



THE POLICE FEDERATION OF ENGLAND AND WALES

ANNUAL REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2017**

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2017

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GENERAL INFORMATION

CHAIR	Mr Steve White (Resigned 12/2017) Mr Calum Macleod (Appointed 1/2018, Resigned 7/2018) Mr John Apter (Appointed 8/2018)
NATIONAL SECRETARY	Mr Andrew Fittes (Resigned 9/2018) Mr Alex Duncan (Appointed 10/2018)
NATIONAL TREASURER	Mr Martyn Morecai (Resigned 7/2017) Mr Tim Packham (Appointed 8/2017, Resigned 8/2019) Mr Simon Kempton (Appointed 9/2019)
NATIONAL TRUSTEES	Mr Jon Nott Mr John Toomes (Resigned 6/2019) Mr Mark Trueman (Resigned 9/2018) Mr Ollie Abercrombie (Appointed 7/2019) Ms Sam Chughtai (Appointed 10/2018)
REGISTERED OFFICE	Federation House Highbury Drive Leatherhead 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

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 statements

These Financial Statements represent the first time the PFEW has reported a single, consolidated view of the financial position and operating activities for all entities of the PFEW. Historically (up to 2016) the central committees (Joint Central Committee, Inspectors Central Committee, Sergeants Central Committee and Constables Central Committee) along with all forty-three Branches prepared, reported and audited their financial information separately.

During 2019 the PFEW completed an exercise to determine the entities which constitute the PFEW and reported as 'Federation Accounts' - as required per PFR2017. These entities include all forty-three Federation Branches, along with the National Board (formerly known as the central committees). Following a thorough exercise, which included seeking independent legal advice, it was determined that group insurance trusts, healthcare schemes, benevolent funds and charities are not considered to belong to the PFEW and, as a result, do not form part of these Financial Statements. This is explained further in the Accounting Policies section.

As a result of the aforementioned restructuring and elimination activities, the financial information contained in these Financial Statements does not include a prior year comparison.

Normington Review and Financial Transformation

In 2013 the PFEW commissioned an independent panel, chaired by Sir David Normington GCB, to conduct a review (the 'Independent Review') to consider "whether any changes were required to its operation or structure in order to ensure that it continued to promote the public good as well as the interests and welfare of its members".

The panel's final report, the Police Federation Independent Review, was published in January 2014 and made 36 recommendations – aimed at improving trust and public accountability, transparency, professionalism and member services, including:

- The adoption of a revised core purpose which reflects the PFEW's commitment to act in the public interest; and

- Greater national oversight and transparency of the PFEW finances, including a requirement to publish all accounts and income and to co-ordinate resources centrally.

The final report was endorsed by the Home Affairs Select Committee (recommendation 3 of the Committee's Report, Reform of the Police Federation, 18th Report of Session 2013/14, HC11632) and by the then Home Secretary in the speech to the PFEW's 2014 annual conference. At that conference the PFEW accepted all 36 recommendations of the Independent Review.

In terms of implementation, over the past three years the PFEW has undergone significant transformation, including the following key initiatives:

- A full repeal and replace of the Police Federation regulations, resulting in the current version, effective 31 December 2017 – PFR2017;
- The establishment of an Internal Audit function, responsible for providing necessary assurance through independent reviews of all the PFEW's entities, policies, processes and systems;
- The establishment of an advisory group, comprising external, independent members, to provide support on strategic direction;
- A thorough exercise to determine what legal entities constitute the PFEW (the legal entities included within these Financial Statements);
- Financial transformation, including:
 - Redesign and implementation of a PFEW-wide process for budgeting and forecasting;
 - Redesign and implementation of a PFEW-wide process distributing members' subscriptions income between the National Board (the central body) and all forty-three Branches;
 - Unification of corporation tax and VAT registrations to reflect a single entity; and
 - A unified approach to the preparation of statutory Financial Statements, including a single, unified audit process.

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 between 1 January 2018 and 31 December 2019:

- Seventy-seven (77) reports covering all forty-three Federation Branches;
- Twenty-six (26) reports covering National Board Departments, Sub-Committees and central processes delivered from Federation House ('HQ'); and
- Seven (7) ad-hoc reports.

