expenses	2,093	3,521	2,515	474	8,713	2,557	**19,873**	**1,364**	661	(2,983)	**18,915**
Depreciation and impairments	-	-	-	-	-	-	**-**	**8,761**	-	-	**8,761**
Total Operating Expenditure	**51,569**	**25,636**	**11,993**	**4,470**	**15,234**	**8,076**	**116,978**	**11,415**	**26,922**	**(19,253)**	**136,062**
Net Operating Expenditure	**51,192**	**22,590**	**11,155**	**4,447**	**14,772**	**3,687**	**107,843**	**8,584**	**26,922**	**(19,253)**	**124,096**

The analysis of income and expenditure in the CIES is specified by Service Reporting Code of Practice. However decisions about resource allocation were taken by Cabinet (chief officers and heads of department) on the basis of budget reports analysed across directorates and are prepared on a different basis. For example retirement benefits are shown in the budget reports based on employer contributions whereas in the CIES pension costs are based on current service costs of benefits accrued during the year. The income and expenditure of the principal directorates recorded in the budget reports are shown in the table above.

8. Significant Agency Arrangements

Contributions are made towards the cost of bodies which provide services at national level, some or all of which are used by the Suffolk Constabulary on an agency basis. The major services are as follows:

2012/13 £000		2013/14 £000
385	Police National Computer	520
385	**Total cost of significant agency contributions**	**520**

Secondments to the Home Office and other agencies such as the Regional Intelligence Cell and the Immigration Service, generated the following income.

2012/13 £000		2013/14 £000
909	Home Office and other agencies	786
909	**Total agency income**	**786**

9. Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a mechanism to set aside revenue funds for the redemption of debt. The Local Authorities (Capital Finance and Accounting) Regulations 2008 are issued under Section 21 of the Local Government Act 2003 and now allow authorities a variety of options in calculating their MRP. The options chosen were that MRP calculated using Option 2 be used for capital expenditure up to and including 31 March 2008, and Option 3 for all capital expenditure thereafter using the equal instalment method. Option 3 results in MRP charged in equal annual instalments over the assets remaining useful life. Accounting for PFIs and Finance Leases require that on balance sheet assets are also funded through MRP, the amount charged is equivalent to the capital element of the liability repaid during the year. The total amount charged to MRP in 2013/14 was £614k (2012/13 - £407k).

10. Members' Allowances

Following the introduction of the PCC there are no longer any members. The total of members' allowances claimed for the period to 22 November 2012 when the PCC was appointed was £0.118m.

11. Government Grants

The Group credited the following grants and contributions to the CIES during the year:

	Amount receivable for 13/14 £000	Amount receivable for 12/13 £000
Credited to Taxation and Non Specific Grant Income		
Revenue support grant	-	505
General police grant	45,264	42,761
Council Tax support Grant	4,875	-
Council tax freeze grant	1,461	-
Home Office contribution to police pensions	12,290	12,980
Capital grants and contributions	1,427	1,686
	65,318	**57,931**
Credited to Services		
Police incentivisation	117	286
Police community support officers	-	3,054
Counter terrorism	563	673
Basic command unit	-	-
PFI grant	2,734	2,734
Other specific grants	967	286
	4,381	**7,033**

The PCC credited the following grants and contributions to the CIES during the year:

	Amount receivable for 13/14 £000	Amount receivable for 12/13 £000
Credited to Taxation and Non Specific Grant Income		
Revenue support grant	-	505
General police grant	45,264	42,761
Council Tax support Grant	4,875	-
Council tax freeze grant	1,461	-
Home Office contribution to police pensions	12,290	12,980
Capital grants and contributions	1,427	1,686
	65,318	**57,931**
Credited to Services		
Police incentivisation	-	-
Police community support officers	-	-
Counter terrorism	-	-
Basic command unit	-	-
PFI grant	2,734	2,734
Other specific grants	749	85
	3,483	**2,819**

The increase in the general police grant in 2013/14 is due to the transfer of the Police Community Support Officer grant, which had previously been accounted for as a specific grant credited to services and is consequently shown as such in the CC's accounts for 2012/13.

The PCC has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver if not met. The balances at the year-end are as follows:

	31 March 2014 £000	31 March 2013 £000
Capital Grants Receipts in Advance		
Mobile data grant	421	461
Fixed camera replacement	-	100
Other minor grants and contributions	-	41
	421	**602**

12. Employees' Remuneration

The numbers of employees and police officers whose remuneration exceeded £50k in 2013/14 were as follows:

	GROUP		OPCC	
	2013/14	2012/13	2013/14	2012/13
Remuneration				
£50,000 - £54,999	52	52	-	-
£55,000 - £59,999	37	38	-	-
£60,000 - £64,999	9	12	-	-
£65,000 - £69,999	9	9	1	-
£70,000 - £74,999	4	1	1	-
£75,000 - £79,999	4	3	1	-
£80,000 - £84,999	1	1	-	-
£85,000 - £89,999	2	4	-	-
£90,000 - £94,999	1	2	-	-
£95,000 - £99,999	-	-	-	-
£100,000 - £104,999	1	1	1	-
£105,000 - £109,999	-	-	-	-
£110,000 - £114,999	1	1	-	-
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	-	1	-	-
£125,000 - £129,999	1	1	-	-
£140,000 - £144,999	1	-	-	-
£145,000 - £149,999	-	1	-	-

"Remuneration" is defined, by regulation, as "all amounts paid to or receivable by an employee and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax) and the estimated money value of any other benefits received by an employee otherwise than in cash."

In addition to the above an amendment to the Accounts and Audit Regulations in 2009 requires a detailed disclosure of employees' remuneration for relevant senior police officers, certain statutory and non-statutory chief officers and other persons with a responsibility for management of the PCC. The officers listed below are included in the above banding disclosure note.

	Salaries Fees and Allowances £000	Bonuses £000	Employers Pension Contributions £000	Benefits in Kind Estimates £000	Expenses £000	Total £000
2013/14						
Position held						
Chief Constable	141	-	32	50	-	223
Deputy Chief Constable	126	-	7	5	-	138
Assistant Chief Constable	70	-	15	4	-	89
(retired - 2 Jan 2014)						
Temporary Assistant Chief Constable	95	-	19	1	-	115
(appointed - 2 Dec 2013)						
Assistant Chief Officer	112	-	22	2	-	136
Police and Crime Commissioner	70	-	15	-	-	85
Chief Executive (PCC)	104	-	22	-	-	126
Deputy Chief Executive (PCC)	78	-	16	-	-	94
CFO (PCC) - 0.8 FTE	65	-	13	-	-	78
2012/13						
Position held						
Chief Constable (retired - 18 Feb 2013)	130	-	13	4	-	147
Chief Constable (appointed - 4 Mar 2013)	11	-	2	-		13
Temporary Chief Constable *	145	-	32	2	-	179
Temporary Deputy Chief Constable	123	-	26	4	-	153
Assistant Chief Officer	111	-	22	4	-	137
Police and Crime Commissioner	25	-	5	-	-	30
(in post from 22 Nov 2012)						
Chief Executive (PCC)	103	-	22	-	-	125
CFO (PCC) - 0.8 FTE	65	-	13	-	-	78

* As at 31 March 2013 the Deputy Chief Constable was seconded to Cleveland Police as the Temporary Chief Constable. The amounts disclosed in 2012/13 are the total amounts paid to the post holder in the year. Suffolk Police recovered costs from Cleveland Police until the post-holder left Suffolk Police on 5 April 2013.

In addition to the posts identified above, two officers from Norfolk acted as Assistant Chief Constables in joint Norfolk/Suffolk posts; a contribution of £64k was paid to Norfolk Police in respect of one of these officers. Another officer was seconded from Essex Police then later recruited to Suffolk to act as an Assistant Chief Constable, £12k was paid to Essex Police in respect of this officer.

The Regulations also require disclosure of compensation for loss of employment and other payments to relevant police officers. No amounts were paid to the above officers in respect of these categories.

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

Exit Package Cost Band including Special Payments	Number of Compulsory Redundancies		Number of Other Agreed Departures		Total Number of Exit Packages		Total Value of Exit Packages	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14 £000	2012/13 £000
£0 - £20,000	6	10	-	1	6	11	77	82
£20,001 - £40,000	1	-	-	1	1	1	33	22
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
	7	10	-	2	7	12	110	104

13. Related Parties Transactions

The PCC is required to disclose material transactions with bodies or individuals that have the potential to control or influence the PCC or to be controlled or influenced by the PCC. The total of transactions with related parties, where these are material and not disclosed elsewhere in the statement of accounts, are set out below:

During 2013/14 there were no material related party transactions involving, officers of the PCC or senior officers of the Constabulary, other than those included under employees' remuneration (note 12 on page 35) and members' allowances (note 10 on page 33).

Central government has effective control over the general operations of the PCC, it is responsible for providing the statutory framework within which the PCC operates, provides the majority of its funding and prescribes the terms of many of the transactions that the PCC has with other parties. Income from central government is set out in Note 11 of these financial statements.

14. Council Tax

The Suffolk district and borough councils are required to collect the amount of council tax determined by the PCC for policing the county. In 2013/14 the precept, including the estimated 2012/13 collection fund surplus/(deficit) was paid to the PCC during the year and amounted to £38.6m distributed as shown below. The Code of Practice now requires that Council Tax income included in the CIES for the year, should be prepared on an accruals basis. The cash received from the billing authorities is therefore adjusted for the PCC's share of the outturn opening and closing balances on the Collection Fund. These adjustments are however then taken to the Collection Fund Adjustment Account and included as a reconciling item in the MIRS to ensure that only the regulatory amount is credited to the General Fund. The figures credited to the CIES are broken down as follows:

2012/13 £000		Received from Billing Authority £000	Outturn surplus/(deficit) on Collection Fund at 31.3.13 £000	Outturn surplus/(deficit) on Collection Fund at 31.3.14 £000	Total 2013/14 £000
5,583	Babergh District Council	5,064	(11)	91	5,166
2,995	Forest Heath District Council	2,662	(38)	(36)	2,665
6,931	Ipswich Borough Council	5,804	62	208	5,950
6,072	Mid Suffolk District Council	5,654	124	177	5,707
6,287	St Edmundsbury Borough Council	5,761	(61)	(100)	5,723
8,342	Suffolk Coastal District Council	7,668	14	83	7,737
6,708	Waveney District Council	5,690	2	(5)	5,684
42,918		**38,303**	**91**	**419**	**38,630**

The Code of Practice also requires the PCC to account for its share of net council tax arrears and prepayments within the Balance Sheet. This is offset within the Balance Sheet by an associated balance that reflects the difference between the net attributable share of cash received by the billing authorities from council tax debtors/creditors and the amounts paid to the PCC. The amounts owed to/from billing authorities in respect of council tax at the year-end were as follows:

Balance at 31.3.13 £000		Collection Fund £000	Net Arrears £000	Prepayments £000	Balance at 31.3.14 £000
103	Babergh District Council	(91)	122	(20)	11
107	Forest Heath District Council	36	111	(46)	100
207	Ipswich Borough Council	(208)	344	(38)	97
57	Mid Suffolk District Council	(177)	182	(27)	(22)
145	St Edmundsbury Borough Council	100	100	(68)	132
3	Suffolk Coastal District Council	(83)	144	(180)	(118)
121	Waveney District Council	5	241	(158)	88
742		**(419)**	**1,245**	**(537)**	**289**

15. External Audit Fees

The Group fees payable in respect of external audit services were as follows:-

2012/13 £000		2013/14 £000
	External audit services under the code of Audit Practice in accordance with Section 5 of the Audit Commission Act:	
47	The PCC for Suffolk	42
20	The Chief Constable for Suffolk	20
67		62
-	Rebate for internal efficiencies	-
67		**62**

The PCC fees payable in respect of external audit services are identified separately in the above table.

