

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

**FRIENDLY SOCIETY WITH CHARITABLE STATUS
REGISTERED NUMBER 37 / BEN**

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

OFFICERS AND TRUSTEES:	D G CHAPMAN	Chairman and Trustee
	S MELHUIH	Deputy Chairman and Trustee
	D MARAGGELIS	Honorary Treasurer and Trustee
	B A THOMSON	Trustee
	K WALSH	Trustee
	Ms L CLARKSON	Trustee
	Mrs M TOUTOUYOUTE	Trustee
	Mrs H ROLPH	Trustee
	Ms C SHONIBARE	Trustee
	J D'CRUZ	Trustee
	D POOLE	Trustee

SECRETARY: J M POWELL

CHARITY REGISTERED NUMBER: 37 / BEN

REGISTERED OFFICE: ROYAL MAIL
MOUNT PLEASANT
185 FARRINGDON ROAD
LONDON
EC1A 1AA

AUDITORS: R.E.JONES & CO.
132 BURNT ASH ROAD
LONDON
SE12 8PU

INVESTMENT MANAGER: CAZENOVE CAPITAL MANAGEMENT
12 MOORGATE
LONDON
EC2R 6DA

BANKERS: BARCLAYS BANK PLC
LEICESTER
LE87 2BB

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POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

The Officers and Trustees present their report and the audited financial statements of the Institution for the year ended 31 December 2016.

The Post Office Orphans Benevolent Institution is registered as an exempt charity.

STATEMENT OF OFFICERS AND TRUSTEES' RESPONSIBILITIES

The Officers and Trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of The Post Office Orphans Benevolent Institution (POOBI) and the net movement in funds for that period. In preparing those financial statements, the Officers and Trustees are required to:

- select suitable accounting policies and 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 in operation.

The Officers and Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of POOBI, and to enable them to ensure that the financial statements comply with the Charities Act 2011, the latest Charity SORP and other relevant legislation. They are also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Messrs.R.E.Jones & Co., will be proposed for re-appointment at the forthcoming annual general meeting.

OBJECTIVES AND ACTIVITIES

The Post Office Orphans Benevolent Institution (POOBI) is a Friendly Society regulated by the Financial Conduct Authority (FCA) and has charitable status. Under current regulations it is an exempt charity in that it does not have to submit returns or accounts to the Charity Commission, but instead is regulated by the FCA to which returns and accounts are provided. The accounts are subject to external, professional audit and comply with the relevant standards of accounting and reporting practices.

POOBI is a grant-making organisation, which receives grants and donations (from Royal Mail, Post Office Ltd and BT plc employees and other bodies) and utilises an investment portfolio to generate income from which grants and bursaries can be made to individuals and families.

Established in 1870 as a Friendly Society, POOBI exists to help relieve hardship, need or distress among children of Royal Mail and Post Office Ltd staff who, because of the death or absence of one or both parents, chronic illness or disability, may lack provision for care, maintenance, education or opportunity for advancement in life. Originally London-centric, POOBI has extended its reach in recent years and now provides support to beneficiary families spread across the United Kingdom.

POOBI will consider applications for help from employees of Royal Mail Group Ltd, Post Office Ltd or those in receipt of a pension from Royal Mail Group or former employees of The Post Office Corporation or Consignia Ltd and whose pensions are paid under the Statutory Pensions scheme set up for certain pensioners of the former Post Office Corporation or Consignia Ltd. The Trustees may also consider applications from those whose employment from Royal Mail of Post Office Ltd was ceased under medical severance terms within the past two years (and subject to certain conditions).

