

# **Postcode Dream Trust**

**Directors' report and financial statements for the  
year ended 31 December 2017**

**Company number: SC478727  
Scottish charity number: SC044911**

# Postcode Dream Trust

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# Postcode Dream Trust

## Reference and administrative details

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<b>Directors</b>	Michael Pratt (Chair) Aidan Connolly (Appointed 15 November 2017) Claire MacDonald (Appointed 15 November 2017, Resigned 27 April 2018) Judith Hills Robert Flett Lawson Muncaster (Resigned 30 May 2017)
<b>Registered office</b>	28 Charlotte Square Edinburgh EH2 4ET
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 141 Bothwell Street Glasgow G2 7EQ
<b>Bankers</b>	Lloyds Plc 39 Threadneedle Street London EC2R 8AU
<b>Solicitors</b>	MacRoberts LLP Excel House 30 Semple Street Edinburgh EH3 8BL
<b>Gambling licence numbers</b>	Non remote: 000-038239-N-318652 Remote: 000-038239-R-318651
<b>Charity number</b>	SC044911
<b>Company number</b>	SC478727
<b>Executive Manager</b>	Laura Chow

# Postcode Dream 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 year to 31 December 2017. The information on page 1 forms part of this report.

### *Structure, governance and management*

#### Governance

Postcode Dream Trust is a company limited by guarantee, constituted by the Memorandum and Articles of Association and is governed by its elected Directors. 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 persons 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/she 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 Dream 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 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 judgements 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 Audit & Risk Committee meeting, and full Board meeting against the Risk Register;
- the Risk Register will be managed on a day-to-day basis by the Trust executive 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 executive 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 executive 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 Dream Trust

## Directors' Report *(continued)*

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

#### Management

The business of Postcode Dream 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 Directors of Postcode Dream Trust engage Postcode Lottery Limited (who operate under brand name People's Postcode Lottery) as their external lottery manager.

The Trust engaged MacRoberts LLP as its solicitor to use in all cases where legal services are required.

#### Staff Structure

The Board of Directors appointed an Executive Manager of Postcode Dream 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 Dream Trust. The Manager appointed the Trust Team 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 quarterly 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 Trust Finance Manger to take responsibility for the financial management for Postcode Dream Trust including the following:

- Monthly financial updates including income position, breakdown of costs, and awards made
- Management of the bank account which will receive payments direct from People's Postcode Lottery
- 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. Salaries for key management personnel are determined by the Directors of Postcode Lottery Limited.

# Postcode Dream Trust

## Directors' Report *(continued)*

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### *Objectives and activities*

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

Postcode Dream 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 Dream Trust supports charities who wish to deliver innovative, impactful and engaging activities. The Trust achieves this by awarding funds through the Dream Fund and also to selected beneficiaries.

### *Dream Fund*

- Once a year partnerships of charities can apply to the Dream Fund to deliver their dream project that they have always wanted to deliver but have never had the opportunity to do so. The Dream Fund accepts applications from projects that meet at least one of the Trust's objects.

Postcode Dream Trust operates its own society lottery which is regulated by the Gambling Commission under licence 000-038239-N-318652 and 000-038239-R-318651. The Trust engages Postcode Lottery Limited (PLL), trading as People's Postcode Lottery, as its External Lottery Manager. In 2017, PLL operated three draws on behalf of Postcode Dream Trust.

### Grant Making Policies

The Programme Advisor is responsible for sourcing applications from potential grant beneficiaries that meet the Trust's objects. Once applications have been received the Directors make the final decisions regarding who is to be awarded funds.

### *Achievements and performance*

#### **Dream Fund 2017**

In 2017, Postcode Dream Trust awarded funds to three Dream Fund projects:

#### **Story Starters - awarded £1,000,000**

Story Starters is a joint collaboration between Beanstalk, Dolly Parton's Imagination Library and LuCiD, that will recruit and train 600 Story Starters volunteers over a two-year period to give one-to-one support to 1,800 disadvantaged children aged between 3 and 5, creating an innovative approach to learning. Story Starters' dream is that every child, regardless of their background, starts primary school able to read well. Talking, exploring, and playing with books teaches children the sounds of language and the wonderful world of stories - enhancing imagination, supporting aspirations, and making it easier to learn to read.

