



THE POLICE FEDERATION OF ENGLAND AND WALES

ANNUAL REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2018**

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2018

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GENERAL INFORMATION

CHAIR	Mr Calum Macleod (Appointed 1/2018, Resigned 7/2018) Mr John Apter (Appointed 8/2018)
NATIONAL SECRETARY	Mr Andrew Fittes (Resigned 9/2018) Mr Alex Duncan (Appointed 10/2018)
NATIONAL TREASURER	Mr Tim Packham (Resigned 8/2019) Mr Simon Kempton (Appointed 9/2019)
NATIONAL TRUSTEES	Mr Jon Nott Mr John Toomes (Resigned 6/2019) Mr Mark Trueman (Resigned 9/2018) Mr Ollie Abercrombie (Appointed 7/2019) Ms Sam Chughtai (Appointed 10/2018)
REGISTERED OFFICE	Federation House Highbury Drive Leatherhead KT22 7UY
BANKER	National Westminster Bank Plc 1000 Cathedral Square Cathedral Hill Guildford GU2 7YL
INVESTMENT MANAGER	Rathbone Brothers Plc 28 St Andrew Square Edinburgh EH2 1AF
AUDITOR	KPMG LLP 15 Canada Square London E14 5GL
SOLICITOR	Slater & Gordon 50 – 52 Chancery Lane London WC2A 1HL

REPORT OF THE NATIONAL TREASURER

On behalf of the Police Federation of England and Wales ('PFEW'), I am pleased to present the Financial Statements, prepared as required under the 2017 Police Federation Regulations ('PFR2017').

The PFEW represents the interests of police officers below the rank of superintendent (Constables, Sergeants, Inspectors and Chief Inspectors). The PFEW was established by the Police Act 1919 to represent officers, reflecting the fact that police officers are members of a disciplined service with an obligation to protect the public and, as such, are prohibited from joining a trade union or taking industrial action. Its current legal basis is found in the Police Act 1996.

Consolidated statements

These Financial Statements represent the consolidated view of the financial position and operating activities for all entities of the PFEW.

Since 2017 the PFEW has undertaken significant changes resulting in organisational restructuring, process redefinition and financial consolidation. Details of these activities are set out in the 2017 Financial Statements.

These Financial Statements represented the second year the PFEW is reporting under the new structure and includes a prior year comparison.

Internal Audit and Governance

The PFEW holds itself to the highest standards of openness and transparency. In the process of completing these Financial Statements, the following Internal Audit activities were completed between 1 January 2018 and 31 July 2020:

- Ninety-two (92) reports covering all forty-three Federation Branches;
- Thirty-one (31) reports covering National Board Departments, Sub-Committees and central processes delivered from Federation House ('HQ'); and
- Nine (9) ad-hoc reports.

In addition to undertaking assurance activities, Internal Audit was also responsible for training of Branch Trustees and Branch Treasurers. In the period 1 January 2018 to 31 July 2020, Coaching for Professional Development training was completed for seventy-eight (78) Branch Treasurers and Deputy Treasurers, and one hundred and seventy (170) Branch Trustees.

Financial Activities

Total income in 2018 was £32,054k (2017: £32,105k), comprising members' subscriptions of £28,823k (2017: £29,249k), Federation House income of £1,256k (2017: £995k), income deriving from commissions of £1,112k (2017: £453k), reimbursement of administration costs

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of £1,080k (2017: nil), a loss on investments of £541k (2017: profit of £949k) and other income of £157k (2017: £459k).

Total expenditure in 2018 was £35,392k (2017: £33,045k), comprising of members' legal fees of £10,250k (2017: £10,121k), other National Board expenditure of £14,630k (2017: £13,633k), and Branch expenditure of £10,512k (2017: £9,291k).

During 2018 there was a deficit of £6,569k (2017: £3,796k) before adjustments on investments. Combined with the deficit of income to expenditure, a decrease in value of investments of £1,028k (2017: increase of £1,803k), a loss from investments of £541k (2017: profit of £949k) and a value adjustment on property investments of £167k (2017: nil), resulted in a deficit of £4,532k (2017: profit of £863k). The total restated comprehensive deficit for the year was £4,112k (2017: profit £2,224k).

At 31 December 2018 the PFEW held investments of £27,162k (2017: £30,681k), comprising of £13,858k held by the National Board (2017: £17,048k) and £13,304k held by Branches (2017: £13,633k). At 31 December 2018 the PFEW held cash of £9,205k (2017: £12,212k), comprising of £1,050k held by the National Board (2017: £1,195k) and £8,155k held by Branches (2017: £11,017k).

During 2018 the PFEW received repayment of £1,165k which had been transferred to the 'Peelers Charity' in 2015.

The Financial Statements and Balance Sheet, together with the Notes to the Financial Statements set out on pages 24 – 34, present the overall financial performance of the PFEW, and provide an analysis of the resources arising and used in the performance of the PFEW's objectives. In addition, information is provided on the movements in the PFEW's cash and investments.

