



**THE POLICE FEDERATION OF ENGLAND AND WALES**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**



**THE POLICE FEDERATION OF ENGLAND AND WALES  
FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>CONTENTS</b>	<b>PAGE</b>
General Information	2
Report of the National Treasurer	3-4
Statement of the National Treasurer's responsibilities in respect of the Annual Report and Financial Statements	5
Independent Auditor's Report	6-8
Statement of Financial Activities	9
Statement of Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Cash Flows	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13-31

**POLICE FEDERATION OF ENGLAND AND WALES  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**GENERAL INFORMATION**

CHAIR	Mr John Apter Mr Ché Donald Mr Steve Hartshorn	(Resigned 20/12/2021) (Appointed 21/12/2021 and resigned 31/3/2022) (Appointed 1/4/2022)
NATIONAL SECRETARY	Mr Alex Duncan Mr Calum Macleod	(Resigned 30/6/2022) (Appointed 1/7/2022)
NATIONAL TREASURER	Mr Simon Kempton	
NATIONAL TRUSTEES	Mr Jon Nott Mr Ollie Abercrombie Ms Sam Chughtai	
REGISTERED OFFICE	Federation House Highbury Drive LEATHERHEAD Surrey KT22 7UY	
BANKER	National Westminster Bank Plc 1000 Cathedral Square Cathedral Hill Guildford GU2 7YL	
INVESTMENT MANAGER	Rathbone Brothers Plc 28 St Andrew Square Edinburgh EH2 1AF	
AUDITOR	KPMG LLP 15 Canada Square London E14 5GL	
SOLICITOR	Slater & Gordon 50 – 52 Chancery Lane London WC2A 1HL	

**POLICE FEDERATION OF ENGLAND AND WALES  
FOR THE YEAR ENDED 31 DECEMBER 2021**

## **REPORT OF THE NATIONAL TREASURER**

On behalf of the Police Federation of England and Wales ('PFEW'), I am pleased to present the Financial Statements, prepared as required under the 2017 Police Federation Regulations ('PFR2017').

The PFEW represents the interests of police officers below the rank of Superintendent (Constables, Sergeants, Inspectors and Chief Inspectors). The PFEW was established by the Police Act 1919 to represent officers, reflecting the fact that police officers are members of a disciplined service with an obligation to protect the public and, as such, are prohibited from joining a trade union or taking industrial action. Its current legal basis is found in the Police Act 1996.

### **Consolidated financial statements**

These Financial Statements represent the consolidated view of the financial position and operating activities for all branches of the PFEW. These financial statements present the PFEW as a single legal entity and, as such, the PFEW is not required to prepare financial statements on a group basis.

Since 2017 the PFEW has undertaken significant changes resulting in organisational restructuring, process harmonisation and financial consolidation. Details of these activities are set out in the 2017 Financial Statements, available at <https://www.polfed.org/resources/reports-accounts/>

The 2021 Financial Statements represent the fifth year the PFEW is reporting under the new structure and includes a prior year comparison

### **Significant events**

These financial statements have been prepared on a going concern basis. The National Treasurer has a reasonable expectation that the PFEW will continue in operational existence for at least twelve months from the date of the approval of these financial statements. Cashflow forecasts have been prepared to cover that period, taking into consideration the potential risks, assumptions, and uncertainties, including those arising as a result of inflation and the resulting increase in interest rates.

### **Internal Audit and Governance**

The PFEW holds itself to the highest standards of openness and transparency. In the process of completing these Financial Statements, the following Internal Audit activities were completed within the financial year;

- Fourteen (14) reports following visits to Federation Branches (twenty-one (21) in 2020);
- Twelve (12) reports covering National Board Departments, Sub-Committees and central processes delivered from Federation House (Twenty-three (23) in 2020); and
- One (1) ad-hoc report (Three (3) in 2020)

### **Financial Activities**

Total members' subscriptions income in 2021 was £33,550k (2020: £30,350k). The resulting increase was due to a combination of the full year effect of a rise in the subscription fee effected in September 2020 and an increase in membership numbers throughout the year.

Total expenditure in 2021 was £42,512k (2020: £34,728k), comprising of members' legal fees of £13,643k (2020: £11,178k), other National Board expenditure of £21,292k (2020: £16,199k), and Branch expenditure of £7,577k (2021: £7,351k).

The significant drivers for the increased expenditure were a rise in the number of active legal claims plus a significant investment our staff due to a benchmarking exercise performed.

**POLICE FEDERATION OF ENGLAND AND WALES  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**REPORT OF THE NATIONAL TREASURER (continued)**

During 2021 there was a deficit of members' subscriptions income of £8,962k (2020: £4,378k) before adjustments for other income and investments

Total other income in 2021 was £5,468k (2020: £3,461k), comprising of Federation House income of £876k (2020: £368k), member services income of £407k (2020: £470k), reimbursement of administration costs of £564k (2020: 566k), a profit on investments of £2,369k (2020: 1,522k) and other income of £712k (2020: £535k).

The total deficit for the year before tax and exceptional items was £3,494k (2020: deficit £467k). The actuarial uplift on the pension scheme in the year was £2,252k (2020: deficit £1,224k). The total comprehensive deficit for the year was £1,396k (2020: deficit £1,656k).

On 31 December 2021, the PFEW held total investments of £27,390k (2020: £27,249k), comprising cash investments of £8,177k held by the National Board (2020: £9,321k), cash investments of £17,097k held by Branches (2020: £15,848k) and investment properties held by Branches of £2,116k (2020: £2,080). On 31 December 2021 the PFEW held cash and equivalents of £7,051k (2020: £8,451k), comprising of £187k held by the National Board (2020: £809k) and £6,864k held by Branches (2020: £7,642k). The National Board also had an overdraft balance of £490k recognised in liabilities.

The Financial Statements and Balance Sheet, together with the Notes to the Financial Statements set out on pages 9– 31, present the overall financial performance of the PFEW and provide an analysis of the resources arising and used in the performance of the PFEW's objectives. In addition, information is provided on the movements in the PFEW's cash and investments.



**Simon Kempton  
National Treasurer - PFEW  
31 October 2023**

**POLICE FEDERATION OF ENGLAND AND WALES  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**STATEMENT OF THE NATIONAL TREASURER'S RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

The National Treasurer is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Police Federation (England and Wales) Regulations 2017 (PFR2017) requires the National Treasurer to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In preparing these financial statements, the National Treasurer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable UK accounting standards have been followed; subject to any material departures being disclosed and explained in the financial statements;
- assessed the federation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- used the going concern basis of accounting unless they either intend to liquidate the Federation or to cease operations or have no realistic alternative but to do so.

