

POLICE FEDERATION CONSTABLES' FUND

(Established 1st June 1955)

Police Act 1964

The Police Federation Regulations 1969, Part III

The Police Federation (Amendment) Regulations 2015

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2016

GEORGE HAY & COMPANY

**Chartered Accountants &
Statutory Auditors**

**83 Cambridge Street
Pimlico
London SW1V 4PS**

**POLICE FEDERATION CONSTABLES' FUND
FOR THE YEAR ENDED 31ST DECEMBER 2016**

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POLICE FEDERATION CONSTABLES' FUND
INFORMATION FOR THE YEAR ENDED 31ST DECEMBER 2016

CHAIRMAN	J. Willetts Federation House Highbury Drive Leatherhead Surrey KT22 7UY
GENERAL SECRETARY AND TREASURER	F. Nelson (to 22 nd March 2016) A. Duncan (from 23 rd March 2016) Federation House Highbury Drive Leatherhead Surrey KT22 7UY
TRUSTEES	T. McConnon Federation House Highbury Drive Leatherhead Surrey KT22 7UY
	J. Nott Federation House Highbury Drive Leatherhead Surrey KT22 7UY
	S. Palmer Federation House Highbury Drive Leatherhead Surrey KT22 7UY
BANKERS	National Westminster Bank Plc 10 Victoria Road Surbiton Surrey KT6 4JY
MANAGERS OF UNIT TRUST INVESTMENTS	Axis Financial Planning Ltd Hargam House 40 Sandhurst Road Wokingham Berkshire RG40 3JD
AUDITORS	George Hay & Company Chartered Accountants & Statutory Auditors 83 Cambridge Street Pimlico London SW1V 4PS

**POLICE FEDERATION CONSTABLES' FUND
TREASURER'S REPORT FOR THE
YEAR ENDED 31ST DECEMBER 2016**

On behalf of the Constables' Central Committee, I present the report and financial statements of the Police Federation Constables' Fund for the year ended 31st December 2016.

Work has continued on the merging of the Central Committees with a single National Board following the Police Federation Independent Review published in January 2014.

On 5th October 2016 our whole investment portfolio, with a value of £9,888,875 was transferred to the Police Federation Joint Fund. Including this transfer the deficit for the year was £10,682,993. There was a profit on the disposals of securities of £3,608,775.

From 1st January 2016 the Constables Central Committee received no proportion of subscription income.

Income from securities and deposit income totalled £216,031 compared with £206,175 in 2015.

There was a profit on the sale of a leasehold flat of £285,305.

Corporation tax of £46,218 has been accrued. We have informal clearance from HM Revenue and Customs that no gain will arise on assets transferred by the Central Committees to the merged body. There was an over provision of £6,259 for the 2015 liability.

At the 31st December 2016 we held net assets of £824,061.

Costs in the year of £2,710,687 were mainly made up of contributions to the Police Federation Joint Fund of £2,021,595 for legal costs, £101,700 to the Welfare Support Programme and £111,102 to the Believe in Blue Programme.



A. Duncan
Treasurer

Dated: 11 April 2017



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
POLICE FEDERATION CONSTABLES' FUND**

We have audited the Financial Statements of the Police Federation Constables' Fund for the year ended 31st December 2016, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, and the Related Notes. The Financial Statements have been prepared under the requirements of the Police Federation Regulations and Fund Rules and adopting the measurement principles of FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Fund's members, as a body. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them 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 Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the management committee and auditors

As explained more fully in the Statement of Management Committee's Responsibilities set out in the notes to the Financial Statements the management committee are responsible for the preparation of the Financial Statements and for being satisfied that they fairly reflect the state of the Fund's affairs as at 31st December 2016 and of its results for the year then ended.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the management committee; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Treasurer's Report 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- fairly reflect the state of the Fund's affairs as at 31st December 2016 and of its results for the year then ended;
- have been properly prepared in accordance with the measurement principles of United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Police Federation Regulations and Fund Rules.

