

South Wales Police Group Insurance Benefit Scheme
Financial Statements
Year Ended
31 December 2018

South Wales Police Group Insurance Benefit Scheme

Financial Statements

Year ended 31 December 2018

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South Wales Police Group Insurance Benefit Scheme

Officers and Professional Advisers

Management committee

S Treharne - Chairman
C Biddlecombe - Secretary
K Bennett - Trustee
D Ahearn - Trustee

Secretary

C Biddlecombe

Registered office

South Wales Police Federation Office
Pencoed Police Station
Heol-Y-Groes
Bridgend
CF35 5PE

Auditor

Clay Shaw Thomas Ltd
Chartered accountants & statutory auditor
2 Oldfield Road
Bocam Park
Bridgend
CF35 5LJ

Bankers

Unity Trust Bank plc
Planetary Road
Willenhall
VW1 9DG

South Wales Police Group Insurance Benefit Scheme

Management Committee Report

Year ended 31 December 2018

The trustees present their report and the financial statements of the Group Insurance Trust for the year ended 31 December 2018.

Principal activities

The principal activity is that of a Group Insurance Trust.

Trustees

The trustees who served the Group Insurance Trust during the year were as follows:

S Treharne
C Biddlecombe
K Bennett
D Ahearn

Management committee's responsibilities statement

The management committee is responsible for preparing the management committee report and the financial statements in accordance with applicable law and regulations.

Law requires the management committee to prepare financial statements for each financial year. Under that law the management committee has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group Insurance Trust and the profit or loss of the Group Insurance Trust for that period.

In preparing these financial statements, the management committee are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group Insurance Trust will continue in business.

The management committee is responsible for keeping adequate accounting records that are sufficient to show and explain the Group Insurance Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Group Insurance Trust. They are also responsible for safeguarding the assets of the Group Insurance Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Group Insurance Trust's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the Group Insurance Trust's auditor is aware of that information.

South Wales Police Group Insurance Benefit Scheme

Management Committee Report *(continued)*

Year ended 31 December 2018

This report was approved by the management committee on 04/02/2020 and signed on behalf of the board by:



S Treharne
Chairman



C Biddlecombe
Secretary

Registered office:
South Wales Police Federation Office
Pencoed Police Station
Heol-Y-Groes
Bridgend
CF35 5PE

South Wales Police Group Insurance Benefit Scheme

Independent Auditor's Report to South Wales Police Group Insurance Benefit Scheme

Year ended 31 December 2018

Opinion

We have audited the financial statements of South Wales Police Group Insurance Benefit Scheme (the 'Group Insurance Trust') for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group Insurance Trust's affairs as at 31 December 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 respective responsibilities of management committee and auditor section of our report. We are independent of the Group Insurance Trust 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 management committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the management committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group Insurance Trust'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.

South Wales Police Group Insurance Benefit Scheme

Independent Auditor's Report to South Wales Police Group Insurance Benefit Scheme *(continued)*

Year ended 31 December 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The management committee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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

In the light of the knowledge and understanding of the Group Insurance Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the management committee report.

We have nothing to report in respect of the following matters on which we report to you if, in our opinion:

- the Group Insurance Trust has not kept proper books of account or has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Group Insurance Trust's books of account; or
- we fail to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Respective responsibilities of the management committee and independent accountant

As explained more fully in the management committee's responsibilities statement, the management committee is 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 management committee determines 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 management committee is responsible for assessing the Group Insurance Trust'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 management committee either intend to liquidate the Group Insurance Trust or to cease operations, or have no realistic alternative but to do so.

South Wales Police Group Insurance Benefit Scheme

Independent Auditor's Report to South Wales Police Group Insurance Benefit Scheme *(continued)*

Year ended 31 December 2018

Respective responsibilities of management committee and auditor

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.
- Conclude on the appropriateness of the management committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group Insurance Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group Insurance Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

South Wales Police Group Insurance Benefit Scheme

Independent Auditor's Report to South Wales Police Group Insurance Benefit Scheme *(continued)*

Year ended 31 December 2018

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Group Insurance Trust. Our audit work has been undertaken so that we might state to the Group Insurance Trust those matters we are required to state to it 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 Group Insurance Trust, for our audit work, for this report, or for the opinions we have formed.