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

THE YEAR 2016 in BRIEF (2015 in brackets)

- POOBI's total direct charitable expenditure for 2016 was £271,125, a new record.
- 87 families were receiving regular, financial help from POOBI to alleviate hardship arising from, for example, chronic illness or disability, or the absence of a parent.
- 110 young people were being helped by a POOBI university bursary at the end of the year.
- 16 families (20 children) were awarded POOBI Rising Stars bursaries in 2016 to help their daughter(s) or son(s) achieve their potential in the areas of music, dance or sport. Four additional bursaries from 2015 were also granted in 2016.
- POOBI's geographical reach across the UK widened further.
- POOBI received a total incoming resource income of £258k and also used an additional realised gain from the capital, net of costs of managing the portfolio, to invest a total of £304k in the charity. This equates to 85p per pound generated expended on charitable activities. This compares very favourably to 80p per pound for similar sized charities £0.5m to £1m (*source True and Fair Foundation*).
- In 2016 the market value of the investment portfolio increased by 31% to £6.8m (£5.2m) at the same time as the fees for managing the portfolio were reduced.
- The relationship with the Civil Service Insurance Society Charity Fund continued, with their grant increasing to £25,000 in 2016.
- POOBI has coped smoothly with the transition between the retiring Secretary, and the new incumbent.
- The POOBI website was developed to enable Bursary applications to be made on-line. This will be further developed in 2017, further improving efficiency.

THE TYPE OF HELP WE CAN OFFER

REGULAR (HARDSHIP) GRANTS

Helping families which face hardship impacting upon the children concerned as a result of the absence of one or even both parents, chronic illness or disability within the family is our traditional work. If approved, these grants are for either £800 or £1,000 (paid in 4 equal installments per year direct into beneficiaries' bank accounts). Grants are normally made for a period of two years but further grants can be made subject to a maximum period of eight years.

BURSARIES

For many parents, the prospects of sending a child(ren) to university or supporting them with specialist equipment or coaching is financially very daunting (notwithstanding the opportunities for the child to sign up for a student loan). In some cases, a bursary award will be the difference between attending University, or undertaking high quality training, or not. POOBI also believes that our educational awards give children the best possible shot at being successful in their education, encouraging them to persevere with their studies, which are often in socially desirable areas such as nursing, social care or policing where graduate qualification is now a prerequisite.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

We have 2 bursary schemes, Page/Briggs (University) and Rising Stars.

1. Page/Briggs (University) Bursaries

Named after two former Secretaries of POOBI, these bursaries are for a young person under the age of 20 (as at 30th September in the year of application and entry to a UK University) who has taken up or is offered a place at a UK University for a First Degree course or equivalent. The bursaries are worth £1,500 per year for a maximum of three years (paid in 2 equal instalments subject to proof of continued university attendance). In addition, for those starting their first year at University, there is an additional one-off grant of £300 to help with start-up costs such as a laptop computer (one instalment only and paid on receipt of evidence of registration at the University). Applications can be made for a student who is already at University, for example starting their second or even third year but, in these cases, there is no retrospective payment for the previous years.

In Autumn 2016 we awarded 54 new Page/Briggs bursaries and, at the end of the year, were helping 110 young people study for a university degree. Originally London-centric, POOBI now has wide national reach....in 2016 we awarded bursaries to places as far afield as Londonderry, Isle of Wight, Perth and Truro, as well as to employee families working in major cities. The present scheme was started in 2006 and at the time was anticipated to reach 10 new bursaries each year. After 10 years this number has quadrupled.

2. Rising Stars Bursaries

These are designed for younger children (up to the age of 18) who show potential in the areas of drama, music, dance (ballet and modern), film or sport and who would benefit from specialised coaching, a master class, summer school or who need to attend auditions (sometimes far from home and requiring an adult to accompany them) or who need specialised equipment or clothing for their activity, and where the family cannot provide these facilities or would struggle so to do. These are one-off grants and are currently worth £750. A total of 20 grants totalling £15,000 were awarded under this scheme at the end of 2016. A further 4 were awarded from the 2015 scheme.

3 Apprenticeship Bursaries

When last offered, these bursaries were worth £750 per year for a maximum of three years. However, no new admissions are being taken into this scheme at present and its format and operation will be reviewed for levels of potential demand, deliverability and availability of financing prior to any re-launch.

