

POSTAL HERITAGE COLLECTION TRUST
(A company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Charity Number: 1102361
Company Number: 4896026



POSTAL COLLECTION HERITAGE TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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Trustees

Richard Wills	Chairman
Jonathan Evans	Vice Chairman
Julian Barker	
Jayne Billam	Resigned 12 th January 2018
Errol Bishop	Resigned 20 th June 2018
David Gold	
Nick Kennett	Resigned 20 th June 2018
Jane MacLeod	Appointed 20 th June 2018, Resigned 29 th May 2019
Simon Opie	Resigned 26 June 2018
Mike Russell	
Paola Barbarino	
Susan Raikes	
Peter Walls	Appointed 2 nd March 2018
Laura Wright	Appointed 25 th June 2018

Chief Executive

Laura Wright

Secretary

Lawrence Melinek

Bankers

NatWest Bank
Holborn Circus Branch
P O Box No. 204
London
EC1P 1DU

Auditors

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Solicitors

Russell Cooke
2 Putney Hill
London
SW15 6AB

Registered office

Calthorpe House
15-20 Phoenix Place
London
WC1X 0DA

Organisation

Postal Heritage Collection Trust is a registered charity (number: 1102361) and company limited by guarantee (number: 4896026). The charity is governed by its articles of association.

Website

www.postalmuseum.org

POSTAL HERITAGE COLLECTION TRUST

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

The trustees, who are also directors for the purposes of charity law present the annual report and the audited financial statements of the company for the year ended 31 December 2018.

STRUCTURE, GOVERNANCE & MANAGEMENT

ORGANISATIONAL STRUCTURE

Postal Heritage Collection Trust (PHCT), is part of the group of companies which collectively are known, and trade, as The Postal Museum (TPM).

PHCT owns the collection of historic material known as The Postal Museum Collection but it is not engaged in any trading activities. The main operational charity of the group is Postal Heritage Trust (PHT).

PHT and PHCT share the same Board members. PHT manages the collection held by PHCT.

Prior to 2017, the group accounts were prepared by PHCT – more information is provided in note 6 to the financial statements.

DIRECTORS/TRUSTEES

The Board of Trustees (the Board) is composed of up to fifteen members: ten selected by the Trust via an open selection policy, up to three nominated by Royal Mail Group (RMG), and up to two nominated by Post Office Limited (POL), both following their own internal selection policies. At present, there are nine trust-appointed trustees, one nominated by RMG and one nominated by POL: eleven in total.

The Board can be added to by co-option, but at present there are no co-opted trustees. Trustees joining the Board receive a full introduction to PHT's purpose and premises. In addition to a personal briefing, they receive the trustees' handbook which includes links to the Charities Commission best practice documentation.

The Board met a total of six times during 2018. This reflects the greater level of activity taking place in the run up to the opening of a new national museum – The Postal Museum – and the scrutiny required in the period immediately following the opening.

In 2018, the Board will meet bimonthly, with other meetings, including conference calls, taking place as and when necessary. The following committees report to the Board: An Audit and Finance sub-committee; reporting on internal and external audit factors and risk, which meets at least four times per year; a Human Resources sub-committee which meets on a similar basis, including a specific remuneration meeting where staff pay adjustments are discussed and agreed; a Collections sub-committee which meets to consider issues related to the management of TPM's heritage material.

OUR PURPOSE

Who We Are:

The Postal Museum tells the story of postal communication and its impact on a global society.

What We Do:

We use our collection to explore stories around communication, and to inspire everyone to make richer and more meaningful connections in their lives.

Our Values Are:

- Openness
- Generosity
- Innovation

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- Curiosity
- Playfulness

We Will:

Be open and generous in spirit and action
Deliver innovation
Communicate our stories with clarity and playfulness
Be curious about people's stories and experiences

Strategic Objectives:

Core

- Champion good communication and connections in individuals, families, communities and society
- Look after our collection and expand access to it
- Grow an increasingly diverse audience and enrich their lives

Supporting:

Develop and maintain a sustainable financial model.
Grow our partnerships across the country and around the world.