In addition to undertaking assurance activities, Internal Audit was also responsible for training of Branch Trustees and Branch Treasurers. In the period 1 January 2018 to 31 December 2019, CPD training was completed for seventy-eight (78) Branch Treasurers and Deputy Treasurers, and one hundred and seventy (170) Trustees.

Financial Activities

Total income in 2017 was £32,105k, comprising members' subscriptions of £29,249k, Federation House income of £995k, income deriving from commissions of £453k, income on investments of £949k and other income of £459k.

Total expenditure in 2017 was £34,451k, comprising of members' legal fees of £10,121k, other National Board expenditure of £13,633k, and Branch expenditure of £9,291k.

During 2017 there was a deficit of £3,796k before adjustments on investments. Combined with the deficit of income to expenditure, an increase in value of investments of £1,803k, income from investments of £949k and other income of £1,907k, resulted in a surplus of £863k. After accounting for an actuarial deficit on the defined benefit pension scheme of £1,406k, there was a decrease in funds of £493k.

At 31 December 2017 the PFEW held investments of £30,540k, comprising of £17,048k held by the National Board and £13,492k held by Branches. At 31 December 2017 the PFEW held cash of £11,990k, comprising of £946k held by the National Board and £11,044k held by Branches.

During the Internal Audit report relating to the Constables Central Committee, the PFEW identified some £1,300k which had been transferred to the 'Peelers Charity' in 2015. The PFEW was able to recover most of the monies, with the sum of £1,165k transferred back to the PFEW in July 2018 – these accounts recognise this sum in the balance sheet.

The Financial Statements and Balance Sheet, together with the Notes to the Financial Statements set out on pages 26 – 37, 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.

Statement of the National Treasurer's responsibilities

The National Treasurer has accepted responsibility for the preparation of these financial statements for the year ended 31 December 2017 which are intended by them to give a true and fair view of the state of affairs of the PFEW and of the profit or loss for that period. The accounts are prepared in accordance with 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

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- used the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The National Treasurer is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has 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.



Simon Kempton
National Treasurer – PFEW
25 May 2020

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 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the Cashflow Statement and related notes, including the accounting policies in Note 1.

In our opinion, except for the effect of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Federation's affairs as at 31 December 2017 and its loss 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.

Basis for qualified opinion

Recruitment of new members to the Federation and the collection of subscription income for all members is undertaken on behalf of the Federation by each of the relevant Police Forces in England and Wales. The Federation may, therefore, not be notified of changes to membership on a timely basis, nor may it have assurance that subscription income has been collected for all police officers who have signed up as members. There was no system of control over subscription income on which we could rely for the purposes of our audit and there were no other satisfactory audit procedures that we could adopt to obtain assurance over the completeness of the membership subscription income recorded in the financial statements, and of the completeness of related balance sheet items.

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 qualified 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').

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Federation will continue in operation.

Responsibilities of the National Treasurer

As explained more fully in the statement set out on pages 4 - 7, the National Treasurer of the Federation is responsible for: the preparation of the statutory accounts, which are intended by them to give a true and fair view; such internal control as they determine is necessary to enable the preparation of statutory accounts 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 -statutory accounts 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 non-statutory accounts.

A fuller description of our responsibilities is provided on the FRC's website at 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, as a body, 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

26 May 2020

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STATEMENT OF FINANCIAL ACTIVITIES

	Note	2017 £ '000
Income		
Subscription Income	1	29,249
Expenditure		
Members' Legal Fees	2	(10,121)
National Board Expenditure	3	(13,633)
Branch Expenditure	4	(9,291)
Deficit of subscription income over expenditure		(3,796)
Income from Investments		949
Other Income		1,907
Deficit before gains		(940)
Gains for the year		1,803
Surplus before tax and exceptional items		863
Taxation	5	0
Surplus for the financial year		863

The above results derive from continuing activities.