The National Treasurer is responsible for keeping adequate accounting records that are sufficient to show and explain the Federation's transactions and disclose with reasonable accuracy at any time the financial position of the Federation and enable them to ensure that the financial statements comply with the PFR2017. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Federation and to prevent and detect fraud and other irregularities.

The National Treasurer are responsible for the maintenance and integrity of the corporate and financial information included on the Federation's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**Simon Kempton**  
National Treasurer - PFEW  
31 October 2023

**POLICE FEDERATION OF ENGLAND AND WALES  
FOR THE YEAR ENDED 31 DECEMBER 2021  
INDEPENDENT AUDITOR'S REPORT TO THE POLICE FEDERATION OF ENGLAND AND WALES**

## **Opinion**

We have audited the statutory accounts of the Police Federation of England and Wales ("the Federation") for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Equity and related notes, including the accounting policies in notes 1 and 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Federation's affairs as at 31 December 2021 and its deficit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Police Federation (England and Wales) Regulations 2017 (PFR17).

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Federation in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

The National Treasurer has prepared the financial statements on the going concern basis as they do not intend to liquidate the Federation or to cease its operations, and as they have concluded that the Federation's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the National Treasurer's conclusions, we considered the inherent risks to the Federation's business model and analysed how those risks might affect the Federation's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the National Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the National Treasurer's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Federation's ability to continue as a going concern for the going concern period

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Federation will continue in operation.

## **Fraud and breaches of laws and regulations – ability to detect**

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Reading National Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

**POLICE FEDERATION OF ENGLAND AND WALES  
FOR THE YEAR ENDED 31 DECEMBER 2021  
INDEPENDENT AUDITOR'S REPORT TO THE POLICE FEDERATION OF ENGLAND AND WALES(continued)**

- Enquiring of the National Treasurer, other members of management, internal audit and inspection of policy documentation as to the Federation's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Federation's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Consultation with our own forensic professionals regarding the identified fraud risks and the design of the audit procedures planned in response to these. This involved discussion between the engagement partner and the forensic professionals.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall sknowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as provisions for legal claims and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is simple in nature, with few judgmental areas of accounting, and minimal incentive to fraudulently manipulate revenue. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted by individuals not directly involved in the related transactional process.
- Assessing significant accounting estimates for bias.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the National Treasurer and other management (as required by auditing standards), and discussed with the National Treasurer and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Federation is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including PFR2017), tax legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Federation is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection, employment law, and certain elements of PFR2017 recognising the nature of the Federation's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the National Treasurer and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.



**POLICE FEDERATION OF ENGLAND AND WALES  
FOR THE YEAR ENDED 31 DECEMBER 2021  
INDEPENDENT AUDITOR'S REPORT TO THE POLICE FEDERATION OF ENGLAND AND WALES(continued)**

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **National Treasurer's Report**

The National Treasurer is responsible for their report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the National Treasurer's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the National Treasurer's report; and
- in our opinion the information given in that report for the financial year is consistent with the financial statements.

#### **Responsibilities of the National Treasurer**

As explained more fully in the statement set out on page 5, the National Treasurer of the Federation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Federation'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 they either intend to liquidate the Federation or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

Our 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

Our report has been prepared solely for the Federation, as a body, in accordance with Regulation 21(c) of the Police Federation (England and Wales) Regulations 2017 and the terms of our engagement. Our audit work has been undertaken so that we might state to the Federation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Federation, for our audit work, for this report, or for the opinions we have formed.



**Joanne Lees**  
**for and on behalf of KPMG LLP**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

01 November 2023

**POLICE FEDERATION OF ENGLAND AND WALES  
STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £ '000	2020 £ '000
<b>INCOME</b>			
Subscription Income	3	33,550	30,350
<b>EXPENDITURE</b>			
Members' Legal Fees	4	(13,643)	(11,178)
National Board Expenditure	5	(21,292)	(16,199)
Branch Expenditure	6	<u>(7,577)</u>	<u>(7,351)</u>
<b>Deficit of subscription income over expenditure</b>		<b>(8,962)</b>	<b>(4,378)</b>
Income from Investments		2,369	1,522
Other Income		<u>3,099</u>	<u>1,939</u>
<b>Deficit before gains</b>		<b>(3,494)</b>	<b>(917)</b>
Gain for the year		<u>-</u>	<u>450</u>
<b>Deficit before tax and exceptional items</b>		<b>(3,494)</b>	<b>(467)</b>
Taxation	7	<u>(154)</u>	<u>35</u>
<b>Deficit for the financial year</b>		<b><u>(3,648)</u></b>	<b><u>(432)</u></b>

**STATEMENT OF OTHER COMPREHENSIVE INCOME**

	Note	2021 £ '000	2020 £ '000
<b>Deficit for the financial year</b>		<b>(3,648)</b>	<b>(432)</b>
Actuarial uplift/(deficit) on pension scheme in the year	15	2,252	(1,224)
<b>Total comprehensive (deficit)/surplus for the financial year</b>		<b><u>(1,396)</u></b>	<b><u>(1,656)</u></b>

The accompanying notes form part of these financial statements.

**POLICE FEDERATION OF ENGLAND AND WALES**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	31 December 2021 £ '000	31 December 2020 £ '000
<b>Non current</b>			
Tangible assets	8	40,713	42,362
Net defined benefit asset	15	1,429	-
Investments	9	25,274	25,169
Investment Properties	10	2,116	2,080
		<b>69,532</b>	<b>69,611</b>
<b>Current assets</b>			
Cash and cash equivalents	11	7,051	8,451
Debtors and prepayments	12	1,115	2,289
Other		55	1,703
		<b>8,221</b>	<b>12,443</b>
<b>Creditors: amounts falling due within one year</b>	13	(6,235)	(8,216)
<b>Net current assets</b>		<b>(6,235)</b>	<b>4,227</b>
<b>Total assets less current liabilities</b>		<b>71,518</b>	<b>73,838</b>
<b>Creditors: amounts falling due after more than one year</b>			
Provisions for liabilities	14	(3,167)	(1,967)
Net defined benefit liability	15	-	(1,241)
Other		-	(559)
		<b>(3,167)</b>	<b>(3,767)</b>
<b>Net assets</b>		<b>68,351</b>	<b>70,071</b>
<b>Accumulated reserves at 31 December 2020</b>			
Deficit for the year		70,071	71,519
Actuarial uplift / (deficit) on pension scheme valuation		(3,648)	(432)
Adjustment to Branch Bank Asset Balances		2,252	(1,224)
		(324)	208
<b>Accumulated reserves at 31 December 2021</b>		<b>68,351</b>	<b>70,071</b>

The accompanying notes form part of these financial statements.

