

METROPOLITAN AND CITY POLICE ORPHANS FUND

Registered Charity Number 234787

ANNUAL REPORT & ACCOUNTS 2016



PRESIDENT



Sir Bernard Hogan-Howe Q.P.M.

VICE PRESIDENT



Ian Dyson Q.P.M.

TRUSTEES & BOARD of MANAGEMENT

| | |
|---------------------------------|---|
| TRUSTEES: | Members of the Board of Management |
| BOARD OF MANAGEMENT: | N. Basu, Q.P.M.(Chairman) D. Davies G. Gilbert C. Knight R. Martin (Deputy Chair) (resigned October 2016) M. Nurthen A. O'Donnell S. Ovens S. Richardson J. Stapley-Harding (resigned May 2016) H. Elliott (appointed September 2016) G. Smyth, Q.P.M. D. Lawes |
| EX-OFFICIO MEMBERS: | The President and Vice-President |
| CHIEF EXECUTIVE OFFICER: | P. Smyth 30 Hazlewell Road, Putney London, SW15 6LH |
| DEPUTY CHIEF EXECUTIVE OFFICER: | M. Cooper 30 Hazlewell Road, Putney London, SW15 6LH |
| AUDITORS: | GEORGE HAY & COMPANY Chartered Accountants, Statutory Auditors, 83 Cambridge Street, Pimlico London, SW1V 4PS |
| BANKERS: | LLOYDS TSB BANK PLC Pall Mall Branch, St. James's, 8 – 10 Waterloo Place, London, SW1Y 4BE |
| INVESTMENT MANAGERS: | CCLA Investments Management Limited 80 Cheapside, London, EC2V 6DZ Close Brothers Asset Management 8th Floor, 10 Exchange Square, Primrose Street, London, EC2A 2BY |

FORWARD

The Trustees' (known as the Board of Management) present their report together with the audited financial statements for the Fund for the year ended 31st December 2016.

This report is prepared in accordance with the Trust Deed and the recommendations of the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) and complies with applicable law.

ORIGINS

The Charity (**Charity Number 234787**) was founded in 1870, and was formerly known as **THE METROPOLITAN AND CITY POLICE ORPHANAGE**. With the approval of the Charity Commission, the orphanage closed on 31st July, 1937. On the following day the **Metropolitan and City Police Orphans Fund** came into being.

GOVERNING DOCUMENT

Declaration of Trust dated 31st August 1918 and Scheme of 12th October 1937 and adopted 8th May 1964 as amended 28th June 1967, 23rd May 1968, 28th May 1970, 26th September 1983, 14th November 2002 and 10th June 2009.

THE OBJECT OF THE FUND

1. To relieve beneficiaries in cases of need or hardship.
2. To advance the education, professional or vocational training of beneficiaries in need of financial assistance, to include education at school, college or university and education or training in music or the arts.
3. To promote the health of and relieve sickness, infirmity or disability among beneficiaries in cases of need, by the provision of medical treatment and financial assistance to enable them to participate in healthy recreational activities.
4. To help the beneficiaries, especially but not exclusively, through leisure time activities, so as to develop their skills, capacities and capabilities, to enable them to participate in society as mature and responsible individuals.

GOVERNANCE OF THE FUND

The overall governance of the Fund is vested in the Trustees, known as the Board of Management; there are twelve members, two nominated by the Metropolitan Police Commissioner and one by the Commissioner of the City of London Police, with the remainder nominated by Staff Associations within the Services. The Board of Management meets at the Fund's office each month to consider applications and variations in the circumstances of recipients. Regular checks for changes in circumstances are made by way of correspondence, enquiries of parents and educational establishments.

The day to day running of the Fund is delegated to the Chief Executive Officer and Deputy Chief Executive Officer. The Chief Executive Officer is responsible for the day-to-day management and control of the administration of the charitable funds and reports monthly to the Board of Management. The C.E.O; ensures that the criteria for spending charitable monies are fully met; that full accounting records are maintained and that devolved decision making or delegated arrangements are in accordance with the policies and procedures set out by the Board of Management.

CHAIRMAN'S REPORT



I am delighted to present my fourth Annual Report and Annual Accounts as Chairman of the Metropolitan & City Police Orphans Fund, it was an honour to be appointed as Chairman of the fund which is the oldest Police Charity in the world. I would like to take this opportunity of thanking all those who gave up their valuable time to serve on the Board of Management.

I am very proud to confirm that Prince William, The Duke of Cambridge KG KT PC ADC(P) has consented to become our Patron from January 2017. We are hoping His Royal Highness will be able to attend a function, later in the year to commemorate our eightieth anniversary as an Orphans Fund, at which many of our orphans will be present. Our first Patron was Queen Victoria, and we are delighted that our links with the Royal family have been reaffirmed.

The Orphans fund has had another successful year, and despite the Global financial crisis we have managed to increase our Charitable spending considerably, we hope to continue this in the coming years to increase the level of support to the children of police officers serving or retired who have died or are so incapacitated that they are unable to contribute financially to the upkeep of their families.

