

POLICE FEDERATION SERGEANTS' FUND

(Established 1st June 1955)

Police Act 1964

The Police Federation Regulations 1969, Part III

The Police Federation (Amendment) Regulations 2015

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2015

GEORGE HAY & COMPANY

**Chartered Accountants &
Statutory Auditors**

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

POLICE FEDERATION SERGEANTS' FUND
FOR THE YEAR ENDED 31ST DECEMBER 2015

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**POLICE FEDERATION SERGEANTS' FUND
TREASURER'S REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2015**

On behalf of the Sergeants Central Committee I present the report and financial statements of the Police Federation Sergeants' Fund for the year ended 31st December 2015.

There was a surplus for the year of £45,103 compared with the £234,175 surplus the previous year.

From 1st April 2015 the proportion of Branch Board subscription was payable direct to the Police Federation Joint Fund. Our retained proportion for the three months to 31st March 2015 was 10.5%. From 1st April 2015 to 31st July 2015 9% was repayable and from 1st August 2015 to 31st December 2015 7% repayable from the Joint Fund. As a consequence the Sergeants Central Committee's share of subscription income fell from £370,735 in 2014 to £293,671, a decrease of £77,064.

Expenditure rose by £141,504 to £324,234. This was principally due to new contributions to the Police Federation Joint Fund. £90,000 was contributed to the promotional film, £24,179 to the Welfare Support Programme and £12,000 to the Parliamentary Working Group.

In 2014 negotiations with HM Revenue and Customs about prior years income tax on expenses concluded with an overprovision of £43,358 decreasing total costs in that year.

Against the increases travelling, accommodation and meeting expenses were down by £12,110 and there was no contribution made to office expenses, whereas in 2014 there had been a £12,240 cost.

On the adoption of FRS 102 investments are now shown at market value rather than as previous at cost. Deferred tax is reserved on unrealised gains. The result of this change in accounting policy, is to increase reserves by £207,319, an increase in investment values of £243,905 less the deferred tax reserve of £36,586.

During the year switches in unit trust holdings resulted in a £40,758 profit, compared to £12,685 in the previous year.

A further £250,000 was invested in unit trusts in the year and at 31st December 2015 the market value of our investments was £243,905 above cost compared with £291,400 above cost at 31st December 2014.

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

At the year end £22,012 was due from the Joint Fund, whereas at the end of 2014 £397,841 was due to the Joint Fund. Amounts due from Branch Boards have fallen from £147,241 to £47,119 reflecting the shortened period to 31st March 2015.

Finally I would like to thank all Branch Board Treasurers for the timely presentation of their annual accounts and for their assistance during the year.

C. Macleod
Treasurer

Dated: 6th April 2016

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

We have audited the financial statements of Police Federation Sergeants' Fund for the year ended 31st December 2015 on pages 4 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Police Federation Regulations and Fund Rules.

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 members and auditors

As explained more fully in the Statement of Management Committee's Responsibilities set out in the notes to the financial statements the management committee are responsible for the preparation of the financial statements and for being satisfied that they fairly reflect the state of the Fund's affairs as at 31st December 2015 and of its results for the year then ended.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- fairly reflect the state of the Fund's affairs as at 31st December 2015 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the measurement principles of United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Police Federation Regulations and Fund Rules; and
- the information in the Treasurer's Annual Report is consistent with the financial statements.

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

Date: 6th April 2016

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2015

	2015 £	2014 £
Income:		
Period 1st January 2015 to 31st March 2015		
Amounts receivable from branch boards	863,244	
Less payable to Police Federation Joint Fund - 89.50%	772,603	
	90,641	
Period 1st April 2015 to 31st December 2015		
Amounts receivable from branch boards.	2,573,625	
Less payable to Police Federation Joint Fund 91% to 31st July 2015 and 93% from 1st August 2015	2,370,595	
	203,030	
Total for Year		
Amounts receivable from branch boards	3,436,869	3,530,811
Less payable to Police Federation Joint Fund	3,143,198	3,160,076
	293,671	370,735
Expenditure:		
Less Administration and premises (Note 6)	324,234	182,730
(Deficit)/Surplus of branch board income over expenditure	(30,563)	188,005
Other Income:		
Income from securities	33,645	32,360
Bank deposit interest	1,579	1,498
	35,224	33,858
Surplus before gains	4,661	221,863
Profit on disposals of securities	40,758	12,685
Surplus before taxation	45,419	234,548
Less Taxation	(316)	(373)
Surplus for the year	45,103	234,175

