

REGISTERED COMPANY NUMBER: 07990432 (England and Wales)
REGISTERED CHARITY NUMBER: 1146913

**REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

FOR

THE POLICE REHABILITATION CENTRE
(A charitable company limited by guarantee)

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(A charitable company limited by guarantee)

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THE POLICE REHABILITATION CENTRE
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2016

Registered Company number	07990432 (England & Wales)
Registered Charity number	1146913
Registered office and principal address	Flint House Reading Road, Goring on Thames, Oxfordshire, RG8 0LL Telephone No. 01491874499 Website www.flinthouse.co.uk E-mail enquiries@flinthouse.co.uk
Patron	Her Majesty the Queen
President	Sir Bernard Hogan-Howe QPM
<u>Trustees</u>	<u>Representing</u>
Mr D Ball (Chairman)	Co-Opted
Mr S Bozward (appointed 20 September 2016)	Executive Committees of the Police Federation of England & Wales
Mr S Bray	National Police Chiefs' Council
Mr C Field	Co-Opted
Dr R Hamilton	Co-Opted
Mr T Jackson	The Police Superintendents' Association of England & Wales
Mr A Menzies	Co-Opted
Mr K Marsh MBE	Metropolitan Police Executive Committee of the Police Federation of England & Wales
Mr M Nurthen (Deputy Chairman)	Metropolitan Police Executive Committee of the Police Federation of England & Wales
Mr W Riches (resigned 24 May 2016)	Interim National Board of the Police Federation of England and Wales
Dr P Sudbury	Co-Opted
Mr M White	Executive Committees of the Police Federation of England & Wales
Ms J Willetts (appointed 21 June 2016)	Interim National Board of the Police Federation of England & Wales
Honorary Chaplin	The Rev D Axcell
<u>Senior Management Team:</u>	
Chief Executive	Commander T McAuslin MMedSc FIHM Royal Navy
Clinical Director	Mr D Flint MSc Grad Dip Phys MCSP
Administration Manager	Ms D Homes

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Principal Professional Advisers

Bankers

Barclays Bank Plc
1 The Triangle
Tilehurst
Reading, Berkshire
RG30 4RW

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields
London
WC2A 3LH

Auditors

James Cowper Kreston
Accountants & Business Advisers
Mill House
Overbridge Square
Hambridge Lane
Newbury
Berkshire
RG14 5UX

Investment Manager

WH Ireland Limited
24 Martin Lane
London
EC4R 0DR

THE POLICE REHABILITATION CENTRE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The Trustees, who are also the directors of the charitable company for the purposes of the Companies Act 2006, present their report together with the audited financial statements of the charitable company for the year ended 31st December 2016.

Reference and administrative information set out on pages 1 and 2 form part of this report. The financial statements have been prepared in accordance with Accounting and Reporting by Charities set out in note 1 to the financial statements and comply with the charitable company's Articles of Association, the Charities Act 2011 and the 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 (Charities SORP (FRS 102)), and the Companies Act 2006.

Structure, Governance & Management

Governing Document

The charitable company is controlled by its governing document; the Articles of Association adopted on 14th March 2012 (amended December 2015), and constitutes a limited company, limited by guarantee as defined by the Companies Act 2006.

Appointment of Trustees

In accordance with the Articles of Association the Board of Trustees when complete should consist of not more than twelve individuals, all of whom must be Members. There should be not less than five Trustees of whom not less than two should be Co-Opted Trustees.

Seven Nominated Trustees

Such appointments being nominated by one each from: -

- One nominated by the National Police Chiefs' Council
- One nominated by the Police Superintendents' Association of England & Wales
- One nominated by the interim National Board of the Police Federation of England & Wales
- Two nominated by the Metropolitan Police Executive Committee of the Police Federation of England & Wales
- Two nominated by Executive Committees of the Police Federation of England & Wales from other police forces contributing to the PRC

Five Co-Opted Trustees

- appointed by a resolution of the Trustees

Trustee Induction and Training

Trustees are provided with an induction pack containing key documents such as the Charity Commission's Welcome Leaflet, "the Essential Trustee", a Summary of the Trustee Act 2000 and copy of the charitable company's Investment policy. New trustees are encouraged to spend time at the charitable company on induction and meeting key employees.