We are very proud of the fact that in 2016 for the first time in the charities nearly 150 year history we were able to give over £1,000,000 to support children who otherwise would be faced with financial hardships in their family life.

As a Charity we rely very heavily on voluntary contributions. I would like to thank all our donors and subscribers for their financial generosity. Without their on-going commitment we would not have been able to provide the same level of support in caring for our unfortunate orphans.

I also wish to thank *Mr. David Talbot of D. J. Talbot and Associates Limited* for sponsoring the 'Board of Management Luncheon' which was held at The Royal Automobile Club, Pall Mall in December. A number of our benefactors were present together with Staff Association representatives. We were particularly delighted that, Lord Imbert and Lord Blair (Past Presidents), and three In-Pensioners from the Royal Hospital, Chelsea, who were able to give up their valuable time to attend.

We are very proud of the achievements of the children we support, it never ceases to amaze me of the resilience of young people and the fantastic results they attain, often in the face of adversity and tragic family loss. In 2016 for example the qualifications achieved includes degrees in the following subjects:-

In 2017 we will be celebrating our eightieth anniversary in our present form, In 1937 the Orphanage closed and the modern fund was created and in 2020 we hope to be celebrating our 150th anniversary. We intend to mark both of these milestones and are grateful to those sponsors who have already indicated they will support us to celebrate, with many of the children we support.

INVESTMENTS

Our investments are managed by CCLA Investment Management Limited and Close Brothers Asset Management with the objective of maximizing the income receivable whilst allowing a degree of capital growth. We will continue to have quarterly reports provided on the performance of our investments, our continued policy of reducing the exposure to UK equities in favour of a greater allocation to markets overseas. In our view, the enhanced allocation to international investment increases the opportunities to generate attractive long term returns and reduces the risks that arise from too great an exposure to a single market.

RISK MANAGEMENT

The Trustees have assessed the major risks to which the Fund is exposed, in particular those related to the operations and finance of the Fund, and are satisfied that systems are in place to mitigate their exposure to major risks. A review of the Charity's risk management process is undertaken on a quarterly basis. Procedures are in place to ensure compliance with health and safety of staff and visitors to the offices. These procedures are periodically reviewed to ensure that they continue to meet the needs of the Charity.

RESERVES

The current level of reserves is £21,440,545. The Fund is increasingly reliant upon the income generated by these reserves to fulfil its charitable objectives. In 2016 the reserves generated 64% of Income. The policy on reserves is reviewed annually. The Fund supports its beneficiaries over long periods, up to 20 years and, in ensuring that sufficient reserves are held for the continuity of such support, the Trustees are mindful of the need to make long term projections.

The Trustees regularly review the level of reserves to ensure that they are appropriate, taking into account projections of:

- a) The amount of police officer subscriptions
- b) The number of recipients of the allowances
- c) The level of inflation
- d) Income and Capital growth yields available for the investment portfolio.

The current policy of the Trustees is to maintain the current level of reserves and to try and achieve small increases in reserves to alleviate the effects of inflation. The income generated from our reserves is expended for the benefit of our unfortunate orphans. Other sources of income are insufficient to support our charitable aims, without the income from reserves. The current level of reserves is therefore needed to meet the capital requirements of the Charity.

PUBLIC BENEFIT

The Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

In order to carry out the Charity's aim for the public benefit, the Trustees award grants and allowances to cover the different circumstances of those in need:

Bereavement Payment is given to families immediately upon the death of a serving officer

Compassionate Allowance is awarded to children of police officers of the Metropolitan Police Service ("the MPS") and the City of London Police who have not completed their education where one or both of whose police parent are dead, disabled or incapacitated, or in the judgement of the Trustees, is incapable of materially contributing to their own family's support due to sickness, infirmity or disability; or in exceptional cases, persons who have ceased to be beneficiaries on completion of their education but who in the opinion of the Trustees remain in need of assistance.

Education Grants are awarded to children for any educational purpose which in the opinion of the Trustees is likely to contribute to the spiritual, moral, mental or physical development of the child. We also award to children a Discretionary Grant to help with the payment of tuition fees.

Clothing Grant is awarded to children who are leaving full time education to seek employment. The grant is awarded for financial assistance in the purchase of clothing for employment interviews.

Holiday Grant is awarded to families who are on a low income and who are in need of receiving state benefits.

Family Support is awarded to families on a higher income and are small payments given to such families twice per year, at summer holidays and Christmas, to assist with maintaining the children's well being. Such payments are felt necessary to ensure that all police officers children receive an acknowledgement of the contributions made by their police parent.

Payments made in 2016:

| | |
|---|--------------------|
| Compassionate Allowance | £ 513,721 |
| Education Grants (<i>includes tuition fee grants</i>) | £ 101,971 |
| Clothing Grant | £ 10,500 |
| Holiday Grant | £ 179,630 |
| Family Support | £ 102,100 |
| Bereavement | £ 138,000 |
| TOTAL: | £ 1,045,922 |

TRUSTEE INDUCTION and TRAINING

New trustees undergo an orientation day to brief them on their legal obligations, to improve their knowledge of charity law and their responsibilities as trustees.

