

Postcode Global Trust

Directors' report and financial statements for the
year ended 31 December 2019

Company number: SC449876
Scottish charity number: SC044038

Postcode Global Trust

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Postcode Global Trust

Reference and administrative details

Directors and Trustees	Christina Kelly (Chair) Bruce Waddell David McCullough Martin Houghton-Brown
Registered office	28 Charlotte Square Edinburgh EH2 4ET
Independent Auditors	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
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: 000-035621-N-316737 Remote: 000-035621-R-316736
Charity number	SC449876
Company number	SC044038
Executive Manager	Laura Chow

Postcode Global 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 (also referred to as the Trust and the Charitable Company) for the year ended 31 December 2019. The information on page 1 forms part of this report.

Structure, governance and management

Governance

Postcode Global 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 twice yearly meetings and a Director shall hold office for a maximum period of four years from the date of appointment and shall then retire. Such person shall not again be appointed as a Director unless the Directors resolve that there are exceptional circumstances in that such individual possesses specific or unique skills and expertise, experience or ability of significant value to the Company. In such circumstances, a retiring Director may, if willing to act, be re-appointed by the Directors for a second and final term of a maximum of four years and shall at the end of that second term retire altogether so that no Director shall hold office as Director for more than eight years in total.

No person shall be appointed or re-appointed as Director at any general meeting unless:

- he/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 Global 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 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' 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 Directors 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;
- 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,

Postcode Global Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

- 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 Directors 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.
- 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.

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Directors' Report *(continued)*

Structure, governance and management (continued)

Management

The business of Postcode Global 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
- Review of risk register
- Any other business

The Directors of Postcode Global 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 Global 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 Global 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 Director meetings including consultation of Directors where desirable or needed;

Postcode Global Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

- Management of marketing/communication on behalf of the Trust including websites, newsletters, publicity etc.

The Directors also appointed a Trust Finance Manager to take responsibility for the financial management for Postcode Global Trust including the following:

- Management of the bank account which will receive payments direct from Postcode Lottery Limited;
- Monthly financial updates including income position, breakdown of costs, and awards made;
- Making payments to recipient projects;
- Reporting of lottery proceeds to Gambling Commission

As part of services provided as outlined in the Services Agreement that exists between the Trust and Postcode Lottery Limited, staff mentioned above are employed by Postcode Lottery Limited. Salaries for key management personnel are determined by the Directors of Postcode Lottery Limited.

Objectives and activities

Postcode Global Trust is solely funded by the proceeds of its society lottery and awards grants to good causes and charities. Postcode Global Trust is supporting global charities that save lives, improve healthcare systems; provide education and opportunities to alleviate poverty.

Postcode Global Trust operates its own society lottery which is regulated by the Gambling Commission under certificate 000-035621-N-316737 and 000-035621-R-316736. The Trust engages Postcode Lottery Limited (PLL), trading as People's Postcode Lottery, as its External Lottery Manager.

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.

Postcode Global Trust

Directors' Report (*continued*)

Achievements and performance

In 2019 we were able to fund four charities working in internationally on equality, education & human rights issues. These were:

- CARE International
- Children on the Edge
- Humanity & Inclusion UK
- Médecins Sans Frontières

Case Study: MSF – tackling outbreaks of disease and disasters in the Democratic Republic of Congo

Postcode Global Trust provided funding to MSF's "Pool d'Urgence Congo" project – an emergency response team which provides lifesaving preventative, primary and secondary healthcare throughout 18 of DRC's 26 provinces. The PUC monitors and detects outbreaks or disasters to identify medical emergency situations, rapidly assesses alerted situations, and quickly and effectively responds to these alerts. MSF is one of the very few agencies able to maintain such a wide geographical presence in DRC, and in remote and rural locations is an essential provider of medical aid during epidemics and emergencies. Scenarios that the PUC responds to include: cholera, measles, typhoid, haemorrhagic fever, yellow fever, meningitis, bloody diarrhoea and displacement due to manmade or natural disaster.

Funding meant MSF had the logistical resource and capacity to quickly react to medical emergencies in remote locations in DRC, keeping stocks of medical supplies in key locations and an emergency response team of medical and logistical professionals on standby. In 2019, MSF responded to 601 alerts, resulting in 15 evaluations and 8 interventions. This resulted in 37,092 patients treated and 205,035 people vaccinated.