Statement of the National Treasurer's responsibilities

The National Treasurer has accepted responsibility for the preparation of these financial statements for the year ended 31 December 2018 which are intended by them to give a true and fair view of the state of affairs of the PFEW and of the profit or loss for that period. The accounts are prepared in accordance with UK Generally Accepted Accounting Practice, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these financial statements, the National Treasurer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable UK accounting standards have been followed; subject to any material departures being disclosed and explained in the financial statements;
- assessed the federation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

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

The National Treasurer is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the federation and to prevent and detect fraud and other irregularities.



Simon Kempton
National Treasurer - PFEW
29 September 2020

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

Opinion

We have audited the statutory accounts of the Police Federation of England and Wales (“the Federation”) for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the Cashflow Statement and related notes, including the accounting policies in note 1.

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

- give a true and fair view of the state of the Federation’s affairs as at 31 December 2018 and its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Police Federation (England and Wales) Regulations 2017.

Basis for qualified opinion

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

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”), and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Federation in accordance with, UK ethical requirements including the FRC Ethical Standard.

We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our qualified opinion.

Going concern

The National Treasurer has prepared the financial statements on the going concern basis as they do not intend to liquidate the Federation or to cease its operations, and as they have concluded that the Federation’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over

its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the National Treasurer’s conclusions, we considered the inherent risks to the Federation’s business model and analysed how those risks might affect the Federation’s financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor’s report is not a guarantee that the Federation will continue in operation.

Responsibilities of the National Treasurer

As explained more fully in the statement set out on pages 4 - 6, the National Treasurer of the Federation is responsible for: the preparation of the statutory accounts, which are intended by them to give a true and fair view; such internal control as they determine is necessary to enable the preparation of statutory accounts that are free from material misstatement, whether due to fraud or error; assessing the Federation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Federation or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities

Our objectives are to obtain reasonable assurance about whether the -statutory accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor’s report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the non-statutory accounts.

A fuller description of our responsibilities is provided on the FRC’s website at www.frc.org.uk/auditorsresponsibilities.

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

Our report has been prepared solely for the Federation, as a body, in accordance with Regulation 21(c) of the Police Federation (England and Wales) Regulations 2017 and the terms of our engagement. Our audit work has been undertaken so that we might state to the Federation those matters we are required to state to it in an auditor’s report and for no other

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purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Federation, as a body, for our audit work, for this report, or for the opinions we have formed.



Joanne Lees
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square, London E14 5GL

06 October 2020

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STATEMENT OF FINANCIAL ACTIVITIES

	Note	2018 £ '000	2017 £ '000
Income			
Subscription Income	1	28,823	29,249
Expenditure			
Members' Legal Fees	2	(10,250)	(10,121)
National Board Expenditure	3	(14,630)	(13,633)
Branch Expenditure	4	(10,512)	(9,291)
Deficit of subscription income over expenditure		(6,569)	(3,796)
(Loss) / Income from Investments		(541)	949
Other Income		3,606	1,907
Deficit before gains		(3,504)	(940)
(Loss) / Gain for the year on Investments		(1,028)	1,803
Surplus before tax and exceptional items		(4,532)	863
Taxation	5	0	0
Surplus for the financial year		(4,532)	863

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	2018 £ '000	(Restated *) 2017 £ '000
(Deficit) / Surplus for the financial year		(4,532)	863
Actuarial surplus on pension scheme valuation		420	1,311
Deferred tax	5	0	50
Total comprehensive (Deficit) / Surplus for the financial year		(4,112)	2,224

* Note 16 on page 34 provides an explanation for the restatement

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STATEMENT OF FINANCIAL POSITION

	Note	31 December 2018 £ '000	(Restated *) 31 December 2017 £ '000
Fixed assets			
Tangible assets	6	40,218	39,786
Investments	7	27,162	30,681
Investment Properties	8	1,018	801
		68,398	71,268
Current assets			
Cash and cash equivalents	9	9,205	12,212
Debtors and prepayments	10	2,417	2,707
Other		1,508	1,364
		13,130	16,283
Creditors: amounts falling due within one year	11	(6,297)	(7,790)
Net current assets		6,833	8,493
Total assets less current liabilities		75,231	79,761
Creditors: amounts falling due after more than one year			
Provisions for liabilities	12	(2,839)	(2,839)
Provision for DB Pension Scheme	13	(833)	(1,253)
Other		(575)	(575)
		(4,247)	(4,667)
Net assets		70,983	75,093
Accumulated reserves at 31 December		75,093	72,869
Profit and Loss Account		(4,112)	2,224
Accumulated reserves at 31 December		70,981	75,093

* Note 16 on page 34 provides an explanation for the restatement

The Financial Statements were approved by the Audit Committee on 29 September 2020.

