

Treasurer's Report and Accounts



CHAIRMAN

J. Nesbit,
Federation House,
Highbury Drive,
Leatherhead,
Surrey. KT22 7UY

GENERAL SECRETARY AND TREASURER

R. Coster,
Federation House,
Highbury Drive,
Leatherhead,
Surrey. KT22 7UY

TRUSTEES

E. Clegg,
Federation House,
Highbury Drive,
Leatherhead,
Surrey. KT22 7UY

M. Sutcliffe,
Federation House,
Highbury Drive,
Leatherhead,
Surrey. KT22 7UY

B. Thorn,
Federation House,
Highbury Drive,
Leatherhead,
Surrey. KT22 7UY

BANKERS

National Westminster Bank Plc,
10, Victoria Road,
Surbiton,
Surrey. KT6 4JY

MANAGERS OF UNIT TRUST INVESTMENTS

Axis Financial Planning Ltd.,
Hargam House,
40 Sandhurst Road,
Wokingham,
Berks. RG40 3JD

AUDITORS

George Hay & Company,
Chartered Accountants,
Registered Auditors,
83 Cambridge Street,
Pimlico,
London. SW1V 4PS

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TREASURER'S REPORT

For the year ended 31st December 2008

On behalf of the Constables' Central Committee I present the report and financial statements of the Police Federation Constables' Fund for the year ended 31st December 2008.

The amounts receivable from branch boards rose by £404,406. After deducting the 91.75% due to the Police Federation Joint Fund income was up by £33,364 to £1,272,737.

Total administration and premises costs of £1,045,533 were up by £292,334. The main fluctuations were as follows:

- (i) Consultants fees were up by £225,944.
- (ii) Clerical assistance rose by £36,952.
- (iii) Conference video and public relations costs were up by £25,192.
- (iv) Donations of £166,102 were made to the Police Federation Joint Fund, £19,102 up on the previous year.
- (v) Income Tax on accommodation rose by £10,346 due to the increased tax cost of the Leatherhead flats.
- (vi) No honoraria was paid this year compared to the £14,804 cost in 2007.
There is, however, a charge for income tax on honoraria, as tax on 2007 honoraria is assessed and falls due in 2008.

Income from investments of £380,756 was up by £40,071, which included an increase in income from securities of £43,158.

There was a profit on sale of securities of £269,145 compared with £11,628 the previous year.

One of the two remaining leasehold flats at Surbiton was sold for a profit of £201,803. In 2007 there was a profit of £236,646 on the sale of the first flat.

Corporation tax reflecting the large capital gains rose from £108,997 to £170,768.

There was a surplus for the year of £924,311 compared to £969,165 in 2007.

At 31st December 2008 the market value of securities exceeded cost by £209,262. At the same time last year the excess was £2,403,255.

Net assets totalled £11,060,036 compared to £10,135,725 at the end of 2007.

The Committee have agreed to donate £1.5m to the Police Federation Joint Fund in 2009.

Finally, I would like to thank all the treasurers of the branch boards for the timely submission of accounts this year and their assistance generally.

A handwritten signature in black ink, appearing to read 'R. Coster', written over a horizontal line.

R. Coster
Treasurer

Dated: 20th March 2009



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF POLICE FEDERATION CONSTABLES' FUND

We have audited the financial statements of the Police Federation Constables' Fund for the year ended 31st December 2008, which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the federation's members, as a body. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective Responsibilities of the Management Committee and Auditors

The Management Committee's responsibilities for the preparing of financial statements in accordance with applicable law and regulations and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Management Committee.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared.

In addition we report to you if, in our opinion, the Fund has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Fund's affairs as at 31st December 2008 and of its results for the year then ended: and
- the financial statements have been properly prepared in accordance with the Police Federation Regulations and Fund Rules.

George Hay & Company
Registered Auditors & Chartered Accountants

Dated: 20th March 2009

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INCOME AND EXPENDITURE ACCOUNT

