



THE POLICE FEDERATION OF ENGLAND AND WALES

ANNUAL REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2020**

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

<u>CONTENTS</u>	Page
General Information	3
Report of the National Treasurer	4 - 6
Independent Auditor's Report	7 - 10
Statement of Financial Activities	11
Statement of Other Comprehensive Income	11
Statement of Financial Position	12
Statement of Cash Flows	13
Statement of Changes in Equity	14
Accounting Policies	15 - 24
Notes to the Financial Statements	25 - 35

GENERAL INFORMATION

CHAIR	Mr John Apter Mr Ché Donald Mr Steve Hartshorn	(Resigned 20/12/2021) (Appointed 21/12/2021) (Resigned 31/3/2022) (Appointed 1/4/2022)
NATIONAL SECRETARY	Mr Alex Duncan	
NATIONAL TREASURER	Mr Simon Kempton	
NATIONAL TRUSTEES	Mr Jon Nott Mr Ollie Abercrombie Ms Sam Chughtai	
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. These financial statements present the PFEW as a single legal entity and, as such, the PFEW is not required to prepare financial statements on a group basis.

Since 2017 the PFEW has undertaken significant changes resulting in organisational restructuring, process harmonisation and financial consolidation. Details of these activities are set out in the 2017 Financial Statements, available at <https://www.polfed.org/resources/reports-accounts/>.

The 2020 Financial Statements represent the fourth year the PFEW is reporting under the new structure and includes a prior year comparison.

Significant events

These financial statements have been prepared on a going concern basis. The National Treasurer has a reasonable expectation that the PFEW will continue in operational existence for at least twelve months from the date of the approval of these Financial Statements. Cashflow forecasts have been prepared to cover that period, taking into consideration the potential risks, assumptions, and uncertainties, including those arising as a result of both Brexit and the Covid-19 pandemic.

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 2020 and 31 October 2021:

- Thirty-seven (37) reports following visits to Federation Branches - twenty-one (21) in 2020 and sixteen (16) in 2021;

POLICE FEDERATION OF ENGLAND AND WALES

For the Year Ended 31 December 2020

- Forty-five (45) reports covering National Board Departments, Sub-Committees and central processes delivered from Federation House – twenty-three (23) in 2020 and twenty-two (22) in 2021; and
- Four (4) ad-hoc reports - three (3) in 2020 and one (1) in 2021.

In addition to undertaking assurance activities, Internal Audit was also responsible for the training of Branch Trustees and Branch Treasurers. In the period 1 January 2020 to 31 October 2021, Coaching for Professional Development training was completed for twenty-three (23) Branch Treasurers and Deputy Treasurers, and eighty-five (85) Branch Trustees.

Financial Activities

Total members' subscriptions income in 2020 was £33,811k (2019: £33,658k).

Total expenditure in 2020 was £34,728k (2019: £35,237k), comprising of members' legal fees of £11,178k (2019: £13,290k), other National Board expenditure of £16,199k (2019: £15,168k), and Branch expenditure of £7,351k (2019: £6,779k).

During 2020 there was a deficit of members' subscriptions income of £4,378k (2019: £6,353k) before adjustments for other income and investments.

Total other income in 2020 was £3,461k (2019: £4,774k), comprising of Federation House income of £368k (2019: £981k), member services income of £470k (2019: £1,639k), reimbursement of administration costs of £566k (2019: 326k), a profit on investments of £1,522k (2019: 1,726k) and other income of £535k (2019: £102k).

Total gain from investments in 2020 was £450k (2019: £1,755k), comprising of return on investments of £656k (2019: £1,894k) and loss on property investments of £206k (2019: £139k).

The total deficit for the year before tax and exceptional items was £432k (2019: surplus £176k). The actuarial deficit on the pension scheme in the year was £1,224k (2019: surplus £389k). The total comprehensive deficit for the year was £1,656k (2019: surplus £565k).

