

Postcode Community Trust

**Directors' report and financial statements for the
year ended 31 December 2016**

**Company number: SC472798
Scottish charity number: SC044772**

Postcode Community Trust

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Postcode Community Trust

Reference and administrative details

Directors	Lawson Muncaster (Chair) Robert Flett Judith Hills Michael Pratt
Registered office	76 George Street Edinburgh EH2 3BU
Auditors	Henderson Loggie 34 Melville Street Edinburgh EH3 7HA
Bankers	Lloyds Plc 39 Threadneedle Street London EC2R 8AU
Solicitors	MacRoberts LLP Excel House 30 Sempole Street Edinburgh EH3 8BL
Gambling licence numbers	Non remote: 000-037612-N-318384-005 Remote: 000-037612-R-318383-005
Charity number	SC044772
Company number	SC472798
Executive Manager	Clara Govier

Postcode Community Trust

Directors' Report

The Directors (who are also trustees of the charitable company for the purposes of charity law) have pleasure in presenting their report and the financial statements of the charitable company for the year to 31 December 2016. The information on page 1 forms part of this report.

Structure, governance and management

Governance

Postcode Community Trust is governed by a Board of Directors in accordance with its Memorandum and Articles of Association. New Directors are elected at quarterly meetings and a Director shall hold office for a maximum period of four years from the date of appointment and shall then retire. Such person shall not again be appointed as a Director unless the Directors resolve that there are exceptional circumstances in that such an individual possesses specific or unique skills and expertise, experience or ability of significant value to the Company. In such circumstances, a retiring Director may, if willing to act, be re-appointed by the Directors for a second and final term of a maximum of four years and shall at the end of that second term retire altogether so that no Director shall hold office as Director for more than eight years in total.

No person shall be appointed or re-appointed as Director at any general meeting unless:

- he is recommended by the Directors; or
- not less than fourteen or more than thirty five clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or re-appointment together with notice executed by that person of his willingness to be appointed or reappointed.
- not less than seven nor more than twenty eight clear days before the date appointed for holding a general meeting notice shall be given to all who are entitled to receive notice of the meeting of any person who is recommended by the Directors for appointment or re-appointment as a Director at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose him at the meeting for appointment or re-appointment as a Director. The notice shall give the particulars of that person which would, if he were so appointed or re-appointed, be required to be included in the Company's register of Directors.
- The Company may by Ordinary Resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.
- The Directors may appoint a person who is willing to be a Director, either to fill a vacancy or as an additional Director, provided the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.

Unless otherwise determined by ordinary resolution, the number of Directors shall not be subject to any maximum, but shall not be less than three. The Board of Directors shall at all times comprise a majority of non-remunerated Directors.

Directors' induction & training

Directors receive an induction handbook covering all relevant policies, procedures and any other relevant information. They also have the opportunity for yearly training and continued professional development.

Postcode Community Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Risk management

The Directors have a risk management strategy which comprises:

- evaluation and review of risks to the Trust and its External Lottery Manager (ELM) at each Board meeting against the Risk Register;
- the Risk Register will be managed on a day-to-day basis by the Trust management team and they will establish systems and procedures to mitigate these risks;
- in the event of a risk rising above 'high' the Directors must implement procedures to manage any potential impact.

This strategy has identified the following key risks:

- Risk of the Government changing the law in relation to Society Lotteries. A review of the law relating to Society Lotteries is on-going, and both Directors and the Trust management team keep up-to-date with any information in relation to this.
- Risk of losing Gambling Licence due to non-compliance with the Gambling Commission Licence Conditions and Code of Practice. Again, this is managed by adhering closely to the LCCP and being aware of anticipated changes to guidance and keeping abreast of industry best practice.
- Risk of dependence on one source of income and this income being lost. If the income were to reduce, this would be on a gradual basis. The Trust management team receive daily reports regarding ticket sales, so would be aware of any issues very quickly and these would be communicated to Directors.

Postcode Community Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

Management

The business of Postcode Community Trust is managed by the Directors who exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors. The Directors ultimately decide the procedures for selection of projects and the amounts of grants involved. Directors meet quarterly. These are chaired and fully minuted to discuss and decide the following:

- Management of the Trust's Society Lottery, including social responsibility and current management by the Trust's External Lottery Manager
- Applications received
- Outcomes of completed projects
- Progress of current funding
- New funding streams/programmes
- Review of finances
- Review of risk register
- Any other business

The Trust appointed MacRoberts LLP as its solicitor to use in all cases where we require legal services.