George Hay & Company
Chartered Accountants &
Statutory Auditors
83 Cambridge Street
Pimlico
London SW1V 4PS

Date: 11 April 2017

POLICE FEDERATION CONSTABLES' FUND
INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016 £	2015 £
INCOME		
Amounts receivable from branch boards	-	16,562,758
Less payable to Police Federation Joint Fund	<u>-</u>	<u>15,496,242</u>
	-	1,066,516
EXPENDITURE		
Less Administration and premises (Note 8)	<u>2,710,687</u>	<u>3,569,158</u>
(Deficit) of branch board income over expenditure	(2,710,687)	(2,502,642)
OTHER INCOME		
Income from securities	212,557	194,447
Bank deposit interest	3,474	11,728
Leasehold flat rent received	<u>2,053</u>	<u>10,838</u>
	<u>218,084</u>	<u>217,013</u>
(Deficit) before gains	(2,492,603)	(2,285,629)
GAINS		
Profit on sale of leasehold flat	285,305	-
Profit on disposals of securities	<u>3,608,775</u>	<u>378,360</u>
Surplus/(Deficit) before taxation	1,401,477	(1,907,269)
Less Taxation	<u>(39,959)</u>	<u>(50,000)</u>
SURPLUS/DEFICIT FOR THE YEAR	<u><u>1,361,518</u></u>	<u><u>(1,957,269)</u></u>


**POLICE FEDERATION CONSTABLES' FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2016**

	2016 £	2015 £
Surplus/(Deficit) for the financial year	1,361,518	(1,957,269)
Investments Fair Value revaluation	(2,536,043)	(202,068)
Deferred tax	<u>380,407</u>	<u>30,310</u>
Total comprehensive (deficit) for the financial year	<u>(794,118)</u>	<u>(2,129,027)</u>

POLICE FEDERATION CONSTABLES' FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2016

	2016 £	2015 £
FIXED ASSETS		
Tangible fixed assets (Note 4)	797,519	886,594
Investments	<u>-</u>	<u>8,603,585</u>
	797,519	9,490,179
 CURRENT ASSETS		
Amount due from branch boards	-	(55)
Due from Police Federation Joint Fund	-	539,057
Debtors and prepaid expenses	1,239	21,997
Cash at bank and in hand	92,516	1,935,546
	<u>93,755</u>	<u>2,496,545</u>
 CURRENT LIABILITIES		
Creditors and accrued expenses	20,995	49,263
Corporation tax	46,218	50,000
Deferred tax	-	380,407
	<u>67,213</u>	<u>479,670</u>
 NET CURRENT ASSETS	<u>26,542</u>	<u>2,016,875</u>
NET ASSETS	<u>824,061</u>	<u>11,507,054</u>
 REPRESENTED BY		
Accumulated reserves	<u>824,061</u>	<u>11,507,054</u>

Signed  Chairman
 J. Willetts


 Treasurer
 A. Duncan

Dated: 11 April 2017

POLICE FEDERATION CONSTABLES' FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2016

	Accumulated reserves £	Fair Value Transition Reserve £	Total £
At 1st January 2015	11,308,687	2,327,394	13,636,081
Deficit and total comprehensive income for the year	(1,957,269)	(171,758)	(2,129,027)
At 31st December 2015	9,351,418	2,155,636	11,507,054
Surplus/(Deficit) and total comprehensive income for the year	1,361,518	(2,155,636)	(794,118)
	10,712,936	-	10,712,936
Investment Portfolio transferred to Police Federation Joint Fund prior to merger	(9,888,875)	-	(9,888,875)
At 31st December 2016	<u>824,061</u>	<u>-</u>	<u>824,061</u>