CHARITABLE OBJECTIVES AND ACTIVITIES

The objectives of the Postal Heritage Trust (adopted 12 October 2010 and re-adopted in 2013) are:

- *to advance the education* of the public particularly in the history of postal communication and related services and of the activities of the British Post Office and its successors and the postal and communications systems worldwide;
- *to establish and maintain museum(s) and/or archive(s) for the benefit of the public*, and in pursuit of that object:
 - collect artefacts and archives including postal artefacts and archives which may be British or international to a published policy agreed by the Charity;
 - manage, document, conserve and safeguard the national postal collections and other collections and holdings to the highest appropriate professional standards;
 - exhibit, interpret and provide access to the collections.
- *to restore, exhibit and preserve objects*, (including vehicles and where appropriate buildings and other structures) particularly those objects associated with the history of postal and related services and the activities of the British Post Office and its successors
- to undertake any other charitable purpose.

ACTIVITIES AND PUBLIC BENEFIT- MEETING THE CHARITABLE OBJECTS

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The public benefit delivered by the group is set out in more detail in the review below.

REVIEW OF THE YEAR

The sole activity of PHCT continues to be to hold the Museum Collection,

FINANCIAL REVIEW

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PHCT received donated assets at a fair value of £25 (2017: £8,850) during the year. These were added to the Museum Collection.

Reserves

As PHCT is not an operational charity, its policy is to hold no reserves other than those represented by the Museum Collection.

Related parties

TPM as a group was formed from the Heritage Services department of Royal Mail in 2004, from which it received fixed assets and staff.

Royal Mail Group (RMG) originally nominated two members on the PHCT's board upon foundation, and, like Post Office Ltd., (POL) continues to nominate at least one board member.

The charity and the Postal Heritage Trust (PHT) are under joint control of the board of trustees. PHT is a company limited by guarantee, and the operational charity of the group.

Royal Mail Group (RMG) and Post Office Ltd (POL) have a funding agreement to 2040 to provide PHT with £1,399,960 of unrestricted funds, payable over the year to December 2018, for the general purpose of meeting its charitable objectives. RMG has also transferred some of its intellectual rights to PHT.

RMG and POL have an Archive Services Agreement with PHT and its trading subsidiary, PHSL, which provides the latter with £993,496 of unrestricted funds over the year to December 2018, for the purposes of maintaining the Royal Mail archives.

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Statement of Trustees' Responsibilities

The Trustees (who are also Directors for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company and the group and of the movement in funds, including the income and expenditure, of the charitable Company and group for that period.

In preparing these financial statements, the Trustees are required to:

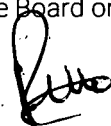
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

- There is no relevant audit information of which the charitable Company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board on 25 September 2019 and signed on their behalf by:


Richard Wills
Trustee/Director

POSTAL HERITAGE COLLECTION TRUST

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Opinion

We have audited the financial statements of Postal Heritage Collection Trust for the year-ended 31 December 2018 which comprise the statement of financial activities and notes to the financial statements, 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of the charitable company's net movement in funds, including the income and expenditure, 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 Companies Act 2006.

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 charitable company 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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.

