

Postcode Equality Trust

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

**Company number: SC513161
Scottish charity number: SC045922**

TUESDAY



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Postcode Equality Trust

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Postcode Equality Trust

Reference and administrative details

Directors	Alison Todd (appointed 14 August 2015) Richard Dixon (appointed 14 August 2015) Stuart Feather (appointed 14 August 2015, resigned 1 March 2016) Carola Valentin (appointed 14 August 2015)
Registered office	76 George Street Edinburgh EH2 3BU
Independent Examiners	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: 000-045323-N-324064-003 Remote: 000-045323-R-324063-003
Charity number	SC045922
Company number	SC513161
Executive Manager	Clara Govier

Postcode Equality 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 charity for the period to 31 December 2016. The information on page 1 forms part of this report.

Structure, governance and management

Postcode Equality Trust is governed by a Board of Directors in accordance with its Memorandum and Articles of Association. New Directors are elected at twice yearly 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 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 training and continued professional development.

Postcode Equality 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 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 (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 Equality Trust

Directors' Report *(continued)*

Structure, governance and management *(continued)*

Management

The business of Postcode Equality 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 formally twice a year. 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
- Review of finances
- New funding streams/programmes
- Review of risk register
- Any other business

The Trust has appointed MacRoberts LLP as solicitors for all Trust business.

Staff Structure

The Board of Directors appointed an Executive Manager of the Postcode Equality 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 the Postcode Equality Trust. The Manager appointed the Trust Manager to undertake day-to-day activities including the following:

- Screening of all funding proposals
- Assessing complete applications and providing short summaries for the Directors to make decisions
- Management of 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 Equality Trust including the following:

- Management of holding account which will receive payments direct from People's Postcode Lottery
- Monthly financial updates including income position, breakdown of costs, and awards made
- 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.

Objectives and activities

Postcode Equality Trust operates its own society lottery which is regulated by the Gambling Commission under certificate 000-045323-N-324064-003 and 000-045323-R-324063-003. The Trust engages Postcode Lottery Ltd (PLL), trading as Postcode Lottery Limited, as its External Lottery Manager. In the period to 31 December 2016, PLL operated no draws on behalf of Postcode Equality Trust.

Postcode Equality Trust

Directors' Report *(continued)*

Objectives and activities (continued)

Grant making policies

Postcode Equality Trust was established in 2015 to provide funding to charities working for a fairer world by addressing inequality in society through improvements in health, human rights, education and community development. The Trust have no beneficiaries currently, however are researching potential beneficiaries who will be invited to apply for funding in 2017.

Achievements and performance

In 2016, as Postcode Equality Trust had not received any income, no awards were made.

Financial review

In the period to 31 December 2016, there was £4,080 of expenditure on charitable activities. Of this, £3,661 was included in Governance costs.

During 2017, Directors will consider new beneficiaries of funds, depending on the level of funds forecast to be received in the year.

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. As a grant provider, the Trust funds charities through grant awards each year and these awards are renewed annually.

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.

The Trust aim to set reserves at a maximum of £500,000. At the 31 December 2016, general reserves are in deficit of £4,080. The Trust is forecast to receive income from draws in 2017, which will absorb this deficit.

Plans for future periods

Postcode Equality Trust is currently researching charities, looking to award funding during 2017.

Postcode Equality Trust

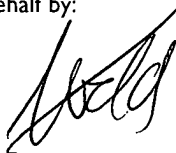
Directors' Report *(continued)*

Approval of the Directors' 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 6 to 10 were approved by the Directors on 4 May 2017 and signed on its behalf by:



Alison Todd
Chair

Postcode Equality Trust

Independent Examiner's Report to the directors of Postcode Equality Trust

I report on the financial statements of the charity for the year ended 31 December 2016 which are set out on pages 9 to 13.

Respective responsibilities of directors and examiner

The charity's directors are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The charity directors consider that the audit requirement of Regulation 10(1) (d) of the Accounts Regulations does not apply. It is my responsibility to examine the financial statements as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended). An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the directors concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations (as amended); and
 - to prepare accounts which accord with the accounting records and comply with Regulation 9 of the 2006 Accounts Regulations (as amended);have not been met, or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



James Davidson CA
Independent Examiner

4 May 2017

Postcode Equality Trust

Statement of financial activities (including income and expenditure account)

for the period ended 31 December 2016

		17 months to 31 Dec 2016 Total £
Expenditure	<i>Note</i>	
Expenditure on charitable activities	2	(4,080)
Total expenditure		<u>(4,080)</u>
Net expenditure		<u>(4,080)</u>
Net movement in funds		<u>(4,080)</u>
Deficit of funds carried forward		<u><u>(4,080)</u></u>

All of the above results were derived from continuing activities.

Postcode Equality Trust

Balance sheet

at 31 December 2016

	Note	2016 £
Current assets		
Debtors	5	1,910
Creditors		
Amounts falling due within one year	6	(5,990)
Net current liabilities		(4,080)
Accumulated funds		
Unrestricted funds		
General funds		(4,080)
Designated funds		-
Deficit of funds	7, 8	(4,080)

For the period to 31 December 2017 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the company to obtain an audit of its financial statements for the period in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board and authorised for issue on 4 May 2017.

Alison Todd
Chair



Company number: SC513161

Postcode Equality Trust

Notes to the financial statements

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 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 (as amended), 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 year 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 operations 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 year in which they are approved.

Expenditure on raising funds

The expenditure on 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.

Postcode Equality Trust

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Debtors

Prepayments are valued at the amount prepaid net of any trade discounts due.

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.

2 Expenditure on charitable activities

17 months to
31 December 2016
£

Support costs

Travel and subsistence	294
Insurance	125
Governance costs (note 3)	3,661
	4,080

3 Governance costs

17 months to
31 December 2016
£

Legal and professional fees	375
Independent examiner's fees	1,200
Gambling Commission	2,086
	3,661

4 Staff costs

No Director received any remuneration during the period.

No Director received reimbursement of expenses during the period. Directors' indemnity insurance costing £125 was purchased in the year.

The charity has no employees.

Postcode Equality Trust

Notes to the financial statements *(continued)*

5	Debtors	2016
		£
	Prepayments	1,910
		=====
6	Creditors	2016
		£
	Amounts falling due within one year:	
	Trade creditors	375
	Other creditors	4,415
	Accruals and deferred income	1,200
		=====
		5,990
		=====
7	Analysis of net assets between funds	Net current assets
		£
	<i>Unrestricted funds</i>	
	General funds	(4,080)
		=====
8	Accumulated funds	Unrestricted funds
		General
		£
	Net expenditure for the period	(4,080)
		=====
	Balance carried forward	(4,080)
		=====
9	Related party transactions	
	During the period, there were no related party transactions which occurred other than those outlined in note 4.	
10	Ultimate controlling party	
	The charity is constituted by the Memorandum and Articles of Association and is governed by its elected Directors.	