ACHIEVEMENTS DURING THE YEAR AND FUTURE PLANS

The Charity continues to remain focused on the educational needs of our orphans. The Grants paid by the Fund go to individuals and not to corporate bodies. The Trustees are of the opinion that the Fund's responsibility under the Charity's Deed of Trust is to provide educational funding in order that our orphans are given the best possible educational advantage.

In making grants (£1,045,922) during the year; the Trustees' are of the opinion that they have discharged their duties under the Charity's Deed of Trust.

During the year, having considered the Fund's financial position, the Trustees were able to increase the Compassionate Allowance Payments this year.

We intend to strengthen our links with our benefactors and donors to assist us in developing more effective initiatives to expand the general awareness of the Charity.

In 2017 we will be marking the occasion of the eightieth anniversary of the launch of the modern fund.

The Fund has signed up to organisations such as EasyFundraising, MyDonate and Love2Donate in order to maximise opportunities for donations and to ensure that all due Gift aid is claimed.

We will continue to improve our performance by increasing the number of applicants registered with the Charity and therefore increase the amount of expenditure on grants payable.

On behalf of the Board of Management, I am pleased to present the Statement of Financial Activities for the year ending 31st December 2016.

INCOME

Income in 2016; increased by £5,285 on the previous year, this is solely due to an increase in Investment Income, Legacies occur only occasionally, and after substantial legacies in 2015 it was expected to considerably reduce in 2016.

Police Subscriptions; which produced 31% of our income for 2015 decreased slightly to £335,410 compared to £336,087 in the previous year.

Donations; which produced 4% of our income decreased by £17,447 to £47,129.

Donations through Collecting Boxes; increased by £2,808 to £6,643 compared to 2015.

Legacies; There were no legacies received in 2016.

Investment Income; which produced 64% of our income; increased by £84,063 to £703,201.

EXPENDITURE

Expenditure in 2016; increased by £101,891 on the previous year.

Compassionate Allowance and Miscellaneous Grants; which represented 83% of the Funds expenditure, increased by £133,661 to £1,045,922 compared to 2015, when it comprised 79% of the total expenditure.

Other Costs; decreased by £31,770 to £218,031, details of this expenditure can be found in the notes to the financial statements, under the heading 'Total Resources Expended'.

NET RESULT

The net result was a deficit of £171,570 of income over expenditure for the year ended 31st December 2016.

GAINS ON INVESTMENTS

Gains on investments amounted to £1,839,564 in 2016. This is a substantial increase on the 2015 figure which was gains of 504,186 in 2015. Taking into account these gains means that the Fund has grown by £1,667,994 in 2016.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources for the Charity for that period. In preparing these financial statements, the Trustees are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) observe the methods and principles in the Charities SORP;

- (c) make judgements and estimates that are reasonable and prudent;
- (d) state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (e) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund and to enable them to ensure that the financial statements comply with Charities Act 2011, The Charity (Accounts and Reports) Regulations 2008 and provisions of the trust deed. They are 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.

The Trustees confirm that so far as they are aware, there is no relevant audit information of which the Charity's auditors are unaware. They have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information. The trustees' are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ACKNOWLEDGEMENTS

The Trustees would wish to convey their sincere thanks to all our generous Donors and Subscribers, for their continued support in 2016.

To the Staff Associations and National Association of Retired Police Officers (London Branch) who kept the fund informed of officers and retired officers who have died and still have children in full time education, but for this information, many cases could be overlooked.

Neil Basu. Q.P.M.
Chairman of the Board of Management

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
METROPOLITAN AND CITY POLICE ORPHANS FUND**

We have audited the financial statements of the Metropolitan and City Police Orphans Fund for the year ended 31st December 2016, which comprise of the Statements of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's Trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. 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 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 Charity and the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out in the Trustees' Annual Report. The Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Trustees' annual report and accounts.

An audit involves obtaining evidence about the amounts and disclosures in the Trustees' Annual Report and accounts sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31st December 2015 and of its incoming resources and application of resources 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; 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.

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2016**

| | Notes | Unrestricted fund £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|------------------------------------|-------|---------------------------|--------------------------|--------------------------|--------------------------|
| INCOME AND ENDOWMENTS FROM | | | | | |
| Donations and legacies | 2 | 389,182 | - | 389,182 | 467,960 |
| Investment income | 3 | <u>694,950</u> | <u>8,251</u> | <u>703,201</u> | <u>619,138</u> |
| Total | | 1,084,132 | 8,251 | 1,092,383 | 1,087,098 |
| EXPENDITURE ON | | | | | |
| Raising funds | 4 | 68,244 | - | 68,244 | 65,407 |
| Charitable activities | 5 | | | | |
| Compassionate allowances | | 513,721 | - | 513,721 | 474,932 |
| Miscellaneous grants | | 521,512 | 10,689 | 532,201 | 437,329 |
| Direct costs | | <u>149,787</u> | <u>-</u> | <u>149,787</u> | <u>184,394</u> |
| Total | | 1,253,264 | 10,689 | 1,263,953 | 1,162,062 |
| Net gains/(losses) on investments | | <u>1,826,840</u> | <u>12,724</u> | <u>1,839,564</u> | <u>504,186</u> |
| NET INCOME | | 1,657,708 | 10,286 | 1,667,994 | 429,222 |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | <u>19,618,287</u> | <u>154,264</u> | <u>19,772,551</u> | <u>19,343,329</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u><u>21,275,995</u></u> | <u><u>164,550</u></u> | <u><u>21,440,545</u></u> | <u><u>19,772,551</u></u> |

