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# Comparison of accounts for D&C Police and Dorset Police

Member briefing

November 2015

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## Purpose

- This document sets out the key differences in presentation between the statutory accounts and accounting policies of Devon & Cornwall Police, and Dorset Police.
- Accounting Policies should be considered in light of the model set of policies which are set out in the CIPFA Code and associated Practitioners Guidance Notes.
- Whilst we accept that as part of the strategic alliance, there may be convergence between the accounts of the entities, we note that the accounting policies and statutory accounts in their current format are acceptable under current accounting guidelines for each entity.
- In this document, KPMG has sought only to highlight those accounting policies where there is a difference.

# Accounts Format

Description	D&C	Dorset
Length of accounts	OPCC – 119 pages CC – 73 pages	OPCC – 62 pages CC – 38 pages
Primary Statements in OPCC accounts	Consolidated Movement in Reserves Statement OPCC Movement in Reserves Statement Consolidated CIES Statement OPCC CIES Statement Consolidated Balance Sheet OPCC Balance Sheet Consolidated Cashflow Statement	Consolidated Movement in Reserves Statement Consolidated CIES Statement Consolidated Balance Sheet OPCC Balance Sheet Consolidated Cashflow Statement
Primary Statements in CC accounts	CC Movement in Reserves Statement CC CIES CC Balance Sheet CC Cashflow statement	CC Movement in Reserves Statement CC CIES CC Balance Sheet CC Cashflow statement

# Accounting Policies

Policy	D&C	Dorset
Revenue expenditure funded from Capital under Statute	No policy disclosed.	Policy disclosed.
Foreign currency translation	N/a	Policy disclosed.
Leases	More detailed disclosure around policies and accounting when PCC Group is a lessee. Clarifies that the Group does not raise council tax to cover depreciation, revaluation and impairment losses, instead requiring an adjusting transaction between the Capital Adjustment Account and General Fund.	Includes section around accounting where the PCC Group is lessor (not included in D&C). Explicitly states that all leased land is treated as an operating lease.
Lease type arrangements.	Included within Lease policy.	Separate, stand alone policy.
Long term contracts - PFI	N/a as none	Policy disclosed
Pensions	Accounting policy includes description of all schemes, including definition of the various line items within the change in net pension liability.	High level accounting policy, with more detail in the pension scheme note to the accounts.

# Accounting Policies

Policy	D&C	Dorset
Reserves	Definition of earmarked reserves and accounting for expenditure being financed through an earmarked reserve.	Definition of earmarked reserves
Valuation of Assets	Revalued every 3 years (Note that this is a change to the 5 year policy disclosed in the accounts at 31 Mar 2015).	Representative sample of 20% revalued each year, being extrapolated across all assets.
Componentisation of assets	Recognised when the value of the component is more than 20% and greater than £2.5m of the main asset value.	Recognised when the component is 25% of the total asset with a minimum total asset value of £1.0m
Assets held for sale	In practice, policy is in line with IFRS, however in accounts is defined as “probable that the carrying amount of an asset will be recovered through a sale transaction rather than through its continuing use”.	Definition disclosed in the accounts is a direct replica of IFRS 5.
Cash equivalents	“Short term investments that are readily convertible to known amounts of cash without penalty and with insignificant risk of change in value”	“Investments that mature in 3 months of less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value”
Financial Instruments	Significant disclosure on accounting policies and type of liabilities/ assets.	High level disclosure.

# Accounting Policies

Policy	D&C	Dorset
Inventories	Policy disclosed	Policy not disclosed
Intangible Assets	Policy disclosed	Policy not disclosed
Provisions	Policy disclosed	Policy not disclosed
Contingent Assets	Policy disclosed	Policy not disclosed
Milne v GAD	Treated as a non adjusting PBSE and disclosed as a contingent liability.	Treated as an adjusting PBSE but no adjustment made on basis of materiality.

# Disclosures

Disclosure	D&C	Dorset
Sources of estimation uncertainty	Some sensitivity analysis performed.	No sensitivity analysis.
Non significant disclosures	The accounts of D&C OPCC have significant disclosure around financial instruments which is not replicated in the accounts of Dorset OPCC.	The following are included within the accounts of Dorset OPCC, but not D&C OPCC: <ul style="list-style-type: none"> <li>- Operating cost statement</li> <li>- Long term contracts (PFI)</li> <li>- Operating leases</li> <li>- Revenue expenditure funded from capital under statute</li> <li>- Discretionary expenditure</li> <li>- Publicity</li> <li>- Agency work</li> <li>- Staffing statement</li> <li>- Sponsorship</li> <li>- Asset register</li> <li>- Inventories</li> <li>- Reserves</li> <li>- Movement in cash &amp; cash equivalents</li> <li>- Movement in net funds</li> <li>- Movement in liquid resources</li> </ul>



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