



THE POLICE FEDERATION OF ENGLAND AND WALES

ANNUAL REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2023**

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2023

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POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2023

GENERAL INFORMATION

NATIONAL CHAIR	Ms Tiffany Lynch (Appointed 1 July 2025) Mr Steve Hartshorn (Retired 30 June 2025)
DEPUTY NATIONAL CHAIR	Mr Brian Booth (Appointed 1 September 2025)
NATIONAL SECRETARY	Mr John Partington (Appointed 1 September 2025) Mr Calum Macleod (Retired 31 August 2025)
DEPUTY SECRETARY & TREASURER (HON.)	Ms Melanie Warnes (Appointed 1 September 2025)
NATIONAL TREASURER	Mr Simon Kempton (Retired 31 August 2025)
NATIONAL TRUSTEES	Mr Jon Nott Mr Mark Foster (Appointed 28 February 2025) Mr William Rumford (Appointed 28 February 2025) Mr Oliver Abercrombie (Resigned 28 February 2025) Ms Sameena K Chughtai (Resigned 28 February 2025)
CHIEF EXECUTIVE OFFICER	Mr Mukund Krishna (appointed 5 July 2023)
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

FOREWORD BY THE CHIEF EXECUTIVE OFFICER

I was appointed Chief Executive Officer of the Police Federation of England and Wales ('PFEW') in July 2023 - during a period of unprecedented challenge and change for the organisation. In June, the Employment Tribunal issued its judgment in the police pension discrimination claim, a case that exposed serious failings and prompted intense scrutiny. At the same time, the Federation was still addressing the consequences of a historic data breach from 2019, which remained the subject of ongoing litigation.

These events dominated the second half of 2023 and are reflected in this year's financial statements. While the settlements that followed will have a significant impact on our reserves over 2024 and 2025, the decisions taken - difficult as they were - have enabled the Federation to move forward with greater clarity. At the date of signing, both matters have been resolved, within our financial capacity and without compromising core services to members.

Despite these pressures, the underlying health of the organisation remained resilient throughout 2023. Subscription income increased to nearly £40 million, supported by growth in membership and the inclusion of special constables. Legal expenditure was reduced while maintaining high-quality representation. And our investment portfolio recovered well, following a volatile period in global markets. These fundamentals give us confidence as we plan ahead.

We have enabled effective negotiation on pay and working conditions by using evidence-based research and subject matter expertise to establish a robust negotiating position. A different approach was adopted by partnering with the Social Market Foundation (SMF) think tank, which contributed to a successful pay award of 7% in 2023. One major achievement has been the implementation of a rolling 3-year review of allowances, and we have also delivered an increase to annual leave from April 2025 and improvements to Police Adoption pay.

That future is already taking shape. In 2024, we commissioned an independent review to examine the root causes of recent failings and to provide a roadmap for meaningful reform. Its recommendations underpin Operation Peridot, our new three-year transformation programme launched in summer 2025. This programme marks a strategic reset for One Federation - centred around four pillars: Our People, Governance, Resilience, and Service Delivery.

Our ambition is clear: to rebuild One Federation as a transparent, member-focused organisation - credible, accountable, and fit for purpose.

This report reflects a year of consequence, but also of commitment. We have taken responsibility. We have confronted the difficult truths. And now, we are acting to change. The work is underway - and we are approaching it with urgency, discipline, and resolve.



Mukund Krishna
Chief Executive Officer

REPORT OF THE 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.

Financial Statements

These Financial Statements represent the combined 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/>.

These Financial Statements have been prepared on a going concern basis. The 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. Cash flow forecasts have been prepared to cover that period, taking into consideration the potential risks, assumptions, and uncertainties, including those arising from the pensions and data breach claims.

Principal events: Pension Claim

On the 6th of June 2023 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 2023 PFEW decided not to pursue an appeal against the judgment issued. Settlement of the claim has been agreed at £23.7m, which is recognised in these Financial Statements. As of the date of signing these Financial Statements the settlement has been paid in full.

Subsequent events: Data Breach Claim

In 2025 PFEW decided to settle litigation in relation to two ransomware cyber-attacks. These attacks occurred in March 2019, during which the hackers accessed the PFEW's systems and encrypted several of its databases, making them inaccessible to the PFEW. Claimants alleged PFEW failed to ensure the security of their personal data as required by General Data Protection Regulation (GDPR) and the Data Protection Authority (DPA), and/or the misuse of their private information arising from the alleged unlawful processing of their personal data.

In order to move forward with change, free from the uncertainty of the litigation the decision was made in 2025 to settle. Given the actual incidences took place over six years ago, the litigation was proving to be a distraction, taking away focus and effort that should be directed to serving the membership. The settlement is without any admission of liability for the incidences and is for a total of £15m.

