

Statement of Accounts

2009/10

**Hertfordshire Police
Authority**

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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Police Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts by the 30th June 2010.

I confirm these accounts were approved for submission to Audit at the meeting of the Hertfordshire Police Authority held on the 25th June 2010.

Signed

Date 25th June 2010

Robert Gordon – Chair of Audit Committee

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP).

In preparing this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and applied them consistently;
- made judgements that were reasonable and prudent;
- complied with the local authority SORP.

The Treasurer has also:

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

I confirm this Statement of Accounts gives a true and fair view of the financial position of Hertfordshire Police Authority at the accounting date and its income and expenditure for the year ended 31st March 2010.

Signed

Date 25th June 2010

John Woodham – Treasurer

EXPLANATORY FOREWORD BY THE TREASURER

Introduction

It is vital that the Constabulary has the right resources to deliver an effective and efficient police service to the people of Hertfordshire. Having the right level of funding is a key part of that and each year Hertfordshire Police Authority sets the budget for policing in the county. The majority of funding is provided by Government grant with around one third of gross expenditure in 2009/10 being met by local council tax payers. This Statement of Accounts provides an analysis of how the money was spent in 2009/10 and the Authority's assets and liabilities as at 31st March.

The key duty of the Police Authority is to provide an efficient and effective police service. The Authority is responsible for managing overall expenditure within the budget although responsibility for day to day financial management is delegated to the Chief Constable within the annual budget set and the financial framework agreed by the Authority.

The Police Authority has worked hard with the Constabulary to deliver policing services that represent good value for money and ensure its financial position remains strong during these challenging economic conditions. It has needed to have strong financial management practices and controls in place during 2009/10 in order to deliver revenue and capital outturn within budget and took action in the second half of the year to reduce spending and position it well to deliver expected savings in 2010/11. The Authority has a successful record of delivery of sustainable efficiency savings over a number of years and the need to maintain this strong record will be important in the years ahead in view of the significant cuts expected in public sector spending.

The Accounting Statements

These accounts include an analysis of the Authority's financial affairs and its financial position at 31st March 2010. They have been prepared in accordance with CIPFA recommendations and comply with the 2009 Statement of Recommended Practice (SORP) and the Best Value Accounting Code of Practice (BVACOP). They comprise of:

The Statement of Accounting Policies - The purpose of this statement is to explain the basis of the figures in the accounts. The reported results can be appreciated properly only if the policies, which have been followed in dealing with material items, are explained. In 2009/10 the only significant change was the introduction of a new accounting policy relating to the treatment of council tax income. Up to 2008/09 the Authority was required only to account in the Income and Expenditure Account for the actual amount it received as a precepting authority during the year. The 2009 SORP has introduced a change however and the Authority is now required to account for the accrued income for the year, i.e. it reflects its proportion of the actual amount collected by billing authorities, which may be more or less than predicted when budgets were set in February 2009.

The Annual Governance Statement – The statement sets out the results of the annual review of governance and internal controls within the Authority. The statement reports on any significant weaknesses and the actions undertaken to rectify these.

The Core Financial Statements – These statements include the Income and Expenditure Account, the Statement of Movement on the Police Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the Cash Flow Statement. Explanations of each of these are given at the start of each statement.

Notes to the Core Financial Statements – These notes help explain the core financial statements providing additional details as necessary. This year the notes include additional segmental analysis of the cost of police services which are in line with the Police Objective Analysis as required by the Best Value Accounting Code of Practice and new disclosures regarding senior officers’ remuneration.

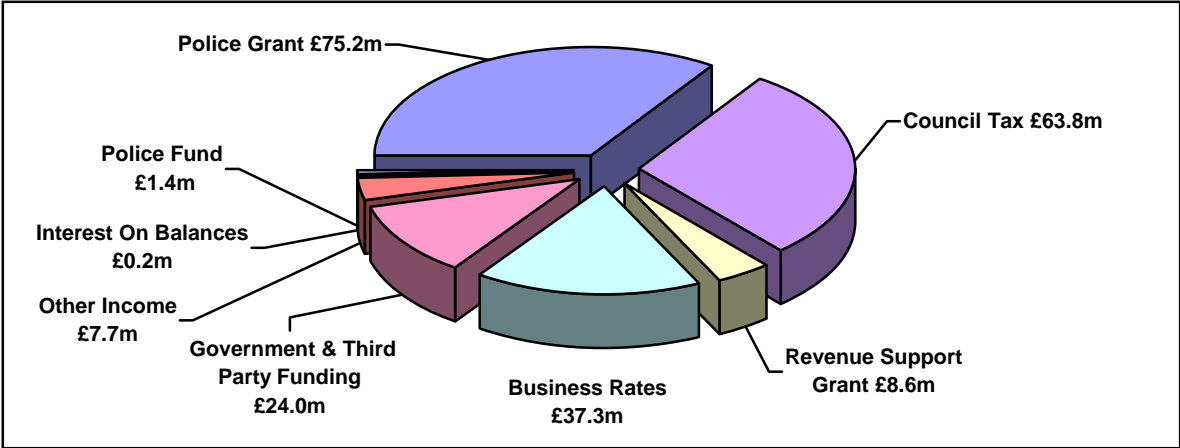
Police Pension Scheme Fund Accounts – This statement sets out the financial transactions relating to the Police Pensions Schemes.

Glossary of Terms - To explain some of the more technical terminology included in the Statement of Accounts.

Review of the Financial Year 2009/10

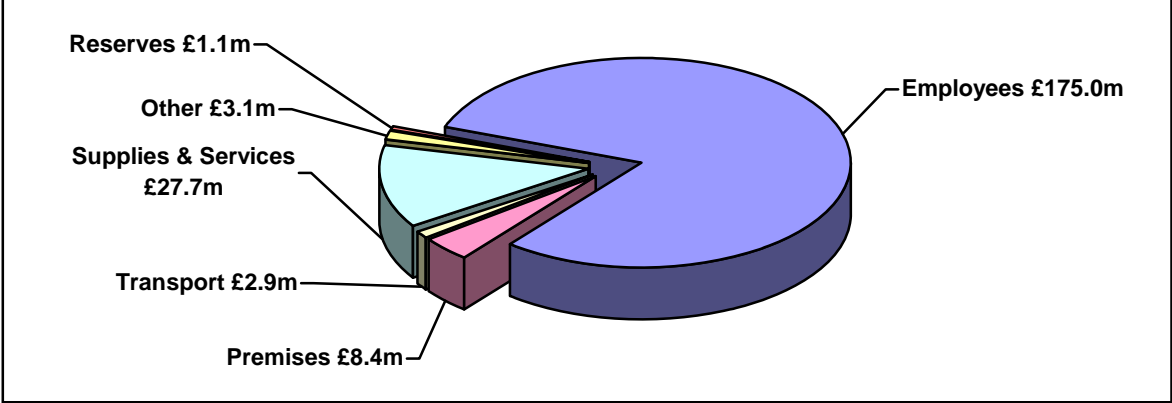
Where the Money Comes From

The graph below shows an analysis of the Authority’s key sources of income during 2009/10. Police Grant, Revenue Support Grant and Business Rates paid to the Authority by central government account for 55% of all gross income. This central government grant plus that raised by Council Tax forms the Authority’s budget requirement for 2009/10 of £184.931m.



What the Money is Spent On

The graph below shows an analysis of the Authority’s expenditure during 2009/10 of which employee costs represent the greatest component.



Revenue Spending

The Authority set its revenue budget requirement for the year at £184.9m (£178.2m in 2008/09). The activity for the year resulted in use of £1.420m Police Fund reserves due to the following:

- The agreed use of £1.1m of Police Fund balance to support planned expenditure in 2009/10 and a further £0.1m to fund Constabulary carry forward from 2009/09
- £0.7m underspend on the day to day revenue budget. Key variances included year-end underspends of £0.4m on major crime and major incidents, £0.3m on corporate and support services, £0.2m on pension and redundancy costs, £0.1m on Area / Basic Command Unit spend, £0.1m on Police Authority costs and £0.1m resulting from slippage in devolved budget holder spending plans. These have been compensated in part by an overspend of £0.3m on crime management budgets resulting from a shortfall against estimated Proceeds of Crime Act (POCA) incentivisation scheme income as well as overspends of £0.1m on legal costs and £0.1m resulting from higher than expected criminal justice activity. Overall devolved budget holders have used and controlled their resources well and the impact of increasingly difficult economic conditions has been managed during the year to deliver a good outturn against budget.
- Receipt of £0.3m additional grant from the Home Office Voluntary Merger Exploration Fund towards the end of the year which enabled money to be released and returned to the Police Fund at the year-end.
- £0.5m underspend as a result of funding capital expenditure from the Capital Financing Requirement (external or internal borrowing) rather than planned revenue contributions. This action was taken at the year-end in order to protect reserves for future use in the light of the difficult financial challenge ahead, which was exacerbated by the announcement on 27 May 2010 that Hertfordshire Police Authority would lose £1.7m revenue grant and £0.2m capital grant as a result of the new governments planned spending cuts programme in 2010/11
- Transfer of £1.7m into specific reserves at the year-end. This includes setting aside £1.6m into a new Medium Term Change Management Reserve. This reserve has been established by the Authority in order to help it support plans for tackling the prospect of an unprecedented financial challenge over the period of its medium term financial plan.

Capital Spending

The Authority's capital budget for 2009/10 including planned additional funding from revenue and application of specific grants was £8.2m. It comprised of £4.6m for IT and communications, £1.6m for the purchase of vehicles, £1.4m for the estates strategy, and £0.6m for technical equipment and for costs associated with the setting up of joint collaborative units.

Actual expenditure incurred during the year was £6.3m. This included investment of £3.3m in technology including the roll out of improved telephony to all police stations, the mobile data programme, communication links to the Constabulary's Control Room, automatic number plate recognition equipment and the phased programme of PC, software and server upgrades. Additionally £1.5m expenditure was incurred on vehicles as a part of the

planned replacement cycle, £0.9m on the estate of which £0.8m related to its minor works programme and £0.1m to some final scheme costs within its Public Access and Visibility Strategy and £0.6m on technical equipment and collaborative unit costs.

No additional external borrowing was necessary in order to fund the capital programme in 2009/10 although further borrowing is expected to be needed in 2010/11.

Reserves

After taking into account the Constabulary carry forwards into 2010/11 the remaining Police Fund balance as at 31/3/2010 amounts to £7.176m. This is more than the £6.275m estimated when setting the 2010/11 budget in February 2010 due to reduced spending in the final months of the year coupled with the receipt of additional Home Office Voluntary Merger Exploration Fund grant and a decision taken not to make previously planned revenue contributions to fund capital expenditure as referred to above.