# Postcode Dream Trust

## Directors' Report *(continued)*

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### *Achievements and performance (continued)*

#### **Surviving to Thriving - awarded £1,000,000**

British Red Cross, the Refugee Council, and Uprising are teaming up to deliver Surviving to Thriving, a refugee integration project that will support 500 young refugees and asylum seekers fleeing war to successfully settle in Great Britain. This project will support young refugees directly through life skills and advice, mental health support and leadership skills so that they can thrive in their new environments and contribute to their new communities. It will also train professionals who will work with the young people over the long-term, thereby creating a legacy that will continue to impact the lives of young refugees beyond the two years of this project.

#### **Money Mechanics - awarded £531,768**

Money Mechanics is a collaboration between MyBnk, the Royal Association for Deaf People and the Royal Society for Blind People that will equip deaf, blind and partially sighted young people aged between 16 and 25 with the money management, employability, and life skills that they need to be financially confident. The project will encourage beneficiaries to build positive money habits and feel empowered to make their own informed decisions, helping to reduce dependency on their parents and improving their life opportunities. The two-year project will deliver 300 days of education to over 1,000 young deaf and blind people in London and the South East.

### **Financial review**

All the funds received from the proceeds of People's Postcode Lottery relating to Postcode Dream Trust have been included in the financial statements. This amounted to £7.91m (2016: £9.76m). Of this and included in expenditure on raising funds, 40% £3.16m (2016: £3.91m) is given out as prizes and 29%: £2.29m (2016 – 30.4% £2.97m) is retained by our External Lottery Manager which is Postcode Lottery Limited. The remaining 31%: £2.45m (2016: 29.6% £2.89m) is managed by Postcode Dream Trust. Postcode Dream Trust promoted three draws throughout 2017.

£2.63m (2016: £1.71m) was allocated to charitable activities in the year with £2.53m (2016: £1.61m) being given out directly to charitable causes. Support costs of £98.5k (2016: £104.6k) were incurred and of this £9.9k (2016: £10.4k) was included in Governance costs.

New Dream Fund beneficiaries will be considered once per year by the Board of Directors.

### **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 2017, total reserves are £3,278,893 of which general reserves are £1,278,661 which is above the stated reserves policy. When choosing the Dream Fund winners, the Directors felt that the level of awards distributed were appropriate for the projects chosen, which has led to this occurring. These excess funds will be allocated to the next Dream Fund, which will open in July 2018.



# Postcode Dream Trust

## Directors' Report *(continued)*

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### *Plans for future periods*

Postcode Dream Trust expects to build on its success across 2018.

Dream Fund 2019 will offer a total award fund of up to £3 million for charitable organisations to deliver their 'dream' project in the areas of Scotland, England or Wales in 2019-2020.

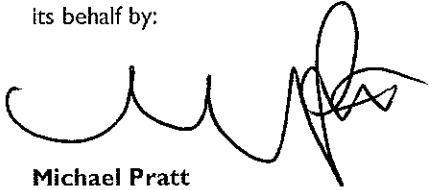
Charities will be able to apply for up to £1 million to deliver their dream project. There will be two or three awards in total. Successful projects will be announced in January 2019.

### *Statement of disclosure of information to auditors*

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

The financial statements on pages 11 to 19 were approved by the directors on 20th August 2018 and signed on its behalf by:



**Michael Pratt**  
Chair

# Postcode Dream Trust

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

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### *Report on the audit of the financial statements*

#### *Opinion*

In our opinion, Postcode Dream Trust financial statements ("the financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Directors' report and financial statements (the "Report"), which comprise: the balance sheet as at 31 December 2017; the statement of financial activities (including income and expenditure account), the statement of cash flows for the year then ended; and the notes to the financial statements.

