

Charity Number  
278257

# THE POLICE FOUNDATION

The UK's policing think tank

Annual Report and Accounts

Year ended 30 June 2019

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## Reference and administrative information

### Contact details

Address	Unit KL317 Edinburgh House 170 Kennington Lane Lambeth London SE11 5DP
Web Site	<a href="http://www.police-foundation.org.uk">www.police-foundation.org.uk</a>

### Trustees and Officers

Royal Patron	HRH The Prince of Wales
President	The Rt. Hon. Sir John Chilcot GCB (resigned 21 May 2019)
Trustees	Sir William Jeffrey KCB (Chairman) The Rt. Hon. Sir John Wheeler JP DL (Vice Chairman) Lord Dholakia of Waltham Brooks PC OBE DL Ms Kate Flannery OBE (resigned 10 August 2018) Sir Chris Fox QPM Professor Nicholas Fyfe Sir David Garrard Professor Rod Morgan (resigned 2 October 2019) Mr Adrian Leppard CBE QPM MBA BA (Hons) Mr Alastair Scrimgeour FCA Dame Sara Thornton CBE QPM

Director	Dr Richard G Muir
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### Professional Advisers

Auditors	Crowe U.K. LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Solicitors	Bates Wells Braithwaite 10 Queen Street Place London EC4R 1BE
Bankers	HSBC Bank Plc 133 Regent Street London W1A 4BQ

Investment Advisers	Investec Wealth & Investment Limited 30 Gresham Street London EC2V 7QN
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## **Trustees' Report**

The Trustees of the Police Foundation present their Annual Report for the year ended 30 June 2019 and the audited financial statements for that year, prepared in accordance with the Charities Act 2011 and the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP) (FRS102).

The Police Foundation is a registered charity (number 278257). Its address is shown on page 2.

## **Trustees**

The names of the Trustees who served during the year ended 30 June 2019 are listed on page 2.

## **Structure, governance and management**

### **Governing document**

The Police Foundation is a Charitable Trust governed by its Trust Deed dated 9 July 1979. Following discussion with the Charity Commission, the Trust Deed was most recently updated on 11 July 2007.

### **Governance and management**

The Board of Trustees is responsible for the overall governance of the Foundation. The Board meets formally at least twice a year. There were three meetings during the year ended 30 June 2019.

The existing Trustees have the power to appoint new Trustees, and the total number shall not be more than eighteen or less than eight. Each Trustee may serve up to two consecutive four-year terms of office, and thereafter may be reappointed by formal Board resolution for such period as the meeting may resolve.

Any business requiring the involvement of Trustees between Board meetings is conducted through appropriate sub-committees of Trustees, with any decisions required being formally ratified via postal or other means of communication. The routine management of the Foundation is the responsibility of the Director, who reports directly to the Chairman of the Board of Trustees. The Trustees employ a small central staff.

### **Recruitment, induction and training of Trustees**

The Foundation's Trustees are appointed by resolution of the Board following due consideration of nominations received, based on relevant attributes including specialist skills and experience. In addition to meeting key members of the Foundation's staff, new Trustees are provided with an induction pack comprising information on Trustees' responsibilities, a copy of the Trust Deed, the latest Annual Report and Accounts, minutes of Trustees' meetings, and relevant information on the Foundation's current work programme. All Trustees are encouraged to attend relevant seminars and Trustee training courses.

### **Policy for the remuneration of key management personnel**

The Foundation's remuneration policy for all staff is decided by the Trustees. Remuneration is based on the market value for each role. Salary reviews are held on an annual basis. The charity is accredited with the Living Wage Foundation.

### **Public benefit**

The Trustees have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under The Charities Act 2011. The charity is a Public Benefit Entity. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities.



## **Objects, aims and principal activities**

### **Who we are**

The Police Foundation is the UK's policing think tank. We are the only independent think tank focused exclusively on improving policing. Our mission is to generate evidence and develop ideas which deliver better policing and a safer society. We do this by producing trusted, impartial research, by facilitating informed public debate about policing and by working with the police and their partners to create change.

### **Objects**

The objects of the Police Foundation, as set out in the Trust Deed are:

- the advancement and promotion of efficient and effective policing; and
- to undertake and promote study and research into the methods, organisation and effectiveness of the police and the training of police officers, and to publish the useful results of such study and research.

### **Our mission**

The Police Foundation has three main aims:

- To understand how policing can become more effective, efficient and legitimate;
- To generate new ideas for how the police can keep citizens safe in a rapidly changing world;
- To facilitate informed public debate about policing.

Our mission is realised by:

- Undertaking credible, high-quality applied research of direct relevance to policy and practice.
- Hosting events into specific policing and crime reduction issues.
- Offering training and consultancy to help the police and others transfer evidence and knowledge into policy and practice.
- Communicating our ideas to a wider audience through our networks in policing and beyond and through our use of print, broadcast and digital media.