POLICE FEDERATION CONSTABLES' FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016 £	2015 £
Net cash (outflow) from operating activities (Note 5)	(2,166,525)	(1,988,267)
Returns on investments and servicing of finance:		
Interest received	3,474	11,728
Income from securities	212,557	194,447
Net cash inflow from returns on investments and servicing of finance	216,031	206,175
Taxation paid	(43,741)	(2,900)
Investing activities:		
Purchase of securities	(212,558)	(194,447)
Sale of securities	-	1,150,000
Sale of leasehold flat	363,763	-
Net Cash Inflow from investing activities	<u>151,205</u>	<u>955,553</u>
(Decrease) cash equivalents (Note 7)	<u>(1,843,030)</u>	<u>(829,439)</u>

POLICE FEDERATION CONSTABLES' FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including the measurement principles of Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), and with the Police Federation Regulations and Fund Rules. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

2. ACCOUNTING POLICIES

2.1 Depreciation

Depreciation has been calculated at rates required to write off the relevant assets over their anticipated useful lives. The applicable annual rates are as follows:

Leasehold Flats	equally over the remaining years of the lease
Fixtures and Fittings for Leasehold Flats	25% reducing balance basis
Office Furniture and Equipment	25% reducing balance basis

2.2 Taxation

Provision is made for Corporation Tax in respect of the Fund's liability to taxation on investment income, property income and chargeable gains.

Deferred tax is reserved on unrealised investment gains and is shown in the statement of comprehensive income.

2.3 Investments

These comprise investments in equities which are measured at market value. Changes in market value are recognised in the statement of comprehensive income.

2.4 Pensions

The Fund operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Fund in an independently administered fund. The pension charges represent amounts payable by the Fund in respect of the year. Any unpaid contributions are included in creditors.

3. STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES

Regulation 18(2) of the Police Federation Regulations requires the Committee, in relation to Federation funds held by it to keep accounts showing all monies received or paid out and to cause the financial statements for each year to be audited by an independent auditor. In causing the financial statements to be prepared, the Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- ensure that the financial statements are prepared on the going concern basis unless it is appropriate to presume otherwise.

The Committee is responsible for keeping proper accounting records and is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POLICE FEDERATION CONSTABLES' FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

4. **FIXED ASSETS**

	Leasehold Flats	Fixtures and Fittings for Leasehold Flats	Office Furniture and Equipment	Total
	£	£	£	£
Cost:				
At 1 st January 2016	953,259	79,547	270,630	1,303,436
Disposal	(79,950)	-	(270,630)	(350,580)
Impairment adjustment	-	(72,000)	-	(72,000)
At 31 st December 2016	<u>873,309</u>	<u>7,547</u>	-	<u>880,856</u>
Depreciation:				
At 1 st January 2016	71,362	78,124	267,356	416,842
Charge for Year	6,987	356	-	7,343
Disposal	(1,492)	-	(267,356)	(268,848)
Impairment adjustment	-	(72,000)	-	(72,000)
At 31 st December 2016	<u>76,857</u>	<u>6,480</u>	-	<u>83,337</u>
Net Book Value:				
At 31 st December 2016	<u>796,452</u>	<u>1,067</u>	-	<u>797,519</u>
At 31 st December 2015	<u>881,897</u>	<u>1,423</u>	<u>3,274</u>	<u>886,594</u>

5. **RECONCILIATION OF SURPLUS FOR THE YEAR
BEFORE TAXATION TO NET CASH INFLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Surplus/(Deficit) for year before taxation	1,401,477	(1,907,269)
Depreciation charged in year	7,343	8,634
(Decrease) in creditors	(28,268)	(226,876)
Decrease in debtors	559,760	721,779
Less Interest received in year	(3,474)	(11,728)
Income from securities	(212,557)	(194,447)
Profit on disposal of securities	(3,608,775)	(378,360)
Profit on sale of leasehold flat	(285,305)	-
Loss on disposal office equipment	<u>3,274</u>	-
	<u>(2,166,525)</u>	<u>(1,988,267)</u>

