

POSTAL HERITAGE TRUST
(A company limited by guarantee)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Charity Number: 1102360
Company Number: 4896056

POSTAL HERITAGE TRUST
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FOR THE YEAR ENDED 31 DECEMBER 2018

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POSTAL HERITAGE TRUST

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Trustees

Richard Wills
Jonathan Evans
Julian Barker
Jayne Billam
Errol Bishop
David Gold
Nick Kennett
Jane MacLeod
Simon Opie
Mike Russell
Paola Barbarino
Susan Raikes
Peter Walls
Laura Wright

Chairman

Vice Chairman

Resigned 12th January 2018

Resigned 20th June 2018

Resigned 20th June 2018

Appointed 20th June 2018; Resigned 29th May 2019

Resigned 26 June 2018

Appointed 2nd March 2018

Appointed 25th 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 Trust is a registered charity (number: 1102360) and company limited by guarantee (number: 4896056). The charity is governed by its articles of association.

Website

www.postalmuseum.org

POSTAL HERITAGE TRUST

TRUSTEES' REPORT

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. The Trustees' Annual Report includes both the Directors' Report and the Strategic Report for the purposes of company law.

STRUCTURE, GOVERNANCE & MANAGEMENT

NAME AND REGISTERED OFFICE OF THE CHARITY

Postal Heritage Trust (PHT) is a company limited by guarantee company number 04896056 and a registered charity in England & Wales charity number 1102360. Its registered address is 15-20 Phoenix Place, London WC1X 0DL.

ORGANISATIONAL STRUCTURE

Postal Heritage Trust (PHT), heads the group of companies which collectively are known, and trade, as The Postal Museum (TPM). Postal Heritage Collection Trust, the other charity in the group, owns the collection of historic material known as The Postal Museum Collection but otherwise, it is not engaged in any trading activities. PHT and PHCT share the same Board members. PHT manages the collection held by PHCT. PHT also owns the entire share capital of two trading subsidiaries, Postal Heritage Services Limited (PHSL), which is engaged in archive services, and Postal Heritage Trading Limited (PHTL) (formerly Mail Rail Trading Limited (MRTL), which engages in commercial trading. These financial statements are the accounts of PHT and the consolidated financial statements for the group. This trustees' report therefore refers to both the work of PHT and to the other constituent members of the group.

The group workforce is conventionally organised through a line management structure, set by the Board of Trustees. The Chief Executive has an Executive Team that meet weekly. There are regular full staff meetings and team meetings for each of the TPM's departments. Managers update TPM's management reporting system which encompasses the major museum project (completed in 2017) and core activities, of which a summary is reported to the Board of Trustees of PHT at each Board meeting.

The Board of Trustees sets the remuneration of the Chief Executive, who in turn sets the remuneration of the senior staff in consultation with the Trustee Board's Audit and Finance subcommittee.

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.

In 2018, the Board met 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 Collections sub-committee which meets to consider issues related to the management of TPM's heritage material.

PHSL and PHTL boards of directors meet twice a year. Their Boards comprise PHT trustees together with TPM's Head of Collections (PHSL) and Head of Commercial (PHTL). There are professional advisory boards for both Archive and Commercial activities supplying external expertise in these areas.

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TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

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
- 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

Exhibitions

2018 was the first full year of opening for The Postal Museum exhibition and Mail Rail exhibition and ride. Feedback from visitors continued to be very positive – with average scores of 4.5*s on Tripadvisor, Google Reviews and Facebook – and the experience was shortlisted for a number of prestigious awards, including the 2018 Art Fund Museum of the Year and the 'Permanent Exhibition' category for the 2018 Museum and Heritage Awards.

The Postal Museum's second temporary exhibition *Voices from the Deep* opened to the public at the end of March 2018. The exhibition tells the story of the *SS Gairsoppa*, a ship that was carrying cargo from India to England when it was sunk by a U-Boat in 1941. In 2011 the wreck was the subject of a salvage operation, primarily aiming to recover the cargo of silver bullion worth around £150 million.