TOTAL GRANTS AND BURSARIES

During the year, we were helping a total of 215 families (217 families in 2015), facing acute hardship through loss of a parent or chronic illness or disability, through one of our bursary schemes or through regular hardship grants. Total payments to these families amounted to £271,125 (2015: £232,175).

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

HOW WE DELIVER GRANTS AND BURSARIES

For cases of hardship applications, the POOBI Committee has devolved responsibility for processing these to the Rowland Hill Fund. The experienced staff and Manager of this fund consider the application; apply the criteria set by the Trustees of POOBI in coming to a decision, and then process the payment. This ensures that eligible beneficiaries receive their grants quickly and without fuss. In the case of doubt the case is referred to the Secretary of POOBI. All these cases are then reviewed periodically by experienced trustees of POOBI and any issues discussed with the Rowland Hill Fund Manager. The lead POOBI Trustee then makes a report to the main POOBI committee at their regular meetings. Ultimate responsibility for all such grants rests with the Trustees of POOBI and the performance of The Rowland Hill Fund is subject to on-going review.

For Page/Briggs university bursaries, the number of applications considerably exceeds the number that is available. Therefore trustees use an analytical, assessment methodology to score each application and thereby produce a numerical, 'merit' list from which the awards are then taken in descending order of the score until the budget set for this type of bursary is fulfilled. This ensures an objective appraisal and that awards are made to the most deserving cases. Trustees make their own individual assessments before they meet, and the Secretariat collates the results, which are then considered and discussed by the sub-committee. In this way marking ranges are identified and standards moderated. Trustees believe this provides strong evidence of the objectivity and fairness of the process. Once granting decisions are made, case papers are passed to Rowland Hill Fund to finalise individual cases and to process payments.

ADMINISTRATION

POOBI advertises its grants and services through articles and inserts in the staff newspaper (Courier) online via its website (www.POOBI.org), and through the Royal Mail intranet with its own dedicated webpage ("myroyalmail"). Though our schemes are oversubscribed, the intention in 2017 is to refresh and build upon each of these channels and research what others might prove effective in ensuring as wide an appreciation of POOBI as possible. In addition, 2017 will see us extend and cement the provision of on-line application processes for educational bursaries to ease applications and contain administrative workload, and ultimately costs.

POOBI is keen to ensure that our administration works effectively and efficiently. We employ only one salaried member of staff (The POOBI Secretary) on a part-time basis. To support that individual administratively, we are pleased to report the continuation of our contracted outsourcing Service Level Agreement (SLA) with the other major Royal Mail and Post Office Ltd charitable organisation, the Rowland Hill Fund (RHF), shown as the £10,000 co-ordinating cost in the accounts. This continues to provide a very satisfactory, reliable and good value for money service to POOBI. Payments to beneficiaries are managed on behalf of the Trustees by The Rowland Hill Fund (and Royal Mail Cashiers Department, as agent for the Rowland Hill Fund) but with all the decisions relating to those grants reviewed by and in cases of query referred to Trustees and Secretariat of POOBI.

The Trustees would also like to express their appreciation for the help POOBI receives from the staff of ATOS who provide the Royal Mail "Feeling First Class" Helpline and assist families to complete applications for regular hardship grants, and provide a professional and detailed report to assist the Trustees in their decision making, for which we are grateful.

In terms of location, Royal Mail provides us with office services and IT facilities within Royal Mail Mount Pleasant LONDON EC1A 1AA. We are very grateful to Royal Mail for this help. In 2016, we also benefitted from the loan of an administrative officer for a short period of time to assist in the manual processing of bursary applications. We have estimated a value for this benefit in kind and this is shown in the notes to the accounts.

