

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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 2020

The Officers and Trustees present their report and the audited financial statements of the Institution for the year ended 31 December 2020.

The Post Office Orphans Benevolent Institution is registered as an exempt charity. POOBI was established in 1870 as a Friendly Society and celebrated 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 2020 in BRIEF (2019 in brackets)

- POOBI's operations have continued and been strengthened during 2020, despite and because of the impact of COVID-19 on our beneficiary families and administrative processes. The Trustees continued to meet virtually and electronically and continued with a full range of grant-making activities, reaching a total direct charitable expenditure for 2020 of £379,830 (£320,725 in 2019), another new record.
- 107 families as of July 2020 (94 in July 2019) 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 152 young people (136 in 2019) were being helped by a POOBI university bursary at the end of the year.
- 34 children (29) were awarded POOBI Rising Stars bursaries in 2020 to help achieve their potential in the areas of music, dance or sport.
- POOBI received total gross incoming resources of £335,425 (£298,858), 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 91p in the £1. This compares very favorably 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 £7,354,069 and ended the year at £7,571,522.
- The successful relationship with the Civil Service Insurance Society (CSiS) Charity Fund continued, with their grant of £25,000 (£25,000).
- POOBI also gratefully received donations from Cazenove and HRH The Queen.
- POOBI's administrative and award making processes were further developed to cement the efficient on-line handling and secure assessment of all Bursary and Rising Stars Award applications, further reducing the workload passed-on to our administration supplier, the Rowland Hill Fund, to ensure there was no above-inflation increase in the agreed fees in 2020.

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 increased to 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. POOBI saw a 30% increase in demand for these grants in the final quarter of the year as COVID-19 began to impact on the families of Royal Mail and BT employees. This increase in regular granting workload is likely to be sustained during 2021, and possibly beyond, as the full impact of Covid19 becomes apparent.

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 at high interest rates) 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 of 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 £1,550 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 2020 we awarded 77 new University bursaries, and, at the end of the year, we are helping 152 young people study for a university degree.

In addition, POOBI has made a small number of additional discretionary awards to students who have overcome truly exceptionally challenging personal circumstances to continue their studies. These awards are in memory of our past Chairman, Brian Thomson.

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 grants were at a low level during the early/middle months of the year, as students' activities were suspended during national lockdowns, but were beginning to be activated again towards the end of the year. These are one-off grants and were worth £775. A total of 34 grants totalling £26,350 were awarded under this scheme during 2020.

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 (RHF) 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. Ultimate responsibility for all such grants rests with Trustees.

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 RHF, again under the SLA, 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.

During 2020, Trustees and the Secretary met and reviewed the student's applications remotely via video link to ensure the process still operated as designed.

In all cases, POOBI and its SLA partner ensure that the personal data required is collected and securely stored such to ensure full compliance with the latest GDPR legislation, which is itself kept under review with Royal Mail colleagues.

GOVERNANCE AND ADMINISTRATION

In line with Government guidelines for the prevention of the spread of Covid19, including the requirement to avoid travel and to work from home, all internal and external POOBI meetings after the early March

2020 performance review with Cazenove were held using virtual and electronic media. The 2020 AGM could not be held, but the draft 2019 Financial Statements were first published online on the POOBI website for membership feedback prior to this date and subsequently authorised and signed off electronically by Trustees. It is anticipated that this approach will now continue, at least until and including the April 2021 AGM. This remains an unusual and unpredictable situation, but it is hoped that by the summer (July 2021), meetings can resume as before.

Meanwhile, POOBI continues to work effectively and efficiently, due to the exceptional efforts of our one salaried member of staff (the POOBI Secretary) working on a part-time basis (contracted to 7.5 hours per week) and perforce remotely from the office during most of 2020. The SLA with the RHF, is shown as the £11,800 co-ordinating cost in the accounts. A subgroup of POOBI Trustees audits the devolved work, and this has confirmed that it continues to provide a very satisfactory, reliable and good value for money service to POOBI.

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.

The Trustees would also like to express their appreciation for the help POOBI receives from HR Services in Pond Street Sheffield who provide the Royal Mail 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 formal 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

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 2020 to further develop electronic and other media as a means of increasing awareness of POOBI, and this effort will be continued and widened in 2021 in a dedicated project aimed at reviewing and enhancing POOBI’s profile aligned to Royal Mail’s rapidly evolving structures, operations, communications channels and staffing levels.