The Police Fund balance provides the Authority with sufficient cushion to enable it manage its assessed risks and make planned use of reserves to balance the budget in 2010/11. In addition to the Police Fund the Authority also has a number of specific reserves amounting to £3.247m at 31 March 2010

Icelandic Bank Investment

The Authority's previous year accounts reported that its £3m investment in Heritable Bank was frozen as a result of the Icelandic banking system collapse and that, whilst no recoveries had been made, an 80p in the £ recovery was anticipated over time. At the time of producing these accounts just over £1m has now been recovered and the administrators have projected that an overall 85p in the £ return is likely over coming years. The Authority made provision for the likely loss when setting its budget for 2010/11

Change of Treasurer

Ms Sarah Pickup was Treasurer of the Authority until 31st March 2010. Mr John Woodham was appointed to the post with effect from 1 April 2010.

Further information on the financial statements presented in this document can be obtained from the Head of Finance at the Constabulary on 01707-354241.

John Woodham
Treasurer
25 June 2010

**INDEPENDENT AUDITOR’S REPORT TO MEMBERS OF
HERTFORDSHIRE POLICE AUTHORITY
(To be inserted on completion of audit)**

STATEMENT OF ACCOUNTING POLICIES 2009/10

Introduction

The accounts have been prepared in accordance with the 2009 Code of Practice on Local Authority Accounting, the Best Value Accounting Code of Practice and guidance notes issued by CIPFA. The 2009 Code of Practice is a Statement of Recommended Practice (SORP) approved by the Accounting Standards Board. Compliance with the CIPFA code constitutes 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003. The accounting convention adopted is historic cost, modified by the revaluation of certain categories of tangible fixed assets.

The following section sets out the Police Authority's general accounting policies, which have been followed in 2009/10.

1. Accruals

The Income and Expenditure Account has been prepared on an accruals basis. That is, on the basis of income becoming due and expenditure becoming payable in the financial year to 31st March 2010. The exception to this is that the Authority does not accrue for non cashable employee benefits such as annual leave and time off in lieu.

2. Going Concern

The accounts have been prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

3. Primacy of Legislative Requirements

Where accounting treatments prescribed by law conflict with the accounting concepts outlined in this section, the conflicts are dealt with by showing the position required by following accounting concepts in the Income and Expenditure Account and showing the effect of the legislative requirements in the Statement of Movement on the Police Fund Balance.

4. Tangible Fixed Assets

i) Recognition

All expenditure above £0.005m on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis, provided that the asset yields benefits for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged directly to the Income and Expenditure Account.

Fixed assets are valued on the basis recommended by CIPFA and are classified into the groupings required by the Code of Practice on Local Authority Accounting.

All properties under construction at year end are shown as non-operational and recognised at cost. Once complete and in use, these properties are revalued using an appropriate basis and reclassified as operational.

ii) Valuation

The last full valuation of the Police Authority's Property Portfolio was undertaken as at 31st March 2010 by Hertfordshire Constabulary's Estate Surveyor on the under mentioned basis in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institute of Chartered Surveyors.

Any surplus arising on the revaluation of fixed assets would be credited to the Revaluation Reserve. Subsequent revaluations of fixed assets are planned which will meet with the Code of Practice requirement that all land and building assets are revalued within a five year period.

Operational Police Stations and Police Headquarters are classified as specialist properties and valued using the Depreciated Replacement Cost (DRC) method.

Non-specialist properties, mainly police houses, are valued on the basis of Existing Use Value (EUUV).

Vehicles, plant and equipment are included in the Balance Sheet at depreciated historic cost as a proxy for current replacement cost.

iii) Depreciation

Depreciation is provided for on all operational fixed assets other than land in accordance with FRS15 'Tangible Fixed Assets'. Depreciation is calculated using the straight line method over the following periods:

Asset Class	Estimated Life (Years)
Vehicles	2 - 7
Plant and Equipment	1 - 10
Buildings	15 - 60

A full year's depreciation is charged to the Income and Expenditure Account in the year of acquisition or entry into service for all classes of asset used in the provision of services.

Depreciation is reversed via the Statement of Movement on the Police Fund Balance to ensure a neutral impact on the amounts required to be raised from local taxation.

iv) Impairment

Assets have been reviewed in accordance with FRS 11 'Impairment of Fixed Assets' (requiring the Authority to reflect a general fall in prices or losses due to physical damage or deterioration in an asset). Land and Building assets were reviewed for impairment as at 31st March 2010 by Hertfordshire Constabulary's Estate Surveyor.

v) Disposal

When an asset is disposed of, the value of the asset in the balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account 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.

Income over £0.010m from the sale of fixed assets such as property, vehicles and equipment is defined as capital receipts. Individual receipts of less than £0.010m are credited to the Income and Expenditure Account.

Capital receipts due, but not received in the year are accrued with a corresponding debtor included in the Balance Sheet.

Capital receipts are available to either finance capital expenditure or to repay debt. Such income that has not been applied in financing capital expenditure during the year is shown on the Balance Sheet as usable capital receipts.

vi) Capital Accounting Accounts

From 1 April 2007 the Fixed Asset Restatement Account and Capital Financing Account were replaced by the Revaluation Reserve and the Capital Adjustment Account. The SORP states that as authorities have insufficient historic cost information, the Revaluation Reserve will open with a nil balance on 1 April 2007 and that closing balances at 31 March 2007 relating to the Fixed Asset Restatement Account and Capital Financing Account are to be transferred to the Capital Adjustment Account.

The Revaluation Reserve represents the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets analysed on an individual asset basis. Generally an individual asset should not have a negative revaluation balance no matter how much the Reserve overall might be in surplus, and

The Capital Adjustment Account represents an initial transfer from the Fixed Asset Restatement Account and Capital Financing Account, amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets, provision for the repayment of external loans and the reversal of amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the Police Fund Balance for the year.

The above accounts are not available to fund future expenditure.

5. Intangible Fixed Assets

Intangible Fixed assets are non financial fixed assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights. The Authority capitalises the purchase of such assets and amortises them over a five year period. Prior to 2009/10, such assets were included within Vehicles, Plant and Equipment Fixed Assets on the balance sheet.

6. Grants and Contributions

Government grants and other contributions are accounted for on an accruals basis and are recognised in the accounting statements such that income matches with the expenditure to which the grant relates. Grant income and contributions received in an accounting period prior to expenditure being incurred are as treated as receipts in advance and held within the Authority's balance sheet.

The Authority receives three main settlement grants from Government to support general revenue expenditure. These are Revenue Support Grant, Police Grant and a share of the National Non Domestic Rates Pool. These grants are credited to the Income and Expenditure Account in the year to which they relate.

In addition the Authority also received a number of specific revenue grants in 2009/10. An analysis of these grants is shown in note 24 to the Core Financial Statements on page 39.

The Authority receives a cash limited grant from the Home Office to help finance its capital programme as well as a number of specific capital grants relating to individual initiatives. Again an analysis of these grants is shown in note 24 to the Core Financial Statements on page 39. When the acquisition of a fixed asset is financed either wholly or in part by government grant the amount of the grant is credited initially to the Government Grants Deferred account. Amounts are released to the Income and Expenditure Account over the useful life of the asset to match the depreciation charged on the asset to which it relates.

7. Leases

The Authority has no finance leases. Rentals payable under operating leases are charged to the Income and Expenditure Account on an accruals basis in accordance with Statement of Standard Accounting Practice (SSAP) 21.

8. Stocks

Stocks are included in the Balance Sheet at cost. The Authority's stock includes such items as vehicle spares, uniforms and fuel. Damaged and obsolescent stocks are written off in the year that they occur. Some minor stocks are not valued and are excluded e.g. small stocks of stationery at Areas. The Authority has changed its accounting policy in 2009/10 such that stocks relating to collaborative units with a total value of less than £0.050m are also excluded.

9. Provision For Doubtful Debts

The Authority provides for uncollectible debts. Provision is made based on applying a set percentage dependent upon the age of the debt. These rates are adjusted where special circumstances may apply.

10. Provisions

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the Income and Expenditure account in the year that the Authority becomes aware of the obligation, based upon the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up on the Balance Sheet.

11. Reserves

Reserves are amounts set aside for general and specific purposes. In accordance with proper accounting practices, contributions to reserves cannot be shown as expenditure. Expenditure incurred on items for which the reserve was originally established is shown as service expenditure offset by a contribution from the reserve to the Income and Expenditure Account. The nature and purpose of each reserve is described in the notes to the core financial statements.

11. Pensions

With effect from 1 April 2003, the Authority has adopted FRS17 Accounting for Retirement Benefits. This accounting standard is applicable to defined benefit pension schemes and to any discretionary awards relating to pensions. The Income and Expenditure Account is charged with the current service cost of pension benefits accrued in the year. Past service costs and gains or losses on settlements or curtailments are charged to Non Distributed Costs. The expected return on pension fund assets and the interest cost applicable to pension liabilities are shown within the Net Operating Expenditure section of the Income and Expenditure Account. In order to ensure a neutral impact, the net effect of FRS17 is reversed through the Statement of Movement on the Police Fund Balance. The pension liability as at 31st March, net of the Authority's share of pension fund assets, is shown with a corresponding pension reserve on the face of the Balance Sheet.

The Authority participates in three pension schemes. Each scheme provides members with defined benefits related to pay and service. The costs of providing pensions for employees are charged to the Police Fund in accordance with the statutory requirements governing each scheme. The schemes are as follows:

Police Officer Schemes-

There are two schemes for police officers. The original Police Pension scheme which closed to new members on the 31st March 2006 and the New Police Pension scheme which was introduced from 1st April 2006. These are unfunded schemes and are both charged to the Police Fund based upon a contribution rate of 24.2% of pensionable pay.

Police Staff -

All police staff are eligible to join the Local Government Pension Scheme, managed for the Authority by Hertfordshire County Council. The total pension cost that is charged to the Police Fund equals the contribution paid to the funded pension scheme for these employees.

Pension transactions shown within the accounts are based upon full pension valuations performed as at 31st March 2007 for the Local Government Scheme and as at 31st December 2009 for the Police Pension Schemes.

12. Financial Instruments

Financial instruments are formally defined in the SORP as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The definition covers the treasury management activity of the Authority, including the borrowing and lending of money and the making of investments. However, it also extends to include such things as receivables (e.g. debtors and bank deposits) and payables (e.g. creditors) and financial guarantees.

i) Financial Instruments – Assets

Financial assets are classified into two types:

- *loans and receivables* – assets that have fixed or determinable payments but are not quoted in an active market
- *available-for-sale assets* – assets that have a quoted market price and, or do not have fixed or determinable payments. The Authority has not invested in available-for-sale assets.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For all of the investments that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and that interest credited to the Income and Expenditure Account 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 Income and Expenditure Account.

ii) Financial Instruments - Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. In addition, any interest accrued, but unpaid at the 31st March is added to the balance of the liability on the balance sheet. The result of this is that for all the Authority's borrowings, the amount presented in the Balance Sheet is the outstanding principal repayable plus interest accrued but not paid up to 31st March. Interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

13. Collaborative Arrangements

The Authority participates in a number of partnership arrangements. The main such arrangements include the Chiltern Travel Consortium (CTC), the Chiltern Air Support Unit (CASU), the Hertfordshire Safety Camera Partnership and an increasing number of joint Bedfordshire and Hertfordshire Units. Detailed notes for each of these partnerships are set out in the Notes to the Core Financial Statements. The Authority considers these arrangements to be Joint Arrangements that are not Entities and where material reflects its share of balances within its statement of accounts making offsetting entries against its cash balances. The consortium reserve represents Hertfordshire's share of surpluses that have arisen through these arrangements.