Mr David Gwyn J. Williams (Senior Statutory Auditor)

For and on behalf of
Clay Shaw Thomas Ltd
Chartered accountants & statutory auditor

05.02.2020

2 Oldfield Road
Bocam Park
Bridgend
CF35 5LJ

South Wales Police Group Insurance Benefit Scheme

Statement of Comprehensive Income

Year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	53,897	53,229
Gross profit		53,897	53,229
Administrative expenses		34,626	55,374
Other operating income	5	400	101
Operating profit/(loss)	6	19,671	(2,044)
Interest payable and similar expenses	8	8	12
Profit/(loss) before taxation		19,663	(2,056)
Tax on profit		—	—
Profit/(loss) for the financial year		19,663	(2,056)
Transfer of assets at fair value		—	464,340
Total comprehensive income for the year		19,663	462,284

The notes on pages 11 to 15 form part of these financial statements.

South Wales Police Group Insurance Benefit Scheme

Statement of Financial Position

31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	128,482	129,449
Current assets			
Debtors	11	2,380	2,329
Cash at bank and in hand		<u>379,290</u>	<u>341,675</u>
		381,670	344,004
Creditors: amounts falling due within one year	12	<u>28,205</u>	<u>11,169</u>
Net current assets		353,465	332,835
Total assets less current liabilities		481,947	462,284
Net assets		481,947	<u>462,284</u>
Capital and reserves			
Trust reserves		481,947	<u>462,284</u>
Trust funds		481,947	<u>462,284</u>

These financial statements have been prepared in accordance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the management committee and authorised for issue on 24.02.2019 and are signed on their behalf by:



S Treharne
Chairman



C Biddlecombe
Secretary

The notes on pages 11 to 15 form part of these financial statements.

South Wales Police Group Insurance Benefit Scheme

Statement of Changes in Equity

Year ended 31 December 2018

	Trust reserves £
At 1 January 2017	–
Loss for the year	(2,056)
Other comprehensive income for the year:	
Transfer of assets at fair value	464,340
Total comprehensive income for the year	462,284
At 31 December 2017	462,284
Profit for the year	19,663
Total comprehensive income for the year	19,663
At 31 December 2018	<u>481,947</u>

On 1 January 2017, cash reserves of £344,440 and investment properties with a fair value of £119,900 were transferred from the South Wales Police Joint Branch Board Fund to the South Wales Police Group Insurance Benefit Scheme.

This resulted in a total transfer of assets of £464,340 which has been credited to the Trust reserves.

The notes on pages 11 to 15 form part of these financial statements.

South Wales Police Group Insurance Benefit Scheme

Notes to the Financial Statements

Year ended 31 December 2018

1. General information

The Financial Statements have been prepared under the historical cost convention.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

Income and expenditure is treated as arising when payable, and not from day to day, so that no apportionment shall take place.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Trustee remuneration

Trustees are entitled to receive reasonable remuneration out of the Trust Fund for any services that the trustee provides in connection with the Trust.

Limitation of liability

A trustee shall not (unless is a trustee who carries on a business which includes the management of trusts or estates) be liable for any loss to the Trust Fund or to a Member or Beneficiary unless the loss was caused by their own fraud.

Revenue recognition

Turnover represents the commission received for insurance agency income. Insurance agency commissions received or receivable that do not require the agent to render further service are recognised as revenue by the agent on the effective commencement or renewal dates of the related policies. However, when it is probable that the agent will be required to render further services during the life of the policy, the agent defers the commission, or part of it, and recognises it as revenue over the period during which the policy is in force.

Included within turnover is rental income received from the Trusts beneficiaries for use of the Chalet's.

Income tax

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

South Wales Police Group Insurance Benefit Scheme

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	15% reducing balance
Equipment	-	15% reducing balance

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure. Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss. If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

South Wales Police Group Insurance Benefit Scheme

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Commissions	47,492	49,818
Chalet rental income	6,405	3,410
	<u>53,897</u>	<u>53,228</u>

5. Other operating income

	2018	2017
	£	£
Other income	<u>400</u>	<u>101</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2018	2017
	£	£
Depreciation of tangible assets	967	818
Fair value adjustments to investment property	—	5,810
Fees payable for the audit of the financial statements	<u>2,500</u>	<u>1,500</u>

7. Trustee remuneration

During the year the Trust made aggregate remuneration payments of £200 (2017 - Nil)

8. Interest payable and similar expenses

	2018	2017
	£	£
Interest on banks loans and overdrafts	<u>8</u>	<u>12</u>

9. Trust reserves

The Trustees shall hold Life Benefits and income thereof for the estate of the Relevant Member.

The trustees shall hold all other Benefits and any income thereof on trust for the Relevant Member absolutely.

