

Postcode Dream Trust

Directors' report and financial statements for the
year ended 31 December 2018

Company number: SC478727
Scottish charity number: SC044911



Postcode Dream Trust

Contents

	Page
Reference and administrative details	1
Directors' report	2
Independent Auditors' report to the members of Postcode Dream Trust	10
Statement of financial activities (including income and expenditure account)	14
Balance sheet	15
Statement of cash flows	16
Notes to the financial statements	17

Postcode Dream Trust

Reference and administrative details

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

Postcode Dream 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 audited financial statements of the charity for the year to 31 December 2018. 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.

Postcode Dream Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

- 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.

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. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, 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;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgements and estimates that are reasonable and prudent;

Postcode Dream Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

- state whether applicable UK Accounting Standards, comprising FRS 102, 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

Postcode Dream Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

- 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.

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:

Postcode Dream Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

- 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.

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

Directors' Report *(continued)*

Objectives and activities (continued)

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 2018, 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 2018

In 2018, Postcode Dream Trust awarded funds to two Dream Fund projects, one of which was Wheels of Change:

Wheels of Change - awarded £1,000,000

Whizz-Kids, Duchenne UK and Edinburgh University were awarded £1,000,000 for the Wheels of Change project from Postcode Dream Trust, which seeks to radically improve both the quality of life and the life chances of young wheelchair-users by developing a wheelchair for disabled children that is technologically impressive, modular, and affordable. No attempt has been made to design a paediatric chair from basic principles to maximise life opportunities for young people through

Postcode Dream Trust

Directors' Report *(continued)*

Achievements and performance (continued)

innovative design & modern manufacturing. This ground-breaking collaboration has the potential to positively impact the lives of up to 75,000 young wheelchair-users in Great Britain.

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 £9.61m (2017: £7.91m). Of this, and included in expenditure on raising funds, 40% £3.85m (2017: £3.16m) is given out as prizes and 28%: £2.69m (2017 – 29% £2.29m) is retained by our External Lottery Manager which is Postcode Lottery Limited. The remaining 32%: £3.08m (2017: 31% £2.45m) is managed by Postcode Dream Trust. Postcode Dream Trust promoted three draws throughout 2018.

£2.05m (2017: £2.63m) was allocated to charitable activities in the year with £2m (2017: £2.53m) being given out directly to charitable causes. Support costs of £51.6k (2017: £98.5k) were incurred and of this £6.3k (2017: £9.9k) 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 2018, total reserves are £4,315,663 of which general reserves are £1,315,663 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 2019.

Postcode Dream Trust

Directors' Report *(continued)*

Plans for future periods

Postcode Dream Trust expects to build on its success across 2019.

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.

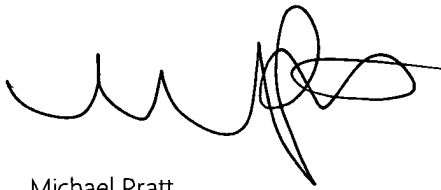
Charities will be able to apply for up to £1 million to deliver their dream project. There will be two or three awards in total. Successful projects will be announced in March 2019.

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 14 to 25 were approved by the directors on 14th May 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'M Pratt', with a large, stylized flourish at the end.

Michael Pratt
Chair

Postcode Dream Trust

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

Report on the audit of the financial statements

Opinion

In our opinion, Postcode Dream Trust's financial statements (the financial statements“):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 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 "Directors Report"), which comprise: the balance sheet as at 31 December 2018; the statement of financial activities (including income and expenditure account), statement of cash flow 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.

Postcode Dream Trust

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

Conclusions relating to going concern

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the charity's activities, beneficiaries, suppliers and the wider economy.

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.

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.

Postcode Dream Trust

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

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 Directors' 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 Statement set out on pages 3 and 4, 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. This description forms part of our auditors' report.