Staff Structure

The Board of Directors appointed an Executive Manager of Postcode Community Trust to oversee the day-to-day administration of the Trust. The Executive Manager is responsible for strategy advice and the day-to-day operations of Postcode Community Trust. The Manager appointed the Trust Manager to undertake day-to-day activities including the following:

- Screening of all funding proposals, preparing a list with three categories of projects: proposed for funding, not decided, and rejected - based on approved funding criteria
- Assessing complete applications and providing short summaries for the Directors to make decisions
- Creation of quarterly summary reports detailing all of the above. It is the responsibility of the Manager and the Chairperson to approve the list of projects proposed for funding which request funding below £10,000
- Management of Directors' meetings including consultation of Directors where desirable or needed
- Management of marketing/communication on behalf of the Trust including websites, newsletters, publicity etc.

The Directors also appointed a Trusts' Finance Manager to take responsibility for the financial management for Postcode Community Trust including the following:

- Monthly financial updates including income position, breakdown of costs, and awards made
- Management of holding account which will receive payments direct from the Postcode Lottery Limited
- Making payments to recipient projects
- Reporting of lottery proceeds to Gambling Commission

As part of services provided as outlined in the Services Agreement that exists between the Trust and Postcode Lottery Limited, staff mentioned above are employed by Postcode Lottery Limited.

Postcode Community Trust

Directors' Report *(continued)*

Objectives and activities

Postcode Community Trust is solely funded by the proceeds of its society lottery and awards grants to good causes and charities.

Postcode Community Trust supports projects which fit one or more of the following purposes:

- the prevention or relief of poverty;
- the advancement of health;
- the advancement of citizenship or community development;
- the advancement of public participation in sport;
- the advancement of human rights, conflict resolution or reconciliation;
- the advancement of environmental protection and improvement; and,
- the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage.

The Trust has three main funding streams funding projects that advance citizenship, community development and participation in sports:

- **Community Grants Programme**
Allows charities to apply for 12-month project funding ranging from £500 up to £20,000 undertaken in Great Britain. Decisions are made on a semi-annual basis. Registered charities can apply for up to £20,000. Community groups not formally registered as a charity can apply for up to £2,000. Postcode Community Trust had 2 funding rounds in 2016.
- **Community Partnership Programme – Community Life Fund**
A number of annual community partnerships will be available each year. Charities can apply for up to £100,000 to deliver a year-long project anywhere in Great Britain. Charities are selected on an invitation only basis and awards are paid in six monthly instalments upon successful monitoring and evaluation of the project.
- **Community Sports Programme**
Sport clubs and community groups were also able to apply for packages of kit, with an average value of £1,000. With an assortment of different packages available, groups could choose an option that best suited their needs. The scheme targeted groups with traditionally lower levels of participation, including women and girls, over 50s and people who experience mental ill-health.

Postcode Community Trust operates its own society lottery which is regulated by the Gambling Commission under certificate 000-037612-N-318384-005 and 000-037612-R-318383-005. The Trust engages Postcode Lottery Limited (PLL), trading as People's Postcode Lottery, as its External Lottery Manager. In 2016, PLL operated four draws on behalf of Postcode Community Trust.

Grant making policies

Postcode Community Trust provides funding opportunities to small organisations, community groups and charities in Scotland, England and Wales, through grants ranging from £500 - £20,000 with a special partnership grant for selected charities of up to £100,000. Postcode Community Trust aims to distribute funds according to areas where players of PPL are at their highest concentration.

Postcode Community Trust

Directors' report *(continued)*

Achievements and performance

2016 Small Grants Programme Projects

The following are examples of projects that Postcode Community Trust has funded through the Small Grants Programme in 2016:

Bradford Bulls Foundation (developing community sporting initiatives) was provided with a grant of £11,978 to develop a walking rugby club for older people in the area to enhance community cohesion and relieve isolation.

Scottish Opera, Edinburgh Memory Spinners (community development) were awarded a grant of £16,432 to develop a programme for dementia patients and their carers/families via the medium of music, opera and drama.

Menter Gorllewin Sir GŶgr (citizenship) is a Welsh initiative which received a grant of £9,924 to deliver a series of volunteer placement provisions for young people in Carmarthenshire boosting skills and providing vital volunteer services for vulnerable groups.

Financial review

All funds received from the proceeds of People's Postcode Lottery relating to Postcode Community Trust have been included in the financial statements. This amounted to £8.6m (2015: £9.1m). Of this 40%: £3.5m (2015: £3.6m) is given out as prizes and 32.5%: £2.8m (2015: 35%: £3.2m) is retained by our External Lottery Manager which is Postcode Lottery Limited. The remaining 27.5%: £2.4m (2015: 25% £2.3m) is managed by Postcode Community Trust. Postcode Community Trust promoted four draws throughout 2016.