REPORT OF THE TREASURER (continued)

Future developments

PFEW has embarked on a transformation plan which incorporates recommendations from an independent review and other strategic objectives. This programme marks a strategic reset for One Federation - centred around four pillars: Our People, Governance, Resilience, and Service Delivery. The ambition is clear: to rebuild One Federation as a transparent, member-focused organisation - credible, accountable, and fit for purpose.

The environment in which we operate continues to present significant legislative and regulatory challenges, which impacts all litigation concerning the organisation. We continue to strengthen the day-to-day management and governance surrounding all claims and have established robust dispute resolution solutions to address governance issues before they escalate.

Financial activities

Total members' subscriptions income in 2023 was £39,968k (2022: £37,247k). The resulting increase was due to a combination of the following factors;

(i) In July 2022, PFEW opened its membership to all serving special constables after a decades long campaign to have this possibility written into legislation. This increased our membership numbers and is a welcome additional source of income.

(ii) There was organic growth in membership numbers resulting from an increase in officers across the country.

Total expenditure in 2023 was £45,062k (2022: £45,324k), comprising of members' legal fees of £11,739k (2022: £12,982k), other National Board expenditure of £24,597k (2022: £21,926k), and Branch expenditure of £8,726k (2022: £10,416k). The legal team has worked tirelessly in their efforts to recover costs where possible, and this has yielded significant benefits with a 10% decrease in legal fees from 2022.

National Board expenditure increased by 12% from 2022. The two main drivers of this increase relate to professional fees and staff costs given the continued investment in our systems and people who serve the members and continued efforts to professionalise the organisation.

Recognising the pension claim settlement liability of £23,667k in the year has had a significant impact on our National Reserve fund, resulting in a deficit for the financial year of £22,906k (2022: £7,880k).

Our investment portfolio across the organisation recovered well from 2022 where a global downturn was experienced on all stock markets following the COVID-19 pandemic. Total investments held as at 31 December 2023 were £23,938k up from £21,560k, of which the National Board held £8,733k (2022: £6,914k) and the Branches held £15,205k (2022: £14,646k).

On 31 December 2023 the PFEW held cash and equivalents of £6,864k (2022: £7,129k), showing a slight decrease from prior year.

The Financial Statements, together with the accompanying notes set out on pages 16–38, present the overall financial performance of the PFEW and provide an analysis of the resources arising and used

POLICE FEDERATION OF ENGLAND AND WALES

For the Year Ended 31 December 2023

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 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 then apply 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 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 intended to liquidate the Federation or to cease operations, or had 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.

Melanie Warnes

Melanie Warnes
Treasurer - PFEW
19 December 2025

INDEPENDENT AUDITOR'S REPORT TO THE POLICE FEDERATION OF ENGLAND AND WALES

Opinion

We have audited the financial statements of the Police Federation of England and Wales ("the Federation") for the year ended 31 December 2023 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 note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Federation's affairs as at 31 December 2023 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 (PFR2017).

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 have 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.

INDEPENDENT AUDITOR'S REPORT TO THE POLICE FEDERATION OF ENGLAND AND WALES
(continued)

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:

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

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 knowledge 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 relating to transactions with bank accounts under the control of officers of the Federation’s branches, but not included within the financial statements (“excluded accounts”), where there is a transfer of funds out of a Federation account to an excluded accounts.
- 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 management (as required by auditing standards), and discussed with 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.

INDEPENDENT AUDITOR'S REPORT TO THE POLICE FEDERATION OF ENGLAND AND WALES
(continued)

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE POLICE FEDERATION OF ENGLAND AND WALES
(continued)

Responsibilities of the National Treasurer

As explained more fully in the statement set out on page 7 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.

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

Our report has been prepared solely for the Federation in accordance with Regulation 21.2(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

22 December 2025

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2023

STATEMENT OF FINANCIAL ACTIVITIES

	Note	2023 £ '000	2022 £ '000
Income			
Subscription income	3	39,968	37,247
Expenditure			
Members' legal fees	5	(11,739)	(12,982)
National Board expenditure	6	(24,597)	(21,926)
Branch expenditure	7	(8,726)	(10,416)
		(45,062)	(45,324)
Deficit of subscription income over expenditure		(5,094)	(8,077)
Fair value gains / (losses) from investments		1,223	(3,232)
Other income	4	3,634	3,429
Deficit before taxation and exceptional items		(237)	(7,880)
Claim settlement	9	(23,667)	-
Deficit before taxation		(23,904)	(7,880)
Taxation	8	998	-
Deficit for the financial year		(22,906)	(7,880)

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	2023 £ '000	2022 £ '000
Deficit for the financial year		(22,906)	(7,880)
Actuarial deficit on pension scheme in the year	18	(794)	(324)
Total comprehensive deficit for the financial year		(23,700)	(8,204)

The accompanying notes form part of these Financial Statements.