Signed on behalf of the PFEW by:



PFEW Chair



PFEW Treasurer

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STATEMENT OF CASHFLOWS

	2018	(Restated *)
	£ '000	2017
		£ '000
Cashflows from Operating Activities		
(Deficit) / Surplus income for the financial year	(4,112)	2,224
Amortisation	1,195	723
Decrease in Corporation Tax Creditor	(48)	(29)
Decrease / (Increase) in Provisions	(419)	(5,775)
Decrease / (Increase) in Trade Creditors	627	(1,724)
Decrease in Stock	2	23
(Decrease) / Increase in Accruals	(814)	1,491
Decrease in Debtors	(72)	(161)
Decrease in Prepayments	353	855
Increase in Deferred Tax Creditor	0	39
Intercompany adjustments	(1,392)	0
Net cash used in Operating Activities	(4,680)	(2,334)
Cashflows from investment Activities		
Investment income losses during the year	541	1,055
Investment losses for the year	1,194	1,803
Increase in Property Investments	(216)	0
Capex Additions	(1,627)	(171)
Net cash used in Investment Activities	(108)	2,687
Cashflows from Financing Activities		
Decrease / (Increase) in Investments	1,784	(116)
(Increase) in Loans	0	(70)
Other	(2)	6
Net cash used in Financing Activities	1,782	(180)
Net (Decrease) / Increase in cash and cash equivalents	(3,007)	173
Opening Balance cash and cash equivalents	12,212	12,039
Closing balance cash and cash equivalents	9,205	12,212

* Note 16 on page 34 provides an explanation for the restatement

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STATEMENT OF CHANGES IN EQUITY

	Accumulated reserves	Fair Value Transition Reserve	Total
	£ '000	£ '000	£ '000
At 31 December 2016	72,869	0	72,869
Restated profit for the year ended 31 December 2017	2,224	0	2,224
Restated At 31 December 2017	75,093	0	75,093
Loss for the year ended 31 December 2018	(4,112)	0	(4,112)
At 31 December 2018	70,981	0	70,981

ACCOUNTING POLICIES

Basis of preparation

The PFEW is the statutory staff association representing 120,000 rank and file police officers (Constables, Sergeants, Inspectors and Chief Inspectors) in the forty-three territorial police forces in England and Wales (the 'Forces'). Under UK labour law, the police are prohibited from joining ordinary trade unions to defend pay and working conditions (Police Act 1996) because of the view that a police strike would pose an exceptional public safety risk. The PFEW was originally established by the Police Act 1919, as an alternative system, which would serve to represent staff, and where disputes could be resolved through arbitration so long as the government continued to bargain in good faith.

These Financial Statements have been prepared in accordance with Financial Reporting Standard applicable in the United Kingdom (FRS 102), the PFEW 2017 Regulations ('PFR2017') and the PFEW 2018 Fund Rules.

In preparing the Financial Statements, the PFEW has met the following statutory requirements set out in PFR2017:

- 21.2(b) prepare annual accounts for the Federation ("Federation accounts") recording –
 - (i) the income, and expenditure of the Federation (including the income and expenditure of the Federation branches), for each financial year; and
 - (ii) the assets and liabilities of the Federation (including the assets and liabilities of the branches of the Federation) at the end of the financial year; and
- 21.2(c) arrange for the Federation accounts for each year to be audited by an (qualifying) auditor.

The PFEW operates within a policing environment that includes all Forces, along with a range of other entities. In 2018, following approval and implementation of the PFR2017, an exercise was undertaken by the PFEW to determine what entities fall under the definition of 'Federation Accounts', a defined term in the PFR2017. With the support of specialist trust advice (commissioned by the PFEW), the PFEW internally agreed a position in June 2019. Entities that are deemed to sit outside the PFEW include group insurance trusts, healthcare schemes, benevolent funds, and charities - where their core purpose is defined by third parties (eg the Force Chief) and its beneficiaries extend beyond the PFEW membership. These entities operate independently, where all obligations for legal and fiduciary compliance, along with any liabilities, do not fall on the PFEW (including Branches). The impacts of this exercise do not affect the central entities (eg the National Board). There are a number of changes at a Branch level, and these can be analysed by comparing the 2016 Branch F45 statement to the table of Branch Net Assets in the Notes on page 11. These Financial Statements have been prepared on this basis.

The Financial Statements include the income, expenditure, assets and liabilities of all PFEW entities as set out in PFR2017. These include the National Board (comprising the entities

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formerly known as the Joint Central Committee, Inspectors Central Committee, Sergeants Central Committee, Constables Central Committee) and forty-three Branch Boards.

The principal trading entity is the National Board which operates the head office, the hotel and conferencing facilities at Federation House. The forty-three Branches operated during the accounting period, principally as the first point of contact for local members.

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

Going concern statement regarding Covid-19

The COVID-19 pandemic crisis and its economic effects means that all organisations need to consider carefully the impacts and risks. Whilst these Financial Statements represent the year ending 31 December 2018, the audit consideration and going concern statement is applicable for at least one year from the date of signing.

The PFEW management team, National Board and National Council, continues to meet on a regular basis utilising the virtual meeting technology set up follow the 2019 cyber-attacks. These meetings include all aspects of regular business including, for the avoidance of doubt, review of the PFEW's risk register.