In 2019, the PUC team also responded to the increase in Ebola cases in North Kivu and Ituri provinces, treating a number of cases throughout 2019. In the second half to the year, there were positive signs that the number of cases is slowly reducing, though the outbreak remains a serious public health concern.

Postcode Global Trust

Directors' Report *(continued)*

Financial review

All funds received from proceeds of People's Postcode Lottery relating to Postcode Global Trust have been included in the financial statements. This amounted to £9.11m (2018: £9.07m). Of this and included in expenditure on raising funds 40%: £3.65m (2018: £3.63m) is given out as prizes and 28%: £2.55m (2018: £2.54m) is retained by our External Lottery Manager which is Postcode Lottery Limited. The remaining 32%: £2.91m (2018: £2.9m) is managed by Postcode Global Trust. Postcode Global Trust promoted five draws during 2019 (2018: three draws).

£2m (2018: £3.68m) was given out in grants for charitable activities in the year with £58.3k (2018: £58.9k) of costs to support these activities. Of this, £5.1k (2018: £6.3k) was included in Governance Costs.

Reserves Policy

As a company limited by guarantee with no fixed assets, reserves are set according to budgeted income and against obligations for continuous funding for supported charities. It is intended to mitigate against uncertainty relating to cash flow, to ensure that there are sufficient reserves to cover any financial shortfalls, to react to unexpected situations, to protect the Trust's activities if expected income is not received and to retain continuity in relation to expected grant awards.

The Trust's sole income is generated by its society lottery operated by its External Lottery Manager, People's Postcode Lottery.

We aim to hold financial reserves at a maximum of £500,000, and a minimum of £250,000 within general funds. We acknowledge that from time to time the Trust's funding strategies and activities may require the Trust's reserves to exceed the maximum level or fall below the minimum level noted. If this position continues for an extended period, the Directors will revisit and potentially revise this policy.

At 31 December 2019, reserves were at £1,302,000. Of this, general reserves were £302,000. This is an increase in general reserves of £68,641 from the prior year. This level of general reserves is within the reserves policy and is adequate to cover day-to-day expenditure. A proportion of this will also be allocated to fund grants during 2020.

Plans for future periods

We envisage funding most of the supported charities again, at a similar level.

Postcode Global Trust

Directors' Report *(continued)*

Plans for future periods

The current Covid-19 public health crisis creates significant uncertainty for the world economy. With having a single source of income, the Directors remain confident in the resilience of the subscription model of People's Postcode Lottery to protect the Trust income. In the event of a substantial change in circumstances significantly reducing revenue, the Trust holds sufficient cash reserves to ensure it can continue operations for the foreseeable future.

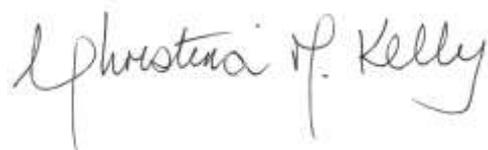
We envisage funding most of the supported charities again, at similar levels to 2019, where funds allow.

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 24 were approved by the directors on 22nd September 2020 and signed on its behalf by:



Christina Kelly

Chair

Postcode Global Trust

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

Report on the audit of the financial statements

Opinion

In our opinion, Postcode Global Trust's (the "charitable company") financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 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 regulations 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Directors' Report (the "Directors' Report"), which comprise: the balance sheet as at 31 December 2019; the statement of financial activities (including income and expenditure account) and the statement of cash flows for the year then ended; the accounting policies; 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 Global Trust

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

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 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 Director's 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 Global Trust

Independent auditors' report to the members and trustees of Postcode Global 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 have 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. This description forms part of our auditors' report.

Postcode Global Trust

Independent auditors' report to the members and trustees of Postcode Global 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 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; take advantage of the small companies' exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Matthew Kaye (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

22 September 2020

Postcode Global Trust

Statement of financial activities (including income and expenditure account) for the year ended 31 December 2019

