



Council
3 May 2018
Review of principal accounting policies

Classification	Public
Purpose	For decision
Issue	This paper reviews the GOSc principal accounting policies and highlights the enhancements which will be made.
Recommendations	<ol style="list-style-type: none">1. To note the current principal accounting policies set out in the Annex.2. To agree the principal accounting policies for FY2017-18 subject to the minor amendments outlined in the paper.
Financial and resourcing implications	None
Equality and diversity implications	None
Communications implications	None
Annex	GOSc principal accounting policies FY2016-17
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Background

1. An organisation should adopt accounting policies which are the most appropriate to its individual circumstances in order that its financial statements offer a 'true and fair view' of the financial position.
2. The Osteopaths Act 1993 states that the GOsC should 'keep proper financial records'. No other direction is provided within the Act or its underpinning rules about the financial approach the GOsC should follow.
3. While the Osteopaths Act 1993 provides no direction as to how the GOsC should prepare accounts, we have always taken the view that we should follow best practice. In addition, as the GOsC has now registered with the Charity Commission the expectation is that our accounts will meet the requirements of the Charities' Statement of Recommended Practice (SORP) [FRS 102].
4. The GOsC Annual Report and Accounts must detail our principal accounting policies. The principal accounting policies which were in the FY2016-17 annual report and accounts are set out at the Annex.

Discussion

5. The principal accounting policies are reviewed on an annual basis by the Audit Committee, and were considered at the March 2018 meeting. Audit Committee were content with the minor amendments to the principal accounting policies proposed by the Executive.
6. There will be some minor amendments to the principal accounting policies primarily due to the GOsC becoming a registered charity in the financial year. The additional amendment to the wording for 'pension contributions' has been made at the request of the Audit Committee as it was felt this provided a greater degree of clarity for the reader.

Principal accounting policy	Current statement	Revision required
Basis of accounting	These financial statements have been prepared on a going concern basis in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – <i>The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland</i> (FRS 102). The financial statements have been prepared on an historic cost	The policy will need to be amended to reflect that the GOsC shall be reporting against the Charities SORP (FRS 102).

	<p>basis as modified by the revaluation of investments.</p> <p>The financial statements are presented in sterling (£). The GOsC meets the definition of a 'public benefit entity' under FRS 102.</p>	
Critical accounting estimates and judgements	To be able to prepare the financial statements in accordance with FRS 102, the GOsC has reviewed its accounting policies and the amounts recorded in the annual accounts to ensure any estimates and judgements which have the most risk of causing a material adjustment to the accounts are disclosed.	The policy will need to be amended to reflect that the GOsC shall be reporting against the Charities SORP (FRS 102).
Pension contributions	The GOsC operates a defined contribution pension scheme for qualifying employees. The assets of the scheme are held separately from those of the GOsC in an independent fund. The employer's contribution for the year is charged to salaries in the income and expenditure account.	Remove the words <i>'The assets of the scheme are held separately from those of the GOsC in an independent fund.'</i>

7. In addition, the Executive has been provided with a checklist prepared by Crowe Clark Whitehill (CCW) of amendments to the disclosures within the accounts, such as providing more detail around deferred income. The Executive is working with CCW so that the transition to reporting under the Charities SORP (FRS 102) is smooth.

Recommendations:

1. To note the current principal accounting policies set out at the Annex.
2. To agree the principal accounting policies for FY2017-18 subject to the minor amendments outlined in the paper.

Principal accounting policies (FY2016-17)

Basis of accounting

The General Osteopathic Council (GOsC) was established under the *Osteopaths Act 1993* and is domiciled in the United Kingdom. The GOsC is required to maintain adequate financial records and it does so through preparing accounts which are laid before each House of Parliament.

Reserves have been accumulated over previous financial periods in order to withstand any unforeseen circumstances, and the members of Council continue to adopt the going concern basis of accounting in preparing the financial statements.

These financial statements have been prepared on a going concern basis in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* (FRS 102).

The financial statements have been prepared on an historic cost basis as modified by the revaluation of investments.

The financial statements are presented in sterling (£). The GOsC meets the definition of a 'public benefit entity' under FRS 102.

Critical accounting estimates and judgements

To be able to prepare the financial statements in accordance with FRS 102, the GOsC has reviewed its accounting policies and the amounts recorded in the annual accounts to ensure any estimates and judgements which have the most risk of causing a material adjustment to the accounts are disclosed.

The GOsC has split the cost of land and buildings based on an estimate derived from a valuation of Osteopathy House which was obtained in the previous reporting year. This has been used to determine that element of freehold property that is not subject to depreciation.

Intangible fixed assets

In accordance with FRS 102, the cost of cloud based servers and software (costing more than £750) are treated as intangible assets and will be subject to amortisation. Amortisation is provided on intangible assets, on a straight-line basis, as follows:

Computer software	5 years
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Tangible fixed assets

All assets with a useful economic life of more than one year, and costing more than £1,000 (or more than £750 for computer equipment), are capitalised. Depreciation is provided on fixed assets, on a straight-line basis, as follows:

Freehold building	50 years
Office furniture	5 years
Office equipment	3 years
Computer hardware	3 years

Land is not depreciated.

Income

Registration and other fee income is recognised over the period that a service is provided and so the GOsC earns entitlement to the income. For registration fee income this is over the period of one year from the date the individual was entered onto the Register. Investment income, including bank interest, is accounted for as earned.

Investments

Investments are valued at market value as at the Balance Sheet date. Realised and unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of income and retained earnings. Current asset investments include cash deposits where monies are not required for short term working capital.

Expenditure

All expenditure is accounted for on an accruals basis as soon as a liability is considered probable. Expenditure directly related to a single activity is allocated to that activity in the notes to the financial statements. Staff costs attributable to more than one cost category of expenditure are apportioned on the basis of the estimated amount of staff time attributable to that activity in the year.

Pension contributions

The GOsC operates a defined contribution pension scheme for qualifying employees. The assets of the scheme are held separately from those of the GOsC in an independent fund. The employer's contribution for the year is charged to salaries in the income and expenditure account.

Fund accounting

The General Reserve consists of unrestricted funds that are available for use at the Council members' discretion in furtherance of the objectives of the GOsC. Designated funds are unrestricted funds set aside at the discretion of the Council members for specific purposes.

Cash

Cash comprises cash sums held on deposit with recognised banks.

Going concern

In the financial year ended 31 March 2017, a small deficit was incurred after designated spending from reserves. Reserves have been accumulated over previous financial periods to withstand any unforeseen circumstances, and the members of Council continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial instruments

The GOsC only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.