

POLICE FEDERATION FOR NORTHERN IRELAND

**Police Act (Northern Ireland) 1970
Statutory Regulations 1991**

VOLUNTARY FUND

Treasurer's Report

and

Financial Statements

For the Year Ended

31st December 2022

**GEORGE HAY & COMPANY
CHARTERED ACCOUNTANTS
STATUTORY AUDITORS
83 CAMBRIDGE STREET
PIMLICO
LONDON SW1V 4PS**

**POLICE FEDERATION FOR NORTHERN IRELAND
VOLUNTARY FUND**

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**POLICE FEDERATION FOR NORTHERN IRELAND
VOLUNTARY FUND**

Information

FEDERATION OFFICE	Federation Office, 77-79 Garnerville Road, Belfast. BT4 2NX	
CHAIRMAN	L. Kelly	
VICE CHAIRMAN	T. Purcell	
SECRETARY	D. Walsh	
ASSISTANT SECRETARY	J. Perry	
TREASURER	E. McCormill	
BUSINESS, FINANCE, PAY AND PENSIONS COMMITTEE	No. 1 Board	D. O'Rourke
	No. 2 Board	D. McNarry
	No. 3 Board	T. McKendry
	No. 4 Board	R. Williams
	No. 5 Board	K. Young
TRUSTEES	T. McKendry T. Fuller	
BANKERS	Danske Bank, Belfast Finance Centre, P.O. Box 183 Donegall Square West Belfast. BT1 6JS	
SOLICITORS	Edwards & Co., 28 Hill Street, Belfast. BT1 2LA	
	Croasdailes LLP, 23 New Row, Coleraine, Londonderry. BT52 1AD	
AUDITORS	George Hay & Company, Chartered Accountants, Statutory Auditors, 83 Cambridge Street, Pimlico, London. SW1V 4PS	

POLICE FEDERATION FOR NORTHERN IRELAND VOLUNTARY FUND

Treasurer's Report for 2022

I present to the members of the Police Federation for Northern Ireland my Treasurer's Report together with the annual Financial Statements of the Voluntary Fund for the year ended 31st December 2022.

Statement of Financial Position

In 2022 the Fund's net assets have decreased by £1,332,261 to £4,656,158, due to a deficit for the year on the main Fund after tax of £1,412,074 and a surplus on the Lottery Fund of £79,813. Due to activities by our stockbrokers in the year and movements in the stock markets, the amount at which our investments are included in the Financial Statements (at market value), has decreased in the year by £417,587 to £4,546,273. The market value of our investments at the year-end was £973,092 in excess of their initial cost.

Included within Current Liabilities (Accrued Expenses) is a provision of £1,110,075 (2021 - £947,158) in respect of unpaid legal costs in respect of ongoing legal cases, some of which maybe recovered at a later date depending on the outcome of the cases.

Statement of Income and Retained Earnings

I can report this year that there is a deficit of subscription income over expenditure of £935,053 (2021 - deficit of £503,222). Members' Contributions this year has increased by £167,072 to £1,942,934 (2021: £1,775,862), largely due to the agreed increase in subscriptions charged to members.

Due to a change in strategy by our stockbrokers Investment income received in the period amounted to £100,902 (2021 - £79,043). Active management has led to more regular disposals of our investments in the period leading to a surplus on disposal of investments of £164,541 (2021 - surplus of £417,273). Under financial reporting requirements, any movement in the value of investments is reported in the Statement of Income and Retained Earnings as Unrealised Gains or Losses on Investments and in this period, there is an unrealised loss in the year of £990,953 (2021 - loss of £100,088), due to the volatility of the stock market in the latter part of 2022.

As in previous years legal expenses continue to form a significant proportion of our costs. This year legal costs amounted to £1,776,539 compared to £1,219,690 last year and £547,491 in 2020. The increase this year is primarily due to increased costs relating to injury, disciplinary and fair employment cases. Legal fees represent 91% of members' contributions; last year this figure was 69% and in 2020 it was 34%. This continued level of legal fees has resulted in a depletion of funds held by the Federation in recent years. A breakdown of legal costs can be found on page 10 of the Financial Statements.