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2023

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2023 £ '000	31 December 2022 £ '000
Fixed assets			
Tangible assets	10	36,613	38,149
Net defined benefit asset	18	1,295	1,569
Investments	11	23,938	21,560
Investment properties	12	1,739	2,115
		63,585	63,393
Current assets			
Cash and cash equivalents	13	6,864	7,129
Debtors and prepayments	14	1,630	1,290
Other		148	56
		8,642	8,475
Creditors: amounts falling due within one year			
Creditors	15	(9,400)	(8,430)
Provisions for liabilities	16(a)	(5,969)	-
		(15,369)	(8,430)
Net current (liabilities) / assets		(6,727)	45
Total assets less current liabilities		56,858	63,438
Creditors: amounts falling due after more than one year			
Provisions for liabilities	16(b)	(20,490)	(3,223)
Other liabilities	17	(182)	-
		(20,672)	(3,223)
Net assets		36,186	60,215
Accumulated reserves at 31 December 2022		60,215	68,351
Deficit for the year		(22,906)	(7,880)
Actuarial deficit on pension scheme valuation		(794)	(324)
Adjustment to branch equity		(329)	68
Accumulated reserves at 31 December 2023		36,186	60,215

The accompanying notes form part of these Financial Statements.

The Financial Statements were approved by the Audit Committee on 19 December 2025.

Signed on behalf of the PFEW by:



PFEW Chair



PFEW Treasurer

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2023

STATEMENT OF CASH FLOWS

	Note	2023 £ '000	2022 £ '000
Cash flows from Operating Activities			
Deficit for the financial year		(22,906)	(8,204)
Adjustments for:			
Depreciation	10	2,222	3,430
Gain on disposal of tangible fixed assets		(3)	-
Gain on disposal of investment properties		(27)	-
(Gain) / loss on investments		(1,591)	3,383
Defined benefit pension scheme contributions	18	(520)	(140)
		81	6,673
Increase in provisions		23,236	56
(Decrease) / increase in trade creditors		(8)	1,868
Increase in accruals		1,557	792
Increase in debtors		(258)	(315)
(Decrease) / increase in other creditors		(781)	25
(Increase) / decrease in prepayments and other assets		(174)	155
		23,572	2,581
Taxation expense		-	(16)
Net cash from Operating Activities		747	1,034
Cash flows from Investment Activities			
Increase in property investments		-	1
Purchase of tangible fixed assets	10	(695)	(866)
Sale of tangible fixed assets		12	-
Sale of investment properties		402	-
(Purchase) / sale of investments		(787)	331
Net cash used in Investment Activities		(1,068)	(534)
Cash flows from Financing Activities			
Repayment of mortgage		(17)	-
(Decrease) / increase in branch equity		(329)	68
Proceeds from / (repayment of) overdraft		220	(490)
Proceeds from loan and other borrowings		195	-
Repayment of loan and other borrowings		(13)	-
Net cash from / (used) in Financing Activities		56	(422)
Net (decrease) / increase in cash and cash equivalents		(265)	78
Opening Balance cash and cash equivalents		7,129	7,051
Closing balance cash and cash equivalents		6,864	7,129

Refer to note 19 for analysis of changes in net debt.

The accompanying notes form part of these Financial Statements.

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2023

STATEMENT OF CHANGES IN EQUITY

	Accumulated reserves	Total
	£ '000	£ '000
At 31 December 2021	68,351	68,351
Deficit for the year ended 31 December 2022	(7,880)	(7,880)
Other comprehensive income:		
Actuarial deficit on pension scheme valuation	(324)	(324)
Adjustment to branch equity	68	68
At 31 December 2022	60,215	60,215
Deficit for the year ended 31 December 2023	(22,906)	(22,906)
Other comprehensive income:		
Actuarial deficit on pension scheme valuation	(794)	(794)
Adjustment to branch equity	(329)	(329)
At 31 December 2023	36,186	36,186

The accompanying notes form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1(a) General Information

The PFEW is the statutory staff association representing close to 150,000 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(b) 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 Financial Statements include the income, expenditure, assets and liabilities of the National Board 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.

1(c) Going concern

A significant event occurred during the year in relation to the police pension discrimination claim. Further, subsequent to the year-end in 2025, another significant event occurred concerning the decision to settle the data breach claim. These events have impacted the organisation's financial position materially.