On 31 December 2020, the PFEW held total investments of £27,249k (2019: £27,100k), comprising cash investments of £9,332k held by the National Board (2019: £10,370k), cash investments of £15,847k held by Branches (2019: £14,471k) and investment properties held by Branches of £2,080k (2019: £2,258). On 31 December 2020 the PFEW held cash and equivalents of £8,450k (2019: £8,514k), comprising of £809k held by the National Board (2019: £540k) and £7,641k held by Branches (2019: £7,974k).

The Financial Statements and Balance Sheet, together with the Notes to the Financial Statements set out on pages 25 – 35, 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 2020, which are intended to present a true and fair view of the situation of the PFEW and of the profit or loss for that period. The financial statements have been prepared in accordance with the UK Generally Accepted Accounting Practice, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

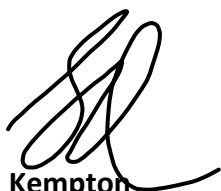
In preparing these financial statements, the National Treasurer has:

- 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
- 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 keeping adequate accounting records that are sufficient to show and explain the PFEW's transactions and disclose with reasonable accuracy at any time the financial position of the PFEW and enable him to ensure that the financial statements comply with the requirements of the PFR2017.

The National Treasurer is responsible for such internal controls, considered as 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 him to safeguard the assets of the PFEW and to prevent and detect fraud and other irregularities.

The National Treasurer is responsible for the maintenance and integrity of the corporate and financial information included on the PFEW's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Simon Kempton
National Treasurer - PFEW

20 May 2022

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 2020 which comprise the Statement of Financial Activities, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Equity and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Federation’s affairs as at 31 December 2020 and its deficit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Police Federation (England and Wales) Regulations 2017 (PFR17).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Federation in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The National Treasurer 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”).

In our evaluation of the National Treasurer’s conclusions, we considered the inherent risks to the Federation’s business model and analysed how those risks might affect the Federation’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the National Treasurer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the National Treasurer’s assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Federation’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the

time they were made, the above conclusions are not a guarantee that the Federation will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors, other members of management, internal audit and inspection of policy documentation as to the Federation’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading National Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as provisions for legal claims and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is simple in nature, with few judgmental areas of accounting, and minimal incentive to fraudulently manipulate revenue. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted to key accounts of cash, revenue, and provisions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Federation is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including PFR17), tax legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Federation is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

National Treasurer's Report

The National Treasurer is responsible for their report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon. Our responsibility is to read the National Treasurer's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the National Treasurer's report; and
- in our opinion the information given in that report for the financial year is consistent with the financial statements.

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 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

22 June 2022

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

STATEMENT OF FINANCIAL ACTIVITIES

	Note	2020 £ '000	2019 £ '000
Income			
Subscription Income	1	30,350	28,884
Expenditure			
Members' Legal Fees	2	(11,178)	(13,290)
National Board Expenditure	3	(16,199)	(15,168)
Branch Expenditure	4	(7,351)	(6,779)
Deficit of subscription income over expenditure		(4,378)	(6,353)
Income from Investments		1,522	1,726
Other Income		1,939	3,048
Deficit before gains		(917)	(1,579)
Gain for the year		450	1,755
Deficit before tax and exceptional items		(467)	176
Taxation	5	35	0
Deficit for the financial year		(432)	176

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	2020 £ '000	2019 £ '000
Deficit for the financial year		(432)	176
Actuarial deficit on pension scheme in the year		(1,224)	389
Total comprehensive (deficit)/surplus for the financial year		(1,656)	565

The accompanying notes form part of these financial statements.