14. New arrangements for account for council tax

From 1 April 2009 the Authority is required to show Council Tax income in its Income and Expenditure Account for the year on a full accrual basis. This contrasts with previous accounting requirements where Council Tax income included in the Income and Expenditure Account represented the amount paid from the Collection Fund to the major preceptor. This is a change in accounting policy.

Under the new accounting requirements, the difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the Police Fund is taken to a new Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.

Since the collection of Council Tax is in substance an agency arrangement, the cash collected by billing authorities from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will therefore be a debtor/creditor position between each billing authority and the Authority to be recognised, since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council Taxpayers.

ANNUAL GOVERNANCE STATEMENT 2009/10

(Will be inserted when published – see separate agenda item)

INCOME AND EXPENDITURE ACCOUNT

This account summarises the resources that have been generated and consumed in providing services and managing the authority during the last year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year. It brings together this expenditure and income in three sections:

- Section one provides segmental accounting information on the costs of the Authority's continuing operations, net of specific grants and income from fees and charges, to give the Net Cost of Police Services.
- Section two comprises items of income and expenditure relating to the Authority as a whole. When added to the Net Cost of Police Services these give the Authority's Net Operating Expenditure.
- Section three shows the income from local taxation and general government grants in the period, to give the net deficit or surplus for the year.

INCOME AND EXPENDITURE ACCOUNT 2009/10

2008/09 Net Expenditure £'000		Note	2009/10 Gross Expenditure £'000	2009/10 Gross Income £'000	2009/10 Net Expenditure £'000
195,931	Police Services	1	221,586	30,815	190,771
1,139	Corporate & Democratic Core	2	1,168	-	1,168
1,280	Non-Distributed Costs	3	140	-	140
198,350	Net Cost of Police Services		222,894	30,815	192,079
52	Gains / Losses On Disposal Of Fixed Assets	4	1,734	1,671	63
991	Interest Payable & Similar Charges	37	1,136	-	1,136
-885	Interest and Investment Income	37	-	185	-185
945	Investment Losses	17	-	167	-167
48,843	Pensions Interest and Expected Return On Pension Assets	3	55,466	4,657	50,809
248,296	Net Operating Expenditure		281,230	37,495	243,735
-60,559	Precepts	6	-	63,741	-63,741
-2,598	Home Office grant payable towards the cost of retirement benefits.		-	3,896	-3,896
-78,516	Government Grants (Not attributable to Specific Services)	5	-	83,818	-83,818
-39,147	Non-Domestic Rates Distribution	5	-	37,326	-37,326
67,476	Deficit/(-) Surplus for the year		281,230	226,276	54,954

STATEMENT OF MOVEMENT ON THE POLICE FUND BALANCE

The Income and Expenditure Account shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated during the year. However, the Authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned

The Police Fund Balance shows whether the Authority has over or underspent against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the Police Fund Balance.

STATEMENT OF MOVEMENT ON THE POLICE FUND BALANCE 2009/10

2008/09 £000		Note	2009/10 £000
67,476	(Surplus) / deficit on the Income and Expenditure Account		54,954
-67,106	Net additional amount required by statute or non-statutory proper practices to be debited or credited to the Police Fund for the year	4	-53,534
370	(Increase) / reduction in the Police Fund for the year		1,420
9,074	Police Fund Balance brought forward		8,704
8,704	Police Fund Balance carried forward		7,284

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the Authority for the year and shows the aggregate change in its net worth (i.e. net movement on the balance sheet). In addition to the surplus or deficit on the Income and Expenditure Account, it includes gains and losses on the revaluation of fixed assets and remeasurement of the net liability to cover the cost of retirement benefits.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES 2009/10

2008/09 £000		Note	2009/10 £000
-67,476	Surplus / (deficit) on the Income and Expenditure Account		-54,954
1,673	Surplus arising on revaluation of fixed assets		8,119
29,615	Actuarial gains/ (losses) on pension assets and liabilities	3	-371,937
-	Any other gains and losses required to be included in the STRGL		-
-570	In year adjustment to prior balances		304
-36,758	Total recognised gains/ (losses) for the year		-418,468

BALANCE SHEET 2009/10

The balance sheet is fundamental to the understanding of the Authority's financial position at the year end. It shows the balances, reserves, long term indebtedness, fixed and net current assets employed in the Authority's operations, together with summarised information on the fixed assets held.

	Note	31 March 2010		31 March 2009	
		£'000	£'000	£'000	£'000
Intangible Assets			323		-
Tangible Fixed Assets					
Operational Assets:					
- Other Land and Buildings	7	115,125		112,136	
- Vehicles, Plant and Equipment	7	13,337		15,552	
Non-Operational Assets:					
- Assets Under Construction	7	627		500	
- Surplus Assets Held For Disposal	7	1,200		1,599	
			130,612		129,787
Long Term Assets					
- Long Term Debtors	39	70		70	
- Long Term Investments	11	803		-	
			873		70
Current Assets					
- Stocks	9	670		698	
- Debtors	10	10,689		10,861	
- Cash and Bank	27	337		55	
- Short Term Investments	11, 20, 25	7,094	18,790	5,749	17,363
Total Assets			150,275		147,220
Current Liabilities					
- Creditors	12	18,378		17,214	
- Bank	13, 27	2,092	20,470	882	18,096
Total Assets less Current Liabilities			129,805		129,124
Long-term Liabilities					
- Government Grants Deferred	14	9,745		9,635	
- Provisions	15	582		676	
- Long Term Borrowing	39	26,781		26,772	
- LGPS Pension Assets	3	-103,792		-72,379	
- LGPS Pension Liability	3	180,798		94,452	
- Police Pension Liability	3	1,073,949	1,188,063	709,758	768,914
Total Assets less Liabilities			-1,058,258		-639,790
Financed By:					
Revaluation Reserve	16		10,556		2,498
Capital Adjustment Account	17		71,850		79,481
Collection Fund Adjustment Account	18		258		-
Financial Instruments Adjustment Account	19		-568		-852
Deferred Capital Receipts			70		70
Specific Reserves	22		3,247		2,140
Pensions Reserve	3		-1,150,955		-731,831
Police Fund Balance	23		7,284		8,704
			-1,058,258		-639,790

CASH FLOW STATEMENT 2009/10

This statement summarises the Authority's cash movements arising from revenue and capital transactions into and out of the Authority.

	Notes	2009/10 £'000	2009/10 £'000	2008/09 £'000	2008/09 £'000
Revenue Activities					
Cash Outflows					
Cash paid to and on behalf of employees		-175,532		-169,378	
Other operating cash payments		-42,102	-217,709	-38,728	-208,106
Cash Inflows					
Precepts Received	6	63,787		60,559	
N.N.D.R. Income	5	37,326		39,147	
Revenue Support Grants	5	8,615		5,450	
Police Grant	5	75,203		73,066	
Other Government Grants & Third Party Funding	24	28,731		19,050	
Cash received for goods and services		5,207		5,997	
Other operating cash receipts		3,509	222,378	1,178	204,447
Net Revenue Activities Cash Flow	26		4,744		-3,659
Returns on Investments and Servicing of Finance					
Cash Outflow					
Interest paid			-1,129		-858
Cash Inflows					
Interest received			147		964
Capital Activities					
Cash Outflows					
Purchase of fixed assets			-8,034		-17,386
Purchase of long term investments			-803		-
Cash Inflows					
Sale of fixed assets		2,013		361	
Capital grants received	24	3,195	5,208	5,399	5,760
Net cash Inflow / (Outflow) before financing			133		-15,179
Management Of Liquid Resources					
Net (Increase) / Decrease in short term deposits	25		-1,061		4,872
Financing					
New Loans Raised			0		8,500
Net Increase / (Decrease) in cash	27		-928		-1,807

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Police Services

2008/09 Net Expenditure £'000		2009/10 Gross Expenditure £'000	2009/10 Gross Income £'000	2009/10 Net Expenditure £'000
98,871	Local Policing	113,544	-16,549	96,995
23,270	Dealing With The Public	21,989	-1,844	20,145
11,979	Criminal Justice Arrangements	12,511	-1,982	10,529
10,477	Road Policing	12,179	-2,351	9,828
10,761	Specialist Operations	11,281	-818	10,463
11,101	Intelligence	14,215	-2,153	12,062
21,453	Specialist Investigations	25,117	-2,748	22,369
6,731	Investigative Support	7,492	-401	7,091
1,288	National Policing	3,258	-1,969	1,289
195,931	Total Police Services	221,586	30,815	190,771

2. Corporate and Democratic Core

Consists of:

- i) **Democratic Representation & Management** – Includes all aspects of members' activities in that capacity, including corporate, programme and service policy making and more general activities relating to governance and the representation of local interests.
- ii) **Corporate Management** – Those activities and costs that provide the infrastructure that allows services to be provided, whether by the Authority or not and the information that is required for public accountability.

Set-out below is a detailed analysis of the expenditure included within the Income and Expenditure Account under the above heading.

	2009/10 £'000	2008/09 £'000
Clerking Costs	457	428
Treasurer's Contract	95	105
Members' Allowances and Expenses*	245	227
Other HPA Operations	45	47
Engagement and Partnership**	150	165
External Audit Fees	77	75
Bank Charges	8	7
Other Operating Costs	91	85
Total Corporate And Democratic Core	1,168	1,139

Non Police Authority expenditure in the above note includes external audit fees, bank charges and the Constabulary's share of the Annual Report.

* *Members' Allowances and Expenses* includes the cost of members' allowances, members' expenses and hospitality.

The Members' Allowance Scheme is based upon a set allowance for all members and in addition, a range of special responsibility allowances for lead members, Chair, Vice Chair and major committee chairs.

** Included within *Engagement and Partnership* are the costs of the Annual Report, the Policing Plan and the Council Tax Leaflet.