It should also be noted that POOBI Trustees themselves give considerable amounts of pro bono personal time, not only in terms of attending regular meetings, but also assisting with bursary and "Rising Stars" selections, regular grants process auditing, and interfacing with our investment managers and other advisors. POOBI could not work effectively without this commitment from its Trustees.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

HOW WE FUND OUR WORK

Donations and legacies.

In 2016, our members (we are a Friendly Society, a mutual, charitable organisation and occupational benevolent institution thus, those who support us with money from their pay or pension are 'members') gave us £20,385 which represented 7.8% of our total income from all sources. There has been a steady reduction over recent years and we must anticipate that this trend will continue as long standing members reach retirement age and staffing levels contract in Royal Mail.

The number of members as at 31 December 2016 was 1384.

	BT PLC	Royal Mail Group	Post Office Ltd	Total
As at 31 December 2016	29	1353	2	1384

Grants received from external sources.

We have been very fortunate in recent years in being invited to apply to the Civil Service Insurance Society Charity Fund (CSiSCF) for funding towards our various bursary schemes. In 2016 we were fortunate in receiving a grant for £25,000 towards the university and Rising Stars bursary schemes. The grant enabled us to increase the number of new university bursaries to 53 (we had budgeted for 40), and Rising Stars grants to 24 (20). We were pleased to be asked to make a submission for further funding in 2017 and our application was submitted in December. Without the help of CSiSCF we would not have been able to achieve our target of 100+ University bursaries in operation as at the end of December 2016. Our internal promotional material duly acknowledges the support given to us by CSiSCF.

A donation was also gratefully received from HRM The Queen.

Financial assets.

These are now our major source of income. The assets are held in nominee accounts by Messrs Cazenove Capital Management (a trading name of Schroder and Co. Ltd) who manage these funds on behalf of the Trustees. As the largest UK charity asset manager, Cazenove has a dedicated and well-resourced responsible investment team and are a signatory of the United Nations Principles of Responsible Investment. All investments in companies made by Schroders on behalf of clients are subject to their rigorous responsible investment and corporate governance policies'. Schroders were recently ranked highest in a ShareAction report assessing the responsible investment (RI) performance and transparency of 40 of the largest asset managers in Europe.

The contract with Cazenove is overseen by the Financial Sub Committee of Trustees and which comprises the Treasurer, the Chairman, one Trustee experienced in these matters, and the Secretary. Trustees agree the overall asset allocation and risk profile whilst day-to-day management, stock selection, buying and selling are managed by Cazenove. The performance of Cazenove is then assessed on an ongoing basis by this committee, meeting the fund managers twice a year with a full review carried out once every three years, the most recent being in September 2016. This review confirmed that Cazenove were achieving their mandate, and they were confirmed as investment manager moving forwards. The fees incurred in managing these funds are treated as costs of generating funds in our accounts. These costs were negotiated downwards for 2016, despite the income generated increasing.

At the end of 2016, the total funds in our diversified portfolio stood at £6.9m, a record.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

Benefits in kind.

Royal Mail provides us with accommodation, office services and IT facilities. We have valued these facilities in 2016 at £30,000 and the valuation has been made in accordance with the Charity SORP on the basis of an alternative with equivalent benefit.

RISK

Risk is measured under a number of headings.

Donations from members

Donations have been falling steadily in recent years as the numbers employed in the Royal Mail and Post Office Ltd companies have reduced. Trustees expect this trend to continue as those employees who support POOBI reach retirement age. The strategy Trustees have adopted hitherto seeks to offset the inevitably dwindling members income by returns from financial assets and external grants. The costs avoided by not managing a member recruitment campaign have been, in the view of Trustees, better applied to seeking external grants and to extracting better value from financial assets.

Investments and financial risk.