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020 £ '000	31 December 2019 £ '000
Fixed assets			
Tangible assets	6	42,363	41,866
Investments	7	25,169	24,841
Investment Properties	8	2,080	2,258
		69,612	68,965
Current assets			
Cash and cash equivalents	9	8,450	8,514
Debtors and prepayments	10	2,289	2,461
Other		1,703	2,144
		12,442	13,119
Creditors: amounts falling due within one year	11	(8,216)	(8,001)
Net current assets		4,226	5,118
Total assets less current liabilities		73,838	74,083
Creditors: amounts falling due after more than one year			
Provisions for liabilities	12	(1,967)	(1,545)
Provision for DB Pension Scheme	13	(1,241)	(444)
Other		(559)	(575)
		(3,767)	(2,564)
Net assets		70,071	71,519
Accumulated reserves at 31 December		71,519	71,519
Deficit for the year ended 31 December 2020		(432)	
Actuarial deficit on pension scheme valuation		(1,224)	
Adjustment to Branch Bank Account Balances		208	
Accumulated reserves at 31 December		70,071	71,519

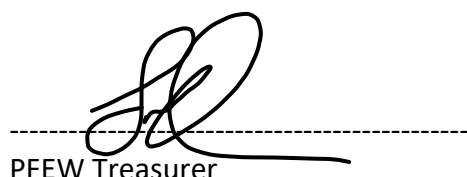
The accompanying notes form part of these financial statements.

The Financial Statements were approved by the Audit Committee on 20th May 2022.

Signed on behalf of the PFEW by:



PFEW Chair



PFEW Treasurer

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

STATEMENT OF CASH FLOWS

	2020	2019
	£ '000	£ '000
Cash flows from Operating Activities		
(Deficit)/Surplus income for the financial year	(1,656)	565
Adjustments for:		
Depreciation	2,829	2,208
Gain in fair value of Investments	(1,823)	(3,177)
Loss in fair value of Investment Properties	206	139
	1,212	(830)
<i>Increase/(Decrease) in Provisions</i>	1,218	(1,683)
Increase in Trade Creditors	569	11
Increase in Accruals	261	1,132
Decrease/(Increase) in Debtors	335	(595)
(Decrease)/Increase in Other Creditors	(630)	561
Decrease/(Increase) in Prepayments	278	(84)
	2,031	(658)
Net cash used in Operating Activities	1,587	(923)
Cash flows from investment Activities		
Increase in Property Investments	(29)	(1,379)
Acquisition of tangible assets	(3,325)	(3,857)
Sale of investments	1,700	5,514
Purchase of investments	(205)	(-1)
Net cash used in Investment Activities	(1,859)	277
Cash flows from Financing Activities		
Increase in Branch Equity	208	0
Net cash used in Financing Activities	208	0
Net decrease in cash and cash equivalents	(64)	(646)
Opening Balance cash and cash equivalents	8,514	9,160
Closing balance cash and cash equivalents	8,450	8,514

The accompanying notes form part of these financial statements.

During 2019 the PFEW agreed a new policy that determined the separation of activities between PFEW (including Branches) and third parties such as group insurance trusts, healthcare scheme, benevolent funds and charities. During the year the PFEW completed an exercise to re-evaluate which cash balances relate to its business compared to third parties. The result has been a net increase in cash of £208k, recognised as belonging to PFEW.

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

STATEMENT OF CHANGES IN EQUITY

	Accumulated reserves	Fair Value Transition Reserve	Total
	£ '000	£ '000	£ '000
At 31 December 2019	71,519	0	71,519
Deficit for the year ended 31 December 2020	(432)	0	(432)
Other comprehensive income:			
Actuarial deficit on pension scheme valuation	(1,224)	0	(1,224)
Adjustment to Branch Bank Account Balances	208	0	208
At 31 December 2020	70,071	0	70,071

The accompanying notes form part of these financial statements.

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), PFR2017 and the PFEW 2018 Fund Rules.

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

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

The 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 on 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 financial and operational liabilities, do not fall on the PFEW (including Branches). The impacts of this exercise do not affect the central entities (eg the National Board). This exercise has resulted in several 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 15 of the 2017 Financial Statements. 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 the PFR2017. These include the National Board (comprising the entities

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

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 a modification to include certain assets at fair value as specified in the accounting policies below.

Going concern

During 2020 the COVID-19 pandemic has continued to cause significant economic, resourcing, and organisational impacts. As a result, organisations have carefully considered the impacts and risks and plan accordingly. Whilst these Financial Statements represent the year ending 31 December 2020, the audit consideration and going concern statement is applicable for at least one year from the date of approval of these 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.