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### *Conclusions relating to going concern*

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

#### *Reporting on other information*

The other information comprises all of the information in the Directors' report and financial statements other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

# Postcode Dream Trust

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

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### **Reporting on other information** *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Director's Report. We have nothing to report in this respect.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the trustees for the financial statements**

As explained more fully in the Directors' Responsibilities set out on page 3, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

We have been appointed as auditors under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

# Postcode Dream Trust

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

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### ***Use of this report***

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### ***Matters on which we are required to report by exception***

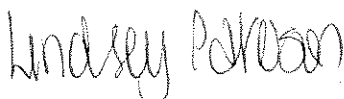
Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### ***Entitlement to exemptions***

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Lindsey Paterson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow

20/8/2018

# Postcode Dream Trust

## Statement of financial activities (including income and expenditure account)

for the year ended 31 December 2017

	Note	Unrestricted funds			Unrestricted funds		2016 Total £
		2017 General £	2017 Designated £	2017 Total £	2016 General £	2016 Designated £	
<b>Income &amp; endowments</b>							
Other trading activities	2	7,906,404	-	7,906,404	9,764,416	-	9,764,416
Income from investments	3	7,544	-	7,544	13,220	-	13,220
<b>Total income and endowments</b>		<b>7,913,948</b>	<b>-</b>	<b>7,913,948</b>	<b>9,777,636</b>	<b>-</b>	<b>9,777,636</b>
<b>Expenditure</b>							
Expenditure on raising funds	4	(5,458,239)	-	(5,458,239)	(6,877,879)	-	(6,877,879)
Expenditure on charitable activities	5	(98,524)	(2,531,768)	(2,630,292)	(129,640)	(1,583,000)	(1,712,640)
<b>Total expenditure</b>		<b>(5,556,763)</b>	<b>(2,531,768)</b>	<b>(8,088,531)</b>	<b>(7,007,519)</b>	<b>(1,583,000)</b>	<b>(8,590,519)</b>
<b>Net income/(expenditure)</b>		<b>2,357,185</b>	<b>(2,531,768)</b>	<b>(174,583)</b>	<b>2,770,117</b>	<b>(1,583,000)</b>	<b>1,187,117</b>
Transfers between funds		(1,949,768)	1,949,768	-	(2,532,000)	2,532,000	-
<b>Net movement in funds</b>		<b>407,417</b>	<b>(582,000)</b>	<b>(174,583)</b>	<b>238,117</b>	<b>949,000</b>	<b>1,187,117</b>
Total funds brought forward		871,476	2,582,000	3,453,476	633,359	1,633,000	2,266,359
<b>Total funds carried forward</b>		<b>1,278,893</b>	<b>2,000,000</b>	<b>3,278,893</b>	<b>871,476</b>	<b>2,582,000</b>	<b>3,453,476</b>

All of the above results were derived from continuing activities.

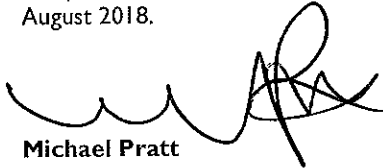
# Postcode Dream Trust

## Balance sheet

at 31 December 2017

	Note	2017 £	2016 £
<b>Current assets</b>			
Debtors	8	24,373	249,856
Cash at bank and in hand		4,722,463	4,465,751
		<u>4,746,836</u>	<u>4,715,607</u>
<b>Creditors</b>			
Amounts falling due within one year	9	(1,467,943)	(1,262,131)
<b>Net current assets</b>		<u>3,278,893</u>	<u>3,453,476</u>
<b>Accumulated funds</b>			
<i>Unrestricted funds</i>			
General funds		1,278,893	871,476
Designated funds		2,000,000	2,582,000
<b>Total funds</b>	10,11	<u>3,278,893</u>	<u>3,453,476</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 20<sup>th</sup> August 2018.