16. Non-Current Assets

Movements in 2013-14	Land and buildings £000	Vehicles plant and equipment £000	Assets under con--struction £000	Land awaiting development £000	Total £000
Property, Plant & Equipment					
Historic cost or revaluation					
Balance at 1.4.13	61,788	31,779	516	-	94,083
Restatements	413	(40)	(588)	-	(215)
Additions	918	2,698	72	-	3,689
Derecognition - disposals	-	(708)	-	-	(708)
Derecognition - other	-	-	-	-	-
Net revaluation gains/losses recognised in the CIES	(1,263)	-	-	-	(1,263)
Net revaluation gains/losses recognised in the Revaluation reserve	(209)	-	-	-	(209)
Balance at 31.3.14	**61,647**	**33,729**		**-**	**95,376**
Depreciation and impairments					
Balance at 1.4.13	3,712	22,245	-	-	25,957
Restatements	14	-	-	-	14
Derecognition - disposals	-	(547)	-	-	(547)
Derecognition - other					
Depreciation for the year	1,991	2,461	-	-	4,453
Balance at 31.3.14	**5,717**	**24,159**	**-**	**-**	**29,876**
Net book value at 31.3.13	58,076	9,534	516	-	68,126
Net book value at 31.3.14	**55,930**	**9,569**	**-**	**-**	**65,499**

	Software Licences £000
Purchased intangible assets	
Historic cost or revaluation	
Balance at 1.4.13	3,122
Restatements	292
Additions	1,063
Derecognition - disposals	-
Balance at 31.3.14	**4,478**
Amortisation	
Balance at 1.4.13	1,011
Amortisation for the year	356
Derecognition - disposals	-
Balance at 31.3.14	**1,367**
Net book value at 31.3.13	2,112
Net book value at 31.3.14	**3,111**

Movements in 2012-13	Land and buildings £000	Vehicles plant and equipment £000	Assets under con- -struction £000	Land awaiting development £000	Total £000
<u>Property, Plant & Equipment</u>					
Historic cost or revaluation					
Balance at 1.4.12	60,178	33,672	4,733	-	98,583
Restatements	2,378	-	(4,705)	-	(2,327)
Additions	4,503	3,592	486	-	8,581
Derecognition - disposals	(654)	(5,485)	-	-	(6,138)
Derecognition - other	-	-	-	-	-
Net revaluation gains/losses recognised in the CIES	(4,616)	-	-	-	(4,616)
Net revaluation gains/losses recognised in the Revaluation reserve	-	-	-	-	-
Balance at 31.3.13	**61,788**	**31,779**	**515**	**-**	**94,082**
Depreciation and impairments					
Balance at 1.4.12	2,407	22,132	-	-	24,539
Restatements	(108)	-	-	-	(108)
Derecognition - disposals	(527)	(1,912)	-	-	(2,439)
Derecognition - other					
Depreciation for the year	1,940	2,025	-	-	3,965
Balance at 31.3.13	**3,712**	**22,245**	**-**	**-**	**25,957**
Net book value at 31.3.12	57,771	11,540	4,733	-	74,044
Net book value at 31.3.13	**58,076**	**9,534**	**515**	**-**	**68,125**

	Software Licences £000
<u>Purchased intangible assets</u>	
Historic cost or revaluation	
Balance at 1.4.12	2,217
Additions	918
Derecognition - disposals	(13)
Balance at 31.3.13	**3,122**
Amortisation	
Balance at 1.4.12	834
Amortisation for the year	179
Derecognition - disposals	(3)
Balance at 31.3.13	**1,011**
Net book value at 31.3.12	1,383
Net book value at 31.3.13	**2,112**

On 1 October 2012 the Suffolk helicopter was integrated into the National Police Air Service. It has been accounted for as a disposal, however it is being paid for over a fifteen year period.

Assets under construction are assets that are not yet operationally complete, there are no such assets as at 31 March 2014.

Included in land and buildings is land at Bury St Edmunds on which a Police Investigation Centre (PIC) has been built. Although the PCC has legal title to the land, it only owns 70% of the beneficial interest in the land, the remaining 30% is owned by Norfolk PCC, who are co-occupiers of the centre. Therefore only 70% of the current value of the land is included in the table above, amounting to £1.12m. The PCC also paid 50% of the cost of land purchased by Norfolk PCC at Great Yarmouth, the current value of this land in the balance sheet amounts to £330k net of impairment.

The depreciation and amortisation policy is set out on page 18. Assets have been depreciated on a straight-line basis over the following useful lives.

Plant, furniture and equipment – 4-20 years
Vehicles – 2-10 years

17. Financing of Capital Expenditure

Capital financing is accounted for on an accruals basis. The sources of capital finance in 2013/14 are set out below.

2012/13 £000		2013/14 £000
35,627	Opening capital financing requirement	37,780
	Capital investment	
918	Intangible fixed assets	1,063
8,095	Operational assets	3,616
486	Non operational assets	72
	Sources of finance	
(2,208)	Capital receipts	(2,038)
(1,749)	Government grants and other contributions	(1,427)
(3,389)	Revenue provision including MRP	(1,900)
37,780	**Closing capital financing requirement**	**37,166**
	Explanation of movements in year	
2,153	Increase/(decrease) in underlying need to borrow	(614)
2,153	**Increase/(decrease) in capital financing requirement**	**(614)**

18. Fixed Asset Valuation

Land and Buildings

The freehold and leasehold properties of the PCC's property portfolio are individually valued as part of a rolling 5 year programme. The valuations, which are carried out by the PCC's professional advisors, NPS Group who are property consultants, are in accordance with their appraisal and valuation manual. Their valuer is a qualified member of the Royal Institute of Chartered Surveyors (RICS).

In order to calculate buildings depreciation the valuers have provided separate valuations for the land and building elements of each property valuation. The valuers also provide an estimate of the remaining economic useful life of the assets. They are also asked to carry out an impairment assessment of the remaining properties on which no formal valuation was carried out in the year.

Plant and machinery which are part of the building or property (for example, central heating systems) have been included in valuations. This is in accordance with appendices to Practice Statements of the RICS appraisal valuation manual. Moveable plant, machinery, fixtures and fittings, which do not form part of the building, have been excluded from the valuations of land and buildings.

Non specialised operational properties were valued on the basis of existing use value (EUV). Specialised operational properties should also be valued on an EUV basis, or where this could not be assessed because there was no market for the subject asset, they were valued according to the depreciated replacement cost.

Vehicles, Plant and Equipment and Software Licences

Vehicles, plant and equipment and software licences are valued at depreciated historic cost as a proxy for depreciated replacement cost. The breakdown of current value by valuation basis at the year-end is as follows:

	Other Land and buildings £000	Vehicles plant and equipment £000	Assets under con- -struction £000	Land awaiting development £000	Total £000
Carried at historical cost	2,286	9,569	-	-	11,855
Valued at fair value at:					
31 March 2014	1,192				1,192
1 October 2013	6,683				6,683
1 October 2012	3,739				3,739
31 March 2012	18,847	-	-	-	18,847
31 March 2011	22,672	-	-	-	22,672
1 April 2010	511	-	-	-	511
Balance at 31.3.14	**55,930**	**9,569**	**-**		**65,499**

19. Private Finance Initiative (PFI)

On 23 February 2010 Norfolk and Suffolk Police Authorities signed a 30 year PFI contract to construct and operate six Police Investigation Centres (PICs) within the two counties. Three of the PICs are shared, two between Norfolk and Suffolk and one between Norfolk and Cambridgeshire. In addition Norfolk operates a further two sites and Suffolk a further one. The land percentage splits on the Norfolk and Suffolk shared sites and the associated land values are disclosed in Note 16.

Norfolk and Suffolk PCCs are committed to making payments under the contract for the financial years 2010/11 to 2040/41. The actual payment split between the two counties will depend on site allocation and associated service delivery. The first PIC became operational on 28 February 2011 at Aylsham, Norfolk. The remaining PICs became operational in 2011/12.

Under the contract the PCC shares in the benefits and obligations arising from the contractual assets on a pre-determined percentage based on the number of cells assigned to each force. A summary of the sites, their initial contract capital values and the respective PCC interest in each site is shown in the table below:

			Capital	Historic Cost in Suffolk	
Sites and opening dates	**Norfolk Cells**	**Suffolk Cells**	**Contract Value £000**	**31.3.14 £000**	**31.3.13 £000**
Aylsham - 28.2.11	8	-	6,967	-	-
Wymondham - 4.4.11	30	-	11,398	-	-
Kings Lynn - 25.4.11	24	-	10,749	-	-
Ipswich - 6.6.11	-	30	12,012	12,012	12,012
Bury St Edmunds - 4.7.11	8	16	10,621	7,081	7,081
Gt Yarmouth - 7.11.11	15	15	12,680	6,340	6,340
	85	**61**	**64,427**	**25,433**	**25,433**

The PCC makes an agreed payment each year, which can be reduced if the contractor fails to meet availability and performance standards in any one year but which is otherwise fixed, however 31.5% of the charge is increased annually by inflation (RPIX). Suffolk's share of the estimated payments remaining to be made under the PFI contract at 31 March 2014 (excluding availability/performance deductions) are as follows:

	Revenue Services £000	Capital Payments £000	Interest £000	Contingent Rent £000	Total £000
Payable in 2014/15	902	256	2,118	504	3,781
Payable within two to five years	4,971	1,262	8,234	1,016	15,483
Payable within six to ten years	6,723	2,293	9,577	1,642	20,234
Payable within eleven to fifteen years	9,178	3,464	8,406	285	21,332
Payable within sixteen to twenty years	9,937	5,233	6,637	769	22,575
Payable within twenty one to twenty five years	9,884	7,906	3,964	2,227	23,981
Payable within twenty six to thirty years	5,861	4,212	536	(582)	10,027
	47,456	**24,625**	**39,471**	**5,860**	**117,412**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and the interest payable whilst the capital remains to be reimbursed.

The capital liability on the Suffolk PCC Balance Sheet at the year end up is made up as follows:

	2013/14 £000	2012/13 £000
Balance outstanding at the beginning of the year	24,860	25,077
Capital repayments during the year	(235)	(217)
Capital expenditure incurred in the year	-	-
Other movements	-	-
Balance outstanding at year end	**24,625**	**24,860**

The net book value of the assets capitalised as part of the PFI contract is made up as follows:

	2013/14 £000	2012/13 £000
Net book value at the beginning of the year	17,796	18,369
Original capital cost	-	-
Impairments during the year	-	-
Depreciation during the year	(482)	(574)
Net book value at the end of the year	**17,314**	**17,796**

20. Retirement Benefits

Participation in pension schemes

Pension and other benefits are available to all PCC and Constabulary personnel under the requirements of statutory regulations. Three defined benefit pension schemes are operated:

a) The Local Government Pension Scheme (LGPS) for PCC and Constabulary support staff, administered by Suffolk County Council - this is a funded defined benefit scheme, meaning that the office holders and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pensions liabilities with investment assets.

