Postcode Heroes Trust

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

Company number: SC441725
Scottish charity number: SC043779

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Postcode Heroes Trust

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Postcode Heroes Trust

Reference and administrative details

Directors	Jonathan Hughes Ian Edwards Ross Miller
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
Gambling licence numbers	Non remote: 000-034774-N-316264-003 Remote: 000-034774-R-316263-002
Charity number	SC441725
Company number	SC043779
Executive Manager	Clara Govier

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 2014. The information on page 1 forms part of this report.

Structure, governance and management

Governance

Postcode Heroes 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 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.

Directors' induction and 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.

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. 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 Heroes Trust have assessed the major risks to which the charity is exposed, in particular those relating to specific operational areas of the charity, and its finances. By ensuring controls exist over key financial systems, and 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 Heroes 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
- New funding streams/programmes
- Review of finances
- Visit by one or more Directors to selection of Postcode Heroes Trust funded projects
- Any other business

Directors' report *(continued)*

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

We do not currently have a firm of solicitors appointed, but Tods Murray are available to us if and when we require their services.

Staff structure

The Board of Directors appointed an Executive Manager of Postcode Heroes 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 Heroes 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 Heroes 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

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

Objectives and activities

Postcode Heroes Trust is solely funded by the proceeds of its society lottery and awards grants to good causes and charities. Postcode Heroes Trust provides financial support for organisations, bodies and community groups in Great Britain which encourage or inspires individuals or communities to improve their lives through education, health, conflict resolution or reconciliations, community development or participation in sports.

Postcode Heroes Trust operates its own society lottery which is regulated by the Gambling Commission under certificate 000-034774-N-316264-003 and 000-034774-R-316263-002. The Trust engages Postcode Lottery Ltd (PLL), trading as People's Postcode Lottery, as its External Lottery Manager. In 2014, PLL operated three draws on behalf of Postcode Heroes Trust.

Grant making policies

The trust team research a selection of potential grant beneficiaries with aims in line with the objects of the Trust, the current business plan and budget. This selection is presented to the Directors, who make recommendations to invite charities to apply. Once applications are received, the Directors make a final decision of who to support.

Directors' report *(continued)*

Achievements and performance

The trust was created in August 2013 and in 2014 five charities were awarded funding: Maggie's at £550,000, Ellen MacArthur Cancer Trust at £175,000, Tottenham Hotspur Foundation at 175,000, Johan Cruyff Foundation at £850,870 (of which £825,870 was funded direct out of the European Postcode Millions draw) and the newest charity Dame Kelly Holmes Trust at £175,000.

Case Study: Dame Kelly Holmes Trust

Nick had a criminal record from when he was a teenager; he was finding it difficult to find work as he found his past got in the way. Being unemployed made it challenging for him to provide for his young son, and his confidence was at an all-time low following a stream of rejections from employers.

He found out about Get on Track after signing on at the Job Centre. Athlete mentor Charlotte Hartley saw his confidence grow over the course of programme, and saw him really step up at the community project to take a leadership role when delivering sports sessions in a local primary school.

"Working with athletes like Charlotte and seeing hearing about how hard they've worked to get to where they are, it's such an inspiration."

Nick reignited his interest in sport through participation in activities during Get on Track, and was keen to pursue a career in sport. An organisation called Link for Life, who run health and fitness initiatives in Rochdale, supported the Trust in delivering the programme. They were impressed by Nick's attitude and offered Nick a job – seeing past his criminal conviction.

"I'm so happy that someone has given me an opportunity."

Nick is still working for Link for Life – appreciative of the opportunity Get on Track gave him in connecting with the organization. He is hoping to complete a swimming instructor course in the near future and is putting in to action the skills he learned during Get on Track.

Financial review

All funds received from proceeds of People's Postcode Lottery relating to Postcode Heroes Trust have been included in the accounts. This amounted to £7.1m *(2013: £7.1m)*. Of this and included in Cost of Generating funds around 40%: £2.8m *(2013: £3.0m)* is given out as prizes and around 35%: £2.5m *(2013: £2.5m)* is retained by our External Lottery Manager which is People's Postcode Lottery. The remaining 25%: £1.8m *(2013: £1.6m)* is managed by Postcode Heroes Trust. Postcode Heroes Trust promoted three draws throughout 2014.

£1.9m *(2013: £902k)* was given out in grants for charitable activities in the year with £85k *(2013: £19k)* of costs to support these activities. £7k *(2013: £5.5)* was included in Governance Costs.

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

Directors' report *(continued)*

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 up to 12 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.

Reserves are set at 12.5% of the total grant awards given or committed to in the current financial year to a maximum of £500,000.

Plans for future periods

We envisage funding the supported charities again, looking to increase the level of income many of them receive.

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 9 to 15 were approved by the Directors on 26 March 2015 and signed on its behalf by:



Jonathan Hughes
Chair

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

We have audited the financial statements of Postcode Heroes Trust for the year 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 Standard – 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 year 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).