Administrative expenses (excluding legal fees) of the Fund have increased this year to £1,018,550, compared to £989,981 in 2021. Major cost increases arose from costs incurred as a result of a full year without COVID restrictions, for instance the annual conference was no longer virtual, this was offset by reduction in other costs. The PSNI agreed to an annual reimbursement of costs of £45,000 from 2020 onwards.

The Fund is liable to corporation tax on the excess of investment income received and chargeable gains over provident payments. This year, provident payments and tax deducted at source on investment income are projected to cover our tax liability and a small tax repayment was received in the year. Under financial reporting requirements, a deferred tax provision is included and this year, due to the reduced market value of investments, the provision has decreased by £247,738 to £243,274.

A detailed comparison of the main areas of expenditure appears on page 11 of the Financial Statements with a further breakdown, in chart form on page 12.

Lottery Fund

I am pleased to report that donations and grants have been made from the fund this year of £28,703 (2021 - £23,727). Overall, there was a surplus on the Lottery Fund for the year of £79,813 (2021 - £88,042) and at the year-end the Fund holds a total of £528,574 in the capital project account. The results of the Lottery Fund are reported on page 10 of these financial statements.

**POLICE FEDERATION FOR NORTHERN IRELAND
VOLUNTARY FUND**

Treasurer's Report for 2022 (continued)

The Future

High levels of legal costs continue to put a huge burden on our finances. We continue to examine and control all areas of expenditure with a particular focus in relation to legal costs. Conference in 2020 agreed a proposal for an increase in Voluntary Fund contributions of 10% in November 2021 and future rises index linked going forward. The need for these increases is further highlighted with the increased costs seen in 2022 and payment of long running legal cases due in early 2023.

Budgetary pressures faced by PSNI in 2023 could see a significant reduction in officer numbers during 2023 and beyond. As such, consideration must be given to the reduction in member numbers going forward and the subsequent impact on our funds. As a result, I will submit proposals to Conference regarding cost-savings conscious of the financial pressures outlined above.

Finally, I should like to extend thanks to our Federation staff for their assistance during the year, to the other permanent officials, to our solicitors: Edwards & Co. and Croasdailes LLP, and to our stockbrokers: Close Private Asset Management Limited and Quilter Cheviot Limited, for their continued support.

..... E McCormill, Treasurer

15th May 2023



**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
THE POLICE FEDERATION FOR NORTHERN IRELAND VOLUNTARY FUND**

Opinion

We have audited the financial statements of the Police Federation for Northern Ireland Voluntary Fund (the Fund) for the year ended 31st December 2022, which comprise the Statement of Financial Position, the Statement of Income and Retained Earnings and the notes to the financial statements. The financial reporting framework that has been applied in their preparation are the Police Federation Regulations and Fund Rules and United Kingdom Accounting Standards, including the measurement principles of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Fairly reflect the state of the Funds' affairs as at 31st December 2022 and of its results for the year then ended;
- have been properly prepared in accordance with the measurement principles of United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Police Federation Regulations and Fund Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Business, Finance, Pay and Pensions Committee Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the committee members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Business, Finance, Pay and Pensions Committee Members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Business, Finance, Pay and Pensions Committee Members

As explained more fully in the Statement of Committee Members' Responsibilities set out on page 11 the members of the Business, Finance, Pay and Pensions Committee are responsible for the preparation of the financial statements and for being satisfied that they fairly reflect the state of the Funds' affairs, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Business, Finance, Pay and Pensions Committee Members are responsible for assessing the Fund'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 the Business, Finance, Pay and Pensions Committee Members either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
THE POLICE FEDERATION FOR NORTHERN IRELAND VOLUNTARY FUND (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are detailed below.