The Notes on pages 26 – 37 form part of these Financial Statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	2017 £ '000
Surplus for the financial year		863
Actuarial deficit on pension scheme valuation		(1,406)
Deferred tax	5	50
Total comprehensive deficit for the financial year		(493)

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STATEMENT OF FINANCIAL POSITION

	Note	1 January 2017 £ '000	31 December 2017 £ '000
Fixed assets			
Tangible assets	6	40,333	39,786
Investments	7	33,452	30,540
Investment Properties	8	801	801
		74,586	71,128
Current assets			
Cash and cash equivalents	9	11,798	11,990
Debtors and prepayments	10	3,401	2,824
Other		109	435
		15,308	15,249
Creditors: amounts falling due within one year	11	(6,824)	(6,857)
Net current assets		8,484	8,392
Total assets less current liabilities		83,070	79,520
Creditors: amounts falling due after more than one year			
Provisions for liabilities	12	(7,375)	(2,913)
Provision for Defined Benefit Pension Scheme		(2,565)	(3,970)
		(9,941)	(6,883)
Net assets		73,130	72,637
Accumulated reserves at 1 January			73,130
Profit and Loss Account			(493)
Accumulated reserves at 31 December		73,130	72,637

The Financial Statements were approved by the Audit Committee on 20th May 2020.

Signed on behalf of the PFEW by:



PFEW Chair



PFEW Treasurer

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STATEMENT OF CASHFLOWS

	2017
	£ '000
Cashflows from Operating Activities	
Deficit income for the financial year	(494)
Amortisation	1,151
Decrease in Corporation Tax Creditor	(29)
Decrease in Provisions	(3,058)
Decrease in Trade Creditors	(1,724)
Decrease in Stock	23
Increase in Accruals	1,487
Increase in Deferred Tax Creditor	39
Increase in Debtors	(182)
Decrease in Prepayments	759
Net cash used in Operating Activities	(2,028)
Cashflows from investment Activities	
Investment income	1,055
Investment gains for the year	1,803
Capex Additions	(598)
Net cash used in Investment Activities	2,260
Cashflows from Financing Activities	
Increase in Investments	25
Decrease in Loans	(70)
Other	5
Net cash used in Financing Activities	(40)
Net increase in cash and cash equivalents	192
Cash and cash equivalents as at 1 January 2017	11,798
Cash and cash equivalents as at 31 December 2017	11,990

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STATEMENT OF CHANGES IN EQUITY

	Accumulated reserves	Fair Value Transition Reserve	Total
	£ '000	£ '000	£ '000
At 1 January 2017	73,130	0	73,130
Deficit on total comprehensive income	(493)	0	(493)
At 31 December 2017	72,637	0	72,637

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CHANGES IN TOTAL NET ASSETS BETWEEN 2016 F45 STATEMENTS AND OPENING BALANCES 2017

ENTITY NAME	2016 F45	2017	INCREASE / (DECREASE)	
	£ '000	£ '000	£ '000	%
NATIONAL BOARD	40,080	39,457	(623)	(2%)
AVON & SOMERSET	978	709	(269)	(28%)
BEDFORDSHIRE	378	35	(343)	(91%)
CAMBRIDGESHIRE	648	559	(89)	(14%)
CHESHIRE	59	59	0	0%
CITY OF LONDON	167	167	0	0%
CLEVELAND	335	335	0	0%
CUMBRIA	58	58	0	0%
DERBYSHIRE	156	156	0	0%
DEVON & CORNWALL	827	827	0	0%
DORSET	198	198	0	0%
DURHAM	265	265	0	0%
DYFED POWYS	230	160	(70)	(30%)
ESSEX	1,236	1,236	0	0%
GLOUCESTERSHIRE	485	355	(130)	(27%)
GREATER MANCHESTER	1,471	1,457	(14)	(1%)
GWENT	252	195	(57)	(23%)
HAMPSHIRE	1,362	1,362	0	0%
HERTFORDSHIRE	382	382	0	0%
HUMBERSIDE	825	25	(800)	(97%)
KENT	2,004	825	(1,179)	(59%)
LANCASHIRE	1,143	819	(324)	(28%)
LEICESTERSHIRE	356	356	0	0%
LINCOLNSHIRE	275	275	0	0%
MERSEYSIDE	1,279	1,288	9	1%
METROPOLITAN	8,351	8,351	0	0%
NORFOLK	596	596	0	0%
NORTH WALES	1,185	913	(272)	(23%)
NORTH YORKSHIRE	115	115	0	0%
NORTHAMPTONSHIRE	458	458	0	0%
NORTHUMBRIA	192	192	0	0%
NOTTINGHAMSHIRE	392	211	(181)	(46%)
SOUTH WALES	758	335	(423)	(56%)
SOUTH YORKSHIRE	795	540	(255)	(32%)
STAFFORDSHIRE	1,396	60	(1,336)	(96%)
SUFFOLK	377	316	(61)	(16%)
SURREY	446	381	(65)	(15%)
SUSSEX	489	489	0	0%
THAMES VALLEY	2,194	1,788	(406)	(19%)
WARWICKSHIRE	404	361	(43)	(11%)
WEST MERCIA	1,610	741	(869)	(54%)
WEST MIDLANDS	3,198	3,198	0	0%
WEST YORKSHIRE	2,158	2,158	0	0%
WILTSHIRE	368	368	0	0%
TOTAL	80,931	73,131	(7,800)	(10%)