   A new LGPS was introduced from April 2008 by the Department of Communities and Local Government. The new scheme continues to provide benefits based on final salary, the accrual rate changed from 1/80th to 1/60th, employee contributions rates are tiered between 5.5% and 7.5% of salary and protections for eligible employees retiring between 60 and 65 in the existing scheme are retained.

   All employees moved across to the new scheme in April 2008, but the accrued benefits in the existing scheme are fully protected.

b) The Police Pension Scheme (PPS) for Police Officers who joined before April 2006. The Employee contributions are 12.25%-12.50% of salary and maximum benefits are achieved after 30 years' service. Contribution rates are dependent on salary.

c) The New Police Pension Scheme (NPPS) for Police Officers who either joined from April 2006 or transferred from the PPS. The employee contributions are 10.1% - 10.75% of salary and maximum benefits are achieved after 35 years' service. Contribution rates are dependent on salary.

   Both the PPS and the NPPS are unfunded defined benefit schemes, meaning that there are no investment assets built up to meet pension liabilities. There is a Home Office requirement to charge the CIES with an employer's contribution of 24.2% of pensionable pay, the CIES also meets the costs of injury awards and the capital value of ill-health benefits. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department.

   The PCC is also required to maintain a Police Pension Fund Account. This can be found on Page 79. Employer and employee contributions are credited to the account together with the capital value of ill-health retirements and transfer values received. Pensions and other benefits (except Injury awards) and transfer values paid are charged to this account. If the account is in deficit at 31 March in any year, the Home Office pays a top-up grant to cover it. If there is a surplus on the account, then that has to be paid to the Home Office.

   The PCC has agreed a policy for calculating the budget provisions necessary to cover the costs chargeable to the CIES and the level of the Ill health and Injury Reserve which provides protection costs above the provision in the budget.

Transactions relating to post-employment benefits

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

The note below contains details of the Group's operation of the Local Government Pension Scheme (administered by Suffolk County Council) and the Police Pension Schemes in providing police staff and police officers with retirement benefits. In addition, the Group has arrangements for the payment of discretionary benefits to certain retired employees outside of the provisions of the schemes. The following transactions have been made in the CIES and the General Fund via the MIRS during the year:

Group:

	LGPS		Police Schemes	
	2013/14	**2012/13**	**2013/14**	**2012/13**
	£000	**£000**	**£000**	**£000**
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	5,494	4,341	25,053	21,398
Past service Costs			65	64
(gain)/loss from settlement	44	166		
Financing and investment income and expenditure				
Net Interest Expense	1,337	998	41,180	37,522
Total Post Employment Benefit Charges to the Surplus or Deficit on the Provision of Service	**6,875**	**5,505**	**66,298**	**58,984**
Other post employment benefit charged to the CIES				
Return on plan assets (excluding the amount included in the net interest expense)	(9)	(8,800)	-	-
- Actuarial gains/losses arising from changes in demographic assumptions	3,555	-	22,140	-
- Actuarial gains/losses arising from changes in financial assumptions	3,431	16,977	38,478	95,505
- Other	1,880	(124)	(174)	2,646
Total post employment benefit charged to the CIES	**15,732**	**13,558**	**126,742**	**157,135**
Movement in Reserves Statement (MIRS):				
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	**(15,732)**	**(13,558)**	**(126,742)**	**(157,135)**
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	5,117	4,948		
Retirement benefits payable to pensioners			23,833	24,302
Net charge to the General Fund	**5,117**	**4,948**	**23,833**	**24,302**

PCC:

	LGPS		Police Schemes	
	2013/14	**2012/13**	**2013/14**	**2012/13**
	£000	**£000**	**£000**	**£000**
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	110	97	-	-
Past service Costs			-	-
(gain)/loss from settlement	1	3		
Financing and investment income and expenditure				
Net Interest Expense	27	23	-	-
Total Post Employment Benefit Charges to the Surplus or Deficit on the Provision of Service	**137**	**123**	**-**	**-**
Other post employment benefit charged to the CIES				
Return on plan assets (excluding the amount included in the net interest expense)	(0)	(197)	-	-
- Actuarial gains/losses arising from changes in demographic assumptions	71	-	-	-
- Actuarial gains/losses arising from changes in financial assumptions	68	381	-	-
- Other	(231)	(3)	-	-
Total post employment benefit charged to the CIES	**45**	**304**	**-**	**-**
Movement in Reserves Statement (MIRS):				
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	**(45)**	**(304)**	**-**	**-**
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	102	111		
Retirement benefits payable to pensioners			-	-
Net charge to the General Fund	**102**	**111**	**-**	**-**

Assets and liabilities in relation to retirement benefits

Group:

	Local Government Pension Scheme 2013/14	Local Government Pension Scheme 2012/13	Police Pension Schemes 2013/14	Police Pension Schemes 2012/13
Present value of liabilities	(157,616)	(138,595)	(1,017,636)	(914,727)
Fair value of plan assets	117,513	109,107	-	-
Total Net liabilities	**(40,103)**	**(29,488)**	**(1,017,636)**	**(914,727)**

PCC:

	Local Government Pension Scheme 2013/14	Local Government Pension Scheme 2012/13	Police Pension Schemes 2013/14	Police Pension Schemes 2012/13
Present value of liabilities	(3,218)	(3,107)	-	-
Fair value of plan assets	2,345	2,446	-	-
Total Net liabilities	**(873)**	**(661)**	**-**	**-**

Reconciliation of present value of the scheme liabilities

Group:

	Local Government Pension Scheme 2013/14 £000	Local Government Pension Scheme 2012/13 £000	Police Pension Schemes 2013/14 £000	Police Pension Schemes 2012/13 £000
Opening Balance at 1 April	138,595	113,961	914,727	781,895
Current service cost	5,494	4,341	25,053	21,398
Interest cost	6,318	5,514	41,180	37,522
Contributions by scheme participants	1,529	1,519	5,664	5,160
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	3,555		22,140	
- Actuarial gains/losses arising from changes in financial assumptions	3,431	16,977	38,478	95,505
- Other	1,880	(124)	(174)	2,646
Past service costs			65	63
Losses/(gains) on curtailment	44	147	-	-
Liabilities assumed on entity combinations				
Benefits Paid	(3,230)	(2,894)	(29,497)	(29,462)
Liabilities extinguished on settlements		(846)		
Closing Balance at 31 March	**157,616**	**138,595**	**1,017,636**	**914,727**

PCC:

	Local Government Pension Scheme		Police Pension Schemes	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Opening Balance at 1 April	3,107	2,555	-	-
Current service cost	110	97	-	-
Interest cost	126	124	-	-
Contributions by scheme participants	31	34	-	-
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	71	-	-	-
- Actuarial gains/losses arising from changes in financial assumptions	68	381	-	-
- Other	(231)	(3)	-	-
Past service costs	-	-	-	-
Losses/(gains) on curtailment	1	3	-	-
Liabilities assumed on entity combinations				
Benefits Paid	(64)	(65)	-	-
Liabilities extinguished on settlements	-	(19)	-	-
Closing Balance at 31 March	**3,218**	**3,107**	**-**	**-**

Reconciliation of fair value of the scheme assets

Group:

	Funded Assets Local Government Pension Scheme		Unfunded Assets Police Pension Schemes	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Opening fair value of scheme assets	109,107	93,083	-	-
Interest Income	4,981	4,516	-	-
Remeasurement gain/(loss):				
- the return on plan assets, excluding the amount included in the net interest expense	9	8,800	-	-
Other	-	-	-	-
The effect of changes in foreign exchange rates				
Contributions from employer	5,117	4,948	23,833	24,302
Contributions from employees into the scheme	1,529	1,519	5,664	5,160
Benefits paid	(3,230)	(2,894)	(29,497)	(29,462)
Other	-	(865)	-	-
Closing fair value of Scheme Assets	**117,513**	**109,107**	**-**	**-**

PCC:

	Funded Assets Local Government Pension Scheme		Unfunded Assets Police Pension Schemes	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Opening fair value of scheme assets	2,446	2,087	-	-
Interest Income	99	101	-	-
Remeasurement gain/(loss):				
- the return on plan assets, excluding the amount included in the net interest expense	0	197	-	-
Other	(269)	-	-	-
The effect of changes in foreign exchange rates				
Contributions from employer	102	111	-	-
Contributions from employees into the scheme	31	34	-	-
Benefits paid	(64)	(65)	-	-
Other	-	(19)	-	-
Closing fair value of Scheme Assets	**2,345**	**2,446**	**-**	**-**

Total of Assets and Liabilities of the schemes

Group:

	Local Government Pension Scheme		Police Pension Schemes	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Opening Balance at 1 April	(29,488)	(20,878)	(914,727)	(781,895)
Current service cost	(5,494)	(4,341)	(25,053)	(21,398)
Interest cost	(1,337)	(998)	(41,180)	(37,522)
Return on plan assets (excluding the amount included in the net interest expense)	9	8,800	-	-
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	(3,555)	-	(22,140)	-
- Actuarial gains/losses arising from changes in financial assumptions	(3,431)	(16,977)	(38,478)	(95,505)
- Other	(1,880)	124	174	(2,646)
Past service costs	(44)	(147)	(65)	(63)
Contributions from Employers	5,117	4,948	23,833	24,302
Effect of Settlements	-	(19)	-	-
Closing Balance at 31 March	**(40,103)**	**(29,488)**	**(1,017,636)**	**(914,727)**

PCC:

	Local Government Pension Scheme		Police Pension Schemes	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Opening Balance at 1 April	(661)	(468)	-	-
Current service cost	(110)	(97)	-	-
Interest cost	(27)	(23)	-	-
Return on plan assets (excluding the amount included in the net interest expense)	0	197	-	-
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	(71)	-	-	-
- Actuarial gains/losses arising from changes in financial assumptions	(68)	(381)	-	-
- Other	(38)	3	-	-
Past service costs	(1)	(3)	-	-
Contributions from Employers	102	111	-	-
Effect of Settlements	-	(0)	-	-
Closing Balance at 31 March	**(873)**	**(661)**	**-**	**-**

The total net pension liabilities of £1,058m represent the long run commitments in respect of retirement benefits and results in the balance sheet showing net overall liabilities of £1,007.2m (page 15). However, the financial position of the PCC remains sound as the liabilities will be spread over many years as follows:

- the net liability on the local government scheme will be covered by contributions over the remaining working life of employees, as assessed by the scheme actuary.
-
- the net costs of police pensions which are the responsibility of the PCC will be covered by provision in the revenue budget and any costs above that level will be funded by the Home Office, under the change which came into effect from April 2006.

Actuarial losses on scheme assets represent the difference between the actual and expected return on assets, actuarial gains on scheme liabilities arise from more favourable financial assumptions.

