



Council
5 May 2016
Principal accounting policies

Classification Public

Purpose For decision

Issue The GOSc financial statements in financial year 2015-16 will be prepared in accordance with Financial Reporting Standard 102.

As part of the preparation, and with a newly constituted Council of ten members, it is appropriate for Council to agree the principal accounting policies to be reported in the 2015-16 Annual Report and Accounts.

This paper sets out the GOSc principal accounting policies and describes the mechanism for how they will be kept under review.

Recommendations

1. To note the mechanism for keeping the principal accounting policies under review.
2. To agree the principal accounting policies for publication in the Annual Report and Accounts subject to the minor amendments as outlined in the table at paragraph 10.

Financial and resourcing implications None

Equality and diversity implications None

Communications implications None

Annex GOSc principal accounting policies FY2014-15

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Background

1. 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.
2. 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 and comply with current accounting rules. In recent years, we have complied with UK Generally Accepted Accounting Policies (UK GAAP); however, this has now been replaced by Financial Reporting Standard 102 (FRS 102).
3. The financial statements for financial year 2015-16, which Council will be asked to approve in July 2016, are being prepared for the first time under FRS 102. In preparation for our transition to FRS 102 we are reviewing the GOsC principal accounting policies which are reported in the Annual Report and Accounts.
4. 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.
5. The GOsC Annual Report and Accounts for FY2014-15 detail our principal accounting policies and these are set out at the Annex. This paper also sets out how the principal accounting policies will be kept under review and asks the newly constituted Council to note this process.

Discussion

6. In addition to our FRS 102 preparations, it is important that the new Council understands the financial framework in which GOsC operates and part of this development will be to review and approve the principal accounting policies.
7. The Executive recognises the need for the principal accounting policies to be kept under closer review and moving forward, Audit Committee will receive a standing report at its March meeting on the principal accounting policies.
8. Any appropriate actions arising from those discussions will be brought forward to the next Council meeting.

Amendments to the principal accounting policies

9. For FY2015-16, there needs to be some minor amendments to the principal accounting policies which were disclosed in the prior year Annual Report and Accounts.
10. These are set out in the table below.

Principal accounting policy	Current statement	Revision required
Basis of accounting	The accounts are prepared under the historic cost convention and in accordance with applicable accounting standards. There have been no changes to the accounting policies from the prior year.	Need to reference accounts being prepared under FRS102 and that prior year has been restated to that effect.
Investment	The GOsC has invested £500,000 in a medium risk, diversified portfolio. The investment is held with Standard Life Wealth and can be liquidated within one week if required; however, it is treated as a long term investment. Interest earned on the investment is reinvested back into the investment and will not be realised by the GOsC until the end of the five year period.	The GOsC has reached the end of the five year investment period and will be recognising the interest earned in FY2015-16 and on a yearly basis from this forward.
Expenditure	GOsC considers that the National Council for Osteopathic Research (NCOR) be accounted for as a Joint Arrangement which is Not an Entity (JANE) for the purpose of these accounts.	This needs to reflect that NCOR has become a charity and now collects its own income. Therefore, JANE description not relevant for future accounting periods.
Going Concern	In the financial year ended 31 March 2015 a deficit was incurred. This was a result of additional costs around an increase in fitness to practise activity. 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.	Statement to be updated based on financial results in FY2015-16 as surplus position forecast, including confirmation of GOsC as a public benefit entity.

Recommendations:

1. To note the mechanism for keeping the principal accounting policies under review.
2. To agree the principal accounting policies for publication in the Annual Report and Accounts subject to the minor amendments as outlined in the table at paragraph 10.

Principal accounting policies as reported in the Annual Report and Accounts for FY2014-15

Basis of accounting

The accounts are prepared under the historic cost convention and in accordance with applicable accounting standards. There have been no changes to the accounting policies from the prior year.

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:

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|---|----------|
| • Freehold building | 50 years |
| • Office furniture | 5 years |
| • Office equipment | 3 years |
| • Computer hardware | 3 years |
| • Customer relationship management system
(disclosed in 'computer hardware') | 5 years |

Income

Fee income and bank interest income are accounted for on a receivable basis.

Grants for specific purposes are included in income to the extent that expenditure is incurred during the financial year (together with any related contributions towards overhead costs). Deferred credits, which are attributable to subsequent financial years, are included in creditors under the classification of Accruals and Deferred income. Grant income received in the financial year is disclosed under other income in the notes to the accounts (see note 1).

Investment

The GOsC has invested £500,000 in a medium risk, diversified portfolio. The investment is held with Standard Life Wealth and can be liquidated within one week if required; however, it is treated as a long term investment. Interest earned on the investment is reinvested back into the investment and will not be realised by the GOsC until the end of the five year period.

Expenditure

Expenditure is accounted for on a payable basis.

GOsC considers that the National Council for Osteopathic Research (NCOR) be accounted for as a Joint Arrangement which is Not an Entity (JANE) for the purpose of these accounts.

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 Member's 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.

Short-term deposits

Short-term deposits comprise cash sums held on deposit with recognised banks.

Going concern

In the financial year ended 31 March 2015 a deficit was incurred. This was a result of additional costs around an increase in fitness to practise activity. 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.