

**POLICE FEDERATION JOINT FUND**  
**(Established 1st November 1955)**  
**(Police Act 1964)**  
**The Police Federation Regulations 1969, Part III**  
**The Police Federation (Amendment) Regulations 2004**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2009

GEORGE HAY & COMPANY  
Chartered Accountants  
Registered Auditors  
83 Cambridge Street,  
Pimlico,  
London. SW1V 4PS

**POLICE FEDERATION JOINT FUND**

<b>CHAIRMAN</b>	<b>Paul McKeever</b> Federation House, Highbury Drive, Leatherhead, Surrey. KT22 7UY
<b>GENERAL SECRETARY</b>	<b>Ian Rennie</b> Federation House, Highbury Drive, Leatherhead, Surrey. KT22 7UY
<b>TREASURER</b>	<b>Martyn Mordecai</b> Federation House, Highbury Drive, Leatherhead, Surrey. KT22 7UY
<b>AUDITORS</b>	<b>George Hay &amp; Company</b> Chartered Accountants, Registered Auditors, 83 Cambridge Street, Pimlico, London. SW1V 4PS
<b>SOLICITORS</b>	<b>Russell Jones &amp; Walker</b> 50-52 Chancery Lane, London, WC2A 1HL
<b>BROKERS</b>	<b>Rathbone Brothers Plc</b> Charlotte House, 2 South Charlotte Street, Edinburgh, EH2 4AW
<b>BANKERS</b>	<b>National Westminster Bank Plc</b> Surbiton Branch, 10 Victoria Road, Surbiton, Surrey. KT6 4JY  <b>Barclays Bank Plc</b> London Medium Business United Kingdom House, 180 Oxford Street, London. W1D 1EA

**POLICE FEDERATION JOINT FUND  
TREASURER'S REPORT  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2009**

**FOREWORD**

It is my pleasure, on behalf of the Joint Central Committee, to present my first report as Treasurer of the Police Federation Joint Fund, together with the Financial Statements for the year ended 31<sup>st</sup> December 2009.

When I took office on the 9<sup>th</sup> September the outlook was bleak and challenging.

The deficit of subscription income over expenditure for the year amounted to £2,646,676 compared to a deficit of £2,826,265 last year. Although Federation expenditure has been reduced this year (largely due to a reduction in staff costs, meeting expenses and no pay campaign expenses) members' legal fees have again increased mainly due to two large civil cases.

On a positive note the net cost of Charlton House has been reduced significantly compared to the previous year. With the efforts of the Federation the Income from Charlton House has more than tripled this year compared to the previous year, full details are disclosed in Note 16.

Donations received amounted to £3,422,661 as detailed in Note 8. Income from investments totalled £191,589 and other income amounted to £116,755 (2008: £293,564). After accounting for the above, the surplus before capital gains was £1,084,329 compared to a deficit of £1,818,577 last year.

Due to the general appreciation of market value in stock markets, the previous year's provision for impairment is now no longer required and therefore has been reversed in the current year.

Federation Investments held by our Brokers now stand at a cost value of £5,535,185 (Market Value £5,923,234) compared to the previous year's cost value of £3,121,400 (Market Value £2,700,673). Due to the current stock market conditions, the portfolio is getting stronger and we hope that the stock market will continue to improve.

After taxation the retained surplus for the year amounted to £1,499,583 (2008: £995,057 surplus). This is mainly due to the one-off donations received in the year.

**BALANCE SHEET**

Page 7 details the Federation's assets and liabilities and I am pleased to say that the net assets now total £24,082,290 (2008: £22,582,707). Our fixed assets now stand at £29,771,571 after depreciation. The funds held in investments were £5,535,185 (2008: £2,700,673).

In current assets, loans to Joint Branch Boards have decreased to £249,597 compared to £466,510 last year, two loans were repaid during the year, and no new loans were granted in the period.

Included in debtors and prepaid expenses are pledged amounts of £719,531 due from Joint Branch Boards for the year 2010.

The deposit held by the Stockbrokers has decreased due to a significant proportion of this balance being invested in Securities by the Brokers.

**POLICE FEDERATION JOINT FUND  
TREASURER'S REPORT  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2009  
(continued)**

Included in current liabilities is an amount of over £6,500,000 (2008: £5,700,000) being a provision for the liabilities in respect of members' legal cases that are currently being resolved.