For the year ended 31st December 2008

	2008	2007
INCOME		
Amounts Receivable from Branch Boards	15,427,112	15,022,706
Less Payable to Police Federation Joint Fund - 91.75%	14,154,375	13,783,333
	<u>1,272,737</u>	<u>1,239,373</u>
EXPENDITURE		
Administration and Premises (Note 7)	1,045,533	753,199
Surplus of Branch Board Income Over Expenditure	<u>227,204</u>	<u>486,174</u>
OTHER INCOME		
Income from Securities	168,712	125,554
Bank Deposit Interest	140,611	135,946
Loan Interest	71,433	79,185
Other Interest	197	125
Leasehold Flat Rent Received	10,974	2,904
Share of Conference Exhibition Profits	5,000	-
	<u>396,927</u>	<u>343,714</u>
Surplus before Gains	624,131	829,888
GAINS		
Profit on Sale of Securities	269,145	11,628
Profit on Sale of Leasehold Flat	201,803	236,646
	<u>470,948</u>	<u>248,274</u>
Surplus before Taxation	1,095,079	1,078,162
Taxation	(170,768)	(108,997)
SURPLUS FOR YEAR	<u><u>£924,311</u></u>	<u><u>£969,165</u></u>

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BALANCE SHEET as at 31st December 2008

	2008	2007
FIXED ASSETS		
Tangible Fixed Assets (Note 3)	953,887	1,034,305
Investments (market value £5,442,800)	5,233,538	4,805,733
	6,187,425	5,840,038
CURRENT ASSETS		
Cash on Deposit with Stockbrokers	-	1,377
Amount due from Branch Boards	2,208,933	2,250,181
Loans to Branch Boards	1,194,340	1,194,340
Debtors and Prepaid Expenses	81,084	15,240
Cash at Bank and in Hand	5,573,123	5,051,430
	9,057,480	8,512,568
CURRENT LIABILITIES		
Due to Police Federation Joint Fund	3,834,375	4,063,333
Creditors and Accrued Expenses	178,955	44,551
Corporation Tax	171,539	108,997
	4,184,869	4,216,881
NET CURRENT ASSETS	4,872,611	4,295,687
NET ASSETS	£11,060,036	£10,135,725
REPRESENTED BY ACCUMULATED FUND		
Balance 1st January 2008	10,135,725	9,166,560
Add Surplus for the Year	924,311	969,165
	£11,060,036	£10,135,725

Signed
P. Lewis

Vice Chairman

R. Coster

Treasurer

Dated: 20th March 2009

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CASH FLOW STATEMENT

For the year ended 31st December 2008

	2008	2007
Net Cash Inflow from Operating Activities (Note 4)	140,517	843,829
Returns on Investments and Servicing of Finance:		
Interest Received	212,241	215,256
Income from Securities	168,712	125,554
Net Cash Inflow from Returns on Investments and Servicing of Finance	380,953	340,810
Taxation Paid	(108,226)	(36,195)
Investing Activities:		
Payments to Acquire Tangible Fixed Assets	-	(16,818)
Purchase of Securities	(745,519)	(391,451)
Sale of Securities	586,859	132,899
Sale of Tangible Fixed Assets	265,732	280,159
Net Cash Inflow from Investing Activities	107,072	4,789
Increase Cash Equivalents (Note 6)	£520,316	£1,153,233



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2008

1. ACCOUNTING POLICIES

1.1 Accounting Convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

1.2 Depreciation

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

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

1.3 Taxation

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

1.4 Investments

Investments are valued at the lower of aggregate cost or aggregate market value unless there is considered to be a permanent and material fall in value of a particular security, whereupon a provision for the diminution in value is made.

2. STATEMENT OF RESPONSIBILITIES

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2008

3. FIXED ASSETS

	Leasehold Flats £	Leasehold Flats, Fixtures and Fittings £	Office Furniture and Equipment £	Computer Equipment £	Total £
Cost:					
At 1st January 2008	1,029,044	79,547	257,949	200,176	1,566,716
Disposals	(75,785)	-	-	-	(75,785)
At 31st December 2008	953,259	79,547	257,949	200,176	1,490,931
Depreciation:					
At 1st January 2008	26,674	65,325	242,152	198,260	532,411
Charge for Year	7,068	3,556	3,949	1,916	16,489
Disposals	(11,856)	-	-	-	(11,856)
At 31st December 2008	21,886	68,881	246,101	200,176	537,044
Net Book Value:					
At 31st December 2008	931,373	10,666	11,848	-	953,887
At 31st December 2007	1,002,370	14,222	15,797	1,916	1,034,305

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

	2008 £	2007 £
Surplus for Year before Taxation	1,095,079	1,078,162
Depreciation Charged in Year	16,489	25,257
(Decrease)/Increase in Creditors	(94,554)	282,490
Less Interest Received in Year	(212,241)	(215,256)
Income from Securities	(168,712)	(125,554)
(Profit) on Disposal of Securities	(269,145)	(11,628)
(Increase)/Decrease in Debtors	(24,596)	47,004
Profit on Sales of Leasehold Flat	(201,803)	(236,646)
	140,517	843,829



NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2008

5. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING YEAR

	2008 £	2007 £
Balance at 1st January 2008	5,052,807	3,899,574
Net Cash Inflow	520,316	1,153,233
	<u>5,573,123</u>	<u>5,052,807</u>
Balance at 31st December 2008	<u><u>5,573,123</u></u>	<u><u>5,052,807</u></u>

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

	2008 £	Change in Year £	2007 £
Cash on Deposit with Stockbrokers	-	(1,377)	1,377
Cash at Bank and in Hand	5,573,123	521,693	5,051,430
	<u>5,573,123</u>	<u>520,316</u>	<u>5,052,807</u>
	<u><u>5,573,123</u></u>	<u><u>520,316</u></u>	<u><u>5,052,807</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2008

7. ADMINISTRATION AND PREMISES EXPENSES

	2008 £	2007 £
Audit and Accountancy	7,953	8,212
Charity Dinners	339	528
Clerical Assistance	229,124	192,172
Computer Costs	10,046	9,514
Conference Video and Public Relations	94,611	69,419
Consultants Fees	283,399	57,455
Contribution to Secretary's Pay	17,827	17,303
Depreciation of Computer Equipment	1,916	7,526
Depreciation of Office Furniture and Equipment	3,949	5,266
Donations to Police Federation Joint Fund	166,102	147,000
Donations – Other	100	-
General Expenses	4,382	5,578
Honoraria: Chairman	-	5,225
Vice Chairman	-	4,354
Deputy General Secretary	-	5,225
Income Tax on Honoraria for previous year	11,676	8,563
Income Tax on Motor Mileage Allowances	3,120	3,586
Income Tax on Accommodation	10,699	353
Legal and Professional Fees	3,289	4,520
Leasehold Flat Expenses:		
Depreciation of Fixtures and Fittings	3,556	4,740
Depreciation of Leasehold Flats	7,068	7,725
Ground Rent and Council Tax	5,254	8,144
Light and Heat	1,797	3,414
Repairs, Service Charges and Cleaning	11,448	9,653
Replacement Fixtures and Fittings	861	830
Removals	-	529
Office Premises Expenses:		
Cleaning	1,568	5,615
Council Tax and Repairs	17,296	12,745
Light and Heat	2,842	3,522
Printing, Postage and Stationery	9,353	10,541
Repairs and Maintenance of Equipment	5,557	4,758
Retirement Functions	2,963	3,735
Retirement Gift	855	1,130
Staff Lunches	3,821	2,933
Staff Superannuation	42,863	52,702
Staff and Committee Training	9,007	1,562
Stockbrokers Management Fees	1,649	3,507
Telephone	1,915	1,693
Travelling and Subsistence	67,328	61,922
	1,045,533	753,199
	1,045,533	753,199

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REPORT OF THE TRUSTEES

For the year ended 31st December 2008

TRUSTEES

The trustees as at 31st December 2008 were as follows:

M. Sutcliffe
B. Thorn
E. Clegg

INVESTMENTS

In the year the total funds held by the trustees increased by £450,783. This comprised £193,276 from dividends and deposit interest received, £269,145 from profits on sales of securities, less £3,480 stockbrokers management fees paid and £8,158 to be reimbursed from the general funds.

At 31st December 2008 £5,233,538 was invested in the wider range. The market value of the securities at that date was £209,262 above the cost price compared with £2,403,255 above the cost price at 31st December 2007.

FUNDS

At 31st December 2008 the trustees held the following funds:

	31st December 2008	31st December 2007
National Westminster Bank Plc:		
Current Account	50	50
Deposit Account	1,147,665	1,123,310
Securities (market value: £5,442,800 [2007: £7,208,988])	5,233,538	4,805,733
Cash on Deposit with Stockbrokers	-	1,377
	<hr/>	<hr/>
	£6,381,253	£5,930,470
	<hr/> <hr/>	<hr/> <hr/>

M. Sutcliffe
B. Thorn
E. Clegg
Trustees

Dated: 20th March 2009

Treasurer's Report and Accounts



SUMMARY OF SECURITIES HELD BY THE TRUSTEES

at 31st December 2008

	31st December 2008		31st December 2007	
	Cost	Market Value	Cost	Market Value
Unit Trusts	5,233,538	5,442,800	4,776,613	6,860,094
USA Equities	-	-	8,473	89,494
European Equities	-	-	20,647	259,400
Total	<u>£5,233,538</u>	<u>£5,442,800</u>	<u>£4,805,733</u>	<u>£7,208,988</u>