These Financial Statements have been prepared on a going concern basis which the National Treasurer considers to be appropriate for the following reasons.

The National Treasurer has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that taking account of severe but plausible downsides, including the impacts of Brexit and COVID-19, the PFEW will have sufficient funds to meet its liabilities as they fall due for that period.

The PFEW's National Board and National Council continue to meet on a regular basis, utilising the virtual meeting technology set up following the 2019 cyber incidents. These meetings encompass all aspects of the regular business including reviewing the PFEW's financials including cashflow forecasts.

The PFEW has undertaken a cash flow assessment for the 12 months from the date of signing these Financial Statements. 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 considered:

- 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;

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

- 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 unaffected;
- Regarding consideration of supply chain impacts for the operation of Federation House, the hotel and training facilities are operating on a limited basis;
- Where training of PFEW representatives cannot be delivered onsite it is being delivered online;
- Where feasible, employees are currently working from home;
- In addition to the Job Retention Scheme, under which certain staff were furloughed, the PFEW accessed UK Government initiatives offered as part its response to support businesses;
- The PFEW has data in a secure cloud environment which is fully accessible when working remotely;
- The PFEW implemented several cost saving initiatives in response to the uncertainties surrounding the Covid-19 pandemic;
- The PFEW has access to a credit facility of £500k from Natwest bank which has been utilised in part as at the balance sheet date;
- The PFEW does not foresee any changes in the PFR2017 resulting from either Brexit or Covid-19.

Consequently, the National Treasurer is confident that the PFEW will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

Accounting policies

The following accounting policies have been adopted for material items:

Income

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

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

The following specific policies apply to categories of income:

- a) Income categorised as member subscriptions is recognised at the fair value of the consideration on an accrual basis. Income is derived from subscriptions collected from PFEW's members. During the accounting period income was shared between the National Board and Branch Boards. The Financial Statements present total income collected from members;

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

- 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:

- 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.

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, including freehold property (excluding land) and leasehold property, over their expected useful lives.

The applicable rates in the Financial Statements are:

- Plant & machinery - 15 years straight line basis
- Computer & equipment - 3 years straight line basis
- Furniture & fittings - 8 years straight line basis
- Motor vehicles - 25% reducing balance basis
- Leasehold premises – 33 years
- Freehold buildings (excluding land) – 33 years
- Freehold land – not depreciated

In these financial statements the PFEW has reconsidered the useful life of buildings. In previous financial statements buildings were considered to have an indefinite useful life. This policy has been revised to apply a useful life of 33 years. This policy aligns to FRS102 Section 17 paragraph 19. In accordance with FRS 102 section 10 paragraph 16, changes to accounting estimates are applied prospectively in the period of the change and future periods, and therefore is not adjusted retrospectively.

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 properties 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. Loan's receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash, for the purpose of the Statement of cash flows, represents balances on hand, and those on deposit with a maturity up to 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 holds financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors, are initially recognised at the transaction value, and subsequently measured at their settlement value.

Provisions for liabilities

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

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the 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 entered either by the National Board nor any Branch.

Employee benefits

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

Defined Benefit Scheme

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

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

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

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

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 2020. As at 31 December 2020 the DB Scheme had 111 members (2019: 111).

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 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. Except for changes arising on the initial recognition of a business combination, the tax expenses (income) are 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;
- 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 either Federation House, Branch offices, or remotely;
- c) full time officials based at Branch offices;
- d) part time officials working in a combination of Branch and Police Force locations.

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

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 Firearms Officers Association ('PFOA') is a registered charity (no.1139247) that has a limited relationship with PFEW. There are instances of members of PFEW that are also members of the PFOA – in these cases there is a requirement for PFEW members to declare any potential / conflicts of interest in any meeting where PFOA matters are discussed. During the year the PFEW incurred costs with the PFOA on an accrual basis of £320,726 including a prepayment of £274,752 (the prepayment was fully amortised during the year).