Risk here is defined as the variability of returns, or volatility of returns. Trustees manage financial risk using professional fund management, by setting asset allocation and risk preferences and measuring the performance of their professional advisors against a set of targets. Messrs Cazenove select the funds and stocks within the asset allocations agreed with Trustees and also within the preference for risk ('appetite for risk') that the Trustees have agreed. It should be noted that POOBI's investment risk exposure is lower than the FT100 and we hold property, bonds and other assets aside from equities. Fund and asset valuations are produced for Trustees each Quarter and show performance against the benchmarks which the Trustees have set. A forecast of income (dividend and total return) is provided to Trustees at the beginning of each year and against this Trustees set their own budget. Management accounts are produced for each Trustee meeting and the actual income from investments is reported. Deviation from forecast is explained and action taken if necessary. The investment mandate held by Cazenove will be revisited in 2017 to ensure the asset allocation remains in line with POOBI requirements.

Operational risk.

Regular grants are made for a maximum period of two years and bursaries for three. Thus, in a worst case scenario, Trustees must ensure that they have sufficient funds to pay out grants for this period. The Trustees on the basis of professional advice are satisfied that they have sufficient assets and liquidity to meet these obligations. Contractual commitments are limited to one year for The Rowland Hill Fund Service Level Agreement, and three months for the employment contract of their Secretary, whilst the Cazenove contract could be terminated with one quarters notice (fees being debited from the funds held and from income account). Looking longer term the Trustees have noted that Royal Mail and Post Office Ltd have reduced their staffing levels and thus, the number of employees eligible to apply for charitable assistance from POOBI has also reduced.

Fraud.

POOBI operates system of dual signature mandate for all payments. Management accounts are prepared for each Trustee meeting and a full audit process by external auditors is adopted. Instructions to Cazenove must also be signed off by either the Chairman or Treasurer and the Secretary and a full set of statements and valuations produced by Cazenove is circulated to Trustees each Quarter. Payroll and pension arrangements for the one employee is performed off site by POOBI's professional accountants. Petty cash is limited to £40 and a file must be kept of all vouchers to balance the cash in hand. All contracts must be approved by at least two Trustees and then endorsed by the full Trustee meeting. Principally, this applies to the contract with Cazenove, the Service Level Agreement (SLA) with the Rowland Hill Fund (see below), and the appointment of POOBI's auditors and accountants.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

Oversight of grant payments made on behalf of Trustees.

Payments of quarterly regular grants are made on behalf of the Trustees by the Rowland Hill Fund and Royal Mail cashiers. The payment schedule is checked by the POOBI Secretary and two Trustees carry out a regular audit of the processes. Rowland Hill Fund invoice POOBI for the payments and quarterly invoices are produced under the terms of the SLA for the work undertaken. Applications for hardship (regular grants) are made via the Royal Mail Helpline which is staffed by trained welfare advisors. They in turn help the applicant complete an application for which sets out details of the applicant's circumstances and this is then passed to the Rowland Hill Fund for consideration both for a grant from that charity but also from POOBI if the POOBI eligibility criteria are met. Rowland Hill Fund staff exercise devolved power of making a grant up to a maximum of £250 per quarter for two years and POOBI Trustees (as previously noted) then review and audit all their decisions.

Payment of bursary grants. University bursary grants are authorised by POOBI trustees and then passed to the Rowland Hill Fund for all subsequent payments. Rowland Hill Fund in turn arrange for Royal Mail Cashiers to make the payments which are credited direct to beneficiary bank accounts. A schedule of payments is prepared and copied to the Secretary to POOBI Trustees who then checks this list against the list of awards made by POOBI Trustees. Rowland Hill Fund is then responsible for ensuring that beneficiaries comply with the terms and conditions of the bursary and if necessary payments can be withheld or suspended. All decisions relating to the cessation of a grant must be referred to the POOBI Secretary. This process is covered by the SLA.

Payment of Rising Stars bursaries. Payments are currently made direct by POOBI and the Secretary is responsible for ensuring compliance with terms and conditions. All payments are made by cheque (payable to the applicant parent or guardian) dual-signed by the Secretary and either the Chairman or Treasurer. In 2017, POOBI will investigate the potential to move towards BACS processes for paying these grants to further improve efficiency, subject to satisfactory authorisation processes being set-up.