The Financial Statements were approved by the Audit Committee on 31 October 2023.

Signed on behalf of the PFEW by:



PFEW Chair



PFEW Treasurer

**POLICE FEDERATION OF ENGLAND AND WALES**  
**STATEMENT OF CASH FLOWS**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £ '000	2020 £ '000
<b>Cash flows from Operating Activities</b>			
(Deficit)/Surplus income for the financial year		(1,396)	(1,656)
Adjustments for:			
Depreciation	8	3,929	2,829
Gain in fair value of Investments		(2,432)	(1,823)
Actuarial (uplift) / deficit on pension scheme valuation	15	(2,670)	-
Loss in fair value of Investment Properties		-	206
		<b>(1,173)</b>	<b>1,212</b>
Increase/(Decrease) in Provisions		1,200	1,218
(Decrease)/Increase in Trade Creditors		(50)	569
(Decrease)/Increase in Accruals		(3,636)	261
Decrease in Debtors		993	335
Increase/(Decrease) in Other Creditors		455	(630)
Decrease in Prepayments and other assets		1,829	279
		<b>791</b>	<b>2,032</b>
Tax expense		201	-
		<b>(1,577)</b>	<b>1,588</b>
<b>Cash flows from investment Activities</b>			
Increase in Property Investments		(36)	(29)
Acquisition of tangible assets	8	(2,280)	(3,325)
Sale of investments		-	1,700
Purchase of investments		2,327	(205)
		<b>11</b>	<b>(1,859)</b>
<b>Cash flows from Financing Activities</b>			
Increase in Branch equity		(324)	208
Proceeds from overdraft		490	-
		<b>166</b>	<b>208</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,400)</b>	<b>(63)</b>
<b>Opening Balance cash and cash equivalents</b>		<b>8,451</b>	<b>8,514</b>
<b>Closing balance cash and cash equivalents</b>		<b>7,051</b>	<b>8,451</b>

The accompanying notes form part of these financial statements.

**POLICE FEDERATION OF ENGLAND AND WALES  
STATEMENT OF CHANGE IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Accumulated Reserves</b>	<b>Total</b>
	£ '000	£ '000
<b>At 31 December 2020</b>	70,071	<b>70,071</b>
Deficit for the year ended 31 December 2021	(3,648)	<b>(3,648)</b>
Other comprehensive income:		
Actuarial uplift/gain on pension scheme valuation	2,252	<b>2,252</b>
Adjustment to Branch Bank Account Balances	(324)	<b>(324)</b>
<b>At 31 December 2021</b>	<b><u>68,351</u></b>	<b><u>68,351</u></b>

The accompanying notes form part of these financial statements.

**POLICE FEDERATION OF ENGLAND AND WALES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1 GENERAL INFORMATION**

The PFEW is the statutory staff association representing 120,000 rank and file police officers (Constables, Sergeants, Inspectors and Chief Inspectors) in the forty-three territorial police forces in England and Wales (the 'Forces'). Under UK labour law, the police are prohibited from joining ordinary trade unions to defend pay and working conditions (Police Act 1996) because of the view that a police strike would pose an exceptional public safety risk. The PFEW was originally established by the Police Act 1919, as an alternative system, which would serve to represent staff, and where disputes could be resolved through arbitration so long as the government continued to bargain in good faith.

**1(a) Basis of Preparation**

These Financial Statements have been prepared in accordance with Financial Reporting Standard applicable in the United Kingdom (FRS 102), PFR2017 and the PFEW 2018 Fund Rules.

In preparing the Financial Statements, the PFEW has met the following statutory requirements set out in PFR2017:

- 21.2(b) prepare annual accounts for the Federation ("Federation accounts") recording –
  - (i) the income, and expenditure of the Federation (including the income and expenditure of the Federation branches), for each financial year; and
  - (ii) the assets and liabilities of the Federation (including the assets and liabilities of the branches of the Federation) at the end of the financial year; and
- 21.2(c) arrange for the Federation accounts for each year to be audited by a (qualifying) auditor.

The PFEW operates within a policing environment that includes all Forces, along with a range of other entities. In 2018, following approval and implementation of the PFR2017, an exercise was undertaken by the PFEW to determine what entities fall under the definition of 'Federation Accounts', a defined term in the PFR2017. With the support of specialist trust advice (commissioned by the PFEW), the PFEW internally agreed on a position in June 2019. Entities that are deemed to sit outside the PFEW include group insurance trusts, healthcare schemes, benevolent funds, and charities - where their core purpose is defined by third parties (eg the Force Chief) and its beneficiaries extend beyond the PFEW membership.

These entities operate independently, where all obligations for legal and fiduciary compliance, along with any financial and operational liabilities, do not fall on the PFEW (including Branches). The impacts of this exercise do not affect the central entities (eg the National Board). This exercise has resulted in several changes at a Branch level, and these can be analysed by comparing the 2016 Branch F45 statement to the table of Branch Net Assets in the Notes on page 15 of the 2017 Financial Statements. These Financial Statements have been prepared on this basis.

The Financial Statements include the income, expenditure, assets and liabilities of all PFEW entities as set out in the PFR2017. These include the National Board (comprising the entities formerly known as the Joint Central Committee, Inspectors Central Committee, Sergeants Central Committee, Constables Central Committee) and forty-three Branch Boards.

The principal trading entity is the National Board which operates the head office, the hotel and conferencing facilities at Federation House. The forty-three Branches operated during the accounting period, principally as the first point of contact for local members.

The Financial Statements have been prepared on the historical cost convention, except for a modification to include certain assets at fair value as specified in the accounting policies below.

**POLICE FEDERATION OF ENGLAND AND WALES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1(b) Going concern**

2021 has seen the rise of inflation and lending interest rates which has caused significant economic, resourcing, and organisational impacts. The resulting risk exposure from these have been carefully considered. Whilst these Financial Statements represent the year ending 31 December 2021, the audit consideration and going concern statement is applicable for at least one year from the date of approval of these Financial Statements.

The PFEW's activities, together with factors likely to affect its future performance and financial position, and commentary on the PFEW's financial activities and its cash flows are set out in the National Treasurer's report on pages 4 – 6 and elsewhere in the Financial Statements.