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

Transactions With Group Insurance Schemes, Benevolent Fund and Charities

Historically, policing-related entities have been established for the purpose of operating insurance schemes for personal insurance purposes. PFEW's Branches support these entities by facilitating presentations to PFEW members, whilst also providing administrative support. Any expenses incurred by PFEW Branches are reimbursed through an Administration Fee via a recharge. The PFEW Branches have no claim to any financial assets, nor subject to any financial liabilities such entities, including benevolent funds and charities.

Subsequent events

There were no subsequent events to the balance sheet date to report.

Significant judgements and key sources of estimation uncertainty

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

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 2020.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - INCOME

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

	2020	2019
	£ '000	£ '000
Retained by the National Board	24,547	21,808
Retained by the Branch Boards	5,803	7,076
	<u>30,350</u>	<u>28,884</u>

NOTE 2 - MEMBERS' LEGAL FEES

	2020	2019
	£ '000	£ '000
CICA CLAIMS	83	87
CIVIL CLAIMS	418	869
CRIMINAL CASES	1,524	2,723
DEFAMATION	614	116
DISCIPLINE	2,498	3,474
EMPLOYMENT TRIBUNALS	2,948	3,472
PROFESSIONAL INDEMNITY	119	52
INQUESTS	719	586
JUDICIAL REVIEWS	367	84
OTHER COSTS	1,888	1,827
	<u>11,178</u>	<u>13,290</u>

NOTE 3 - NATIONAL BOARD EXPENDITURE

	2020	2019
	£ '000	£ '000
Payroll Costs	5,398	5,204
IT Support Contracts, Hardware and Accessories	2,129	1,894
Professional Fees	2,069	1,623
Depreciation	2,146	1,380
Travel & Subsistence Costs	1,039	1,176
Communications & Events	371	1,088
National Board Salaries and ARP	637	1,018
Premises Costs	719	975
Federation House Costs	327	417
Insurance Costs	416	254
Death benefits paid to Members	347	213
Audit Fee	100	150
Other Costs	501	(224)
	<u>16,199</u>	<u>15,168</u>

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

NOTE 4 - BRANCH EXPENDITURE

	2020	2019
	£ '000	£ '000
AVON & SOMERSET	125	151
BEDFORDSHIRE	119	130
CAMBRIDGESHIRE	88	127
CHESHIRE	139	236
CITY OF LONDON	21	45
CLEVELAND	79	103
CUMBRIA	52	41
DERBYSHIRE	78	125
DEVON & CORNWALL	316	378
DORSET	105	130
DURHAM	100	(20)
DYFED POWYS	104	56
ESSEX	259	159
GLOUCESTERSHIRE	71	20
GREATER MANCHESTER	309	390
GWENT	58	79
HAMPSHIRE	243	83
HERTFORDSHIRE	85	66
HUMBERSIDE	106	84
KENT	183	160
LANCASHIRE	183	92
LEICESTERSHIRE	136	95
LINCOLNSHIRE	77	5
MERSEYSIDE	456	728
METROPOLITAN	762	1,207
NORFOLK	183	71
NORTH WALES	39	22
NORTH YORKSHIRE	90	109
NORTHAMPTONSHIRE	83	58
NORTHUMBRIA	225	301
NOTTINGHAMSHIRE	127	77
SOUTH WALES	174	(11)
SOUTH YORKSHIRE	199	124
STAFFORDSHIRE	119	62
SUFFOLK	149	29
SURREY	173	139
SUSSEX	156	141
THAMES VALLEY	265	181
WARWICKSHIRE	72	80
WEST MERCIA	81	33
WEST MIDLANDS	457	128
WEST YORKSHIRE	440	474
WILTSHIRE	65	91
TOTAL	7,351	6,779

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

NOTE 5 - TAX ON PROFIT ON ORDINARY ACTIVITIES

	2020 £ '000	2019 £ '000
Charge for the Year	0	0
Prior year adjustments	0	0
	0	0
Deferred tax movement	35	0
	35	0