The PFEW has undertaken a cash flow assessment for the 12 months from the date of signing these Financial Statements. Regarding going concern, there are no known material uncertainties that would cast doubt on the PFEW's ability to operate on a continuing basis. In arriving at this assessment, the following considerations have been taken into account:

- The level of member subscriptions remains constant compared to the prior year;
- The process for members to access support services such as legal advice or representation, based on the incumbent arrangements remains unchanged;
- The PFEW remains in a position to represent members' interest with stakeholders such as the Home Office, through its normal channels when working remotely;
- Regarding counterparty risks, the PFEW has a small value of debtors and has not experienced any issues in collecting known debts;
- The PFEW has not experienced any material delays or problems collecting member subscriptions;
- Regarding consideration of supply chain impacts for legal support to members, the PFEW operates a panel of solicitors and experts for legal support to members (where applicable). This arrangement and process remains in place and is unaffected;
- Regarding consideration of supply chain impacts for the operation of Federation House, the hotel facility is operating on a limited basis and the training facility is currently closed;
- Employees, including staff based at Federation House and in Branches, are currently working from home, except in the case of hotel staff who have been furloughed;

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- In addition to the Job Retention Scheme, under which certain staff have already been furloughed, the PFEW intends, where required, to access government initiatives offered as part its response to support UK businesses;
- The PFEW has data in a secure cloud environment which is fully accessible when working remotely;
- The PFEW has implemented a number of cost saving initiatives whilst the uncertainties surrounding the COVID-19 pandemic remain;
- The PFEW does not hold any debt but has access to a credit facility of £500k from Natwest bank (undrawn at the balance sheet date);
- The PFEW does not foresee any changes in the PFR2017 resulting from Covid-19.

Accounting policies

The following accounting policies have been adopted for material items:

Income

Income is shown within four main categories in the Financial Statements:

- Income from member subscriptions;
- Income from investments; and
- Income from other trading activities.

The following specific policies apply to categories of income:

- a) Income categorised as member subscriptions is recognised at the fair value of the consideration on an accrual basis. Income is derived from subscriptions collected from PFEW's members. During the accounting period income was shared between the 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.

Any income restricted to a future accounting period is deferred and recognised in those accounting periods.

Expenditure

Expenditure for the National Board and all forty-three Branches has been prepared and is reported on an accrual basis.

Expenditure is shown inclusive of irrecoverable Value Added Tax. The PFEW operates with a partial exemption special method ('PESM'), agreed with HMRC in 2015.

All expenditure is categorised as:

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- Members' legal fees
- National Board expenditure
- Branch expenditure

Members' legal fees represents expenditure incurred in the provision of support for members' claims.

National Board expenditure represents costs incurred at the head office based at Federation House, including personnel, office and premises, administration, financial management, human resources, communications, information technology, travel and subsistence, Federation officials' honoraria and insurance. Hosting events such as the annual conference are also categorised as National Board costs.

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

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The purchase of assets under £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, other than freehold land, over their expected useful lives.

The applicable rates in the Financial Statements are:

- Plant & machinery - 15 years straight line basis
- Computer & equipment - 3 years straight line basis
- Furniture & fittings - 8 years straight line basis
- Motor vehicles - 25% reducing balance basis
- Leasehold premises - term of lease
- Freehold land & buildings - not depreciated

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises the purchase price plus labour, appropriate overhead expenses and materials used in bringing the stocks to their present location and condition.

Impairments

The carrying values of the PFEW's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of fair value less costs to sell the asset, and it's in use. If the assets recoverable value falls below its book value an impairment charge is recognised to bring its book value down to the recoverable amount.

Basic Financial Instruments

Investments

Investments in equity instruments includes quoted equity instruments, fixed interest government funds and other fixed interest funds. Investments are initially measured at fair value, which is normally the transaction price. Any changes in fair values are recognised in the Financial Statements as other comprehensive income.

Investment Properties

Investment properties are properties which are held principally for members' use, with occasional rental income. Investment properties are recognised initially at cost. Investment property are measured at the fair value. Any changes in fair values are recognised in the Financial Statements as other comprehensive income. There were no changes in fair value of investment properties during the accounting period.

Trade and other debtors

Trade and other debtors are recognised at the settlement amount due, less any provision for bad or doubtful amounts. Any such provisions are specific and applied in a consistent manner based on a debt's ageing and any other factors affecting potential recoverability. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash, for the purpose of the Statement of cash flows, represents balances on hand, and those on deposit with a maturity up to 3 months. Such balances are subject to insignificant risk of changes in value and are readily convertible.

Creditors

Trade and other creditors are recognised at the transaction price due, after allowing for any trade discounts. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Other Financial Instruments

The PFEW has considered FRS102 sections 11 and 12, identifying and classifying financial instruments as either 'basic' and 'other'. The PFEW only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors, are initially recognised at the transaction value and subsequently measured at their settlement value.

Provisions for liabilities

Provisions are recognised when a present obligation arises (legal or constructive) as a result of a past event, it is probable that the obligation will be required to be settled, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period (taking into account any risks and uncertainties surrounding the obligation).

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

Contingencies and commitments

The disclosure of contingencies and commitments represents the nature and estimate of any financial effect, including an indication of any uncertainties relating to timing or amounts, and the possibility of reimbursement unless the possibility of any outflow of resources is considered remote. The PFEW does not have any undeclared, known commitments, guarantees or contingencies either entered into by the National Board nor any Branch.