£2.4m (2015: £3.7m) was given out in grants for charitable activities with £95k (2015: 88k) of costs to support these activities. Of this £12.8k (2015: £9.5k) was included in Governance costs.

Reserves Policy

Reserves should be held to service an unexpected need for funds, covering unforeseen day-to-day operational costs, a shortfall in income or to fulfil its obligations.

The Trust's sole income is generated by its society lottery operated by its External Lottery Manager, People's Postcode Lottery.

Reserves are set according to our budgeted income and against our obligations for continuous funding for our supported charities. It is intended to mitigate uncertainty relating to our cash flow and to ensure that there are sufficient reserves to cover any shortfalls against income.

We aim to set general reserves at a maximum of £500,000. At 31 December 2016, total reserves are £298,417, of which general reserves are £199,269. This level is adequate to cover day-to-day expenditure for the foreseeable future and a proportion of this will be allocated to fund grants during the first funding round of 2017.

Plans for future periods

We believe that the charity has a sound financial basis upon which to build for the future.

In 2017, Postcode Community Trust aims to continue to support communities through the funding of grass-roots sports, arts and recreation programmes and healthy living initiatives that improve a community's physical and mental health.

Postcode Community Trust

Directors' Report *(continued)*

Approval of the Directors' report

The report was prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

So far as each of the Directors at the date of this report is aware, there is no relevant audit information of which the charity's auditors are unaware. Each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

The financial statements on pages 10 to 18 were approved by the Directors on 30 May 2017 and signed on its behalf by:



Lawson Muncaster
Chair

Postcode Community Trust

Independent auditors' report to the Directors and Members of Postcode Community Trust

We have audited the financial statements of Postcode Community Trust for the year to 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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, and to the charitable company's directors, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's Directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its directors as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement (set out on page 3), the Directors (who are also the Trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations under those Acts.

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 Financial Reporting Council's (FRC's) Revised Ethical Standard 2016 which include Provisions Available for Audits of Small Entities in the circumstances set out in note 13 to the financial statements.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Postcode Community Trust

Independent auditors' report to the Directors and Members of Postcode Community Trust *(continued)*

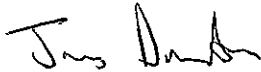
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you, if in our opinion:

- the charitable company has not kept proper and adequate accounting records 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 or returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



James Davidson (Senior Statutory Auditor)

30 May 2017

For and on behalf of Henderson Loggie Statutory Auditors
Henderson Loggie is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

34 Melville Street
Edinburgh
EH3 7HA
United Kingdom

Postcode Community Trust

Statement of financial activities (including income and expenditure account)

for the year ended 31 December 2016

	Note	Unrestricted funds			Unrestricted funds		2015 Total £
		2016 General £	2016 Designated £	2016 Total £	2015 General £	2015 Designated £	
Income							
Other trading activities	2	8,627,888	-	8,627,888	9,108,680	-	9,108,680
Income from investments	3	2,978	-	2,978	5,245	-	5,245
Total income and endowments		8,630,866	-	8,630,866	9,113,925	-	9,113,925
Expenditure							
Expenditure on raising funds	4	(6,263,661)	-	(6,263,661)	(6,838,281)	-	(6,838,281)
Expenditure on charitable activities	5	(2,258,223)	(200,852)	(2,459,075)	(3,017,261)	(750,000)	(3,767,261)
Total expenditure		(8,521,884)	(200,852)	(8,722,736)	(9,855,542)	(750,000)	(10,605,542)
Net income/(expenditure)		108,982	(200,852)	(91,870)	(741,617)	(750,000)	(1,491,617)
Transfers between funds		(200,000)	200,000	-	(100,000)	100,000	-
Net movement in funds		(91,018)	(852)	(91,870)	(841,617)	(650,000)	(1,491,617)
Total funds brought forward	11	290,287	100,000	390,287	1,131,904	750,000	1,881,904
Total funds carried forward	11	199,269	99,148	298,417	290,287	100,000	390,287

All of the above results were derived from continuing activities.