ACCOUNTING POLICIES

Basis of preparation

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.

These Financial Statements have been prepared in accordance with Financial Reporting Standard applicable in the United Kingdom (FRS 102), the PFEW 2017 Regulations ('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 an (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 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 liabilities, do not fall on the PFEW (including Branches). The impacts of this exercise do not affect the central entities (eg the National Board). There are a number of 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. 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 PFR2017. These include the National Board (comprising the entities

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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.

These Financial Statements represent the first report under the PFR2017. As a result, there is no applicable comparative period.

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

Going concern statement regarding Covid-19

The COVID-19 pandemic crisis and its economic effects means that all organisations need to consider carefully the impacts and risks. Whilst these Financial Statements represent the year ending 31 December 2017, the audit consideration and going concern statement is applicable for one year from the date of signing.

The PFEW has undertaken a cash flow assessment for the 12 months from the date of signing these financial statements. Regarding going concern, 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 taken into account:

- 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 is unaffected;
- Regarding consideration of supply chain impacts for the operation of Federation House, the hotel facility is operating on a limited basis and the training facility is currently closed;
- Employees, including staff based at Federation House and in Branches, are currently working from home, except in the case of hotel staff who have been furloughed;
- In addition to the Job Retention Scheme, under which certain staff have already been furloughed, the PFEW intends to access government initiatives offered as part its response to support UK businesses where required;

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- The PFEW has data in a secure cloud environment which is fully accessible when working remotely;
- The PFEW has implemented a number of cost saving initiatives whilst the uncertainties surrounding the COVID-19 pandemic remain;
- The PFEW does not hold any debt but has access to a credit facility of £500k from Natwest bank (undrawn at this time);
- The PFEW does not foresee any changes in Regulations resulting from Covid-19.

Accounting policies

The following accounting policies have been adopted for material items:

Income

Income is shown within four 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 Joint Central Committee and Branch Boards on a 70/30 basis. 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.

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, and insurance. Hosting events such as the annual conference are also categorised as National Board costs.

Brand Expenditure represents costs incurred by forty-three Branches in the running of the Branch office, including personnel (Branch staff), Federation officials' honoraria, travel and subsistence, office and premises costs.

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The purchase of assets under £2,000 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, other than freehold land, 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 - term of lease
- Freehold land & buildings - not depreciated

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.

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.

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.

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 property 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. Loans receivable 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 only has 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) as a result 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 (taking into account 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 either entered into by the National Board nor any Branch.

Employee benefits

The PFEW operates both a defined benefits pension scheme and a defined contribution pension 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 as a result of contributions and benefit payments.

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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 is able to 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 PFEW defined benefit scheme (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 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 2017. As at 31 December 2017 the DB Scheme had 114 members (2016: 116).

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 defined contribution scheme (the '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 straight-line basis over the period of the lease. The benefits of lease incentives are recognised in the income statement over the lease period.

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.

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. With the exception of changes arising on the initial recognition of a business combination, the tax expenses (income) is 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, and
- 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.

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 a combination of Federation House, Branch Office, remote working;
- c) full time officials based at a Branch Office;
- d) part time officials working in a combination of Branch and Police Force locations.