South Wales Police Group Insurance Benefit Scheme

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

10. Tangible assets

	Investment properties £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 January 2018 and 31 December 2018	<u>123,000</u>	<u>6,025</u>	<u>1,242</u>	<u>130,267</u>
Depreciation				
At 1 January 2018	–	678	140	818
Charge for the year	–	802	165	967
At 31 December 2018	<u>–</u>	<u>1,480</u>	<u>305</u>	<u>1,785</u>
Carrying amount				
At 31 December 2018	<u>123,000</u>	<u>4,545</u>	<u>937</u>	<u>128,482</u>
At 31 December 2017	<u>123,000</u>	<u>5,347</u>	<u>1,102</u>	<u>129,449</u>

Included within the above is investment property as follows:

	£
At 1 January 2018 and 31 December 2018	<u>123,000</u>

On formation of the trust, the ownership of two Chalet's were transferred from South Wales Police Joint Branch Board Fund to the South Wales Police Group Insurance Benefit Scheme. The properties were transferred on 1 January 2017 at a fair value of £119,900.

During 2017, the Trust invested £8,910 in property improvements to the Chalets. The trustees obtained an independent valuation as at 31 December 2017 resulting in a fair value of £123,000. The increase in fair value has been reported in the profit and loss. There was no change in market valuation as at 31 December 2018.

11. Debtors

	2018	2017
	£	£
Trade debtors	<u>2,380</u>	<u>2,329</u>

12. Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	–	3
Amounts owed to undertakings in which the Group Insurance Trust has a participating interest	<u>17,982</u>	5,473
Accruals and deferred income	<u>7,110</u>	2,580
Other creditors	<u>3,113</u>	3,113
	<u>28,205</u>	<u>11,169</u>

South Wales Police Group Insurance Benefit Scheme

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

13. Taxation

There was no corporation tax charged during for the year, or preceding year.

14. Contingent liabilities

At the 31 December 2018 the Trust owed £17,981 (2017 £5,473) to the Police Federation of England and Wales in respect of payments made on behalf of the Trust. A further recharge of costs is anticipated by the Trustees. However, at the date of the issue of the financial statements, the recharge had not yet been agreed and therefore it was impractical to make any disclosures other than the nature of the contingent liability.

15. Related party transactions

During the year the Police Federation of England and Wales made net payments of £12,508 (2017: £5,473) on behalf of the Trust.

As at the year end the Trust owed the Police Federation of England and Wales £17,981 (2017: £5,473).

The Police Federation of England and Wales is related through significant influence over the Trust.

South Wales Police Group Insurance Benefit Scheme

Management Information

Year ended 31 December 2018

The following pages do not form part of the financial statements.

South Wales Police Group Insurance Benefit Scheme

Detailed Income Statement

Year ended 31 December 2018

	2018 £	2017 £
Turnover		
Insurance commission income	47,492	49,818
Chalet rental income	6,405	3,411
	<u>53,897</u>	<u>53,229</u>
Gross profit	<u>53,897</u>	53,229
Overheads		
Administrative expenses	34,626	55,374
	<u>19,271</u>	<u>(2,145)</u>
Profit/(loss) on group insurance trust trading	<u>19,271</u>	<u>(2,145)</u>
Other income	400	101
	<u>19,671</u>	<u>(2,044)</u>
Operating profit/(loss)	<u>19,671</u>	<u>(2,044)</u>
Interest payable and similar expenses	(8)	(12)
	<u>19,663</u>	<u>(2,056)</u>
Profit/(loss) before taxation	<u>19,663</u>	<u>(2,056)</u>

South Wales Police Group Insurance Benefit Scheme

Notes to the Detailed Income Statement

Year ended 31 December 2018

	2018	2017
	£	£
Administrative expenses		
Chalet light and heat	3,138	2,239
General insurance	660	–
Chalet insurance	1,262	1,197
Chalet ground rent and rates	4,728	2,256
Chalet repairs and maintenance	2,197	2,917
Chalet cleaning costs	2,384	1,726
Travel and subsistence	215	19
Subscriptions and licences	294	1,611
Officers and beneficiary benefits	3,156	11,794
No pay contributions	940	3,197
Sundry expenses	400	–
Sponsorship and beneficiary donations	9,300	5,800
Legal and professional fees	–	12,898
Accountancy fees	2,030	1,080
Auditors remuneration	2,500	1,500
Depreciation of tangible assets	967	818
Investment property fair value adjustment	–	5,810
Bank charges	455	512
	<u>34,626</u>	<u>55,374</u>
Interest payable and similar expenses		
Interest on bank loans and overdrafts	<u>8</u>	<u>12</u>