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2015**

	2015 £	2014 £
Surplus for the financial year	45,103	234,175
Fair Value revaluation	(47,535)	291,440
Deferred tax	7,130	(43,716)
Total comprehensive income for the financial year	<u>4,698</u>	<u>481,899</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2015**

		2015	2014
FIXED ASSETS			
Tangible fixed assets	(Note 4)	239,259	241,846
Investments		1,569,734	1,292,866
		1,808,993	1,534,712
CURRENT ASSETS			
Amounts due from branch boards	(Note 5)	47,119	147,241
Due from Police Federation Joint Fund		22,012	-
Cash at bank and in hand		589,131	1,171,257
		658,262	1,318,498
LESS			
CURRENT LIABILITIES			
Due to Police Federation Joint Fund		-	397,841
Corporation tax		316	373
Creditors and accrued expenses		30,523	16,148
Deferred tax		36,586	43,716
		67,425	458,078
NET CURRENT ASSETS		590,837	860,420
NET ASSETS		2,399,830	2,395,132
REPRESENTED BY			
Accumulated Reserves		2,399,830	2,395,132

SignedChairman
C. Donald

.....Treasurer
C. Macleod

Dated: 6th April 2016

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2015**

	Note	Accumulated reserves £	Fair Value Transition Reserve £	Total £
At 1st January 2014		1,913,233	-	1,913,233
Surplus and total comprehensive income for the year		234,175	-	234,175
Transitional adjustments	7	-	247,724	247,724
At 31st December 2014		<u>2,147,408</u>	<u>247,724</u>	<u>2,395,132</u>
Surplus and total comprehensive income for the year		4,698	-	4,698
At 31st December 2015		<u><u>2,152,106</u></u>	<u><u>247,724</u></u>	<u><u>2,399,830</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015

1. BASIS OF PREPARATION

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

The financial statements are presented in Sterling (£).

This is the first year in which the financial statements have been prepared in accordance with FRS 102. Refer to note 7 for an explanation of the transition.

The date of transition is 1st January 2014. The transition to FRS 102 has resulted in a small number of changes in the accounting policies to those used previously. The nature of these changes and on the comparative period are explained in note 7.

2. ACCOUNTING POLICIES

2.1 Depreciation

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

Leasehold Flat	equally over the remaining years of the lease
Leasehold Flat's Fixtures and Fittings	25% reducing balance basis
Office Furniture and Equipment	20% reducing balance basis

2.2 Taxation

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

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

2.3 Investments

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

3. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015**

4. FIXED ASSETS

	Leasehold Flat £	Leasehold Flat Fixtures and Fittings £	Office Furniture and Equipment £	Total £
Cost:				
Opening balance and at 31st December 2015	258,372	17,474	102,393	378,239
Depreciation:				
Opening balance	18,603	17,091	100,699	136,393
Charge for year	2,067	96	424	2,587
At 31st December 2015	20,670	17,187	101,123	138,980
Net Book Value:				
At 31st December 2015	237,702	287	1,270	239,259
At 31st December 2014	239,769	383	1,694	241,846

5. AMOUNTS DUE FROM BRANCH BOARDS

	2015 £	2014 £
Avon and Somerset	-	5,816
Bedfordshire	(1,185)	1,293
Cambridgeshire	(239)	(2,397)
Cheshire	-	320
City of London	282	658
Cleveland	4,993	4,899
Cumbria	-	2,598
Derbyshire	-	34,683
Devon and Cornwall	(25,834)	(15,672)
Dorset	(165)	2,417
carried forward	(22,148)	34,615