NOTE 6 - TANGIBLE FIXED ASSETS

	Freehold Property £ '000	Leasehold Property £ '000	Mechanical Equipment £ '000	Computer Equipment £ '000	Furniture & Fittings £ '000	Office Equipment £ '000	Other Assets £ '000
<u>Cost</u>							
At 31 December 2019	34,690	3,513	3,059	11,122	3,917	1,115	241
Additions	233	0	0	3,078	15	0	0
Disposals	0	0	(2)	0	0	0	0
At 31 December 2020	34,923	3,513	3,057	14,200	3,932	1,115	241
<u>Depreciation</u>							
At 31 December 2019	(1,537)	(397)	(2,286)	(7,121)	(3,199)	(1,062)	(189)
Provided in the year	(564)	(36)	(215)	(1,858)	(127)	(13)	(14)
Disposals	0	0	0	0	0	0	0
At 31 December 2020	(2,101)	(433)	(2,501)	(8,979)	(3,326)	(1,075)	(203)
<u>Net Book Value</u>							
At 31 December 2019	33,153	3,116	773	4,001	718	53	52
At 31 December 2020	32,822	3,080	556	5,221	606	40	38

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

NOTE 7 - INVESTMENTS

ENTITY	2019 Market Value £ '000	Net Deposits / (Withdrawals) £ '000	Returns on Investments £ '000	2020 Market Value £ '000
NATIONAL BOARD	10,370	(1,264)	215	9,321
AVON & SOMERSET	250	0	6	256
BEDFORDSHIRE	0	0	0	0
CAMBRIDGESHIRE	259	(33)	15	241
CHESHIRE	0	0	0	0
CITY OF LONDON	0	0	0	0
CLEVELAND	0	0	0	0
CUMBRIA	0	0	0	0
DERBYSHIRE	55	0	4	59
DEVON & CORNWALL	0	0	0	0
DORSET	0	0	0	0
DURHAM	0	0	0	0
DYFED POWYS	0	0	0	0
ESSEX	313	0	7	320
GLOUCESTERSHIRE	171	0	(4)	167
GREATER MANCHESTER	680	0	(9)	671
GWENT	0	0	0	0
HAMPSHIRE	543	0	(16)	527
HERTFORDSHIRE	362	0	12	374
HUMBERSIDE	0	0	0	0
KENT	0	0	0	0
LANCASHIRE	803	(19)	6	790
LEICESTERSHIRE	307	0	21	328
LINCOLNSHIRE	0	103	10	113
MERSEYSIDE	363	0	7	370
METROPOLITAN	4,699	158	1,017	5,874
NORFOLK	0	0	0	0
NORTH WALES	843	0	13	856
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	203	(55)	4	152
STAFFORDSHIRE	0	0	0	0
SUFFOLK	308	(85)	0	223
SURREY	362	0	1	363
SUSSEX	132	0	3	135
THAMES VALLEY	0	0	0	0
WARWICKSHIRE	0	0	0	0
WEST MERCIA	528	0	10	538
WEST MIDLANDS	2,170	0	172	2,342
WEST YORKSHIRE	812	0	19	831
WILTSHIRE	308	0	10	318
TOTAL	24,841	(1,195)	1,523	25,169

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

NOTE 8 - INVESTMENT PROPERTIES

ENTITY	2019 Market Value £ '000	Additions / Disposals £ '000	Depreciation £ '000	2020 Market Value £ '000
NATIONAL BOARD	0	0	0	0
AVON & SOMERSET	0	0	0	0
BEDFORDSHIRE	0	0	0	0
CAMBRIDGESHIRE	64	0	0	64
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	173	0	(97)	76
DORSET	0	0	0	0
DURHAM	0	0	0	0
DYFED POWYS	0	0	0	0
ESSEX	87	0	0	87
GLOUCESTERSHIRE	0	0	0	0
GREATER MANCHESTER	0	0	0	0
GWENT	0	0	0	0
HAMPSHIRE	299	0	(9)	290
HERTFORDSHIRE	31	0	0	31
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	614	0	86	700
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	185	0	(19)	166
STAFFORDSHIRE	0	0	0	0
SUFFOLK	0	0	0	0
SURREY	0	0	0	0
SUSSEX	191	0	(23)	168
THAMES VALLEY	566	0	(116)	450
WARWICKSHIRE	0	0	0	0
WEST MERCIA	0	0	0	0
WEST MIDLANDS	0	0	0	0
WEST YORKSHIRE	48	0	0	48
WILTSHIRE	0	0	0	0
TOTAL	2,258	0	(178)	2,080

