



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – **Police & Crime Commissioner for North Wales and the Chief Constable, North Wales Police**

Audit year: 2018-19

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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The Auditor General intends to issue an unqualified audit report on your financial statements. There is one issue to report to you prior to their approval.

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Police and Crime Commissioner for North Wales (the Commissioner) and the Chief Constable for North Wales Police (the Chief Constable) at 31 March 2019 and their income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative level at which we judge such misstatements to be material for the Commissioner and the Chief Constable is £2.230m for income and expenditure items and other balances. We have applied a different level at which we judge misstatements to be material for the Police Pension Fund. The quantitative level for income and expenditure items and other balances for the Police Pension fund is £0.475m. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of the Commissioner and the Chief Constable, for 2018-19, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2018-19 on 31 May, in line with the Accounts and Audit (Wales) (Amendments) Regulations 2018 new deadline for this year. We have now substantially completed the audit work.
- 7 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Chief Finance Officer of the Police and Crime Commissioner's office and the Director of Finance and Resources for the Chief Constable.

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements of both the Commissioner and the Chief Constable once you have provided us with Letters of Representation based on those set out in [Appendix 1](#) and [Appendix 2](#).
- 9 The proposed audit reports are set out in [Appendix 3](#) and [Appendix 4](#).

Significant issues arising from the audit

Uncorrected misstatements

- 10 There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

- 11 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 5](#).

Other significant issues arising from the audit

- 12 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:

We have no concerns about the qualitative aspects of your accounting practices and financial reporting.

- 13 We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.

We did not encounter any significant difficulties during the audit.

- 14 We received information in a timely and helpful manner and were not restricted in our work. We reported to you in 2017-18 that we experienced difficulties in obtaining information to enable us to undertake our audit of payroll costs within the financial statements. We are pleased to note that we have worked with the payroll team during the year and now have direct access to the information we need and have been able to complete our testing in a timely fashion.

There is one significant matter discussed and corresponded upon with management which we need to report to you.

- 15 In December 2018, the Court of Appeal ruled against the Government, holding the changes made to pension schemes discriminated against a group of public officers on the grounds of age. The changes surrounded a move from a final salary to a career average basis. On 27 June 2019, the Supreme Court denied the Government's application to appeal the decision. This series of events is referred to as the McCloud judgement.
- 16 The cost of providing a remedy to affected employees is likely to be significant. We have concluded that the McCloud judgement gives rise to a past service cost and liability within the scope of accounting for pensions within local authorities which should be accounted for as an increased liability where a reasonable estimate can be made.
- 17 The Commissioner and Chief participate in two pension schemes, the Local Government Pension Scheme (LGPS) for police staff and the Office of the Police and Crime Commissioner, which is administered by Gwynedd Council, the actuary of the scheme being Hymans. The North Wales Police Pension fund is specifically for police officers, overseen by the Government Actuary Department (GAD).
- 18 The financial impact of this legal judgement has been assessed by the actuaries. For the LGPS, the actuary has stated that an additional liability is not required as the long-term salary increase assumption adopted by the Gwynedd Pension Fund was set equal to the Consumer Price Index (CPI) and consequently, for the purpose of the 2018/19 pension report, the Commissioner and Chief do not need to recognise an additional liability as result of the judgment.
- 19 GAD has undertaken a review of the impact of the McCloud judgement on the North Wales Police Pension Fund and has calculated an additional liability of £75 million. This additional liability has been included within the financial statements and increases the total pension liability to £1,878 million.

There are no other matters significant to the oversight of the financial reporting process that we need to report to you.

- 20 There are no other matters significant to the oversight of the financial reporting process that we need to report to you

We did not identify any material weaknesses in your internal controls.

- 21 There are no other matters significant to the oversight of the financial reporting process that we need to report to you.

There are no other matters specifically required by auditing standards to be communicated to those charged with governance.

- 22 There are no other matters (such as those relating to fraud, compliance with laws and regulations, or subsequent events) that we need to report to you

Independence and objectivity

- 23 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 24 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the Commissioner or the Chief Constable that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Police and Crime Commissioner for North Wales
Glan Y Don,
Abergele Road,
Colwyn Bay,
LL29 8AW

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

30 July 2019

Representations regarding the 2018-19 financial statements

This letter is provided in connection with your audit of the financial statements of the Police and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and the North Wales Police Pension Fund for the year ended 31 March 2019 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Police and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and the North Wales Police Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the Police and Crime Commissioner for North Wales

I acknowledge that the representations made by management, above, have been discussed with us.