THE POLICE REHABILITATION CENTRE
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

Organisation

The Trustees manage the charitable company. The full Board of the Trustees meets monthly at the charitable company. The full Board of the Trustees is mainly concerned with policy matters and agrees broad strategies and areas of activity for the charitable company.

- Other committees and working groups are formed on a temporary basis as and when necessary.
- When important matters arise in between meeting cycles the Chief Executive and the officers of the board communicate with each other and the other Trustees by phone and /or e-mail in order to reach a decision.
- Responsibility for day to day management of the charitable company lies with the Chief Executive, who has powers and responsibilities approved by the Trustees.

None of the Trustees receive remuneration from the charitable company.

Remuneration of key management

The salaries of key management are determined using current market rates and approved by the Board of Trustees.

Objectives of the Charitable Company

The objectives of the charitable company are the promotion of the police service by the provision of rehabilitation services for the benefit of serving and retired Police Officers and (save for purposes incidental and ancillary to these objects) no other purposes.

Investment Powers

The Trustees have discretion as to the manner in which funds are invested. Professional advice in this regard is provided by the Charity's appointed Investment Managers.

Reserves Policy

The Trustees, being cognisant of the requirements of the Charity Commission for a reserves policy to be adopted, have determined that the level of reserves held in freely available funds (i.e. those not tied up in tangible assets or designated funds) should be kept at the equivalent of between one and two years' total resources expended. This amount is required in order to provide income from the investments and to be available to provide working capital if required to ensure the uninterrupted running of the charitable company at current levels of occupancy, should income levels fall or unexpected maintenance costs arise.

Strategic Report

Financial Review

This year the Charity reported a net surplus of £182,232 (2015: £454,746 surplus) before recognition of investment gains.

The Charity's total income reduced by £151,808 to £5,549,212 (2015: £5,701,020) of which £189,236 was restricted income. The Forces donations increased by £315,256 (7%) to £4,763,907 (2015: £4,448,651) compared to the previous year.

Forces donations increased from £1.38 to £1.70 (23%) per week as from 1st September 2016.

Discretionary donation income has reduced by £5,362 to £196,671, of which £127,000 was received from The Police Rehabilitation Trust.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

Resources expended have increased by £120,706 from £5,246,274 to £5,366,980. This is mainly due to the refurbishment of the lounge and bar area.

The Lottery received £108,570 (2015: £121,656) in income of which £18,000 is payable in prize winnings. Of the total lottery income, £14,512 (2015: £16,228) has been expended to facilitate its operation.

The reduction in lottery income can be linked with a change in policy relating to retired officers.

The majority of the investments remained in the FTSE 100 equities as well as mature EURO and US based investments to manage risk. The policy for the investments was reviewed in March 2014, it was agreed that the upper limit for the overseas equities would increase from 50% to 60% and that the UK equities would decrease from 45% to 35%. The change has continued to make a favourable impact on the investment portfolio.

Investments were disposed of during the year realising a gain of £233,848 (2015: £52,321). Due to unfavourable market conditions there has been a decrease in market value of total investments of £26,346 (2015: increase of £328,815).

The market value of the investment portfolio at the year-end closed at £8,039,202 (2015: £7,849,553), an increase of £189,649 (2%).

Once again this Financial Report gives a clear message that the primary risk remains with the reduction of donating officers associated with increasing costs of running the centre. The Board of Trustees are also looking at widening the donor base to those in recognised policing roles.

Future Plans, Achievements and Public Benefit

2016 saw a continuation of sound financial management of the Police Rehabilitation Centre, good governance and a high level of demand for admission. Despite increased pressure on finances due primarily to an on-going erosion of the (Centre) donor base, all clinical programmes and planned patient activities were maintained or enhanced. Of the 3,319 patients who attended the Centre in 2016 there were 3,225 Serving officers. The decision to levy a standard charge on Retired officers admitted for treatment resulted in a reduction in admissions to 94 but generated £38,000 of incremental income.

