

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

FRIENDLY SOCIETY WITH CHARITABLE STATUS
REGISTERED NUMBER 37 / BEN

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

OFFICERS AND TRUSTEES: D G CHAPMAN Chairman

 S MELHUIISH Deputy Chairman – Resigned Dec 17
 D MARAGGELIS Honorary Treasurer – Resigned July 17
 D DEVINE Honorary Treasurer – Appointed Dec 17
 B A THOMSON Trustee
 K WALSH Trustee
 Ms L CLARKSON Trustee– Resigned Dec 17
 Mrs M TOUTOUYOUTE Trustee
 Mrs H ROLPH Trustee
 Ms C SHONIBARE Trustee
 J D'CRUZ Trustee
 D POOLE Trustee
 Ms A McQUILLAN Trustee – Appointed April 17

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 2017.

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 annual, 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 people) 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 2017 in BRIEF (2016 in brackets)

- POOBI's total direct charitable expenditure for 2017 was £286,300 (2016:£271,125) a new record.
- 85 families (87 in 2016) were receiving regular, financial help from POOBI to alleviate hardship arising from, for example, chronic illness or disability, or the absence of a parent
- A total of 122 young people (110 in 2016) were being helped by a POOBI university bursary at the end of the year.
- 32 Children (20 in 2016) were awarded POOBI Rising Stars bursaries in 2017 to help their daughter(s) or son(s) achieve their potential in the areas of music, dance or sport.
- POOBI's geographical reach across the UK widened further.
- POOBI received total incoming resources of £279,721 (£258,928 in 2016) including realised gain from the capital, net of costs of managing the portfolio, to invest a total of £286,300 (£271,125 in 2016) in direct charity activities.
- This equates to 87p (89p) per pound generated expended on charitable activities. This compares very favorably to 80p per pound for similar sized charities £0.5m to £1m (*source True and Fair Foundation*) and reflects some further improvement investments made in 2017 vs 2016.
- In 2017 the market value of the investment portfolio increased by 5.1% during 2017 after fees and all withdrawals for charitable expenditure to £7.3M (8.9% in 2016). Previously reduced fees were held at their new lower level.
- The relationship with the Civil Service Insurance Society Charity Fund continued, with their grant increasing to £30,000 in 2017 (£25,000 in 2016).
- POOBI has installed a number of key operating improvements in 2017, building upon the efficiency gains made in 2016. These included automated flow processes for applications on line and improved information and communications via the website.
- The POOBI website was developed to enable all Bursary and Rising Stars Award applications to be made and then securely assessed by Trustees on-line, in addition to enabling much easier, wider and more frequent updating of information for members.

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 were 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. Trustees have agreed at their December 2017 meeting to increase the awards for 2018 by the contemporary CPI.

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 were worth £1,500 per year for a maximum of three years (paid in 2 equal instalments subject to proof of parental or guardian employment in the Royal Mail or Post Office Limited, and continued university attendance by the student). In addition, for those starting their first year at University, there was 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 2017 we awarded 49 new Page/Briggs bursaries and, at the end of the year, were helping 122 young people study for a university degree. Originally London-centric, POOBI now has wide national reach in 2017, we awarded bursaries to places as far afield as Perth, Truro and Omagh 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. Trustees have agreed at their December 2017 meeting to increase the value of awards for 2018 by the contemporary CPI.

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 were worth £750 (also being increased by CPI for 2018). A total of 32 grants totalling £24,000 were awarded under this scheme during 2017, a significant increase on 2016.

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.

HOW WE DELIVER GRANTS AND BURSARIES

For cases of hardship grant applications, the POOBI Committee has devolved responsibility for processing these to the Rowland Hill Fund under an annual Service Level Agreement (SLA). 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 half-yearly 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.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

HOW WE DELIVER GRANTS AND BURSARIES – (continued)

For Page/Briggs university bursaries, the number of applications considerably exceeds the number that is available. Therefore trustees use an analytical, assessment methodology to securely and independently 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. 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, obtain evidence of university registration, and to process payments securely via the Royal Mail Cashiers Department, as agent for the Rowland Hill Fund.

In all cases, POOBI ensures that appropriate data is collected and securely stored to ensure compliance with the HMRC Common Reporting Standard.

ADMINISTRATION

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 £10,700 co-ordinating cost in the accounts. This continues to provide a very satisfactory, reliable and good value for money service to POOBI.

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"). Work will continue through 2018 to further develop electronic and other media as a means of increasing awareness of POOBI and to enable more cost effective communication with members. This will include further work on an overhaul of the "POOBI Rules", last fully updated in 1981, to ensure our governance processes are appropriate to contemporary structures of the businesses we interface with, and that we can take full advantage of digital age communication efficiencies.