External Audit Costs

In 2009/10 the Authority incurred the following fees, payable to the Audit Commission, relating to external audit and inspection:

	2009/10 £'000	2008/09 £'000
External Audit Services		
- Section 5 Audit Commission Act 1998	77	75
Statutory Inspection		
- Section 10 Local Government Act 1999		
Certification of Grant Claims		
- Section 28 Audit Commission Act 1998	-	-
Other Audit Commission Services		
- Section 35 Audit Commission Act 1998	-	-
	77	75

3. Pensions

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

The Authority participates in three pension schemes:

- The Local Government Pension Scheme for police staff. Administrated by Hertfordshire County Council - this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets
- The Police Pension Scheme and the New Police Pension Scheme for police officers - these are unfunded defined benefit final salary schemes administrated on behalf of the police authority by Serco Solutions Ltd. Unfunded means that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amount payable by the pension fund for the year is less than the amount receivable, the police authority must annually transfer an amount required to meet the deficit to the pension fund. Up to 100% of this cost is met by central government pension top up grant. If however the pension fund is in surplus for the year, the surplus is

required to be transferred from the pension fund to the police authority which they must repay the amount to central government.

The cost of retirement benefits is recognised in the Net Cost of Police Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge which is required to be made against council tax is based upon the cash payable in the year, so the real cost of retirement benefits is reversed out through the Statement of Movement of the Police Fund. The following transactions have been accounted for in the Income and Expenditure Account and the Statement of Movement in the Police Fund Balance during the year:

	Local Government Pension Scheme		Police Pension Schemes	
	2009/10 £'000	2008/09 £'000	2009/10 £'000	2008/09 £'000
Net Cost Of Service				
Current Service Cost	3,595	4,232	21,000	23,100
Past Service Cost	140	1,280	-	-
Net Operating Expenditure				
Interest Cost	6,666	6,624	48,800	48,500
Expected Return on assets	-4,657	-6,281	-	-
Net Charge to the Income and Expenditure Account	5,744	5,855	69,800	71,600
Statement Of Movement in the Police Fund balance				
Reversal of Net FRS 17 charges	-5,744	-5,855	-68,800	-71,600
Actual Amount charged against Police Fund for pensions in the year				
Employer's contribution payable to scheme	6,548	5,783	-21,809	20,342

In addition to the recognised gains and losses included in the income and expenditure account, actuarial gains and losses of -£371.937m (£29.615m 2008/09) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is -£296.620 (£75.317m in 2008/09).

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of unfunded scheme liabilities:

	Police Pension Scheme		New Police Pension Scheme	
	2009/10 £'000	2008/09 £'000	2009/10 £'000	2008/09 £'000
Liability at 1st April	704,035	697,526	5,723	3,700
Current service cost	18,600	20,900	2,400	2,200
Interest cost	48,300	48,100	500	400
Contribution by scheme participants	6,573	6,663	1,114	1,123
Actuarial (gains) / losses	305,500	-41,026	10,700	-1700
Benefits paid / Transfers	-30,199	-28,128	703	-
Liability at 31st March	1,052,809	704,035	21,140	5,723

Reconciliation of present value of funded scheme liabilities:

	Local Government Pension Scheme	
	2009/10 £'000	2008/09 £'000
Liability at 1st April	94,452	94,337
Current service cost	3,595	4,232
Interest cost	6,666	6,624
Contribution by scheme participants	2,779	2,613
Actuarial (gains) / losses	75,184	-12,879
Benefits paid	-2,018	-1,755
Past service costs	140	1,280
Liability at 31st March	180,798	94,452

Reconciliation of the fair value of the scheme assets:

	Local Government Pension Scheme	
	2009/10 £'000	2008/09 £'000
Asset as at 1st April	72,379	85,447
Expected rate of return	4,657	6,281
Actuarial gains / (losses)	19,447	-25,990
Employer Contributions	6,548	5,783
Contribution by scheme participants	2,779	2,613
Benefits paid	-2,018	-1,755
Asset at 31st March	103,792	72,379

The expected return on the scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields

as at the balance sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

Scheme history

	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
Present Value of Liabilities					
Local Government Pension Scheme	-95,186	-98,518	-94,337	-94,452	-180,798
Police Pension Scheme	-807,347	-801,533	-697,526	-704,035	-1,052,809
New Police Pension Scheme			-3,700	-5,723	-21,140
Total Liabilities	-902,533	-900,051	-795,563	-804,210	-1,254,747
Fair value of assets					
Local Government Pension Scheme	73,657	82,153	85,447	72,379	103,792
Total Assets	73,657	82,153	85,447	72,379	103,792
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme	-21,529	-16,365	-8,890	-22,073	-77,006
Police Pension Scheme	-807,347	-801,533	-697,526	-704,035	-1,052,809
New Police Pension Scheme	0	0	-3,700	-5,723	-21,140
Total Surplus/(deficit)	-828,876	-817,898	-710,116	-731,831	-1,150,955

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £1,150.955m (£731.831m in 2008/09) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £1,058.258m as at 31st March 2009 (£639.790m as at 31st March 2008).

However statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Finance is only required to be raised to cover police pensions when the pensions are actually paid. Following the introduction on the 1st April 2006 of the new scheme of finance for police officer pensions, the Authority's liability is in general limited to a defined contribution rate currently set at 24.2% of pensionable with the government meeting additional costs above this level.

The contribution expected to be made to the Local Government Scheme by the Authority in 2010/11 is £6.5m. The expected contribution to the police pension schemes in 2010/11 is £17.7m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis. For both Schemes the projected unit method has been used to estimate the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. For the Police Pension Schemes a full actuarial valuation is undertaken each year, this is necessary due to the immature nature of the New Police Pension Scheme and the increasing liabilities of the no closed old scheme. For the Local Government Scheme a full actuarial review is undertaken every three years. With the latest valuation being as at 31st March 2007. Both the Police Scheme and the Local Government Pension Scheme Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Police pension Schemes	
	2009/10	2008/09	2009/10	2008/09
	%	%	%	%
Long-term expected rate of return on assets in the scheme:				
Equity Investments	7.8	7.0	N/A	N/A
Bonds	5.0	5.4	N/A	N/A
Property	5.8	4.9	N/A	N/A
Other	4.8	4.0	N/A	N/A
Mortality Assumptions:	At 65 Years		At 60 Years	
Longevity as 65 for current pensioners:				
Men	22.7	21.4	27.6	27.6
Women	26.1	24.3	31.0	31.0
Longevity as 65 for future pensioners:				
Men	24.8	22.5	29.2	29.2
Women	28.3	25.4	32.7	32.7
Rate of inflation	3.8	3.1	3.8	3.1
Rate of increase in salaries	5.3	4.6	5.3	4.6
Rate of increase in pensions	3.8	3.1	3.8	3.1
Rate for discounting scheme liabilities	5.5	6.9	5.5	6.9
Expected Return On Assets	7.0	6.3	N/A	N/A
Take-up of option to convert annual pension into retirement lump sum		0.0		N/A

The Police Pension Scheme has no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2010	31 March 2009
	%	%
Equity Investments	71	67
Bonds	19	19
Property	3	4
Cash	7	10
	100	100

History Of Experience Gains And Losses 2009/10

The actuarial gain / (loss) identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as a percentage of assets or liabilities at the 31st March 2010:

	2005/06	2006/07	2007/08	2008/09	2009/10
	%	%	%	%	%
Differences between the expected and actual return on assets					
Local Government Pension Scheme	15.70	0.20	-11.52	-35.91	18.74
Experience gains and losses on liabilities					
Local Government Pension Scheme	-0.88	0.01	2.85	0.00	0.00
Police Pension Scheme	-0.70	-0.70	-2.17	-1.18	-0.79
New Police Pension Scheme			0.00	-10.48	-2.84

4. Note to the Statement of Movement on the Police Fund Balance

The Income and Expenditure Account shows the Authority's actual performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Authority is required to precept on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The Police Fund Balance compares the Authority's spending against the precept that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the Police Fund Balance.

2008/09 £'000		2009/10 £'000
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the Police Fund Balance for the year	
	- Amortisation of intangible fixed assets	-81
-18,570	Depreciation and impairment of fixed assets	-11,733
3,243	Government Grants Deferred amortisation	2,920
-52	Net gain or (loss) on sale of fixed assets	-63
-77,455	Net charges made for retirement benefits in accordance with FRS 17	-75,544
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the movement on the Police Fund Balance for the year	
307	Minimum revenue provision for capital financing	1,261
749	Capital expenditure charged in year to the Police Fund Balance	4
23,527	Employer's contribution payable to the Pension Fund and retirement benefits payable directly to pensioners (including additional contributions payable to balance a deficit on the Fund Account	24,461
2,598	Additional contribution to the Pension Fund to balance the deficit on the Fund Account	3,896
-	Difference between the council tax income raised during the year, the precept on the collection fund and the amount receivable during the year to recover previous years surpluses.	-46
	Transfers to or from the Police Fund Balance that are required to be taken into account when determining the movement on the Police Fund Balance for the year	
-852	Investment Losses	284
-601	Net transfer to / (from) earmarked reserves	1,107
-67,106	Net additional amount required to be (credited) / charged to the Police fund Balance for the year	-53,534

5. Government Grants (Not attributable to Specific Services)

	2009/10 £'000	2008/09 £'000
Revenue Support Grant	8,615	5,450
Police Grant	75,203	73,066
	83,818	78,516

6. Council Tax

For 2009/10 the Authority set the Council Tax for a Band D property at £142.82 (£136.67 in 2008/09) This was suitably adjusted for other bands of property and a precept was issued to each of the district councils to recover the relevant amounts. Any variances in the amounts actually collected by the district councils on behalf of the Authority will be adjusted in the amounts payable next year. Precept income received during the year was £63.787m (£60.559m in 2008/09).

7. Fixed Assets

	Operational		Non-Operational	Total Fixed Assets	
	Other Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Surplus Assets Held For Disposal	
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
- As at 1 st April 2009	112,136	48,102	500	1,599	162,337
- Additions	957	4,769	127	-	5,853
- Disposals	-	-1,531	-	-1,684	-3,215
- Revaluations	3,317	-	-	-	3,317
- Reclassifications	-1,285	-2,652	-	1,285	-2,652
As at 31 st March 2010	115,125	48,688	627	1,200	165,640
Depreciation and Impairments					
- As at 1 st April 2009	0	32,550	0	0	32,550
- Charge for the year	2,227	6,933	-	-	9,160
- Disposals	-	-1,480	-	-	-1,480
- Revaluations	-2,227	-	-	-	-2,227
- Reclassifications	-	-2,652	-	-	-2,652
As at 31 st March 2010	0	35,351	0	0	35,351
Balance Sheet as at 1st April 2009	112,136	15,552	500	1,599	129,787
Balance Sheet as at 31st March 2010	115,125	13,337	627	1,200	130,289
Nature of asset holding					
Owned	115,125	13,337	627	1,200	130,289

All properties under construction as at 31st March 2010 are shown in the accounts as non-operation. Once complete and in use, these properties are reclassified as operational.