Stabilisation of police force manpower after several years of significant headcount reduction had the effect of slowing down further losses to the Flint House donor base. Nonetheless it was necessary to impose an increase in the level of office (weekly) donations from £1.38 to £1.70 in the last quarter of 2016 in order to maintain income. Out of a total of 87,434 (Dec 2016) officers in the 29 southern constabularies only 52,440 officers donate to the Police Rehabilitation Centre and are eligible for admission, a reduction of 2% from the prior year.

Total income for 2016 of £5,549,000 represented a decrease of 1.7% over prior year and with total expenditure of £5,367,000 provided a small surplus of £182K. Total expenditure increased by 2.3% over prior year. Primarily as a consequence of the increase to weekly donations, forces income showed a healthy year on year increase and investments also performed well. Conversely incremental income from bar sales, lottery and unrestricted donations showed significant reductions from prior year.

Notwithstanding the immediate impact of the Brexit vote total investments performed reasonably well and continued to provide an effective financial reserve of approximately eighteen months of fixed costs.

All departments – Health & Wellbeing, Housekeeping, Catering, Facilities & Maintenance, Administrative Support, PR & Marketing performed exceptionally well and continue to contribute to a demonstrably exceptional standard of patient care. A re-inspection by the Care Quality Commission was scheduled for early 2017 but postponed indefinitely when it became clear that the principal clinical areas of physiotherapy and psychological support are not currently included within the CQC inspection or registration protocol.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

Flint House has long benefited from an efficient and stable workforce and there were few significant changes during this fiscal year. A new Finance Manager was recruited in quarter one (previous job holder resigned) and a new post of Human Resource Manager created and filled in QTR 4, primarily to ensure compliance with employment legislation and endeavour to standardise contractual conditions of employment.

In addition to significant fixed costs, the Centre invested heavily in necessary but non-recurring upgrades and refurbishments to infrastructure and facilities. These included a major redesign and refurbishment to the (patient) lounge and bar, a new lift (overdue and generating ongoing maintenance costs) and replacement boilers. With income barely sufficient to cover fixed costs the maintenance, refurbishment or replacement of facilities continues to be a challenge and we anticipate the need for major investment in ageing infrastructure in the near future. We have continued to benefit from the support of the Police Rehabilitation Trust (PRT) which for many years provided funding for non-essential patient oriented equipment and facility upgrades. During the 2016 fiscal year Flint House installed an all-weather bowling green surface which has allowed for outdoor fitness testing and year round bowls. Installation of the new surface was made possible as a result of a significant grant from the PRT.

While the Police Rehabilitation Centre continues to provide an exemplary level of service and has been able to balance income and expenditure, increasing costs and a decreasing donor base (plus other potential threats) place inevitable uncertainty on our long term financial sustainability. Consequently the Board has agreed to undertake a comprehensive review of the PRC and its modus operandi. It is intended that that review will be a 'root and branch' assessment of the current PRC operating model, effectiveness and efficiency and relevance to the police service. The review will evaluate the current funding streams and advise on alternatives – where they exist.

The Board is indebted to George Hay (auditors) (and in particular Norman Christie) who have provided invaluable support for many years. However following a tender request for audit services the Board appointed James Cowper Kreston as the Police Rehabilitation Centre auditors.

As reported last year, the Board of Trustees was reduced in size from 18 members to 12, the new Board working effectively with the Flint House executive team. Mr Will Riches resigned as trustee early in 2016 to be replaced by Ms Jayne Willetts. Mr Stephen Bozward was also appointed to the Board to fill a prior vacancy.

Notwithstanding the outcome of the planned strategic review and any decisions that may be taken as a consequence of that review, the Police Rehabilitation Centre at Flint House continues to provide an exceptional level of patient care, operates close to capacity and within financial limits. There are no immediate threats to that operating model and I anticipate a further year of relative stability.

The Trustees have had due regard to the Charity Commission's guide on public benefit.