POLICE FEDERATION OF ENGLAND AND WALES
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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.

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

Subsequent events

Subsequent to the balance sheet date the following events occurred.

In March 2019 the PFEW suffered a cyber-attack that disabled all data, communications, finance and HR systems. As a result, this caused significant business disruption and a reallocation of resources (people and financial) into a rebuilding programme. This work was completed in November 2019. The PFEW is currently seeking recovery of damages against a previous IT service provider.

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 considered to be 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.

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 2017.

Going Concern

The financial planning process, including financial projections, has taken into consideration the current economic conditions and its potential impact on the various sources of income and planned expenditure. The National Treasurer considers that the PFEW has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the National Treasurer has adopted the going concern basis in preparing the 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 - 7 and elsewhere in the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - INCOME

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

	2017 £ '000
Retained by the National Board	20,474
Retained by the Branch Boards	8,775
	<hr/> 29,249 <hr/>

NOTE 2 - MEMBERS' LEGAL FEES

	2017 £ '000
CICA CLAIMS	104
CIVIL CLAIMS	(2,050)
CRIMINAL CASES	2,939
DEFAMATION	(104)
DISCIPLINE	2,784
EMPLOYMENT TRIBUNALS	2,921
PROFESSIONAL INDEMNITY	17
INQUESTS	81
JUDICIAL REVIEWS	164
GENERAL LEGAL COSTS	3,265
	<hr/> 10,121 <hr/>

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For the Year Ended 31 December 2017

NOTE 3 - NATIONAL BOARD EXPENDITURE

	2017
	£ '000
Payroll Costs	3,984
Professional Fees	2,543
IT Hardware and Accessories	2,208
Premises Costs	1,294
Meeting Costs	1,077
National Board Expenses Including Salaries	1,046
Federation House Costs	841
Annual Conference Costs	396
Member's Death Benefits	231
Elected Officers' Taxable Expenses	199
Plant and Equipment	197
Audit Fee	180
Insurance Costs	114
Additional Responsibility Payments	111
Other Costs	(788)
	<hr/>
	13,633
	<hr/>

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2017

NOTE 4 - BRANCH EXPENDITURE

BRANCH	Administrative Costs £ '000	% Branch Subscriptions Income
AVON & SOMERSET	125	65.6%
BEDFORDSHIRE	85	112.7%
CAMBRIDGESHIRE	82	86.1%
CHESHIRE	139	95.2%
CITY OF LONDON	25	52.2%
CLEVELAND	153	164.3%
CUMBRIA	93	117.2%
DERBYSHIRE	123	98.6%
DEVON & CORNWALL	473	220.1%
DORSET	131	143.1%
DURHAM	112	153.1%
DYFED POWYS	75	86.2%
ESSEX	221	106.2%
GLOUCESTERSHIRE	83	103.1%
GREATER MANCHESTER	505	110.3%
GWENT	83	115.8%
HAMPSHIRE	204	98.1%
HERTFORDSHIRE	172	125.0%
HUMBERSIDE	113	106.8%
KENT	204	94.9%
LANCASHIRE	239	115.5%
LEICESTERSHIRE	118	92.0%
LINCOLNSHIRE	103	130.9%
MERSEYSIDE	254	100.7%
METROPOLITAN	1,957	92.7%
NORFOLK	144	120.8%
NORTH WALES	55	52.4%
NORTH YORKSHIRE	85	87.4%
NORTHAMPTONSHIRE	127	145.5%
NORTHUMBRIA	302	130.7%
NOTTINGHAMSHIRE	142	102.9%
SOUTH WALES	194	93.8%
SOUTH YORKSHIRE	244	137.1%
STAFFORDSHIRE	105	88.8%
SUFFOLK	119	151.0%
SURREY	153	115.3%
SUSSEX	173	90.4%
THAMES VALLEY	209	69.4%
WARWICKSHIRE	42	73.7%
WEST MERCIA	115	78.0%
WEST MIDLANDS	761	127.7%
WEST YORKSHIRE	370	112.3%
WILTSHIRE	90	128.5%
TOTAL	9,291	

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For the Year Ended 31 December 2017