## **Review of the year ended 30 June 2019**

### **Improving the Police Response to Fraud**

We published a major report on Improving the Police Response to Fraud in November 2018. As part of the research we carried out around 90 interviews with experts and practitioners, a major survey of strategic leads for fraud in police forces around the country and a workforce survey in two police forces. We also undertook an analysis of national fraud data made available by the City of London Police. The report argued that the way fraud is policed is inadequate and victims of fraud receive an inferior service from the police. It recommended that fraud investigations be taken off the hands of local police forces, who are ill equipped to carry them out, and be handed to specialist teams of fraud investigators.

### **Data-led Policing and Public Value**

This project examined the relationship between data-driven policing initiatives and the ability of the police to deliver public value. Sponsored by Accenture, BT and the University of Bath the project scoped out the potential of data driven technologies to improve outcomes in policing, highlighting cutting edge practices and exploring the challenges for policing from big data. The report was launched in March 2019 at an event in London, with a response from Sir Thomas Winsor, HM Chief Inspector of Constabulary.

### **Organisational development and the wellbeing of the police workforce**

This project published in March 2019 explored the relationship between workforce wellbeing and the organisation development. It concluded that many of the key drivers of workforce wellbeing relate to how organisations are structured and managed and that much could be done within policing to use 'organisation development' as a tool for improving the wellbeing of officers and staff.

### **Understanding public attitudes to police priorities**

The Police Foundation, supported by a number of Police and Crime Commissioners, began research in 2019 to develop a deeper understanding of public attitudes towards police priorities; offering insights at both local and national levels. The project moves beyond standard opinion surveys that ask people what they think the police should prioritise, without providing information about the realities of modern policing. Instead we have been bringing together focus groups of local residents to discuss policing in their area, introduce information about the breadth and intensity of police demand and assess the extent to which, once they understand these competing issues more fully, their views on priorities change.

### **Improving the police response to online child sexual exploitation and abuse**

The Police Foundation has begun a major new programme of research on tackling online child sexual exploitation and abuse, funded by the Dawes Trust. We are working with the police, academia, technology companies and charities to find out how we can improve the response to CSEA. We aim to understand what is effective and how law enforcers can better prevent harm, support victims and pursue offenders.

## Review of the year ended 30 June 2019 (continued)

### Roadcraft

The Roadcraft series of publications, which is published by The Stationery Office (TSO) and comprises four books (*'Roadcraft: The Police Driver's Handbook'*, *'Motorcycle Roadcraft: The Police Rider's Handbook'*, *'Fleetcraft: The Essential Occupational Driver's Handbook'* and *'Towing Roadcraft: The Essential Towing Handbook'*) and a DVD (*'Roadcraft: The Police Driver's Course on Advanced Driving'*), makes a significant contribution to road safety by improving the driving of both the police, other emergency service drivers and members of the public.

In 2013 we significantly updated and published new editions of *'Roadcraft: The Police Driver's Handbook'* and *'Motorcycle Roadcraft: The Police Rider's Handbook'*. This year we continued to update these editions by managing and responding to readers' queries and comments. This means that new impressions of the books are as up to date as possible. This process is managed through our Reflective Practitioners Group of advanced police driving instructors and other experts who are consulted on any proposed change to the text or graphics.

### Annual Conference

The Police Foundation's tenth annual conference, held in October 2018, focused on innovation and learning in policing. Speakers included Chief Constable Andy Rhodes, Geoff Mulgan, PCC Katy Bourne and College of Policing CEO Mike Cunningham.

### John Harris Memorial Lecture

In June 2019 the John Harris Memorial Lecture was given by Dame Cressida Dick, the Commissioner of the Metropolitan Police. The Commissioner focused in particular on the role of technology in policing and how the police need to adapt to the challenge of big data.

## Objectives for the year ended 30 June 2020

2020 will be a major year for the Police Foundation, as we have launched an important new initiative – The Strategic Review of Policing in England and Wales, chaired by Sir Michael Barber and hosted by the Police Foundation. This major two year review will look at the challenges facing policing and seek to understand what kind of police service we require as we enter the 2020's and look further into the century. The review will address issues such as the future police workforce, how the police are funded, how policing is organised around the country and how it is held to account. The review will be the most significant piece of work undertaken by the Foundation and aims to produce a report as significant as that of the 1962 Royal Commission on the Police.

In the year ahead we will also complete a major study of how the police respond to online child sexual exploitation and abuse.

## **Review of the year ended 30 June 2019 (continued)**

### **Trustees' responsibilities for the accounts**

Charity law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year.

In preparing the accounts the Trustees should:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- follow the recommendations of the Charity Commission and of the accounting profession with regard to form and content of the accounts, or disclose and explain any departures therefrom
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the charity will be able to continue to meet its objectives

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and ensure that the accounts comply with the Charities Act 2011. They are also responsible for safeguarding the charity's assets, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

### **Risk management**

The Trustees are ultimately responsible for the management of the risks faced by the Foundation. Together with the Director they identify and assess these risks on a regular basis and consider the systems and controls which have been established to mitigate them. During the year the Trustees spent time at their Board meetings reviewing the most significant risks facing the charity, which would include the risk of being unable to secure future grant funding, consultancy projects and other income, the risk of being unable to retain or recruit key staff members and the risk of damage to the charity's credibility. To mitigate the identified risks the Director meets regularly with the Chair of the Trustee Board to keep these matters under review. To mitigate the financial risks, in particular, the Director sustains on-going conversations with existing and potential funders to ensure that there is a strong pipeline of funding bids in place. As part of the review process, Trustees are working towards improvements in the way that risks are identified and mitigated, while recognising that systems can only provide reasonable but not absolute assurance that risks have been adequately managed.