Employee benefits

The PFEW operates both a defined benefits pension scheme ('DB Scheme') and a defined contribution pension scheme. The assets of the schemes are held separately from those of the PFEW, in independently administered funds.

Defined Benefit Scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. A company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. A company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

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A valuation is performed tri-annually by a qualified actuary using the projected unit credit method. A company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the income statement. Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

The PFEW DB Scheme was established on 1 January 1980, set up under trust, to provide retirement benefits to the employees of the PFEW. The DB Scheme is an exempt approved scheme. The DB Scheme was closed in May 2010.

The DB Scheme Trustees, who meet on a regular basis to discuss the investment policy and consider any matters that arise, carry out the administration of the DB Scheme. The DB Scheme Trustees met three times during 2018. As at 31 December 2018 the DB Scheme had 111 members (2017: 114).

Defined Contribution Scheme

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

The PFEW operates a defined contribution scheme (the 'DC Scheme') for employees under an opt-in basis. Contributions to the DC Scheme are recognised in the income statement under Administrative Expenses.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the PFEW. All other leases are classified as operating leases.

Property, plant and equipment acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. Any related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the period of the lease. The benefits of lease incentives are recognised in the income statement over the lease period.

Foreign currency

The Financial Statements are presented in pound sterling. Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at

the date of the transaction. Monetary assets and liabilities at the year-end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

Taxation

Current tax is recognised as the amount of income tax payable in respect of the taxable profit for the current or past reporting periods, using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax is calculated using the tax rates and laws that have been enacted at the reporting date that are expected to apply to the reversal of the timing difference. With the exception of changes arising on the initial recognition of a business combination, the tax expenses (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If, and when, all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax assets and deferred tax liabilities are offset only if:

- There is a legally enforceable right to set off current tax assets against current tax liabilities, and
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle; and
- Current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Related parties

The PFEW comprises approximately 1,200 representatives, elected from the police service. The roles vary, including:

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

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All elected representatives are serving police officers and are employed by one of forty-three police forces throughout England and Wales. The role and tenure of each elected representative role is defined in PFR2017.

The PFEW has a small number of related party transactions. These principally relate to invoices received from police forces which recharge the PFEW for 100% of salary costs of their representatives in categories a) and b) above. Separately, the PFEW recharges all police forces (pro-rata, based on share of membership) for 50% the total recharge received.

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

Subsequent events

Subsequent to the balance sheet date the following events occurred.

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

Significant judgements and key sources of estimation uncertainty

In the application of the accounting policies, the PFEW is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue Recognition

Income from members' subscriptions is recognised in the income statement in the period the benefit was accrued by the PFEW, and therefore requires management judgement for the applicable period.

Provision for Liabilities

Management has considered each element that makes up the total provision balance as at the year end and decided that assumptions used to estimate these elements is sound, and there are no considerations that would materially change the provision balance.

Useful life of assets

The PFEW reviews the estimated useful lives of its assets annually at the end of each reporting period. During the year the PFEW assessed the useful lives of its assets and concluded that the period adopted in prior years reasonably represents the average useful life of the PFEW's assets and should be maintained for its equipment in 2018.

Going Concern

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

The PFEW's activities, together with factors likely to affect its future performance and financial position, and commentary on the PFEW's financial activities and its cash flows are set out in the National Treasurer's report on pages 4 - 6 and elsewhere in the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - INCOME

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

	2018	2017
	£ '000	£ '000
Retained by the National Board	21,278	20,474
Retained by the Branch Boards	7,545	8,775
	<u>28,823</u>	<u>29,249</u>

NOTE 2 - MEMBERS' LEGAL FEES

	2018	2017
	£ '000	£ '000
CICA CLAIMS	65	104
CIVIL CLAIMS	1,056	(2,050)
CRIMINAL CASES	1,984	2,939
DEFAMATION	(60)	(104)
DISCIPLINE	2,304	2,784
EMPLOYMENT TRIBUNALS	2,016	2,921
PROFESSIONAL INDEMNITY	109	17
INQUESTS	416	81
JUDICIAL REVIEWS	0	164
GENERAL LEGAL COSTS	2,360	3,265
	<u>10,250</u>	<u>10,121</u>

NOTE 3 - NATIONAL BOARD EXPENDITURE

	2018	2017
	£ '000	£ '000
Payroll Costs	4,128	3,984
Professional Fees	1,634	2,543
National Board Expenses Including Salaries	1,617	1,356
IT Support Contracts, Hardware and Accessories	1,346	2,208
Meeting Costs including Annual Conference	1,313	1,473
Federation House Costs	1,072	841
Premises Costs	577	1,294
Insurance Costs	192	114
Member's Death Benefits	180	231
Audit Fee	164	180
Other Costs	2,407	(591)
	<u>14,630</u>	<u>13,633</u>