The mortgage now stands at £10,666,530 (2008: £11,012,692) after repayments made during the year in accordance with the terms of the mortgage.

**INCOME**

In addition to subscription income, investment income amounted to £163,137 (2008: £154,387), deposit and other interest amounted to £28,452 (2008: £277,177) as a result of significantly decreased interest paid on bank deposits. Other income amounted to £116,755 (2008: £293,564), this includes £92,000 in respect of the release of a provision for Liquidated and Ascertained Damages provided in the previous year that is no longer required due to the completion of the final settlement.

I would like to express my sincere thanks to the Constables Central Committee, the Sergeants Central Committee and the Inspectors Central Committee for their significant donations towards the Federation's overheads. I would also like to thank Kent Police Federation Joint Branch Board and Northumbria Police Federation Joint Branch Board for their generous contributions towards the repayments of our mortgage. Finally I would like to thank the 27 Joint Branch Boards for their donations towards the costs of the memorial upkeep.

**EXPENDITURE**

I am pleased to report general expenditure of the Federation has been contained and in fact reduced to £8,021,133 from £9,662,982 last year. However, once again I have to report an increase in members' legal fees.

Although Charlton House income has tripled this year from that of last year, the final cost to the Federation was £323,671, much reduced from last year (2008: £612,739).

**THE FUTURE**

I believe that the finances of the Federation stand at a crossroads. The Federation can move forward into the twenty-first century with a modern financial stability or continue to stagnate.

I am sure you are well aware of the report by BDO, which makes many recommendations some of which will be a challenge to Branch Boards.

We cannot however continue in the way we have in the past with the JCC being consistently short of funds.

It is quite clear to me as Treasurer that the Federation cannot sustain another deficiency of expenditure over income and it is for this reason I have to propose at Conference this year a major increase in subscriptions, high enough to allow this Federation to achieve a surplus of income over expenditure.

**POLICE FEDERATION JOINT FUND  
TREASURER'S REPORT  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2009  
(Continued)**

I intend to ensure that the Federation remains viable and, if necessary, if income is not sufficient to cover expenses, then I shall have to cut expenditure. We need to ensure that we have sufficient means to continue to provide our members with a premium service

It is also vital that we show a surplus of at least the capital portion of the mortgage repayments in order to remain solvent.

**CONCLUSION**

I would like to wish my predecessor David Moore health and happiness in his retirement and thank him on behalf of the Joint Central Committee for his dedication during his period as Treasurer.

May I express my thanks to George Gallimore, our Deputy Treasurer and all our staff in the Treasurer's Department; Angela, Edie, Gholam, Helen and Vivienne and in particular Debbie for her dedication and hard work during the period between the resignation of the previous Treasurer and the date I was appointed to office, without whom I would find it very difficult to perform my function as Treasurer. They all deal with an enormous workload in a very efficient manner and no Treasurer could operate without them.

**MARTYN MORDECAI**  
Treasurer

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

We have audited the financial statements of the Police Federation Joint Fund for the year ended 31st December 2009, which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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

**Respective Responsibilities of the Committee and Auditors**

The 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 Committee's Responsibilities.

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 Treasurer's Report is not consistent with the financial statements, if in our opinion, the Fund has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Treasurers' Report, and consider the implications for our report if we become aware of any apparent misstatements within it.

**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.

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

**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 31<sup>st</sup> December 2009 and of its results for the year then ended;
- the financial statements have been properly prepared in accordance with the Police Federation Regulations and Fund Rules.
- the information provided in the Treasurers' Report is consistent with the financial statements.

**Emphasis of matter**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure's in note 1 to the financial statements concerning the Federation's ability to continue as a going concern. At the balance sheet date the Federation's current liabilities exceeded its total current assets by £557,916. These conditions as explained in note 1 to the financial statements, indicate the existence of a material uncertainty, which may cast significant doubt about the Federation's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Federation were unable to continue as a going concern.