Mr. David Chapman advised Trustees at the December 2020 meeting of his intention to stepdown from Chair and Trustee of POOBI at the April 2021 AGM. Mr. Chapman has been involved as a Trustee of POOBI for over 27 years, including significant spells as Treasurer and latterly Chairman. POOBI has continued to develop and move forwards during this period and there are opportunities to continue this work during 2021 and in the years ahead to ensure POOBI remains relevant, focused, and accessible to all eligible employees. Additional Trustees may be recruited to ensure the Committee remains suitably representative, capable and diverse.

HOW WE FUND OUR WORK

Donations and legacies.

In 2020 our members gave us £14,199 (2019: £24,081) which represented 4% of our total income from all sources. Note there was an overpayment in 2019 adjusted in 2020.

The number of subscribing members as of 31 December 2020 was 1,051 (2019:1,093).

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. Without the help of CSiS we would not have been able to achieve the levels of awards made. In 2020 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 77, and our Rising Stars grants to 31. We were pleased to be asked to make a submission for further funding in 2021. 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 a donation from HRH The Queen.

Financial assets.

Trustees take care to ensure assets 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 invested in Cazenove's highly diversified Charity Responsible Multi-Asset Fund. This fund is independently regulated by the FCA and is overseen by the Charities Commission.

The contract with Cazenove is overseen by an Investment Sub-Committee of Trustees and which comprises the Treasurer, the Chair, the Secretary, and one other experienced Trustee. Fund performance is formally reviewed twice during the year, with regular reporting back to the full board of Trustees. On-line valuation services also allow Trustees access on a daily basis to interrogate performance.

During the year, the POOBI's investments performed much better than the UK equities market in general, finishing the year at a value of £7,571,522 (total funds carried forwards). There was a high degree of confidence that planned expenditure during 2021 could be committed to with confidence.

Benefits in kind.

Royal Mail provides us with accommodation, office services and IT facilities. We have valued these facilities in 2020 at £30,000 (£30,000 in 2019) 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.

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. POOBI has also specified a strategic cash holding within the portfolio, which ensures that capital drawdowns do not have to be made at short notice to meet grant making needs, at times when market conditions might be unfavourable to asset disposals.

Operational risk. Regular hardship grants are made for a maximum period of two years (subject to formal review) 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 RHF SLA, 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 RHF via 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 RHF 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. RHF 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. Records of payments made are also kept in line with the HMRC Common Reporting Standard.

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 Prevention. POOBI operates system of dual signature mandate for all other 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. Pay and pension arrangements for the one paid employee (the Secretary) are reviewed and confirmed annually in writing by Trustees, with payroll delivery performed off site by POOBI’s professional accountants. The Secretary 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. 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 SLA with RHF, and the appointment of POOBI’s auditors and accountants.

Regulatory costs. POOBI is regulated by the 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 £11,163 (2019: £26,176) 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**

June 2021

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
INDEPENDENT AUDITOR'S REPORT
TO THE OFFICERS AND TRUSTEES OF THE INSTITUTION
FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of Post Office Orphans Benevolent Institution for the year ended 31 December 2020, 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 2020 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
FOR THE YEAR ENDED 31 DECEMBER 2020

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.

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
INDEPENDENT AUDITOR'S REPORT
TO THE OFFICERS AND TRUSTEES OF THE INSTITUTION
FOR THE YEAR ENDED 31 DECEMBER 2020