SECRETARIAT and TRUSTEES

POOBI operates with one part-time staff (the Secretary), contracted for a total of 7.5 hours per week. The outgoing Secretary, Mr Howard Brabrook, retired from POOBI on 31 January 2017. In order to ensure a smooth and workable handover, his replacement, Mr John Powell commenced POOBI employment wef 1 November 2016, providing a 3 month handover period, and formally taking on the role of Secretary wef 01 January 2017.

The Chairman, Trustees of POOBI, and our working partners would like to place on record their very sincere appreciation of the innovative, professional and hardworking approach consistently provided to POOBI by Howard Brabrook during his considerable service.

There are no pension liabilities in respect of Mr Brabrook and other previously employed staff. Mr Powell has been enrolled into the new Government National Employment Savings Trust (NEST) pension scheme wef 01 February 2017. This fully complies with POOBI's "staging date" and the requirements of the Pensions Regulator. All tax and National Insurance contributions are paid in accordance with current PAYE legislation. Trustees may claim travelling expenses to relevant meetings against receipts.

In terms of Trustees, we must also record the great debt owed to Mrs. Hazel Williams, a very experienced and well-respected Trustee, who sadly passed away during the year after a tragic accident.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

Accounting and audit.

Messrs R E Jones & Co Chartered Accountants were employed to provide a full audit of accounts and also to prepare the accounts from incomplete records. Their fees were £3,350 (excluding VAT).

Regulatory costs.

POOBI is regulated by the Financial Conduct Authority, FCA, and to which POOBI paid £460 in fees.

Fundraising Costs

Fundraising Costs for POOBI are the fees incurred in managing our investments and which now produce the largest proportion of our income. Fundraising costs were £41,999 (2015: £44,914) and were inclusive of VAT. (Note: treatment of investment management fees as fundraising costs is in accordance with the relevant Charity SORP).

This report was approved by the Officers and Trustees, and signed on its behalf:

..... **SECRETARY**

..... **TREASURER**

..... **TRUSTEE**

May 2017

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
REPORT OF THE INDEPENDENT AUDITORS
TO THE OFFICERS AND TRUSTEES OF THE INSTITUTION

We have audited the financial statements of Post Office Orphans Benevolent Institution for the year ended 31 December 2016, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). [including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland].

This Report is made solely to the Institution, as a body, in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that act. Our audit work has been undertaken so that we might state to the Institution, those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institution and the Members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF OFFICERS TRUSTEES AND AUDITORS

The Officers and Trustees are responsible for preparing the financial statements, which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 44 of that act. Our responsibility is to audit and express our opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

Our audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes the assessment of: whether the accounting policies are appropriate to the Institution's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Institution's affairs as at 31 December 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Friendly Societies Act 1974 and the Charity SORP FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
REPORT OF THE INDEPENDENT AUDITORS
TO THE OFFICERS AND TRUSTEES OF THE INSTITUTION

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 and Friendly Societies Act 1974 requires us to report to you if, in our opinion:

- the information given in the Trustees Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

132 Burnt Ash Road
Lee
London
SE12 8PU

May 2017

STEPHEN JONES
For and on behalf of
R E JONES & CO
Chartered Accountants
& Statutory Auditors