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

Date:

## POLICE FEDERATION JOINT FUND

### BALANCE SHEET AS AT 31ST DECEMBER 2009

	note	As at 31st December 2009	As at 31st December 2008
FIXED ASSETS	3	29,771,571	29,865,019
INVESTMENTS	3	<u>5,535,185</u>	<u>2,700,673</u>
		35,306,756	32,565,692
<b>CURRENT ASSETS</b>			
Loans	4	249,597	466,510
Stocks		94,239	101,812
Amounts due from Central Committees		5,013,755	4,706,553
Debtors and prepaid expenses		1,449,849	853,422
Deposits with stockbrokers		1,202,397	4,751,058
Cash at bank and in hand		<u>813,862</u>	<u>908,772</u>
		8,823,699	11,788,127
<b>LESS</b>			
CURRENT LIABILITIES: falling due within one year			
Creditors and accrued expenses	5	<u>(9,381,615)</u>	<u>(10,758,420)</u>
NET CURRENT (LIABILITIES) / ASSETS		(557,916)	1,029,707
<b>LESS</b>			
LIABILITIES: falling due after more than one year			
Loans	6	<u>(10,666,550)</u>	<u>(11,012,692)</u>
NET ASSETS		<u>£24,082,290</u>	<u>£22,582,707</u>
<b>REPRESENTED BY</b>			
Accumulated Fund	17	<u>£24,082,290</u>	<u>£22,582,707</u>

**(Signed) Paul McKeever**

**Chairman**

**Martyn Mordecai**

**Treasurer**

Date:

**POLICE FEDERATION JOINT FUND**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

		<b>2009</b>	<b>2008</b>
<b>INCOME</b>	note		
Amounts Receivable from Central Committees:			
Constables		14,693,515	14,154,375
Sergeants		2,970,118	2,840,217
Inspectors		<u>1,153,944</u>	<u>1,086,369</u>
		18,817,577	18,080,961
<b>EXPENDITURE</b>			
Members legal fees	9	13,119,449	10,631,505
Federation expenditure	10	8,021,133	9,662,982
Charlton House charges	16	<u>323,671</u>	<u>612,739</u>
		<u>21,464,253</u>	<u>20,907,226</u>
<b>(DEFICIT) OF SUBSCRIPTION INCOME OVER EXPENDITURE</b>		(2,646,676)	(2,826,265)
Donations received	8	3,422,661	282,560
<b>INCOME FROM INVESTMENTS</b>			
Securities		163,137	154,387
Deposit and other interest		<u>28,452</u>	<u>277,177</u>
		191,589	431,564
(Deficit) from seminars		-	(8,618)
Commissions received		8,474	8,565
Other income		<u>108,281</u>	<u>293,617</u>
<b>SURPLUS / (DEFICIT) FOR YEAR BEFORE GAINS</b>		1,084,329	(1,818,577)
<b>GAINS / (LOSSES) FOR YEAR BEFORE TAXATION</b>			
Provision for impairment of investments		420,727	(420,727)
(Loss) / Profit on disposal of securities		(6,273)	3,715,600
Gain / (Loss) on disposal of fixed assets		<u>800</u>	<u>(33,897)</u>
<b>SURPLUS FOR YEAR BEFORE TAXATION</b>		1,499,583	1,442,399
<b>TAXATION</b>		<u>-</u>	<u>(447,342)</u>
<b>RETAINED SURPLUS FOR YEAR</b>		<u>£1,499,583</u>	<u>£995,057</u>

**POLICE FEDERATION JOINT FUND**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

	note	<b>2009</b>	<b>2008</b>
Net Cash (Outflow) / Inflow from Operating Activities	13	(994,542)	2,821,792
Returns on Investments and Servicing of Finance			
Income from securities		163,137	154,387
Interest received		<u>28,452</u>	<u>277,177</u>
Net Inflow from Returns of Investments and Servicing of Finance		191,589	431,564
Investing Activities			
Purchase of tangible fixed assets		(586,799)	(5,343,949)
Purchase of securities		(2,734,462)	(2,770,483)
Sale of tangible fixed assets		295,469	233,825
Sales of securities		<u>314,403</u>	<u>8,476,731</u>
Net Cash (Outflow) / Inflow from Investing Activities		<u>(2,711,389)</u>	<u>596,124</u>
Net Cash (Outflow) / Inflow before Financing		(3,514,342)	3,849,480
Financing			
Loans granted in the year		-	(300,000)
Repayment of loans granted		216,913	53,425
Long term loan / mortgage repayments		(346,142)	(1,239,678)
Mortgage arrangement fee		<u>-</u>	<u>(75,000)</u>
(Decrease) / Increase in Cash Equivalents	15	<u>£(3,643,571)</u>	<u>£2,288,227</u>

**POLICE FEDERATION JOINT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

1. ACCOUNTING POLICIES

**Basis of Preparation of the Financial Statements**

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

The financial statements have been prepared on a going concern basis. The Federation has support from Central Committees and Branch Boards. Given this support the Trustees consider it appropriate to adopt a going concern basis in preparing the financial statements.