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 2021

DARREN SMART
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 2020

	<u>Notes</u>	2020		2019	
		£	£	£	£
<u>INCOMING RESOURCES</u>					
Members' Subscriptions		14,199		24,081	
Donations and Appeals		250		750	
Grants		25,000		25,000	
Other income		112		-	
Cazenove management fees refunded		11,163		-	
Investment Income		284,701		249,027	
Total Incoming Resources		<u>335,425</u>		<u>298,858</u>	
 <u>RESOURCES EXPENDED</u>					
Direct Charitable Expenditure		379,830		320,725	
 <u>OTHER EXPENSES</u>					
Administration Expenses	3	36,358		36,663	
Cost of Generating Funds	4	10,511		26,176	
Total Resources Expended		<u>426,699</u>		<u>383,564</u>	
Net Incoming Resources		<u>(91,274)</u>		<u>(84,706)</u>	
 <u>OTHER RECOGNISED GAINS & LOSSES</u>					
Gains / (Losses) on investments:					
Investments sold		10,545		465,782	
Increase during the year of :					
Investments sold		2,439		1,454	
Investments held		300,514		330,145	
		<u>313,498</u>		<u>797,381</u>	
Net Movement in Funds		<u>222,224</u>		<u>712,675</u>	
Total Unrestricted Funds Brought Forward		7,354,069		6,641,394	
Income Allocated to Restricted funds		-		-	
Restricted Funds Expended		-		-	
Total Unrestricted Funds Carried Forward		<u><u>7,576,293</u></u>		<u><u>7,354,069</u></u>	

POST OFFICE ORPHANS BENEVOLENT INSTITUTION

BALANCE SHEET – 31 DECEMBER 2020

	<u>Notes</u>	£	<u>2020</u>	£	£	<u>2019</u>	£
<u>FIXED ASSETS</u>							
Investments	6		7,564,676			7,340,314	
<u>CURRENT ASSETS</u>							
Debtors	7	1,487			3,177		
Cash at Bank and in Hand		25,626			33,031		
		<u>27,113</u>			<u>36,208</u>		
<u>CREDITORS</u>							
Amounts falling due within one year	8	15,496			22,453		
		<u>15,496</u>			<u>22,453</u>		
Net Current Assets			11,617			13,755	
Total Assets Less Current Liabilities			<u>7,576,293</u>			<u>7,354,069</u>	
<u>FUNDS</u>							
Un-restricted Funds			7,576,293			7,354,069	
Restricted Funds			-			-	
Total Funds			<u>7,576,293</u>			<u>7,354,069</u>	

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

.....
OFFICER/TRUSTEE
May 2021

.....
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 2020

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>2020</u>	<u>2019</u>
	£	£
3. <u>ADMINISTRATION EXPENDITURE</u>		
Salaries	11,227	11,056
Auditor's remuneration	3,400	3,400
Book-keeping	630	452
Subscriptions	75	-
Advertising, marketing and website development	8,441	9,156
Travel and subsistence	180	419
Legal expenses	-	-
Sundry expenses	680	680
Co-ordinating costs	11,725	11,500
	<u>36,358</u>	<u>36,663</u>
4. <u>COST OF GENERATING FUNDS</u>		
Cazenove management fees	<u>10,511</u>	<u>26,176</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 2020

(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	13,351,161	6,554,373	7,194,941
JP Morgan Sterling Liquidity	29,081	293,835	293,966
Listed Investments		<u>6,848,208</u>	<u>7,488,907</u>
Add Cash Funds			75,769
Add Accruals			-
			<u>7,564,676</u>

7. DEBTORS

Member's Subscriptions

<u>2020</u>	<u>2019</u>
£	£
1,487	3,177

8. CREDITORS

Auditors Remuneration

Management Fees

Others

4,080	4,080
2,171	11,582
9,245	6,791
<u>15,496</u>	<u>22,453</u>

POST OFFICE ORPHANS BENEVOLENT INSTITUTION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>2020</u>		<u>2019</u>	
	£	£	£	£
<u>FEES RECEIVED</u>				
Members' Subscriptions	14,199		24,081	
Donations and Appeals	250		750	
Grants	25,000		25,000	
Other income	112		-	
Cazenove management fees refunded	11,163		-	
Investment Income	284,701		249,027	
	335,425		298,858	
 <u>Direct Charitable Expenditure</u>				
Grants and Bursaries to Beneficiaries	379,830		320,725	
	(44,405)		(21,867)	
 <u>Administration Expenses</u>				
Salaries and Pension	11,227		11,056	
Auditor's remuneration	3,400		3,400	
Book-keeping	630		452	
Subscriptions	75		-	
Advertising, marketing and website development	8,441		9,156	
Travel and subsistence	180		419	
Legal expenses	-		-	
Sundry expenses	680		680	
Co-ordinating costs	11,725		11,500	
	36,358		36,663	
 <u>Cost of Generating Funds</u>				
Cazenove management fees	10,511		26,176	
SURPLUS EXPENDITURE OVER INCOME	(91,274)		(84,706)	

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