The actual return on plan assets on the LGPS amounted to £5.0m in 2013/14. (2012/13 – (£13.3m))

Estimated employer’s contributions for 2014/15 amount to £5.3m on the LGPS.

The payments expected to be made from the Police schemes to members or their dependents including, normal and ill health retirement pensions and lump sums and death benefits, net of expected employee contributions for 2013/14 amount to £23.8m.

The County Council is required to have a funding strategy for elimination of deficits, under regulations effective from 1 April 2005. The strategy allows deficits to be cleared over periods up to 20 years.

The Police Pension Schemes have no assets to cover its liabilities. The Group's share of the assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories:

	Fair Value of Scheme Assets	
	31 March 2014 £000	31 March 2013 £000
Cash and Cash Equivalents	**800**	**1,191**
Equity Instruments - industry type:		
- Consumer	10,203	9,079
- Manufacturing	6,212	5,788
- Energy and utilities	4,619	4,619
- Financial Institutions	6,949	6,039
- Health and Care	4,393	3,700
- Information Technology	2,379	2,163
- Other	2,410	1,818
Sub total Equity	**37,165**	**33,205**
Bonds - by Sector		
- Corporate	16,121	15,393
- Government	2,327	2,273
- Other	4,675	4,628
Sub total Bonds	**23,123**	**22,294**
Property - by type		
- UK Property	11,804	9,620
Sub total Property	**11,804**	**9,620**
Private equity - all:	**4,056**	**4,501**
Other Investment funds:		
- Equities	24,998	23,773
- Hedge Funds	4,285	4,097
- Infrastructure	1,884	1,021
- Other	9,398	7,132
Sub total Other Investment Funds	**40,565**	**36,023**
Derivatives:	**0**	**2,273**
Total Assets	**117,513**	**109,107**

The PCC's share of the assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories:

	Fair Value of Scheme Assets 31 March 2014 £000	31 March 2013 £000
Cash and Cash Equivalents	**16**	**27**
Equity Instruments - industry type:		
- Consumer	204	204
- Manufacturing	124	130
- Energy and utilities	92	104
- Financial Institutions	139	135
- Health and Care	88	83
- Information Technology	47	48
- Other	48	41
Sub total Equity	**742**	**744**
Bonds - by Sector		
- Corporate	322	345
- Government	46	51
- Other	93	104
Sub total Bonds	**461**	**500**
Property - by type		
- UK Property	236	216
Sub total Property	**236**	**216**
Private equity - all:	**81**	**101**
Other Investment funds:		
- Equities	499	533
- Hedge Funds	86	92
- Infrastructure	38	23
- Other	188	160
Sub total Other Investment Funds	**809**	**808**
Derivatives:	**0**	**51**
Total Assets	**2,345**	**2,446**

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. Within the Police Schemes, the age profile of the active membership is not rising significantly, which means that the current service cost in future years will not rise significantly as a result of using the projected unit method.

Both the Police Schemes and the County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The actuary has confirmed that for police staff, there is no reason to believe that the age profile is rising significantly. The main assumptions used in their calculations are shown below.

	Local Government Pension Scheme		Police Pension Schemes	
	2013/14	2012/13	2013/14	2012/13
Mortality assumptions:				
Longevity at 65 (LGPS) and 60 (PPS) for current pensioners				
Men	22.4	21.4	29.3	28.1
Women	24.4	23.3	31.5	31.0
Longevity at 65 (LGPS) and 60 (PPS) for future pensioners				
Men	24.3	23.7	30.9	29.7
Women	26.9	25.7	33.0	32.5
Rate of inflation (CPI - LGPS and RPI - PPS)	1.6%	2.8%	3.7%	3.6%
Rate of increases in salaries	4.6%	5.1%	3.9%	3.8%
Rate of increase in pensions	2.8%	2.8%	2.9%	2.8%
Rate for discounting scheme liabilities	4.3%	4.5%	4.3%	4.5%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions of longevity, for example, assume that the life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Group:

	Local Government Pension Scheme		Police Pension Schemes	
	Approximate Increase to Employers Liability %	Approximate Monetary Amount £000	Approximate Increase to Employers Liability %	Approximate Monetary Amount £000
Decrease in Real Discount Rate (0.5% LGPS) (0.1% PPS)	12.0%	18,686	2.0%	19,914
1 year increase in member life expectancy	3.0%	4,728	3.0%	30,529
0.5% increase in the Salary Increase Rate	5.0%	7,644	2.0%	17,743
0.5% increase in the Pension Increase Rate	7.0%	10,633	8.0%	84,426

PCC:

	Local Government Pension Scheme		Police Pension Schemes	
	Approximate Increase to Employers Liability	Approximate Monetary Amount	Approximate Increase to Employers Liability	Approximate Monetary Amount
	%	£000	%	£000
Decrease in Real Discount Rate (0.5% LGPS) (0.1% PPS)	12.0%	373	-	-
1 year increase in member life expectancy	3.0%	94	-	-
0.5% increase in the Salary Increase Rate	5.0%	153	-	-
0.5% increase in the Pension Increase Rate	7.0%	212	-	-

Impact on the Group's cashflow

The objectives of the LGPS scheme, as set out in the funding strategy statement, are to keep employer's contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The minimum employer contributions payable over the next three years for the PCC for Suffolk are 22%, 23% and 23.2% respectively. The last triennial valuation was dated 31 March 2013. The expected contributions payable for the period to 31 March 2015 are £5.272m

21. Short-Term Investments

Surplus cash is invested for periods of up to one year in accordance with the approved treasury management policy. At 31 March 2014 temporary lending was comprised:

	31 March 2014 £000	31 March 2013 £000
Money market and temporary cash deposits		
Banks	4,005	2,001
Building societies	4,001	5,001
Total temporary lending	**8,006**	**7,002**
Represented by:		
Cash and cash equivalents	6,001	4,001
Short term investments	2,005	3,001

22. Inventories

	Consumable Stores	
	2013/14	2012/13
	£000	£000
General Stock		
Balance at 1 April	179	205
Purchases	270	195
Recognised as an expense during the year	(255)	(221)
	195	179
Fuel Stock	20	55
Other sundry stocks	17	12
Balance at 31 March	**232**	**246**

23. Debtors and Prepayments

	2013/14	2012/13
	£000	£000
Short term debtors:		
Central government bodies (includes pension top up grant)	1,844	2,552
Other local authorities	1,667	722
NHS Bodies	2	3
Other entities and individuals	1,715	1,716
Prepayments	1,221	2,828
Balance at 31 March	**6,449**	**7,821**
Long term debtors:		
Other local authorities	**1,309**	**1,940**

Long term debtors of £1.31m (2012/13 - £1.94m) relate to an amount due from West Yorkshire Police in respect of the airframe transferred to NPAS.

24. Cash and Cash Equivalents

	2013/14	2012/13
	£000	£000
Imprest accounts	50	50
Bank current accounts	179	726
Instant access deposits with banks	10,707	8,062
Deposit with a maturtity date less than 3 months from acquisition	6,001	4,001
Balance at 31 March	**16,937**	**12,839**

25. Assets Held for Sale

	Current		Non-current	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Balance at 1 April	2,219	1,372	-	-
Assets newly classified as held for sale:				
Property, plant and equipment	409	2,219	-	-
Assets declassifed as held for sale:				
Property, plant and equipment	(473)			
Assets sold	(542)	(1,372)		
Balance at 31 March	**1,613**	**2,219**	**-**	**-**

26. Creditors

Group:

	2013/14	2012/13
	£000	£000
Short term creditors:		
Central government bodies	2,460	2,240
Other local authorities	2,477	1,827
NHS Bodies	34	10
Public corporations and trading funds	2	4
Other entities and individuals	6,115	5,576
Balance at 31 March	**11,088**	**9,657**

PCC:

	2013/14	2012/13
	£000	£000
Short term creditors:		
Central government bodies	2,460	2,240
Other local authorities	2,477	1,827
NHS Bodies	34	10
Public corporations and trading funds	2	4
Other entities and individuals	4,397	3,762
Balance at 31 March	**9,371**	**7,843**

27. Contingent Liabilities

In response to reductions in Government funding, the PCC is reducing the size of its workforce, particularly in support functions. Some new departmental structures have been introduced, but others will be introduced over the next few years and will probably result in some redundancy situations. There remains some uncertainty about the number of employees that will be affected and consequently it is not possible to estimate the cost of termination payments that will become payable.

The insurance company Municipal Mutual Insurance Limited ceased trading in 1992 and ceased to write new or renew policies. Potentially claims can still be received as the company continues to settle outstanding liabilities. A scheme of arrangement is in place, however there is a possibility that this arrangement will not meet the full liability of all claims, leaving a potential exposure to its customers. No claims have been made to date against Suffolk Constabulary.

A group claim has been received in relation to regulation A19 of the Police Pensions Regulations 1987. Under this regulation, the Suffolk Police Authority, on advice, had interpreted that they were permitted to retire officers in the interests of efficiency and where these officers had the requisite period of service to attain a defined pension entitlement. A significant number of the 43 geographic forces in England and Wales adopted this interpretation after seeking legal opinion.

A number of officers from different forces have successfully pursued complaints to the Employment Tribunal claiming they have been discriminated against because of their age. These cases have been appealed to the Employment Appeals Tribunal.

In light of the appeals, the group claim against Suffolk has been stayed pending the outcome of the appeals. Accordingly, at this juncture, the outcome of the Suffolk claims is uncertain. It will become clearer once the appeals, and further appeals, if any, involving officers from other forces have concluded.

28. Provisions

The balance on the insurance claims provision represents the Group's estimated liability in respect of third party, employer's liability and public liability risks, which are not covered by external insurance, where a payment is certain to be made, but the timing and amount of the payment are uncertain. The liabilities covered are the subject of claims made on the Group and settlement is likely to be spread over several years.

The balance in the provision is re-assessed each year to take account of the latest estimate of claims and costs. Any excess in the provision is transferred to the revenue account, and any deficit would be made good by a transfer from revenue. The reserve is provided to meet any other uncertain claims that may arise. There are no amounts in respect of the liabilities covered by the insurance claims provision that are expected to be subject to reimbursement from third parties.

A provision has been made for exit packages to which the PCC is demonstrably committed to at 31 March 2014.

	Balance 1 April 2013 £000	Provision in year £000	Paid in year £000	Balance 31 March 2014 £000
Insurance claims	585	527	(326)	786
Exit packages	37	85	(37)	85
Total	**622**	**612**	**(363)**	**871**

29. Leases

All significant leases have been assessed to identify the lease category.

Operating Leases:

The principal operating lease commitments relate to property leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2014 £000	31 March 2013 £000
Not later than one year	151	197
later than one year but not later than five years	244	285
later than five years	111	166
	506	**648**

The amount charged to the service lines in respect of operating leases amount to:

	2013/14 £000	2012/13 £000
Minimum lease payments	346	304
Contingent rents	17	19
	363	**323**

Finance Leases

During the year the PCC replaced the majority of its printers, photocopiers and fax machines with multi-functional devices. These were assessed as finance leases for accounting purposes. The repayment in the year of the finance lease capital liability is reflected by a Minimum Revenue Provision Charge to the General Fund. The lease agreements do not include contingent rent and liabilities fall due as follows:

	Capital Liabilities £000	Finance Cost £000	Contingent Rent £001	Total £000
Payable in 2014/15	68	23	-	90
Payable within two to five years	160	21	-	181
Minimum Lease Payments	**228**	**44**	-	**271**

The carrying value of assets held under finance leases are as follows:

	2013/14 £000	2012/13 £000
Vehicles, plant, furniture and equipment	228	287
Other land and buildings	-	-
Net book value at the end of the year	**228**	**287**

30. Usable Reserves

Movements in the Group's and the PCC's usable reserves are detailed in the Movement in Reserves Statements on pages 9 - 12.