Statement of Physical Assets

	2009/10 Number	2008/09 Number
Police Stations And Offices	32	32
Non Operational Police Stations	1	1
Police Houses	23	28
Vehicles	741	759

Financing of Capital Spending

	2009/10 £'000	2008/09 £'000
Capital Grants and Third Party Contribution	3,054	5,374
Revenue Contributions	4	749
Capital Financing Requirement	1,552	10,124
Capital Receipts	1,647	361
Balance as at 31st March	6,257	16,608

The CFR represents the level of capital investment not financed by grant, capital receipts or revenue contribution and therefore needs to be financed either by external borrowing or internal borrowing through the use of cash balances. The CFR attracts a statutory annual revenue charge known as Minimum Revenue Provision (MRP). The aim of this charge is to set cash aside in order to ensure the Authority has the funds to repay outstanding principal or replenish internal cash balances. The Authority is required to set an MRP policy each year. The policy for 2009/10 was agreed at the 20th February 2009 full Police Authority meeting. MRP made in 2009/10 was £1.261m (£0.307 in 2008/09).

Significant Commitments Under Capital Contracts

The estimated value of significant commitments under capital contracts was £0.523m as at 31st March 2010 (£1.509m as at 31st March 2011).

8. Intangible Fixed Assets

The Authority capitalises the cost of purchased software licences which is shown on the balance sheet as intangible fixed assets.

	2009/10 £'000
Original Cost	0
Amortised to 1 April 2009	0
Balance As At 1 April 2009	0
Expenditure In Year	404
Written off to revenue in year	-81
Balance 31 March 2010	323

9. Stocks

	2009/10 £'000	2008/09 £'000
Uniforms	451	451
Vehicle Parts	54	62
Stationery	82	78
Fuel	39	40
Others	44	67
Balance as at 31st March	670	698

10. Debtors

	2009/10 £'000	2008/09 £'000
Hertfordshire County Council	46	1,111
Other Public Sector Bodies	4,813	6,584
Payments in Advance	1,556	1,138
Police Pension Fund	1,552	786
Council Tax Related	2,848	-
Others	1,003	1,331
Provision for Doubtful Debts	-1,129	-89
Balance as at 31st March	10,689	10,861

11. Investments

The Authority's treasury management function is carried out in conjunction with that of Hertfordshire County Council. Daily transfers of cash are made between the accounts of the Authority and the County. Under Short Term Investments as at 31st March 2010, the Authority had £2.579m (£2.148m in 2008/09) invested on the money markets. A further £2.015m (£2.601m in 2008/09) was invested with Hertfordshire County Council. Finally the Authority had £2.500m (£1.000m in 2008/09) invested with the Debt Management Account Deposit Facility operated by the government. In addition the Authority held a further £0.803m of Long Term investments invested with the money markets. Interest earned on the investments has been credited to the Income and Expenditure Account.

12. Creditors

	2009/10	2008/09
	£'000	£'000
Year End Revenue Creditor Accruals	4,131	4,390
Year End Capital Creditor Accruals	874	2,653
Accounts Payable Creditors	1,727	3,233
Employee Creditor Accruals		
Payroll	1,070	1,298
Tax and National Insurance	3,778	3,037
LGPS Pensions Contributions	781	691
Other Payroll Deductions	407	604
Sundry Creditors	102	107
Council Tax Related	1,512	-
Receipts In Advance	3,996	1,201
Balance as at 31st March	18,378	17,214

13. Bank Overdraft

The overdrawn position in the balance sheet reflects un-presented cheques and uncleared BACs payments drawn before the end of the financial year as well as adjustments made to reflect cash held on trust and collaborative balances. The bank position is managed on a daily as part of the treasury management service provided by Hertfordshire County Council.

14. Government Grants Deferred

Government grants applied to fund capital expenditure are held in this account until they are credited back to revenue over the expected life of the assets to offset the depreciation element of the capital charge for those assets.

	2009/10	2008/09
	£'000	£'000
Balance as at 1 st April	9,635	7,563
Grants Applied	3,054	5,374
Revaluations and Disposals	-97	-59
Amortisation of Grants	-2,847	-3,243
Balance as at 31st March	9,745	9,635

15. Provisions

	2009/10	2008/09
	£'000	£'000
Legal Services Provision	582	676
Balance as at 31st March	582	676

The legal services provision was established to meet costs arising from claims against the Constabulary. Settlement of claims will be paid from the provision and contributions made to the provision on a case per case basis.

16. Revaluation Reserve

This reserve records the accumulated gains on the fixed assets held by the Authority arising from increases in value post 1st April 2007, as a result of inflation of other factors (to the extent that these gains have been consumed by subsequent downward movements in value).

The reserve is also debited with the amounts equal to the part of depreciation charges on assets that has been incurred only because the asset has been revalued. On disposal, the reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the reserve thus represents the amount by which the current value of fixed assets in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

Whilst these gains arising from revaluations increase the net worth of the Authority they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated.

	2009/10	2008/09
	£'000	£'000
Balance as at 1st April	2,498	0
In year adjustment of prior year asset values	-	1,867
Revaluation	8,135	1,920
Current Value Versus Historic Cost Depreciation Adjustment	-18	-46
Revaluation Gains Outstanding On Disposal	-43	-13
Impairment Charges	-16	-1,230
Balance as at 31st March	10,556	2,498

17. Capital Adjustment Account

The 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 the account thus represents timing differences between the amount of the historic cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

	2009/10 £'000	2008/09 £'000
Balance as at 1st April	79,481	95,269
In year adjustment of prior year asset values	-	-2,507
Capital Financing		
- Revenue Contributions	4	749
- Capital Receipts	1,647	361
- Minimum Revenue Provision	1,261	307
- Amortisation of Government Grants and Third Party Contributions	2,920	3,243
Historic Cost of Acquiring, creating and enhancing fixed assets over their life time		
- Depreciation / Impairment	-11,814	-18,569
- Net Book Value Of Disposals	-1710	-413
- Current Value Versus Historic Cost Depreciation Adjustment	18	46
- Revaluation Gains Outstanding On Disposal	43	13
- CASU Assets	-	982
Balance as at 31st March	71,850	79,481

18. Collection Fund Adjustment Account

This 2009 SORP contained a definitive view that billing authorities are agents of the Authority with regard to the collection of council tax. As a result, from the 1 April 2009 the precept income included in the Authority's Income and Expenditure Account for the year is the accrued income for the year. Previously, the Authority was required to show the amounts required under regulations to be transferred from the billing authorities' Collection Funds to the Authority. To ensure this requirement does not impact upon the Police Fund Balance, a reconciling entry is made in the Statement of Movement of the Police Fund Balance to the Collection Fund Adjustment Account. The balance of the Collection Fund Adjustment Account represents the Authority's share of the combined surplus or deficits of all the billing authorities upon whom the Authority precepts.

	2009/10 £'000
Balance as at 1st April	0
In year adjustment	304
Transfer from the Statement of Movement on the Police Fund balance	-46
Balance as at 31st March	258

Normally a change in accounting policy such as this would require a prior year adjustments to be made to the 2008/09 figures. However, the changes are not

material and so in year adjustments have been made to the affected balances as follows:

	2009/10
	£'000
Debtors	1,700
Creditors	-1,396
Collection Fund Adjustment Account	-304
	0

If prior year adjustments had been made in 2008/09 precept income for that year would have decreased by £0.226m with a corresponding increase in the net deficit on the Income and Expenditure Account.

19. Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the SORP and are required by statute to be met from the Police Fund. These adjustments are effected in the Statement of Movement on the Police Fund Balance, after debits and credits have been made to the Income and Expenditure Account in line with the SORP's requirements. The Financial Instruments Adjustment Account therefore records the timing differences between the rate at which gains and losses are recognised under the SORP and the rate at which debits and credits are required to be made against council tax.

	2009/10	2008/09
	£'000	£'000
Balance as at 1st April	-852	-
Impairment of Investments	167	-945
Interest Due	117	93
Balance as at 31st March	-568	-852

20. Impairment of Investments

Early in October 2008, the Icelandic bank Landsbanki collapsed and its UK subsidiary, Heritable went into administration. The Authority had £3.000m deposited with Heritable, maturing on the 31st October 2008 at an interest rate of 6.15%.

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Authority will be determined by the administrators / receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available, the Authority considers that it is appropriate to consider an impairment adjustment for the deposit with Heritable, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years.

Heritable Bank

Heritable bank is a UK registered bank under English law. The company was placed in administration on 7th October 2008. To date the following dividends have been received:

Date	£'000	p in the pound
28 th June 2009	484	16.13
16 th December 2009	380	12.66
26 th March 2010	186	6.19
Total to date	1,050	34.98

Latest indications are for a final estimated recovery of 85p in the pound. This is an increase from the expected 80p in the pound a year ago. The scheme's administrators Ernst & Young issued the forth creditors progress report on the 30th April 2010 which indicates the next dividend is expected to be paid in July 2010. In line with CIPFA LAAP guidance, the Authority has decided to recognise an impairment based on it recovering 85p in the pound and has assumed a further ten quarterly payments of 5p in the pound will be received in dividend each quarter from quarter one 2010/11 to quarter two 2011/12.

Recoveries are expressed as a percentage of the Authority's claim in the administration, which includes interest accrued up to 6 October 2008. Details of the Authority's deposit with Heritable Bank and the associated impairment are shown below:

Date invested	Maturity Date	Amount Invested less dividends received	Interest Rate	Carrying Amount	Impairment
30/09/08	31/10/08	£1.950m	6.15%	£1.382	£0.660m

Accounting

An initial impairment loss was recognised in the Income and Expenditure Account in 2008/09 of £0.945m. This was calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the Authority until monies are recovered. Following the increase in expected dividend the impairment has been revised down and a corresponding credit of £0.167m made to the Income and Expenditure Account.

Adjustments to the assumptions will be made in future accounts as more information becomes available.

Interest credited to the Income and Expenditure account during 2009/10 in respect of the investment was £0.117m.

The Authority has utilised the Capital Finance Regulations to defer the impact of the impairment on the Police Fund until 2010/11 and a sum of £0.852m was transferred to the Financial Instruments Adjustment Account (FIAA) in 20098/09. Following the upward revision to the expected dividend to 85p in the pound, an offsetting adjustment was made to the FIAA of £0.167m.

Under the regulations, the Authority must transfer the balance on the Financial Instruments Adjustment Account to the Police Fund no later than 31st March 2011

and must also credit the Financial Instruments Adjustment Account with interest earned until such time as the balance has been transferred to the Police Fund. The Authority estimates that the following credits will be made to the Financial Instruments Adjustment Account (FIAA).