Principal events and risk

i) Pension claim - in June 2023 the Employment Tribunal ruled in favour of the Claimants and PFEW decided not to pursue an appeal against the judgment. Settlement of the claim has been agreed at £23.7m, which is recognised in these Financial Statements, and has now been paid in full. Further detail is available at: www.polfed.org/resources/independent-review/

NOTES TO THE FINANCIAL STATEMENTS (continued)

1(c) Going concern (continued)

Principal events and risk (continued)

ii) Data breach claim - in 2025 PFEW decided to settle this litigation in order to move forward with change, free from the uncertainty of the litigation. Given the actual incidences took place over six years ago, the litigation was proving to be a distraction, taking away focus and effort that should be directed to serving the membership. The settlement is without any admission of liability for the incidences and is for a total of £15m, of which £1 million has already been paid at the date of signing these accounts. Further detail is available at: www.polfed.org/news/data-protection-claims-against-pfew/

The past few years have presented significant financial challenges, with the post-COVID-19 stock market downturn having had a notable impact on our FY22 results, and the recognition of these two claim settlements in FY23 and FY24 placing further pressure on our reserves. In response, we have taken proactive steps to rebuild our reserves position by strengthening cost control measures aimed at delivering sustained operating surpluses. As part of this effort, a restructuring initiative already implemented in FY25 is expected to generate annualised savings of approximately £1 million.

We are also in the process of looking to raise external funding in the form of a loan and revolving credit facility up to the value of £10 million. If this funding is successfully obtained, we intend to settle the remaining data breach claim in full in one lump sum instalment. In the situation that the funding is not obtained, a payment schedule to settle the remaining data breach claim in instalments over 2026 to 2028 has already been agreed.

Mitigations and significant judgements from Management

The Treasurer has devolved responsibility for the preparation of cashflow forecasts to the CEO and Finance Director. These forecasts for a period of at least 12 months from the date of approval of these financial statements indicate that taking account of severe but plausible downsides, including the impacts of the above claims, that PFEW will have sufficient funds to meet its liabilities as they fall due.

The principle severe but plausible downside risks that have been considered in the going concern assessment is that loan financing is not received and the potential for inflation rates to be higher than anticipated.

These potential scenarios have been incorporated into the cash flow forecasts, which indicate that we would remain in a position to settle the data breach claim, as well as continuing to meet other liabilities as they fall due. The settlement will be financed through a combination of the following:

(i) growth in membership fee income. At the PFEW's Annual Conference in November 2025 it was agreed that from 1 January 2026 there would be a £2 per month increase in member subscriptions. In addition, the current student officer 50% discount will end, meaning that from 1 January 2026 all new members joining the Federation will contribute at a single standard rate from their first day of membership. The increase is expected to generate in excess of £3 million per year.

It is also anticipated that PFEW membership numbers will continue to increase in line with the Government's recruitment targets for police officers. These increased membership numbers would further add to the increase in membership fee income earned in future years;

NOTES TO THE FINANCIAL STATEMENTS (continued)

1(c) Going concern (continued)

(ii) the use of existing investments, surplus cash reserves and assets that are not essential in the operations of PFEW and that do not hinder current support to our full membership; and

(iii) cost savings, with a restructuring initiative being implemented in the first half of 2025.

The cash flow forecasts prepared have also specifically considered the loan covenants that would be in place if the funding was successfully obtained. These forecasts show that the covenants would be met throughout the term of the loan in all situations modelled, including the scenario where member subscriptions remain at the new rates agreed for 2026 for a period of five years.

Other factors have been considered within the cash flows as follows:

- There are no material delays or problems concerning collection of member subscriptions;
- The process for members to access support services such as legal advice or representation, based on the incumbent arrangements remains robust with a panel of reputable solicitors and legal experts in place; and
- The PFEW remains in a position to represent members' interest with stakeholders such as the Home Office.

The PFEW's National Board and National Council continue to meet on a regular basis, these meetings encompass all aspects of the regular business including reviewing the PFEW's financials including cash flow forecasts.

Based on the above, the Treasurer believes 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2(a) Income (continued)

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 represent 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.

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
- Residential property – 33 years
- Freehold buildings (excluding land) – 33 years
- Freehold land – not depreciated

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 Statement of Financial Activities.

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 Statement of Financial Activities. 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 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 three 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 FRS 102 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2(f) Basic Financial Instruments (continued)

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 Statement of Financial Activities 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.

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 Statement of Financial Activities. 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 Scheme provides benefits based on final salary and length of

NOTES TO THE FINANCIAL STATEMENTS (continued)

2(f) Basic Financial Instruments (continued)

Defined Benefit Scheme (continued)

service on retirement, leaving service or death. The DB Scheme is an exempt approved scheme. The DB Scheme was closed to new entrants in May 2010. The Scheme is managed by a sole Trustee

appointed by the Federation. The Trustee has responsibility for obtaining valuations of the Scheme, administering benefit payments and investing the Scheme's assets. The Trustee delegates some of these functions to their professional advisers where appropriate.

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 Statement of Financial Activities 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 Statement of Financial Activities as part of payroll costs.

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 Statement of Financial Activities on a straight-line basis over the period of the lease. The benefits of lease incentives are recognised in the Statement of Financial Activities 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.

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 Statement of Financial Activities, other comprehensive income or equity depending on the transaction that resulted in the expense (income).