31. Earmarked Reserves

The movements in earmarked reserves in 2013/14 are analysed as follows:

	Note	Balance 1 April 2013 £000	Received £000	Applied £000	Reallocated £000	Balance 31 March 2014 £000
Revenue reserves:						
Constabulary carry forward reserve	**(a)**	111	-	(111)	-	-
Ill health/injury benefits reserve	**(b)**	905	-	(253)	-	652
Insurance reserve	**(c)**	250	-	-	(250)	-
Major crime reserve	**(d)**	1,192	-	-	(1,192)	-
Budget reserve	**(e)**	1,973	-	-	5,205	7,178
Partnership reserve	**(f)**	178	31	-	-	209
PCC reserve	**(g)**	50	188	-	-	238
Capital Financing Reserve	**(h)**	1,465	665	-	-	2,130
Safety Camera Reserve	**(i)**	532	-	-	(532)	-
Change Reserve	**(j)**	2,775	-	(681)	-	2,094
Council Tax Reform	**(k)**	27	-	-	(27)	-
PCC Police & Crime Plan reserve	**(l)**	75	-	(75)	-	-
Total		**9,533**	**884**	**(1,120)**	**3,203**	**12,500**

(a) Constabulary Carry Forward Reserve
The budget management policy provides for planned net under/over spends on the operational revenue budget to be carried forward to the new financial year. Savings can be used in future years and any deficits must be met from the budget for the following year.

(b) Ill Health/Injury Benefits Reserve
This reserve exists to meet unexpected liabilities arising from injury and ill-health retirements.

(c) Insurance Reserve
The purpose of this reserve was to meet uninsured losses in excess of the amount set aside in the Insurance Provision. The balance in this reserve has been amended as per the Reserve Strategy approved on 22 January 2014.

(d) Major Crime Reserve
A reserve equivalent to 1% of net revenue expenditure was set in 2008/09 to provide capacity to meet the costs of major incidents/crime up to the level when Government financial support would be available. The balance in this reserve has been amended as per the Reserve Strategy approved on 22 January 2014.

(e) Budget Reserve
This reserve is used to pump-prime those initiatives which will produce cost reductions over the next three or four years. The balance in this reserve has been amended as per the Reserve Strategy approved on 22 January 2014.

(f) Partnership Reserve
The balance on this reserve represents funds received from partners for specific initiatives. The funds will be used in the new year.

(g) PCC Reserve
The uncommitted reserve is made up of prior years' underspends against the approved annual budget.

(h) Capital Financing Reserve – earmarked for capital expenditure
Any balance on this reserve is committed to financing part of the capital programme.

(i) Safety Camera Reserve

This reserve was established to underwrite costs that may be incurred by the PCC as a result of it taking over operational management of the Safety Camera Partnership from Suffolk County Council. The balance in this reserve has been amended as per the Reserve Strategy approved on 22 January 2014.

(j) Change Reserve

This reserve was established to meet the one-off costs of change to the Constabulary necessary to deliver the permanent savings required as a result of government funding reductions.

(k) Council Tax Reform

This reserve was established to meet the administration costs associated with the localisation of council tax benefit. The balance in this reserve has been amended as per the Reserve Strategy approved on 22 January 2014.

(l) PCC Police & Crime Plan

This reserve has been created to cover the cost of one off initiatives which will contribute to delivering the PCC's Police and Crime Plan objectives in 2013/14.

32. Unusable Reserves

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CIES 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.

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensating absences earned but not taken in the year, e.g. annual leave entitlement. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to and from the account.

The Revaluation Reserve shows the net accumulated unrealised gains on fixed assets arising from increases in value, as a result of inflation or other factors. The reserve is debited to reflect: the revaluation element of the depreciation charge, revaluation losses or impairments against previous revaluation gains and when assets with accumulated revaluation gains are disposed of. Any balance remaining in the reserve, relating to an asset that has been disposed of, is removed from the reserve by way of a transfer to the capital adjustment account.

The Capital adjustment account accumulates the resources that have been set aside to finance capital expenditure. The consumption of the historical cost by way of depreciation, impairment and disposal is removed from the account throughout the assets useful life. The balance on this account therefore represents timing differences between financing and consumption of fixed assets.

Movements in unusable reserves are summarised in the Movement in Reserves Statement and are shown in detail below. The first two tables provide the position for the Group; the second two tables provide the position for the PCC.

Year Ended 31 March 2014	Pension Reserves £000	Reval- -uation Reserve £000	Capital Adj' Account £000	Collection Fund Adj' Account £000	Deferred Capital Receipts £000	Compens' Absences Account £000	**Total Unusable Reserves £000**
Balance at 1 April 2013	**(944,217)**	**5,049**	**29,627**	**91**	**1,940**	**(1,814)**	**(909,324)**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	(69,301)	(209)	-	-	-	-	**(69,510)**
Total comprehensive income and expenditure	**(69,301)**	**(209)**	-	-	-	-	**(69,510)**
Amortisation of intangible assets	-	-	(356)	-	-	-	**(356)**
Depreciation on property, plant and equipment	-	(106)	(4,346)	-	-	-	**(4,453)**
Revaluation losses on property, plant and equipment	-	-	(1,263)	-	-	-	**(1,263)**
Capital grants and contributions credited to the CIES	-	-	1,427	-	-	-	**1,427**
Application of capital grants from unapplied account	-	-	-	-	-	-	-
Net gain or loss on the sale of non-current assets	-	(33)	(671)	-	-	-	**(703)**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	(632)	-	**(632)**
Difference between IAS 19 pension costs and those	-	-	-	-	-	-	
calculated in accordance with statutory requirements	(56,513)	-	-	-	-	-	**(56,513)**
Movement on the collection fund adjustment account	-	-	-	327	-	-	**327**
Capital expenditure charged to the General Fund Balance	-	-	1,286	-	-	-	**1,286**
Statutory provision for the repayment of debt	-	-	614	-	-	-	**614**
Contribution to the Police Pension Fund	12,290	-	-	-	-	-	**12,290**
Movement on the Compensated Absences Account	-	-	-	-	-	97	**97**
Use of capital receipts to fund asset purchases	-	-	2,001	-	-	-	**2,001**
Adjustments between accounting basis and funding basis under regulations	**(44,223)**	**(139)**	**(1,307)**	**327**	**(632)**	**97**	**(45,876)**
Net increase / decrease before transfers to Earmarked Reserves	**(113,524)**	**(348)**	**(1,307)**	**327**	**(632)**	**97**	**(115,386)**
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	**(113,524)**	**(348)**	**(1,307)**	**327**	**(632)**	**97**	**(115,386)**
Balance at 31 March 2014	**(1,057,739)**	**4,701**	**28,319**	**419**	**1,309**	**(1,717)**	**(1,024,710)**

Year Ended 31 March 2013	Pension Reserves £000	Reval- -uation Reserve £000	Capital Adj' Account £000	Collection Fund Adj' Account £000	Deferred Capital Receipts £000	Compens' Absences Account £000	**Total Unusable Reserves £000**
Balance at 1 April 2012	**(802,773)**	**5,188**	**35,983**	**99**	**-**	**(1,522)**	**(763,025)**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	**-**
Other comprehensive income and expenditure	(106,963)	0	-	-	-	-	**(106,963)**
Total comprehensive income and expenditure	**(106,963)**	**-**	**-**	**-**	**-**	**-**	**(106,963)**
Amortisation of intangible assets	-	-	(179)	-	-	-	**(179)**
Depreciation on property, plant and equipment	-	(112)	(3,853)	-	-	-	**(3,965)**
Revaluation losses on property, plant and equipment	-	-	(4,616)	-	-	-	**(4,616)**
Capital grants and contributions credited to the CIES	-	-	1,683	-	-	-	**1,683**
Application of capital grants from unapplied account	-	-	66	-	-	-	**66**
Net gain or loss on the sale of non-current assets	-	(27)	(5,054)	-	2,237	-	**(2,844)**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	(297)	-	**(297)**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(47,460)	-	-	-	-	-	**(47,460)**
Movement on the collection fund adjustment account	-	-	-	(8)	-	-	**(8)**
Capital expenditure charged to the General Fund Balance	-	-	2,983	-	-	-	**2,983**
Statutory provision for the repayment of debt	-	-	407	-	-	-	**407**
Contribution to the Police Pension Fund	12,980	-	-	-	-	-	**12,980**
Movement on the Compensated Absences Account	-	-	-	-	-	(292)	**(292)**
Use of capital receipts to fund asset purchases	-	-	2,208	-	-	-	**2,208**
Adjustments between accounting basis and funding basis under regulations	**(34,480)**	**(139)**	**(6,357)**	**(8)**	**1,940**	**(292)**	**(39,336)**
Net increase / decrease before transfers to Earmarked Reserves	**(141,443)**	**(139)**	**(6,357)**	**(8)**	**1,940**	**(292)**	**(146,299)**
Transfers to / from earmarked reserves	-	-	-	-	-	-	**-**
Increase / decrease in year	**(141,443)**	**(139)**	**(6,357)**	**(8)**	**1,940**	**(292)**	**(146,299)**
Balance at 31 March 2013	**(944,217)**	**5,049**	**29,627**	**91**	**1,940**	**(1,814)**	**(909,324)**

Year Ended 31 March 2014	Pension Reserves £000	Reval- -uation Reserve £000	Capital Adj' Account £000	Collection Fund Adj' Account £000	Deferred Capital Receipts £000	Compens' Absences Account £000	**Total Unusable Reserves £000**
Balance at 1 April 2013	**(661)**	**5,049**	**29,627**	**91**	**1,940**	**-**	**36,045**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	92	(209)	-	-	-	-	**(117)**
Total comprehensive income and expenditure	**92**	**(209)**	**-**	**-**	**-**	**-**	**(117)**
Amortisation of intangible assets	-	-	(356)	-	-	-	**(356)**
Depreciation on property, plant and equipment	-	(106)	(4,346)	-	-	-	**(4,453)**
Revaluation losses on property, plant and equipment	-	-	(1,263)	-	-	-	**(1,263)**
Capital grants and contributions credited to the CIES	-	-	1,427	-	-	-	**1,427**
Application of capital grants from unapplied account	-	-	-	-	-	-	-
Net gain or loss on the sale of non-current assets	-	(33)	(671)	-	-	-	**(703)**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	(632)	-	**(632)**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(304)	-	-	-	-	-	**(304)**
Movement on the collection fund adjustment account	-	-	-	327	-	-	**327**
Capital expenditure charged to the General Fund Balance	-	-	1,286	-	-	-	**1,286**
Statutory provision for the repayment of debt	-	-	614	-	-	-	**614**
Contribution to the Police Pension Fund	-	-	-	-	-	-	-
Movement on the Compensated Absences Account	-	-	-	-	-	-	-
Use of capital receipts to fund asset purchases	-	-	2,001	-	-	-	**2,001**
Adjustments between accounting basis and funding basis under regulations	**(304)**	**(139)**	**(1,307)**	**327**	**(632)**	**-**	**(2,054)**
Net increase / decrease before transfers to Earmarked Reserves	**(211)**	**(348)**	**(1,307)**	**327**	**(632)**	**-**	**(2,171)**
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	**(211)**	**(348)**	**(1,307)**	**327**	**(632)**	**-**	**(2,171)**
Balance at 31 March 2014	**(872)**	**4,701**	**28,319**	**419**	**1,309**	**-**	**33,873**