**Michael Pratt**  
Chair

Company number: SC478727

# Postcode Dream Trust

## Statement of cash flows for the year ended 31 December 2017

	2017 £	2017 £	2016 £	2016 £
<b>Cash flows from operating activities</b>				
Net (expenditure)/income	(174,583)		1,187,117	
Income from investments	(7,544)		(13,220)	
Decrease/(Increase) in debtors	225,483		(74,054)	
Increase in creditors	205,812		590,356	
Cash provided by operating activities		249,168		1,690,199
<b>Cash flows from investing activities</b>				
Investment income	7,544		13,220	
Cash provided by investing activities		7,544		13,220
<b>Increase in cash and cash equivalents in the year</b>		256,712		1,703,419
<b>Cash and cash equivalents at the beginning of the year</b>		4,465,751		2,762,332
<b>Total cash and cash equivalents at the end of the year</b>		4,722,463		4,465,751
<b>Cash and cash equivalents comprise:</b>				
Cash at bank		4,722,463		4,465,751

# Postcode Dream Trust

## Notes to the financial statements

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### I Accounting policies

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

#### Statement of Compliance

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 of Postcode Dream Trust have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (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 30% 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 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 Dream Trust

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### Debtors

Other debtors are recognised at the settlement amount due. 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.

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

### 2 Other trading activities

	2017 £	2017 %	2016 £	2016 %
Total proceeds	7,906,404	100.0	9,764,416	100.0
Payment of prizes	(3,162,562)	(40.0)	(3,905,766)	(40.0)
Operational costs	(2,292,857)	(29.0)	(2,972,113)	(30.4)
	<u>2,450,985</u>	<u>(31.0)</u>	<u>2,886,537</u>	<u>(29.6)</u>

### 3 Income from investments

	2017 £	2016 £
Bank interest	<u>7,544</u>	<u>13,220</u>

# Postcode Dream Trust

## Notes to the financial statements (continued)

### 4 Expenditure on raising funds

	2017	2016
	£	£
Prizes	3,162,562	3,905,766
Operational cost	2,292,857	2,972,113
Gambling Commission	2,820	-
	<u>5,458,239</u>	<u>6,877,879</u>

### 5 Expenditure on charitable activities

	General	Designated	Total	Total
	2017	2017	2017	2016
	£	£	£	£
<b>Grants</b>				
Beanstalk	-	1,000,000	1,000,000	-
British Red Cross	-	1,000,000	1,000,000	-
MyBnk	-	531,768	531,768	-
Canal & River Trust	-	-	-	500,000
Ellen MacArthur Foundation	-	-	-	500,000
Prince of Wales's Charitable Foundation	-	-	-	25,000
Valleys Kids	-	-	-	583,000
	<u>-</u>	<u>2,531,768</u>	<u>2,531,768</u>	<u>1,608,000</u>
<b>Support costs</b>				
Cost recharges	50,771	-	50,771	53,476
Travel and subsistence	6,608	-	6,608	6,161
Insurance	896	-	896	1,273
Internet and website	4,112	-	4,112	4,712
Subscriptions	1,030	-	1,030	749
Consultancy fees	12,048	-	12,048	262
Charity Gala	-	-	-	4,141
Bank charges	114	-	114	3
Printing	6,693	-	6,693	15
Charity training	6,325	-	6,325	23,390
Governance costs (note 6)	9,927	-	9,927	10,458
	<u>98,524</u>	<u>-</u>	<u>98,524</u>	<u>104,640</u>
	<u>98,524</u>	<u>2,531,768</u>	<u>2,630,292</u>	<u>1,712,640</u>