Year	Balance 1 April £'000	Transfers During year £'000	Balance 31 March £'000
2010/11	568	568	0

21. Usable Capital Receipts Reserve

	2009/10 £'000	2008/09 £'000
Balance as at 1 st April	0	0
Capital Receipts	1,647	361
Less receipts used for financing capital	-1,647	-361
Balance as at 31st March	0	0

22. Specific Reserves

	2009/10 £'000	2008/09 £'000	Movement £'000
Capital Financing Reserve	80	922	-842
Change Management Reserve	1,582	-	1,582
Consortium Reserves	247	101	149
Force Drugs Fund	365	247	118
Health and Safety Reserve	85	85	-
Helicopter Replacement Fund	79	79	-
Ill Health Early Retirement Reserve	100	100	-
Insurance Fund	423	323	100
Major Crime Reserve	112	112	-
Police Property Act Fund	46	43	3
Public Access and Visibility Reserve	128	128	-
Balance as at 31st March	3,247	2,140	1,107

Capital Financing Reserve

This reserve was established during 2008/09 from under spends arising on net interest on balances and capital financing costs. The reserve is used to facilitate a smoothing of the pattern of the financial consequences of the implementation of the capital programme within the medium term financial plan.

Change Management Reserve

This specific reserve was established by the Authority at the end of 2009/10 in order to help support its plans for addressing the anticipated budget gap over the period of its medium term financial plan.

Consortium Reserve

This reserve represents Hertfordshire's share of surpluses that have arisen through its collaborative arrangements. The balance of £0.247m (£0.101m as at 31st March 2009) consists of a £0.30m (0.031m as at 31st March 2009) share of the Chiltern Air Support Unit reserves and a £0.217m (0.070m as at 31st March 2009) share of the

Chiltern Travel Consortium Reserves. Surpluses generated by Bedfordshire and Hertfordshire Major Crime Unit were returned to each authority at year end.

Force Drugs Fund

This fund is credited with the confiscated proceeds of illegal drug dealings when they have been awarded to the Constabulary by the courts. Confiscated amounts pending resolution are held on trust and excluded from the financial statements. These funds are used to finance equipment and other purchases required to assist in combating drug related crime.

	2009/10 £'000	2008/09 £'000
Balance as at 1st April	247	308
Income	122	95
Expenditure	-4	-156
Balance as at 31st March	365	247

Health and Safety Reserve

This reserve was established to support the Health and Safety Action Plan.

Helicopter Replacement Fund

This fund has been established to assist towards the Authority's proportion of the replacement costs of the Helicopters belonging to Chiltern Air Support Unit.

Ill Heath Early Retirement Reserve

This reserve has been established to mitigate any volatility caused by the capital equivalent lump sum payments in respect of ill health early retirements and any volatility caused by lump sums in respect of injury awards.

Insurance Fund

The Insurance Fund has been set up to meet self-insured risks not covered by the revenue budget. For example the fund would meet the first £0.100m of any Public or Employer's Liability claims. Individual policies have different levels of deductibles.

Major Crime Reserve

This reserve was established to meet the Authority's share of planned set up costs relating to the Bedfordshire & Hertfordshire Major Crime Unit which will need to be funded in 2010/11 after full application of the specific grant made available by the Home Office.

Police Property Act Fund

The Authority operates a fund for seized monies and the sale proceeds of seized and unclaimed property under the Police (Disposal of Property) Act 1997 where monies are awarded to the Constabulary by the courts. Confiscated amounts pending resolution are held on trust and excluded from the financial statements. Each year one half of the Fund is donated to charity with the balance being held to meet the administrative costs and future claims.

	2009/10 £'000	2008/09 £'000
Balance as at 1st April	43	41
Income	26	21
Expenditure	-23	-19
Balance as at 31st March	46	43

Public Access and Visibility Reserve

This fund has been established to assist towards the required investment for the implementation of the Public Access and Visibility Strategy.

23. Police Fund Balances

The Police Fund balances exist to finance future revenue or capital expenditure and to protect the Authority against unexpected events. The Carry Forwards Reserve was established as part of the budget carry-forward procedure approved by the Authority. The reserve represents uncommitted budget underspends on devolved and forcewide budgets at the end of the financial year. During 2010/11 the Carry Forward Reserve will enable expenditure plans to be actioned.

	Balance 1/4/2009 £'000	Increase / (Decrease) £'000	Balance 31/3/2010 £'000
Police Fund	8,592	-1,416	7,176
Carry forwards reserve	112	-4	108
	8,704	-1,420	7,284

24. Analysis Of Other Government Grants and Third Party Funding Cash Receipts 2009/10

Revenue Grants and Third Party

	2009/10 £'000
Basic Command Unit Fund	682
Choices And Consequences Programme	257
Counter Terrorism	290
Crime Fighting Fund	3,306
Dedicated Security Post Funding	235
Hertfordshire Criminal Justice Board	289
Neighbourhood Policing	241
Police Community Support Officers	6,681
Police Grant Additional Rule 2	3,873
Police Pension Top Up Grant	8,168
Proceeds Of Crime Act	310
Regional Intelligence	1,485
Restructuring Grant	225
Hertfordshire Safety Camera Partnership	1,533
Others (less than £0.200m)	1,156
	28,731

Capital Grants and Third Party

	2009/10 £'000
General Capital Grant	2,260
Hertfordshire Safety Camera Partnership	271
Other (less than £0.200m)	664
	3,195

25. Reconciliation of Liquid Resources to Balance Sheet

	2009/10 £'000	2008/09 £'000
Movement of Liquid Resources	-1,061	4,872
Short Term Investments		
Balance 1 st April	5,749	11,473
Balance 31 st March	7,094	5,749
Fixed Instruments Adjustment Account		
Balance 1 st April	-852	0
Balance 31 st March	-568	-852
	-1,061	4,872

26. Reconciliation of Surplus to Movement in Net Cash Flow

	2009/10 £'000	2008/09 £'000
Income & Expenditure Account Surplus/ (-) Deficit for the year	-54,954	-67,476
Adjustment for non-cash movements:		
Depreciation, amortisation and impairment of fixed assets	11,814	18,570
Government Grants Deferred amortisation matching depreciation and impairments	-2,920	-3,243
Net gain or (loss) on sale of fixed assets	63	52
Net charges made for retirement benefits in accordance with FRS 17	75,544	77,455
Employer's contribution payable to the Pension Fund and retirement benefits payable directly to pensioners (including additional contributions payable to balance a deficit on the Fund Account	-24,461	-23,527
Movement in provisions	-94	676
Additional contribution to the Pension Fund to balance the deficit on the Fund Account	-3,896	-2,598
Impairment of Financial Instruments	-167	947
Transfer To Collection Fund Adjustment Account	46	-
	<u>975</u>	<u>856</u>
Adjust for accruals:		
Increase(-)/decrease in Stocks	28	18
Increase (-)/decrease in revenue Debtors	1,941	-2,661
Increase/decrease (-) in revenue Creditors	928	-1,674
	<u>3,872</u>	<u>-3,461</u>
Servicing of finance - Interest received/paid	872	-198
Net cash flow from revenue activities	<u>4,744</u>	<u>-3,659</u>

27. Reconciliation of Movement in Cash to Movement in Net Debt

	2009/10 £'000	2008/09 £'000
Movement in Net Debt	-928	-1,807
Cash at bank and in hand		
Balance 1 st April	-827	980
Balance 31 st March	-1,755	-827
	<u>-928</u>	<u>-1,807</u>

28. Related Party Transactions

Under the 1988 Accounting Code of Practice, the Authority is required to disclose information in respect of material transactions with related parties – (bodies or individuals who have the potential to control or influence the Authority or to be controlled or influenced by the Authority). Disclosure of these transactions allows the readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government - Transactions have been disclosed within the Income and Expenditure Account, Cash Flow Statement and notes to the accounts.

Members and Chief Officers (including their close family) – No transactions were disclosed by this group.

Hertfordshire County Council - performs a number of corporate support functions on behalf of the Authority for which a charge is raised. The most significant of these functions involves the County Authority investing surplus cash balances on behalf of the Authority. The County Authority's indebtedness at 31st March 2010 to the Authority in respect of these transactions is shown as short term investments in the Balance Sheet. The Finance Director of the County Authority acted as Treasurer for the Authority in 2009/10.

Other Public Bodies – Transactions with the district and borough councils of Hertfordshire have been disclosed within the Income and Expenditure Account, Cash Flow Statement and notes to the accounts.

Hertfordshire County Council Pension Fund – Transactions have been disclosed in the statement of accounting policies, notes to the Income and Expenditure Account and notes to the Balance Sheet.

Partnerships, Trusts and Assisted Organisations - Transactions with Herts in Trust are disclosed in the notes to the Balance Sheet as are significant collaborative arrangements with other forces.

29. Finance and Operating Leases

The Authority has no finance leases, but rents several properties under the terms of operating leases. The amount paid in 2009/10 was £0.385m (£0.384m for 2008/09). The future cash payments required under these leases are £0.385m in 2010/11 and £0.832m in total for years 2011/12 onwards.

30. Chiltern Air Support Consortium

The consortium consists of Hertfordshire Police, Thames Valley Police and Bedfordshire Police, who own and operate two helicopters within a consortium arrangement. Direct operating costs are allocated to the three forces on the actual number of flying hours. Other operating overheads are apportioned on the basis of the resident population. The salary and initial training costs of the helicopter observer are incurred by the respective forces. The accounts have been adjusted to include Hertfordshire's share of the assets and liabilities of the consortium in line with the requirements of FRS 9 Associated and Joint Ventures. A summary of the consortium's costs is set out below.

	2009/10	2008/09
	£'000	£'000
Employee Costs	118	118
Other running Costs	33	38
Aircraft Costs	1,917	2,135
Capital Financing	0	0
Income	-68	-38
	2,000	2,253
Bedfordshire Constabulary Contribution	-402	-411
Hertfordshire Constabulary Contribution	-521	-508
Thames Valley Police Contribution	-1,092	-1,107
(Surplus) / Deficit For The Year	-15	227

31. Bedfordshire and Hertfordshire Collaborative Units

Bedfordshire Police and Hertfordshire Constabulary operate a number of collaborative units. The units are jointly funded by the two Forces in accordance with agreements approved by both police authorities under section 23 of the Police Act 1996. They are jointly staffed and operate across the combined areas of Bedfordshire and Hertfordshire. Expected benefits from working together include improved efficiency, effectiveness and resilience for both forces. The first collaborative unit was the Bedfordshire and Hertfordshire Major Crime Unit (B&HMCU) which became operational during November 2007. During 2009/10 further collaborative units were established, these were Firearms, Dogs, Professional Standards, Civil Contingencies and Public Order Planning and Scientific Services. The table below sets out the aggregate income and expenditure on all collaborative units.