Year Ended 31 March 2013	Pension Reserves £000	Reval- -uation Reserve £000	Capital Adj' Account £000	Collection Fund Adj' Account £000	Deferred Capital Receipts £000	Compens' Absences Account £000	**Total Unusable Reserves £000**
Balance at 1 April 2012	**(468)**	**5,188**	**35,983**	**99**	-	-	**40,803**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	(940)	0	0	0	0	0	**(940)**
Total comprehensive income and expenditure	**(940)**	-	-	-	-	-	**(940)**
Amortisation of intangible assets	-	-	(179)	-	-	-	**(179)**
Depreciation on property, plant and equipment	-	(112)	(3,853)	-	-	-	**(3,965)**
Revaluation losses on property, plant and equipment	-	-	(4,616)	-	-	-	**(4,616)**
Capital grants and contributions credited to the CIES	-	-	1,683	-	-	-	**1,683**
Application of capital grants from unapplied account	-	-	66	-	-	-	**66**
Net gain or loss on the sale of non-current assets	-	(27)	(5,054)	-	2,237	-	**(2,844)**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	(297)	-	**(297)**
Difference between IAS 19 pension costs and those	-	-	-	-	-	-	
calculated in accordance with statutory requirements	745	-	-	-	-	-	**745**
Movement on the collection fund adjustment account	-	-	-	(8)	-	-	**(8)**
Capital expenditure charged to the General Fund Balance	-	-	2,983	-	-	-	**2,983**
Statutory provision for the repayment of debt	-	-	407	-	-	-	**407**
Contribution to the Police Pension Fund	-	-	-	-	-	-	-
Movement on the Compensated Absences Account	-	-	-	-	-	-	-
Use of capital receipts to fund asset purchases	-	-	2,208	-	-	-	**2,208**
Adjustments between accounting basis and funding basis under regulations	**745**	**(139)**	**(6,357)**	**(8)**	**1,940**	-	**(3,818)**
Net increase / decrease before transfers to Earmarked Reserves	**(195)**	**(139)**	**(6,357)**	**(8)**	**1,940**	-	**(4,758)**
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	**(195)**	**(139)**	**(6,357)**	**(8)**	**1,940**	-	**(4,758)**
Balance at 31 March 2013	**(661)**	**5,049**	**29,627**	**91**	**1,940**	-	**36,045**

33. Movements in Cash

1 April 2012 £000	31 March 2013 £000		1 April 2013 £000	31 March 2014 £000
14,255	12,839	Cash and cash equivalents	12,839	16,937
14,255	12,839	Cash inflows	12,839	16,937
	(1,416)	**Increase / (decrease) in cash and cash equivalents**		**4,097**

34. Cash Flow Statement –Investing and Financing Activities

2012/13 £000		2013/14 £000
	Cash Flow Statement - Investing Activities	
11,631	Purchase of non current assets	5,091
	Other payments for investing activities	
10,000	Purchase of short-term or long term investments	19,000
(4,181)	Proceeds from the sale of non currents assets	(1,427)
(9,000)	Proceeds from short-term or long-term investments	(20,000)
(1,329)	Other receipts from investing activities	(1,246)
7,121	**Cash outflow**	**1,418**
	Cash Flow Statement - Financing Activities	
-	Cash receipts of short and long-term borrowing	-
-	Other receipts from financing activiities	-
	Cash payments for the reduction of outstanding liabilities relating	
281	to finance leases and on balance sheet PFI contracts	296
238	Repayments of short and long-term borrowing	249
518	**Cash outflow**	**545**

35. Reconciliation of Revenue Cash Flow

Group:

2012/13 £000	2012/13 £000		2013/14 £000	2013/14 £000
		Adjustment for non cash or cash equivalent items within deficit on provision of services:		
8,761		Depreciation and impairments		6,072
901		Profit and loss on disposal of fixed assets		(723)
34,480		Movements on pension liability		44,223
-		Other		-
44,142				49,571
	(401)	Increase/(decrease) in revenue creditors	1,766	
	2,837	decrease/(increase) in revenue debtors	2,000	
	45	decrease/(increase) in stocks	14	
	89	Increase/(decrease) in revenue provisions	249	
	-	Increase/(decrease) in grants received in advance	-	
2,569				4,029
46,711				**53,600**
		The cash flows for operating activities include:		
3,120		Interest paid and similar charges		3,108
(160)		Interest received		(149)

PCC:

2012/13 £000	2012/13 £000		2013/14 £000	2013/14 £000
		Adjustment for non cash or cash equivalent items within deficit on provision of services:		
8,761		Depreciation and impairments		6,072
901		Profit and loss on disposal of fixed assets		(723)
(745)		Movements on pension liability		304
-		Other		-
8,917				5,652
	(693)	Increase/(decrease) in revenue creditors	1,863	
	2,837	decrease/(increase) in revenue debtors	2,000	
	45	decrease/(increase) in stocks	14	
	89	Increase/(decrease) in revenue provisions	249	
	-	Increase/(decrease) in grants received in advance	-	
2,277				4,126
11,194				**9,777**
		The cash flows for operating activities include:		
3,120		Interest paid and similar charges		3,108
(160)		Interest received		(149)

36. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

	Current		Long Term	
	31.3.14	31.3.13	31.3.14	31.3.13
	£000	£000	£000	£000
Investments				
Loans and receivables	8,006	7,003	-	-
	8,006	**7,003**	-	**-**
Debtors				
Balances per Balance Sheet	6,449	7,821	1,309	1,940
Balances relating to Council Tax	(1,385)	(1,287)	-	-
Prepayments	(1,221)	(2,828)	-	-
Loans and receivables	**3,844**	**3,706**	**1,309**	**1,940**
Borrowings				
Financial borrowings at amortised cost	-	-	9,342	9,595
Financial liabilities at fair value	-	-	-	-
	-	**-**	**9,342**	**9,595**
Other long term liabilities				
PFI and finance lease liabilities	-	-	24,853	25,148
	-	**-**	**24,853**	**25,148**
Creditors				
Balances per Balance Sheet	11,088	9,657	421	602
Balances relating to Council Tax	(966)	(1,196)	-	0
Financial liabilities at amortised cost	10,122	8,461	421	602
Financial liabilities carried at contract amount	-	-	-	-
	10,122	**8,461**	**421**	**602**

The gains and losses recognised in the CIES are show in the table below:

	2013/14			2012/13		
	Financial Liabilities at amortised cost	Loans and receivables	Total	Financial Liabilities at amortised cost	Loans and receivables	Total
	£000	£000	£000	£000	£000	£000
Expense						
Interest expense	2,586	-	2,586	2,614	-	2,614
Fee expense	-	-	-	-	-	0
Contingent rent on PFI	517	-	517	503	-	503
Total in Surplus or Deficit on the Provision of Services	3,103	-	3,103	3,117	-	3,117
Income						
Interest income	-	(147)	(147)	-	(194)	(194)
Total in Surplus or Deficit on the Provision of Services	**3,103**	**(147)**	**2,956**	**3,117**	**(194)**	**2,923**

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

- For PWLB loans, the cash flows are discounted using the premature repayment rates applicable at the year end for equivalent loans.
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values of financial instruments that differ from the carrying amount are summarised below:

	31 March 2014		31 March 2013	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial liabilities				
PWLB loan	9,342	10,793	9,595	12,146
	9,342	**10,793**	**9,595**	**12,146**

The fair value of the liabilities in 2013/14 is higher than the carrying amount because the rate payable for the PWLB loan is higher than the prevailing rate at the balance sheet date.

The PCC's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the PCC
- Liquidity risk – the possibility that the PCC might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the PCC as a result of changes in such measures as interest rates and stock market movements.

The PCC's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the PCC in the annual "Investment and Borrowing Strategy". The PCC provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the PCC's customers. Deposits are not made with banks, financial institutions and other local authorities unless they are rated P1 by Moody's. The PCC has a policy not to lend any more than £5m to any individual financial institution or authority, however increases in temporary lending limits are occasionally authorised for specific banks or institutions.

The PCC's maximum exposure to credit risk in relation to its investments in banks and building societies 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 recoverability applies to all the PCC's deposits, but there was no evidence at 31 March 2014 that this was likely to crystallise. Deposit protection arrangements will also limit any losses that might arise.

The following analysis summarises the PCC's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectible debts over the past five financial years, adjusted to reflect current market conditions.

	Amount at 31.3.14 £000	Historical experience of default %	Adjusted for market conditions %	Estimated exposure to default £000
Customers	949	0.1%	0.1%	1
	949			**1**

No credit limits were exceeded during the reporting period and the PCC does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Of the £949k outstanding from customers £949k is past its due date for payment at the year-end, this is because the credit terms are set at immediate payment. The past due amount can be analysed by age as follows:

	Amount Due 31.3.14 £000	Amount Due 31.3.13 £000
Less than three months	731	779
Three to six months	4	10
Six months to one year	116	5
More than one year	99	48
	949	**842**

Liquidity risk

Cash flow is monitored daily to ensure that sufficient cash is available as needed. If unexpected movements happen the PCC has ready access to borrowings from the money markets and the Public Works Loans Board (PWLB). There is no significant risk that it will be unable to raise finance to meet it commitments. The PCC has one loan with the PWLB that was taken out for £10m in 2010/11, it is being paid off in half year instalments. The loan is due to mature in 2035/36. All trade and other payables are due to be paid in less than one year.

Market risk – interest risk

The PCC has no significant exposure to market risk from investments. Investments are normally by way of term deposits placed at a fixed rate for a fixed period, therefore there is a risk that the market rate can change, which would lead to an impact on the fair value of the investment. However investments are mostly placed for periods not exceeding three months, therefore the exposure to market risk is regarded as negligible.

A loan with the PWLB was taken out during May 2010 for £10m, the PCC has mitigated its exposure to market risk in regards to interest expense by fixing the interest rate payable for the duration of the loan. The risk is therefore shifted to the risk on the movement of fair value that would arise when prevailing rates differ from the contract rate payable. However borrowings are not carried at fair value, so nominal gains or losses on fixed rate borrowings do not impact on the CIES.

A 1% increase in interest rates would only have a material effect on the fair value of borrowings. It would reduce the liability by £831k. A 1% decrease would have a reversed impact ,and would increase the fair value of the borrowings by £955k. The increase in income receivable would be minimal.

Market risk – price risk

The PCC does not invest in equity shares and therefore has no exposure to price risk.