## **Going concern basis for preparation of the accounts**

The Trustees consider the Police Foundation's plans and strategies at each Board meeting. As part of this process they have reviewed the latest income projections and budgets, and the assumptions contained therein, and consider that for the foreseeable future (at least a year from the date on which the accounts are signed) the organisation will be able to meet its liabilities as they fall due. The accounts have therefore been prepared on the going concern basis.

## **Financial results**

The financial results for the year ended 30 June 2019 are set out in the Statement of Financial Activities on page 13, the Balance Sheet on page 14 and the Cash Flow Statement on page 15, together with the accounting policies and notes to the accounts on pages 16 to 28.

### *Restricted Funds*

Details of Restricted Funds are set out in note 13 to the accounts on pages 23 and 24.

### *Unrestricted Funds*

The total unrestricted income for the year ended 30 June 2019 was £226,000, compared with £132,000 in the previous year.

Unrestricted expenditure for the financial year was £339,000, so unrestricted expenditure exceeded unrestricted income by £113,000. There were realised investment gains of £34,000, a decrease in the value of the investment portfolio of £32,000, representing unrealised losses at the balance sheet date, and an actuarial loss on the defined benefit pension scheme of £2,000, so unrestricted funds decreased by a total of £113,000 to £440,000. This compares with a decrease of £176,000 in the year ended 30 June 2018.

The Foundation's unrestricted funds are held in a managed investment portfolio and as cash on deposit. The charity has a written investment policy, with long term growth and medium risk as the main objectives.

Further details of Unrestricted Funds are set out in note 14 to the accounts on page 25.

### *Fundraising Expenditure*

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

## **Financial results (continued)**

### **Reserves**

The Trustees review the finances of the charity on a regular basis, both in the Finance Sub-committee and at main Trustees' meetings. They consider that reserves of at least six to twelve months' worth of general expenditure are desirable. Unrestricted funds at the year-end were £440,000 which represents approximately a year's worth of central staffing and other overhead costs as budgeted for the year ended 30 June 2020. Nevertheless, the reduction in unrestricted funds by 30 June 2019 is a source of concern for the Trustees. In the light of this, the Trustees and the Director have taken steps to improve budgeting and in-year monitoring of expenditure during the year ending 30 June 2020, and are renewing efforts to secure new sources of unrestricted and restricted income.

### **Investment powers, policy and performance**

The Trustees' investment powers are governed by the Trust Deed, which permits the Foundation's funds to be invested in any stocks, shares, funds, securities, land or other investments or property.

The Board's policy is to invest surplus unrestricted funds for a total return by adopting a medium risk investment strategy, while ensuring that sufficient liquid funds are available to meet projected commitments.

Restricted funds are held in cash on deposit because of the need to meet known project expenditure commitments within a relatively short time frame.

The Foundation's investments have continued to be managed in accordance with our policy and the Trust Deed. The portfolio is reviewed at each full meeting of the Board of Trustees, and the investment advisers provide quarterly reports to the Finance Subcommittee of the Trustees.

There were net realised gains on the sale of investments of £34,000 in the year, and net unrealised losses of £32,000 were recorded on revaluation of investments at the end of the financial year. Investment income of £10,600 was received, and interest of £200 was earned on cash deposits.

### **Auditors**

Crowe U.K. LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Trustees' meeting.

Approved by the Board of Trustees on *4 March 2020*

and signed on its behalf by:



**Sir William Jeffrey**  
**Chairman of Trustees**



## Independent Auditor's Report to the Trustees of The Police Foundation

### Opinion

We have audited the financial statements of the Police Foundation for the year ended 30 June 2019 which comprise the statement of financial activity, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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:

- give a true and fair view of the state of the charity's affairs as at 30 June 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Independent Auditor's Report to the Trustees of The Police Foundation (cont.)**

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement [set out on page 7], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.



## Independent Auditor's Report to the Trustees of The Police Foundation (cont.)

### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

16 March 2020

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

The Police Foundation  
Statement of Financial Activities  
Year ended 30 June 2019