**Fixed Assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation has been calculated at rates required to write off the relevant assets over their anticipated useful lives. It is the Federation's policy to provide depreciation on assets when disposed of in the year of disposal so as to recognise the consumption of the fixed asset up until the date sold. The applicable annual rates are:

Plant & Equipment	15 years straight line basis
Computer & Office Equipment	5 years straight line basis
Furniture, Fittings & Soft Furnishings	8 years straight line basis
Motor Vehicles	25% reducing balance basis
Leasehold Premises	Term of lease
Freehold Land and Buildings	Not depreciated

No depreciation has been charged on Freehold Land and Buildings, as it is the Committee's policy to maintain the buildings in a continual state of sound repair. The Committee considers that the lives of these assets are so long and the residual values so high that their depreciation is insignificant.

**Stock**

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Taxation**

The Federation is liable to Corporation Tax on the excess of its non-contribution income, chargeable gains and investment income over provident benefit payments.

**Deferred Tax**

Deferred tax is recognised in respect of material timing differences that have originated but not reversed at the balance sheet date.

**Income and Expenditure Account**

Expenditure is shown inclusive of irrecoverable Value Added Tax, where applicable, this is reported as part of the expenditure to which it relates.

**Investments**

Investments are stated at cost unless their market value is significantly less than cost.

**POLICE FEDERATION JOINT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

1. ACCOUNTING POLICIES (continued)

**Derivative Financial Instruments and Hedge Accounting**

The Fund is currently exposed to financial risk of interest rate fluctuations. The Fund manages this risk by using a risk management programme that seeks to limit the adverse effects on the financial performance of the Fund. The Fund manages its interest rate exposure and uses a combination of fixed rate debt and interest rate swaps. The fund does not undertake any trading activity in financial instruments. The interest rate exposure to the Fund is hedged to movements in interest rates associated with its borrowings primarily by means of interest rate swap and fixed rate agreements on financing. Interest payable and receivable are included within net interest payable.

**Pensions**

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

2. STATEMENT OF COMMITTEES' RESPONSIBILITIES

Regulation 18(2) of the Police Federation Regulations requires the Police Federation Joint Fund, in relation to Federation funds held by it to keep financial statements 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 for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**POLICE FEDERATION JOINT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

**3. FIXED ASSETS**

	Land & Buildings	Plant & Equipment	Furniture, Fitting & Soft Furnishings	Leasehold Premises	Computer & Office Equip.	Motor Vehicles	Total
<b>Cost:</b>							
At 01.01.09	23,392,339	2,880,645	1,396,030	1,658,161	1,727,653	34,223	31,089,051
Additions	200,746	32,858	30,570	284	322,342	-	586,800
Disposals	-	-	-	-	(295,469)	-	(295,469)
At 31.12.09	<u>23,593,085</u>	<u>2,913,503</u>	<u>1,426,600</u>	<u>1,658,445</u>	<u>1,754,526</u>	<u>34,223</u>	<u>31,380,382</u>
<b>Depreciation:</b>							
At 01.01.09	-	136,030	123,956	25,477	914,056	24,513	1,224,032
Charge	-	192,711	176,884	15,988	292,237	2,428	680,248
Disposal	-	-	-	-	(295,469)	-	(295,469)
At 31.12.09	-	<u>328,741</u>	<u>300,840</u>	<u>41,465</u>	<u>910,824</u>	<u>26,941</u>	<u>1,608,811</u>
<b>Net Book Value:</b>							
At 31.12.09	<u>23,593,085</u>	<u>2,584,762</u>	<u>1,125,760</u>	<u>1,616,980</u>	<u>843,702</u>	<u>7,282</u>	<u>29,771,571</u>
At 31.12.08	<u>23,392,339</u>	<u>2,744,615</u>	<u>1,272,074</u>	<u>1,632,684</u>	<u>813,597</u>	<u>9,710</u>	<u>29,865,019</u>

The Federation holds 125 year leases on six leasehold premises acquired in August 2006.

