

METROPOLITAN AND CITY POLICE ORPHANS FUND

Registered Charity Number 234787

ANNUAL REPORT & ACCOUNTS 2017



PATRON



**H.R.H The Duke of Cambridge
KG, KT, PC, ADC**

PRESIDENT



Cressida Dick CBE QPM

VICE PRESIDENT



Ian Dyson QPM

TRUSTEES & BOARD of MANAGEMENT

TRUSTEES:	Members of the Board of Management
BOARD OF MANAGEMENT:	N. Basu, Q.P.M.(Chairman) (resigned January 2017) D. Davies G. Gilbert C. Knight M. Nurthen A. O'Donnell S. Ovens (appointed Chairman January 2017) S. Richardson (retired May 2017) H. Elliott (retired June 2017) G. Smyth, Q.P.M. D. Lawes A. Sutherland (appointed Vice Chair February 2017) A. Maybanks (appointed January 2017) J. Howard (appointed January 2017) A. Shuttleworth (appointed May 2017) S. Bray (appointed March 2017)
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 2017.

This report is prepared in accordance with our Trust Deed and 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 and 17th January 2017.

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 fourteen 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 meet at the Fund's office each month to consider applications and variations in the circumstances of recipients. Regular checks for changes 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



Simon Ovens BSc(Hons) MSc FCMI DL

CHAIRMANS REPORT

I am delighted to present my first 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.

It has been a significant year for the Fund, we celebrated the eightieth anniversary of the modern fund, which began in 1937 when the Orphanage closed. We are very fortunate that a number of sponsors contributed to the costs of our Anniversary Event at the London Guildhall. We were especially pleased that our Patron, Prince William, The Duke of Cambridge KG KT PC ADC(P) was able to attend the event and meet many of the families that we support. His Royal Highness also presented the Philip Cronin Award for endeavour and achievement to Joshua Langley (2016) and Alexander Baxendale (2017).

We were delighted that Iris Orrell (nee Butler) one of the last known occupants of the Orphanage was able to attend with her family and His Royal Highness kindly agreed to present Iris with her Presentation Medallion. We also managed to trace one other former resident of the Orphanage Kathleen Cherry (nee Fromings), unfortunately Kathleen was not well enough to attend the Guildhall on the day but her daughter Linda Connell attended and received the medallion from His Royal Highness on her behalf.

His Royal Highness also presented the Paul McKeever Scholarship to Lewis Walters, we are very grateful to the Metropolitan Police Federation, who provide the Scholarship for selecting one of our Orphans and agreeing to the Presentation being made at our event.

When the Orphanage was open, there were a number of Royal visits, and these were marked by presenting the children with a medallion. We decided to continue the tradition and all of those who attended the anniversary event (some 350) received a commemorative medallion.

The sponsorship paid for the event in its entirety, there was no cost incurred by the fund. The generous sponsors of the event were

- City of London Police Federation
- Metropolitan Police Federation
- National Association of Retired Police Officers (NARPO) London Branch
- MetFriendly, the Metropolitan Police Friendly Society
- ARC Legal Insurance
- Reynolds Dawson (solicitors)
- Close Brothers Asset Management
- Heath Lambert (George Burrows Insurance)
- 24SQ our website designers

I would also wish to place on record our enormous thanks to David Talbot. D.J. Talbot and Associates have sponsored our annual luncheon for the past 16 years, and continues to be a tremendous supporter of the fund.

We were helped on the day by many people to whom we owe a huge debt of thanks, particular mention should be made to Hannah Woods, Ellen Green and Stuart Sanger for the photography, Imogen McKay and Ronan Gaffney for the filming, Ian Cameron and Martin Voller for their contributions to the programme and Debbie Gibbs and Julia Cooper for their assistance on the day.

In 2017 we sadly lost one of our staunchest supporters, Lord Peter Imbert, a past President of the fund, he was a regular attendee at our luncheons and raised significant amounts for the fund. He will be sadly missed.

The Orphans Fund has had another successful year, 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. In 2017 we thankfully had far fewer new cases, so our charitable spending fell slightly, we will continue to review our allowances to ensure that we can maximise the amounts we can provide in support of families.

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, our President Commissioner Cressida Dick, and three In-Pensioners from the Royal Hospital, Chelsea, 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 2017 for example the qualifications achieved includes degrees in the following subjects:-

- Bsc in Policing and Criminal Investigation
- BA in Marketing
- BA in History
- AAT levels 2 & 3 (Foundation Certificate in Accounting).
- Level 3 Diploma in Light Vehicle Maintenance and Repair (Motor Mechanic)
- BA in History and International Politics.
- City & Guilds Advanced Tec Diploma in Media & Make-up Artistry at North Kent
- Bsc in Physical education with Teacher Training qualification
- Msc in International politics.
- City and Guilds Diploma in Hairdressing Level 3
- Bsc in Veterinary Science
- BSc in Television Production
- NVQ in barbering

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 £23,386,593. The Fund is increasingly reliant upon the income generated by these reserves to fulfil its charitable objectives. In 2017 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 our families who are on the lowest incomes.

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 2017:

- | | |
|---|-----------|
| • Compassionate Allowance | £ 521,944 |
| • Education Grants (<i>includes tuition fee grants</i>) | £ 69,400 |
| • Clothing Grant | £ 11,250 |
| • Holiday Grant | £ 143,080 |

• Family Support	£ 8,3750
• Bereavement	£ 14,000
TOTAL:	£ 843,424

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 (£843,424) during the year; the Trustees' are of the opinion that they have discharged their duties under the Charity's Deed of Trust.

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.

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 2017.

INCOME

Income in 2017; decreased by £5,840 on the previous year, however with a substantial increase in our investments overall the charities funds grew by £1,946,048.

Police Subscriptions; which produced 31% of our income for 2017 and increased slightly to £344,940 compared to £335,410 in the previous year. This accounted for 32% of our income.

Donations; increased from £47,129 to £67,060, this was mainly due to the generosity of the sponsors who contributed £28,338 for our anniversary event, ensuring the event was run at no cost to the fund.. Donations accounted for 6% of our income

Donations through Collecting Boxes; decreased by £1,492 to £5,151 compared to 2016.

Legacies; There was one legacy of £1,000 which was invested in our Restricted Funds Account.

Investment Income; which produced 62% of our income; decreased by £34,809 to £668,392. Although Investments rose in value the dividends paid have decreased in a time of financial uncertainty.

EXPENDITURE

Expenditure in 2017; decreased by £170,955 on the previous year. After 3 years of operating under a deficit, costs were cut in order to avoid liquidising investments which would lead to reduced income in future years. In 2016 we had 48 new cases compared to the normal yearly average of 18. 2016 therefore was an unusual year which resulted in a substantial deficit. In 2017 we had 16 new cases which enabled us to substantially reduce spending compared to 2016.

Compassionate Allowance and Miscellaneous Grants; which represented 78% of the Funds expenditure, decreased by £202,498 to £843,424 compared to 2016,

Other Costs; decreased by £5,819 to £143,968, 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 £6,455 compared to a deficit of £171,570 in 2016.

GAINS ON INVESTMENTS

Gains on investments amounted to £1,952,503 in 2017. Taking into account these gains means that the Fund has grown by £1,946,048 in 2017.

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 2017.

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.

Simon Ovens.
Chairman of the Board of Management

Legacies in 2017

Estate of Duncan Croll

Donations were made in memory of:-

Len Trevallion

Ron Smith

Keith Palmer GM

Robert Kelly

Gordon Moffat

John Kelly

Elizabeth Scobell

Raymond Everitt

John Foster

And our former President Lord Peter Imbert