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of The Police Rehabilitation Centre for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements: and

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016**

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the charitable company and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Trustees on 25 July 2017 and signed on their behalf by:



Mr D J Ball JP

Chairman

THE POLICE REHABILITATION CENTRE
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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE POLICE REHABILITATION CENTRE

We have audited the financial statements of The Police Rehabilitation Centre for the year ended 31 December 2016 which comprise of the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes as set out on pages 10 to 23. 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**THE POLICE REHABILITATION CENTRE
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**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE POLICE REHABILITATION
CENTRE**

MNFarwell

Michael Farwell MA FCA DChA (Senior Statutory Auditor)
For and on behalf of **James Cowper Kreston**
Chartered Accountants and Statutory Auditor
Mill House
Overbridge Square
Hambridge Lane
Newbury
Berkshire
RG14 5UX

Date:

15/8/2017

THE POLICE REHABILITATION CENTRE
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STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2016
(including income & expenditure account)

	Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Income from:					
Donations	2	4,760,378	162,000	4,922,378	5,076,684
Other trading activities	3	388,562	-	388,562	475,006
Investment income	4	200,072	-	200,072	149,330
Charitable activities	5	38,200	-	38,200	-
Total income		5,387,212	162,000	5,549,212	5,701,020
Expenditure on:					
Raising funds	6	158,239	-	158,239	185,930
Investment manager's fees		49,751	-	49,751	51,260
Charitable activities:					
Treatment	6	1,640,792	157,410	1,798,202	1,736,695
Accommodation & catering	6	3,360,788	-	3,360,788	3,272,389
Total expenditure		5,209,570	157,410	5,366,980	5,246,274
Net income before investment gains		177,642	4,590	182,232	454,746
Net gains on investments	11	207,502	-	207,502	381,136
Net income		385,144	4,590	389,734	835,882
Transfer between funds		1,500	(1,500)	-	-
Net movement in funds		386,644	3,090	389,734	835,882
Reconciliation of funds					
Total funds brought forward		27,810,340	2,131,352	29,941,692	29,105,810
Total funds carried forward		28,196,984	2,134,442	30,331,426	29,941,692

All activities relate to continuing operations.

The notes on pages 13 and 23 form part of these financial statements

THE POLICE REHABILITATION CENTRE
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BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	£	2016 £	2 £	2015 £
Fixed assets					
Tangible assets	10		19,103,787		19,528,292
Investments	11		8,039,202		7,849,553
			<hr/>		<hr/>
			27,142,989		27,377,845
Current assets:					
Stocks		11,380		13,061	
Debtors and prepayments	12	809,879		787,744	
Cash at bank and in hand		2,566,748		2,016,297	
		<hr/>		<hr/>	
		3,388,007		2,817,102	
Creditors: amounts falling due within one year	13	<u>199,570</u>		<u>253,255</u>	
Net current assets			<u>3,188,437</u>		<u>2,563,847</u>
Net assets			<u>30,331,426</u>		<u>29,941,692</u>
Funds					
Unrestricted funds	14		28,179,894		27,793,250
Designated funds	14		17,090		17,090
Restricted funds	14		2,134,442		2,131,352
			<hr/>		<hr/>
			<u>30,331,426</u>		<u>29,941,692</u>

Approved by the Board of Trustees on 25 July 2017 and signed on its behalf by:

Mr D Ball
Chairman

Mr M Nurthen
Deputy Chairman

The notes on pages 13 and 23 form part of these financial statements

THE POLICE REHABILITATION CENTRE
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	£	2016 £	£	2015 £
Net cash provided by operating activities	1		639,668		936,716
Cash flow from investing activities:					
Interest received		8,417		6,235	
Dividends received		159,757		129,417	
Proceeds from sale of tangible fixed assets		-		3,524	
Purchase of tangible fixed assets		<u>(257,391)</u>		<u>(277,843)</u>	
Net cash used in investing activities			<u>(89,217)</u>		<u>(138,667)</u>
Increase in cash and cash equivalents	2		550,451		798,049
Cash and cash equivalents brought forward			<u>2,016,297</u>		<u>1,218,248</u>
Cash and cash equivalents carried forward			<u>2,566,748</u>		<u>2,016,297</u>

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of changes in resources to net cash outflow from operating activities

	2016 £	2015 £
Net income	389,734	835,882
Less investment gains	(207,502)	(381,136)
Depreciation charge	631,846	610,761
Loss / (profit) on disposal of tangible fixed assets	50,050	7,381
Income from dividends and interest	(200,072)	(149,330)
Decrease / (increase) in stock	1,681	(22)
Decrease / (increase) in debtors and prepayments	(22,135)	(84,305)
Increase / (decrease) in creditors	(53,685)	46,225
Investment management fees paid by fund	<u>49,751</u>	<u>51,260</u>
Net cash outflow from operating activities	<u>639,668</u>	<u>936,716</u>