Included within Land and buildings is the cost of the land at £5,060,219.

The cost of investments as at 31<sup>st</sup> December 2009 was £5,535,185 (2008: £3,121,400) and the market value was £5,923,234 (2008: £2,700,673). As the Federation investments have recouped their value a reversal of previous years impairment provision against investments has been made of £420,727 leaving the cost in the financial statements at £5,535,185 due to the improvement in global stock markets.

Summary of Construction and Land Costs

	£	£	Total
Build cost	16,070,128	-	16,070,128
Land cost	5,060,218	-	5,060,218
Furnishings & fit out costs (Incl. In Plant & Equipment and Furniture & Fittings etc.)	1,841,852	-	1,841,852
Shared costs	355,206	-	355,206
Professional fees (Architects, Surveyors and Solicitors fees inclusive)	3,196,700	-	3,196,700
Liquidated and ascertained damages	1,345,656	-	1,345,656
Liquidated and ascertained damages (received)	-	(293,617)	(293,617)
ICT equipment (Included in Computer & Office Equipment)	<u>759,151</u>	-	<u>759,151</u>
Total construction and land costs	<u>28,628,911</u>	<u>(293,617)</u>	<u>28,335,294</u>

*(The amounts stated in the summary above are included in note 3 and in last year's income and expenditure accounts, and are up to the point of completion)*

**POLICE FEDERATION JOINT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

4. LOANS

	2009 £	2008 £
Secured on four freehold and one leasehold Joint Branch Board properties	<u>249,597</u>	<u>466,510</u>

Secured loans due within one year amounted to £52,617 (2008: £76,662) and amounts due after more than one year were £196,980 (2008: £389,848).

5. CREDITORS: falling due within one year

	2009 £	2008 £
Trade creditors	2,217,190	2,077,836
Other creditors and accruals	<u>7,164,425</u>	<u>8,680,584</u>
	<u>9,381,615</u>	<u>10,758,420</u>

6. CREDITORS: falling due after more than one year

	2009 £	2008 £
Mortgage	<u>10,666,550</u>	<u>11,012,692</u>

During 2008 the Federation converted its loan facility into a 25-year term mortgage facility. The new mortgage facility is repayable in 300 consecutive instalments and interest is charged at a variable rate of 1.3% plus the bank's base rate.

The Federation has entered into and has existing interest rate swap arrangements in place in an attempt to limit the exposure in interest rate risk.

The mortgage facility is secured by way of a fixed and floating charge over the Federation assets.

The Federation is subject to mortgage covenants attached to the mortgage facility, which stipulate that the Federation shall maintain accumulated reserves of £18,000,000.

**POLICE FEDERATION JOINT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

7. CONTRIBUTION TOWARD EXPENSES

	2009 £	2008 £
Contributions were received from the Home Office (Grant -In-Aid) towards the following expenses:		
Meetings and PFWA Elected Officers salaries	156,155	156,155
Police Negotiating Board	<u>131,566</u>	<u>131,566</u>

8. DONATIONS RECEIVED

	2009 £	2008 £
Constables Central Committee	2,915,413	166,102
Sergeants Central Committee	360,000	51,656
Inspectors Central Committee	45,000	41,464
Memorial upkeep	27,244	-
Norfolk Police Federation	5,000	-
Kent Police Federation	10,000	-
Northumbria Police Federation	60,000	-
Mark Nurthen	4	-
Isle of Man Police Federation	-	2,500
Wiltshire Joint Branch Board	-	4,000
Civil Nuclear Police Federation	-	1,000
Met Inspectors Branch Board	-	5,000
Police Federation for Northern Ireland	-	10,000
Russell Jones & Walker	-	838
	<u>3,422,661</u>	<u>282,560</u>

The collection for the Mayor of Bournemouth charity at the 2009 conference amounted to £5,168 (2008: £5,939).