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**BALANCE SHEET
AT 31ST DECEMBER 2016**

| | | Unrestricted fund £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|--|----|---------------------------|--------------------------|--------------------------|--------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 11 | 1,693 | - | 1,693 | 1,693 |
| Investments | 12 | <u>20,448,133</u> | <u>162,941</u> | <u>20,611,074</u> | <u>18,979,415</u> |
| | | 20,449,826 | 162,941 | 20,612,767 | 18,981,108 |
| CURRENT ASSETS | | | | | |
| Debtors | 13 | 148,247 | 1,609 | 149,856 | 84,539 |
| Cash at bank and with stockbrokers | | <u>700,434</u> | - | <u>700,434</u> | <u>729,730</u> |
| | | 848,681 | 1,609 | 850,290 | 814,269 |
| CREDITORS | | | | | |
| Amounts falling due within one year | 14 | (22,512) | - | (22,512) | (22,826) |
| | | <u>826,169</u> | - | <u>827,778</u> | <u>791,443</u> |
| NET CURRENT ASSETS | | | | | |
| | | 21,275,995 | 164,550 | 21,440,545 | 19,772,551 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>21,275,995</u> | <u>164,550</u> | <u>21,440,545</u> | <u>19,772,551</u> |
| NET ASSETS | | <u>21,275,995</u> | <u>164,550</u> | <u>21,440,545</u> | <u>19,772,551</u> |
| FUNDS | 15 | | | | |
| Unrestricted funds | | | | 21,275,995 | 19,618,287 |
| Restricted funds | | | | <u>164,550</u> | <u>154,264</u> |
| TOTAL FUNDS | | | | <u>21,440,545</u> | <u>19,772,551</u> |

The financial statements were approved by the Board of Trustees on 12th September 2017 The MC introduces Iris Butler and Kathleen Cherry and invites them to the stage.

and were signed on its behalf by:

.....
Trustee

.....
Trustee

.....
Trustee

The notes form part of these financial statements

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016**

| | Notes | 2016 £ | 2015 £ |
|---|-------|------------------|-----------------|
| Cash flows from operating activities: | | | |
| Cash generated from operations | 1 | <u>(237,201)</u> | <u>(56,203)</u> |
| Net cash provided by (used in) operating activities | | <u>(237,201)</u> | <u>(56,203)</u> |
| Cash flows from investing activities: | | | |
| Purchase of fixed asset investments | | (402,085) | (403,678) |
| Sale of fixed asset investments | | <u>609,990</u> | <u>559,811</u> |
| Net cash provided by (used in) investing activities | | <u>207,905</u> | <u>156,133</u> |
| | | | |
| Change in cash and cash equivalents in the reporting period | | (29,296) | 99,930 |
| Cash and cash equivalents at the beginning of the reporting period | | <u>729,730</u> | <u>629,800</u> |
| | | | |
| Cash and cash equivalents at the end of the reporting period | | <u>700,434</u> | <u>729,730</u> |

The notes form part of these financial statements

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2016 | 2015 |
|---|------------------|-----------------|
| | £ | £ |
| Net income for the reporting period (as per the statement of financial activities) | 1,667,994 | 22,970 |
| Adjustments for: | | |
| Gain on investments | (1,839,564) | (97,934) |
| (Increase)/decrease in debtors | (65,317) | 2,565 |
| (Decrease)/increase in creditors | <u>(314)</u> | <u>16,196</u> |
| Net cash provided by (used in) operating activities | <u>(237,201)</u> | <u>(56,203)</u> |

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

First year adoption

This is the first year that the Charity has presented its results under the Charities SORP (FRS 102). The last financial statements prepared under UK GAAP were for the year ended 31st December 2015. The date of transition to the Charities SORP (FRS 102) was 1st January 2015. There are no transition adjustments arising from the first time adoption of the Charities SORP (FRS 102).

Income

All incoming resources are recognised once the Fund has entitlement to the resources.

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is virtually certain; this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled and it is virtually certain that the amount of the incoming resources is known.

Investment income is recognised on a receivable basis.

Tax recovered from voluntary income received under gift aid is recognised in the Statement of Financial Activities when the income is receivable and is allocated to the income category to which the income relates.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred and has been classified under headings that aggregate all costs related to the category.

Expenditure on raising funds comprises costs associated with attracting voluntary income and investment management costs.

