

# **Postcode Community Trust**

**Directors' report and financial statements for the  
period ended 31 December 2014**

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

# Postcode Community Trust

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# Postcode Community Trust

## Reference and administrative details

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<b>Directors</b>	Lawson Muncester (Chair) (appointed 18 March 2014) Robert Flett (appointed 24 June 2014) Judith Hills (appointed 18 March 2014) Michael Pratt (appointed 18 March 2014)
<b>Registered office</b>	76 George Street Edinburgh EH2 3BU
<b>Auditors</b>	Henderson Loggie 34 Melville Street Edinburgh EH3 7HA
<b>Bankers</b>	Lloyds Plc 39 Threadneedle Street London EC2R 8AU
<b>Gambling licence numbers</b>	Non remote: 000-037612-N-318384-002 Remote: 000-037612-R-318383-001
<b>Charity number</b>	SC044772
<b>Company number</b>	SC472798
<b>Executive Manager</b>	Clara Govier

# Postcode Community Trust

## Directors' report

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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 charity for the period to 31 December 2014. The Trust was incorporated on 18 March 2014. 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 a 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.

#### Director's 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)*

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### **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 charity and of the surplus or deficit of the charity 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. 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

Postcode Community Trust has assessed the major risks to which the charity is exposed, in particular those relating to specific operational areas of the charity, and its finance. By ensuring controls exist over key financial systems, any by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

#### 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
- Visit by one or more Directors to selection of Postcode Community Trust funded projects
- Any other business

# Postcode Community Trust

## Directors' report *(continued)*

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### **Structure, governance and management** *(continued)*

We do not currently have a firm of solicitors appointed, but Shepherd & Wedderburn are available to us if and when we require their 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 quarterly Director 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

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

#### **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.

# Postcode Community Trust

## Directors' report *(continued)*

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### *Objectives and activities (continued)*

#### **The Trust has two main funding streams:**

- **Community Grants Programme**  
Allows charities to apply for 12-month projects funding ranging from £500 up to £20,000. 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. The Community Grants Programme will have its first funding round in the first quarter of 2015.
- **Community Partnership Programme**  
Three to four 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 quarterly instalments upon successful monitoring and evaluation of the project.

#### **Special Awards Programme**

Projects that fall outside the scope of the aforementioned funding programmes are eligible for funding through the Special Awards Programme. Special awards are reserved for highly innovative and impactful projects that meet the Trust's objects and are delivered in Great Britain. These can include projects that have applied to the Dream Fund or are requesting more than can be awarded through the Community Partnership Programme.

#### **In 2015, the Trust will also sponsor a Dream Fund award:**

Once a year partnerships of charities can apply to the Dream Fund to deliver the dream project they have always wanted to deliver but never had the opportunity to do so. The Dream Fund accepts applications from projects that meet at least one of the Trust's objects and awards funds of up to £750,000 for projects of up to two years in length.

Postcode Community Trust operates its own society lottery which is regulated by the Gambling Commission under certificate 000-037612-N-318384-002 and 000-307612-R-318383-001. The Trust engages Postcode Lottery Ltd (PLL), trading as People's Postcode Lottery, as its External Lottery Manager. In 2015, PLL operated five draws on behalf of Postcode Community Trust.

The Trust has the following policies in support of its society lottery licence conditions which are available in full on the Trust's website: [postcodecommunitytrust.org.uk](http://postcodecommunitytrust.org.uk). The Trust works closely with its External Lottery Manager to ensure these policies are acted on in relation to its Lottery.

- Social Responsibility Policy
- Self-Exclusion Policy

#### 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 - £750,000. 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)*

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### *Achievements and performance*

#### **Dream Fund 2015**



In 2015 Postcode Community Trust will award funds to one Dream Fund project:

#### **Taming the Floods – Somerset Levels - awarded £750,000 in January 2015**

No one in the UK is unaware of the devastating impact the 2014 floods had on the community and businesses based on the Somerset Levels. The Royal Bath and West of England Society's project will implement a strategy of community engagement and land management to protect against future flooding and rebuild both pride and ecological celebration within the landscape. The project will be delivered in partnership with Somerset Wildlife Trust and the Farming & Wildlife Advisory Group.

### *Financial review*

All the funds received from the proceeds of People's Postcode Lottery relating to Postcode Community Trust have been included in the accounts. This amounted to £8.4m. Of this and included in Cost of Generating Funds, around 40%: £3.3m is given out as prizes and around 35%: £2.9m is retained by our External Lottery Manager which is Postcode Lottery Limited. The remaining 25%: £2.1m is managed by Postcode Community Trust.