These Financial Statements have been prepared on a going concern basis which the National Treasurer considers to be appropriate for the following reasons.

The National Treasurer has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that taking account of severe but plausible downsides, including the impacts of Brexit and COVID-19, the PFEW will have sufficient funds to meet its liabilities as they fall due for that period.

The PFEW's National Board and National Council continue to meet on a regular basis, utilising the virtual meeting technology set up following the 2019 cyber incidents. These meetings encompass all aspects of the regular business including reviewing the PFEW's financials including cashflow forecasts.

The PFEW has undertaken a cash flow assessment for the 12 months from the date of signing these Financial Statements. There are no known material uncertainties that would cast doubt on the PFEW's ability to operate on a continuing basis. In arriving at this assessment, the following considerations have been considered:

- The level of member subscriptions remains constant compared to the prior year;
- The process for members to access support services such as legal advice or representation, based on the incumbent arrangements remains unchanged;
- The PFEW remains in a position to represent members' interest with stakeholders such as the Home Office, through its normal channels when working remotely;
- Regarding counterparty risks, the PFEW has a small value of debtors and has not experienced any issues in collecting known debts;
- The PFEW has not experienced any material delays or problems collecting member subscriptions;
- Regarding consideration of supply chain impacts for legal support to members, the PFEW operates a panel of solicitors and experts for legal support to members (where applicable). This arrangement and process remains in place and unaffected;
- Regarding consideration of supply chain impacts for the operation of Federation House, the hotel and training facilities are operating on a limited basis;
- Where training of PFEW representatives cannot be delivered onsite it is being delivered online;
- In addition to the Job Retention Scheme, under which certain staff were furloughed, the PFEW accessed UK Government initiatives offered as part its response to support businesses;
- The PFEW has data in a secure cloud environment which is fully accessible when working remotely;
- The PFEW implemented several cost saving initiatives in response to the uncertainties surrounding the rise of inflation and interest rates;
- The PFEW has access to a credit facility of £500k from Natwest bank which has been utilised in part as at the balance sheet date;
- The PFEW does not foresee any changes in the PFR2017 resulting from either Brexit or Covid-19.

Consequently, the National Treasurer is confident that the PFEW will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements under the going concern assumption.

**POLICE FEDERATION OF ENGLAND AND WALES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2 Accounting policies**

The following accounting policies have been adopted for material items:

**2(a) Income**

Income is shown within three main categories in the Financial Statements:

- Income from member subscriptions;
- Income from investments; and
- Income from other trading activities.

The following specific policies apply to categories of income:

- a) Income categorised as member subscriptions is recognised at the fair value of the consideration on an accrual basis. Income is derived from subscriptions collected from PFEW's members. During the accounting period income was shared between the National Board and Branch Boards. The Financial Statements present total income collected from members;
- b) Income categorised as investment income, excluding interest from bank deposit accounts, is recognised on an accrual basis;
- c) Income categorised as other trading activities, such as hotel, conferencing, and hospitality, is accounted for by the point of the event; and
- d) Income categorised as other trading activities, such as rental income, is accounted for on an accrual basis.

Any income restricted to a future accounting period is deferred and recognised in those accounting periods.

**2(b) Expenditure**

Expenditure for the National Board and all forty-three Branches has been prepared and is reported on an accrual basis.

Expenditure is shown inclusive of irrecoverable Value Added Tax. The PFEW operates with a partial exemption special method ('PESM'), agreed with HMRC in 2015.

All expenditure is categorised as:

- Members' legal fees
- National Board expenditure
- Branch expenditure

Members' legal fees represents expenditure incurred in the provision of support for members' claims.

National Board expenditure represents costs incurred at the head office based at Federation House, including personnel, office and premises, administration, financial management, human resources, communications, information technology, travel and subsistence, Federation officials' honoraria and insurance. Hosting events such as the annual conference are also categorised as National Board costs.

Branch expenditure represents costs incurred by forty-three Branches in the running of the Branch office, including personnel (Branch staff), travel and subsistence, office, and premises costs.



**POLICE FEDERATION OF ENGLAND AND WALES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2(c) Tangible assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The purchase of assets under £10,000 are not capitalised. Assets under construction are not depreciated until they are brought into use.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, including freehold property (excluding land) and leasehold property, over their expected useful lives.

The applicable rates in the Financial Statements are:

- Plant & machinery - 15 years straight line basis
- Computer & equipment - 3 years straight line basis
- Furniture & fittings - 8 years straight line basis
- Motor vehicles - 25% reducing balance basis
- Leasehold premises – 33 years
- Freehold buildings (excluding land) – 33 years
- Freehold land – not depreciated

In these financial statements the PFEW has reconsidered the useful life of buildings. In previous financial statements buildings were considered to have an indefinite useful life. This policy has been revised to apply a useful life of 33 years. This policy aligns to FRS102 Section 17 paragraph 19. In accordance with FRS 102 section 10 paragraph 16, changes to accounting estimates are applied prospectively in the period of the change and future periods, and therefore is not adjusted retrospectively.

**2(d) Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost comprises the purchase price plus labour, appropriate overhead expenses and materials used in bringing the stocks to their present location and condition.

**2(e) Impairments**

The carrying values of the PFEW's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of fair value less costs to sell the asset, and it's in use. If the assets recoverable value falls below its book value an impairment charge is recognised to bring its book value down to the recoverable amount.

**2(f) Basic Financial Instruments**

**Investments**

Investments in equity instruments includes quoted equity instruments, fixed interest government funds and other fixed interest funds. Investments are initially measured at fair value, which is normally the transaction price. Any changes in fair values are recognised in the Financial Statements as other comprehensive income.

**POLICE FEDERATION OF ENGLAND AND WALES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2(f) Basic Financial Instruments (continued)**

**Investment Properties**

Investment properties are properties which are held principally for members' use, with occasional rental income. Investment properties are recognised initially at cost. Investment properties are measured at the fair value. Any changes in fair values are recognised in the Financial Statements as other comprehensive income. There were no changes in fair value of investment properties during the accounting period.

**Trade and other debtors**

Trade and other debtors are recognised at the settlement amount due, less any provision for bad or doubtful amounts. Any such provisions are specific and applied in a consistent manner based on a debt's ageing and any other factors affecting potential recoverability. Loan's receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Cash and cash equivalents**

Cash, for the purpose of the Statement of cash flows, represents balances on hand, and those on deposit with a maturity up to 3 months. Such balances are subject to insignificant risk of changes in value and are readily convertible.