Market risk – exchange risk

The PCC has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

37. Collaborative Arrangements

Norfolk and Suffolk Constabularies have implemented and are developing ways in which both forces can work together to improve performance and to make financial savings. Currently the forces are focusing on Protective Services, Justice Services and Business Support. At 31 March 2014 significant progress towards fully collaborated units had been made, with some units working as joint departments, with operational cost sharing, while other units currently only share common management costs. Although both forces control their own financial arrangements in respect of these units, an agreement was drawn up to enable certain costs to be shared on an agreed ratio. The PCC regards these units as Jointly Controlled Operations. The agreed shared costs of fully collaborated units that arose during the year was as follows:

	Business Support £000	Justice Services £000	Protective Services £000	Total £000
2013/14				
Suffolk PCC	15,675	7,648	15,466	38,788
Norfolk PCC	20,359	9,933	20,088	50,380
Total shared running costs	**36,033**	**17,581**	**35,554**	**89,168**
2012/13				
Suffolk PCC	5,365	6,671	8,899	20,935
Norfolk PCC	6,968	8,664	11,559	27,191
Total shared running costs	**12,333**	**15,335**	**20,458**	**48,126**

West Yorkshire Police is the lead force for the National Police Air Service (NPAS). During 2012/13 all owned airframes (including the one owned by the former Suffolk Police Authority) transferred to the ownership of the Commissioner for West Yorkshire while leased airframes remained in the ownership of the lessor but the lease costs transferred.

Forces retained ownership of all freehold airbases, but some leases for airbases were novated to the Commissioner for West Yorkshire.

Police staff engaged in provision of the service were employed by the Commissioner and police officers were seconded to West Yorkshire Police. Expenditure relating to NPAS incurred by forces will be charged to West Yorkshire, and West Yorkshire will charge forces for the service. The Home Office provide capital grant to cover the capital investment required.

The service is governed by a section 22A collaboration agreement and is under the control of a Strategic Board made up of Commissioners and Chief Constables from each region. The Board determines the budget and the charging policy, and monitors performance.

During the year £804k was payable to West Yorkshire PCC in respect of the NPAS service provided.

At 31 March 2014 West Yorkshire PCC owed Suffolk PCC £1.74m in respect of the Suffolk airframe. The balance is due to be paid in annual instalments up until 2024/25.

On 1 April 2010, police forces within the Eastern Region entered into a collaborative agreement called the Eastern Region Specialist Operations Unit (ERSOU), Hertfordshire act as the lead PCC. This agreement has been classified as a Jointly Controlled Operation. Suffolk PCC's share of the Unit's running costs are included in the CIES. The agreement currently covers five distinct units, four of which Suffolk collaborate on; ERSOU, which covers 5 forces; The Northern Region Investigation Team (NRIT), which covers three forces, The Regional Asset Recovery Team (RART) and The Regional Intelligence Unit (RIU) which covers all six regional forces. The net expenditure incurred by each force is as follows:

	Total 2013/14 £000	Total 2012/13 £000
Operating costs	7,923	7,329
Specific Home Office grant	(2,208)	(1,524)
Other income	(30)	(22)
Net expenditure	5,685	5,783
Contributions from forces:		
Bedfordshire	(1,055)	(1,082)
Cambridgeshire	(964)	(1,001)
Essex	(254)	(251)
Hertfordshire	(1,506)	(1,504)
Norfolk	(1,100)	(1,100)
Suffolk	(841)	(846)
Deficit/ (Surplus) for the year	(35)	(1)
Deficit/ (Surplus) b/fwd	(3)	(74)
Opening adjustment	(263)	72
Applied to training accounts	-	-
Deficit/ (Surplus) c/fwd	(301)	(3)

38. Post balance Sheet Events

Post balance sheet events have been considered for the period from the year end to the date the accounts were authorised for issue on 23 September 2014. No adjusting events have occurred that require restatement of the Statement of Accounts.

At the balance sheet date certain property assets met the criteria as assets held for sale (see note 25). A decision was taken after the year end to remove certain properties from the market in order to make changes that should help to increase potential sale proceeds. These properties should be remarketed during 2013/14. The carrying value of these properties amount to £1.2m.

39. Trust Funds

The balance sheet excludes the trust funds below which have been audited, as at 28 February 2014, under separate arrangements. The balance on these funds at 28 February 2014 amounted to £26k analysed as follows:

	Income £000	Expend--iture £000	Assets £000	Liabilities £000	Reserves £000
Year ended 28 February 2014					
Police Property Act Fund	7	6	4		4
Drug squad equipment fund	12	19	24	2	22

Police Property Act Fund. The Police (Disposal of Property) Regulations 1975 and the Police (Property) Regulations 1997 apply to property either in possession of the police following an order under section 43 of the Powers of Criminal Courts Act 1973 or in other circumstances where the owner has not been established. The regulations require that the property is disposed of by sale, destruction, donation or retaining for police purposes. Usually the property is sold at public auction and the proceeds paid into the Police Property Act Fund. The fund is used to make donations to charities or bodies of a broadly charitable nature. Most of the fund's resources are administered through the Safer Suffolk Foundation enabling a consistent evaluation of applications and monitoring of usage.

Drug Squad Equipment Fund. The Misuse of Drugs Act 1971 and the Powers of Criminal Courts Act 1973, empowered police authorities to keep drugs money seized from raids, once a formal forfeiture order was issued by the court. This money has been paid into the drug squad equipment fund. New regulations, (the Proceeds of Crime Act) have resulted in a reduction of income to this fund.

The PCC is the sole trustee of these funds.

40. Heritage Assets

FRS 30 requires Authorities to disclose Heritage Assets as a separate class of asset. The only assets that the PCC holds that meet the description as a Heritage Asset are local policing memorabilia displayed at Police Headquarters, details of which are kept in a separate inventory. The PCC does not hold cost or valuation information for these items and the cost of obtaining the information outweighs the benefits to the users of these financial statements. The displays are not significant, either physically or in monetary value (less than £50k), therefore the assets have not been included in the PCC Balance Sheet.

41. Capital Commitments

Significant commitments under capital contracts as at 31 March 2014 are analysed as follows:

2012/13 £000		2013/14 £000
73	STORM - a new command and control system	3
874	Athena - a new crime management and case preparation system	868
100	Fixed Safety Camera Replacement	-
-	ERP System	686
1,047	**Total committed**	**1,558**

42. Prior Period Adjustments, changes in Accounting Policies and Estimates and Errors

Immaterial amendments which have been made to the 2012/2013 brought forward comparatives and the reasons for the restated position are disclosed below for completeness.

Police Objective Analysis

The Group is required to report the Net Cost of Policing within 11 categories of policing. The guidance was updated for 2013/14 and thus 2012/13 Net Cost of Policing has been restated to allow comparison between years.

Defined Benefit Pension Schemes

The Code has amended the previous 7 components which analysed the change in net pension liability to 5 components. The new categories are detailed in Accounting Policy H on pages 16 to19. The 2012/13 Comprehensive Income and Expenditure Account has been restated to allow comparison between years.

Accounting Changes for the PCC and Chief Constable

For 2012/13 the presentation of the accounts was based on a principal and agent accounting arrangement with the Police and Crime Commissioner (PCC) being the principal and the Chief Constable the agent. This was due essentially to the judgement that the PCC had high level control of policing through his Police and Crime Plan objectives. This meant that a full set of statements and notes, and all transactions and balances of the PCC group were represented in the PCC accounts and the primary statements of the Chief Constable did not contain any transactions or underlying accounting entries, and limited notes were produced.

Following greater clarity and a better understanding of arrangements and governance between the PCC and the Chief Constable, as well as bulletins issued by CIPFA and the Audit Commission that enhanced the prevailing guidance, the presentation of the accounts is different this year from last year. The PCC and Chief Constable are both considered principals and therefore both corporations sole should have a full set of statements.

This has resulted in a change of accounting policy and therefore requires a prior period adjustment being made to the 2012/13 figures to re-present the above position. The following tables explain the material differences between the amounts presented in the 2012/13 financial statements and the equivalent amounts presented in the 2013/14 financial statements.

Balance Sheet

Accumulated Absences Account

Accumulated absences refers to the benefits that employees receive as part of their contract of employment, entitlement which is built up as they provide services. The transfer from the Group/PCC to the CC has resulted in the following changes being made to the 2012/13 financial statements.

Opening 2012/13 Balance Sheet	**2012/13 Group/PCC Statement of Accounts £000**	**Transfer to CC Statement of Accounts £000**	**Restated Opening Balance of PCC Accounts £000**
Short Term Creditors and accruals	(12,539)	1,523	(11,016)
Unusable Reserves - Accumulated Absences Account	1,523	(1,523)	-

Closing 2012/13 Balance Sheet	**2012/13 Group/PCC Statement of Accounts £000**	**Transfer to CC Statement of Accounts £000**	**Restated Opening Balance of PCC Accounts £000**
Short Term Creditors and accruals	(9,657)	1,815	(7,842)
Unusable Reserves - Accumulated Absences Account	1,815	(1,815)	-

Pension Reserve

The long term pension reserve has been apportioned between the PCC and CC's staff. The transfer from the Group/PCC to the CC has resulted in the following changes being made to the 2012/13 financial statements.

Opening 2012/13 Balance Sheet

	2012/13 Group/PCC Statement of Accounts £000	Transfer to CC Statement of Accounts £000	Restated Opening Balance of PCC Accounts £000
Liability Related to Defined Benefits	(802,773)	802,305	(468)
Unusable Reserves - Pension Reserve	802,773	(802,305)	468

Closing 2012/13 Balance Sheet

	2012/13 Group/PCC Statement of Accounts £000	Transfer to CC Statement of Accounts £000	Restated Opening Balance of PCC Accounts £000
Liability Related to Defined Benefits	(944,215)	943,554	(661)
Unusable Reserves - Pension Reserve	944,215	(943,554)	661

Comprehensive Income and Expenditure Statement

All operational income and expenditure which includes the salaries of police officers, PCSOs and staff is now shown within the CC Comprehensive Income and Expenditure Statement. The movements in respect of this income and expenditure, accumulated absences and pension liability are shown in the table below.