NOTE 5 - TAX ON PROFIT ON ORDINARY ACTIVITIES

	£ '000
Charge for the Year	0
Prior year adjustments	0
	<hr/>
	0
	<hr/>
Deferred tax movement	50
	<hr/>
	50
	<hr/>

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2017

NOTE 6 - TANGIBLE FIXED ASSETS

	Freehold Property	Leasehold Property	Mechanical Equipment	Computer Equipment	Furniture & Fittings	Office Equipment	Other Assets
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
<u>Cost</u>							
At 1 January 2017	34,648	3,592	3,009	5,913	3,484	1,115	241
Additions	597	0	18	103	28	0	0
Disposals	(147)	0	0	0	0	0	0
At 31 December 2017	35,098	3,592	3,027	6,016	3,512	1,115	241
<u>Depreciation</u>							
At 1 January 2017	(1,537)	(402)	(1,717)	(3,770)	(3,057)	(1,015)	(171)
Provided in the year	(17)	(13)	(197)	(909)	(8)	(4)	0
Disposals	2	0	0	0	0	0	0
At 31 December 2017	(1,552)	(415)	(1,914)	(4,679)	(3,065)	(1,019)	(171)
<u>Net Book Value</u>							
At 1 January 2017	33,111	3,190	1,292	2,143	427	100	70
At 31 December 2017	33,546	3,177	1,113	1,337	447	96	70

POLICE FEDERATION OF ENGLAND AND WALES
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NOTE 7 - INVESTMENTS

ENTITY	1 January 2017 Market Value £ '000	Net Deposits / (Withdrawals) £ '000	Returns on Investments £ '000	31 December 2017 Market Value £ '000
NATIONAL BOARD	20,837	(5,656)	1,869	17,050
AVON & SOMERSET	0	0	0	0
BEDFORDSHIRE	0	0	0	0
CAMBRIDGESHIRE	205	0	32	237
CHESHIRE	0	0	0	0
CITY OF LONDON	0	0	0	0
CLEVELAND	0	0	0	0
CUMBRIA	0	0	0	0
DERBYSHIRE	0	50	1	51
DEVON & CORNWALL	83	0	5	88
DORSET	149	0	11	160
DURHAM	0	0	0	0
DYFED POWYS	0	0	0	0
ESSEX	0	0	0	0
GLOUCESTERSHIRE	148	0	12	160
GREATER MANCHESTER	540	0	34	574
GWENT	0	0	0	0
HAMPSHIRE	492	0	34	526
HERTFORDSHIRE	330	0	29	359
HUMBERSIDE	0	0	0	0
KENT	0	(7)	0	(7)
LANCASHIRE	680	0	104	784
LEICESTERSHIRE	301	0	4	305
LINCOLNSHIRE	0	0	0	0
MERSEYSIDE	177	0	15	192
METROPOLITAN	4,173	58	363	4,594
NORFOLK	0	0	0	0
NORTH WALES	561	75	51	687
NORTH YORKSHIRE	58	0	(6)	52
NORTHAMPTONSHIRE	209	3	15	227
NORTHUMBRIA	0	0	0	0
NOTTINGHAMSHIRE	0	0	0	0
SOUTH WALES	0	0	0	0
SOUTH YORKSHIRE	158	0	8	166
STAFFORDSHIRE	0	0	0	0
SUFFOLK	288	(36)	25	277
SURREY	325	0	22	347
SUSSEX	254	50	21	325
THAMES VALLEY	0	0	0	0
WARWICKSHIRE	0	0	0	0
WEST MERCIA	450	(150)	19	319
WEST MIDLANDS	1,939	0	33	1,972
WEST YORKSHIRE	818	(50)	33	801
WILTSHIRE	277	0	18	295
TOTAL	33,452	(5,663)	2,752	30,540

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NOTE 8 - INVESTMENT PROPERTIES