Postcode Dream Trust

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

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
- 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
14th May 2019

Postcode Dream Trust

Statement of financial activities (including income and expenditure account) for the year ended 31 December 2018

	Note	Unrestricted funds			Unrestricted funds		
		2018 General £	2018 Designated £	2018 Total £	2017 General £	2017 Designated £	2017 Total £
Income & endowments							
Other trading activities	2	9,616,526	-	9,616,526	7,906,404	-	7,906,404
Income from investments	3	13,899	-	13,899	7,544	-	7,544
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total income and endowments		9,630,425	-	9,630,425	7,913,948	-	7,913,948
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditure							
Expenditure on raising funds	4	(6,542,008)	-	(6,542,008)	(5,458,239)	-	(5,458,239)
Expenditure on charitable activities	5	(51,647)	(2,000,000)	(2,051,647)	(98,524)	(2,531,768)	(2,630,292)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditure		(6,593,655)	(2,000,000)	(8,593,655)	(5,556,763)	(2,531,768)	(8,088,531)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net income/(expenditure)		3,036,770	(2,000,000)	1,036,770	2,357,185	(2,531,768)	(174,583)
Transfers between funds		(3,000,000)	3,000,000	-	(1,949,768)	1,949,768	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net movement in funds		36,770	1,000,000	1,036,770	407,417	(582,000)	(174,583)
Total funds brought forward		1,278,893	2,000,000	3,278,893	871,476	2,582,000	3,453,476
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total funds carried forward		1,315,663	3,000,000	4,315,663	1,278,893	2,000,000	3,278,893
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

All of the above results were derived from continuing activities.

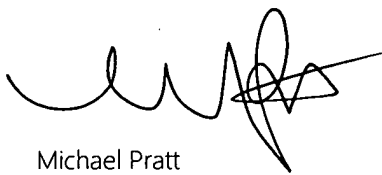
Postcode Dream Trust

Balance sheet

at 31 December 2018

	Note	2018 £	2017 £
Current assets			
Debtors	8	40,244	24,373
Cash at bank and in hand		5,304,404	4,722,463
		<u>5,344,648</u>	<u>4,746,836</u>
Creditors			
Amounts falling due within one year	9	(1,028,985)	(1,467,943)
Net current assets		<u>4,315,663</u>	<u>3,278,893</u>
Accumulated funds			
<i>Unrestricted funds</i>			
General funds		1,315,663	1,278,893
Designated funds		3,000,000	2,000,000
Total funds	10,11	<u>4,315,663</u>	<u>3,278,893</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 14th May 2019.



Michael Pratt
Chair

Company number: SC478727

Postcode Dream Trust

Statement of cash flows

for the year ended 31 December 2018

	2018	2018	2017	2017
	£	£	£	£
Cash flows from operating activities				
Net income/(expenditure)	1,036,770		(174,583)	
Income from investments	(13,899)		(7,544)	
(Increase)/Decrease in debtors	(15,871)		225,483	
(Decrease)/Increase in creditors	(438,958)		205,812	
	<u> </u>		<u> </u>	
Cash provided by operating activities		568,042		249,168
Cash flows from investing activities				
Investment income	13,899		7,544	
	<u> </u>		<u> </u>	
Cash provided by investing activities		13,899		7,544
		<u> </u>		<u> </u>
Increase in cash and cash equivalents in the year		581,941		256,712
Cash and cash equivalents at the beginning of the year		4,722,463		4,465,751
		<u> </u>		<u> </u>
Total cash and cash equivalents at the end of the year		5,304,404		4,722,463
		<u> </u>		<u> </u>
Cash and cash equivalents comprise:				
Cash at bank		5,304,404		4,722,463
		<u> </u>		<u> </u>

Postcode Dream Trust

Notes to the financial statements

1 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 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Basis of Preparation

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.

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.

Postcode Dream Trust

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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.

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.

Postcode Dream Trust

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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

	2018	2018	2017	2017
	£	%	£	%
Total proceeds	9,616,526	100.0	7,906,404	100.0
Payment of prizes	(3,846,611)	(40.0)	(3,162,562)	(40.0)
Operational costs	(2,692,627)	(28.0)	(2,292,857)	(29.0)
	<u>3,077,288</u>	<u>32.0</u>	<u>2,450,985</u>	<u>31.0</u>

3 Income from investments

	2018	2017
	£	£
Bank interest	13,899	7,544

Postcode Dream Trust

Notes to the financial statements *(continued)*

4	Expenditure on raising funds	2018	2017
		£	£
	Prizes	3,846,611	3,162,562
	Operational cost	2,692,627	2,292,857
	Gambling Commission	2,770	2,820
		<u>6,542,008</u>	<u>5,458,239</u>