	Notes	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
		£	£	£	£
<b>INCOME AND ENDOWMENTS FROM</b>					
<b>Income from generated funds:</b>					
<i>Voluntary income</i>					
Donations, grants and legacies	2	31,120	196,254	227,374	376,953
<i>Investment income</i>	3	10,805	-	10,805	9,765
<b>Income from charitable activities:</b>					
Fees for consultancy and training		130,630	-	130,630	35,465
Sponsorship and fees for events		15,603	-	15,603	17,040
Sale of publications		37,479	-	37,479	33,882
<b>Total</b>		<b>225,637</b>	<b>196,254</b>	<b>421,891</b>	<b>473,105</b>
<b>EXPENDITURE ON</b>					
<b>Charitable activities:</b>					
Undertaking research and influencing policy		219,029	189,958	408,987	498,829
Grant to project partner		-	6,296	6,296	115,000
Consultancy and training		116,402	-	116,402	38,196
Publications		3,188	-	3,188	14,585
<b>Total</b>	7	<b>338,619</b>	<b>196,254</b>	<b>534,873</b>	<b>666,610</b>
Net gains/(losses) on investments	10	<b>1,575</b>	<b>-</b>	<b>1,575</b>	<b>26,192</b>
<b>Net Income / (loss)</b>		<b>(111,407)</b>	<b>-</b>	<b>(111,407)</b>	<b>(167,313)</b>
Other gains and losses					
Actuarial gains/(losses) on defined benefit pension scheme	18	<b>(1,697)</b>	<b>-</b>	<b>(1,697)</b>	<b>(9,112)</b>
<b>(Net expenditure)</b>		<b>(113,104)</b>	<b>-</b>	<b>(113,104)</b>	<b>(176,425)</b>
<b>Net movement in funds</b>		<b>(113,104)</b>	<b>-</b>	<b>(113,104)</b>	<b>(176,425)</b>
Total funds brought forward		<b>553,201</b>	<b>-</b>	<b>553,201</b>	<b>729,626</b>
<b>Total funds carried forward</b>	13 & 14	<b>440,097</b>	<b>-</b>	<b>440,097</b>	<b>553,201</b>

All the above results are derived from continuing activities.  
There were no other recognised gains or losses other than those stated above.

The notes on pages 16 to 28 form part of these accounts.  
A full analysis of individual restricted funds is given in note 13 on pages 23 and 24.

**The Police Foundation**  
Balance Sheet  
30 June 2019

	Notes	2019	2018
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	2,349	8,747
Investments	10	457,378	549,118
		<u>459,727</u>	<u>557,865</u>
<b>CURRENT ASSETS</b>			
Debtors	11	121,261	31,505
Cash at bank and in hand		73,599	144,077
		<u>194,860</u>	<u>175,582</u>
<b>CREDITORS :</b> amounts falling due within one year:	12	142,568	104,429
<b>NET CURRENT ASSETS</b>		<u>52,292</u>	<u>71,153</u>
<b>Provision for liabilities</b>	18	71,922	75,817
<b>NET ASSETS</b>	15	<u>440,097</u>	<u>553,201</u>
<b>REPRESENTED BY:</b>			
Accumulated funds: Unrestricted funds	14	440,097	553,201
Restricted funds	13	-	-
		<u>440,097</u>	<u>553,201</u>

Approved by the Board of Trustees on 4 March 2020 and signed on its behalf by:

**Sir William Jeffrey**

) Trustees

**Sir John Wheeler**

The notes on pages 16 to 28 form part of these accounts.

A full analysis of individual restricted funds is given in note 13 on pages 23 and 24.

**The Police Foundation**  
**Cash Flow Statement**  
**Year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by (used in) operating activities</b>	<b>(170,698)</b>	<b>(208,309)</b>
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	220	9,765
Sale/(purchase) of property, plant and equipment	-	(3,400)
Sale/(purchase) of investments	100,000	(954)
<b>Net cash provided by (used in) investing activities</b>	<b>100,220</b>	<b>5,411</b>
 Change in cash and cash equivalents in the reporting period	 <b>(70,478)</b>	 <b>(202,898)</b>
 Cash and cash equivalents at the beginning of the reporting period	 <b>144,077</b>	 <b>346,975</b>
  Cash and cash equivalents at the end of the reporting period	  <b>73,599</b>	  <b>144,077</b>
  Net income/(expenditure) for the reporting period (as per the statement of financial activities)	  <b>(113,104)</b>	  <b>(176,425)</b>
  Adjustments for:		
Depreciation charges	6,397	6,397
(Gains)/losses on investments	(1,575)	(26,192)
Dividends, interest and rents from investments	(10,805)	(9,765)
Investment management fees	3,901	-
(Increase)/decrease in debtors	(89,756)	49,131
Increase/(decrease) in creditors	34,244	(51,455)
 Net cash provided by (used in) operating activities	 <b>(170,698)</b>	 <b>(208,309)</b>
  Cash in hand	 <b>73,599</b>	 <b>144,077</b>
Notice deposits	-	-
<b>Total cash and cash equivalents</b>	<b>73,599</b>	<b>144,077</b>

**1. ACCOUNTING POLICIES**

**a) Basis of preparation of the accounts**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view.

The Foundation constitutes a public benefit entity as defined by FRS 102.

In the view of the Trustees, there are no material uncertainties casting doubt on the going concern of the charity.

**b) Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

**c) Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

**d) Tangible fixed assets**

Tangible fixed assets are capitalised where the item costs in excess of £500. Depreciation is provided on all tangible fixed assets in use at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Leasehold property improvements	-	over the term of the lease of 5 years
Office furniture and equipment	-	over the term of the office lease of 5 years
Computer equipment	-	over 2 years

**e) Investments**

Investments are stated in the balance sheet at market value. Gains or losses arising on revaluation at each financial year end, and on sales of investments, are credited or charged in the SOFA.