	Note	Unrestricted funds			Unrestricted funds		
		2019 General £	2019 Designated £	2019 Total £	2018 General £	2018 Designated £	2018 Total £
Income & endowments							
Other trading activities	2	9,113,751	-	9,113,751	9,066,364	-	9,066,364
Income from investments	3	13,690	-	13,690	11,864	-	11,864
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total income and endowments		9,127,441	-	9,127,441	9,078,228	-	9,078,228
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure							
Expenditure on raising funds	4	(6,200,489)	-	(6,200,489)	(6,168,083)	-	(6,168,083)
Expenditure on charitable activities	5	(2,058,311)	-	(2,058,311)	(2,233,949)	(1,500,000)	(3,733,949)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure		(8,258,800)	-	(8,258,800)	(8,402,032)	(1,500,000)	(9,902,032)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income/(expenditure)		868,641	-	868,641	676,196	(1,500,000)	(823,804)
Transfer between funds		(800,000)	800,000	-	(700,000)	700,000	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		68,641	800,000	868,641	(23,804)	(800,000)	(823,804)
Total funds brought forward		233,359	200,000	433,359	257,163	1,000,000	1,257,163
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward		302,000	1,000,000	1,302,000	233,359	200,000	433,359
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All of the above results were derived from continuing activities.

Postcode Global Trust

Balance sheet

as at 31 December 2019

	<i>Note</i>	2019 £	2018 £
Current assets			
Debtors	8	49,642	46,659
Cash at bank and in hand		2,029,057	1,915,962
		<u>2,078,699</u>	<u>1,962,621</u>
Creditors			
Amounts falling due within one year	9	(776,699)	(1,529,262)
Net current assets		<u>1,302,000</u>	<u>433,359</u>
Accumulated funds			
Unrestricted funds:			
General		302,000	233,359
Designated		1,000,000	200,000
Total funds	11	<u>1,302,000</u>	<u>433,359</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 22nd September 2020.



Christina Kelly
Chair

Company number: SC449876

Postcode Global Trust

Statement of cash flows

for the year ended 31 December 2019

	2019	2019	2018	2018
	£	£	£	£
Cash flows from operating activities				
Net income/(expenditure)	868,641		(823,803)	
Income from investments	(13,690)		(11,864)	
Increase in debtors	(2,983)		(24,711)	
(Decrease)/increase in creditors	(752,563)		1,480,563	
	<hr/>		<hr/>	
Cash provided by operating activities		99,405		620,185
Cash flows from investing activities				
Investment income	13,690		11,864	
	<hr/>		<hr/>	
Cash provided by investing activities		13,690		11,864
		<hr/>		<hr/>
Increase in cash and cash equivalents in the year		113,095		632,049
Cash and cash equivalents at the beginning of the year		1,915,962		1,283,913
		<hr/>		<hr/>
Total cash and cash equivalents at the end of the year		2,029,057		1,915,962
		<hr/> <hr/>		<hr/> <hr/>
Cash and cash equivalents comprise:				
Cash at bank		2,029,057		1,915,962
		<hr/>		<hr/>

Postcode Global 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 Global 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. The current Covid-19 public health crisis creates significant uncertainty for the world economy. With having a single source of income, the Directors remain confident in the resilience of the subscription model of People's Postcode Lottery to protect the Trust income. In the event of a substantial change in circumstances significantly reducing revenue, the Trust holds sufficient cash reserves to ensure it can continue operations for the foreseeable future. The Directors consider it appropriate to prepare financial statements on a going concern basis.

Postcode Global Trust

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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 operations costs.

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of expenditure in the statement of financial activities.

Grants payable

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

Expenditure on raising funds

The cost of 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.

Postcode Global Trust

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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 Trust 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

	2019	2019	2018	2018
	£	%	£	%
Total proceeds	9,113,751	100	9,066,364	100
Prizes	(3,645,501)	(40)	(3,626,546)	(40)
Operational costs	(2,551,850)	(28)	(2,538,582)	(28)
	<hr/>	<hr/>	<hr/>	<hr/>
Lottery fund allocation	2,916,400	32	2,901,236	32
	<hr/>	<hr/>	<hr/>	<hr/>

Postcode Global Trust

Notes to the financial statements *(continued)*

3	Income from investments	2019	2018
		£	£
	Bank interest	13,690	11,864
		<u> </u>	<u> </u>
4	Expenditure on raising funds		
		2019	2018
		£	£
	Prizes	3,645,501	3,626,546
	Operational cost	2,551,850	2,538,582
	Gambling Commission	3,138	2,955
		<u> </u>	<u> </u>
		6,200,489	6,168,083
		<u> </u>	<u> </u>