Postcode Community Trust promoted 5 draws throughout 2014 which generated £8.4m revenue. £19 of other costs were included in Cost of Generating Funds, £201,109 was allocated to charitable activities in the year with £175,957 being given out directly to charitable causes. £6,557 was included in Governance costs.

Grants under £20,000 are distributed on a semi-annual basis and all applications must satisfy one of the objects. Suitable applications are considered by the Board of Directors.

### **Reserves Policy**

Due to the nature of the income generated by the Trust, the Directors are acutely aware that there is a requirement to ensure that any reserves are able to support any unexpected drops in income due to the fluctuation of tickets numbers or number of draws promoted. This approach is based on an understanding of our sole income stream, the risk profile and the degree of commitment to expenditure.

However, as custodians of our players' Lottery proceeds, whilst ensuring that current funding obligations and operation costs are fulfilled, the Directors are in agreement that wherever possible income generated should be awarded fully within the given financial year. This is provided that due diligence and assessment is applied to any future supported charity or good cause and that income levels in the following year are sustainable to support an on-going grant-funder relationship with any new beneficiary if appropriate.

At the end of the year, unrestricted reserves were high to enable a £1m funding pot to be awarded/announced in the first quarter of 2015.

### *Plans for future periods*

We believe that the charity has a sound financial basis upon which to build for the future. Postcode Community Trust will have its first funding round in the first quarter of 2015 and intends to award funds to 200 projects throughout 2015.



# Postcode Community Trust

## Directors' report *(continued)*

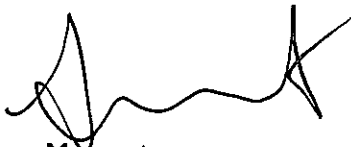
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### **Approval of the Trustees' report**

The report was prepared in accordance with the special provisions of the Companies Act 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 15 were approved by the Directors on 17 March 2015 and signed on its behalf by:



**Lawson Muncaster**

*Chair*

# Postcode Community Trust

## Independent auditors' report to the trustees and members of Postcode Community Trust

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We have audited the financial statements of Postcode Community Trust for the period to 31 December 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to smaller entities).

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 charity's Trustees, 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. Our audit work has been undertaken so that we might state to the members and the charity's Trustees 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 Trustees as a body for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

As explained more fully in the Directors' responsibilities statement (set out on page 3), 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.

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 Auditing Practices Board's (APB's) Ethical Standards for auditors, including APB Ethical Standards – Provisions Available for Small Entities (Revised) in the circumstances set out in note 14 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 trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities; 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 trustees and members of Postcode Community Trust *(continued)*

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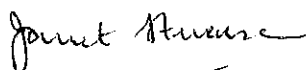
### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial period 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees 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 Trustees' Report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Janet Stevenson (Senior Statutory Auditor)**

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

17 March 2015

# Postcode Community Trust

## Statement of financial activities for the period ended 31 December 2014

	Note	10 months to 31 Dec 2014 Unrestricted £	10 months to 31 Dec 2014 Designated £	10 months to 31 Dec 2014 Total £
<b>Incoming resources</b>				
<i>Incoming resources from generated funds</i>				
Activities for generating funds	2	8,354,240	-	8,354,240
Investment income	3	1,029	-	1,029
<b>Total incoming resources</b>		<b>8,355,269</b>	<b>-</b>	<b>8,355,269</b>
<b>Resources expended</b>				
<i>Cost of generating funds</i>	4	6,265,699	-	6,265,699
<i>Charitable activities</i>	5	201,109	-	201,109
<i>Governance costs</i>	6	6,557	-	6,557
<b>Total resources expended</b>		<b>6,473,365</b>	<b>-</b>	<b>6,473,365</b>
Net incoming resources before transfers		1,881,904	-	1,881,904
Transfers between funds		(750,000)	750,000	-
<b>Total funds carried forward</b>		<b>1,131,904</b>	<b>750,000</b>	<b>1,881,904</b>


All of the above results were derived from continuing activities.

# Postcode Community Trust

## Balance sheet at 31 December 2014

	Note	2014 £
<b>Current assets</b>		
Debtors	8	119,697
Bank		2,089,587
		<u>2,209,284</u>
<b>Creditors</b>		
Amounts falling due within one year	9	(327,380)
		<u>1,881,904</u> =====
<b>Accumulated funds</b>		
Unrestricted funds		1,131,904
Designated funds		750,000
		<u>1,881,904</u> =====
<b>Total funds</b>	10,11	<u>1,881,904</u> =====

These accounts 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 17 March 2015.