Bundles of mail were also retrieved from the ship and remarkably many of the paper documents had been perfectly preserved, despite lying at the bottom of the ocean for decades. The letters, postcards, Christmas cards, photographs, envelopes, and stamps form the centrepiece of The Postal Museum's exhibition, allowing the 'voices from the deep' to finally be heard after more than seventy years.

Surveys of visitors to *Voices* indicated that the exhibition was very well received – 93% of those surveyed rated the exhibition as 'Excellent' or 'Good'; and 77% would recommend a visit to *Voices* to friends and family.

Family Learning

In 2018, the family learning programme reached 4,552 adults and children. A range of activities and workshops were developed and delivered in the Exhibition Spaces, Learning Space, and Mail Rail depot. The programme included storytelling, arts and crafts, gallery actors and artist-led sessions and was very well reviewed and received by participants.

We developed a new Mail Rail family trail to support engagement in the exhibition space, as well as delivering creative workshops to help launch the resource. We evaluated the family activities throughout the year, using questionnaires, observation, postcard feedback, and quantitative data gathering techniques. 100% of surveyed participants rated the activities as 'good' or 'excellent' for their family.

The statement on the questionnaires with the lowest levels of agreement was "*The experience offered good value for money for the family*". We still have work to do to improve this perception and to reach out to diverse families who face financial barriers to visiting. Steps have been taken to address this – for example we have collaborated with local community groups or providers and offered discounted rates. In the summer holidays we partnered with the Camden Council family learning team and welcomed a group of Syrian refugee families to the Museum. The families took part in a storytelling and arts and crafts session, explored the exhibition and experienced Mail Rail.

We continued to deliver outreach to ensure our collection and stories can be accessed by families unable to visit the museum. For example, we worked with Great Ormond Street Hospital in collaboration with GOSH Arts. Actors from the Big Wheel Theatre Company facilitated activities in the learning centre and on the wards, engaging with in-patients and their visiting families. We also built on our relationship with Learning Unlimited, a not-for-profit social enterprise that specialises in adult and family learning in prisons. We worked with Learning Unlimited throughout the year to provide activities for families at Pentonville Prison, encouraging adults and parents to build their communication skills and maintain their connections with each other.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

The success of the family programme was recognised by the shortlisting for the 2018 Kids in Museum Family Friendly Museum award, the biggest museum award in Britain. TPM unfortunately lost out to Leeds City Museum, but it was still a huge achievement to have been part of an 11-strong shortlist from an initial pool of 75 museums nominated across the UK. TPM received a detailed feedback report from the anonymous family reviewers, which was thoroughly reviewed and is being used to guide future improvements to the family offer.

In November 2018 The Postal Museum won the 2018 Day Out With the Kids Family Favourites Award for Best Day Out for Under 5s in London. Over 20,000 families who voted for the awards selected The Postal Museum as the best day out for Under 5s in London, based upon the appeal of our gallery spaces, Sorted! The Postal Play Space and our extensive family programme.

Community Engagement

In 2018 we continued our work to actively engage with and involve local communities in the development of the Museum. We delivered Phase 4 of the Flower Press project in collaboration with the Houses of Parliament, artist Ella Phillips, and the Flower Press Social Enterprise. The focus of the 12-week project was to mark 100 years since the passing of the Representation of the People Act and involved visits to TPM, the Houses of Parliament, Hackney Museum and food-foraging workshops. We worked with 17 women, all survivors of abuse or trafficking, and the aim was to inspire the women to make positive changes to their own lives, build resilience, and alleviate social isolation. Through taking part in the project the women learned new skills and knowledge, and they reported that their confidence and mental health improved.

TPM and Mouth that Roars (a youth media organisation) successfully applied for funding from the Heritage Lottery Fund (HLF) 'Young Roots' funding stream for a partnership project working with a group of autistic young people. The intergenerational, cross-cultural film project explored the history and heritage behind today's digital communication and included visits to the Museum and Mail Rail to explore postal history. The young people produced 2 films that were debuted at a film screening in the Mail Rail depot at the end of project celebration event.