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NOTE 4 - BRANCH EXPENDITURE

	2018	2017
	£ '000	£ '000
AVON & SOMERSET	189	125
BEDFORDSHIRE	88	85
CAMBRIDGESHIRE	88	82
CHESHIRE	156	139
CITY OF LONDON	54	25
CLEVELAND	161	153
CUMBRIA	138	93
DERBYSHIRE	125	123
DEVON & CORNWALL	685	473
DORSET	137	131
DURHAM	141	112
DYFED POWYS	101	75
ESSEX	224	221
GLOUCESTERSHIRE	157	83
GREATER MANCHESTER	472	505
GWENT	123	83
HAMPSHIRE	150	204
HERTFORDSHIRE	127	162
HUMBERSIDE	150	113
KENT	170	204
LANCASHIRE	174	239
LEICESTERSHIRE	88	118
LINCOLNSHIRE	29	103
MERSEYSIDE	543	254
METROPOLITAN	2,396	1,956
NORFOLK	185	144
NORTH WALES	92	55
NORTH YORKSHIRE	110	85
NORTHAMPTONSHIRE	104	127
NORTHUMBRIA	298	302
NOTTINGHAMSHIRE	154	142
SOUTH WALES	141	194
SOUTH YORKSHIRE	194	244
STAFFORDSHIRE	190	105
SUFFOLK	154	119
SURREY	133	153
SUSSEX	202	173
THAMES VALLEY	240	209
WARWICKSHIRE	78	42
WEST MERCIA	246	115
WEST MIDLANDS	600	761
WEST YORKSHIRE	424	370
WILTSHIRE	101	90
TOTAL	<u>10,512</u>	<u>9,291</u>

NOTE 5 - TAX ON PROFIT ON ORDINARY ACTIVITIES

	2018	2017
	£ '000	£ '000
Charge for the Year	0	0
Prior year adjustments	0	0
	<u>0</u>	<u>0</u>
Deferred tax movement	0	50
	<u>0</u>	<u>50</u>

NOTE 6 – FIXED ASSETS

	Freehold Property	Leasehold Property	Mechanical Equipment	Computer Equipment	Furniture & Fittings	Office Equipment	Other Assets
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
<u>Cost</u>							
At 31/21/2017	35,098	3,592	3,028	5,597	3,502	1,115	242
Additions	148	0	19	1,363	96	0	0
Disposals	0	0	0	0	0	0	0
At 31/12/2018	<u>35,246</u>	<u>3,592</u>	<u>3,047</u>	<u>6,960</u>	<u>3,598</u>	<u>1,115</u>	<u>242</u>
<u>Depreciation</u>							
At 31/12/2017	(1,552)	(415)	(1,914)	(4,261)	(3,055)	(1,020)	(171)
Provided in the year	0	(15)	(197)	(824)	(112)	(24)	(21)
Disposals	0	0	0	0	0	0	0
At 31/12/2018	<u>(1,552)</u>	<u>(430)</u>	<u>(2,111)</u>	<u>(5,085)</u>	<u>(3,167)</u>	<u>(1,044)</u>	<u>(192)</u>
<u>Net Book Value</u>							
At 31/12/2017	33,546	3,177	1,114	1,336	447	95	71
At 31/12/2018	<u>33,694</u>	<u>3,162</u>	<u>936</u>	<u>1,875</u>	<u>431</u>	<u>71</u>	<u>50</u>

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NOTE 7 - INVESTMENTS

ENTITY	2017 Market Value £ '000	Net Deposits / (Withdrawals) £ '000	Returns on Investments £ '000	2018 Market Value £ '000
NATIONAL BOARD	17,048	(3,583)	394	13,859
AVON & SOMERSET	0	250	0	250
BEDFORDSHIRE	0	0	0	0
CAMBRIDGESHIRE	237	0	(14)	223
CHESHIRE	0	0	0	0
CITY OF LONDON	0	0	0	0
CLEVELAND	0	0	0	0
CUMBRIA	0	0	0	0
DERBYSHIRE	51	0	(2)	49
DEVON & CORNWALL	45	(45)	0	0
DORSET	160	(10)	(11)	139
DURHAM	0	0	0	0
DYFED POWYS	0	0	0	0
ESSEX	0	300	(15)	285
GLOUCESTERSHIRE	164	0	(11)	153
GREATER MANCHESTER	574	50	17	641
GWENT	0	0	0	0
HAMPSHIRE	526	0	(45)	481
HERTFORDSHIRE	359	0	(17)	342
HUMBERSIDE	0	0	0	0
KENT	0	0	0	0
LANCASHIRE	747	0	6	753
LEICESTERSHIRE	305	0	(22)	283
LINCOLNSHIRE	0	0	0	0
MERSEYSIDE	192	0	(10)	182
METROPOLITAN	4,593	0	(332)	4,261
NORFOLK	0	0	0	0
NORTH WALES	831	0	(39)	792
NORTH YORKSHIRE	52	0	(52)	0
NORTHAMPTONSHIRE	227	0	(227)	0
NORTHUMBRIA	0	0	0	0
NOTTINGHAMSHIRE	0	0	0	0
SOUTH WALES	0	0	0	0
SOUTH YORKSHIRE	167	60	(12)	215
STAFFORDSHIRE	0	0	0	0
SUFFOLK	277	0	(18)	259
SURREY	347	0	(17)	330
SUSSEX	325	0	(15)	310
THAMES VALLEY	0	0	0	0
WARWICKSHIRE	0	0	0	0
WEST MERCIA	487	0	(11)	476
WEST MIDLANDS	1,972	0	(105)	1,867
WEST YORKSHIRE	701	0	51	752
WILTSHIRE	294	0	(34)	260
TOTAL	30,681	(2,978)	(526)	27,162