**POLICE FEDERATION JOINT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

9. MEMBERS LEGAL FEES

	2009 £	2008 £
CICA claims	558,069	612,742
Civil claims	3,206,960	(42,860)
Criminal cases	1,699,493	1,852,794
Defamation	508,533	226,607
Discipline	2,904,691	2,910,996
Employment Tribunals	1,641,995	2,750,125
General legal fees	2,262,754	2,185,819
Inquests	560,235	195,793
Judicial Review	103,207	508
Professional indemnity	19,357	-
CCFA provision	(345,845)	-
Disbursements on cases not concluded	<u>-</u>	<u>(61,019)</u>
	<u>13,119,449</u>	<u>10,631,505</u>

**POLICE FEDERATION JOINT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

10. FEDERATION EXPENDITURE

	note	2009 £	2008 £
Annual Report		364	2,266
Audit fees		29,218	26,550
Bank charges		2,802	77,399
Clerical assistance	11	2,366,652	2,740,328
Computer costs		493,365	684,929
Death benefits		256,380	214,330
Depreciation:			
Computers & office equipment	3	292,237	292,643
Furniture, fittings & soft furnishings	3	176,884	123,956
Motor vehicles	3	2,428	3,237
Plant & equipment	3	192,711	136,030
Elected officers enhancements		60,526	59,804
Federation training		501,329	607,824
Hospitality		12,962	20,098
Insurances		114,587	175,058
Interest payable		659,339	669,706
Leasehold amortisation	3	15,988	15,559
Meetings	12	1,116,527	1,300,669
Motor expenses		1,778	3,136
National Police Memorial upkeep		25,608	33,034
Office equipment repairs and renewal		6,437	6,332
Pay campaign		(4,691)	508,520
POLICE magazine		111,152	108,314
Premises expenses		728,622	645,556
Presentations and donations		45,954	26,684
Printing costs		46,388	80,014
Professional fees		578,718	692,614
Publicity and promotion		136,931	187,341
Research and publications		13,308	21,394
Stationery and postage		22,790	29,985
Sundry expenses		940	5,582
Telephone		3,756	117,728
Working parties		9,143	46,362
		<u>8,021,133</u>	<u>9,662,982</u>

**POLICE FEDERATION JOINT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

11. CLERICAL ASSISTANCE

	2009 £	2008 £
Civilian assistance and clerical staff	1,712,193	2,024,695
Federation contributions for:		
Superannuation	486,708	529,378
Social Security	<u>167,751</u>	<u>186,255</u>
	<u>2,366,652</u>	<u>2,740,328</u>

Due to the economic recession it is anticipated that there will be a substantial deficit in The PFEW Retirement Benefit Scheme. At present a re-costing exercise is currently underway which should be concluded by the end of 2010.

12. MEETINGS (Statutory and Non Statutory)

	2009 £	2008 £
Annual conference	516,449	711,027
Joint Central Committee – Statutory	55,935	43,128
Police Negotiating Board	2,619	613
Non Statutory	537,501	528,565
Overseas conferences	<u>4,023</u>	<u>17,336</u>
	<u>1,116,527</u>	<u>1,300,669</u>

13. RECONCILIATION OF SURPLUS FOR THE YEAR  
AFTER TAXATION TO NET CASH (OUTFLOW) /  
INFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Surplus for the year after taxation	1,499,583	995,057
Income from investments	(191,589)	(431,564)
Depreciation charges	680,248	571,425
Depreciation on disposals	(295,469)	(199,928)
Disposals of securities after provisions	(414,454)	(3,294,873)
Decrease / (Increase) in stocks	7,573	(73,080)
(Increase) / Decrease in debtors and prepaid expenses	(596,427)	3,307,458
(Increase) / Decrease in amounts due from Central Committees	(307,202)	150,359
(Decrease) / Increase in creditors	<u>(1,376,805)</u>	<u>1,796,938</u>
	<u>(994,542)</u>	<u>2,821,792</u>

**POLICE FEDERATION JOINT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

14. RECONCILIATION OF NET CASHFLOW TO  
 MOVEMENTS IN NET CASH AND CASH  
 EQUIVALENTS (Note 15)

	2009 £
Decrease in cash for the year	(3,643,571)
Net balance as at 1 <sup>st</sup> January 2009	<u>5,659,830</u>
	<u>2,016,259</u>

