

Introduction

The Metropolitan Police Authority's Statement of Accounts presents the income and expenditure of the Metropolitan Police Service. The figures in this summary are compiled having regard to proper accounting practice. For the purposes of this statement some modifications were made to provide more meaningful information on a summarised basis.

The Audit Commission (the Authority's external auditor) has stated that the financial statements were fairly presented. A full set of the Authority's 2004/05 audited accounts can be found on the MPA website at www.mpa.gov.uk.

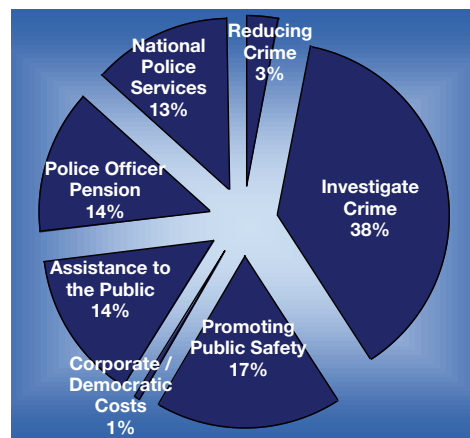
Revenue Expenditure

The total cost of policing London (including national functions) for the year to 31 March 2005 is shown below on a cost category basis.

	2004-05 £m	2003-04 £m
Police Officers salaries	1,310	1,222
Police Staff salaries	382	318
Officer & Staff pensions	453	296
Other salary related costs	199	182
Premises related cost	209	168
Transport related costs	56	49
Supplies and Services	369	356
Capital charges	167	140
Less income	(234)	(198)
Net expenditure	2,911	2,533
Net interest	(10)	(7)
Exceptional income	(20)	0
Transfer to reserves	3	44
Accounting adjustments	(301)	(140)
Total cost to be funded	2,583	2,430

A breakdown of costs by activity is shown below.

This has been arrived at by monitoring activities of police officers and staff by using Activity Based Costing methodology.



Funding of Expenditure

The sources of funding are as follows:-

	2004-05 £m	2003-04 £m
Police Revenue Grant	1,123	1,082
Revenue Support Grant	599	579
Non-Domestic Rates	100	102
Police Precept	521	444
Other Grants Awarded	240	223
Total	2,583	2,430



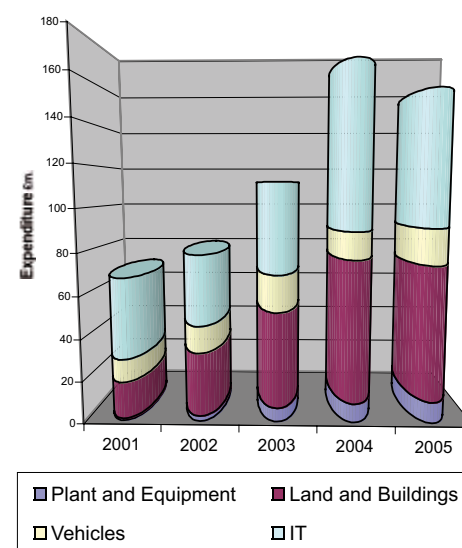
Assets and Liabilities as at 31 March 2005

The Authority's property portfolio, located throughout London's 32 boroughs, includes 174 police stations, 684 operational buildings, 1,064 residential properties, Safer Neighbourhood bases, patrol bases, headquarter buildings and offices. The Authority also operates 4,840 patrol and other vehicles, 30 boats including inflatables and dinghies, a radio network with 28,700 radios and 3 helicopters.

Summary of Assets and Liabilities	2004-05 £m	2003-04 £m
Land and Buildings	1,434	1,472
Vehicles, Plant and Equipment	79	101
Software Assets	14	22
Non-Operational Assets	203	180
Long Term Debtors	22	21
Stock	7	6
Short term debts owed to MPS	135	79
Short Term Investments	269	347
Cash and bank Balances	(6)	(5)
Total Asset Value	2,157	2,223
Less Liabilities		
Creditors	(311)	(285)
Loans repayable within 12 months	(15)	(18)
Provisions	(33)	(44)
Long Term Borrowing	(71)	(86)
Total Liabilities	(430)	(433)
Total assets less liabilities	1,727	1,790

Represented by:	2004-05 £m	2003-04 £m
Accounting Reserves	1,516	1,590
Other reserves	211	200
Total Equity	1,727	1,790

Capital Expenditure from 2001 to 2005

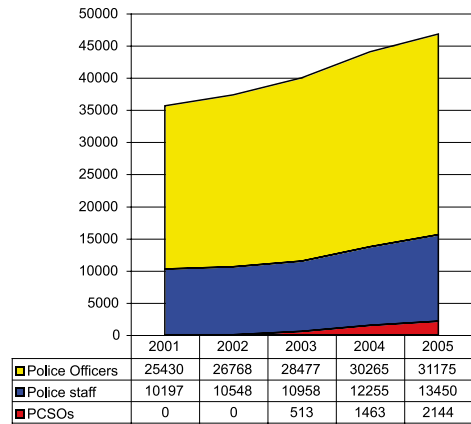


Capital expenditure in 2004 - 05 was funded from the following sources:-

	£ m
Borrowing	52
Capital Grants	66
Capital Receipts	14
Revenue Contribution	1
Earmarked capital reserves	19
Accruals adjustments	(16)
Total Capital Expenditure	136



Police Officer and Police staff numbers since 2000



In parallel with the overall increase of police strength, there has been a substantial increase in Police Community Support Officers (PCSOs) starting with 500 in September 2002 and growing to 2,144 by end March 2005. Police officer numbers have increased primarily as a result of the Step Change Programme under which it is intended that there will ultimately be 35,000 Police officers and PCSOs employed in London. The number of police staff has also increased due to the introduction of PCSOs and need to provide support services for the additional officers.