NOTES TO THE FINANCIAL STATEMENTS (continued)

2(g) Taxation (continued)

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.

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

Subsequent events to the balance sheet date were reported in note 22.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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.

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 2023.

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 fair value.

NOTE 3 - INCOME

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

	2023	2022
	£ '000	£ '000
Retained by the National Board	33,064	31,276
Retained by the Branch Boards	6,904	5,971
	39,968	37,247

NOTE 4 – OTHER INCOME

	2023	2022
	£ '000	£ '000
Federation House income	1,226	915
Recharges to third parties	670	494
Member service income	318	555
Donations received	115	171
Reimbursement of administrative expenses	282	315
Interest and dividend income	442	397
Other	581	582
	3,634	3,429

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 5 - MEMBERS' LEGAL FEES

	2023	2022
	£ '000	£ '000
CICA claims	78	126
Civil claims	898	51
Criminal cases	2,460	2,724
Defamation	110	153
Discipline	2,398	3,303
Employment tribunals	3,039	2,503
Professional indemnity	(212)	486
Inquests	20	421
Judicial reviews	863	285
Other costs	2,085	2,930
	11,739	12,982

NOTE 6 - NATIONAL BOARD EXPENDITURE

	2023	2022
	£ '000	£ '000
Payroll costs	8,314	7,539
IT support contracts, hardware and accessories	3,394	3,724
Professional fees	5,150	2,275
Depreciation	1,944	3,157
Travel & subsistence costs	300	221
Communications & events	714	990
National Board salaries and ARP	1,221	1,215
Premises costs	589	662
Federation House costs	1,015	1,302
Insurance costs	940	784
Death benefits paid to Members	365	305
Audit fee*	175	174
Other costs / (credits)	476	(422)
	24,597	21,926

*Audit fees of £145,000 net of VAT (2022: £145,000 net of VAT) are payable to the organisation's auditor for the audit of the organisation's annual accounts. There are no fees (2022: £nil) in relation to non-audit services payable to the organisation's auditor.

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 7 - BRANCH EXPENDITURE

	2023	2022
	£ '000	£ '000
AVON & SOMERSET	163	193
BEDFORDSHIRE	114	103
CAMBRIDGESHIRE	161	193
CHESHIRE	183	274
CITY OF LONDON	82	22
CLEVELAND	137	173
CUMBRIA	78	120
DERBYSHIRE	101	143
DEVON & CORNWALL	300	272
DORSET	133	160
DURHAM	119	154
DYFED POWYS	127	86
ESSEX	235	218
GLOUCESTERSHIRE	76	107
GREATER MANCHESTER	545	393
GWENT	91	113
HAMPSHIRE	315	381
HERTFORDSHIRE	139	168
HUMBERSIDE	101	130
KENT	171	264
LANCASHIRE	236	508
LEICESTERSHIRE	154	222
LINCOLNSHIRE	78	103
MERSEYSIDE	486	463
METROPOLITAN	939	1,449
NORFOLK	197	233
NORTH WALES	38	118
NORTH YORKSHIRE	96	140
NORTHAMPTONSHIRE	66	118
NORTHUMBRIA	262	259
NOTTINGHAMSHIRE	130	190
SOUTH WALES	199	301
SOUTH YORKSHIRE	259	227
STAFFORDSHIRE	127	178
SUFFOLK	123	152
SURREY	125	181
SUSSEX	201	204
THAMES VALLEY	329	372
WARWICKSHIRE	111	94
WEST MERCIA	110	116
WEST MIDLANDS	441	514
WEST YORKSHIRE	581	563
WILTSHIRE	67	44
TOTAL	8,726	10,416

The main components of branch expenditure relate to payroll costs, premises costs, professional fees and communications and events expenditure.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 8 - TAX ON DEFICIT ON ORDINARY ACTIVITIES

	2023 £ '000	2022 £ '000
Current tax		
Charge for the year	-	-
Prior year adjustments	-	-
	<u>-</u>	<u>-</u>
Deferred tax movement	(998)	-
	<u>(998)</u>	<u>-</u>
Reconciliation of tax recognised in Statement of Financial Activities		
Deficit on ordinary activities before taxation	<u>(23,904)</u>	<u>(7,880)</u>
Tax at 23.52% (2022: 19%)	(5,622)	(1,497)
Effects of:		
Expenses not deductible for tax purposes	5,622	755
Prior year adjustments	(998)	-
Provident benefits	-	742
	<u>(998)</u>	<u>-</u>

NOTE 9 – CLAIM SETTLEMENT

	2023 £ '000	2022 £ '000
Pension claim settlement	<u>23,667</u>	<u>-</u>

Full details on the pension claim settlement are set out in the Report of the Treasurer.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 10 - TANGIBLE FIXED ASSETS