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

5. AMOUNTS DUE FROM BRANCH BOARDS (continued)

	2015 £	2014 £
brought forward	(22,148)	34,615
Durham	-	-
Dyfed Powys	-	684
Essex	4,462	15,485
Gloucestershire	-	4,139
Greater Manchester	-	4
Gwent	2,961	3,097
Hampshire	(473)	(2,834)
Hertfordshire	8,550	8,490
Humberside	1,427	587
Kent	(6,562)	1,592
Lancashire	753	730
Leicestershire	-	79
Lincolnshire	-	1,263
Merseyside	-	-
Metropolitan	70,532	62,160
Norfolk	266	535
North Wales	-	-
North Yorkshire	-	-
Northamptonshire	-	1,028
Northumbria	-	14,034
Nottinghamshire	-	5,858
South Wales	(10,912)	(13,203)
South Yorkshire	295	9,479
Staffordshire	(3,172)	(10,195)
Suffolk	-	2,689
Surrey	-	3,807
Sussex	(2,615)	(5,192)
Thames Valley	-	-
Warwickshire	(323)	(1,095)
West Mercia	3,050	15,896
West Midlands	-	-
West Yorkshire	(1,555)	(7,518)
Wiltshire	2,583	1,027
	<u>47,119</u>	<u>147,241</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015**

6. ADMINISTRATION AND PREMISES EXPENSES

	2015	2014
	£	£
Audit and accountancy	7,112	6,360
Bank charges	289	400
Conference costs	-	5,735
Conference expenses	-	957
Consultants fees	-	5,120
Contribution to Police Federation Joint Fund Welfare Support Programme	24,179	-
Contribution to Police Federation Joint Fund Parliamentary Working Group	12,000	-
Contribution to Police Federation Joint Fund Conference film	90,000	-
Depreciation of office furniture and equipment	424	424
Donations: Other	300	300
General expenses	1,219	1,116
Honoraria:		
Chairman	6,517	4,888
General Secretary	5,793	4,345
Treasurer	5,793	4,345
Other	22,483	22,814
Income tax on accommodation	18,780	10,439
Income tax on honoraria	23,226	24,004
Income tax on motor mileage allowances	2,417	1,796
Leasehold Flat Expenses:		
Depreciation of fixtures and fittings	96	128
Depreciation of leasehold flat	2,067	2,067
Light, heat and charges	5,736	4,886
Repairs, maintenance and insurance	776	3,031
Office premises expenses	-	12,240
Over provision for income tax on accommodation and motor mileage in respect of prior years	-	(43,358)
Printing, postage and stationery	2,044	3,618
Professional fees	8,304	4,699
Repairs and maintenance of equipment	-	359
Retirement gifts	750	420
Staff lunches	428	569
Staff salaries	47,699	53,616
Staff superannuation	16,823	16,996
Telephone	25	79
Travelling, accommodation and meetings	17,731	29,841
Trustees travelling expenses	1,223	496
	<u>324,234</u>	<u>182,730</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015

7. TRANSITION TO FRS 102

The Fund has adopted FRS 102 for the year ended 31st December 2015 and has restated the comparative prior year amounts.

Transition to FRS 102 - reconciliations

	£
Restated statement of financial position	
Original shareholders' funds 1st December 2014	2,147,408
Restatement of investment	291,440
Deferred tax	(43,716)
	<hr/>
Restated shareholders' funds 31st December 2014	<u>2,395,132</u>

POLICE FEDERATION SERGEANTS' FUND
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST DECEMBER 2015

TRUSTEES

The trustees at 31st December 2015 were as follows:

Mr. J. Tooms
Mr. M. Nurthen
Mr. D. Hastings

INVESTMENTS

In compliance with FRS 102 investments are now shown at market value rather than cost.

The total funds held by trustees increased by £276,868 during the year. This comprised the income from securities of £33,645, the profit on disposal of securities of £40,758 and £250,000 invested from general funds less a fall in value of £47,535.

At 31st December 2015, £1,325,829 had been invested in unit trusts. The market value of the securities at that date was £243,905 above the cost price compared with the position at 31st December 2014 when the market value was £291,440 above the cost price.

FUNDS

At 31st December 2015 the trustees held the following funds:

	2015 £	2014 £
Securities St James Place Unit Trusts- accumulation units at market value (cost value: £1,325,829 [2014: £1,001,426])	1,569,734	1,292,866

J. Tooms
M. Nurthen
D. Hastings
Trustees

Dated: 6th April 2016