2. Analysis of the balances of cash and cash equivalents

	2016 £	Change in year £	2015 £
Cash at bank and in hand	<u>2,566,748</u>	<u>550,451</u>	<u>2,016,297</u>

THE POLICE REHABILITATION CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: the 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) – (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Police Rehabilitation Centre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy.

b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

Under FRS 102 investment gains / (losses) are to be shown as a component of net income. This has been adjusted for in the Statement of Financial Activities.

In accordance with FRS 102 a reconciliation of opening balances is provided here:

	£
Reconciliation of reported net income	
Net income/ (expenditure) as previously stated	454,746
Adjustment for gains / (losses) on investments now treated as a component of net income	<u>381,136</u>
Net income as restated for the year to 31 December 2015	<u>835,882</u>

c) Fund accounting

- Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company.
- Restricted funds are subject to restrictions on their expenditure imposed by the donor or through the terms of an appeal.
- Designated funds are unrestricted funds earmarked by the Trustees for a particular project; however designation does not legally restrict the expenditure to the particular project and is therefore shown within unrestricted funds in the Statement of Financial Activities.

d) Income

All incoming donations are included in the Statement of Financial Activities when the charitable company is entitled to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. The following specific policies are applied to particular categories of income:

- Voluntary Income is received by way of forces contributions, third party contributions, donations and gifts and is included in full in the Statement of Financial Activities when receivable.

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

1. ACCOUNTING POLICIES (continued)

- 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.
- Forces contributions are collected initially by police forces which remit them either to the charitable company or, where donations are made under the Give As You Earn Scheme, to the Charities Aid Foundation who in turn remit them to the charitable company. Such donations cannot be fully controlled until they are entered in the accounting records and this is outside the control of the Trustees.
- Donations are assumed to be unrestricted in their application unless otherwise prescribed.

e) Expenditure and irrecoverable VAT

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Expenditure on raising funds comprises costs associated with attracting voluntary income and the costs of trading for fundraising purposes including the charitable company's shop and bar and certain legal fees.
- Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries. It includes both the costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include the audit fees and costs linked to the strategic management of the charitable company.

f) Allocation of overheads and support costs

Overhead and support costs have been allocated as a direct cost or apportioned on an appropriate basis (refer to note 5) between the charitable activities, costs of raising funds and governance costs. Once allocation and/or apportionment of overhead and support costs has been made between charitable activities, costs of raising funds and governance costs, the cost attributable to charitable activities is apportioned across those activities in proportion to total spend.

g) Tangible fixed assets

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £2,000 are not capitalised. Depreciation on fixed assets is provided at rates calculated to write off their cost over their estimated useful lives.

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

1. ACCOUNTING POLICIES (continued)

The rates used are:

Freehold buildings	2% on cost per annum
Freehold land	not depreciated
Assets in the course of construction	not depreciated
Plant and equipment	20% on cost per annum
Vehicles	20% on cost per annum
Furniture and fittings	10% on cost per annum

h) Fixed asset investments

Investments are stated at market value as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Quoted stocks and shares are included at the balance sheet date at mid-market price.

i) Stocks

Stocks relate to goods held for catering and for resale in the bar and shop. They are valued at the lower of cost and net realisable value.

j) Pension contributions

The charitable company operates a defined contribution pension scheme and the costs are charged in the Statement of Financial Activities. £24,315 (2016: £nil) was owed to the scheme at the end of the financial year.

The current scheme was introduced in 2011 and all staff in the prior pension scheme had their pension assets moved to the current scheme. The pension is a "salary sacrifice scheme" with the charitable company contributing 10% of basic salary for the first 10 years rising to 11% thereafter.