In terms of location, Royal Mail provides us with accommodation, office services and IT facilities within Royal Mail Mount Pleasant LONDON EC1A 1AA. In addition, POOBI received assistance from Royal Mail legal services with the initial work on the "POOBI Rules". We are very grateful to Royal Mail for this help. We have estimated a value for this benefit in kind in line with the relevant Charity SORP, and this is shown in the notes to the accounts.

POOBI take data protection extremely seriously and ensure personal and sensitive information is maintained in a secure environment. The Trustees are reviewing data management in line with GDPR and are determined to meet the forthcoming legal requirements due in 2018.

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.

It should also be noted that POOBI Treasurer and Trustees themselves give considerable amounts of pro bono personal time, not only in terms of attending 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 2017, our members gave us £22,569 (2016 : £20,385) which represented 8% (2016: 7%) of our total income from all sources.

The number of members as at 31 December 2017 was 1,340 (2016 : 1384).

	BT PLC	Royal Mail Group	Post Office Ltd	Total
As at 31 December 2017	24	1314	2	1340
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 activities. In 2017 we received a grant for £30,000 towards the university and Rising Stars bursary schemes, and the costs of website improvements. The grant enabled us to increase the number of new university bursaries to 49, and Rising Stars grants to 32. We were pleased to be asked to make a submission for further funding in 2018 and our application was submitted in December. Without the help of CSiSCF we would not have been able to achieve the levels of awards made, nor install the critical improvements in the POOBI website without detriment to the planned awards. Our internal promotional material and website acknowledge the exceptional support given to us by CSiSCF.

A donation was also gratefully received from HRH The Queen.

Financial assets.

These are now our major source of income, and Trustees take care to ensure these are managed professionally and regularly reviewed. During 2017, Trustees discussed and agreed a Statement of Investment Principles (SIP) to underpin their approach, the primary objective of which is to strike a balance between maximising distributions and maintaining the real capital value of the investments over the long term. POOBI takes income both from the assets held and a 'draw down' on capital i.e. using a total return approach to achieve its annual operating objectives.

The assets are held in nominee accounts by Messrs Cazenove Capital Management (a trading name of Schroder and Co. Ltd) who manage these funds in line with a mandate provided by 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 Schrodors on behalf of clients are subject to their rigorous responsible investment and corporate governance policies'. Trustees were able to review this responsible investing aspect directly with the Cazenove team at a Trustees meeting held during late 2017.

At the end of 2017, the total funds in our portfolio stood at £7.29m. This was an overall increase of 8.5% (net of fees but before withdrawals) over the year which was below the benchmark target. However, over the five year period performance continues to outperform the benchmark index around 0.4% per annum.

There is a highly effective working relationship with Cazenove which functions with POOBI's overall governance structure and the Trustees recognise the good work undertaken by the Cazenove team to help achieve the objectives of the society.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

Financial assets. (continued)

The contract with Cazenove is overseen an Investment Sub Committee of Trustees and which comprises the Treasurer, the Chairman, one Trustee experienced in these matters, and the Secretary. Specific training and targeted briefings are available to members of this Sub Committee to raise their expertise in all investment matters. The performance of Cazenove is assessed on an ongoing basis by this committee, meeting the fund managers twice a year with a full strategy review carried out once every three years, and regularly reporting back to the full board of Trustees. This is an agenda item at each Trustees' meeting where the main focus is on the long term performance over a rolling 3 and 5 year period. On-line valuation services also allow Trustees access on a daily basis to interrogate portfolio structure and holdings when required.

The fees incurred in managing these funds are treated as costs of generating funds in our accounts. These costs were negotiated downwards during 2016, despite the income generated increasing, and these fee reductions have been sustained.

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 2017 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 managed under a number of headings.

Donations from members have been falling gradually in recent years as the numbers employed in the Royal Mail and Post Office Ltd companies have reduced. Without further action, 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 had been, in the view of Trustees, better applied to seeking external grants and to extracting better value from financial assets. However, modernization of the POOBI website during 2017 has enabled the Secretary to initiate low-cost processes for on-line employee contributions, and this will be built into our marketing efforts in 2018 and beyond.

Investments and financial risk. Risk here is defined as the variability of returns, or volatility of returns. POOBI adopts a prudent approach managing financial risk using professional external fund management, setting asset allocation and risk preferences and measuring the performance against a set of targets. The assets must be properly diversified and in such a way as to avoid excessive risk concentration in the portfolio as a whole. The portfolio is diverse and includes property, bonds and other assets aside from equities. Steps were taken in 2017 to widen this diversity.