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

# Postcode Dream Trust

## Notes to the financial statements (continued)

<b>6</b>	<b>Governance costs</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Legal and professional fees	6,687	6,258
	Audit fees	3,240	4,200
	Charity workshops	-	-
		<u>9,927</u>	<u>10,458</u>
<b>7</b>	<b>Staff costs</b>		
	No Director received any remuneration during the year (2016: nil).		
	No Director received reimbursement of expenses during the year (2016: nil). Directors' indemnity insurance costing £896 (2016: £1,273) was purchased in the year.		
	The charity has no employees. All services of individuals were obtained from Postcode Lottery Limited and invoiced to the charity. The amount attributable to key management personnel for their services during the year was £2,308 (2016: £2,660).		
<b>8</b>	<b>Debtors</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Other debtors	24,373	249,856
		<u>24,373</u>	<u>249,856</u>
<b>9</b>	<b>Creditors</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Amounts falling due within one year:		
	Trade creditors	21,967	19,780
	Other creditors	1,442,736	1,238,151
	Accruals and deferred income	3,240	4,200
		<u>1,467,943</u>	<u>1,262,131</u>

# Postcode Dream Trust

## Notes to the financial statements (continued)

### 10 Analysis of net assets between funds

	General 2017 £	Designated 2017 £	Total 2017 £
Current Assets	2,746,836	2,000,000	4,746,836
Current Liabilities	(1,467,943)	-	(1,467,943)
<b>Total net assets at 31 December 2017</b>	<b>1,278,893</b>	<b>2,000,000</b>	<b>3,278,893</b>
	General 2016 £	Designated 2016 £	Total 2016 £
Current Assets	2,133,607	2,582,000	4,715,607
Current Liabilities	(1,262,131)	-	(1,262,131)
<b>Total net assets at 31 December 2016</b>	<b>871,476</b>	<b>2,582,000</b>	<b>3,453,476</b>

### 11 Accumulated funds

	Unrestricted funds			Unrestricted funds			Total 2016 £
	General 2017 £	Designated 2017 £	Total 2017 £	General 2016 £	Designated 2016 £		
Balance brought forward	871,476	2,582,000	3,453,476	633,359	1,633,000	2,266,359	
Net income/(expenditure) in the year	2,357,185	(2,531,768)	(174,583)	2,770,117	(1,583,000)	1,187,117	
Transfers	(1,949,768)	1,949,768	-	(2,532,000)	2,532,000	-	
<b>Balance carried forward</b>	<b>1,278,893</b>	<b>2,000,000</b>	<b>3,278,893</b>	<b>871,476</b>	<b>2,582,000</b>	<b>3,453,476</b>	

Opening designated funds comprise £2,582,000 set aside for grant awards which were paid their first instalment during 2017 and £50,000 for a Public Affairs campaign. The £50,000 for the Public Affairs campaign and the remaining £232 was released back to general reserves during 2017. In December 2017 Directors agreed to a designation of £2,000,000 for the following grants payable in 2018:

- o £1,000,000 to Search Dog Heroes, a joint project between Missing People and Lowland Rescue;
- o £1,000,000 to Wheels of Change, a joint project between Whizz-Kidz, Duchenne UK and The University of Edinburgh;

# Postcode Dream Trust

## Notes to the financial statements (continued)

### 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. Support costs are then paid from this account and split between each of the Trusts. M Pratt, J Hills, and R Flett and A Connolly are also directors of Postcode Local Trust, Postcode Community Trust and Postcode Dream Trust. The value of funds transferred from these Trusts to PPT and costs paid by PPT on the Trusts' 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 Trusts £	Monies refunded by PPT to the Trusts £	Trust's share of year end trade creditors £	Closing balance due to/(from) PPT £
Dream	(37,005)	19,780	(73,484)	102,071	-	(21,966)	(10,604)

Postcode Lottery Limited is also considered to be a related party.

During 2017 £2,292,857 (2016: £2,972,113) was retained by Postcode Lottery Limited as their external lottery management fee.

A Services Agreement also exists between Postcode Dream Trust and Postcode Lottery Limited, whereby staff costs and running expenses of the Trusts are paid by Postcode Lottery Limited. All staff are employed by Postcode Lottery Limited, and the total of these costs are recharged on a monthly basis. In the year to 31 December 2017 £50,771 (2016: £53,476) was due to Postcode Lottery Limited, with £8,169 (2016: £8,408) being outstanding at the year end.