	Freehold Property	Residential Property	Plant & Machinery	Furniture & Fittings	Computer & Equipment	Motor Vehicles	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Cost							
At 31 December 2022	35,827	3,593	3,079	4,630	16,788	217	64,134
Additions	615	-	27	-	-	53	695
Disposals	-	-	-	-	-	(14)	(14)
At 31 December 2023	36,442	3,593	3,106	4,630	16,788	256	64,815
Depreciation							
At 31 December 2022	(3,264)	(608)	(2,935)	(3,776)	(15,332)	(70)	(25,985)
Provided in the year	(586)	(108)	(74)	(167)	(1,245)	(42)	(2,222)
Disposals	-	-	-	-	-	5	5
At 31 December 2023	(3,850)	(716)	(3,009)	(3,943)	(16,577)	(107)	(28,202)
Net Book Value							
At 31 December 2022	32,563	2,985	144	854	1,456	147	38,149
At 31 December 2023	32,592	2,877	97	687	211	149	36,613

In 2024 a decision was made to sell the eleven flats in Leatherhead that are included in the Residential Property category above with a net book value of £2.45 million as at 31 December 2023. This transaction completed in July 2025.

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 11 - INVESTMENTS

	2022 Market Value	Net Deposits / (Withdrawals)	Income from investments	Fair value movement	2023 Market Value
ENTITY	£ '000	£ '000	£ '000	£ '000	£ '000
NATIONAL BOARD	6,914	1,300	245	274	8,733
AVON & SOMERSET	249	(249)	-	-	-
CAMBRIDGESHIRE	194	5	3	3	205
DERBYSHIRE	53	50	-	6	109
ESSEX	292	-	-	15	307
GLOUCESTERSHIRE	167	-	-	17	184
GREATER MANCHESTER	698	(150)	-	41	589
HAMPSHIRE	553	-	-	51	604
HERTFORDSHIRE	258	-	-	22	280
LANCASHIRE	793	(45)	-	53	801
LEICESTERSHIRE	313	-	10	16	339
LINCOLNSHIRE	132	-	3	10	145
MERSEYSIDE	374	-	-	23	397
METROPOLITAN	5,561	-	108	286	5,955
NORTH WALES	807	-	-	40	847
NORTH YORKSHIRE	57	-	-	4	61
SOUTH YORKSHIRE	163	(30)	1	1	135
SUFFOLK	232	-	-	21	253
SURREY	387	-	10	-	397
SUSSEX	1	(1)	-	-	-
WEST MERCIA	220	-	-	17	237
WEST MIDLANDS	2,282	-	37	141	2,460
WEST YORKSHIRE	606	(93)	-	105	618
WILTSHIRE	254	-	-	28	282
TOTAL	21,560	787	417	1,174	23,938

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 12 - INVESTMENT PROPERTIES

	2022 Market Value	Additions / (Disposals)	Fair value adjustments	2023 Market Value
ENTITY	£ '000	£ '000	£ '000	£ '000
CAMBRIDGESHIRE	52	-	-	52
DEVON & CORNWALL	110	-	-	110
ESSEX	63	-	-	63
HERTFORDSHIRE	145	-	-	145
MERSEYSIDE	700	-	-	700
SOUTH YORKSHIRE	256	-	-	256
SURREY	34	-	-	34
SUSSEX	130	-	-	130
THAMES VALLEY	593	(376)	-	217
WEST YORKSHIRE	32	-	-	32
TOTAL	2,115	(376)	-	1,739

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 or losses in the Statement of Financial Activities. 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
For the Year Ended 31 December 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 13 - CASH AND CASH EQUIVALENTS

ENTITY	2023 £ '000	2022 £ '000
NATIONAL BOARD	208	474
AVON & SOMERSET	412	160
BEDFORDSHIRE	17	40
CAMBRIDGESHIRE	102	88
CHESHIRE	57	58
CITY OF LONDON	104	107
CLEVELAND	113	121
CUMBRIA	39	40
DERBYSHIRE	30	76
DEVON & CORNWALL	458	565
DORSET	30	43
DURHAM	9	41
DYFED POWYS	157	166
ESSEX	78	75
GLOUCESTERSHIRE	67	70
GREATER MANCHESTER	138	329
GWENT	68	84
HAMPSHIRE	314	361
HERTFORDSHIRE	41	59
HUMBERSIDE	33	29
KENT	107	111
LANCASHIRE	53	19
LEICESTERSHIRE	92	37
LINCOLNSHIRE	34	32
MERSEYSIDE	72	102
METROPOLITAN	1,102	1,054
NORFOLK	172	175
NORTH WALES	68	52
NORTH YORKSHIRE	63	89
NORTHAMPTONSHIRE	126	79
NORTHUMBRIA	122	88
NOTTINGHAMSHIRE	60	87
SOUTH WALES	172	214
SOUTH YORKSHIRE	96	121
STAFFORDSHIRE	33	37
SUFFOLK	24	23
SURREY	77	67
SUSSEX	308	467
THAMES VALLEY	751	401
WARWICKSHIRE	46	82
WEST MERCIA	80	80
WEST MIDLANDS	427	399
WEST YORKSHIRE	151	183
WILTSHIRE	153	144
TOTAL	6,864	7,129