**f) Restricted funds**

Restricted funds are established where monies are received for specific purposes, such as particular research projects. A separate fund is established for each individual project, and relevant expenditure is charged thereto

**g) Investments**

Compromise monies which may be used towards meeting the charitable objectives of the charity and which may be applied at the discretion of the Trustees.

1. ACCOUNTING POLICIES (continued)

h) **Operating leases**

The rentals payable under operating leases are charged in the SOFA on a straight-line basis over the lease term.

i) **Financial Instruments**

The Police Foundation has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with accrued interest and other debtors. Financial liabilities held at amortised cost comprise trade creditors and accruals.

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

j) **Pension costs**

The Foundation makes contributions to a defined contribution pension scheme in accordance with the requirements of Auto Enrolment. The contributions are accounted for as they become payable. The Foundation previously participated in a multi-employer defined benefit scheme. Deficit recovery payments are accounted for as they become payable, and accounting adjustments are in accordance with FRS102 and as described in full in Note 18.

k) **Taxation**

No provision is made for corporation tax, as the Foundation is able to claim full statutory exemption subject to the proper application of all its charitable resources.

l) **Debtors**

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

m) **Creditors**

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

n) **Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand, cash held for reinvestment and short-term deposits

1. ACCOUNTING POLICIES (continued)

o) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Foundation's accounting policies, which are described in note 1, Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going 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 the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

2. DONATIONS AND GRANTS

	2019	2018
	£	£
<b>Unrestricted Funds</b>		
During the year, unrestricted donations and grants of £5,000 or more were received from the following:		
The Hobson Trust	-	10,000
The Tompkins Foundation	25,000	25,000
Other	6,120	1,150
	<b>31,120</b>	<b>36,150</b>

**Restricted Funds**

During the year, grants to fund specific projects were received from the following:

The Dawes Trust	125,925	232,500
The Open University	11,634	34,900
The Barrow Cadbury Trust	22,112	13,000
Bath University	3,000	33,736
Accenture	8,333	16,667
British Telecom	5,000	10,000
B&CE	15,400	-
KPMG	4,850	-
	<b>196,254</b>	<b>340,803</b>

**The Police Foundation**  
Notes to the Accounts (continued)  
Year ended 30 June 2019

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<b>3. INVESTMENT INCOME</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Investment income was derived from the following:		
Listed investments	10,585	9,663
Cash held on deposit	220	102
	<u>10,805</u>	<u>9,765</u>

<b>4. RESOURCES EXPENDED</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
The expenditure for the year includes:		
Staff costs (note 6)	316,320	359,640
Audit fees	6,550	7,850
Depreciation	6,397	6,397
	<u>          </u>	<u>          </u>

No remuneration was paid to any of the Trustees, nor were any expenses reimbursed to the Trustees (2018 – reimbursed travel expenses relating to attendance at Trustees' meetings of £nil).

<b>5. OTHER COSTS</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Governance costs comprise:		
Audit fees	6,550	7,850
Trustees' travel expenses	-	-
Investment management charges	3,901	3,737
	<u>          </u>	<u>          </u>



6. EMPLOYEES	2019 £	2018 £
<b>Staff costs comprise:</b>		
Wages and salaries	273,228	310,392
Employers' National Insurance costs	28,073	31,547
Pension costs	15,019	17,701
	<u>316,320</u>	<u>359,640</u>

	No.	No.
The average number of employees during the year was:		
Full time	5	7
Part time (full-time equivalent)	1	1
	<u>6</u>	<u>8</u>
The number of higher paid employees was:		
£80,000 - £90,000	1	1

Total pension contributions for the above staff member was £4,433 (2018: £4,343)

Key management personnel constitute the charity director. Total remuneration for the key management personnel was £104,505 (£102,054 – year ended 30 June 2018).

## 7. TOTAL RESOURCES EXPENDED

	Staff costs £	Direct costs £	Support Costs £	2019 Total £	2018 Total £
<b>Unrestricted funds</b>					
<b>Charitable activities:</b>					
Undertaking research and influencing policy	97,894	33,346	87,789	219,029	273,026
Consultancy and training	53,067	63,335	-	116,402	38,196
Publications	2,829	359	-	3,188	14,585
<b>Total: Unrestricted funds</b>	<u>153,790</u>	<u>97,040</u>	<u>87,789</u>	<u>338,619</u>	<u>325,807</u>
<b>Restricted funds</b>					
Undertaking research and influencing policy	162,530	27,428	-	189,958	225,803
Transfer of grant to project partner	-	6,296	-	6,296	115,000
<b>Total: Restricted funds</b>	<u>162,530</u>	<u>33,724</u>	<u>-</u>	<u>196,254</u>	<u>340,803</u>
<b>Total resources expended</b>	<u>316,320</u>	<u>130,764</u>	<u>87,789</u>	<u>534,873</u>	<u>666,610</u>

8. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - year ended 30 June 2018

	Unrestricted Funds £	Restricted Funds £	Total Funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
<b>Income from generated funds:</b>			
<i>Voluntary income</i>			
Donations, grants and legacies	36,150	340,803	376,953
<i>Investment income</i>	9,765	-	9,765
<b>Income from charitable activities:</b>			
Fees for consultancy and training	35,465	-	35,465
Sponsorship and fees for events	17,040	-	17,040
Sale of publications	33,882	-	33,882
<i>Other income</i>			
Payment for early surrender of lease	-	-	-
<b>Total</b>	<b>132,302</b>	<b>340,803</b>	<b>473,105</b>
<b>EXPENDITURE ON</b>			
<b>Charitable activities:</b>			
Undertaking research and influencing policy	273,026	225,803	498,829
Grant to project partner	-	115,000	115,000
Consultancy and training	38,196	-	38,196
Publications	14,585	-	14,585
<b>Total</b>	<b>325,807</b>	<b>340,803</b>	<b>666,610</b>
<b>Net income / (expenditure) before gains and losses</b>	<b>(193,505)</b>	<b>-</b>	<b>(193,505)</b>
Net gains / (losses) on revaluation of investments	26,192	-	26,192
<b>Net (loss) / Income</b>	<b>(167,313)</b>		<b>(167,313)</b>
Other Gains and losses			
Actuarial gains/(losses) on defined benefit pension scheme	(9,112)	-	(9,112)
<b>Net increase / (decrease) in funds</b>	<b>(176,425)</b>	<b>-</b>	<b>(176,425)</b>
Total funds brought forward	729,626	-	729,626
<b>Total funds carried forward</b>	<b>553,201</b>	<b>-</b>	<b>553,201</b>

## 9. TANGIBLE FIXED ASSETS

	Short Leasehold Property Improvements £	Office Furniture and Equipment £	Total £
<b>Cost</b>			
1 July 2018	11,163	15,724	26,887
Additions	-	-	-
<b>At 30 June 2019</b>	<b>11,163</b>	<b>15,724</b>	<b>26,887</b>
<b>Depreciation</b>			
1 July 2018	7,814	10,326	18,140
Charge for the year	2,234	4,164	6,398
<b>At 30 June 2019</b>	<b>10,048</b>	<b>14,490</b>	<b>24,538</b>
<b>Net Book Value</b>			
<b>At 30 June 2019</b>	<b>1,115</b>	<b>1,234</b>	<b>2,349</b>
<i>Net Book Value</i>			
<i>At 30 June 2018</i>	<i>3,349</i>	<i>5,398</i>	<i>8,747</i>

## 10. INVESTMENTS

	2019 £	2018 £
Market value at start of financial year	549,118	521,972
Withdrawals in the year	(100,000)	-
Income reinvested	10,585	5,439
Fund management fees	(3,900)	(4,485)
Net gains/(losses) on disposals in the year	34,286	(1,195)
Net gains/(losses) on revaluation at financial year end	(32,711)	27,387
Market value at end of financial year	<b>457,378</b>	<b>549,118</b>

	2019		2018	
	Cost £	Market Value £	Cost £	Market value £
UK Fixed Interest	62,977	63,462	74,262	74,071
Overseas Fixed Interest	28,845	29,753	28,845	28,734
UK Equities	163,217	161,569	144,181	153,272
European Equities	24,024	26,970	31,923	34,515
North American Equities	26,609	32,128	59,961	65,607
Japanese Equities	15,572	14,680	15,572	16,800
Far East & Australasian Equities	15,964	18,250	15,964	18,120
International Equities	21,335	27,493	39,864	71,473
UK Property	24,849	23,027	24,849	21,532
Alternative Assets	44,177	44,997	52,088	51,450
Cash	15,049	15,049	13,544	13,544
	<b>442,618</b>	<b>457,378</b>	<b>501,053</b>	<b>549,118</b>

**The Police Foundation**  
Notes to the Accounts (continued)  
Year ended 30 June 2019

<b>11. DEBTORS</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Accrued income	5,000	-
Prepayments	80,720	7,831
Other debtors	35,541	23,674
	<u>121,261</u>	<u>31,505</u>

Other debtors include accrued income of £58,934 at 30 June 2019. Accrued income at 30 June 2018 was £17,000. Accrued income represents the value of work completed but not yet invoiced in respect of several smaller projects and publishing income.

<b>12. CREDITORS: Amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Social security and other taxes	13,133	9,753
Other creditors	3,623	39,357
Accruals and deferred income	125,812	55,319
	<u>142,568</u>	<u>104,429</u>

Deferred income at 30 June 2019 was £93,738, representing income received in advance for two projects, which will be recognised in the SOFA for the year ended 30 June 2020. Deferred income at 30 June 2018 was £40,846, which was recognised in the SOFA for the year ended 30 June 2019. Grant income is received in advance of each stage of a project commencing but is only recognised in the SOFA on the completion of the specified work for that stage of the project.

**13. RESTRICTED FUNDS**

Restricted funds are established where monies have been received for specific purposes or projects as itemised below. A separate fund is established for each individual project, and relevant expenditure is charged thereto. An analysis of movements on individual restricted funds during the year ended 30 June 2019 is given below.