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NOTE 8 - INVESTMENT PROPERTIES

ENTITY	2017 Market Value £ '000	Additions / Disposals £ '000	Depreciation / Revaluation £ '000	2018 Market Value £ '000
NATIONAL BOARD	0	0	0	0
AVON & SOMERSET	0	0	0	0
BEDFORDSHIRE	0	0	0	0
CAMBRIDGESHIRE	0	0	0	0
CHESHIRE	0	0	0	0
CITY OF LONDON	0	0	0	0
CLEVELAND	0	0	0	0
CUMBRIA	0	0	0	0
DERBYSHIRE	0	0	0	0
DEVON & CORNWALL	165	0	4	169
DORSET	0	0	0	0
DURHAM	0	0	0	0
DYFED POWYS	0	0	0	0
ESSEX	0	0	0	0
GLOUCESTERSHIRE	0	0	0	0
GREATER MANCHESTER	0	0	0	0
GWENT	0	0	0	0
HAMPSHIRE	0	0	0	0
HERTFORDSHIRE	0	0	0	0
HUMBERSIDE	0	0	0	0
KENT	0	0	0	0
LANCASHIRE	0	0	0	0
LEICESTERSHIRE	0	0	0	0
LINCOLNSHIRE	0	0	0	0
MERSEYSIDE	466	0	148	614
METROPOLITAN	0	0	0	0
NORFOLK	0	0	0	0
NORTH WALES	0	0	0	0
NORTH YORKSHIRE	0	0	0	0
NORTHAMPTONSHIRE	0	0	0	0
NORTHUMBRIA	0	0	0	0
NOTTINGHAMSHIRE	0	0	0	0
SOUTH WALES	0	0	0	0
SOUTH YORKSHIRE	170	0	15	185
STAFFORDSHIRE	0	0	0	0
SUFFOLK	0	0	0	0
SURREY	0	0	0	0
SUSSEX	0	0	0	0
THAMES VALLEY	0	0	0	0
WARWICKSHIRE	0	0	0	0
WEST MERCIA	0	0	0	0
WEST MIDLANDS	0	0	0	0
WEST YORKSHIRE	0	0	50	50
WILTSHIRE	0	0	0	0
TOTAL	801	0	217	1,018

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NOTE 9 - CASH AND CASH EQUIVALENTS

ENTITY	2017 £ '000	Movement £ '000	2018 £ '000
NATIONAL BOARD	1,195	(144)	1,050
AVON & SOMERSET	444	(262)	182
BEDFORDSHIRE	30	(19)	11
CAMBRIDGESHIRE	136	(32)	104
CHESHIRE	67	4	71
CITY OF LONDON	144	(19)	125
CLEVELAND	154	(54)	100
CUMBRIA	63	(56)	7
DERBYSHIRE	97	33	130
DEVON & CORNWALL	296	262	558
DORSET	46	4	50
DURHAM	297	15	312
DYFED POWYS	228	(21)	207
ESSEX	556	(235)	321
GLOUCESTERSHIRE	64	(57)	7
GREATER MANCHESTER	331	(83)	248
GWENT	47	21	68
HAMPSHIRE	184	(82)	102
HERTFORDSHIRE	80	17	97
HUMBERSIDE	17	37	54
KENT	627	(209)	418
LANCASHIRE	19	(28)	(9)
LEICESTERSHIRE	91	30	121
LINCOLNSHIRE	155	(15)	140
MERSEYSIDE	553	2	555
METROPOLITAN	2,170	(1,133)	1,037
NORFOLK	130	(96)	34
NORTH WALES	68	23	91
NORTH YORKSHIRE	71	(17)	54
NORTHAMPTONSHIRE	76	(2)	74
NORTHUMBRIA	0	(164)	(164)
NOTTINGHAMSHIRE	79	(20)	59
SOUTH WALES	262	(4)	258
SOUTH YORKSHIRE	104	(38)	66
STAFFORDSHIRE	47	(86)	(39)
SUFFOLK	134	(100)	34
SURREY	112	5	117
SUSSEX	219	(25)	194
THAMES VALLEY	1,437	(147)	1,290
WARWICKSHIRE	66	25	91
WEST MERCIA	89	(210)	(121)
WEST MIDLANDS	853	(122)	731
WEST YORKSHIRE	278	1	279
WILTSHIRE	96	(6)	90
TOTAL	12,212	(3,007)	9,205