2012/13 Comprehensive Income and Expenditure Statement

	2012/13 Restated Group/PCC Accounts £000	2012/13 IAS 19 £000	2012/13 Accumulated Absences £000	2012/13 I&E Other £000	2012/13 Restated PCC Statement of Accounts £000
Local Policing	51,796	-11,532	-161	-36,060	4,044
Dealing with the Public	10,902	-1,762	-	-8,870	269
Criminal Justice Arrangements	10,688	-1,784	-	-9,549	-646
Road Policing	5,003	-1,010	-15	-3,682	296
Specialist Operations	6,304	-1,167	-17	-4,659	461
Intelligence	6,863	-1,379	-11	-5,112	361
Investigations	26,228	-6,049	-80	-18,227	1,871
Investigative Support	3,461	-376	-2	-2,826	257
National Policing	1,010	-579	-6	-377	49
Non-distributed costs	230	-230	-	-	-
Corporate and democratic core	1,611	-	-	-	1,611
Net Cost of Police Services before group funding	124,096	-25,868	-292	-89,362	8,573
Intra-group funding	-	25,868	292	91,600	117,760
Net Cost of Police Services	**124,096**	-	-	2,238	**126,333**
Other Operating Expenditure:					
Loss/(profit) on disposal of fixed assets	901	-	-	-	901
Financing and Investment Income and Expenditure:					
Interest payable and similar charges	3,117	-	-	-	3,117
Pensions interest cost and expected return on pensions assets	37,761	(37,755)			6
Interest and investment income	(194)	-	-	-	(194)
	40,684	**(37,755)**	**-**	**-**	**2,929**
Taxation and Non-specific Grant Income:	**(126,878)**	-	-	-	**(126,878)**
Deficit/(Surplus) on the Provision of Services	**38,802**	**(37,755)**	**-**	**2,238**	**3,284**
Other Comprehensive Income and Expenditure:					
Remeasurements of the net defined benefit liability (asset)	106,963	(106,023)	-	-	940
	106,963	**(106,023)**	**-**	**-**	**940**
Total Comprehensive Income and Expenditure	**145,765**	**(143,778)**	**-**	**2,238**	**4,224**

Movement in Reserves Statement

The MIRS has been restated for the PCC by the movement within the General Fund and transfer of Unusable Reserves to the CC in 2012/13. The following table shows the total movement in these reserves.

	Group Reserves				Transferred to CC Reserves				Restated PCC Reserves			
Year Ended 31 March 2013	General Fund Balance £000	Total Usable Reserves £000	**Total Unusable Reserves £000**	**Total Reserves £000**	General Fund Balance £000	Total Usable Reserves £000	**Total Unusable Reserves £000**	**Total Reserves £000**	General Fund Balance £000	Total Usable Reserves £000	**Total Unusable Reserves £000**	**Total Reserves £000**
Balance at 1 April 2012	**5,784**	**17,252**	**(763,025)**	**(745,773)**	**-**	**-**	**803,828**	**803,828**	**5,784**	**17,252**	**40,803**	**58,055**
Surplus or (deficit) on provision of services (accounting basis)	(38,802)	(38,802)	-	(38,802)	35,517	35,517	0	35,517	(3,284)	(3,284)	-	(3,284)
Other comprehensive income and expenditure	-		(106,963)	(106,963)	0	0	106,023	106,023	-	-	(940)	(940)
Total comprehensive income and expenditure	**(38,802)**	**(38,802)**	**(106,963)**	**(145,765)**	**35,517**	**35,517**	**106,023**	**141,541**	**(3,284)**	**(3,284)**	**(940)**	**(4,224)**
Adjustments between accounting basis and funding basis under regulations	**39,399**	**39,336**	**(39,336)**	**-**	**(35,517)**	**(35,517)**	**35,517**	**-**	**3,881**	**3,818**	**(3,818)**	**-**
Net increase / decrease before transfers to Earmarked Reserves	597	534	(146,299)	(145,765)	-	-	141,541	141,541	597	534	(4,758)	(4,224)
				-								
Transfers to / from earmarked reserves	1,821	-	-	-	-	-	-	-	1,821	-	-	-
Increase / decrease in year	**2,418**	**534**	**(146,299)**	**(145,765)**	**(0)**	**(0)**	**141,541**	**141,541**	**2,418**	**534**	**(4,758)**	**(4,224)**
Balance at 31 March 2013	**8,203**	**17,788**	**(909,324)**	**(891,536)**	**(0)**	**(0)**	**945,369**	**945,369**	**8,203**	**17,788**	**36,045**	**53,833**

The following table shows the movement within Unusable Reserves;

	Group Unusable Reserves				Transferred to CC Reserves			Restated PCC Reserves 2012/13			
Year Ended 31 March 2013	Pension Reserves £000	Compens' Absences Account £000	Other Reserves £000	**Total Unusable Reserves £000**	Pension Reserves £000	Compens' Absences Account £000	**Total Unusable Reserves £000**	Pension Reserves £000	Compens' Absences Account £000	Other Reserves £000	**Total Unusable Reserves £000**
Balance at 1 April 2012	**(802,773)**	**(1,522)**	**41,271**	**(763,025)**	**802,305**	**1,523**	**803,828**	**(468)**	**0**	**41,271**	**40,802**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-							
Other comprehensive income and expenditure	(106,963)	-	-	(106,963)	106,023	0	106,023	(940)	0	0	(940)
Total comprehensive income and expenditure	**(106,963)**	**-**	**-**	**(106,963)**	**106,023**	**0**	**106,023**	**(940)**	**0**	**0**	**(940)**
Adjustments between accounting basis and funding basis under regulations	**(34,480)**	**(292)**	**(4,563)**	**(39,336)**	**35,225**	**292**	**35,517**	**745**	**0**	**(4,563)**	**(3,818)**
Net increase / decrease before transfers to Earmarked Reserves	(141,443)	(292)	(4,563)	(146,299)	141,249	292	141,541	(195)	0	(4,563)	(4,758)
Transfers to / from earmarked reserves	-	-	-	-	-	-	-	-	-	-	-
Increase / decrease in year	**(141,443)**	**(292)**	**(4,563)**	**(146,299)**	**141,249**	**292**	**141,541**	**(195)**	**0**	**(4,563)**	**(4,758)**
Balance at 31 March 2013	**(944,217)**	**(1,814)**	**36,707**	**(909,324)**	**943,554**	**1,815**	**945,369**	**(661)**	**0**	**36,707**	**36,046**

Cash Flow

The Cash Flow Statement has been restated for the PCC as follows due to the CIES being restated;

	Group Restated 2012/13 £000	Transferred to CC £000	PCC Restated 2012/13 £000
Net Surplus/(deficit) on the provision of services	**-38,802**	**35,517**	**-3,285**
Adjustment for non cash or cash equivalent movements	46,711	-35,517	11,194
Adjustment for items included in net deficit on the provision of services that are investing or financing activities:			
Capital grants and contributions	-1,686	0	-1,686
Net cash flows from operating activities	**6,223**	**0**	**6,223**
Investing activities	-7,121	0	-7,121
Financing activities	-518	0	-518
Net increase or (decrease) in cash and cash equivalents	**-1,416**	0	**-1,416**
Cash and cash equivalents at the beginning of the reporting period	14,255	0	14,255
Cash and cash equivalents at the end of the reporting period	**12,839**	**0**	**12,839**

Police Pension Fund Accounting Statements

Fund Account

2012/13 £000	2012/13 £000		2013/14 £000	2013/14 £000
		Contributions receivable		
		Employer		
	10,385	Normal	10,444	
	182	Early retirements	253	
	-	Other - 30+ payments	-	
10,567				10,697
		Members		
	5,160	Normal	5,664	
5,160				5,664
		Transfers in		
	203	Individual transfers in from other schemes	344	
	-	Other	-	
203				344
		Benefits payable		
	(22,544)	Pensions	(23,674)	
	(5,789)	Commutations and lump sum retirement benefits	(4,539)	
	(285)	Lump sum death benefits	(400)	
	-	Other	-	
(28,618)				(28,612)
		Payments to and on account of leavers		
	(23)	Refunds on contributions	(2)	
	(269)	Individual transfers out to other schemes	(380)	
	-	Other	-	
(292)				(382)
(12,980)		**Net amount receivable for the year before contribution from the Police General Fund**		**(12,290)**
12,980		**Contribution from the Police General Fund**		**12,290**
-		**Net balance receivable for the year**		**-**

Net Assets and Liabilities

	2012/13 £000	2013/14 £000
Net current assets		
Net balance receivable from the Police General Fund	-	-
	-	-

Details regarding the fund's operations and policies are detailed within Note 20 to the Financial Statements and in Accounting Policy (f) in Note 1.

The fund's accounting statements do not take account of liabilities to pay pensions and other benefits after the period end.

Glossary of terms

For the purposes of the statement of accounts the following definitions have been adopted:

Accruals basis

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actual return on plan assets

The difference between the fair value of plan assets at the end of the period and the fair value at the beginning of the period, adjusted for contributions and payments of benefits.

Actuarial gains and losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or

b) the actuarial assumptions have changed.

Capital expenditure

Expenditure on the acquisition of a fixed asset; or expenditure which adds to – rather than merely maintains – the value of an existing fixed asset.

Capital Receipt

Income derived from the sale or disposal of a fixed asset.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Contingent liability

A contingent liability is either:

(a) a possible obligation arising from past events; it may be confirmed only if particular events happen in the future that are not wholly within the local authority's control; or

(b) a present obligation arising from past events, where economic transactions are unlikely to be involved or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and democratic core

The corporate and democratic core comprises all activities that local authorities undertake specifically because they are elected authorities. The costs of these activities are thus over and above those that would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Defined benefit scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined contribution scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Emoluments

All sums paid to or receivable by an employee; sums due as expenses allowances (as far as these are subject to UK income tax); and the money value of any other benefits received other than in cash. An employee's pension contributions are deducted from emoluments.

Fixed assets

Tangible and intangible assets that yield benefits to the PCC and the services it provides for more than one year.

Glossary

An explanation of terms used

Government grants

Part of the cost of service is paid for by central government from its own tax income. Specific grants are paid by the Home Office to the PCC towards both revenue and capital expenditure.

Group

The term Group refers to the Police and Crime Commissioner (PCC) for Suffolk and the Chief Constable (CC) for Suffolk.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Intangible fixed assets

Intangible assets are non-financial fixed assets that do not have physical substance, but are identifiable and are controlled by the PCC through custody or legal rights.

Net book value

The amount at which fixed assets are included in the balance sheet, meaning their historical cost or current value less the cumulative amounts allowed for depreciation.

Net current replacement cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, meaning the cost of its replacement or of the nearest equivalent asset, after adjusting the price to reflect the current condition of the existing asset.

Net realisable value

The open-market value of the asset in its existing use (or open-market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Distributed Costs

Relates to the apportionment of certain pension costs including ‘past service costs’ ‘settlements’ and ‘curtailments’.

Non-operational assets

Fixed assets held by the PCC but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operational assets

Fixed assets held and occupied, used or consumed by the PCC in the direct delivery of services for which it has a statutory or discretionary responsibility.

PCC

Reference to PCC within these Financial Statements relate to the entity of the Police and Crime Commissioner for Suffolk unless otherwise stated.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and

b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Precept

The proportion of the budget raised from council tax.

Provision

Amount set aside to provide for a liability which is likely to be incurred, but the exact amount and the date on which it will arise is uncertain.

PWLB

The Public Works Loan Board **(PWLB)** is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Related parties

Two or more parties are related parties when at any time during the financial period:

(a) one party has direct or indirect control of the other party; or

(b) the parties are subject to common control from the same source; or

(c) one party has influence over the financial and operational policies of the other party so that the other party might not always feel free to pursue its own separate interests; or

(d) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

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. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

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 employer is committed to provide for service up to the valuation date.

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 obligation and the assets used to effect the settlement. Settlements include:

a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;

b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and

c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Stocks

The amount of unused or unconsumed stocks held in expectation of future use. When it will not be used until later, it is appropriate to carry forward the amount that will be used when the need arises.

Useful life

The period over which the PCC will derive benefits from the use of a fixed asset.

Vested Rights

In relation to a defined benefit scheme, these are:

a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;

b) for deferred pensioners, their preserved benefits;

c) for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.