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>Notes</u>	2016		2015	
		£	£	£	£
<u>INCOMING RESOURCES</u>					
Members' Subscriptions			20,385		23,085
Donations and Appeals			120		120
Grants			25,000		20,000
Other income			335		1,915
Investment Income			213,088		198,054
Total Incoming Resources			<u>258,928</u>		<u>243,174</u>
 <u>RESOURCES EXPENDED</u>					
Direct Charitable Expenditure			<u>271,125</u>		<u>232,175</u>
 <u>OTHER EXPENSES</u>					
Administration Expenses	2		33,407		30,556
Cost of Generating Funds	3		41,999		44,914
Total Resources Expended			<u>346,531</u>		<u>307,645</u>
Net Incoming Resources			<u>(87,603)</u>		<u>(64,471)</u>
 <u>OTHER RECOGNISED GAINS & LOSSES</u>					
Gains / (Losses) on investments:					
Investments sold			76,329		2,420
Increase during the year of :					
Investments sold			5,517		1,015
Investments held			590,011		84,360
			<u>671,857</u>		<u>87,795</u>
Net Movement in Funds			<u>584,254</u>		<u>23,324</u>
Total Unrestricted Funds Brought Forward			6,370,277		6,346,953
Income Allocated to Restricted funds			-		-
Restricted Funds Expended			-		-
Total Unrestricted Funds Carried Forward			<u>6,954,531</u>		<u>6,370,277</u>

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

BALANCE SHEET – 31 DECEMBER 2016

	<u>Notes</u>	£	<u>2016</u>	£	£	<u>2015</u>	£
<u>FIXED ASSETS</u>							
Investments	5		6,943,722			6,377,188	
<u>CURRENT ASSETS</u>							
Debtors	6	1,694				3,403	
Cash at Bank and in Hand		46,380				24,553	
			<u>48,074</u>			<u>27,956</u>	
<u>CREDITORS</u>							
Amounts falling due within one year	7	37,265				34,867	
			<u>10,809</u>			<u>(6,911)</u>	
Net Current Assets				10,809			(6,911)
Total Assets Less Current Liabilities			6,954,531			6,370,277	
			<u>6,954,531</u>			<u>6,370,277</u>	
<u>FUNDS</u>							
Un-restricted Funds			6,954,531			6,370,277	
Restricted Funds			-			-	
			<u>6,954,531</u>			<u>6,370,277</u>	
Total Funds			6,954,531			6,370,277	
			<u>6,954,531</u>			<u>6,370,277</u>	

Approved by the Officers and Trustees on and signed on their behalf :-

.....
OFFICER/TRUSTEE
 May 2017

.....
OFFICER/TRUSTEE

The notes on pages 12 to 13 form part of these statutory financial statements.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

(a) Basis of Accounting.

The financial statements have been prepared under the Historical Cost Convention and follow the recommendations in the Statement of Recommended Accounting Practice: Accounting and Reporting by Charities (SORP FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and UK Accounting Standards and the Charities Act 2011.

These financial statements for the year ended 31 December 2016 are the first financial statements that comply with the Charities SORP FRS 102. The date of transition is 1 January 2015.

(b) Donations and Gifts.

Income received by way of donations and gifts to the Charity are included in the Statement of Financial Activities when received, unless it relates to a specified period in which case it is deferred.

(c) Investments.

Investments are stated at market value. Realised and unrealised gains and losses on investments are dealt with in the Statement of Financial Activities.

(d) Value Added Tax

Value Added Tax is not recoverable by the Charity, and as such, is included in the relevant costs in the Statement of Financial Activities.

2. RECONCILIATION OF NET INCOMING RESOURCES AND TOTAL FUNDS

The Friendly Society considers that no amendment is required to net incoming resources or total funds as a result of adopting the new Charities SORP FRS 102.

	<u>2016</u>	<u>2015</u>
	£	£
3. <u>ADMINISTRATION EXPENDITURE</u>		
Salaries	10,873	9,196
Auditor's remuneration	3,350	3,300
Book-keeping	407	314
Subscriptions	460	460
Advertising, marketing and website development	6,662	6,244
Travel and subsistence	686	645
Printing, postage and stationery	59	387
Sundry expenses	910	760
Co-ordinating costs	10,000	9,250
	<u>33,407</u>	<u>30,556</u>
4. <u>COST OF GENERATING FUNDS</u>		
Cazenove management fees	41,999	44,914
	<u>41,999</u>	<u>44,914</u>
5. <u>STAFF COSTS</u>		
Average number of persons employed	1	1
	<u>1</u>	<u>1</u>