Based on our understanding of the Scheme's operations, we identified that the principal risks of non-compliance with laws and regulations related to expenditure being made in accordance with the Police Federation Regulations and Fund Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as income tax, payroll tax and deferred tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined there were no principal risks directly impacting the Fund's revenue and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- i. Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- ii. Evaluating management's controls designed to prevent and detect irregularities;
- iii. Identifying and testing transactions and balances, in particular those with unusual account combinations or with unusual descriptions; and
- iv. Challenging assumptions and judgements made by management in their critical accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' report.

Use of our report

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

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

15th May 2023

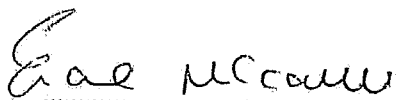
**POLICE FEDERATION FOR NORTHERN IRELAND
VOLUNTARY FUND**

Statement of Financial Position as at 31st December 2022

	Notes	2022 £	2021 £
FIXED ASSETS	2		
Land and Buildings		452,038	459,832
Office Equipment		44,865	43,741
Computer Equipment		12,719	18,465
Hume Collection		7,075	7,075
		-----	-----
Fixed Asset Investments	3	516,697	529,113
		4,546,273	4,963,860
		-----	-----
		5,062,970	5,492,973
		-----	-----
CURRENT ASSETS			
Debtors		268,173	77,865
Cash at Bank		710,127	1,863,109
Deposit held with Stockbrokers		41,806	85,018
		-----	-----
		1,020,106	2,025,992
		-----	-----
CURRENT LIABILITIES			
Accrued Expenses		1,183,644	1,039,534
Corporation Tax		-	-
Deferred Tax Provision		243,274	491,012
		-----	-----
		1,426,918	1,530,546
		-----	-----
NET CURRENT (LIABILITIES)/ASSETS		(406,812)	495,446
NET ASSETS		-----	-----
		4,656,158	5,988,419
		=====	=====
REPRESENTED BY			
Accumulated Fund	6	4,127,584	5,539,658
Lottery Fund	7	528,574	448,761
		-----	-----
		4,656,158	5,988,419
		=====	=====

Approved by the Business, Finance, Pay and Pensions Committee on 15th May 2023
and signed on its behalf by:

..... Chairman
L. Kelly

..... Treasurer
E. McCormill

**POLICE FEDERATION FOR NORTHERN IRELAND
VOLUNTARY FUND**

**Statement of Income and Retained Earnings
For the Year Ended 31st December 2022**

	Notes	2022 £	2021 £
INCOME			
Members' Contributions		1,942,934	1,775,862
		<u> </u>	<u> </u>
LESS: EXPENDITURE			
Premises	8	(82,898)	(69,413)
Administrative	9	(2,795,089)	(2,209,671)
		<u> </u>	<u> </u>
TOTAL EXPENDITURE		(2,877,987)	(2,279,084)
		<u> </u>	<u> </u>
(DEFICIT) OVER MEMBERS' CONTRIBUTIONS		(935,053)	(503,222)
Interest and Dividends Receivable		100,902	79,043
		<u> </u>	<u> </u>
(DEFICIT) BEFORE CAPITAL PROFITS		(834,151)	(424,179)
CAPITAL PROFITS			
Surplus on Disposal of Investments		164,541	417,273
Unrealised (Losses) on Investments	3	(990,953)	(100,088)
		<u> </u>	<u> </u>
		(1,660,563)	(106,994)
TAXATION	4	751	763
DEFERRED TAX	4	247,738	(98,826)
		<u> </u>	<u> </u>
(DEFICIT) FOR THE YEAR		(1,412,074)	(205,057)
		<u> </u>	<u> </u>