The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Contributions are charged against unrestricted funds as they are incurred.

k) Taxation

The Police Rehabilitation Centre is a registered charitable company and is not liable to taxation on the surplus arising from its charitable activities.

l) Debtors

Other debtors are recognised at the settlement amount after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

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1. ACCOUNTING POLICIES (continued)

n) Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event. It is probable that a transfer of economic benefit will be required in settlement and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

o) Financial instruments

The charitable company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade creditors and other debtors.

p) Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charitable company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

2. DONATIONS

	Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Forces contributions		4,725,707	-	4,725,707	4,448,651
Donations and gifts	15	<u>34,671</u>	<u>162,000</u>	<u>196,671</u>	<u>628,033</u>
		<u>4,760,378</u>	<u>162,000</u>	<u>4,922,378</u>	<u>5,076,684</u>

In 2015 of total income from donations £4,620,877 was to unrestricted funds and £455,807 was to restricted funds.

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3. OTHER TRADING ACTIVITIES

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Third party contributions	176,746	-	176,746	207,453
Guest meals, shop and other similar income	5,185	-	5,185	5,638
Bar sales	98,061	-	98,061	138,458
Accommodation, newspaper and telephone charges	-	-	-	1,801
Lottery	<u>108,570</u>	<u>-</u>	<u>108,570</u>	<u>121,656</u>
	<u>388,562</u>	<u>-</u>	<u>388,562</u>	<u>475,006</u>

In 2015 of the total income from other trading activities £446,186 was to unrestricted funds and £28,820 was to restricted funds

4. INVESTMENT INCOME

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Income from listed investments	191,655	-	191,655	143,095
Bank interest receivable	<u>8,417</u>	<u>-</u>	<u>8,417</u>	<u>6,235</u>
	<u>200,072</u>	<u>-</u>	<u>200,072</u>	<u>149,330</u>

In 2015 all of the income from investments was to unrestricted funds.

5. CHARITABLE ACTIVITIES

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Retiree payments	<u>38,200</u>	<u>-</u>	<u>38,200</u>	<u>-</u>
	<u>38,200</u>	<u>-</u>	<u>38,200</u>	<u>-</u>

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6. TOTAL EXPENDITURE

	Basis of Allocation	Charitable Activities Treatment	Accommodation & Catering	Raising Funds	Support Costs	2016	2015
		£	£	£	£	£	£
Administrative Salaries	Direct	-	-	-	356,532	356,532	374,563
Advertising & Marketing	Direct	-	-	8,785	-	8,785	9,880
Audit Fees	Direct	-	-	-	18,480	18,480	18,600
Bar Expenses & Wages	Direct	-	-	87,335	-	87,335	107,206
Catering	Direct	-	985,031	-	-	985,031	992,694
Cleaning & Laundry	Floor area	60,995	345,639	-	-	406,634	419,270
Depreciation	Floor area	94,777	537,069	-	-	631,846	610,761
Electricity	Floor area	16,405	92,960	-	-	109,365	106,374
Gas	Floor area	10,230	57,972	-	-	68,202	70,400
Grounds & Garden	Floor area	10,315	58,452	-	-	68,767	76,732
Insurance	Floor area	7,645	43,322	-	-	50,967	46,966
Legal & Professional Fees	Direct	-	-	-	14,566	14,566	7,888
Lottery Expenditure & Prizes	Direct	-	-	32,512	-	32,512	34,817
Minibus and Travelling	Direct	-	-	-	35,458	35,458	43,018
Miscellaneous	Direct	-	-	601	8,132	8,733	11,290
Physio Expenses	Direct	921,419	-	-	-	921,419	932,786
Printing & Stationery	Direct	-	259	-	59,279	59,538	21,749
Rates, Water & Waste	Floor area	13,933	78,953	-	-	92,886	120,749
Repairs & Maintenance	Floor area / Direct	91,942	521,002	-	-	612,944	562,531
Security	Floor area	31,066	176,042	-	-	207,108	198,984
Surgery Expenses	Direct	452,459	-	-	-	452,459	394,358
Profit on Fixed Assets	Direct	-	-	-	50,050	50,050	7,381
Telephone & Postage	Direct	-	-	-	37,612	37,612	26,017
Management Fee	Direct	-	-	49,751	-	49,751	51,260
Total Resources Expended		1,711,186	2,896,701	178,984	580,109	5,366,980	5,246,274
Support Costs	Staff time	<u>87,016</u>	<u>464,087</u>	<u>29,006</u>	<u>(580,109)</u>	-	-
Total resources expended		<u>1,798,202</u>	<u>3,360,788</u>	<u>207,990</u>	<u>-</u>	<u>5,366,980</u>	<u>5,246,274</u>

In 2015 of the total expenditure £5,194,520 was to unrestricted funds and £51,754 was to restricted funds.