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:

POSTAL HERITAGE COLLECTION TRUST

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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 Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' Annual 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company 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 trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

POSTAL HERITAGE COLLECTION TRUST

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

26 September 2019

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STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note s	Year to Dec 2018 Unrestricted £	Year to Dec 2018 Restricted £	Year to Dec 2018 Total £	Year to Dec 2017 Total £
INCOME					
Donations and legacies					
Donated assets		25	-	25	8,850
TOTAL INCOME		<u>25</u>	<u>-</u>	<u>25</u>	<u>8,850</u>
EXPENDITURE					
Charitable activities:		-	-	-	-
TOTAL EXPENDITURE		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income		<u>25</u>	<u>-</u>	<u>25</u>	<u>8,850</u>
Transfer between funds		-	-	-	-
NET MOVEMENT IN FUNDS		<u>25</u>	<u>-</u>	<u>25</u>	<u>8,850</u>
Funds brought forward		63,467	5,000	68,467	59,617
FUNDS CARRIED FORWARD		<u>63,492</u>	<u>5,000</u>	<u>68,492</u>	<u>68,467</u>

There were no recognised gains and losses other than those shown in the above Statement of Financial Activities. All income and expenditure of the period was derived from continuing activities.

The notes on pages 10 to 14 form part of these financial statements.

POSTAL HERITAGE COLLECTION TRUST (Company Number: 4896026)

BALANCE SHEET

AT 31 December 2018

	Note	Dec 2018 £	Dec 2017 £
FIXED ASSETS			
Museum collection	3	<u>68,492</u>	<u>68,467</u>
FUNDS			
Restricted funds	4	5,000	5,000
Unrestricted funds:			
General	4	<u>63,492</u>	<u>63,467</u>
		<u>68,492</u>	<u>68,467</u>

The notes on pages 10 to 14 form part of these financial statements.

Approved and authorised for issue by the board of directors on 25 September 2019 and signed on their behalf by:



Richard Wills
Trustee/Director

1. ACCOUNTING POLICIES

a) Accounting basis

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company and its subsidiaries are a public benefit group for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011, and Regulations made thereunder.

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable group to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. After making enquiries the trustees have concluded that there is a reasonable expectation that the charitable group has adequate resources to continue in operational existence for the foreseeable future. The charitable group therefore continues to adopt the going concern basis in preparing its financial statements.

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year

b) Restricted funds

Restricted funds are to be used for specified purposes, as laid down by the grant-making body or donor.

c) Unrestricted funds

Unrestricted funds include donations and other incoming resources received or generated for unspecified charitable purposes.

d) Donations and gifts

Income received by way of donations and gifts is included in the Statement of Financial Activities when received or there is a high probability of receipt.

e) Donations of assets

Donations of assets are received in respect of addition to the Museum Collection. These are recognised at fair value which is typically the cost of purchase.

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1. ACCOUNTING POLICIES (continued)

h) Expenditure

Any expenditure is accounted for on the accruals basis.

i) Museum Collection / Heritage Assets

The charity holds a collection of assets which reflect the history of the postal system.

The museum collection is comprised of items which would fall under the definition of heritage assets in FRS 102 where such a heritage asset is defined as an asset "with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture".

The majority of assets in the collection are not valued on the balance sheet on the basis that appropriate valuations do not exist and could not be obtained at proportionate cost.

A small number of heritage assets were acquired by purchase in the relatively recent past and, in the case of these assets, the cost of purchase is known. The aggregate cost of these assets is shown on the balance sheet.

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2. NET MOVEMENT IN FUNDS FOR THE YEAR

	Year to Dec 2018 £	Year to Dec 2017 £
This is stated after charging:		
Auditors' remuneration for audit	-	-
Auditors' remuneration for other services	-	-
	<u> </u>	<u> </u>

The above costs are borne by the parent charitable company.

3. MUSEUM COLLECTION / HERITAGE ASSETS

The collection was transferred by Royal Mail at the time the charity was established. No value has been attributed to this collection as stated in the accounting policies note. Subsequent additions to the collection have been valued at cost. Additions to the collection during the year amounted to £25 (2017: £8,850). No formal valuation has been made of the collection

Nature and scale of the assets

The museum's collection, which comprises over 60,000 objects and thousands of documents, is classified under the following categories:

- Postal history
- Duplicate registration sheets of stamps
- Letter boxes
- Paintings, prints and engravings
- Vehicles
- Uniform
- Postal Tools and Equipment (including machines and furniture)
- Ephemera collection
- Photographs and film
- Oral history

All aspects of acquisition and disposal are outlined in the Acquisition and Disposal Policy 2010 which has the approval of the Board of Trustees.

