Foreword

I have pleasure in presenting the Defence Police Federation's annual financial statements for the year ended 31st March 2001, together with my seventh Treasurer's Report.

Income

During the year monthly subscriptions were raised to £9.30, an increase of 30p, but despite this total subscription income has decreased from £354,385 to £353,932. While the fall may not be substantial it is again an indication of how limited the Federation subscription income is. It is important that subscription income exceeds day to day expenditure but with such limited resources this can only be achieved by cut backs elsewhere. The 30p represents an increase of 3.3% but this was eliminated by the continual reduction in the number of contributing members.

At 31st March 2001 the number of contributing members was 3,113 (2000: 3,255). Looking back over the last five years the number of contributing members has decreased by over a thousand. In today's financial values this is equivalent to a current yearly loss of income of almost £120,000.

As subscription income should always exceed total expenditure I am pleased to report that this has occurred for the second successive year. While the surplus has fallen from £25,546 to £12,792 it is an indication that we are living within our means and I am confident that with continued financial control that this benchmark can be achieved in future years.

Other income has once again decreased, down from £56,347 to £55,869. This was mainly due to the reduction in dividend income of £2,020 due to the depressed state of the stock market over the year. As in the previous year this represents a return of approximately 2.8% which is in accordance with instructions to our brokers to purchase investments with a low return but hopefully high capital appreciation. Deposit interest rose from £11,229 to £13,896 but insurance commission decreased by £1,125 to £1,148.

Overall total income for the year decreased by £931 down from £410,732 in 1999/2000 to £409,801. This is a "sobering" situation and we must ensure that we keep living within our means.

Expenditure

Total expenditure has increased by £12,301 to £341,140. This represents an increase of 3.7% and while this is not remarkable in itself it is disappointing when you consider the savings achieved in meeting expenses, members professional fees and salaries - our three major items of expenditure. As substantial efforts have been made in the past to reduce these costs the successes must not be eroded by additional expenses elsewhere.

As in previous years meeting expenses and members professional fees represent two of our major items of expenditure and between them they represent over 40% of our total expenditure.

It is pleasing to note that meeting expenses have once again decreased, down by £6,694 to £95,268. Meeting expenses now represent 28% of expenditure and is by far our largest cost. Mainly as result of a reduction in one day, the conference meeting costs have decreased by £8,007 down from £32,129 to £24,122. National

Management Meetings show a slight increase of £1,629 and had it not been for the costs incurred with BSI there would have been a substantial reduction in the costs of National Management Meetings. Regional meeting expenses are very much in line with last year coming to a total of £36,154.

Members professional fees have once again decreased, down from £51,447 in 1999/2000 to £45,619 in 2000/2001. Since 1995 this is the seventh consecutive year where there has been a reduction. Looking back at the accounts I note a charge of £151,116 in respect of the year ended 31st March 1995 and even excluding normal annual inflation increases there have been substantial savings i.e. in excess of £100,000. Discipline costs have fallen by £6,448 to £27,173, legal and professional fees amounted to £6,866 and members injury and accident claims amounted to £11,580 - both very similar to charges in the previous year.

Death benefits costs have risen from £8,000 to £13,250 due sadly to the increased number of deaths during the year.

Other professional fees have increased from £8,585 to £11,191 due mainly to the services of a computer consultant which cost £3,134.

Postage, printing and office supplies have increased by £2,892 to £19,489. This is mainly due to additional office costs incurred as a result of the increased level of computerisation introduced during the last two years.

Public relations costs have increased quite dramatically up from £3,651 in 1999/2000 to £14,175 in 2000/2001. During the year a Website was designed and updated for the member's benefit - this cost £8,800.

Review costs - during the year a small working group was formed to review the Federation as a whole. It was agreed to consult with the British Standard Institute and this cost £8,019.

Regional expenses have decreased from £9,969 to £5,985. These are detailed out in note 8 of the accounts. The Western Region's bank account has been closed and their costs are now paid by the General Fund.

For the first time in many years staff salaries have decreased down by £4,104 to £48,464. This is due to the departure of our long serving office manager. However as a result of the change of staff we incurred staff recruitment fees of £4,329 so no real savings were achieved this year.

Results

It is pleasing to report for 2000/2001 a surplus before capital profits of £68,661, whereas in 1999/2000 a surplus of £81,893 arose.

During the year, acting on advice from our stockbrokers, we sold some investments, resulting in the realisation of capital profits, net of the reserve for diminution in value, of £52,653. Actual profits based on disposal of securities amounted to £79,403, but acting on the advice of our auditors it was deemed necessary to continue with a provision, revised to £46,750 (2000: £20,000) for possible reductions in the value of securities held as at 31st March 2001.

The taxation charge for the year now amounts to £3,587 (2000: £3,722). After taking account of the taxation charge, a net surplus of £117,727 has been transferred to reserves.

Balance Sheet

The retained surplus has increased net assets to £1,479,231. The investment policy has been continued as in previous years, and despite the volatility of the markets and the considerable deduction in the stock exchange index during the year, our investments show a market value of £1,477,221 "a value in" excess of the fall during the year upon which our stockbroker Adam Griffin must be congratulated on the careful handling of our investment. During the year no new monies were transferred to our stockbrokers for investment in the stock market. At 31st March 2001 the amount held on deposit was £29,825 (2000: £147,524).

Fixed assets have increased from £13,577 to £25,376. Purchase of computer equipment amounted to £20,932 during the year. As a result the depreciation charge has increased up from £5,233 to £9,133.

Cash at bank and in hand has increased from £218,653 to £245,131. Creditors (i.e. amounts payable), have decreased from £93,129 to £81,412.

Welfare account

It is pleasing to note that there was a reduced level of funding necessary in the year ended 31st March 2001, down from £12,772 to £6,786. Major cost savings were achieved in grants, down £990 to £4,885, convalescing costs down £2,008 to £147 and seminar expenses down £732 to a nil charge. On the minus side, additional costs were incurred for travelling expenses, up £462 to £1,449.

Future

Despite the fact that the accounts show a reasonable surplus we must guard against complacency. Capital profits were £52,653 nearly half of the surplus and the excess of subscription income over expenditure has halved from £25,546 to £12,792.

We must expect subscription income to reduce in the forthcoming years, expenditure despite rigid controls will increase, at least by the rate of inflation.

The surplus this year has been hard won with all committee members rigidly watching expenditure. This tight control must continue.

However it will be necessary for me to request conference to approve a further increase in the subscriptions in order to ensure that subscription income will exceed expenditure.

Long term the downsizing will cease and if we monitor subscription income above expenditure we should then be in a strong financial position to face the future.

Conclusion

I would like to thank all the regional treasurers for their assistance in the year and the management committee for their support. May I also thank our professional advisors, Douglas Christie of Thompsons, our solicitors, Adam Griffin of Invesco Private Portfolio Management Limited, our investment consultants, and Norman Christy, the senior partner of our auditors and financial advisors, George Hay & Company, for their help and assistance.

Bernard Moss
Treasurer

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23rd August 2001