In 2017 The Postal Museum was a key partner in the UCL-led Museums on Prescription project. Hannah led our 10-week project working with socially isolated adults, who gained behind-the-scenes insights into the development of the Museum from staff. In 2018 the project won the 'Educational Initiative' category of the Museums and Heritage Awards, as well as two prestigious Royal Society of Public Health Awards for 'Health & Wellbeing' and 'Arts and Health' (with a special commendation for 'Sustainable Development').

Access Programme

In 2018 TPM made huge steps in improving the offer for visitors with access needs. We collaborated with D/deaf historian and tour guide John Wilson to develop a British Sign Language (BSL) tour of the exhibition. All 4 tours during the year sold out (15 people per tour) and the feedback was very positive. We also delivered 2 BSL storytelling workshops in partnership with Frank Barnes School for Deaf Children – on-site at TPM and at an outreach event at British Library. The events were developed and delivered by D/deaf storytellers and reached over 500 D/deaf families.

In partnership with sight loss charity VocalEyes, we also developed an Audio Described Tour of The Postal Museum for visitors who are blind or partially sighted. The first tour will be piloted in March 2019, followed by a further 3 more tours during the year.

We worked to improve The Postal Museum's offer for autistic visitors, and we secured £20,400 from the City Bridge Trust to deliver relaxed morning events in 2019 for children with an Autism Spectrum Condition, and their families. In addition, we built a relationship with Ambitious about Autism and planned a project to engage with 6 autistic young people. The group will take part in skills-based workshops and gain an insight into working in museums; as well as making recommendations and sharing decision making in TPM resource development. The young people will co-develop a pre-visit film, a social story and a pre-visit info pack.

In partnership with ScanLAB, we secured funding from Innovate UK to develop a design brief for an equitable experience to riding mail rail for those who cannot experience the ride comfortably first hand. 3 steering groups were

formed of people with physical disabilities, sight loss and sensory sensitivities. The participants will direct the project and share their wants, needs and expectations. 2 prototypes will be developed by ScanLAB to be tested by the groups; resulting in recommendations and a design brief of how to move forward.

School Programme and Special Projects

2018 was a busy year for The Postal Museum's schools programme and in October we were delighted to receive the Sandford Award for Learning. We hosted 253 classes, totalling 6,558 school pupils and teachers. Most visits have been from primary schools with a small number from secondary schools and a growing number from SEND schools (Special Educational Needs) and Early Years setting and nurseries. Visiting schools were largely from Camden, Islington, Hackney and Greater London with some schools travelling from Hertfordshire and Kent.

In 2018 we continued to offer schools the option to book a self-led visit or a facilitated workshop and add Mail Rail and/or Sorted! The Postal Play Space, to their visit. Almost half of school visitors experienced Mail Rail with 3,082 pupils and teachers riding the train and 2,684 pupils enjoying a session in Sorted! All visits included time to explore the galleries and use the lunch room.

We retained our contract with the Big Wheel Theatre Company, who provided facilitators to deliver school workshops, apart from The Jolly Postman programme. The most popular workshops are Engineers: GOOD IDEAS!, Mail Rail Science Show and Pop It In The Post. Throughout the year we reviewed and updated the content of workshops in response to teacher feedback.

The Jolly Postman programme, based on the children's book by Janet and Allan Ahlberg, was exceptionally popular. 88 classes took part in the programme. Teacher feedback highlighted its inclusivity and how it meets different learning needs to build confidence of reluctant readers.

Our digital learning resources – available for free download on The Postal Museum and Times Educational Supplement (TES) websites – continue to receive a good number of downloads from teachers across the UK. In 2018 the resources were downloaded nearly 4,000 times and included a new resource called 'Recover the Wreck', which links to the story of the *SS Gairsoppa* on display in *Voices From The Deep* exhibition.

We held three teacher CPD events. In January we hosted a STEM Showcase CPD evening with British Science Association attended by 73 teachers, and The Jolly Postman Teacher Tea Party with Penguin books and National Literacy Trust attended by 49 teachers. Both CPD evenings raised the museum's profile with teachers and led to several bookings, including a whole school.

We hosted two sold-out Home Education Days in October and December for 132 home educated children and their families. Each day had a specific theme and a target age range, but workshops were adapted to be inclusive for all ages and abilities. Feedback has been very positive, and the museum is developing a good reputation with this audience.