	2009/10	2008/09
	£'000	£'000
Running Costs	19,494	8,505
Set Up Costs	178	83
Total Expenditure	19,672	8,588
Bedfordshire Constabulary Contribution	-7,264	-2,801
Hertfordshire Constabulary Contribution	-12,368	-5,704
Home Office Grant	-40	-83
(Surplus) / Deficit For The Year	0	0

32. Hertfordshire Safety Camera Partnership

The Hertfordshire Safety Camera Partnership was launched in October 2002 following a successful bid to the Department for Transport by Hertfordshire County Council (HCC), Hertfordshire Constabulary and Hertfordshire Magistrates Courts (now Her Majesty's Court Service). The Highways Agency joined the partnership in 2005). The sole aim of the Partnership is to reduce the number of casualties on Hertfordshire's roads by the introduction of more safety cameras across the county. The Hertfordshire Safety Camera Partnership is part of the national safety camera partnership scheme.

From the 1st April 2007, the partnership received income in the form of a grant from the Department for Transport to cover running costs through the Local Transport Plan. In addition, during 2008/09 funding was received from the Highways Agency and Hertfordshire Highways.

All fines produced through safety camera enforcement activity are forwarded to the Ministry of Justice.

The table below sets out income and expenditure incurred by the partnership.

	2009/10 £'000	2008/09 £'000
Hertfordshire Constabulary Cost	1,634	1,627
Hertfordshire County Council Costs	894	879
Hertfordshire Magistrates Courts Costs	231	243
	2,759	2,749
Income – Department for Transport Grant	-2,665	-2,612
Income – Highways Agency	-94	-104
Income – Hertfordshire Highways	0	-35
(Surplus) / Deficit For The Year	0	-2

33. Chiltern Travel Consortium

On the 1st April 2008, Hertfordshire joined the Chiltern Travel Consortium (CTC). CTC is a collaborative arrangement with Bedfordshire Constabulary, Thames Valley Police and the Civil Nuclear Constabulary. CTC provides fleet management, procurement and maintenance. Each member's vehicle charges are based the size and mix of the fleet they operate.

	2009/10 £'000	2008/09 £'000
Operating Costs	13,579	13,279
Operating Income	-1,424	-1,128
Net Operating Expenditure	12,155	12,151
Bedfordshire Constabulary Vehicle Charges	-1,934	-1,900
Civil Nuclear Constabulary Vehicle Charges	-437	-537
Hertfordshire Vehicle Charges	-3,736	-3,707
Thames Valley Police Vehicle Charges	-6,149	-6,056
Other Vehicle Charges	-380	-182
(Surplus) / Deficit For The Year	-481	-231

34. Remuneration of Senior Employees and Relevant Police Officers

Post Holder Information (Job Title) To aid comparison and avoid complication of individuals changing roles, role titles used are those as at 31 March 2010 or for individuals no longer within the Force Executive their final role title.

	Salary (including fees & Allowances)	Bonuses	Expense Allowances	Benefits In Kind (e.g. Car Allowance)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including pension contributions
	£	£	£	£	£	£	£
2008/09							
Chief Constable – Mr F Whiteley	141,982.92	-	13,079.95	-	155,062.87	31,659.39	186,722.26
Deputy Chief Constable	113,114.37	6,907.00	10,831.68	-	130,853.05	26,269.42	157,122.47
Chief Executive	92,499.96	-	-	2,455.00	94,954.96	17,945.04	112,900.00
Director of Resources	99,522.50	6,370.00	9,952.31	-	115,844.81	13,634.54	129,479.35
Assistant Chief Constable (Protective Services)	97,878.11	-	9,437.37	-	107,315.48	22,610.41	129,925.8
Assistant Chief Constable (Territorial Operations)	99,391.75	-	9,516.13	-	108,907.88	22,955.80	131,863.68
Temporary Assistant Chief Constable (Territorial Operations)*	90,006.84	3,640.00	2,275.48	-	95,922.32	18,978.62	114,900.94
Temporary Assistant Chief Constable (Citizen Focus)**	88,848.53	-	4,375.02	-	93,223.55	19,380.83	112,604.38
	823,244.98	16,917.00	59,467.94	2,455.00	902,084.92	173,434.05	1,075,518.97
2009/10							
Chief Constable - Mr F Whiteley	145,337.74	-	13,422.75	-	158,760.49	32,483.02	191,243.51
Deputy Chief Constable	115,299.75	5,454.00	11,073.70	-	131,827.45	26,798.27	158,625.72
Chief Executive	94,377.96	-	-	2,455.00	96,832.96	19,441.80	116,274.76
Director of Resources	114,860.25	5,030.00	11,486.05	-	131,376.30	17,573.54	148,949.84
Assistant Chief Constable (Protective Services)	108,960.47	-	10,439.77	-	119,400.24	25,264.16	144,664.40
Assistant Chief Constable (Territorial Operations)	106,054.18	-	10,149.14	-	116,203.32	24,560.84	140,764.16
Temporary Assistant Chief Constable (Territorial Operations)*	94,112.73	2,180.00	7,333.16	-	103,625.89	20,489.43	124,115.32
Temporary Assistant Chief Constable (Citizen Focus)**	96,797.57	-	8,753.65	-	105,551.22	21,183.73	126,734.95
	875,800.65	12,664.00	72,658.22	2,455.00	963,577.87	187,794.79	1,151,372.66

In addition to the requirements of the amended Accounts and Audit Regulations 2003, the Authority has voluntarily disclosed details for all members of its Executive Team.

The Police Authority's Treasurer is employed by Hertfordshire County Council and so is not included in the above note.

*Member of Exec Team from 10/11/2008 until 03/01/2010. A full year's remuneration shown for each year

**Member of Exec Team from 21/10/2008. A full year's remuneration is shown for each year.

35. Officers' Emoluments

The amended Accounts and Audit Regulations 2003 require the Authority to disclose the numbers of senior police officers and police staff whose remuneration, excluding pension contributions was £50,000 or more in the relevant financial year. The Authority has extended this disclosure to include all police officers whose remuneration was greater than £50,000. Individual's whose remuneration is disclosed separately in Note 33 below are not included within the table.

Remuneration Band	Number of Employees	
	2009/10	2008/09
£90,000 - £94,999	2	-
£85,000 - £89,999	5	4
£80,000 - £84,999	5	6
£75,000 - £79,999	3	4
£70,000 - £74,999	9	9
£65,000 - £69,999	11	5
£60,000 - £64,999	23	21
£55,000 - £59,999	68	55
£50,000 - £54,999	141	154

36. Sponsorship

The Authority is allowed by statute to gain sponsorship, gifts and loans up to a value of 1% of the annual budget. Their estimated value in 2009/10 was £0.025m. (£0.060m in 2008/09)

37. Funds Held on Trust

The Authority holds the following monies on trust. These balances are not shown within the Authority's balance sheet or income and expenditure account.

Unresolved Force Drugs Fund - £0.0.154m (£0.105m in 2008/09)

The Authority holds on trust confiscated proceeds of illegal drug dealings until the courts order directions for their application. If the court awards confiscated funds to the constabulary, they are transferred to the Force Drugs Fund Resolved Specific Reserve.

Unresolved Police Property Act Fund – £1.017m (£0.524m in 2008/09)

The Authority holds on trust seized monies and the sale proceeds of seized and unclaimed property under the Police (Disposal of Property) Act 1997 until the courts order directions for their application. If the court awards confiscated funds to the constabulary, they are transferred to the Police Property Act Fund Specific Reserve.

38. Herts in Trust

The Constabulary administers the above Trust, which does not form part of the Authority's accounts. The Trust was established in March 2003 by a donation of £0.025m from the Authority and is a registered charity, set-up to help secure safer communities for the county of Hertfordshire. The Trust supports and drives projects in Hertfordshire which improve the quality of life for everyone who lives and works in the county, by tackling crime and the fear of crime. The trust produces its own annual accounts which are submitted to the Charity Commission.

39. Financial Instrument Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Short-Term	
	31 st March 2010 £'000	31 st March 2009 £'000	31 st March 2010 £'000	31 st March 2009 £'000
Financial liabilities at amortised cost	26,781	26,772	20,470	18,096
Financial liabilities at fair value through profit and loss	-	-	-	-
Total borrowings	26,781	26,772	20,470	18,096
Loans and receivables	873	70	18,120	16,665
Available for sale financial assets	-	-	-	-
Unquoted equity investment at cost	-	-	-	-
Total investments	873	70	18,120	16,665

40. Financial Instruments Gains and Losses

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are made up as follows:

	Financial Liabilities	Financial Assets		Total
	Liabilities measured at amortised cost	Loans and receivables	Available for sale assets	
	£'000	£'000	£'000	£'000
Interest Expense	-1,129	-	-	
Losses on derecognition	-	-	-	
Impairment Losses	-	873	-	
Interest Payable and similar charges	-1,129	873	-	-256
Interest Income	-	185	-	
Gains on derecognition	-	-	-	
Interest and investment income	-	185	-	185
Gains on revaluation			-	
Losses in revaluation			-	
Amounts recycled to the I&E Account after impairment			-	
Surplus arising on the revaluation of financial assets			-	
Net gain/(loss) for the year	-1,129	1,058	-	

41. Fair value of Assets and Liabilities carried at Amortised Cost

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

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	2009/10		2008/09	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB debt	16,711	17,651	16,708	17,998
Non-PWLB debt	10,070	12,206	10,064	10,208
Total debt	26,781	29,857	26,772	28,206
Trade creditors & bank overdraft	20,470	20,470	18,096	18,096
Total Financial liabilities	47,251	50,327	44,868	46,302

The fair value is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

The differences are attributable to fixed interest instruments payable being held by the authority whose interest rate is higher than the prevailing rate estimated to be available at 31st March. This increases the fair value of financial liabilities and raises the value of loans and receivables.

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at the balance sheet date and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation of fair value for these instruments.

	2009/10		2008/09	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Money market loans > 1 yr	2,578	2,578	444	444
Money market loans < 1 yr	803	803	1,704	1,704
Bonds				
Government	2,500	2,500	1,000	1,000
Hertfordshire County Council	2,016	2,016	2,601	2,601
Long Term Debtors	70	70	70	70
Trade debtors	2,197	2,197	2,678	2,678
Other receivables & advances	8,829	8,829	8,238	8,238
Total Loans and Receivables	18,993	18,993	16,735	16,735

The fair values for loans and receivables have been determined by reference to the Public Works Loans Board (PWLB) redemption rules which provide a good approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

42. Disclosure of Nature and Extent of Risk Arising from Financial Instruments

Key Risks

The Authority's activities expose it to a variety of financial risks, the key risks are:

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

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the

Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - The Authority's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented on behalf of the Authority by Hertfordshire County Council's central treasury team. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Authority's potential maximum exposure to credit risk. The risk of default by banks and financial institutions is based on historical experience of default data taken from Moody's, a credit rating organisation used by the Authority which applies to the period 1982 – 2005. The risk of default by trade debtors is based on the amount of debt written off as a percentage of total debt for 2008/09.