Direct costs include central functions allocated to activity cost categories on a basis consistent with the use of resources, and governance costs associated with meeting the constitutional and statutory requirements of the Charity and includes the audit fees and costs linked to the strategic management of the Charity.

Grants payable are payments made to third parties in furtherance of the charitable objectives of the Fund. The grants are accounted for where either the Trustees have agreed to pay the grant without conditions or the recipient has a reasonable expectation that they will receive a grant.

Tangible fixed assets

Freehold property held for the Charity's use is valued at cost. No depreciation has been charged, as it is the Trustees' policy to maintain the building in a continual state of sound repair. The Trustees consider that the life of this asset is so long and its residual value so high that its depreciation is insignificant.

Taxation

The charity is exempt from tax on its charitable activities.

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2016**

1. ACCOUNTING POLICIES - continued

Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity.

Restricted funds comprise those funds held on trust to be applied for restrictive purposes.

Investments

Investments are initially recognised at their transaction value and subsequently measured at their market value as at the balance sheet date using the closing quoted market price.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value (or their purchase value if acquired subsequent to the first day of the financial year). Unrealised gains and losses are calculated as the difference between the fair value at the year end and the carrying value. Realised and unrealised gains and losses are combined in the Statement of Financial Activities.

2. DONATIONS AND LEGACIES

| | 2016 | 2015 |
|----------------------|----------------|----------------|
| | £ | £ |
| Police subscriptions | 335,410 | 336,087 |
| Donations | 47,129 | 64,576 |
| Collecting boxes | 6,643 | 3,835 |
| Legacies | - | 63,462 |
| | <u>389,182</u> | <u>467,960</u> |

3. INVESTMENT INCOME

| | 2016 | 2015 |
|-------------------|----------------|----------------|
| | £ | £ |
| Investment income | <u>703,201</u> | <u>619,138</u> |

4. RAISING FUNDS

Investment management costs

| | 2016 | 2015 |
|-----------------------------|---------------|---------------|
| | £ | £ |
| Investment management costs | <u>68,244</u> | <u>65,407</u> |

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2016**

5. CHARITABLE ACTIVITIES COSTS

| | Direct costs | Grant funding of activities (See note 6) | Support costs (See note 7) | Totals |
|--------------------------|---------------|---|-------------------------------|------------------|
| | £ | £ | £ | £ |
| Direct costs | 28,265 | - | 121,522 | 149,787 |
| Compassionate allowances | - | 513,721 | - | 513,721 |
| Miscellaneous grants | - | 532,201 | - | 532,201 |
| | <u>28,265</u> | <u>1,045,922</u> | <u>121,522</u> | <u>1,195,709</u> |

6. GRANTS PAYABLE

| | 2016 £ | 2015 £ |
|--------------------------|------------------|----------------|
| Compassionate allowances | 513,721 | 474,932 |
| Miscellaneous grants | <u>532,201</u> | <u>437,329</u> |
| | <u>1,045,922</u> | <u>912,261</u> |

The total grants paid to individuals during the year was as follows:

| | 2016 £ | 2015 £ |
|--------------------------|------------------|----------------|
| Compassionate allowances | 513,721 | 474,932 |
| Clothing | 10,500 | 7,250 |
| Education | 101,971 | 89,061 |
| Holiday | 179,630 | 176,830 |
| Family support | 102,100 | 76,188 |
| Bereavement | <u>138,000</u> | <u>88,000</u> |
| | <u>1,045,922</u> | <u>912,261</u> |

7. SUPPORT COSTS

| | Governance costs £ |
|--------------|--------------------------|
| Direct costs | <u>121,522</u> |

8. TRUSTEES' REMUNERATION AND BENEFITS

The Trustees received no remuneration during this year or the previous year and there were no expenses reimbursed during this year or in the previous year. The Charity has taken out a Trustee indemnity insurance policy and paid a premium of £1,095 (2015: £1,060).

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2016**

9. STAFF COSTS

| | 2016 | 2015 |
|--------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | <u>110,896</u> | <u>117,057</u> |

The average monthly number of employees during the year was as follows:

| | 2016 | 2015 |
|----------------|----------|----------|
| Administration | <u>2</u> | <u>2</u> |

No employees received emoluments in excess of £60,000.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted fund £ | Restricted funds £ | Total funds £ |
|------------------------------------|---------------------------|--------------------------|-------------------|
| INCOME AND ENDOWMENTS FROM | | | |
| Donations and legacies | 467,960 | - | 467,960 |
| Investment income | <u>616,605</u> | <u>2,533</u> | <u>619,138</u> |
| Total | 1,084,565 | 2,533 | 1,087,098 |
| EXPENDITURE ON | | | |
| Raising funds | 65,407 | - | 65,407 |
| Charitable activities | | | |
| Compassionate allowances | 474,932 | - | 474,932 |
| Miscellaneous grants | 437,329 | - | 437,329 |
| Direct costs | <u>184,394</u> | <u>-</u> | <u>184,394</u> |
| Total | 1,162,062 | - | 1,162,062 |
| Net gains/(losses) on investments | <u>97,934</u> | <u>-</u> | <u>97,934</u> |
| NET INCOME | 20,437 | 2,533 | 22,970 |
| RECONCILIATION OF FUNDS | | | |
| Total funds brought forward | <u>19,597,850</u> | <u>151,731</u> | <u>19,749,581</u> |
| TOTAL FUNDS CARRIED FORWARD | <u>19,618,287</u> | <u>154,264</u> | <u>19,772,551</u> |