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 14 - DEBTORS AND PREPAYMENTS

	2023	2022
	£'000	£'000
Subscriptions due	1,275	1,017
Prepayments	342	257
Other	13	16
	1,630	1,290

NOTE 15 - CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£'000	£ '000
Deferred tax	-	998
Deferred income	52	24
Bank overdraft (National Board)	220	-
Mortgage loan	297	314
Accrued expenses	3,659	2,102
Trade creditors	4,356	4,364
Other creditors	769	427
Tax liability	47	201
	9,400	8,430

NOTE 16 - PROVISION FOR LIABILITIES

	2022	Amounts Utilised	New Provisions	2023
	£ '000	£ '000	£ '000	£ '000
(a) Due within one year:				
Provision for pension claim settlement	-	-	5,969	5,969

NOTE 16 - PROVISION FOR LIABILITIES

	2022	Amounts Utilised	New Provisions	2023
	£ '000	£ '000	£ '000	£ '000
(b) Due after more than one year:				
Provision for pension claim settlement	-	-	17,698	17,698
Provision for other legal cases	3,125	(1,923)	1,505	2,707
Other provisions	98	(13)	-	85
TOTAL	3,223	(1,936)	19,203	20,490

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 this note reflect reliable estimates following consultation with the PFEW's panel of legal firms.

Full details on the pension claim settlement are set out in the Report of the Treasurer.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 17 – OTHER LIABILITIES

	2023	2022
	£ '000	£ '000
Loans and other borrowings	182	-

Included within loans and other borrowings are two loans that were advanced to PFEW in 2023 from third parties. These funds were used towards the purchase of a building for the Sussex Branch. One loan is for £160k and is being repaid over a period of 15 years and carries an interest rate of 3%. The other loan is for £30k and is being repaid over a period of 5 years and is interest free.

NOTE 18 - PFEW DEFINED BENEFIT PENSION SCHEME

The PFEW Retirement Benefits Scheme is a defined benefit pension scheme. The Actuarial Funding valuation of scheme assets and the present value of the defined benefit obligation for the PFEW Retirement Benefits Scheme has an effective valuation date of 31 Dec 2021. This valuation has shown a deficit of £1,037k. The liability figures from this valuation were rolled forward for the following accounting year-ends. The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the projected unit credit method. The scheme had a net pension asset at the accounting date. There is an unconditional right to a refund of surplus from the scheme in the context of IFRIC14.

There was a surplus in the Scheme of £1,295k (2022: £1,569k). The main reasons for the change in the surplus over the period were; the asset returns over the period were lower than expected, resulting in a loss of £231k and there has been an experience loss on the liabilities of £139k, both of which have reduced the surplus. There has been a gain of £88k through the Statement of Financial Activities account due to interest on the surplus at the start of the period. Further, the net impact of the changes in demographic assumptions resulted in an overall reduction of the liabilities of £20k.

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:

	2023	2022
	£ '000	£ '000
Fair value of plan assets	13,952	13,604
Present value of defined benefit obligations	(12,657)	(12,035)
Surplus in scheme	1,295	1,569
Net defined benefit asset	1,295	1,569

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 18 - PFEW DEFINED BENEFIT PENSION SCHEME (continued)

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

	2023	2022
	£ '000	£ '000
Fair value of plan assets at the start of the period	13,604	17,816
Interest on assets	671	347
PFEW contribution	432	432
Benefits paid	(524)	(510)
Return on assets less interest	(231)	(4,481)
Fair value of plan assets at the end of the period	13,952	13,604
Actual return on assets	440	

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.

The fair value of the plan assets was as follows:

	2023	2022
	£ '000	£ '000
Corporate bonds	6,455	6,066
Cash	393	1,185
Insured assets	439	472
Liability driven investments*	4,445	3,828
Dynamic diversified fund	2,220	2,053
	13,952	13,604

*Liability driven investments balance relates to unit-linked insurance funds managed by LGIM

Reconciliation of opening and closing balances of the defined benefit obligation:

	2023	2022
	£ '000	£ '000
Defined benefit obligation at the start of the period	12,035	16,387
Interest on liabilities	583	315
Benefits paid	(524)	(510)
Experience loss on liabilities	139	872
Changes to demographic assumptions	(20)	1,512
Changes to financial assumptions	444	(6,541)
Defined benefit obligation at the end of the period	12,657	12,035

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 18 - PFEW DEFINED BENEFIT PENSION SCHEME (continued)

Sensitivity of the value placed on liabilities

	Approximate effect on liability £'000
Discount rate	
Discount rate -0.50%	782
Inflation	
Inflation +0.50%	567
Changes to financial assumptions	
Life expectancy +1 year	538

