

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

FOR THE YEAR ENDED 31 DECEMBER 2019

OFFICERS AND TRUSTEES:	D G CHAPMAN	Chairman
	H ROLPH	Deputy Chairman
	D DEVINE	Honorary Treasurer
	K WALSH	Trustee
	M TOUTOUYOUTE	Trustee
	C SHONIBARE	Trustee
	D POOLE	Trustee
	A McQUILLAN	Trustee
	S SHARPEN	Trustee
	J DEERE	Trustee
	Mrs A TURRELL	Trustee – appointed 5 December 2019

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

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

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POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT OF THE OFFICERS AND TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2019

The Officers and Trustees present their report and the audited financial statements of the Institution for the year ended 31 December 2019.

COVID – 19

Please Note: This annual report covers the period 1 January to 31 December 2019, and therefore predates the identification of the virus in China and its subsequent spread and escalation within the UK and wider world. As such, there was effectively no contemporary impact on POOBI's operations, financial position and operations. However, Trustees are mindful that this position has since changed significantly, and whilst there will be impacts on POOBI going forwards, every effort will be made to ensure that POOBI's longstanding work in support of our families can continue. The grants and awards made up to 30 April 2020 will be honoured in full. Meanwhile, as it has not been possible within HM Government social distancing guidelines to hold a physical AGM, this Report and Accounts has been approved electronically and in line with the POOBI Rules.

The Post Office Orphans Benevolent Institution is registered as an exempt charity. POOBI was established in 1870 as a Friendly Society and will celebrate its 150th anniversary in 2020.

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 will be proposed for appointment at the next available general meeting.

OBJECTIVES AND ACTIVITIES

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 a full 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.

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 now provides support to beneficiary families spread right 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 or Post Office Ltd was ceased under medical severance terms within the past two years (and subject to certain conditions).

THE YEAR 2019 in BRIEF (2018 in brackets)

- 94 families as of July 2019 (86 in July 2018) 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 138 young people (126) were being helped by a POOBI university bursary at the end of the year.
- 29 Children (38) were awarded POOBI Rising Stars bursaries in 2019 to help achieve their potential in the areas of music, dance or sport.
- POOBI's total direct charitable expenditure for 2019 was £320,725 (£302,507), another new record.
- POOBI received total gross incoming resources of £298,858 (£285,095), before costs of managing the portfolio. In line with the Society's investment principles to operate on a total return basis over a 3 to 5 year period, the income is supplemented by realised assets to attain the total expenditure level.
- The proportion of total expenditure (excluding portfolio management costs) that was used for direct charitable activities was 90p in the £1. This compares very favourably to similar sized charities £0.5m to £1m (*source True and Fair Foundation*).
- POOBI's portfolio of investments opened the year at a valuation of £6,637,515 and ended the year at £7,340,314.
- Investment fees were further reduced to £26,175 as direct benefit from the Trustees decision to transfer the POOBI portfolio to the Cazenove Responsible Multi-Asset fund; a significant drop from historical levels.
- The relationship with the Civil Service Insurance Society (CSiS) Charity Fund continued, with their grant of £25,000 in 2019 (£40,000).
- POOBI also gratefully received donations from Cazenove and HRH The Queen.
- POOBI's geographical reach across the UK has been maintained and enhanced.
- The POOBI website was further professionally developed to cement the on-line handling and secure assessment of all Bursary and Rising Stars Award applications, and to ease access to information about POOBI's work and policies. This also reduced the workload passed-on to our administration supplier, the Rowland Hill Fund, to ensure there was no above-inflation increase in the agreed fees.
- A major exercise to both re-engage with the membership and overhaul POOBI's governance was completed, with the fully modernised Rules of the Society being formally accepted by and registered with the Financial Conduct Authority on 7th February 2019.

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. These grants were for either £1,200 (one child) or £1,400 (two or more children) per year; paid quarterly in equal installments direct into beneficiaries' bank accounts. Grants are normally made for a period of two years, but further grants can be made subject to a normal maximum period of eight years.