ENTITY	1 January 2017 Market Value £ '000	Additions / Disposals £ '000	Depreciation / Revaluation £ '000	31 December 2017 Market Value £ '000
NATIONAL BOARD	0	0	0	0
AVON & SOMERSET	0	0	0	0
BEDFORDSHIRE	0	0	0	0
CAMBRIDGESHIRE	0	0	0	0
CHESHIRE	0	0	0	0
CITY OF LONDON	0	0	0	0
CLEVELAND	0	0	0	0
CUMBRIA	0	0	0	0
DERBYSHIRE	0	0	0	0
DEVON & CORNWALL	165	0	0	165
DORSET	0	0	0	0
DURHAM	0	0	0	0
DYFED POWYS	0	0	0	0
ESSEX	0	0	0	0
GLOUCESTERSHIRE	0	0	0	0
GREATER MANCHESTER	0	0	0	0
GWENT	0	0	0	0
HAMPSHIRE	0	0	0	0
HERTFORDSHIRE	0	0	0	0
HUMBERSIDE	0	0	0	0
KENT	0	0	0	0
LANCASHIRE	0	0	0	0
LEICESTERSHIRE	0	0	0	0
LINCOLNSHIRE	0	0	0	0
MERSEYSIDE	467	0	0	467
METROPOLITAN	0	0	0	0
NORFOLK	0	0	0	0
NORTH WALES	0	0	0	0
NORTH YORKSHIRE	0	0	0	0
NORTHAMPTONSHIRE	0	0	0	0
NORTHUMBRIA	0	0	0	0
NOTTINGHAMSHIRE	0	0	0	0
SOUTH WALES	0	0	0	0
SOUTH YORKSHIRE	170	0	0	170
STAFFORDSHIRE	0	0	0	0
SUFFOLK	0	0	0	0
SURREY	0	0	0	0
SUSSEX	0	0	0	0
THAMES VALLEY	0	0	0	0
WARWICKSHIRE	0	0	0	0
WEST MERCIA	0	0	0	0
WEST MIDLANDS	0	0	0	0
WEST YORKSHIRE	0	0	0	0
WILTSHIRE	0	0	0	0
TOTAL	801	0	0	801

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2017

NOTE 9 - CASH AND CASH EQUIVALENTS

ENTITY	1 January 2017	Movement	31 December 2017
	£ '000	£ '000	£ '000
NATIONAL BOARD	781	299	1,080
AVON & SOMERSET	371	67	438
BEDFORDSHIRE	27	4	31
CAMBRIDGESHIRE	134	2	136
CHESHIRE	52	15	67
CITY OF LONDON	132	12	144
CLEVELAND	212	(56)	156
CUMBRIA	40	21	61
DERBYSHIRE	119	(22)	97
DEVON & CORNWALL	452	(156)	296
DORSET	91	(46)	45
DURHAM	231	66	297
DYFED POWYS	149	79	228
ESSEX	559	(3)	556
GLOUCESTERSHIRE	23	16	39
GREATER MANCHESTER	316	15	331
GWENT	169	(126)	43
HAMPSHIRE	392	(108)	284
HERTFORDSHIRE	75	5	80
HUMBERSIDE	42	(25)	17
KENT	554	73	627
LANCASHIRE	38	(16)	22
LEICESTERSHIRE	161	(70)	91
LINCOLNSHIRE	308	15	323
MERSEYSIDE	384	9	393
METROPOLITAN	1,888	279	2,167
NORFOLK	590	(482)	108
NORTH WALES	112	(44)	68
NORTH YORKSHIRE	58	13	71
NORTHAMPTONSHIRE	95	11	106
NORTHUMBRIA	0	0	0
NOTTINGHAMSHIRE	85	(6)	79
SOUTH WALES	250	12	262
SOUTH YORKSHIRE	164	(87)	77
STAFFORDSHIRE	82	10	92
SUFFOLK	62	18	80
SURREY	40	21	61
SUSSEX	176	45	221
THAMES VALLEY	1,303	147	1,450
WARWICKSHIRE	20	14	34
WEST MERCIA	159	89	248
WEST MIDLANDS	600	10	610
WEST YORKSHIRE	207	71	278
WILTSHIRE	95	1	96
TOTAL	11,798	192	11,990

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For the Year Ended 31 December 2017

NOTE 10 - DEBTORS AND PREPAYMENTS

	1 January 2017	Movement	31 December 2017
	£ '000	£ '000	£ '000
Subscriptions Due	418	0	418
Debtors	988	182	1,170
Prepayments	1,995	(759)	1,236
	3,401	(577)	2,824