6. **ANALYSIS OF CHANGES IN CASH AND
CASH EQUIVALENTS DURING YEAR**

	2016 £	2015 £
Balance at 1 st January 2016	1,935,546	2,764,985
Net cash (outflow)	<u>(1,843,030)</u>	<u>(829,439)</u>
Balance at 31 st December 2016	<u>92,516</u>	<u>1,935,546</u>

7. **ANALYSIS OF THE BALANCES OF CASH AND
CASH EQUIVALENTS AS SHOWN IN BALANCE SHEET**

	2016 £	Change in Year £	2015 £
Cash at bank and in hand	<u>92,516</u>	<u>(1,843,030)</u>	<u>1,935,546</u>

POLICE FEDERATION CONSTABLES' FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

8. ADMINISTRATION AND PREMISES EXPENSES	2016	2015
	£	£
Audit and accountancy	8,400	10,110
Audit and accountancy under reserve previous year	5,429	-
Bank charges	32	636
Charity dinners	160	-
Clerical assistance	196,797	241,391
Computer and website costs	18,466	53,249
Consultants fees	136,989	537,794
Contribution to secretary's pay	19,819	19,568
Contribution to Police Federation Joint Fund		
Conference film	-	450,000
Contribution to Police Federation Joint Fund		
Parliamentary Working Group	-	64,000
Contribution to Police Federation Joint Fund		
Welfare Support Programme	101,700	35,999
Contribution to Police Federation Joint Fund		
Claims System	-	576,384
Contribution to Police Federation Joint Fund		
Legal costs	2,021,595	-
Contribution to Police Federation Joint Fund		
Believe in Blue Programme	111,102	-
Depreciation of office furniture and equipment	-	1,092
Donations:		
Haringey Police and Community Boxing Club	-	5,000
Police Firearms Officers Association	-	84,904
The Peelers Charitable Foundation (formerly		
The Constables Charitable Foundation)	-	1,150,000
Other	50	950
General expenses	1,159	2,640
Honoraria:		
Chairman	236	5,398
General Secretary and Treasurer	158	-
Other	945	26,009
Income tax on accommodation	3,102	32,340
Income tax on honoraria	-	21,846
Income tax on motor mileage allowances	-	4,833
Legal and professional fees	18,455	73,010
Leasehold flat expenses:		
Depreciation of fixtures and fittings	356	474
Depreciation of leasehold flats	6,987	7,068
Ground rent and council tax	6,860	5,515
Light and heat	2,602	1,980
Repairs, service charges and cleaning	2,988	7,679
Replacement fixtures and fittings	-	976
Loss on disposal of office equipment	3,274	-
Printing, postage and stationery	2,066	10,019
Repairs and maintenance of equipment	3,252	2,859
Retirement functions	-	744
Retirement gifts	318	1,140
Staff and committee training	13,067	1,456
Staff lunches	-	1,454
Staff superannuation	7,606	51,247
Telephone	1,480	1,801
Travelling and subsistence	15,237	77,593
	<u>2,710,687</u>	<u>3,569,158</u>

POLICE FEDERATION CONSTABLES' FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

9. CONTINGENT LIABILITY

There is a potential corporation tax liability of £455,000 on capital gains in the event of the merger not being completed.

POLICE FEDERATION CONSTABLES' FUND

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2016

TRUSTEES

The trustees as at 31st December 2016 were as follows:

T. McConnon
J. Nott
S. Palmer

INVESTMENTS

The whole investment portfolio was transferred to the Police Federation Joint Fund on the 5th October 2016. The funds held by the trustees at 31st December 2016 are £198 in the bank.

FUNDS

At 31st December 2016 the trustees held the following funds:

	31 st December 2016 £	31 st December 2015 £
National Westminster Bank Plc:		
Current Account	50	50
Deposit Account	148	148
Securities at market value (cost value: £nil [2015: £6,067,542])	<u>—</u>	<u>8,603,585</u>
	<u>198</u>	<u>8,603,783</u>

T. McConnon
J. Nott
S. Palmer
Trustees

Dated: 11 April 2017