15. ANALYSIS OF CHANGES IN NET CASH  
 AND CASH EQUIVALENTS

	1st January 2009 £	Change £	31st December 2009 £
Deposit with stockbrokers	4,751,058	(3,548,661)	1,202,397
Cash at bank and in hand	<u>908,772</u>	<u>(94,910)</u>	<u>813,862</u>
	<u>5,659,830</u>	<u>(3,643,571)</u>	<u>2,016,259</u>

**POLICE FEDERATION JOINT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

16. CHARLTON HOUSE CHARGES

	2009		2008
	£	£	£
<b>Turnover (including accommodation, foods &amp; liquor)</b>		581,469	173,435
<b>Cost of Sales</b>			
Food, Beverage, Liquor and Other			
Opening Stock	15,608		-
Purchases	233,675		189,145
Closing Stock	<u>(18,687)</u>		<u>(15,608)</u>
		<u>230,596</u>	<u>173,537</u>
<b>Gross Profit</b>		350,873	(102)
<b>Administration Expenses</b>			
Advertising and Marketing	7,924		12,898
Audit	6,170		5,250
Bank and Credit Card Charges	1,354		1,020
Casual Labour	68,209		62,463
Cleaning	12,601		18,362
Computer expenses	7,582		2,815
Equipment Hire	13,946		7,293
Insurance	2,395		488
Laundry	62,215		68,466
Management Charge	64,300		52,177
Pension	563		1,580
Printing, Postage and Stationery	803		782
Professional Fees	1,410		4,668
Repairs and Maintenance to plant and equipment	38,155		34,633
Salaries (incl. National Insurance)	660,736		488,684
Security	230		108
Training	20,465		13,399
Travel Expenses	<u>3,114</u>		<u>10,108</u>
		<u>972,172</u>	<u>785,194</u>
		<u>(621,299)</u>	<u>(785,296)</u>
Value of services provided to the Federation		<u>297,628</u>	<u>172,557</u>
		<u>(323,671)</u>	<u>(612,739)</u>

*The 2008 comparatives figures for Charlton House Charges are in respect of a 9 month trading period.*

**POLICE FEDERATION JOINT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

17. RESERVES

	2009 £	2008 £
Balance as at 1st January 2009	22,582,707	21,587,650
Surplus for the year	<u>1,499,583</u>	<u>995,057</u>
	<u>24,082,290</u>	<u>22,582,707</u>

18. CONTINGENT LIABILITIES

There are a number of legal cases pending which could result in a significant charge to the Federation. It is impossible at this stage to assess the outcome of these cases and therefore the potential charge cannot be quantified.

19. POST BALANCE SHEET EVENTS

Since the year end the Treasurer and the finance team have taken full operational control of the hotelier business and the in-house training and development functions from Charlton House Catering. It is anticipated that Charlton House Catering will continue running this function for a further six months during the hand over period to the Treasurer.

**POLICE FEDERATION JOINT FUND**  
**SUMMARY OF SECURITIES HELD BY THE**  
**TRUSTEES OF THE POLICE FEDERATION**  
**FOR THE YEAR ENDED 31ST DECEMBER 2009**

**TRUSTEES**

The Trustees during the year ended 31st December 2009 were:

Constable M. Sutcliffe  
 Sergeant M. Nurthen  
 Inspector A. Stevens

**INVESTMENTS**

The investments are stated at cost unless their market value is significantly less than cost. At 31st December 2009 the cost less provision of investments amounted to £5,535,185 (2008: £2,700,673).

During the year the Federation's broker sold holdings in treasury stocks resulting in a capital loss of £16,551. Additionally a rights issue in Lloyds TSB Group was sold realising a capital gain of £10,278. From this movement in the portfolio a net capital loss of £6,273 was realised in the year.

	Cost Less Provision		Market Value	
	2009	2008	2009	2008
	£	£	£	£
<u>Fixed Interest Funds:</u>				
Fixed Interest Government Funds	191,834	431,720	195,752	431,720
Other Fixed Interest Funds	915,809	217,515	970,745	217,515
Listed Shares and Unit Trusts	4,006,815	2,472,165	4,756,737	2,472,165
Provision for Impairment on Investments	<u>420,727</u>	<u>(420,727)</u>	<u>-</u>	<u>(420,727)</u>
	<u>5,535,185</u>	<u>2,700,673</u>	<u>5,923,234</u>	<u>2,700,673</u>