**Creditors**

Trade and other creditors are recognised at the transaction price due, after allowing for any trade discounts. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Other Financial Instruments**

The PFEW has considered FRS102 sections 11 and 12 - identifying and classifying financial instruments as either 'basic' and 'other'. The PFEW holds financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors, are initially recognised at the transaction value, and subsequently measured at their settlement value.

**Provisions for liabilities**

Provisions are recognised when a present obligation arises (legal or constructive) because of a past event, it is probable that the obligation will be required to be settled, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period (considering any risks and uncertainties surrounding the obligation).

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

**Contingencies and commitments**

The disclosure of contingencies and commitments represents the nature and estimate of any financial effect, including an indication of any uncertainties relating to timing or amounts, and the possibility of reimbursement unless the possibility of any outflow of resources is considered remote. The PFEW does not have any undeclared, known commitments, guarantees or contingencies entered either by the National Board nor any Branch.

**POLICE FEDERATION OF ENGLAND AND WALES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2(f) Basic Financial Instruments (continued)**

**Employee benefits**

The PFEW operates both a defined benefits pension scheme ('DB Scheme') and a defined contribution pension scheme ('DC Scheme'). The assets of the schemes are held separately from those of the PFEW, in independently administered funds.

**Defined Benefit Scheme**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. A company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. A company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising because of contributions and benefit payments. In respect of the DB Scheme, all assets are measured using market value except annuities which are measured at the same value as the corresponding pension obligation.

A valuation is performed tri-annually by a qualified actuary using the projected unit credit method. A company recognises net defined benefit plan assets to the extent that it can recover the surplus either through reduced contributions in the future or through refunds from the plan. Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the income statement. Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

The DB Scheme was established on 1 January 1980, set up under trust, to provide retirement benefits to the employees of the PFEW. The DB Scheme is an exempt approved scheme. The DB Scheme was closed to new entrants in May 2010.

The DB Scheme Trustees, who meet on a regular basis to discuss the investment policy and consider any matters that arise, carry out the administration of the DB Scheme. The DB Scheme Trustees met three times during 2020. As at 31 December 2020 the DB Scheme had 111 members (2019: 111).

**Defined Contribution Scheme**

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

The PFEW operates a DC Scheme for employees under an opt-in basis. Contributions to the DC Scheme are recognised in the income statement under Administrative Expenses.

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the PFEW. All other leases are classified as operating leases.

Property, plant, and equipment acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. Any related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the income statement on a straightline basis over the period of the lease. The benefits of lease incentives are recognised in the income statement over the lease period.

**POLICE FEDERATION OF ENGLAND AND WALES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2(f) Basic Financial Instruments (continued)**

**Foreign currency**

The Financial Statements are presented in pound sterling. Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities at the year-end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

**2(g) Taxation**

Current tax is recognised as the amount of income tax payable in respect of the taxable profit for the current or past reporting periods, using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax is calculated using the tax rates and laws that have been enacted at the reporting date that are expected to apply to the reversal of the timing difference. Except for changes arising on the initial recognition of a business combination, the tax expenses (income) are presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If, and when, all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax assets and deferred tax liabilities are offset only if:

- There is a legally enforceable right to set off current tax assets against current tax liabilities;
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle; and
- Current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

**2(h) Related parties**

The PFEW comprises approximately 1,200 representatives, elected from the police service.

The roles vary, including:

- a) full time officials based at Federation House;
- b) full time officials working in either Federation House, Branch offices, or remotely;
- c) full time officials based at Branch offices;
- d) part time officials working in a combination of Branch and Police Force locations.

All elected representatives are serving police officers and are employed by one of forty-three police forces throughout England and Wales. The role and tenure of each elected representative role is defined in PFR2017.

The PFEW has a small number of related party transactions. These principally relate to invoices received from police forces which recharge the PFEW for 100% of salary costs of their representatives in categories a) and b) above. Separately, the PFEW recharges all police forces (pro-rata, based on share of membership) for 50% the total recharge received.

**POLICE FEDERATION OF ENGLAND AND WALES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2(h) Related parties (continued)**

The Police Firearms Officers Association ('PFOA') is a registered charity (no.1139247) that has a limited relationship with PFEW. There are instances of members of PFEW that are also members of the PFOA – in these cases there is a requirement for PFEW members to declare any potential / conflicts of interest in any meeting where PFOA matters are discussed. During the year the PFEW did not incur any costs with the PFOA (2020: £320,726).

The police forces, considered related parties, have no interest, controlling or otherwise, in the PFEW.

**2(i) Transactions With Group Insurance Schemes, Benevolent Fund and Charities**

Historically, policing-related entities have been established for the purpose of operating insurance schemes for personal insurance purposes. PFEW's Branches support these entities by facilitating presentations to PFEW members, whilst also providing administrative support. Any expenses incurred by PFEW Branches are reimbursed through an Administration Fee via a recharge. The PFEW Branches have no claim to any financial assets, nor subject to any financial liabilities such entities, including benevolent funds and charities.

**2(j) Subsequent events**

There were no subsequent events to the balance sheet date to report.

**2(k) Significant judgements and key sources of estimation uncertainty**

In the application of the accounting policies, the PFEW is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Revenue Recognition**

Income from members' subscriptions is recognised in the income statement in the period the benefit was accrued by the PFEW, and therefore requires management judgement for the applicable period.

**Provision for Liabilities**

Management has considered each element that makes up the total provision balance as at the year end and decided that assumptions used to estimate these elements is sound, and there are no considerations that would materially change the provision balance. In addition, PFEW uses external legal advisors to inform the provision for outstanding claims.

**Useful life of assets**

The PFEW reviews the estimated useful lives of its assets annually at the end of each reporting period. During the year the PFEW assessed the useful lives of its assets and concluded that the period adopted in prior years reasonably represents the average useful life of the PFEW's assets and should be maintained for its equipment in 2020.

**Investment properties**

The PFEW reviews the fair value of its investment properties annually at the end of each reporting period. During the year the PFEW assessed the fair values and concluded that the amount recorded reasonably represents the fair value.

**POLICE FEDERATION OF ENGLAND AND WALES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**3 INCOME**

Income is derived from members' subscriptions, shared between the National Board and Branches.