**POLICE FEDERATION FOR NORTHERN IRELAND
VOLUNTARY FUND**

**Notes to the Financial Statements
For the Year Ended 31st December 2022**

1. ACCOUNTING POLICIES

- 1.1 Basis of Preparing the Financial Statements**
The Financial Statements have been prepared under the requirements of the Police Federation for Northern Ireland Regulations and Fund Rules and adopting the measurement principles of Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).
- 1.2 Accounting Convention**
The Financial Statements have been prepared under the historical cost convention except for investments which are stated at market value.
- 1.3 Going Concern**
In assessing the Fund's ability to continue as a going concern the Business, Finance, Pay and Pensions Committee Members' have considered the liquidity position of the Fund. The Fund has an investment portfolio to draw upon and a leasehold property, with no external debt or security. For this reason, the Trustees continue to adopt the going concern basis in preparing the financial statements.
- 1.4 Depreciation**
Depreciation has been calculated at rates required to write off the relevant assets over their anticipated useful lives. The following rates and methods have been used:
- | | |
|--------------------------|------------------------------|
| Office Equipment | 20% on written down value |
| Computer Equipment | 20% on cost |
| Leasehold Land | over the period of the lease |
| Buildings at Garnerville | over the period of the lease |
| Hume Collection | Nil |
- 1.5 Investments**
Listed investments are included in the Financial Statements at market value. Revaluation gains/losses are recognised in the Statement of Income and Retained Earnings. Deferred tax is provided on these gains/losses at the rate expected to apply when the investments are sold.
- 1.6 Taxation**
The Fund is liable to Corporation Tax on the excess of its non-contribution income, chargeable gains and investment income over provident benefit payments.
- 1.7 Subscriptions**
Subscription income is recognised on an accruals basis in the year to which it relates.
- 1.8 Expenditure**
Expenditure is shown inclusive of Value Added Tax.
- 1.9 Pensions**
Pension contributions are charged to the statement of income and retained earnings as incurred. These contributions are paid into money purchase schemes.
- 1.10 Deferred Tax**
Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes.

**POLICE FEDERATION FOR NORTHERN IRELAND
VOLUNTARY FUND**

**Notes to the Financial Statements
For the Year Ended 31st December 2022**

2.	FIXED ASSETS	Land and Buildings Long Leaseholds	Office Equipment	Computer Equipment
	Cost:	£	£	£
	At 1st January 2022	582,585	72,522	337,451
	Additions	-	12,341	-
	Disposals	-	-	-
	At 31st December 2022	582,585	84,863	337,451
	Depreciation:			
	At 1st January 2022	122,753	28,781	318,986
	Charge for Year	7,794	11,217	5,746
	Disposals	-	-	-
	At 31st December 2022	130,547	39,998	324,732
	Net Book Value:			
	At 31st December 2022	452,038	44,865	12,719
	At 31st December 2021	459,832	43,741	18,465

The Hume collection of police badges, purchased from Mr. Hume for £7,075, is on permanent display at the Federation offices.

3.	INVESTMENTS	2022		2021	
		Cost £	Market Value £	Cost £	Market Value £
	Value at 1st January	2,999,815	4,963,860	2,598,087	4,622,220
	Additions	918,632	918,632	1,743,754	1,743,754
	Disposals	(345,266)	(345,266)	(1,342,026)	(1,342,026)
	Market Value Adjustment	-	(990,953)	-	(100,088)
	Value at 31st December	3,573,181	4,546,273	2,999,815	4,963,860

The Voluntary Fund's investments consist of the following:

	2022		2021	
	Cost £	Market Value £	Cost £	Market Value £
Fixed Interest Funds	661,226	644,044	631,084	803,175
UK Equities	753,219	1,164,358	773,608	1,284,344
UK Unit Trusts	669,611	755,164	552,821	770,923
USA Equities	482,326	718,300	250,228	637,824
Japanese Equities	87,000	165,623	87,000	193,460
European Equities	208,465	303,752	202,342	333,520
Other Overseas Equities	237,969	331,409	173,913	562,718
Other Funds	473,365	463,623	328,819	377,896
	3,573,181	4,546,273	2,999,815	4,963,860

4. TAXATION

Corporation tax is payable on the excess of interest received and chargeable gains over the amount paid out in death grants and other provident payments. A deferred tax liability is provided against unrealised capital gains on investments.