No remuneration was paid to Trustees in the year, nor were any Trustees' expenses reimbursed.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

(continued)

6. INVESTMENTS

The day-to-day management of the investments in the scheme is delegated by the Trustees to Cazenove. Cazenove are responsible for selecting appropriate investments in accordance with the Trustees' statements of investment principles, and for managing the investment portfolio. The investments are designed by Cazenove to reflect the long term objectives set by the Trustees. All investments are registered in the name of the scheme, and the performance of the investment is reviewed at regular trustees meetings.

	<u>Shares Held</u>	<u>Cost</u>	<u>Market Value</u>
	£	£	£
Artimis U.K.Special Situations Fund	52,563	192,662	297,704
Cazenove Charity Equity Fund	1,136,492	339,037	670,757
Old Mutual U.K.Alpha Fund	426,761	459,454	471,144
AXA Framlington UK Select	217,833	203,424	304,967
Trojan Income Fund	636,356	928,425	1,233,894
Aberdeen Foundation Growth Fund	299,403	356,744	413,654
Majedie Uk Equity Fund	226,296	300,000	347,975
FP Argonaut European Alpha Fund	53,969	62,216	82,902
Jupiter Special Situations Fund	38,370	117,741	143,457
Vanguard S&P 500 UCITS ETF	9,230	171,071	321,158
Cazenove Tokyo Fund	172,486	54,662	135,971
Cazenove Asian Income Maximer	303,416	164,807	175,526
Cazenove Global Emerging Markets Fund	367,697	76,784	242,239
Cazenove QEP Global Active Value	217,850	99,599	152,103
M&G Strategic Corporate Bond	13,998	108,889	154,099
Cazenove Emerging Markets Debt Fund	6,716	161,633	150,714
Cazenove UK Property Fund	5,779	271,824	244,972
Property Income Trust for Charities	226,194	165,000	183,443
Charities Property Fund	194,359	194,000	230,898
International Public Partnerships	64,990	97,160	100,085
Cazenove Sterling Liquidity Plus	2,331	245,376	245,073
Trojan Multi-Asset Fund	49,708	102,990	120,656
CF Ruffer Total Return Ordinary Fund	34,483	86,320	109,440
Cazenove Charity Multi-Asset Fund	499,762	239,650	271,921

Listed Investments

Add Cash Funds

Add Accruals

5,199,468

130,872

8,098

6,804,752

130,872

8,098

5,338,438

6,943,722

2016
£

2015
£

7. DEBTORS

Member's Subscriptions

1,694

3,403

8. CREDITORS

Auditors Remuneration

4,020

3,960

Management Fees

11,062

10,241

Others

22,183

20,666

37,265

34,867

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>2015</u>		<u>2014</u>	
	£	£	£	£
<u>FEES RECEIVED</u>				
Members' Subscriptions	20,385		23,085	
Donations and Appeals	120		120	
Grants	25,000		20,000	
Other income	335		1,915	
Investment Income	213,088		198,054	
	258,928		243,174	
 <u>Direct Charitable Expenditure</u>				
Grants and Bursaries to Beneficiaries	271,125		232,175	
	(12,197)		10,999	
 <u>Administration Expenses</u>				
Salaries	10,873		9,196	
Auditor's remuneration	3,350		3,300	
Book-keeping	407		314	
Subscriptions	460		460	
Advertising and marketing	6,662		6,244	
Travel and subsistence	686		645	
Printing, postage and stationery	59		387	
Sundry expenses	910		760	
Co-ordinating costs	10,000		9,250	
	33,407		30,556	
 <u>Cost of Generating Funds</u>				
Cazenove management fees	41,999		44,914	
	(87,603)		(64,471)	
SURPLUS EXPENDITURE OVER INCOME	(87,603)		(64,471)	

This page does not form part of the Statutory Financial Statements.