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

NOTE 9 - CASH AND CASH EQUIVALENTS

ENTITY	2019 £ '000	Movement £ '000	2020 £ '000
NATIONAL BOARD	540	269	809
AVON & SOMERSET	167	(25)	142
BEDFORDSHIRE	36	(29)	7
CAMBRIDGESHIRE	50	42	92
CHESHIRE	54	24	78
CITY OF LONDON	136	(6)	130
CLEVELAND	89	47	136
CUMBRIA	10	26	36
DERBYSHIRE	90	53	143
DEVON & CORNWALL	587	(75)	512
DORSET	69	(9)	60
DURHAM	313	(299)	14
DYFED POWYS	176	1	177
ESSEX	297	(262)	35
GLOUCESTERSHIRE	20	63	83
GREATER MANCHESTER	275	126	401
GWENT	58	54	112
HAMPSHIRE	115	52	167
HERTFORDSHIRE	59	13	72
HUMBERSIDE	25	(5)	20
KENT	355	(294)	61
LANCASHIRE	(97)	124	27
LEICESTERSHIRE	58	(3)	55
LINCOLNSHIRE	141	(85)	56
MERSEYSIDE	399	(316)	83
METROPOLITAN	1,561	73	1,634
NORFOLK	166	(17)	149
NORTH WALES	78	30	108
NORTH YORKSHIRE	88	(31)	57
NORTHAMPTONSHIRE	76	31	107
NORTHUMBRIA	(213)	295	82
NOTTINGHAMSHIRE	48	66	114
SOUTH WALES	327	45	372
SOUTH YORKSHIRE	88	(11)	77
STAFFORDSHIRE	(39)	82	43
SUFFOLK	73	126	199
SURREY	61	(10)	51
SUSSEX	191	128	319
THAMES VALLEY	1,002	(262)	740
WARWICKSHIRE	86	(13)	73
WEST MERCIA	(153)	153	0
WEST MIDLANDS	858	(248)	610
WEST YORKSHIRE	129	23	152
WILTSHIRE	65	(10)	56
TOTAL	8,514	(64)	8,450

NOTE 10 - DEBTORS AND PREPAYMENTS

	2019 £ '000	Movement £ '000	2020 £ '000
Subscriptions Due	418	(418)	0
Debtors	1,029	666	1,695
Prepayments	872	(278)	594
Other	142	(142)	0
	2,461	(172)	2,289

NOTE 11 - CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £ '000	Movement £ '000	2020 £ '000
Deferred Tax	366	(35)	331
Deferred Income	1	0	1
Death Benefit	7	0	7
Mortgage Loan	385	0	385
Other Accrued Expenses	4,685	261	4,946
Trade Creditors	1,977	569	2,546
Other Creditors	580	(580)	0
	8,001	215	8,216

NOTE 12 - PROVISION FOR LIABILITIES

	2019 £ '000	Amounts Utilised £ '000	New Provisions £ '000	2020 £ '000
Provisions for Legal Cases	1,189	(536)	962	1,615
Other Provisions	356	(4)	0	352
	1,545	(540)	961	1,967

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 gross assets as at 31 December 2020 amounted to £17,024k (2019: £16,222k). Due to a current deficit, the DB Scheme Trustees, with the agreement of the principal employer, have put in place a recovery plan. The most recent triennial valuation as at 31 December 2018 was completed on 11 December 2019. As a result of this valuation, the PFEW and DB Scheme Trustees agreed a Schedule of Contributions, which sets out the required contributions from the employer. Where the DB Scheme is in deficit, the Schedule of Contributions also includes required contributions from the employer to eliminate the deficit. The employer's deficit contributions have been agreed at an annual rate of £432k to 31 October 2023. Contributions are made in the form of monthly payment of £36k.