Defined benefit costs recognised in the Statement of Financial Activities

	2023 £ '000	2022 £ '000
Interest on liabilities	583	315
Interest on assets	(671)	(347)
Total costs recognised in Statement of Financial Activities	(88)	(32)

Remeasurements over the period

	2023 £ '000	2022 £ '000
Loss on assets in excess of interest	231	4,481
Experience losses on liabilities	139	872
(Gains) / losses from changes to demographic assumptions	(20)	1,512
Losses / (gains) from changes to financial assumptions	444	(6,541)
Total remeasurements	794	324

Projected Statement of Financial Activities for next period

	Period to 31 December 2024 £ '000
Interest on liabilities	564
Interest on assets	(628)
Settlement and curtailment cost	-
Total charge to Statement of Financial Activities	(64)

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 18 - PFEW DEFINED BENEFIT PENSION SCHEME (continued)

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

	2023	2022
Discount rate p.a	4.55%	4.95%
Inflation rate (RPI) p.a	3.30%	3.40%
Inflation rate (CPI) p.a	3.30%	3.40%
Pension increase (RPI (5%)) p.a	3.15%	3.20%
Life expectancy at aged 65 of male aged 45	22.0	22.1
Life expectancy at aged 65 of male aged 65	20.8	20.8
Life expectancy at aged 65 of female aged 45	25.3	25.3
Life expectancy at aged 65 of female aged 65	23.9	23.9
Commutation: % of members assumed to take the maximum tax free cash possible	15%	15%
Proportion married males/(females)	70% (70%)	70% (70%)

Post retirement mortality as at 31 Dec 2023:

108% of S3PMA and 100% S3PFA tables. CMI 2023 projections with a long-term improvement rate of 1.25% pa, an initial additional parameter of 0%, 0% weight parameter on data for 2020 and 2021 and 15% weight on data for 2022 and 2023, and smoothing parameter of 7.

Post retirement mortality as at 31 Dec 2022:

108% of S3PMA and 100% S3PFA tables. CMI 2022 projections with a long-term improvement rate of 1.25% pa, an initial additional parameter of 0%, 0% weight parameter on data for 2020 and 2021 and 25% weight on data for 2022, and a smoothing parameter of 7.

NOTE 19 - ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2023	Cash flows	At 31 December 2023
	£ '000	£ '000	£ '000
Cash and cash equivalents	7,129	(265)	6,864
Borrowings due within one year	(314)	17	(297)
Borrowings due after more than one year	-	(182)	(182)
Total net debt	6,815	(430)	6,385

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 20 - 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.

	2023	2022
Chair	26,418	25,266
National Secretary	21,097	25,266
Treasurer	18,598	16,615
Vice Chair	22,708	16,615
Deputy National Secretary	22,708	2,034
Deputy Treasurer	22,708	8,445
Head of Civil Claims	22,708	21,708
Head of Criminal Claims	22,708	16,615

NOTE 21 - STAFF COSTS AND HEADCOUNT

Staff based at Federation House	2023	2022
	£ '000	£ '000
Wages and salaries	6,797	6,041
Social security costs	723	684
Other pension costs	434	466
Other costs	360	346
	8,314	7,537

Included in the above is compensation relating to the Chief Executive Officer (CEO) who was appointed on 5 July 2023. Remuneration in 2023 amounted to £138,553 basic salary for the part year in role, a retention payment of £114,000 for achieving Board approved objectives, standard employer contributions into the organisation's defined contribution pension scheme of £8,999 and participation in the organisation's health insurance scheme of £760.

Remuneration for the first full year in 2024 amounted to £342,000 basic salary, a retention payment of £342,000 for achieving Board approved objectives, standard employer contributions into the organisation's defined contribution pension scheme of £20,615 and participation in the organisation's health insurance scheme of £1,727.

CEO remuneration is determined by the National Board and benchmarked against similar roles in organisations with comparable balance sheet sizes, industry type and annual revenue.

	Number	Number
Management and administration	112	108
Federation House hotel and manual	46	49
	158	157

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 21 - STAFF COSTS AND HEADCOUNT (continued)

Staff based at Branches	2023	2022
	£ '000	£ '000
Wages and salaries	2,789	2,604
Social security costs	302	282
Other pension costs	183	165
Other costs	80	89
	3,354	3,140

NOTE 22 – SUBSEQUENT EVENTS

(i) In 2025, PFEW decided to settle litigation in relation to two ransomware cyber-attacks. Refer to the Report of the Treasurer and Note 1(c) Going concern, where the matter and impact on the organisation are disclosed.

(ii) In 2024 a decision was made to sell the eleven flats in Leatherhead that are included in the tangible fixed asset balance (refer Note 10). This transaction was completed in July 2025.