Independent auditors' report to the trustees and members of Postcode Heroes Trust *(continued)*

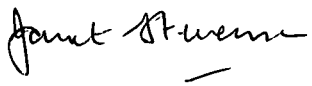
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' 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 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

26 March 2015

Postcode Heroes Trust

Statement of financial activities
for the year ended 31 December 2014

	Note	2014 Unrestricted	2014 Designated	2014 Total	11 months to 31 December 2013 Unrestricted
			£	£	£
Incoming resources					
Incoming resources from generated funds					
Activities for generating funds	2	**7,188,337**	-	**7,188,337**	7,174,503
Investment income	3	**3,191**	-	**3,191**	-
Total incoming resources		**7,191,528**	-	**7,191,528**	7,174,503
Resources expended					
Cost of generating funds	4	**(5,432,572)**	-	**(5,432,572)**	(5,565,321)
Charitable activities	5	**(2,011,451)**	-	**(2,011,451)**	(920,835)
Governance costs	6	**(6,980)**	-	**(6,980)**	(5,499)
Total resources expended		**(7,451,003)**	-	**(7,451,003)**	(6,491,655)
Net outgoing/(incoming) resources for year before transfers		**(259,475)**	-	**(259,475)**	682,848
Gross transfers		**(125,000)**	**125,000**	-	-
Net movement in funds		**(384,475)**	**125,000**	**(259,475)**	682,848
Total funds brought forward		**682,848**	-	**682,848**	-
Total funds carried forward		**298,373**	**125,000**	**423,373**	682,848

All of the above results were derived from continuing activities.

Postcode Heroes Trust

Balance sheet
at 31 December 2014

	Note	2014 £	2013 £
Current assets			
Debtors	8	**842,814**	240,407
Bank		**475,535**	787,175
		1,318,349	1,027,582
Creditors			
Amounts falling due within one year	9	**(894,976)**	(344,734)
Net current assets		**423,373**	682,848
Accumulated funds			
Unrestricted funds		**298,373**	682,848
Designated funds		**125,000**	-
Total funds	10,11	**423,373**	682,848

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 26 March 2015.

Jonathan Hughes
Chair

Company number: SC441725

Notes to the accounts

1 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 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 year 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 year 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 Directors in furtherance of the general objectives of the charity.

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

Notes to the accounts *(continued)*

2 Activities for generating funds

	2014 £	2014 %	11 months to 31 December 2013 £	11 months to 31 December 2013 %
Total proceeds	**7,188,337**	**100**	7,174,503	100.0
Payment of prizes	**(2,866,967)**	**40**	(3,018,269)	42.1
Operational cost	**(2,524,286)**	**35**	(2,541,971)	35.4
	1,797,084	**25**	1,614,263	22.5

3 Investment income

	2014 £	11 months to 31 December 2013 £
Bank interest	**3,191**	-

4 Cost of generating funds

	2014 £	11 months to 31 December 2013 £
Prizes	**2,866,967**	3,018,269
Operational cost	**2,524,286**	2,541,971
Marketing	**-**	5,000
PR	**41,319**	81
	5,432,572	5,565,321

5 Charitable activities

	2014 £	11 months to 31 December 2013 £
Grants		
Maggie's	**550,000**	502,000
Girlguiding	**-**	100,000
Tottenham Hotspur Foundation	**175,000**	100,000
Ellen MacArthur Cancer Trust	**175,000**	100,000
Johan Cruyff Foundation*	**850,870**	100,000
Dame Kelly Holmes Trust	**175,000**	-
	1,925,870	902,000

* £825,870 of this is funded from the European Postcode Millions draw

Notes to the accounts *(continued)*

5 Charitable activities *(continued)*

	2014	11 months to 31 December 2013
	£	£
Support costs		
Cost recharges	**64,158**	9,271
Travel and subsistence (including meeting expenses and sundry)	**3,956**	2,092
Insurance	**661**	220
Website	**3,144**	5,868
Subscriptions	**3,643**	1,384
Contribution to charity gala	**10,000**	-
Bank charges	**19**	-
	85,581	18,835
	2,011,451	920,835

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

6 Governance costs

	2014	11 months to 31 December 2013
	£	£
Legal and professional fees	**2,780**	1,299
Audit fees	**4,200**	4,200
	6,980	5,499

7 Staff costs

No Directors received remuneration during the year.

No Directors received reimbursement of expenses during the year. Directors' indemnity insurance costing £661 was purchased in the year.

The charity has no employees.

Notes to the accounts *(continued)*

8 Debtors

	2014 £	2013 £
Other debtors	**841,551**	238,609
Prepayment	**1,263**	1,798
	842,814	240,407

9 Creditors

	2014 £	2013 £
Amounts falling due within one year:		
Trade creditors	**49,225**	1,925
Other creditors	**841,551**	338,609
Accruals and deferred income	**4,200**	4,200
	894,976	344,734

10 Analysis of net assets between funds

	Net current assets £	Total £
Unrestricted funds	**298,373**	**298,373**
Designated funds	**125,000**	**125,000**
	423,373	**423,373**

11 Accumulated funds

	Unrestricted £	Designated £	Total £
Brought forward	**682,848**	-	**682,848**
Deficit/(surplus) for the year	**(259,475)**	-	**(259,475)**
Transfers	**(125,000)**	**125,000**	-
Balance carried forward	**298,373**	**125,000**	**423,373**

Designated funds at 31 December 2014 relate to additional one-off grants to be made to charities supported by Postcode Heroes Trust. At the board meeting on 27 November 2014 Directors agreed to award £25,000 each to Ellen MacArthur Cancer Trust, Tottenham Hotspur Foundation, Maggie's, Johan Cruyff Foundation and Dame Kelly Holmes Trust. These top-up awards were formally announced during the Charity Gala held in January 2015.

Notes to the accounts *(continued)*

12 Related party transactions

During the year there were no related party transactions.

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.