Postcode Community Trust

Balance sheet at 31 December 2016

	Note	2016 £	2015 £
Current assets			
Debtors	8	466,507	498,410
Cash at bank and in hand		519,240	1,278,066
		<u>985,747</u>	<u>1,776,476</u>
Creditors			
Amounts falling due within one year	9	(687,330)	(1,386,189)
		<u>298,417</u>	<u>390,287</u>
Net current assets			
		<u>298,417</u>	<u>390,287</u>
Accumulated funds			
<i>Unrestricted funds</i>			
General funds		199,269	290,287
Designated funds		99,148	100,000
		<u>298,417</u>	<u>390,287</u>
Total funds	10,11	<u>298,417</u>	<u>390,287</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. Approved by the Board and authorised for issue on 30 May 2017.


Lawson Muncaster
Chair

Company number: SC472798

Postcode Community Trust

Statement of cash flows at 31 December 2016

	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities				
Net (expenditure)	(91,870)		(1,491,617)	
Income from investments	(2,978)		(5,245)	
Decrease/(increase) in debtors	31,903		(378,713)	
(Decrease)/increase in creditors	(698,859)		1,058,809	
Cash (used in) operating activities		(761,804)		(816,766)
Cash flows from investing activities				
Investment income	2,978		5,245	
Cash provided by investing activities		2,978		5,245
(Decrease) in cash and cash equivalents in the year		(758,826)		(811,521)
Cash and cash equivalents at the beginning of the year		1,278,066		2,089,587
Total cash and cash equivalents at the end of the year		519,240		1,278,066
Cash and cash equivalents comprise:				
Cash at bank		519,240		1,278,066

Postcode Community Trust

Notes to the financial statements

I Accounting policies

A summary of principal accounting policies, all of which have been applied consistently throughout the year is set out below.

Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention. The charity is a Public Benefit Entity and a company limited by guarantee, incorporated in Scotland with the registered office as noted on page 1. The financial statements are compliant with the charity's constitution, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice (SORP) FRS 102 "Accounting and Reporting by Charities" and in accordance with Financial Reporting Standard 102 (FRS 102).

Going concern

These financial statements have been prepared on the going concern basis which assumes that the charity will continue its operations. There are no material uncertainties that exist or material changes in the way the charity operates and the Directors consider it appropriate to prepare financial statements on a going concern basis.

Income

Income is recognised when the charity has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably. Donations, legacies and similar incoming resources are included in the period in which they are receivable, which is when the charity becomes entitled to the resource. Income from other trading activities include gross proceeds from the sale of Lottery tickets before deduction of up to 40% of proceeds for prizes and up to 32.5% for operational costs.

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of expenditure in the statement of financial activities.

Grants payable

Grants awarded are recognised in full in the period in which they are approved.

Expenditure on raising funds

The cost of raising funds consists of direct expenditure including prize monies as well as operational costs including marketing and PR.

Cash

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

Debtors

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

Postcode Community Trust

Notes to the financial statements

1 Accounting policies (continued)

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Fund accounting

Unrestricted funds are available for use at the discretion of the Directors in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the Directors for particular purposes.

2 Other trading activities

	2016 £	2016 %	2015 £	2015 %
Total proceeds	8,627,888	100.0	9,108,680	100.0
Payment of prizes	(3,451,155)	(40.0)	(3,642,339)	(40.0)
Operational cost	(2,804,064)	(32.5)	(3,189,171)	(35.0)
	<u>2,372,669</u>	<u>27.5</u>	<u>2,277,170</u>	<u>25.0</u>

3 Income from investments

	2016 £	2015 £
Bank interest	<u>2,978</u>	<u>5,245</u>

4 Expenditure on raising funds

	2016 £	2015 £
Prizes	3,451,155	3,642,339
Operational cost	2,804,064	3,189,171
PR	4,301	-
Charity Gala	4,141	6,771
	<u>6,263,661</u>	<u>6,838,281</u>

Postcode Community Trust

Notes to the financial statements

5 Expenditure on charitable activities	Type of project	2016 £	2015 £
Grants			
Small grants	See page 17	1,818,810	1,999,268
Royal Bath & West of England Society	Environment	-	750,000
Place2Be	Health	-	100,000
Debate Mate	Poverty	75,000	100,000
MyBnk	Poverty	75,000	100,000
Amnesty International	Human Rights	-	100,000
Music in Hospitals	Community	-	100,000
The Yard Adventure	Community	-	100,000
Jamie Oliver Foundation	Community	-	100,000
Newcastle United Football Foundation	Sport	49,986	99,956
Saints Foundation	Sport	50,000	88,800
Gift of Kit (<i>designated</i>)	Sport	200,852	41,028
School of Hard Knocks	Community	93,944	-
		<u>2,363,592</u>	<u>3,679,052</u>
Support costs			
Cost recharges		62,795	67,150
Travel and subsistence (including sundry)		3,382	2,427
Printing and stationery		-	2,959
Insurance		1,273	128
Internet and website		12,992	5,981
Sundry		34	-
Bank charges		17	46
Training		2,148	-
Governance costs (Note 6)		12,842	9,518
		<u>95,483</u>	<u>88,209</u>
		<u>2,459,075</u>	<u>3,767,261</u>

Cost recharges include salary, property and office costs incurred by Postcode Lottery Limited which are recharged to the Trust under a Services Agreement.