	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
Retained by the National Board	28,503	24,547
Retained by the Branch Boards	5,047	5,803
	<u>33,550</u>	<u>30,350</u>

**4 MEMBERS' LEGAL FEES**

	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
CICA CLAIMS	107	83
CIVIL CLAIMS	2,540	418
CRIMINAL CASES	2,139	1,524
DEFAMATION	(298)	614
DISCIPLINE	2,713	2,498
EMPLOYMENT TRIBUNALS	2,259	2,948
PROFESSIONAL INDEMNITY	623	119
INQUESTS	401	719
JUDICIAL REVIEWS	449	367
OTHER COSTS	2,710	1,888
	<u>13,643</u>	<u>11,178</u>

**5 NATIONAL BOARD EXPENDITURE**

	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
Payroll Costs	6,578	5,398
IT Support Contracts, Hardware and Accessories	4,487	2,129
Professional Fees	1,986	2,069
Depreciation	3,632	2,146
Travel & Subsistence Costs	102	1,039
Communications & Events	576	371
National Board Salaries and ARP	830	637
Premises Costs	611	719
Federation House Costs	945	327
Insurance Costs	599	416
Death benefits paid to Members	310	347
Audit Fee*	125	100
Other Costs	511	501
	<u>21,292</u>	<u>16,199</u>

\*Audit Fees are payable to the organisation's auditor for the audit of the organisation's annual accounts.

**POLICE FEDERATION OF ENGLAND AND WALES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6 BRANCH EXPENDITURE**

	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
AVON & SOMERSET	150	125
BEDFORDSHIRE	94	119
CAMBRIDGESHIRE	157	88
CHESHIRE	178	139
CITY OF LONDON	15	21
CLEVELAND	125	79
CUMBRIA	70	52
DERBYSHIRE	109	78
DEVON & CORNWALL	234	316
DORSET	101	105
DURHAM	114	100
DYFED POWYS	89	104
ESSEX	198	259
GLOUCESTERSHIRE	79	71
GREATER MANCHESTER	311	309
GWENT	59	58
HAMPSHIRE	285	243
HERTFORDSHIRE	107	85
HUMBERSIDE	75	106
KENT	203	183
LANCASHIRE	256	183
LEICESTERSHIRE	136	136
LINCOLNSHIRE	79	77
MERSEYSIDE	449	456
METROPOLITAN	808	762
NORFOLK	175	183
NORTH WALES	48	39
NORTH YORKSHIRE	99	90
NORTHAMPTONSHIRE	77	83
NORTHUMBRIA	265	225
NOTTINGHAMSHIRE	120	127
SOUTH WALES	173	174
SOUTH YORKSHIRE	226	199
STAFFORDSHIRE	101	119
SUFFOLK	112	149
SURREY	130	173
SUSSEX	162	156
THAMES VALLEY	334	265
WARWICKSHIRE	79	72
WEST MERCIA	113	81
WEST MIDLANDS	479	457
WEST YORKSHIRE	333	440
WILTSHIRE	70	65
TOTAL	<u>7,577</u>	<u>7,351</u>

**POLICE FEDERATION OF ENGLAND AND WALES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**7 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
Charge for the Year	15	-
Prior year adjustments	186	-
	201	-
Deferred tax movement	(47)	-35
	154	-35

**8 TANGIBLE FIXED ASSETS**

	Freehold Property £ '000	Leasehold Property £ '000	Plant & Machinery £ '000	Furniture & Fittings £ '000	Computer & Equipment £ '000	Motor Vehicles £ '000	Total £ '000
<b>Cost</b>							
At 31 December 2020	34,924	3,512	3,074	4,085	15,361	32	60,988
Additions	274	81	5	525	1,336	59	2,280
At 31 December 2021	35,198	3,593	3,079	4,610	16,697	91	63,268
<b>Depreciation</b>							
At 31 December 2020	(2,102)	(433)	(2,514)	(3,446)	(10,099)	(32)	(18,626)
Provided in the year	(584)	(67)	(215)	(153)	(2,902)	(8)	(3,929)
At 31 December 2021	(2,686)	(500)	(2,729)	(3,599)	(13,001)	(40)	(22,555)
<b>Net Book Value</b>							
At 31 December 2020	32,822	3,079	560	639	5,262	-	42,362
At 31 December 2021	32,512	3,093	350	1,011	3,696	51	40,713



**POLICE FEDERATION OF ENGLAND AND WALES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**9 INVESTMENTS**

<b>ENTITY</b>	<b>2020 Market Value</b>	<b>Net Deposits / (Withdraw)</b>	<b>Return on investments</b>	<b>2021 Market Value</b>
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
NATIONAL BOARD	9,321	(2,244)	1,100	8,177
AVON & SOMERSET	256	(7)	-	249
BEDFORDSHIRE	-	-	-	-
CAMBRIDGESHIRE	241	(30)	22	233
CHESHIRE	-	-	-	-
CITY OF LONDON	-	-	-	-
CLEVELAND	-	-	-	-
CUMBRIA	-	-	-	-
DERBYSHIRE	59	-	3	62
DEVON & CORNWALL	-	-	-	-
DORSET	-	-	-	-
DURHAM	-	-	-	-
DYFED POWYS	-	-	-	-
ESSEX	320	-	11	331
GLOUCESTERSHIRE	167	-	20	187
GREATER MANCHESTER	671	-	53	724
GWENT	0	-	0	0
HAMPSHIRE	527	-	70	597
HERTFORDSHIRE	374	-	36	410
HUMBERSIDE	-	-	-	-
KENT	-	-	-	-
LANCASHIRE	790	133	21	944
LEICESTERSHIRE	328	(14)	32	346
LINCOLNSHIRE	113	-	15	128
MERSEYSIDE	370	-	24	394
METROPOLITAN	5,874	1	635	6,510
NORFOLK	-	-	-	-
NORTH WALES	856	-	8	864
NORTH YORKSHIRE	-	-	-	-
NORTHAMPTONSHIRE	-	-	-	-
NORTHUMBRIA	-	-	-	-
NOTTINGHAMSHIRE	-	-	-	-
SOUTH WALES	-	-	-	-
SOUTH YORKSHIRE	152	-	11	163
STAFFORDSHIRE	-	-	-	-
SUFFOLK	223	-	31	254
SURREY	363	-	25	388
SUSSEX	135	-	11	146
THAMES VALLEY	-	-	-	-
WARWICKSHIRE	-	-	-	-
WEST MERCIA	538	(268)	28	298
WEST MIDLANDS	2,342	-	339	2,681
WEST YORKSHIRE	831	(57)	57	831
WILTSHIRE	318	-	39	357
<b>TOTAL</b>	<b>25,169</b>	<b>(2,486)</b>	<b>2,591</b>	<b>25,274</b>

**POLICE FEDERATION OF ENGLAND AND WALES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**10 INVESTMENT PROPERTIES**

<b>ENTITY</b>	<b>2020 Market Value</b>	<b>Additions /Disposals</b>	<b>Depreciation</b>	<b>2021 Market Value</b>
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
CAMBRIDGESHIRE	64	-	-	64
DEVON & CORNWALL	76	-	-	76
ESSEX	87	-	-	87
HAMPSHIRE	290	-	-	290
HERTFORDSHIRE	31	-	-	31
MERSEYSIDE	700	-	-	700
SOUTH YORKSHIRE	166	-	-	166
SURREY	-	36	-	36
SUSSEX	168	-	-	168
THAMES VALLEY	450	-	-	450
WEST YORKSHIRE	48	-	-	48
<b>TOTAL</b>	<b>2,080</b>	<b>36</b>	<b>-</b>	<b>2,116</b>

Investment properties comprise a number of holiday homes and caravans that are let out to members earning rental income. Changes in fair values are recognised as gains in profit or loss. All gains are unrealised.