Postcode Global Trust

Notes to the financial statements *(continued)*

5 Expenditure on charitable activities

		Total 2019 £	Total 2018 £
	Funding theme		
Grants			
CARE International	Equality, Education & Human Rights	650,000	250,000
Humanity & Inclusion UK	Equality, Education & Human Rights	250,000	250,000
Child & Youth Finance International	Equality, Education & Human Rights	-	175,000
Médecins Sans Frontières	Equality, Education & Human Rights	850,000	850,000
Children on the Edge	Equality, Education & Human Rights	250,000	-
Theirworld	Equality, Education & Human Rights	-	650,000
World Association of Girl Guides and Girl Scouts	Equality, Education & Human Rights	-	1,500,000
		<u>2,000,000</u>	<u>3,675,000</u>
Support costs			
Cost recharges		50,914	44,414
Travel and subsistence		169	2,995
Printing		-	43
Insurance		896	896
External Conferences		-	165
Bank charges		85	60
Charity workshops		-	1,036
Subscriptions		1,128	3,031
Governance costs (Note 6)		5,119	6,309
		<u>58,311</u>	<u>58,949</u>
Total charitable activities		<u>2,058,311</u>	<u>3,733,949</u>

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

Postcode Global Trust

Notes to the financial statements *(continued)*

6	Governance costs	2019	2018
		£	£
	Legal and professional fees	1,764	2,809
	Audit fees	3,355	3,500
		<u>5,119</u>	<u>6,309</u>
7	Staff costs	<u><u> </u></u>	<u><u> </u></u>

No Directors received remuneration during the year *(2018: £nil)*.

No Directors received reimbursement of expenses during the year *(2018: £nil)*. Directors' indemnity insurance costing £896 *(2018: £896)* was purchased in the year.

The charity has no employees *(2018: £nil)*. 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 £2,185 *(2018: £1,951)*.

8	Debtors	2019	2018
		£	£
	Other debtors	49,642	46,659
		<u>49,642</u>	<u>46,659</u>
		<u><u> </u></u>	<u><u> </u></u>

Postcode Global Trust

Notes to the financial statements *(continued)*

9 Creditors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade creditors	8,538	16,382
Other creditors	764,661	1,509,380
Accruals and deferred income	3,500	3,500
	<u>776,699</u>	<u>1,529,262</u>

10 Analysis of net assets between funds

	General	Designated	Total
	2019	2019	2019
	£	£	£
Current Assets	1,078,699	1,000,000	2,078,699
Current Liabilities	(776,699)	-	(776,699)
	<u>302,000</u>	<u>1,000,000</u>	<u>1,302,000</u>
Total net assets at 31 December 2019	<u>302,000</u>	<u>1,000,000</u>	<u>1,302,000</u>
	General	Designated	Total
	2018	2018	2018
	£	£	£
Current Assets	1,762,621	200,000	1,962,621
Current Liabilities	(1,529,262)	-	(1,529,262)
	<u>233,359</u>	<u>200,000</u>	<u>433,359</u>
Total net assets at 31 December 2018	<u>233,359</u>	<u>200,000</u>	<u>433,359</u>

Postcode Global Trust

Notes to the financial statements *(continued)*

11 Accumulated funds

	Unrestricted funds			Unrestricted funds		
	General	Designated	Total	General	Designated	Total
	2019	2019	2019	2018	2018	2018
	£	£	£	£	£	£
Balance brought forward	233,359	200,000	433,359	257,163	1,000,000	1,257,163
Net income/(expenditure) for the year	868,641	-	868,641	676,196	(1,500,000)	(823,804)
Transfers	(800,000)	800,000	-	(700,000)	700,000	-
Balance carried forward	302,000	1,000,000	1,302,000	233,359	200,000	433,359

Opening designated funds comprised £200,000 for an emergency fund. This had originally been designated to fund charities during 2019, however the Directors made the decision during the year to release this back to general funds.

Closing designated funds comprise:

- £750,000 set aside for a Global Challenge fund whereby charities will be invited to apply for funding to address a fundamental gender equality challenge.
- £250,000 for a Postcode Hero Award. In the event this is not required, the Directors will release this back to general funds.

12 Related party transactions

Postcode Lottery Limited is considered to be a related party.

During 2019 £2,551,850 (2018: £2,538,582) was retained by Postcode Lottery Limited as their external lottery management fee.

A Services Agreement also exists between Postcode Global 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 2019 £50,914 (2018: £44,414) was due to Postcode Lottery Limited, with £8,488 (2018: £16,047) being outstanding at the year end.