226 projects were funded by the small grants made (2015: 253) across the following geographical areas and funding themes. No grants were made to individuals.

Geographical split of grants	No	£
England	173	1,449,178
Scotland	30	272,243
Wales	23	119,534
Grant monies refunded	-	(2,145)
Withdrawal of prior year grants	-	(20,000)
	<u>226</u>	<u>1,818,810</u>

Postcode Community Trust

Notes to the financial statements (continued)

5 Expenditure on charitable activities (continued)

Funding themes	No	£
Community	198	1,452,619
Sport	28	388,336
Grant monies refunded or withdrawn	-	(22,145)
	<u>226</u>	<u>1,818,810</u>

6 Governance costs

	2016	2015
	£	£
Legal and professional fees	8,042	3,341
Audit fees	4,800	4,200
Charity workshop	-	1,977
	<u>12,842</u>	<u>9,518</u>

7 Staff costs

No Director received any remuneration during the year.

No Director received reimbursement of expenses during the year (2015: one Director - £43). Directors' indemnity insurance costing £1,273 was purchased in the year.

The charity has no employees.

8 Debtors

	2016	2015
	£	£
Trade debtors	31,155	21,195
Other debtors	435,352	474,443
Prepayments	-	2,772
	<u>466,507</u>	<u>498,410</u>

Postcode Community Trust

Notes to the financial statements (continued)

9	Creditors	2016	2015
		£	£
	Amounts falling due within one year:		
	Trade creditors	40,140	41,290
	Other creditors	642,390	1,329,671
	Accruals and deferred income	4,800	15,228
		<u>687,330</u>	<u>1,386,189</u>
10	Analysis of net assets between funds		
		Net current assets	
		2016	2015
		£	£
	<i>Unrestricted funds</i>		
	General funds	199,269	290,287
	Designated funds	99,148	100,000
		<u>298,417</u>	<u>390,287</u>
11	Accumulated funds		
		Unrestricted funds	Total
		General	Designated
		£	£
	Brought forward	290,287	100,000
	Net income/(expenditure)	108,982	(200,852)
	Transfers between funds	(200,000)	200,000
		<u>199,269</u>	<u>99,148</u>
	Balance carried forward	199,269	99,148
		<u>199,269</u>	<u>99,148</u>

Opening designated funds comprised £50,000 for the second trial for the Gift of Kit Sports Grant Programme and £50,000 for the Public Affairs campaign. A further £200,000 was designated for Gift of Kit in the year and expenditure amounting to £200,852 was incurred, leaving a closing balance of £49,148. The £50,000 for the Public Affairs campaign remains within closing designated funds.

12 Related party transactions

Each Postcode Trust transfers up to 10% of the net proceeds from every Lottery draw into a separate bank account which is held in the name of People's Postcode Trust (PPT). Support costs are then paid from this account and split between each of the Trusts. L Muncaster, J Hills, M Pratt and R Flett are also directors of People's Postcode Trust. The value of funds transferred from the Trust to PPT and costs paid by PPT on the Trust's behalf is set out below:

	Opening balance due (to)/from PPT	Opening share of trade creditors	Transfer of net proceeds to PPT	Support costs paid on behalf of the Trust	Monies refunded by the Trust to PPT	Trust's share of year end trade creditors	Closing balance due (to)/from PPT
	£	£	£	£	£	£	£
PPT	21,195	(11,290)	145,931	(100,535)	(35,836)	11,690	31,155
	<u>21,195</u>	<u>(11,290)</u>	<u>145,931</u>	<u>(100,535)</u>	<u>(35,836)</u>	<u>11,690</u>	<u>31,155</u>

Postcode Community Trust

Notes to the financial statements *(continued)*

13 FRC Revised Ethical Standard – Provisions Available for Small Entities

In common with many other charities of our size and nature the Trust uses its auditors to assist with the preparation of the financial statements.

14 Ultimate controlling party

The charity is constituted by the Memorandum and Articles of Association and is governed by its elected Directors.