In addition to our core schools work, we also ran special projects. In the Summer, we led Postcards In The Park in partnership with the Royal Park's Guild. Funded by the HLF, this project commemorated the role of the postal service in WW1. We built a pop-up Home Depot in Regent's Park and over two weeks welcomed 540 school children and 1,500 families to take part in an immersive, actor-led sorting session, bringing to life the story of the post office at war.

In May, we received funding from Historic England to host a visit from Kenneth Flowers, son of Tommy Flowers, inventor of Colossus, the code breaking machine. 90 school children visited the museum to learn oral history skills and interviewed Kenneth about his father.

Throughout 2018 we built on the success of TPM's opening year. We invested time in teacher engagement and marketing to schools across Greater London via promotional films and digital and print marketing in educational publications to raise awareness of the museum and grow our reach into 2019.

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TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

The Postal Museum hosted two placement projects with groups of students from Worcester Polytechnic Institute – a private university in the USA. One of the projects involved trialling the development of digital content for LearnPad computers with school audiences, whilst the other focused on evaluation of interactive exhibits.

Adult Evening Events Programme

The Bloomsbury Festival is an annual celebration of the local area's pioneering creativity – presenting an inspiring programme of arts, science, literature, performance, discussion and reflection. The theme for the October 2018 festival was 'activists and architects of change' and as part of the programme The Postal Museum hosted a sold-out evening event entitled *Yours Faithfully, Edna Welthorpe (Mrs) – Joe Orton's Prank Letters*.

This was a special evening celebrating the hilarious letters of complaint sent by Mrs. Edna Welthorpe – a pseudonym of controversial 60s playwright Joe Orton. Guest contributors included Orton expert, Dr Emma Parker from the University of Leicester, Joe's younger sister Leonie Orton, Bafta-nominated film-maker Chris Shepherd, Julie Melrose from Islington Local History Centre, and Holly Johnson, the lead singer of Frankie Goes to Hollywood and Orton fan.

Around 80 people enjoyed an introduction to Joe Orton readings of original and new Edna Welthorpe letters, a screening of a special film made by Chris Shepherd, and a Q&A session with the contributors. The Discovery Room also hosted a special Orton themed display made up of reproductions of the letters and library book covers creatively defaced by Orton and his partner Kenneth Halliwell.

Of those surveyed at the event: 100% rated it as 'Excellent' or 'Good'; 100% would recommend Postal Museum evening events to a friend; 81% were first-time visitors; 52% were aged under 55 years old; and 56% were female. Future events that most appealed were: theatre performances; film screenings; comedy gigs; and talks about design history or postal history.

Collections

2018 was the first complete year since the opening of the Museum. Prior to the Museum opening in 2017 the focus for the team had been around preparing the collections for the pending move and establishing new working processes and developing the exhibitions that sit at the heart of the Museum. During 2018 the team have focused on collections management and care, working to get our policies and plans in place to reflect our new working environment and delivering our obligations to Royal Mail and Post Office Limited who are our major stakeholders.

During the year the team continued to work with Royal Mail and Post Office Limited to support the management of the business archive. Meetings are now taking place more regularly with both parties to review progress on appraisal work, cataloguing and levels of public access. A series of meetings have also taken place with Post Office Limited as we support them in their records management work and in managing digital records to ensure they continue to meet their obligations under the Public Records Act.

The Archive team also supported the wider TPM with dealing with GDPR in 2018 and work was done with Post Office Limited as well to ensure that TPM as a data controller and processor were complying with the changed regulations.

The team submitted an application for Archive Accreditation which is a national standard assessed externally. If this is attained in early 2019 this will be an important reflection on how the collection is managed and cared for and be evidence that this is done to the highest industry standards.

The Conservation team was engaged with ongoing collections care work, picking up some material that had awaited conservation from before the move to the new building. There were also several requests for loans from the Postal Museum's collection and these were assessed, treated and mounted by the team. Conservation also undertook commercial work having completed a successful conservation project for an external client on a commercial basis. There are further commercial projects being considered for 2019.