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2016**

11. TANGIBLE FIXED ASSETS

| | Freehold property £ |
|--|------------------------------------|
| COST | |
| At 1st January 2016 and 31st December 2016 | <u>1,693</u> |
| NET BOOK VALUE | |
| At 31st December 2016 | <u>1,693</u> |
| At 31st December 2015 | <u>1,693</u> |

The freehold property at 30 Hazlewood Road, Putney was purchased in 1937 and is used as the Fund's Office. The property was valued on 1st April 2003 by Foxtons, Estate Agents at £1.5m. The property is now believed to be in the region of £2m. This value has not been incorporated into the financial statements. The property is subject to a covenant whereby it cannot be sold without the prior consent of the Charity Commission.

12. FIXED ASSET INVESTMENTS

| | Listed investments £ |
|---------------------------|-------------------------------------|
| MARKET VALUE | |
| At 1st January 2016 | 18,979,415 |
| Additions | 402,085 |
| Disposals | (590,385) |
| Revaluations | <u>1,819,959</u> |
| At 31st December 2016 | <u>20,611,074</u> |
| NET BOOK VALUE | |
| At 31st December 2016 | <u>20,611,074</u> |
| At 31st December 2015 | <u>18,979,415</u> |

Investment assets held outside the UK total £2,856,864 (2015: £2,366,230).

The value of the following investments represents more than 5% of the total market value as at 31st December 2016:

CCLA Revenue Reserve - £5,798,035 (28%)
CCLA General Fund - £4,836,970 (23%)

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|---------------|----------------|---------------|
| Other debtors | <u>149,856</u> | <u>84,539</u> |

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2016**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|-----------------|---------------|---------------|
| | 2016 | 2015 |
| | £ | £ |
| Other creditors | <u>22,512</u> | <u>22,826</u> |

15. MOVEMENT IN FUNDS

| | At 1.1.16 £ | Net movement in funds £ | At 31.12.16 £ |
|----------------------------|-------------------|----------------------------------|-------------------|
| Unrestricted funds | | | |
| General fund | 19,618,287 | 1,657,708 | 21,275,995 |
| Restricted funds | | | |
| Education Fund | 57,153 | 3,812 | 60,965 |
| War Memorial Fund | 47,437 | 3,144 | 50,581 |
| War Memorial Hospital Fund | 37,199 | 2,505 | 39,704 |
| Twells Memorial Fund | 4,949 | 319 | 5,268 |
| Sir Edmund Henderson Fund | <u>7,526</u> | <u>506</u> | <u>8,032</u> |
| | 154,264 | 10,286 | 164,550 |
| TOTAL FUNDS | <u>19,772,551</u> | <u>1,667,994</u> | <u>21,440,545</u> |

Net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|----------------------------|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| General fund | 1,084,132 | (1,253,264) | 1,826,840 | 1,657,708 |
| Restricted funds | | | | |
| Education Fund | 3,057 | (3,959) | 4,714 | 3,812 |
| War Memorial Fund | 2,538 | (3,305) | 3,911 | 3,144 |
| War Memorial Hospital Fund | 1,990 | (2,555) | 3,070 | 2,505 |
| Twells Memorial Fund | 264 | (353) | 408 | 319 |
| Sir Edmund Henderson Fund | <u>402</u> | <u>(517)</u> | <u>621</u> | <u>506</u> |
| | 8,251 | (10,689) | 12,724 | 10,286 |
| TOTAL FUNDS | <u>1,092,383</u> | <u>(1,263,953)</u> | <u>1,839,564</u> | <u>1,667,994</u> |

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2016**

15. MOVEMENT IN FUNDS - continued

Unrestricted funds comprise those funds which the Trustees are free to use in furtherance of the general objective of the Charity.

Restricted funds comprise of the following funds:

Education Fund: Income of the fund provides grants to orphans for education purposes.

War Memorial Fund: Income of the fund provides allowances for benefit of necessitous orphans.

War Memorial Hospital Fund: Income of the fund provides grants to orphans receiving compassionate allowances.

Twells Memorial Fund: Income of the fund provides grants to orphans receiving compassionate allowances.

Sir Edmund Henderson Fund: Income of the fund provides education grants to orphans.

16. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31st December 2016.