BURSARIES

POOBI believes that our educational awards give children a great shot at being successful in their education. For many parents, the prospects of sending a child(ren) to university (notwithstanding the opportunities for the child to sign up for a student loan) or supporting them with specialist equipment or coaching is financially very daunting. In some cases, a bursary award will be the difference between attending University, or undertaking high quality training, or not.

We have 2 bursary schemes, University Bursaries and Rising Stars.

1. University Bursaries

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 £1550 per year, normally for 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 third year but, in these cases, there is no retrospective payment for the previous years.

In Autumn 2019 we awarded 56 new University bursaries and, at the end of the year, we are helping 138 young people study for a university degree.

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 £775. A total of 29 grants totalling £22,475 were awarded under this scheme during 2019.

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 twice-yearly review.

For university bursaries, the number of applications consistently exceeds the number that is available. Therefore, Trustees use an analytical assessment methodology to securely and independently score each application on-line 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. The Secretary 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 and its SLA partners ensure that the personal data required is collected and securely stored such as to ensure full compliance with the HMRC Common Reporting Standard and the latest GDPR legislation.

ADMINISTRATION

POOBI works effectively and efficiently. We employ 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 £11,500 co-ordinating cost in the accounts. A sub group of POOBI Trustees audits the devolved work on regular hardship grants twice annually, and this has confirmed that it 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 continued through 2019 to further develop electronic and other media as a means of increasing awareness of POOBI. The POOBI website now includes considerable additional information about our award schemes, our policies (for example on Investment and Privacy matters) and recent Financial Statements and Trustees' Reports, as well as example stories about the children and families we have recently assisted.

In terms of location, Royal Mail provides us with accommodation, office services and IT facilities within Royal Mail Mount Pleasant LONDON EC1A 1AA. We are very grateful to Royal Mail for this help

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.

GOVERNANCE

During 2019, POOBI took forwards to final registration with FCA on 7th February 2019, the work commenced some 4 years previously to modernise its ways of working as represented in the Rules of the Institution, and formally adopted by Trustees at a Special General Meeting in December 2018. The Mutuals Register was also updated at the same time.

Trustees would like to place on record their thanks for the considerable help provided by Messrs. Stone King LLP on this work, together with the prior assistance provided by Royal Mail Legal Services, and the CSiS for their grant to enable the membership communication exercises undertaken as part of this work.

HOW WE FUND OUR WORK

Donations and legacies.

In 2019 our members gave us £24,081 (2018: £20,338) which represented 8% of our total income from all sources. *(Note: large payment of £3,952 via Royal Mail in December 2019 boosted the income)*

The number of members as at 31 December 2019 was 1,093 (2018:1,164).

Grants received from external sources.

We have been very fortunate in being invited to apply to the Civil Service Insurance Society (CSiS) Charity Fund for funding towards our various activities. In 2019 we received 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 56, and some of our Rising Stars grants, 29. We were pleased to be asked to make a submission for further funding in 2020 and our application was submitted in December 2019. Without the help of CSiS we would not have been able to achieve the levels of awards made. Our internal promotional material and website acknowledge the exceptional support given to us by CSiS, and we are very grateful for their continued help.

POOBI gratefully received donations from Cazenove and 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. Trustees operate to an agreed and published 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 Cazenove on behalf of clients are subject to their rigorous responsible investment and corporate governance policies.

At the end of 2018, Trustees were presented with the opportunity to migrate part or all of the POOBI portfolio into Cazenove's new Charity Responsible Multi-Asset Fund. This fund is independently regulated by the FCA and is overseen by the Charities Commission. After very careful consideration, Trustees gave approval for this switch, and it was enacted on their behalf by Cazenove at appropriate stages during 2019. The benefits to POOBI include not only a very close alignment with our Statement of Investment Principles (as published on the POOBI website) but also a significant further reduction in fees against previous levels. The degree of downside risk to the portfolio was considered minimal and more than offset by the fees reduction. As a hedge against uncertainty in the markets at the time (due to the contemporary Brexit situation), Trustees also stipulated a significant level of cash holding should be retained sufficient to cover foreseen short-term expenditure commitments so as to avoid enforced asset sales at inopportune moments, together with a number of other best practice approaches, including a high level of diversification with the fund.