I acknowledge my responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. I approved the financial statements on 30 July 2019.

I confirm that I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that it has been communicated to you. I confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

K Jackson

Chief Financial Officer to the Police and
Crime Commissioner for North Wales

Date: 30 July 2019

Signed by:

Arfon Jones

Police and Crime Commissioner for
North Wales

Date: 30 July 2019

Appendix 2

Final Letter of Representation

Chief Constable for North Wales
Glan Y Don,
Abergele Road,
Colwyn Bay,
LL29 8AW

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

30 July 2019

Representations regarding the 2018-19 financial statements

This letter is provided in connection with your audit of the financial statements of the Chief Constable for North Wales and the North Wales Police Pension Fund for the year ended 31 March 2019 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Chief Constable for North Wales and the North Wales Police Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the Chief Constable for North Wales

I acknowledge that the representations made by management, above, have been discussed with us.

I acknowledge my responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. I approved the financial statements on 30 July 2019.

I confirm that I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that it has been communicated to you. I confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Richard Muirhead

Director of Finance and Resources to the
Chief Constable for North Wales

Date: 30 July 2019

Signed by:

Carl Foulkes

Chief Constable for North Wales

Date: 30 July 2019

Appendix 3

Proposed audit report of the Auditor General to the Police and Crime Commissioner for North Wales

The independent auditor's report of the Auditor General for Wales to the Police and Crime Commissioner for North Wales

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

- Police and Crime Commissioner for North Wales
- Police and Crime Commissioner for North Wales Group; and
- North Wales Police Pension Fund

for the year ended 31 March 2019 under the Public Audit (Wales) Act 2004.

The Police and Crime Commissioner for North Wales financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

The Police and Crime Commissioner for North Wales' Group financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The North Wales Police Pension Fund's financial statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2019 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and North Wales Police Pension Fund as at 31 March 2019 and of their income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Police and Crime Commissioner for North Wales,

the Police and Crime Commissioner for North Wales' Group and the North Wales Police Pension Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Police and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and the North Wales Police Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Police and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and the North Wales Police Pension Fund and their environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Police and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and the North Wales Police Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Police and Crime Commissioner for North Wales' Group and the North Wales Police Pension Fund, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Police and Crime Commissioner for North Wales, the Police and Crime Commissioner for North Wales' Group and the North Wales Police Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Anthony J Barrett
For and on behalf of the Auditor General for Wales
30 July 2019

24 Cathedral Road
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Appendix 4

Proposed audit report of the Auditor General to the Chief Constable for North Wales Police

The independent auditor's report of the Auditor General for Wales to the Chief Constable for North Wales Police

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

- The Chief Constable for North Wales Police; and
- North Wales Police Pension Fund

for the year ended 31 March 2019 under the Public Audit (Wales) Act 2004.

The Chief Constable for North Wales Police financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

The North Wales Police Pension Fund's financial statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2019 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable for North Wales Police and North Wales Police Pension Fund as at 31 March 2019 and of their income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Chief Constable for North Wales Police and North Wales Police Pension Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable for North Wales Police and the North Wales Police Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Chief Constable for North Wales Police and the North Wales Police Pension Fund and their environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or

- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Chief Constable for North Wales Police and the North Wales Police Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11, the responsible financial officer is responsible for the preparation of the statement of accounts, including the North Wales Police Pension Fund, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Chief Constable for North Wales Police and the North Wales Police Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Anthony J Barrett
For and on behalf of the Auditor General for Wales
30 July 2019

24 Cathedral Road
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CF11 9LJ

Appendix 5

Summary of corrections made to the draft financial statements which should be drawn to the attention of the Police and Crime Commissioner for North Wales and the Chief Constable for North Wales Police

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Value of correction	Nature of correction	Reason for correction
£75 million	<p>Increase in the Pension Liability in the Balance Sheet and Note 34 'Defined Benefits Pension Schemes' to reflect the estimated impact of the McCloud judgement on pension fund age discrimination.</p> <p>Corresponding adjustments have been made within the Expenditure and Funding Analysis, Comprehensive Income and Expenditures Statement, Movement in reserves Statement, Cashflow Statement, Pension Fund Reserve and supporting notes.</p> <p>This adjustment has no impact on Usable Reserves.</p>	<p>An additional Pension liability has arisen following the McCloud judgement for which a reasonable estimate can be made of the impact.</p>
<p>There have also been a number of minor amendments and disclosure updates as a result of our work.</p>		

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