METROPOLITAN AND CITY POLICE ORPHANS FUND
DONATIONS RECEIVED FOR THE YEAR ENDED 31ST DECEMBER 2016

| | £ |
|---|---------|
| 8 Area Orphans Fund | 5055.00 |
| Algar, Mr P | 6.00 |
| Altia Solutions | 2665.00 |
| Anonymous | 65.00 |
| In Memory of Valerie Richmond | |
| Anonymous | 290.00 |
| In Memory of Paul Schilling | |
| Anonymous | 65.00 |
| In Memory of Guy Elsey | |
| Arc Insurance | 200.00 |
| Arc Legal | 200.00 |
| Arthur J Gallagher (UK) Ltd | 170.00 |
| Association of Jewish Ex-Servicemen & Women | |
| Edgware & District | 100.00 |
| Baker, Mr G | 12.00 |
| Bansel, Mr B | 100.00 |
| Barlow, Mr C | 120.00 |
| Basu, Mr A | 120.00 |
| Beecher, Mrs S | 30.00 |
| In Memory of Jim Murphy | |
| Bell, Mr M | 50.00 |
| Bexley Christian Life Centre | 850.00 |
| Birch, Mr P | 148.00 |
| Birns, Mr R | 4.00 |
| Blackburn, Ms E | 100.00 |
| In Memory of Valerie Richmond | |
| Bouclier, Mr P | 60.00 |
| Brooks, Mr R | 12.00 |
| Brown, Mr E | 120.00 |
| Brown, Mr P | 25.00 |
| Brown, Mr W | 100.00 |
| Brownridge, Mr S | 20.00 |
| Burnhams, Mr R | 1.00 |
| Cahalane, Mrs B | 200.00 |
| Cant, Mr D | 25.00 |
| Castle, Mr J | 40.00 |
| Chalmers, Mr J | 20.00 |
| Chandler, Mr N | 20.00 |
| Chang, Mr N | 50.00 |
| Churchill-Coleman, Miss L | 80.00 |
| In Memory of George Churchill-Coleman | |
| Clark, Miss J | 100.00 |
| Cole and Day | 20.00 |
| Comres | 50.00 |
| Corporation of The Orphans Funds | 25.00 |
| Courquin, Mr J | 45.00 |
| Cox, Mr T | 10.00 |
| Dawes, Mr D | 50.00 |
| In Memory of Valerie Richmond | |
| Dawes, Mr L | 50.00 |
| In Memory of Valerie Richmond | |
| Dibley, Mr N | 10.00 |
| DJ Talbot & Associates | 3000.00 |
| Drew, Mr N | 30.00 |
| Ealing National Trust | 40.00 |
| Edgelow, Mr T | 25.00 |
| Eger, Mr F | 40.00 |
| Elliott, Mr & Mrs M | 200.00 |
| Elliott, Mr & Mrs M | 200.00 |

| | | |
|---|-------------------------------|--------|
| Evans, Mr R | | 20.00 |
| Fenton, Mr R | | 20.00 |
| Field, J | | 200.00 |
| Fitzgerald, Mr P | | 25.00 |
| Fletcher, Mr H | In Memory of Jim Murphy | 20.00 |
| Ford, Mr & Mrs K | In Memory of Jim Murphy | 25.00 |
| Foskew, Mrs S | | 50.00 |
| Freestone, Mr A | | 5.00 |
| Gibbon, Mr P | In Memory of Jim Murphy | 20.00 |
| Gibson-Watt, Mr M | | 30.00 |
| Glass, Mr J | | 48.00 |
| Gorzynski, Mr A | | 50.00 |
| Greek Orthodox Community of St Barnabas | | 200.00 |
| Green, Mr & Mrs C | | 50.00 |
| Gregson, Mr A | | 25.00 |
| Grieve, Mr J | | 200.00 |
| Grieve, Mr J | | 200.00 |
| Grieve, Mr J | | 160.00 |
| Hartford, Mrs M | | 25.00 |
| Hartfree, Mr N | | 25.00 |
| Heathman, Mr R | | 50.00 |
| Heritage, Mr R | In Memory of Paul Schilling | 25.00 |
| Hoten, Mr R | | 100.00 |
| Hotson, Mr M | | 10.00 |
| Houchin, Mr J | | 15.00 |
| Howard, Mr J | | 25.00 |
| Hudson, Mrs E | | 20.00 |
| I3Q Systems Ltd | | 430.00 |
| Imber Court | | 125.00 |
| Jan, Mr T | | 20.00 |
| Jaud, Mr C | | 120.00 |
| Jenner, Mr & Mrs G | In Memory of Valerie Richmond | 25.00 |
| Johnson, Miss D | | 8.00 |
| Kilduff, Mr T | | 20.00 |
| Knowles, Mrs C | In Memory of Jim Murphy | 20.00 |
| Korner, Mr A | | 250.00 |
| Kyle, Mrs K | In Memory of Jim Murphy | 20.00 |
| Luker, Mr A | | 5.00 |
| Maclean, Mrs A | | 10.00 |
| Makepeace, Mr J | | 25.00 |
| Mallaburn, Mr T | | 50.00 |
| Mango Books | | 170.00 |
| Manor of St James Lodge | | 750.00 |
| Marquis De Louville, Mr | | 23.00 |
| Marshall, Mr M | | 10.00 |
| Martyn, Mr J | | 200.00 |
| Martyn, Mrs J | | 300.00 |
| Matthews, Mr K | | 25.00 |
| Maybanks, Mr A | | 250.00 |
| Maybanks, Mr A | | 50.00 |
| Maybanks, Mr A | | 50.00 |
| McAdam, Mr M | | 30.00 |
| McAdam, Mr M | | 30.00 |
| Metropolitan Womens Police Association | | 200.00 |
| M'Mene, Miss L | | 200.00 |
| Morgan, Mr D | | 50.00 |