The philatelic team prioritised collections management work in 2018, picking up work that had been left to allow preparation for the move of the collections. This has resulted in re-starting cataloguing work on the collections and making more material available online. During 2018 the entire collection of Victorian stamp registrations sheets was

digitised and put online, and this is already getting a positive reaction from users. Philatelic have also supported a number of loan requests including to Kew Gardens, London Transport Museum and some international venues.

Several projects were also undertaken during the year to mark 100 years since the end of the First World War. Some events took place in the gallery and Discovery Room and the collections team have once more been managing a programme of conservation on war memorials in the Royal Mail Estate, this has been undertaken on a commercial basis.

Development and fundraising

The Postal Museum's Development team raises financial support for its exhibitions, learning and access programmes; collections; digital strategy; and archive. The focus is now on revenue funding.

As a registered charity, without government subsidy, the support of individuals, trusts and foundations and businesses are vital to our work. We seek this support in a variety of ways. We invite people to become members or Patrons, to Sponsor a Sleeper in the tunnels of Mail Rail or to donate when they purchase a ticket or visit our exhibition via a donation box. We offer naming rights and opportunities for sponsorship. Trusts and foundations support our learning and participation programmes as well as our exhibitions, our building and the conservation and care of many of the objects in our collection. We are grateful to all of our supporters for the vital contribution that they make toward the Museum.

The Postal Museum's fundraising activities are carried out by its Development team, which is overseen by the Board of Trustees. We abide by The Code of Fundraising Practice as laid down by the Fundraising Regulator. We work to ensure that our approach to fundraising is legal, open, honest and respectful. In terms of our approaches to donors, we do not cold call individuals or send unsolicited fundraising materials or messages. We do not, at the present time, work with any third party or commercial organisations for the purposes of wealth-screening and nor do we purchase lists for the purposes of lead generation. All fundraising approaches or work carried out by volunteers are carefully monitored. We have received no complaints about our approach to fundraising, or about any person who might be acting on our behalf. Not only do we follow The Code of Fundraising Practice, but we are also fully GDPR compliant and ensure that staff and volunteers understand what this means and how this translates into best practice in terms of our approach to raising funds for the Museum.

Volunteers

Volunteers continue to play an important role at the Museum, providing key support within front-of-house and collections roles. In 2018 there was an average of 30 volunteers per month, who donated at least 3,033 hours to volunteering. HLF set a value of £50 per day to volunteering, which equates to a minimum of £21,664 in work.

Commercial

Income derives largely from three main components: Retail, Food & Beverage (F&B) and Events. Retail and F&B are in part dependant on achieving projected visitor numbers as well as projected spend per head. In 2018, the visitor led F&B budget was achieved with a £3,000 surplus achieving a spend per head of £2.27 and conversion rate of 33% defined as translating museum visitors into shop customers. Retail came in under budget by £113,000 – this is in part due to fewer than projected visitor numbers and achieving a spend per head of £1.80 against a target of £2.15. Events achieved 80% of budget which equates to an income shortfall of £95,000. This is largely due to low sales in the summer months against projection.

FINANCIAL REVIEW

Reserves

Postal Heritage Trust's reserves position is under constant monitoring and management. Following the conclusion of the development project, funding throughout 2018 was almost entirely operational. The general policy of the Trustees is to maintain at least three months' worth of operating expenditure as working capital, to safeguard The Postal

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TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

Museum's efficient running and its ability to meet current commitments and providing stakeholders with assurance about its financial resilience. The nature of the timing of voluntary funding receipts based on agreements with Royal Mail Group and Post Office Ltd, means that this is not always the case but the agreements themselves provide comfort that the museum can continue its normal operations. The reserves policy will be kept under regular review to ensure the museum has sufficient resources to continue to meet its strategic aims and objectives.

Of the total funds of £17,766k (2017: £18,744k) at the year end, £93k (2017: £95k) were restricted, as detailed below, and £17,733k (2017: £18,649k) were unrestricted, of which £17,982k (2017: £18,523k) were designated, leaving a negative £249k balance in the unrestricted fund as detailed below. These figures are after a transfer in 2017 of £10,253k from restricted funds to designated funds following completion of the capital project.