	Amount at 31 March 2010 £'000	Historical experience of default %	Estimated maximum exposure to default £'000
Deposits with banks and financial institutions			
AA Rated Counter Parties	2,000	0.07	1
DMADF*	2,500	0.00	0
Hertfordshire County Council	2,016	0.00	0
Other Counterparties	1,381	41.10	568
Long Term Debtors	70	0.00	0
Trade debtors	2,197	2.32	51
Other receivables and advances	8,829	13.36	1,180
	18,993		1,800

*DMADF – Debt Management Account Deposit Facility operated by the government

In October 2008 the Icelandic banking sector defaulted on its obligations. The Authority had £3.0m invested in this sector at that time. In accordance with accounting practice the Authority has been notified of objective evidence that impairment has occurred and the investments have been impaired according to accounting requirements. The impact on the principal invested and interest income has been mitigated in the accounts according to government regulations (see note 17 for details).

The Authority does not generally allow credit for its trade debtors, such that £0.042m of the £2.197m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	2009/10 £'000	2008/09 £'000
Less than three months	-	128
Three to six months	12	8
Six to nine months	3	81
Nine months to one year	-	5
More than one year	27	58
Balance as at 31st March	42	280

Liquidity Risk

The Authority has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to authorities (although it will not provide funding to an authority whose actions are unlawful). The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

Refinancing and Maturity Risk

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

The approved prudential indicator limits for the maturity structure of debt are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:

	2009/10	2008/09
	£'000	£'000
Less than one year	20,470	18,096
Between one and two years	-	-
Between two and seven years	8,554	8,554
Between seven and fifteen years	-	-
More than fifteen years	18,218	18,218
Balance as at 31st March	47,242	44,868

The maturity analysis of financial assets is as follows:

	2009/10	2008/09
	£'000	£'000
Less than one year	18,119	14,962
Between one and two years	614	834
Between two and three years	260	392
More than three years	-	477
Balance as at 31st March	18,993	16,665

Market risk

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

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account could rise;
- borrowings at fixed rates – the fair value of the borrowing liability could fall;
- investments at variable rates – the interest income credited to the Income and Expenditure Account could rise; and
- investments at fixed rates – the fair value of the assets could fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and effect the Police Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the STRGL, unless the investments have been designated as Fair Value through the Income and Expenditure Account.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. Hertfordshire County Council's central treasury team monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

During 2009/10 the Authority had no variable rate investments or liabilities and so was not exposed to interest rate risk.

Price risk - The Authority, excluding the pension fund, has no investments in equity shares and so is not subject to any form of price risk currently.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

43. Authorised For Issue

The Authority has reflected all events after the Balance Sheet date up to the date the accounts were authorised for issue. The accounts were authorised for issue by the Police Authority Treasurer on the 25 June 2010.

44. Post Balance Sheet Material Events.

There are no material events after the balance sheet date not reflected in the Statement of Accounts.

POLICE PENSION SCHEME FUND ACCOUNTS 2009/10

FUND ACCOUNT

	Note	2009/10 £'000	2008/09 £'000
Contributions receivable			
From employer			
- normal	3	-17,295	-16,761
- early retirements		-78	-220
From members	3	-7,687	-7,490
Transfers in			
- individual transfers in from other schemes	4	-762	-383
Benefits payable			
- pensions		22,924	21,262
- commutations and lump sum retirement benefits		5,595	5,873
- lump sum death benefits		178	-
Payments to and on account of leavers			
- refunds of contributions		59	87
- individual transfers out to other schemes	4	962	230
Net amount receivable for the year before top-up grant		3,896	2,598
Transfer received from the Authority	5	-3,896	-2,598
Balance as at 31st March		0	0

NET ASSETS STATEMENT AS AT 31st MARCH

	2009/10 £'000	2008/09 £'000
April pension paid in advance in March	1,965	1,873
Total Assets	1,965	1,873
Commutation Payments	-350	-1,033
Tax and National Insurance	-63	-54
Amount Owing To Police Fund	-1,552	-786
Total Liabilities	-1,965	-1,873
Net Assets	0	0

1. Summary of the Police Pension Scheme Fund Operations

Employee contributions and employer's contribution are paid into the Police Pension Scheme Fund from which pension payments are made. The fund has no investments and is topped up by the Authority if the contributions are insufficient to meet the cost of pension payments. The Authority is then reimbursed by the Home

Office. Any surplus in the fund is recouped by the Authority and paid to the Home Office. The underlying principle is that employer and employee contributions together will meet the full costs of pension liabilities being accrued in respect of currently serving employees while the Home Office will meet the costs of retirement pensions in payment, net of employee and the new employer contributions.

The financing of pension payments was taken out of the Formula Grant from April 2006 which instead takes into account the funding needed to support the cost of the employer contributions and lump sum payments, in respect of ill-health retirements.

2. Accounting Policies

The accounts have been prepared in accordance with the 2009 Code of Practice on Local Authority Accounting in the United Kingdom, a Statement of Recommended Practice issued by the Chartered Institute of Public Finance and Accountancy.

The accounts summarise the transactions and net assets of the Police Pension Scheme Fund. They do not, however, take account of liabilities to pay pensions and other benefits after 31st March 2010.

All amounts have been prepared on an accruals basis except pension transfers to and from the scheme.

3. Contributions Receivable

Employer and Employee Contributions

The purpose of the employee and employer contribution rates under the new arrangements is to meet the accruing pension liabilities of currently serving police officers. This means the Authority meets all the costs of employing police officers, including the cost of future pension liabilities, at the time of employing them.

Separate contribution rates, a percentage of pensionable pay as shown below, apply to the old Police Pension Scheme and the new 2006 Police Pension Scheme.

	Employer	Employee
	%	%
Police Pension Scheme	24.2	11.0
New Police Pension Scheme	24.2	9.5

Early Retirements

Early retirements due to ill-health from 1 April 2006 require the Authority to make a lump sum payment into the pension fund of twice the average pensionable pay in respect of all ill-health retirements.

4. Transfers to or from other schemes

Where a police officer transfers to or from another police force there is no need for a cash transfer. A police officer who transfers out of the Police Pension Scheme to another pension scheme, is entitled to ask for a cash equivalent transfer value to be paid across, equivalent to the value of their pension rights on leaving the scheme. This is paid from the Police Pension Fund. Similarly an inward Transfer Value should be paid into the fund.

5. Top-up Grant

Where employer and employee contributions paid into the Police Pension Scheme Fund are not sufficient to meet pension payments for that year, the deficit will be met by the Authority who are in turn reimbursed by a central government top-up grant paid by the Home Office. Any surplus in the fund would be paid back to the Authority who would then reimburse the Home Office as the party that brings the account into balance.

6. Liabilities after year end

The Fund's financial statements do not take account of the liabilities to pay pensions and other benefits after 31st March 2010.

GLOSSARY OF TERMS

The definitions within this glossary are designed to give the user an understanding of the technical terminology contained within the Statement of Accounts.

Accounting Policies

Those principles, bases, conventions, rules and practices applied by the Authority, that specify how the effects of transactions and other events are to be reflected in its financial statements through: i) recognising, ii) selecting measurement bases for, and iii) presenting assets, liabilities, gains, losses and changes to reserves.

Accrual

The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

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.

Balance Sheet

A summary of all the assets and liabilities of the Authority.

Budget

A statement of the Authority's financial plans for a specified period of time, usually one year.

Capital Programme

A statement of proposed capital projects for current and future years.

Capital Financing Requirement

The Capital Financing Requirement (CFR) represents the level of capital investment not financed by grant, capital receipts or revenue contribution and which therefore needs to be financed either by external borrowing

or internal borrowing through the use of cash balances. The CFR attracts a statutory annual revenue charge known as Minimum Revenue Provision (MRP)

Capital Receipts

Proceeds of not less than £10,000 from the sale of fixed assets. They may be used to finance new capital expenditure or repay debt. They cannot be used to finance normal day to day revenue spending.

Carry-forwards

These are underspends at the year-end which are carried forward into the next financial year to support that year's expenditure plans.

Creditors

Amounts owed by the Authority at the 31st March for goods received or services rendered but not yet paid for.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Debtors

Amounts owed to the Authority which are collectable or outstanding at 31st March.

Deferred Grants

Amounts received which have been used to finance capital expenditure within the year. These amounts are written off on the same basis as the assets to which they relate.

Defined Benefit Scheme

A pension or other retirement benefit scheme where 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 as in the case of the LGPS or unfunded as in the case of the Police Pension Scheme.

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passing of time or obsolescence, through either changes in technology or demand for the goods and services produced by the asset.

Emoluments

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Expected Rate of Return on Pensions Assets

For a funded, defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's-length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance Lease

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

Impairment

A reduction in the value of a fixed asset, reflecting a general fall in prices or losses due to physical damage or deterioration in an asset).

Intangible Fixed Assets

Non financial fixed assets that do not have physical substance but are identified and controlled by the Authority through custody and legal rights.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investors ability to dispose of the investment.

Liquid Resources

Current asset investments that are readily disposable by the Authority without disrupting its business and are either: readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Minimum Revenue Provision (MRP)

The aim of the MRP charge is to set cash aside in order to ensure the Authority has the funds to repay

outstanding principal or replenish internal cash balances. Each year the Authority is required to set a policy as to the approach it will take in making MRP.

Net Book Value

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

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt

The Authority's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

Net Realisable Value

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

Non Distributed Costs

These are overheads for which no user now benefits and should not be apportioned to services.

Non-operational Assets

Fixed assets held by the Authority but not used or consumed in the delivery of services or for the service or strategic objectives of the Authority. Examples of non-operational assets include assets under construction, investment properties and assets that are surplus to requirements, pending their sale.

Operating Lease

A lease other than a finance lease.

Operational Assets

Fixed assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the Authority.

Police Grant

A specific grant paid by the Home Office to support the Authority's revenue expenditure. It is a fixed sum calculated by the government on an assumed needs basis.

Precept

A levy which the Authority makes through the council tax to pay for services.

Past Service Cost

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Prior Period Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Reserves

Amounts set aside to cover general expenditure needs in the future.

Revenue Contributions to Capital Outlay (RCCO)

Contributions from revenue to finance capital expenditure and thus reduce the requirement to borrow.

Revenue Expenditure

Spending on day to day items, including salaries, premises costs and supplies and services.

Revenue Support Grant

A grant paid by central government towards the costs of the service.

Specific Reserves

Amounts set aside for a specific purpose to meet future commitments or liabilities.

Sponsorship

The voluntary provision of non-public funds, services or equipment which enables the police to enhance or extend the normal services provided.

Statement of Standard Accounting Practice (SSAP)

A set of statutory rules that govern how certain items in the accounts are calculated and presented.

Stocks

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Tangible Fixed assets

Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Useful Life

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