The contract with Cazenove is overseen an Investment Sub Committee of Trustees and which comprises the Treasurer, the Chairman, the Secretary, and one other experienced Trustee. Specific training and targeted briefings are available to members of this Sub Committee and Trustees to raise their expertise in all investment matters.

The performance of Cazenove and the fees being charged 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.

Benefits in kind.

Royal Mail provides us with accommodation, office services and IT facilities. We have valued these facilities in 2019 at £30,000 (£30,000 in 2018) and the valuation has been made in accordance with the Charity SORP based on 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. However, further modernisation and expansion of the POOBI material on the website during 2019 in support of campaigns to engage with the membership has enabled POOBI to build greater potential for donations moving forwards.

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, held within the Cazenove Charity Responsible Multi-Asset Fund, is diverse and includes property, bonds, cash and other assets aside from a wide mix of both UK and overseas equities. In addition, POOBI has specified that a significant cash sum (£300,000) be held to enable the continuation of one year's committed grants and awards in the event of a sudden stock market correction such that significant enforced asset sales at reduced prices can be avoided in the short term..

Operational risk. Regular hardship grants are made for a maximum period of two years and bursaries usually for three. 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).

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 then Royal Mail cashiers who make the payments direct to beneficiary bank accounts the payment schedule is checked by the POOBI Secretary and two Trustees carry out a half yearly audit of the processes.

Payment of bursary grants. University bursary grants are authorised by POOBI trustees and then passed to the Rowland Hill Fund who in turn arrange for Royal Mail Cashiers to make the payments 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. As these grants are stand-alone without any ongoing commitment they can be readily "switched off" if necessary, depending upon the level of available funds.

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. 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, and the appointment of POOBI's auditors and accountants.

Regulatory costs. POOBI is regulated by the Financial Conduct Authority (FCA).

Costs of generating funds. 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 £26,176 (2018: £46,645) and were inclusive of VAT. (Note: treatment of investment management fees as fundraising costs is in accordance with the relevant Charity SORP).

SECRETARIAT and TRUSTEES

The Secretary (Mr JM Powell) is contracted for a total of 7.5 hours per week. His remuneration is approved annually by Trustees. 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 addition, the POOBI Chairman, Treasurer and Trustees regularly 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. No remuneration was paid to Trustees in the year. However, Trustees are reimbursed for travel expenses in respect of their formal trustee duties.

A new Trustee, Ms A Turrell was recruited. Further additions to the Trustees will be made as necessary to ensure the Trustees remain collectively capable and diverse.

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 £26,176 (2018: £46,645) and were inclusive of VAT. (Note: treatment of investment management fees as fundraising costs is in accordance with the relevant Charity SORP).

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.

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

..... **SECRETARY**

..... **TREASURER**

..... **TRUSTEE**

April 2020

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
INDEPENDENT AUDITOR'S REPORT
TO THE OFFICERS AND TRUSTEES OF THE INSTITUTION
FOR THE YEAR ENDED 31 DECEMBER 2019

Opinion

We have audited the financial statements of Post Office Orphans Benevolent Institution for the year ended 31 December 2019, 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 2019 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.

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 company regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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

April 2020

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 2019

	<u>Notes</u>	2019		2018	
		£	£	£	£
<u>INCOMING RESOURCES</u>					
Members' Subscriptions			24,081		20,338
Donations and Appeals			750		1,235
Grants			25,000		40,000
Other income			-		50
Investment Income			249,027		223,472
Total Incoming Resources			<u>298,858</u>		<u>285,095</u>
 <u>RESOURCES EXPENDED</u>					
Direct Charitable Expenditure			320,725		302,507
 <u>OTHER EXPENSES</u>					
Administration Expenses	3		36,663		46,906
Cost of Generating Funds	4		26,176		46,645
Total Resources Expended			<u>383,564</u>		<u>396,058</u>
Net Incoming Resources			<u>(84,706)</u>		<u>(110,963)</u>
 <u>OTHER RECOGNISED GAINS & LOSSES</u>					
Gains / (Losses) on investments:					
Investments sold			465,782		35,343
Increase during the year of :					
Investments sold			1,454		(28,340)
Investments held			330,145		(559,450)
			<u>797,381</u>		<u>(552,447)</u>
Net Movement in Funds			<u>712,675</u>		<u>(663,410)</u>
Total Unrestricted Funds Brought Forward			6,641,394		7,304,804
Income Allocated to Restricted funds			-		-
Restricted Funds Expended			-		-
Total Unrestricted Funds Carried Forward			<u><u>7,354,069</u></u>		<u><u>6,641,394</u></u>