  
Lawson Muncaster  
Chair

Company number: SC472798

# Postcode Community Trust

## Notes to the accounts

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### 1 Accounting policies

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

#### **Basis of accounting**

The accounts have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention. They are in accordance with the charity's constitution, Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (revised 2005), and in accordance with Financial Reporting Standard for Smaller Entities (effective April 2008).

#### **Going concern**

These accounts have been prepared on the going concern basis which assumes that the charity will continue its operations.

#### **Incoming resources**

Voluntary income includes donations, legacies and similar incoming resources which are included in the period in which they are receivable, which is when the charity becomes entitled to the resource. Incoming resources include gross proceeds from the sale of Lottery tickets before deduction of up to 40% of proceeds for prizes and 35% for operations costs.

#### **Resources expended**

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 resources expended in the statement of financial activities.

#### **Grants payable**

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

#### **Costs of generating funds**

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

#### **Fund accounting**

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

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

# Postcode Community Trust

## Notes to the accounts *(continued)*

2	<b>Activities for generating funds</b>	10 months to 31 December 2014	
		£	%
	Total proceeds	8,354,240	100.0
	Payment of prizes	(3,332,411)	(39.9)
	Operational cost	(2,933,269)	(35.1)
		<u>2,088,560</u>	<u>25.0</u>
		=====	=====
3	<b>Investment income</b>	10 months to 31 December 2014	
		£	
	Bank interest	1,029	
		=====	
4	<b>Cost of generating funds</b>	10 months to 31 December 2014	
		£	
	Prizes	3,332,411	
	Operational cost	2,933,269	
	PR	19	
		<u>6,265,699</u>	
		=====	
5	<b>Charitable activities</b>	10 months to 31 December 2014	
		£	
	<b>Grants</b>		
	Social Bite	175,000	
	Foodbank donation	957	
		<u>175,957</u>	
	<b>Support costs</b>		
	Cost recharges	17,382	
	Travel and subsistence (including sundry)	83	
	Insurance	347	
	Investment and website	6,957	
	Maintenance	382	
	Bank charges	1	
		<u>25,152</u>	
		<u>201,109</u>	
		=====	

Cost recharges include salary, property and office costs incurred by Postcode Lottery Ltd which are recharged to the Trust under a service level agreement.

# Postcode Community Trust

## Notes to the accounts (continued)

### 6 Governance costs

10 months to  
31 December 2014  
£

Legal and professional fees	2,357
Audit fees	4,200
	<hr/>
	<b>6,557</b>
	<b>=====</b>

### 7 Staff costs

No Directors received remuneration during the period.

No Directors received reimbursement of expenses during the period. Directors' indemnity insurance costing £347 was purchased in the year.

The charity has no employees.

### 8 Debtors

2014  
£

Other debtors	118,079
Prepayments	1,618
	<hr/>
	<b>119,697</b>
	<b>=====</b>

### 9 Creditors

2014  
£

Amounts falling due within one year:

Trade creditors	30,101
Other creditors	293,079
Accruals and deferred income	4,200
	<hr/>
	<b>327,380</b>
	<b>=====</b>

### 10 Analysis of net assets between funds

Net  
current  
assets  
£

Total  
£

Unrestricted funds	1,131,904	1,131,904
Designated funds	750,000	750,000
	<hr/>	<hr/>
	<b>1,881,904</b>	<b>1,881,904</b>
	<b>=====</b>	<b>=====</b>



# Postcode Community Trust

## Notes to the accounts *(continued)*

11	<b>Accumulated funds</b>	<b>Unrestricted</b> £	<b>Designated</b> £	<b>Total</b> £
	Surplus for the period	1,881,904	-	1,881,904
	Transfers between funds	(750,000)	750,000	-
	<b>Balance carried forward</b>	<b>1,131,904</b> =====	<b>750,000</b> =====	<b>1,881,904</b> =====

Designated funds relate to grants committed by Directors in 2014, to be paid in 2015 under the Dream Fund. £750,000 was awarded to The Royal Bath and West England's Society and the award was announced at the Charity Gala on 28 January 2015.

### 12 Related party transactions

Included in trade creditors is £30,101 due to People's Postcode Trust. During the period People's Postcode Trust paid £30,101 of expenses on behalf of Postcode Community Trust. R. Flett, J. Hills, L. Muncaster and M. Pratt are also the Directors of People's Postcode Trust.

### 13 Commitments

Directors have agreed to contribute £10,000 towards the 2015 Charity Gala.

### 14 APB Ethical Standard – Provisions Available for Small Entities

In common with many other charities of our size and nature we use our auditors to assist with the preparation of the financial statements.

### 15 Ultimate controlling party

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