NOTE 11 - CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1 January 2017	Movement	31 December 2017
	£ '000	£ '000	£ '000
Deferred Tax	327	39	366
Deferred Income	1	0	1
Death Benefit	7	0	7
Mortgage Loan	455	(70)	385
Other Accrued Expenses	2,876	1,487	4,363
Trade Creditors	3,064	(1,724)	1,340
Other Creditors	94	301	395
	6,824	33	6,857

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For the Year Ended 31 December 2017

NOTE 12 - PROVISION FOR LIABILITIES

	1 January 2017 £ '000	Amounts Utilised £ '000	New Provisions £ '000	31 December 2017 £ '000
Deferred Tax	685	(53)	0	632
Federation House Dilapidations	564	0	478	1,042
Change Programme	404	(404)	0	0
Legal Provision - Case 6	2,200	(2,200)	0	0
Legal Provision - Case 7	50	(0)	0	50
Legal Provision - Case 22	1,100	(743)	0	357
Legal Provision - Case 23	210	(124)	0	86
Legal Provision - Case 25	1,400	(1,400)	0	0
Legal Provision - Case 26	75	0	0	75
Legal Provision - Case 27	175	(72)	0	103
Legal Provision - Case 28	200	(200)	0	(0)
Legal Provision - Case 29	150	(2)	0	148
Legal Provision - Other cases and pension liability	2,782	1,663	0	4,391
	<u>9,941</u>	<u>(3,535)</u>	<u>478</u>	<u>6,883</u>

NOTE 13 – PFEW DEFINED BENEFIT PENSION SCHEME

The value of the DB Scheme's net assets as at 31 December 2017 amounted to £13,434k. Due to a current deficit, the DB Scheme Trustees, with the agreement of the principal employer, have put in place a recovery plan. The employer's deficit contributions have been agreed at an annual rate of £432k to 30 November 2022. Contributions are made in the form of monthly payment of £36k.

During the year the PFEW contributed a total of £27k to the DC Scheme for 94 employees (past and present), comprising of employee contributions of £10k and employer contributions of £17k.

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

Net pension statement:

	2017 £ '000
Market value of plan assets	13,434
Defined benefit obligation	(16,546)
Net pension deficit	<u>(3,112)</u>

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Movements in present value of defined benefit obligation:

	£ '000
Net pension deficit at 1 January 2017	(3,970)
Interest on deficit	(93)
Contributions less expenses plus interest	455
Expected deficit at 31 December 2017	<u>(3,608)</u>
Actual less expected investment returns	751
Change in financial assumptions	(301)
Other items of experience	46
Annual deficit at 31 December 2017	<u>(3,112)</u>

Movements in fair value of plan assets:

	£ '000
Market value at 1 January 2017	12,237
Contributions less benefits paid	39
Return on investments	1,158
Market value at 31 December 2017	<u>13,434</u>

The fair value of the plan assets and the return on those assets were as follows:

	£ '000
Dividend from equities	202
Income from bonds	12
Income from pooled investment vehicles	97
Income from other investments	56
Income from annuities *	90
Interest on cash deposits	0
	<u>457</u>

* The value of income and benefits paid in 2017 was £90,000.

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

	2017
Investment return:	
- before retirement	3.6%
- after retirement	1.7%
Retail price inflation (RPI)	3.1%
Pension increases:	
- RPI maximum 5%	3.0%
Deferred pension revaluation RPI max 5%	3.1%

NOTE 14 - 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.

Chairperson	24,199
General Secretary	28,944
Treasurer	28,319
Vice Chairperson	19,234
Deputy General Secretary	22,749
Deputy Treasurer	3,545
Ex-member	(15,626)
	<hr/>
	113,364
	<hr/>

NOTE 15 - STAFF BASED AT FEDERATION HOUSE - COSTS AND NUMBERS

	£ '000
Wages and salaries	3,098
Social security costs	275
Other pension costs	611
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	3,984
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Management and administration	77
Federation House hotel and manual	54
	<hr/>
	131
	<hr/>