Operational risk. Regular hardship 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. Trustees 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 the Secretary, whilst the Cazenove contract could be terminated with one quarter's 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 professional external auditors is adopted. Instructions to Cazenove must also be signed off by either the Chairman or Treasurer and the Secretary. 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 hardship 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 half yearly 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 grants. 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 2018, 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, Mr JM Powell), contracted for a total of 7.5 hours per week. Mr Powell is enrolled into the Government National Employment Savings Trust (NEST) pension scheme. All tax and National Insurance contributions are paid in accordance with current PAYE legislation.

In terms of Trustees, POOBI sadly lost the services of two very experienced Trustees during 2017; Mr S Melhuish, who resigned after 26 years' service, primarily as Vice Chairman, and Ms L Clarkson, after 10 years. The Chairman, fellow Trustees of POOBI, and our working partners would like to place on record their very sincere appreciation of the engaging, professional and hardworking approach consistently adopted by Mr Melhuish and Ms Clarkson over their long and valuable service with POOBI. In addition, Mr D Maraggelis (Treasurer) also resigned due to emigration. A new Trustee, Ms Amy McQuillan, and Honorary Treasurer, Mr D Devine have been recruited, and further additions to the Trustees will be made to ensure the Trustees remain collectively capable and diverse.

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 £4,080 (inclusive of VAT) for the audit.

Regulatory costs. POOBI is regulated by the Financial Conduct Authority, FCA, and to which POOBI paid £480 in fees.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

Investment Management 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 £45,596 (2016: £41,999) 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 2018

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
INDEPENDENT AUDITOR'S REPORT
TO THE OFFICERS AND TRUSTEES OF THE INSTITUTION

Opinion

We have audited the financial statements of Post Office Orphans Benevolent Institution for the year ended 31 December 2017, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes, including a summary of significant accounting policies. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Institution's affairs as at 31 December 2017 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*.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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 charity'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.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
INDEPENDENT AUDITOR'S REPORT
TO THE OFFICERS AND TRUSTEES OF THE INSTITUTION

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The officers and trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Charities Act 2011 and Friendly Societies Act 1974

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the institution and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the officers and trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
INDEPENDENT AUDITOR'S REPORT
TO THE OFFICERS AND TRUSTEES OF THE INSTITUTION

Responsibilities of officers and trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 auditor's report.

132 Burnt Ash Road
Lee
London
SE12 8PU

May 2018

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 2017**

	<u>Notes</u>	2017		2016	
		£	£	£	£
<u>INCOMING RESOURCES</u>					
Members' Subscriptions			22,569		20,385
Donations and Appeals			840		120
Grants			30,000		25,000
Other income			325		335
Investment Income			225,987		213,088
Total Incoming Resources			<u>279,721</u>		<u>258,928</u>
<u>RESOURCES EXPENDED</u>					
Direct Charitable Expenditure		286,300		271,125	
<u>OTHER EXPENSES</u>					
Administration Expenses	3	36,730		33,407	
Cost of Generating Funds	4	45,596		41,999	
Total Resources Expended			<u>368,626</u>		<u>346,531</u>
Net Incoming Resources			<u>(88,905)</u>		<u>(87,603)</u>
<u>OTHER RECOGNISED GAINS & LOSSES</u>					
Gains / (Losses) on investments:					
Investments sold		412,193		76,329	
Increase during the year of :					
Investments sold		12,334		5,517	
Investments held		14,651		590,011	
			<u>439,178</u>		<u>671,857</u>
Net Movement in Funds			<u>350,273</u>		<u>584,254</u>
Total Unrestricted Funds Brought Forward			6,954,531		6,370,277
Income Allocated to Restricted funds			-		-
Restricted Funds Expended			-		-
Total Unrestricted Funds Carried Forward			<u><u>7,304,804</u></u>		<u><u>6,954,531</u></u>

POST OFFICE ORPHANS BENEVOLENT INSTITUTION**BALANCE SHEET – 31 DECEMBER 2017**

	<u>Notes</u>	£	<u>2017</u>	£	£	<u>2016</u>	£
<u>FIXED ASSETS</u>							
Investments	6		7,296,750			6,943,722	
<u>CURRENT ASSETS</u>							
Debtors	7	1,619			1,694		
Cash at Bank and in Hand		39,720			46,380		
			41,339			48,074	
<u>CREDITORS</u>							
Amounts falling due within one year	8	33,285			37,265		
Net Current Assets			8,054			10,809	
Total Assets Less Current Liabilities			7,304,804			6,954,531	
<u>FUNDS</u>							
Un-restricted Funds			7,304,804			6,954,531	
Restricted Funds			-			-	
Total Funds			7,304,804			6,954,531	

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

.....
OFFICER/TRUSTEE
May 2018

.....
OFFICER/TRUSTEE

The notes on pages 17 to 18 form part of these statutory financial statements.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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.
- (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.