The DB Scheme pension schemes typically expose the group to risks such as:

- Investment risk – the schemes hold their investments in equities and bonds, the value of which fluctuates, whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.
- Interest rate risk – the schemes' liabilities are assessed using market rates of interest, based on corporate bond yields, to discount the liabilities and are therefore subject to any volatility in the movement of the market rate of interest.
- Inflation risk – a significant proportion of the benefits under the schemes is linked to inflation. Although the schemes' assets are expected to provide a good hedge against inflation over the long term, movements over the short term would increase the schemes' net deficit.
- Mortality risk – if members live longer than assumed, the liabilities may turn out to have been understated originally and a deficit may emerge if funding has not been adequately provided for the increased life expectancy.

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

Net pension statement:

	2020	2019
	£ '000	£ '000
Fair value of plan assets	17,024	16,222
Present value of defined benefit obligations	(18,265)	(16,666)
Net pension deficit	<u>(1,241)</u>	<u>(444)</u>

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

Reconciliation Of Opening And Closing Balances Of The Defined Benefit Obligation:

	2020
	£ '000
Defined benefit obligation at the start of the period	(16,666)
Current service costs	0
Expenses	0
Interest on deficit	(337)
Contributions by plan participants	0
Actuarial losses arising on the scheme liabilities	133
Effects of assumptions changes underlying the present value of scheme liabilities	(1,880)
Benefits paid	485
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	<u>(18,265)</u>

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

	2020
	£ '000
Fair value of plan assets at the start of the period	16,222
Interest income	332
Actuarial gains	523
Contributions by the employer	432
Contributions by participants	0
Benefits paid	(485)
Assets acquired in a business combination	0
Assets distributed on settlements	0
Fair value of plan assets at the end of the period	<u>17,024</u>

Defined benefit costs recognised in the Profit & Loss Statement

	2020
	£ '000
Current service cost	0
Expenses	0
Net interest cost	(5)
Gains / (Losses) on business combinations	0
Gains / (Losses) on settlements	0
Gains / (Losses) on curtailments	0
Gains / (Losses) due to benefit changes	0
Total costs recognised in the Statement of Financial Activities	<u>(5)</u>

POLICE FEDERATION OF ENGLAND AND WALES
For the Year Ended 31 December 2020

The fair value of the plan assets was as follows:

	2020	2019
	£ '000	£ '000
Equities	4,192	9,882
Bonds	4,136	874
Fixed interest bonds	0	1,506
Cash	695	1,399
Other	0	1,599
Insured pensions	929	962
LDI	2,943	0
Multi asset	4,129	0
	<u>17,024</u>	<u>16,222</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.

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

	2020	2019
Discount rate	1.40%	2.05%
Inflation (RPI)	3.00%	3.05%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.00%	3.05%
Allowance for pension in payment increases of RPI or 5% p.a. if less	2.90%	2.95%
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. The amount paid for each role represents the difference in gross pay between their police salary (determined by rank and grade) and the approved salary for each role, per PFR2017. Further information is available at www.polfed.org.

	2020	2019
Chair	24,856	24,249
National Secretary	24,856	24,249
Treasurer	16,345	9,289
Vice Chair	16,345	15,946
Deputy National Secretary	2,001	1,952
Deputy Treasurer	4,289	11,961
Head of Civil Claims	21,356	20,834
Head of Criminal Claims	16,345	15,946
	<u>126,393</u>	<u>124,426</u>

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

	2020	2019
	£ '000	£ '000
Wages and salaries	4,280	4,321
Social security costs	454	454
Other pension costs	316	344
Other costs	348	474
	<u>5,398</u>	<u>5,593</u>
Management and administration	98	99
Federation House hotel and manual	42	57
	<u>140</u>	<u>156</u>