<b>Name of project fund</b>	<b>Funds held 30 June 2018 £</b>	<b>Incoming resources £</b>	<b>Grant paid £</b>	<b>Resources expended £</b>	<b>Funds held 30 June 2019 £</b>
Improving the local response to fraud	-	27,512	(6,296)	(21,216)	-
Online Child Sexual Exploitation and Abuse	-	71,112	-	(71,112)	-
Data Led Policing	-	16,333	-	(16,333)	-
The impact of Police Foundation Research	-	27,300	-	(27,300)	-
Community based approaches for women	-	10,112	-	(10,112)	-
Understanding Police Intelligence	-	12,000	-	(12,000)	-
Transforming Learning and Development Event	-	11,635	-	(11,635)	-
Police Policy Dinners	-	4,850	-	(4,850)	-
Pension Fraud	-	15,400	-	(15,400)	-
	<u>-</u>	<u>196,254</u>	<u>(6,296)</u>	<u>(189,958)</u>	<u>-</u>

### 13. RESTRICTED FUNDS (continued)

*Improving the local response to fraud* funded by The Dawes Trust.  
*Online Child Sexual Exploitation and Abuse* funded by The Dawes Trust.  
*The impact of Police Foundation Research* funded by The Dawes Trust.  
*Data led policing* funded by Accenture, British Telecom and Bath University.  
*Community based approaches for women* funded by Barrow Cadbury.  
*Understanding Police Intelligence* funded by Barrow Cadbury.  
*Transforming Learning and Development* funded by MOPAC and the Open University.  
*Police policy Dinners* funded by KPMG.  
*Pension Fraud* funded by B&CE.

An analysis of movements on individual restricted funds during the year ended 30 June 2018 is given below.

Name of project fund	Funds held 30 June 2017 £	Incoming resources £	Grant transferred £	Resources expended £	Funds held 30 June 2018 £
Improving the local response to fraud	-	232,500	(115,000)	(117,500)	-
The future of neighbourhood policing	-	34,900	-	(34,900)	-
Data Led Policing	-	26,667	-	(26,667)	-
Improving the way in which the police interact with young adults	-	13,000	-	(13,000)	-
Wellbeing and organisational development	-	33,736	-	(33,736)	-
	-	340,803	(115,000)	(225,803)	-

*Improving the local response to fraud* funded by The Dawes Trust.  
*The future of neighbourhood policing* funded by The Hadley Trust.  
*Data led policing* funded by Accenture and British Telecom.  
*Improving the way in which the police interact with young adults* funded by The Barrow Cadbury Trust.  
*Wellbeing and organisational development* funded by The Police Mutual Foundation.

**The Police Foundation**  
Notes to the Accounts (continued)  
Year ended 30 June 2019

**14. UNRESTRICTED FUNDS**

Analysis during year ended 30 June 2019	Funds held 30 June 2018	Incoming resources	Resources expended	Net gains on investment	Actuarial gains /(losses) on DB pension scheme	Funds held 30 June 2019
	£	£	£	£	£	£
Unrestricted funds	<u>553,201</u>	<u>225,637</u>	<u>(338,619)</u>	<u>1,575</u>	<u>(1,697)</u>	<u>440,097</u>
Analysis during year ended 30 June 2018	Funds held 30 June 2017	Incoming resources	Resources expended	Net gains on investment	Actuarial gains /(losses) on DB pension scheme	Funds held 30 June 2018
	£	£	£	£	£	£
Unrestricted funds	<u>729,626</u>	<u>132,302</u>	<u>(325,807)</u>	<u>26,192</u>	<u>(9,112)</u>	<u>553,201</u>

**15. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

As at 30 June 2019:	Unrestricted funds £	Restricted funds £	Total Funds £
Fixed Assets	2,349	-	2,349
Investments	457,378	-	457,378
Debtors	41,727	79,534	121,261
Cash at bank and in hand	62,278	11,321	73,599
Creditors	(51,713)	(90,855)	(142,568)
Provision for liabilities	(71,922)	-	(71,922)
	<u>440,097</u>	<u>-</u>	<u>440,097</u>

At 30 June 2019 there were accumulated net unrealised losses on investments of £32,711 (2018 gains - £27,387) which form part of the total accumulated unrestricted funds.

As at 30 June 2018:	Unrestricted funds £	Restricted funds £	Total Funds £
Fixed Assets	8,747	-	8,747
Investments	549,118	-	549,118
Debtors	31,025	480	31,505
Cash at bank and in hand	64,548	79,529	144,077
Creditors	(24,420)	(80,009)	(104,429)
Provision for liabilities	(75,817)	-	(75,817)
	<u>553,201</u>	<u>-</u>	<u>553,201</u>

## 16. OPERATING LEASES

At 30 June 2019, the Foundation had commitments under operating leases as detailed below:

	Property	Office equipment	Total 2019	Total 2018
	£	£	£	£
Within one year	11,937	2,316	14,253	28,629
2 to 5 years	41,821	1,158	42,979	17,715
	<u>53,758</u>	<u>3,474</u>	<u>57,232</u>	<u>46,344</u>