**Fair value hierarchy and valuation technique**

The fair value of investment property was determined by observing completed sales of similar properties in the market. The fair value measurement for all the investment properties has been categorised as Level 2 fair value based on the inputs to the valuation technique used.

**POLICE FEDERATION OF ENGLAND AND WALES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11 CASH AND CASH EQUIVALENTS**

ENTITY	2020 £ '000	Movement £ '000	2021 £ '000
NATIONAL BOARD	809	(622)	187
AVON & SOMERSET	142	11	153
BEDFORDSHIRE	7	16	23
CAMBRIDGESHIRE	92	(27)	65
CHESHIRE	78	(2)	76
CITY OF LONDON	130	(23)	107
CLEVELAND	136	(30)	106
CUMBRIA	36	2	38
DERBYSHIRE	143	(9)	134
DEVON & CORNWALL	512	69	581
DORSET	60	24	84
DURHAM	14	(3)	11
DYFED POWYS	177	33	210
ESSEX	35	30	65
GLOUCESTERSHIRE	83	(20)	63
GREATER MANCHESTER	401	(16)	385
GWENT	112	(45)	67
HAMPSHIRE	167	7	174
HERTFORDSHIRE	72	(8)	64
HUMBERSIDE	20	5	25
KENT	61	17	78
LANCASHIRE	27	16	43
LEICESTERSHIRE	55	(20)	35
LINCOLNSHIRE	56	-	56
MERSEYSIDE	83	33	116
METROPOLITAN	1,634	(255)	1,379
NORFOLK	149	(6)	143
NORTH WALES	108	(44)	64
NORTH YORKSHIRE	57	(9)	48
NORTHAMPTONSHIRE	107	(32)	75
NORTHUMBRIA	82	(1)	81
NOTTINGHAMSHIRE	114	(21)	93
SOUTH WALES	372	(26)	346
SOUTH YORKSHIRE	77	(1)	76
STAFFORDSHIRE	43	(8)	35
SUFFOLK	199	(182)	17
SURREY	51	15	66
SUSSEX	319	(11)	308
THAMES VALLEY	740	(185)	555
WARWICKSHIRE	73	10	83
WEST MERCIA	-	2	2
WEST MIDLANDS	610	(150)	460
WEST YORKSHIRE	152	48	200
WILTSHIRE	56	18	74
<b>TOTAL</b>	<b>8,451</b>	<b>(1,400)</b>	<b>7,051</b>

**POLICE FEDERATION OF ENGLAND AND WALES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**12 DEBTORS AND PREPAYMENTS**

	2020 £ '000	Movement £ '000	2021 £ '000
Subscriptions Due	-	379	379
Debtors	1,695	(1,372)	323
Prepayments	594	(181)	413
Other	-	-	-
	<u>2,289</u>	<u>(1,174)</u>	<u>1,115</u>

**13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £ '000	Movement £ '000	2021 £ '000
Deferred Tax	331	667	998
Deferred Income	1	23	24
Bank overdraft (National Board)	-	490	490
Death Benefit	7	(7)	-
Mortgage Loan	385	(34)	351
Other Accrued Expenses	4,946	(3,636)	1,310
Trade Creditors	2,546	(50)	2,496
Other Creditors	-	365	365
Tax liability	-	201	201
	<u>8,216</u>	<u>(1,981)</u>	<u>6,235</u>

**14 PROVISION FOR LIABILITIES**

	2020 £ '000	Amounts Utilised £ '000	New Provisions £ '000	2021 £ '000
Provisions for Legal Cases	1,615	(1,058)	2,523	3,080
Other Provisions	352	(352)	87	87
	<u>1,967</u>	<u>(1,410)</u>	<u>2,610</u>	<u>3,167</u>

The provision for legal cases represents probable costs to be incurred either in the form of legal costs or settlement on behalf of the PFEW's members, where a transfer of economic benefit will arise in a future period. The declared amounts in Note 14 reflect reliable estimates following consultation with the PFEW's panel of legal firms.

**15 PFEW DEFINED BENEFIT PENSION SCHEME**

The value of the DB Scheme's gross assets as at 31 December 2020 amounted to £17,024k (2019: £16,222k). Due to a current deficit, the DB Scheme Trustees, with the agreement of the principal employer, have put in place a recovery plan. The most recent triennial valuation as at 31 December 2018 was completed on 11 December 2019. As a result of this valuation, the PFEW and DB Scheme Trustees agreed a Schedule of Contributions, which sets out the required contributions from the employer. Where the DB Scheme is in deficit, the Schedule of Contributions also includes required contributions from the employer to eliminate the deficit. The employer's deficit contributions have been agreed at an annual rate of £432k to 31 October 2023. Contributions are made in the form of monthly payment of £36k.

**POLICE FEDERATION OF ENGLAND AND WALES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**15 PFEW DEFINED BENEFIT PENSION SCHEME (continued)**

The DB Scheme pension schemes typically expose the group to risks such as:

- Investment risk – the schemes hold their investments in equities and bonds, the value of which fluctuates, whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.
- Interest rate risk – the schemes' liabilities are assessed using market rates of interest, based on corporate bond yields, to discount the liabilities and are therefore subject to any volatility in the movement of the market rate of interest.
- Inflation risk – a significant proportion of the benefits under the schemes is linked to inflation. Although the schemes' assets are expected to provide a good hedge against inflation over the long term, movements over the short term would increase the schemes' net deficit.
- Mortality risk – if members live longer than assumed, the liabilities may turn out to have been understated originally and a deficit may emerge if funding has not been adequately provided for the increased life expectancy.