Postcode Dream Trust

Notes to the financial statements *(continued)*

5 Expenditure on charitable activities

		General 2018 £	Designated 2018 £	Total 2018 £	Total 2017 £
	Type of project				
Grants					
Missing People	Health, Sport & Wellbeing	-	1,000,000	1,000,000	-
Whizz-Kidz	Health, Sport & Wellbeing	-	1,000,000	1,000,000	-
Beanstalk	Human rights, education & equality	-	-	-	1,000,000
British Red Cross	Human rights, education & equality	-	-	-	1,000,000
MyBnk	Human rights, education & equality	-	-	-	531,768
		<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,531,768</u>
Support costs					
Cost recharges		42,453	-	42,453	50,771
Travel and subsistence		916	-	916	6,608
Insurance		896	-	896	896
Internet and website		-	-	-	4,112
Subscriptions		741	-	741	1,030
Consultancy fees		-	-	-	12,048
Bank charges		63	-	63	114
Printing		269	-	269	6,693
Charity training		-	-	-	6,325
Governance costs (note 6)		6,309	-	6,309	9,927
		<u>51,647</u>	<u>-</u>	<u>51,647</u>	<u>98,524</u>
		<u>51,647</u>	<u>2,000,000</u>	<u>2,051,647</u>	<u>2,630,292</u>

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

Postcode Dream Trust

Notes to the financial statements *(continued)*

6	Governance costs	2018	2017
		£	£
	Legal and professional fees	2,809	6,687
	Audit fees	3,500	3,240
	Charity workshops	-	-
		<u>6,309</u>	<u>9,927</u>

7 Staff costs

No Director received any remuneration during the year *(2017: nil)*.

One Director received reimbursement of travel expenses during the year *(2017: nil)*. Directors' indemnity insurance costing £896 *(2017: £896)* 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 £1,951 *(2017: £2,308)*.

8	Debtors	2018	2017
		£	£
	Other debtors	40,244	24,373
		<u>40,244</u>	<u>24,373</u>

9	Creditors	2018	2017
		£	£
	Amounts falling due within one year:		
	Trade creditors	11,416	21,967
	Other creditors	1,014,069	1,442,736
	Accruals and deferred income	3,500	3,240
		<u>1,028,985</u>	<u>1,467,943</u>

Postcode Dream Trust

Notes to the financial statements *(continued)*

10 Analysis of net assets between funds

	General 2018 £	Designated 2018 £	Total 2018 £
Current Assets	2,344,648	3,000,000	5,344,648
Current Liabilities	(1,028,985)	-	(1,028,985)
	<hr/>	<hr/>	<hr/>
Total net assets at 31 December 2018	1,315,663	3,000,000	4,315,663
	<hr/>	<hr/>	<hr/>
	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)
	<hr/>	<hr/>	<hr/>
Total net assets at 31 December 2017	1,278,893	2,000,000	3,278,893
	<hr/>	<hr/>	<hr/>

Postcode Dream Trust

Notes to the financial statements *(continued)*

11 Accumulated funds

	Unrestricted funds			Unrestricted funds		
	General	Designated	Total	General	Designated	Total
	2018	2018	2018	2017	2017	2017
	£	£	£	£	£	£
Balance brought forward	1,278,893	2,000,000	3,278,893	871,476	2,582,000	3,453,476
Net income/(expenditure) in the year	3,036,770	(2,000,000)	(1,036,770)	2,357,185	(2,531,768)	(174,583)
Transfers	(3,000,000)	3,000,000	-	(1,949,768)	1,949,768	-
Balance carried forward	1,315,663	3,000,000	4,315,663	1,278,893	2,000,000	3,278,893

Opening designated funds comprise £2,000,000 (2017: 2,582,000) set aside for grant awards which were paid their first instalment during 2018. In November 2018 Directors agreed to a designation of £3,000,000 (2017: 2,000,000) for the following grants payable in 2019:

- £1,000,000 to Water Works, a joint project between The Wildlife Trust for Bedfordshire, Cambridgeshire and Northamptonshire; Cambridgeshire ACRE; University of East London and the Centre for Hydrology and Ecology
- £1,000,000 to Brilliant Butterfly Banks, a joint project between London Wildlife Trust; Butterfly Conservation and the Natural History Museum
- £1,000,000 to Making Fashion Circular, a joint project between Ellen MacArthur Foundation and RSA

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	(10,604)	21,966	(80,273)	54,151	-	(11,416)	(26,176)

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

During 2018 £2,692,627 (2017: £2,292,857) 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 2018 £42,453 (2017: £50,771) was due to Postcode Lottery Limited, with £11,083 (2017: £8,169) being outstanding at the year end.