NOTE 10 - DEBTORS AND PREPAYMENTS

	2017	Movement	2018
	£ '000	£ '000	£ '000
Subscriptions Due	417	0	417
Debtors	1,149	(79)	1,070
Prepayments	1,141	(353)	788
Other	0	142	142
	2,707	(290)	2,417

NOTE 11 - CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	Movement	2018
	£ '000	£ '000	£ '000
Deferred Tax	366	0	366
Deferred Income	1	0	1
Death Benefit	7	0	7
Mortgage Loan	385	0	385
Other Accrued Expenses	4,367	(814)	3,553
Trade Creditors	1,340	626	1,966
Other Creditors	1,324	(1,305)	19
	7,790	(1,493)	6,297

NOTE 12 - PROVISION FOR LIABILITIES

	2017	Amounts	New	2018
	£ '000	Utilised	Provisions	£ '000
	£ '000	£ '000	£ '000	£ '000
Provision for Legal Cases	930	(565)	1,714	2,079
Other Provisions	1,909	0	(1,149)	760
	2,839	(565)	565	2,839

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 Note 12 reflect reliable estimates following consultation with the PFEW's panel of legal firms.

NOTE 13 - PFEW DEFINED BENEFIT PENSION SCHEME

The value of the DB Scheme's net assets as at 31 December 2018 amounted to £13,936k (2017: £14,484k). Due to a current deficit, the DB Scheme Trustees, with the agreement of the principal employer, have put in place a recovery plan. The employer's deficit contributions have been agreed at an annual rate of £432k to 30 November 2022. Contributions are made in the form of monthly payment of £36k.

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

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

Net pension statement:	2018	(Restated *)
	£ '000	£ '000
Fair value of plan assets	13,936	14,484
Present value of defined benefit obligation	(14,769)	(15,737)
Net pension deficit	(833)	(1,253)

* Note 16 on page 34 provides an explanation for the restatement

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

	2018
	£ '000
Defined benefit obligation at the start of the period	(15,737)
Current service costs	0
Expenses	0
Interest on deficit	(396)
Contributions by plan participants	0
Actuarial gains	948
Benefits paid	416
Liabilities acquired in a business combination	0
Liabilities extinguished on settlements	0
Losses (gains) on curtailments	0
Losses (gains) due to benefit changes	0
Defined benefit obligation at the end of the period	(14,769)

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

	2018
	£ '000
Fair value of plan assets at the start of the period	14,484
Interest income	370
Actuarial losses	(934)
Contributions by the employer	432
Contributions by participants	0
Benefits paid	(416)
Assets acquired in a business combination	0
Assets distributed on settlements	0
Fair value of plan assets at the end of the period	<u>13,936</u>

Defined benefit costs recognised in the Profit & Loss Statement

	2018
	£ '000
Current service cost	0
Expenses	0
Net interest cost	(26)
Gains / (Losses) on business combinations	0
Gains / (Losses) on settlements	0
Gains / (Losses) on curtailments	0
Gains / (Losses) due to benefit changes	0
Defined benefit costs recognised in the Profit & Loss Statement	<u>(26)</u>

The fair value of the plan assets was as follows:

	2018	(Restated *)
	£ '000	2017
		£ '000
Equities	7,867	9,406
Bonds	912	900
Fixed interest bonds	1,419	912
Cash	1,303	773
Other	1,466	1,391
Insured pensions	969	1,102
	<u>13,936</u>	<u>14,484</u>

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.

* Note 16 on page 34 provides an explanation for the restatement

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

	2018	2017
Discount rate	2.90%	2.55%
Inflation (RPI)	3.25%	3.20%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.25%	3.20%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.10%	3.05%
Allowance for commutation of pension for cash at retirement (% of Post A Day)	80.00%	80.00%

NOTE 14 - ELECTED NATIONAL OFFICIALS ENHANCEMENTS

PFR2017 permits an enhanced salary to full time elected officials based at Federation House, representing additional responsibilities, additional hours worked and time spent away from home.

	2018	2017
Full time Principal Officers	133,296	111,365
	<u>133,296</u>	<u>111,365</u>

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

	2018	2017
	£ '000	£ '000
Wages and salaries	3,551	3,098
Social security costs	389	275
Other pension costs	188	611
	<u>4,128</u>	<u>3,984</u>
Management and administration	91	77
Federation House hotel and manual	56	54
	<u>147</u>	<u>131</u>

NOTE 16 - RESTATEMENT

During the year, the PFEW commissioned an actuarial specialist to assist in the calculation of the Provision for the DB Pension Scheme for the financial year ended 31 December 2018 in line with requirements of FRS102. A summary of the restatement changes is presented below.

	Balance at 31 December 2017	Movement	Restated Balance as at 31 December 2017
<u>Statement of Other Comprehensive Income:</u>			
Actuarial surplus on pension scheme valuation	(1,406)	2,717	1,311
<u>Statement of Financial Position</u>			
Provision for DB Pension Scheme	3,970	(2,717)	1,253
Accumulated Reserves at 31 December	72,376	2,717	75,093
<u>Note 13:</u>			
Fair value of plan assets	13,434	1,050	14,484
Present value of defined benefit obligation	(16,546)	809	(15,737)