The following tables disclose details of the PFEW's DB Scheme:

**Net pension statement:**

	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
Fair value of plan assets	17,816	17,024
Present value of defined benefit obligations	(16,387)	(18,265)
<b>Surplus/(deficit) in scheme</b>	<b>1,429</b>	<b>(1,241)</b>
<b>Net defined benefit asset/(liability)</b>	<b>1,429</b>	<b>(1,241)</b>

**Reconciliation of opening and closing balances of the fair value of plan assets:**

	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
<b>Fair value of plan assets at the start of the period</b>	<b>17,024</b>	<b>16,222</b>
Interest on assets	238	332
Company contributions	432	432
Contributions by Scheme participants	-	-
Benefits paid	(523)	(485)
Administration costs	-	-
Change due to settlements and curtailments	-	-
Return on assets less interest	645	523
<b>Fair value of plan assets at the end of the period</b>	<b>17,816</b>	<b>17,024</b>
<b>Actual return on assets</b>	<b>883</b>	

None of the fair values of the assets shown above include any direct investments in the PFEW's own financial instruments or any property occupied by, or other assets used by, the PFEW.

**POLICE FEDERATION OF ENGLAND AND WALES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**15 PFEW DEFINED BENEFIT PENSION SCHEME (continued)**

<b>The fair value of the plan assets was as follows:</b>	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
Equities	5,049	4,192
Bonds	4,214	4,136
Cash	365	695
Insured pensions	635	929
LDI	3,120	2,943
Multi asset	4,433	4,129
	<b><u>17,816</u></b>	<b><u>17,024</u></b>

<b>Reconciliation of opening and closing balances of the Defined Benefit Obligation:</b>	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
<b>Defined benefit obligation at the start of the period</b>	<b>18,265</b>	<b>16,666</b>
Current service costs	-	-
Contributions by scheme participants	-	-
Interest on liabilities	252	337
Benefits paid	(523)	(485)
Change due to settlements and curtailments	-	-
Experience (gain)/loss on liabilities	(1,283)	(133)
Changes to demographic assumptions	195	-
Changes to financial assumptions	(519)	1,880
<b>Defined benefit obligation at the end of the period</b>	<b><u>16,387</u></b>	<b><u>18,265</u></b>

<b>Sensitivity of the value placed on the liabilities</b>	<b>Approximate effect on liability</b>
	<b>£ '000</b>
<b>Discount rate</b>	
Discount rate -0.10%	300
<b>Inflation</b>	
Inflation +0.10%	260
<b>Mortality</b>	
Life expectancy + 1 year	874

<b>Defined benefit costs recognised in the Profit &amp; Loss Statement</b>	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
Current service cost	-	-
Administration costs	-	-
Interest on liabilities	252	337
Interest on assets	(238)	(332)
Past service costs	-	-
Settlement and curtailment cost	-	-
<b>Total costs recognised in the Statement of Financial Activities</b>	<b><u>14</u></b>	<b><u>5</u></b>

**POLICE FEDERATION OF ENGLAND AND WALES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**15 PFEW DEFINED BENEFIT PENSION SCHEME (continued)**

<b>Remeasurements over the period</b>	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
Loss/(gain) on assets in excess of interest	(645)	(523)
Experience losses/(gains) on liabilities	(1,283)	(133)
Losses/(gains) from changes to demographic assumptions	195	-
Losses/(gains) from changes to financial assumptions	(519)	1,880
<b>Total remeasurements</b>	<b><u>(2,252)</u></b>	<b><u>1,224</u></b>

<b>Projected Profit &amp; Loss account for next period</b>	<b>Period to 31 Dec 2022</b>
	<b>£ '000</b>
Current service cost	-
Administration costs	-
Interest on liabilities	314
Interest on assets	(347)
Past service costs	-
Settlement and curtailment cost	-
<b>Total charge to Profit and Loss</b>	<b><u>(33)</u></b>

**Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:**

	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
Discount rate	1.95%	1.40%
Inflation (RPI)	3.50%	3.00%
Pension increase (RPI (5%))	3.30%	2.90%
Life expectancy at aged 65 of male aged 45	23.4	23.3
Life expectancy at aged 65 of male aged 65	22.1	22.0
Life expectancy at aged 65 of female aged 45	25.3	25.3
Life expectancy at aged 65 of female aged 65	23.8	23.8
Commutation : % of members assumed to take the maximum tax free cash possible	80%	80%
Proportion married males/(females)	85%(75%)	85%(75%)

Post retirement mortality as at 31 Dec 2021:

101% of S3PMA and S3PFA\_M tables. CMI 2021 projections with a long-term improvement rate of 1.25% pa and smoothing parameter of 7.5

Post retirement mortality as at 31 Dec 2020:

101% of S3PMA and S3PFA\_M tables. CMI 2020 projections with a long-term improvement rate of 1.25% pa and smoothing parameter of 7.5

**POLICE FEDERATION OF ENGLAND AND WALES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**16 ELECTED NATIONAL OFFICIALS ENHANCEMENTS**

PFR2017 permits an enhanced salary to full time elected officials based at Federation House, representing additional responsibilities, additional hours worked, and time spent away from home. The amount paid for each role represents the difference in gross pay between their police salary (determined by rank and grade) and the approved salary for each role, per PFR2017. Further information is available at [www.polfed.org](http://www.polfed.org).

	<b>2021</b>	<b>2020</b>
Chair	25,266	24,856
National Secretary	25,266	24,856
Treasurer	16,615	16,345
Vice Chair	16,615	16,345
Deputy National Secretary	2,034	2,001
Deputy Treasurer	8,445	4,289
Head of Civil Claims	21,708	21,356
Head of Criminal Claims	16,615	16,345

**17 STAFF BASED AT FEDERATION HOUSE - COSTS AND NUMBERS**

	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
Wages and salaries	5,137	4,280
Social security costs	551	454
Other pension costs	332	316
Other costs	558	348
	<u>6,578</u>	<u>5,398</u>
Management and administration	97	98
Federation House hotel and manual	38	42
	<u>135</u>	<u>140</u>

**18 SUBSEQUENT EVENTS**

On the 6th of June 2023, Police Federation of England and Wales (PFEW) received the Employment Tribunal's judgment of the police pension discrimination claim, brought against PFEW. The Tribunal ruled in favour of the claimants on a number of claims and in July PFEW decided not to pursue an appeal against the judgment issued. The claimants' remedy will now be determined in the months ahead. PFEW will be taking a proactive approach to engage, rebuild bridges, learn lessons, and implement change.