Governance costs consist of audit fees of £18,480 (2015: 18,600).

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7. NET INCOME FOR THE YEAR	2016	2015
	£	£
This is stated after charging:		
Depreciation	631,846	610,761
Loss on disposal of fixed assets	50,050	7,381
Trustees' reimbursed expenses	946	840
Auditors' remuneration - audit fee (including VAT)	13,200	18,600
- under provision from prior year	5,280	-

Two Trustees were reimbursed travelling expenses totalling £946 (2015: £840).
The Trustees received no remuneration or other benefits during the year.

8. STAFF COSTS AND NUMBERS	2016	2015
	£	£
Staff costs:		
Wages and salaries	2,494,245	2,470,295
Contractors (Agency Staff)	37,618	25,053
Social security costs – employers	190,500	206,822
Pension contributions	237,635	235,191
	<u>2,959,998</u>	<u>2,937,361</u>

The average number of employees, analysed by function:	2016	2015
	No.	No.
Catering	40	41
Nursing and physiotherapy	45	44
Administration	11	11
Housekeeping, maintenance, security, grounds and other	48	46
	<u>144</u>	<u>142</u>

The number of higher paid employees was:

£60,001 - £70,000	1	-
£70,001 - £80,000	1	1

Both employees participated in the pension scheme.

The key management personnel of the charity comprise Trustees, the CEO, Clinical Director and Administration Manager. The total employee benefits of the key management personnel were £186,963 (2015: £179,309).

9. TAXATION

The Police Rehabilitation Centre is a registered charitable company and is not liable to taxation on the surplus arising from its charitable activities.

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10. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Equipment £	Furniture & Fittings £	Vehicles £	Total £
Cost					
At 1 January 2016	25,080,415	984,889	837,386	47,574	26,950,264
Additions	-	28,541	194,567	34,283	257,391
Disposals	(6,000)	(118,598)	(57,245)	-	(181,843)
	<u>25,074,415</u>	<u>894,832</u>	<u>974,708</u>	<u>81,857</u>	<u>27,025,812</u>
Depreciation					
At 1 January 2016	6,316,287	659,171	413,664	32,850	7,421,972
Charge in the year	459,495	94,596	68,240	9,515	631,846
Disposals	(600)	(91,842)	(39,351)	-	(131,793)
	<u>6,775,182</u>	<u>661,925</u>	<u>442,553</u>	<u>42,365</u>	<u>7,922,025</u>
Net book value					
As at 31 December 2016	<u>18,299,233</u>	<u>232,907</u>	<u>532,155</u>	<u>39,492</u>	<u>19,103,787</u>
As at 31 December 2015	<u>18,764,128</u>	<u>325,718</u>	<u>423,722</u>	<u>14,724</u>	<u>19,528,292</u>

Freehold land is not depreciated and assets in the course of construction have not been depreciated in the year. The cost of the land included in freehold property is £2,105,643.

All of the fixed assets are held for continuing use in the provision of the Centre's direct charitable activities.

11. FIXED ASSET INVESTMENTS

	Listed Investments £	Cash balances £	Total £
As at 1 January 2016	7,562,341	287,212	7,849,553
Additions to investments at cost	1,628,791	(1,628,791)	-
Disposals at carrying value	(1,359,432)	1,359,432	-
Net gain / loss	207,502	-	207,502
Income	-	31,898	31,898
Investment management fees	-	(49,751)	(49,751)
	<u>8,039,202</u>	<u>-</u>	<u>8,039,202</u>

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Of the listed investments market value £5,729,985 are in the UK and £2,309,217 are overseas investments.

The following investments were deemed to be material to the total investment portfolio as at 31 December 2016.