## 17. RELATED PARTY TRANSACTIONS

There are no further disclosures required in respect of Related Party Transactions. (2018: Nil)

## 18. PENSION COSTS

### *The Pensions Trust CARE Scheme*

From 1 August 2005 the Foundation participated in a multi-employer average salary defined benefits pension scheme, the Pensions Trust CARE Scheme. It is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the Foundation. The CARE Scheme has various different sections, and the section to which Police Foundation employees belonged was the one-eightieth average salary defined benefits section of the CARE Scheme. The main benefits provided by this particular section of the Scheme were a pension of one-eightieth of a member's career average revalued earnings for each year (and months proportionately) of pensionable service if contracted-out of the State scheme. Employers paid contributions at the rate of 10.0% of earnings up to 1 April 2012, and 10.6% thereafter. Members paid contributions based on an age-related scale.

From 1 October 2014, those employees who were members of the CARE Scheme were transferred from the one-eightieth defined benefit section of the CARE Scheme to the defined contribution section. From that date the employer's contributions were 10% and the members contributed 7%.

No employer's contribution was made by the Foundation to the CARE Scheme in the year ended 30 June 2019. The Foundation made deficit recovery payments of £7,786 (2018 - £7,983) – see details in the next paragraph.

A full actuarial valuation of the Scheme is commissioned every 3 years, with annual funding statements provided by the scheme's actuary. At 30 September 2016, the actuary's funding statement shows a deficit of assets compared to liabilities of £24.9 million – a substantial increase over the reported deficit at 30 September 2013 of £16.4 million. Employers are being asked to make deficit recovery payments. The Foundation's share of these additional payments was assessed initially at £1,100 per annum from 1 April 2012, increasing by 3% at each subsequent 1 April for a period of 10 years.

# **18. PENSION COSTS continued**

The formal valuation of the Scheme at 30 September 2013 was completed in the spring of 2015 with the Foundation's share of deficit recovery payments being increased to £7,591 per annum from 1 July 2015 and thereafter increasing by 3% at each subsequent 1 July until 30 April 2027. This would mean that the Foundation would be required to contribute total deficit recovery payments, and charges, of £104,000 between 1 July 2015 and 30 April 2027. Following the completion of the 30 September 2016 valuation, the schedule of monthly deficit recovery payments and charges was extended to include the period from 1 May 2027 to 30 November 2028, with an annual increase of 3% on 1 April 2028 – the total payable in this period is expected to be £17,000.

Following consultations with the participating employers in May 2015, the Trustee of the Scheme, at a meeting held on 7 July 2015, finalised the decision to close the Scheme to the further accrual of benefits with effect from 31 March 2016. From 1 July 2015, there was only one member of the Scheme employed by the Police Foundation, and, by 1 April 2016, alternative pension arrangements were in place for this employee. The scheduled deficit recovery payments will continue as outlined above, and the next formal valuation of the Scheme will be at 30 September 2019, with the outcome known by 1 April 2021.

## **PRESENT VALUES OF PROVISION**

	30 June 2019 (£s)	30 June 2018 (£s)	30 June 2017 (£s)
Present Value of provision	71,922	75,817	72,592

## **RECONCILIATION OF OPENING AND CLOSING PROVISIONS**

	Period Ending 30 June 2019 (£s)	Period Ending 30 June 2018 (£s)
Provision at start of period	75,817	72,592
Unwinding of the discount factor (interest expense)	1,398	1,085
Deficit contribution paid	(6,990)	(6,972)
Re-measurements – impact of any change in assumptions	1,697	(1,469)
Re-measurements – amendments to the contributions schedule	-	10,581
Provision at end of period	71,922	75,817

## **INCOME AND EXPENDITURE IMPACT**

	Period Ending 30 June 2019 (£s)	Period Ending 30 June 2018 (£s)
Interest expense	1,398	1,085
Re-measurements – impact of any change in assumptions	1,697	(1,469)
Re-measurements – amendments to the contributions schedule	-	10,581
Contributions paid in respect of future service	-	-
Costs recognised in income and expenditure account	-	-

Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.



18. PENSION COSTS continued

ASSUMPTIONS	30 June 2019 % per annum	30 June 2018 % per annum	30 June 2017 % per annum
Rate of discount	1.43	1.94	1.57

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Up until 1 June 2016, all new employees of The Foundation were offered a contribution to a personal pension scheme of their choice (see *Other pension costs* below).

*Other pension costs*

Until 31 May 2016, on completion of any probationary period, employees who were not eligible to join the Pensions Trust CARE Scheme were offered an employer contribution of 5% of salary to a personal pension scheme of their choice.

On 1 June 2016, the charity auto enrolled its employees into a Defined Contribution Pension Scheme, postponing the scheme until 1 September 2016. In July 2016 some employees opted into the scheme, and the appropriate contributions were paid from that date. Contributions paid into individual staff personal pension schemes have ceased from the earlier of the date on which each employee chose to opt in to the Auto Enrolment pension scheme and 1 September 2016.

Total employer's contributions made by the Foundation to individual staff personal pension schemes in the year ended 30 June 2019 were £15,019 (2018 – £16,690).