Treasurer's Comments

The Metropolitan Police Authority (MPA) is responsible for the finances of the Metropolitan Police Service (MPS) and the accounts therefore record all the expenditure and income of the MPS. The Authority delegates management of the bulk of the budget to the Commissioner, with the Authority monitoring performance on a regular basis. The approved budget provided for net expenditure of £2,555 million, funding the roll out of the first 96 Safer Neighbourhood teams, existing expenditure commitments and a limited list of high priority developments. Savings of over £61 million were identified to balance the budget.

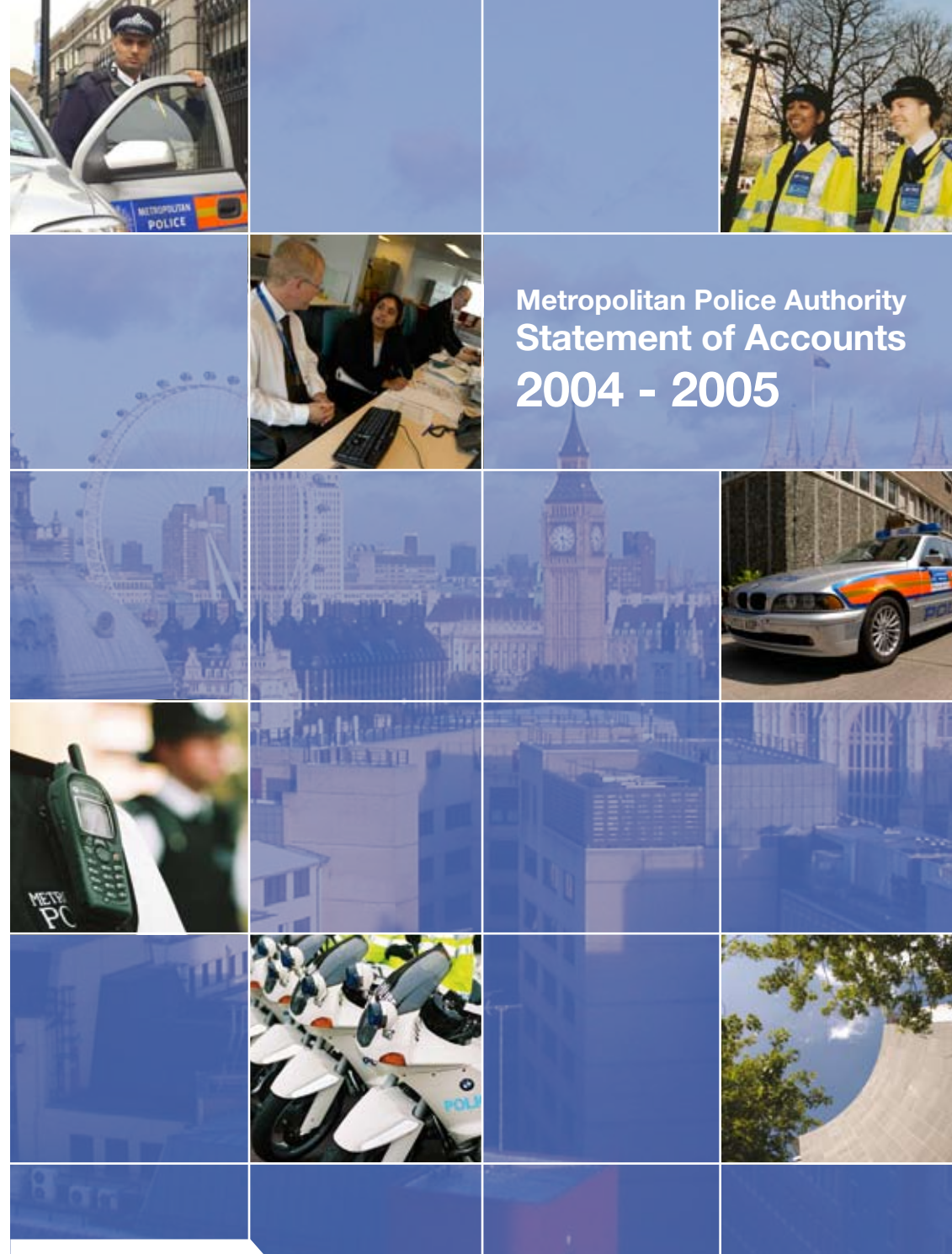
The Metropolitan Police Service's Policing Plan has identified a number of policing priorities for the coming year which will form the basis of expenditure for the next year:-

- Protect the capital against terrorism by minimising risk and maintaining an effective response.
- Reducing serious and organised crime by reducing levels of gun enabled crime and disrupting organised criminal networks, the activities they are involved in and to seize their assets in order to reduce harm in neighbourhoods and communities.
- Promoting safety and reassurance by improving neighbourhood safety, improving contribution to Criminal Justice System, improving the citizen's experience of their contact with the police, to reduce the level of violence and increase the number of violent offenders brought to justice.

K Hunt
Treasurer

For a full version of the 2004-2005 accounts please access the MPA website at: www.mpa.gov.uk.

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Metropolitan Police Authority Statement of Accounts 2004 - 2005