	Holdings %	Holding Number	Market Value £
Aberdeen New Thai Inv Trust GBP0.25	5.52%	90,846	443,783
JP Morgan Indian Inv Trust Ord GBP0.25	8.43%	114,263	677,580
New India Inv Ord GBP0.25	7.53%	163,100	605,101
BAE Systems Ord GBP0.025	7.17%	97,500	576,713
Carnival Plc Ord USD1.66	9.13%	17,785	733,631
Easyjet Ord GBP0.25	5.71%	45,671	458,994
Int Consolidated Airline Ord EUR0.50 (formerly British Airways Ord GBP0.25)	12.67%	231,100	1,018,920
Rolls Royce Group Ord GBP0.20	5.95%	71,555	477,987
TUI AF Ord Reg Shs NPV GB12.25389	9.99%	69,050	812,132
Lloyds Banking Group Ord GBP0.1	8.44%	1,085,000	678,234

Historical cost of the investments is £6,432,884.

12. DEBTORS

	2016 £	2015 £
Other debtors	753,843	683,045
Prepayments	56,036	104,699
	<u>809,879</u>	<u>787,744</u>

13. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	53,972	133,118
Other taxes and social security	81,309	59,454
Accruals	64,289	60,683
	<u>199,570</u>	<u>253,255</u>

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14. STATEMENT OF FUNDS

	Balance 01/01/2016 £	Income £	Expenditure £	Transfers In/out £	Gains on Investments £	Balance 31/12/16 £
Unrestricted Funds	27,793,250	5,387,212	(5,209,570)	1,500	207,502	28,179,894
Designated Funds						
Hardship funds	17,090	-	-	-	-	17,090
Restricted Funds						
Home Office grant funded assets	2,096,565	-	-	-	-	2,096,565
Flint House refurbishment	33,187	-	-	-	-	33,187
PRT Bowling green and pool resurfacing	-	107,000	(107,000)	-	-	-
PRT equipment and mental health training	-	20,000	(16,127)	-	-	3,873
MPF minibus purchase	-	35,000	(34,283)	-	-	717
Lottery prize fund	1,500	-	-	(1,500)	-	-
Other funds	100	-	-	-	-	100
	<u>29,941,692</u>	<u>5,549,212</u>	<u>5,366,980</u>	<u>-</u>	<u>207,502</u>	<u>30,331,426</u>

Designated Funds are represented by the following:

Hardship fund

The Trustees have designated a proportion of the Charity's unrestricted fund toward a Hardship fund enabling those officers, who may not have the means to attend the Centre, to attend the Centre via a means tested application to the Charity. This ensures the Charity is in keeping with the Charity Commission's public benefits rules.

Restricted Funds are represented by the following:

Home Office grant

The Home Office grant received in the years 2009 – 2012 includes £1,145,000 claimed in respect of the new bedroom extensions and wing refurbishments and £455,565 to utilise against future capital expenditure. Under the terms of the incoming resources under the Home Office and Cabinet Office grants, the capitalised assets shall be restricted.

Flint House refurbishment

No further action taken during 2016.

Police Rehabilitation Trust – Bowling green and pool side resurfacing

A grant was received and fully expensed during 2016 to provide an all-weather bowling green for recreational and physical exercise purpose and to resurface the tiled areas of both male and female changing rooms.

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Restricted Funds (continued)

Police Rehabilitation Trust – Equipment and mental health training

Gym and health and wellbeing equipment was purchased during 2016 (£9,615).
Specialised mental health training within the health and wellbeing department totalled £6,512.

Metropolitan Police Foundation

A donation was received for the purchase of a minibus which was duly purchased in December 2016.

Other funds

Within other funds are restricted incoming resources of £100 for the purchase of musical equipment which is carried forward to be used against relevant expenditure in future years.

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total funds 2016 £
Tangible fixed assets	17,007,222	2,096,565	19,103,787
Fixed asset investments	8,039,202	-	8,039,202
Current assets	3,348,630	39,377	3,388,007
Creditors due within year	(199,570)	-	(199,570)
	<u>28,195,484</u>	<u>2,135,942</u>	<u>30,331,426</u>

16. RELATED PARTIES

Donations of £127,000 (2015: £29,807) were received from the Police Rehabilitation Trust of which Trustee D Ball is also a Trustee.

17. DONATIONS AND GIFTS

Donations and gifts to the value of £196,671 (2015: £202,033) were received during the year. Included in the sum were donations from the Police Rehabilitation Trust.