**POLICE FEDERATION FOR NORTHERN IRELAND
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**Notes to the Financial Statements
For the Year Ended 31st December 2022**

5. MEMBERS LEGAL EXPENSES

The charge in the financial statements represents expenses incurred less amounts recovered in the year.

	2022 £	2021 £
General	75,538	85,521
Pensions	26,981	3,122
Injury Claims	655,931	506,150
Road Traffic	17,784	5,259
Assault	13,534	19,270
Discipline	674,637	356,412
Holiday Pay	(9,386)	60,226
Fair Employment	147,981	13,168
ARAG Legal Assistance	173,539	170,562
	<u>1,776,539</u>	<u>1,219,690</u>

6. ACCUMULATED FUND

	2022 £	2021 £
Accumulated Surplus at 1st January 2022	5,539,658	5,744,715
(Deficit) for the Year	(1,412,074)	(205,057)
Accumulated Surplus at 31st December 2022	<u>4,127,584</u>	<u>5,539,658</u>

7. LOTTERY FUND

The current lottery commenced in December 1996 and its net income, after payment of prizes, is shown below:

	2022 £	2021 £
Surplus on Lotteries	120,534	110,573
Interest Received	3,820	1,627
Expenses	(15,838)	(56,503)
Donations & Grants	(28,703)	(23,727)
Refund of Donation for Wellbeing Project	-	56,072
Surplus for the year	<u>79,813</u>	<u>88,042</u>
Surplus brought forward at 1st January 2022	448,761	360,719
Surplus carried forward at 31st December 2022	<u>528,574</u>	<u>448,761</u>

8. PREMISES EXPENSES

	2022 £	2021 £
Depreciation of Land and Buildings	7,794	7,794
Heat and Light	26,640	21,959
Insurance	2,343	2,038
Rates	28,827	28,449
Repairs to Property	17,294	9,173
	<u>82,898</u>	<u>69,413</u>

**POLICE FEDERATION FOR NORTHERN IRELAND
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Notes to the Financial Statements
For the Year Ended 31st December 2022

9. ADMINISTRATIVE EXPENSES

	2022 £	2021 £
Annual Conference	49,553	-
Audit Fee	10,495	9,990
Computer & Website Expenses	202,296	216,350
Death Grants, Wreaths and Advertisements	7,300	10,754
Depreciation - Office Equipment	16,963	16,680
Eurocop & ICPRA	19,352	8,629
Insurance	13,161	12,724
Meetings	38,787	29,831
Members' Legal Expenses (note 5)	1,776,539	1,219,690
Payroll Costs and Salary Contributions	460,863	438,014
Presentations & Donations	21,862	57,533
Printing, Postage, Stationery and Telephone	29,264	33,379
Professional Fees	79,140	85,936
Project costs	-	469
Public Relations	55,325	56,609
Publications	5,744	6,441
Regional Grants	6,850	1,000
Repairs and Maintenance	8,370	8,285
Sundry Expenses	33,683	36,791
Uniforms	4,542	5,566
	<u>2,840,089</u>	<u>2,254,671</u>
Refund of Expenses from the Police Service of Northern Ireland	(45,000)	(45,000)
	<u>2,795,089</u>	<u>2,209,671</u>

10. STATEMENT OF COMMITTEE MEMBERS' RESPONSIBILITIES

The Business, Finance, Pay and Pensions Committee is responsible for keeping accounts showing all monies received and paid out and for preparing financial statements that fairly reflect the state of affairs of the Fund at the end of the financial year and of the results of the Fund for that period and to cause the financial statements for each year to be audited by an independent auditor. In doing so, the Committee is required to:

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

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

11. CONTINGENT LIABILITIES

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