Policy for the acquisition, preservation, management and disposal of heritage assets

The heritage assets of The Postal Heritage Collections Trust are the objects that form the museum collection. The majority of the museum collection was gifted to the Trust in 2004 by Royal Mail Group. Further acquisitions have since been made, by purchase through private sale and auction; and by donation, from Royal Mail and members of the public. The collection is managed to the Accreditation Standard, a national standard managed by the Arts Council England, the government body responsible for Museums and Libraries. Preservation of the museum collection in perpetuity is fundamental to the work of museums and this is undertaken through good collection knowledge, safe packing and housing and good house-keeping. Proactive conservation is undertaken where appropriate; usually related to a project. Disposal from the museum collections is undertaken in line with professional standards, including the Accreditation standard and all disposals are in line with the Museums Association's Code of Ethics for Museums. Disposals from the museum collection are never financially motivated.

POSTAL HERITAGE COLLECTION TRUST

NOTES TO THE FINANCIAL STATEMENTS

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Assets reported on the balance sheet

Heritage assets reported on the balance sheet are all reported at cost.

	Additions	Cost of Disposals
Year to 31 December 2018	£25	Nil
Year to 31 December 2017	£8,850	Nil
Year to 31 December 2016	£687	Nil
Year to 31 December 2014	£771	Nil
Year to 31 December 2013	£1,398	Nil
7 months to 31 December 2012	£1,163	Nil

Transactions relating to heritage assets

During the year the trustees approved the transfer of certain duplicate philatelic material for the purposes of sale in support of the capital project to deliver a new Postal Museum / Mail Rail centre. No material from the museum's unique collections was transferred, only duplicate material was affected. The proceeds from the sale of this material to the Postal Heritage Trust was £4,810 (2017: £23,893). The sales took place in a way that valued the material solely for the transaction and no realistic extension of the valuation to any other material is possible. There were no disposals in earlier periods.

4.. FUNDS	Brought forward	Income	Expenditure	Transfers	Carried forward
	£	£	£	£	£
RESTRICTED					
Collection assets	5,000				5,000
	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
UNRESTRICTED					
General	63,467	25	-	-	63,492
	<u>63,467</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>63,492</u>
	<u>63,467</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>68,492</u>

RESTRICTED FUNDS

The restricted fund relates to assets purchased with the assistance of third-party grants.

UNRESTRICTED FUNDS

The general fund is represented by the remainder of the Museum Collection.

POSTAL HERITAGE COLLECTION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

5. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General £	Restricted £	Total £
Heritage assets	<u>63,492</u>	<u>5,000</u>	<u>68,492</u>

6. GROUP UNDERTAKINGS

The trustees of the Postal Heritage Collection Trust (PHCT) are common with those of the Postal Heritage Trust (PHT), a registered charity, limited by guarantee and incorporated in the United Kingdom.

Up to 2016, PHT is consolidated into the accounts of the PHCT and PHCT represented the largest and smallest group for which group accounts were prepared. In 2017 this treatment was reviewed by the Trustees in the light of the significant operational changes in the group and it was considered more appropriate for PHT to be treated as the parent charitable company in place of PHCT. This group restructure is reflected in these accounts which have been prepared on a non-consolidated basis. The group now headed by PHT represents the smallest and largest group for which group accounts are prepared.

7. RELATED PARTY TRANSACTIONS

During the year the charitable company received a grant of assets from Postal Heritage Trust (PHT). This donation is recognised at the cost to PHT of £25 (2017: £8,850).

8. LIABILITY OF MEMBERS

The Postal Heritage Collection Trust is a company limited by guarantee. The liability of the eleven members in the event of a winding up amounts to £1 each.