| | | |
|---|-------------------------------|----------|
| Moss, Mr A | | 20.00 |
| Murphy, Mr J | In Memory of Jim Murphy | 20.00 |
| New Scotland Yard | | 605.00 |
| New Scotland Yard | | 85.00 |
| Nunn, Mr J | | 36.00 |
| Packham, Mr P | | 25.00 |
| Parker, Mr J | In Memory of Jim Murphy | 20.00 |
| Parkins, Mr F | | 20.00 |
| Parkins, Mrs F | | 80.00 |
| Parr, Mr A | | 24.00 |
| Penny, Mrs K | | 10.00 |
| Phillips, Mr T | | 10.00 |
| Playe, Mr K | | 30.00 |
| Police Superintendents Association (PSAEW) E District | | 70.00 |
| Pond, Mr D | | 1.00 |
| Purple Patch Memory Giving | | 25.00 |
| Reynolds Dawson Solicitors | | 250.00 |
| Richardson, Mr I | | 5.00 |
| Richmond, Mr P | In Memory of Valerie Richmond | 230.00 |
| Roach, Mr R | | 120.00 |
| Rowland, Mr K | In Memory of Jim Murphy | 20.00 |
| Saints & Sinners | | 2000.00 |
| Sampson, Mr A | | 30.00 |
| Scarborough, Mr R | | 50.00 |
| Schilling, Mrs J | In Memory of Paul Schilling | 50.00 |
| Scott, Mr S | | 12.00 |
| Sherlock Holmes Museum | | 280.00 |
| Sims, Mr P | | 10.00 |
| Sketchley, Mr P | | 100.00 |
| Smith, Mr J | | 20.00 |
| Smith, Mr S | | 20.00 |
| Speed, Mr A | | 100.00 |
| Stacey, Mr I | | 12.50 |
| Sundries | | 10.00 |
| The Simon Marks Charitable Trust | | 500.00 |
| The Warren | | 50.00 |
| Thomas, Mrs H | In Memory of Guy Elsey | 100.00 |
| Thorning, Mr I | | 1.00 |
| Thornton, Mr A | In Memory of Jim Murphy | 10.00 |
| Thoulass, Mr R | In Memory of Paul Schilling | 75.00 |
| Trevett, Mr P | | 200.00 |
| United Synagogues | | 250.00 |
| Walker, Mr D | In Memory of Jim Murphy | 20.00 |
| Webb, Mr R | | 50.00 |
| Whyte, Mr W | In Memory of Jim Murphy | 20.00 |
| Williams, Mr E | | 100.00 |
| Wimbledon Foundation | | 20000.00 |
| Yming | | 300.00 |
| Yoloye, Mrs H | | 100.00 |

**METROPOLITAN AND CITY POLICE ORPHANS
FUND**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2016**

| | 2016 £ | 2015 £ |
|--|------------------|----------------|
| INCOME AND ENDOWMENTS | | |
| Donations and legacies | | |
| Police subscriptions | 335,410 | 336,087 |
| Donations | 47,129 | 64,576 |
| Collecting boxes | 6,643 | 3,835 |
| Legacies | - | <u>63,462</u> |
| | 389,182 | 467,960 |
| Investment income | | |
| Investment income | <u>703,201</u> | <u>619,138</u> |
| Total incoming resources | 1,092,383 | 1,087,098 |
| EXPENDITURE | | |
| Investment management costs | | |
| Investment management costs | 68,244 | 65,407 |
| Charitable activities | | |
| Rates | 1,407 | 1,409 |
| Insurance | 4,585 | 3,155 |
| Other premises costs | 8,897 | 32,753 |
| Telephone | 790 | 1,234 |
| Postage and stationery | 254 | 1,975 |
| Computer expenses | 2,578 | 6,738 |
| Miscellaneous costs | 9,754 | 12,513 |
| Grants to individuals | <u>1,045,922</u> | <u>912,261</u> |
| | 1,074,187 | 972,038 |
| Support costs | | |
| Governance costs | | |
| Staff salaries and pensions | 110,896 | 117,057 |
| Prior year adjustment | 2,606 | - |
| Auditors' remuneration | 7,560 | 7,560 |
| Legal and professional | <u>460</u> | <u>-</u> |
| | <u>121,522</u> | <u>124,617</u> |
| Total resources expended | 1,263,953 | 1,162,062 |
| Net expenditure before gains and losses | (171,570) | (74,964) |
| Realised recognised gains and losses | | |
| Realised gains/(losses) on fixed asset investments | <u>19,605</u> | <u>97,934</u> |
| Net (expenditure)/income | (151,965) | 22,970 |