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

BALANCE SHEET – 31 DECEMBER 2019

	<u>Notes</u>	£	<u>2019</u>	£	£	<u>2018</u>	£
<u>FIXED ASSETS</u>							
Investments	6		7,340,314			6,637,515	
<u>CURRENT ASSETS</u>							
Debtors	7	3,177			3,025		
Cash at Bank and in Hand		33,031			43,404		
		<u>36,208</u>			<u>46,429</u>		
<u>CREDITORS</u>							
Amounts falling due within one year	8	22,453			42,550		
		<u>22,453</u>			<u>42,550</u>		
Net Current Assets			13,755			3,879	
Total Assets Less Current Liabilities			<u>7,354,069</u>			<u>6,641,394</u>	
<u>FUNDS</u>							
Un-restricted Funds			7,354,069			6,641,394	
Restricted Funds			-			-	
Total Funds			<u>7,354,069</u>			<u>6,641,394</u>	

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

.....
OFFICER/TRUSTEE
April 2020

.....
OFFICER/TRUSTEE

The notes on pages on the subsequent two pages form part of these statutory financial statements.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

	<u>2019</u>	<u>2018</u>
	£	£
3. <u>ADMINISTRATION EXPENDITURE</u>		
Salaries	11,056	9,380
Auditor's remuneration	3,400	3,400
Book-keeping	452	452
Subscriptions	-	541
Advertising, marketing and website development	9,156	10,180
Travel and subsistence	419	451
Legal expenses	-	10,704
Sundry expenses	680	678
Co-ordinating costs	11,500	11,120
	<u>36,663</u>	<u>46,906</u>
4. <u>COST OF GENERATING FUNDS</u>		
Cazenove management fees	<u>26,176</u>	<u>46,645</u>
5. <u>STAFF COSTS</u>		
Average number of persons employed	<u>1</u>	<u>1</u>

No remuneration was paid to Trustees; however Trustees are reimbursed travel expenses.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(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>
	£	£	£
SUTL Cazenove Charity Responsible	13,647,869	6,700,034	7,036,842
Shroder Sterling Liquidity Plus	2,360	280,833	281,771
Listed Investments		<u>6,980,867</u>	<u>7,318,613</u>
Add Cash Funds			21,701
Add Accruals			-
			<u>7,340,314</u>

	<u>2019</u>	<u>2018</u>
	£	£
7. <u>DEBTORS</u>		
Member's Subscriptions	3,025	3,025
	<u>3,025</u>	<u>3,025</u>
8. <u>CREDITORS</u>		
Auditors Remuneration	4,080	4,080
Management Fees	11,582	11,712
Others	6,791	26,758
	<u>22,453</u>	<u>42,550</u>

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>2019</u>		<u>2018</u>	
	£	£	£	£
<u>FEES RECEIVED</u>				
Members' Subscriptions	24,081		20,338	
Donations and Appeals	750		1,235	
Grants	25,000		40,000	
Other income	-		50	
Investment Income	249,027		223,472	
	298,858		285,095	
 <u>Direct Charitable Expenditure</u>				
Grants and Bursaries to Beneficiaries		320,725		302,507
		(21,867)		(17,412)
 <u>Administration Expenses</u>				
Salaries and Pension	11,056		9,380	
Auditor's remuneration	3,400		3,400	
Book-keeping	452		452	
Subscriptions	-		541	
Advertising, marketing and website development	9,156		-	
Travel and subsistence	419		10,180	
Legal expenses	-		451	
Sundry expenses	680		10,704	
Co-ordinating costs	11,500		678	
	36,663		11,120	
				46,906
 <u>Cost of Generating Funds</u>				
Cazenove management fees		26,176		46,645
		(84,706)		(110,963)
SURPLUS EXPENDITURE OVER INCOME		(84,706)		(110,963)

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