3. <u>ADMINISTRATION EXPENDITURE</u>	<u>2017</u>	<u>2016</u>
	£	£
Salaries	10,556	10,873
Auditor's remuneration	3,400	3,350
Book-keeping	439	407
Subscriptions	480	460
Advertising, marketing and website development	9,498	6,662
Travel and subsistence	761	686
Printing, postage and stationery	128	59
Sundry expenses	768	910
Co-ordinating costs	10,700	10,000
	36,730	33,407
	=====	=====
4. <u>COST OF GENERATING FUNDS</u>		
Cazenove management fees	45,596	41,999
	=====	=====
5. <u>STAFF COSTS</u>		
Average number of persons employed	1	1
	=====	=====

No remuneration was paid to Trustees in the year.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2017****(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.

	Shares Held	Cost	Market Value
	£	£	£
Cazenove Charity Equity Fund	1,500,395	600,884	933,996
Old Mutual U.K.Alpha Fund	426,761	459,454	521,929
Trojan Income Fund	455,673	664,813	905,285
Aberdeen Foundation Growth Fund	244,108	290,858	367,529
Majedie Uk Equity Fund	226,296	300,000	360,308
Jupiter Special Situations Fund	48,571	162,540	208,206
Cazenove Eurpoean Alpha Income Fund	241,950	183,246	179,842
Vanguard S&P 500 UCITS ETF	9,230	171,071	349,655
SDPR S&P 400 US Mid Cap	1,793	70,814	72,787
Cazenove Tokyo Fund	172,486	54,662	152,960
Cazenove Asian Income Maximer	303,416	164,807	188,573
Cazenove Global Emerging Markets Fund	457,697	150,431	385,747
Cazenove QEP Global Active Value	217,850	99,599	161,623
Cazenove QEP Global Core Fund	153,282	464,049	482,530
M&G Strategic Corporate Bond	13,998	108,889	157,784
Cazenove Emerging Markets Debt Fund	9,160	216,633	210,444
Cazenove UK Property Fund	5,779	271,824	261,789
Property Income Trust for Charities	226,194	165,000	192,423
Charities Property Fund	194,359	194,000	245,572
International Public Partnerships	86,113	128,845	134,939
Cazenove Sterling Liquidity Plus	607	63,897	63,885
Trojan Multi-Asset Fund	49,708	102,990	125,200
CF Ruffer Total Return Ordinary Fund	34,483	86,320	108,954
BMO Pyrford Global Total Return	10,704	119,834	119,882
Cazenove Charity Multi-Asset Fund	499,762	239,650	282,515
Listed Investments		<u>5,199,468</u>	<u>7,174,357</u>
Add Cash Funds			111,228
Add Accruals			11,165
			<u>7,296,750</u>

	2017	2016
	£	£
7. DEBTORS		
Member's Subscriptions	1,619	1,694
	<u>1,619</u>	<u>1,694</u>
8. CREDITORS		
Auditors Remuneration	4,080	4,020
Management Fees	11,455	11,062
Others	<u>17,750</u>	<u>22,183</u>
	<u>33,285</u>	<u>37,265</u>

POST OFFICE ORPHANS BENEVOLENT INSTITUTION**INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2017**

	<u>2017</u>		<u>2016</u>
	£	£	£
<u>FEES RECEIVED</u>			
Members' Subscriptions	22,569		20,385
Donations and Appeals	840		120
Grants	30,000		25,000
Other income	325		335
Investment Income	225,987		213,088
	<u>279,721</u>		<u>258,928</u>
 <u>Direct Charitable Expenditure</u>			
Grants and Bursaries to Beneficiaries	286,300		271,125
	<u>(6,579)</u>		<u>(12,197)</u>
 <u>Administration Expenses</u>			
Salaries	10,556	10,873	
Auditor's remuneration	3,400	3,350	
Book-keeping	439	407	
Subscriptions	480	460	
Advertising and marketing	9,498	6,662	
Travel and subsistence	761	686	
Printing, postage and stationery	128	59	
Sundry expenses	768	910	
Co-ordinating costs	10,700	10,000	
	<u>36,730</u>	<u>33,407</u>	
 <u>Cost of Generating Funds</u>			
Cazenove management fees	45,596		41,999
	<u>(88,905)</u>		<u>(87,603)</u>
SURPLUS EXPENDITURE OVER INCOME			
	<u><u>(88,905)</u></u>		<u><u>(87,603)</u></u>

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