Restricted funds

- Funds restricted to Access & Learning and exhibitions: £20k (2017: £27k)
- Funds restricted for the purchase of new wheels for the Mail Coach £5k (2017: nil)
- Funds represented by the book value of the Collection held by PHCT: £68k (2017: £68k).

Unrestricted funds

Designated funds

- Funds designated related to fixed assets and The Postal Museum capital project: £17,981 (2017: £18,523k).

General funds

- General unrestricted funds: £Nil (2017: £Nil). As the museum in effect, is a new start-up, we are in the process of experimenting and developing services and processes. The stated aim is to build on the successful launch and generate reserves to establish long term sustainability. This involves the development of strong partnerships with key stakeholders including Royal Mail Group and Post Office Limited. It is expected that this process will stabilise in the next two years before sustainable reserves start to build.

Analysis of the funds detailed above in terms of their representation is as follows:

	General £	Designated £	Restricted £	Total £
Fixed Assets	1,484,863	23,815,898	68,492	25,369,253
Net Current Assets/(Liabilities)	(319,302)	876	24,515	(293,911)
Long term liabilities - loans	-	(6,792,977)	-	(6,792,977)
- deferred income	(516,667)	-	-	(516,667)
	648,894	17,023,797	93,007	17,765,698

Related parties

Postal Heritage Trust (PHT) was formed from the Heritage Services department of Royal Mail in 2004, from whom it received fixed assets and staff.

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

Both RMG and POL have Funding Agreements to 2040 which provide the charity with over £1.36m (for the year 2018, but index linked in future years) of unrestricted funds, payable over the year to December 2018, for the general purpose of meeting its charitable objectives. They have also transferred some of their intellectual property rights to the group.

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TRUSTEES' REPORT (Continued)

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POL and RMG have an Archive Services Agreement with PHT via its trading subsidiary, Postal Heritage Services Ltd, which provided the latter with £994k of income over the year to December 2018 (2017: £1,115), for the purpose of maintaining, and providing public access to the RMG /POL archives. This agreement runs until 2040.

The charity and the Postal Heritage Collection Trust (PHCT) are under joint control of the board of trustees. PHCT is a company limited by guarantee. It is a holding entity into which the Royal Mail Museum Collection was transferred on 29 March 2004.

Principal risks and uncertainties

Following the opening of the Postal Museum, the risk profile of the organisation has changed considerably. TPM's income is derived 31% from admissions income, 34% from fundraising, 19% from services and 16% from commercial activity. The major risks associated with each are as follows:

Admissions Income – The principle financial risks to admissions income are the reliability of the Mail Rail attraction, including the trains, and the demand for tickets from the public. These are rated 'red' in the TPM risk register. Clearly TPM's reputation is also a key factor in attracting visitors, centred on its ability to meet legal standards, and in particular, health, safety and security obligations.

Fundraising – Much of the fundraising target has been secured through long term agreements with RM and POL but that still leaves a significant sum to be raised each year from various sources. A shortfall in fundraising income is rated an 'amber' risk in the register. In 2019 a membership scheme will be introduced.

Commercial Income – This income derives from three components: Retail, Food & Beverage (F&B) and Events. F&B is the smallest component and is considered to be of low risk. Retail performance is dependent on a combination of forecast attendance and spend per head being achieved. The novelty of the TPM sites ensures that our Events business continues to attract new business in a very challenging market. The performance of the Events offer is rated a 'red' risk in the register and competitive pricing seems to be the key to achieving sufficient volume to meet our targets.

Services Income – This derives from our management of the archives and public records of both POL and RM. These services are governed by and funded through a long-term agreement, and so the principle risks relate to failure to deliver services to the defined SLA's and/or loss or damage to the collections; both these eventualities are rated as 'amber' risks due to their impact on the museum rather than the likelihood of failure.

Risk management

The Audit & Finance Sub-Committee oversee the risk management process. The TPM Risk Registers are reviewed by the executive team on a periodical basis with a highlight report being provided to the full Board for following each review. The Audit & Finance sub-committee aims to review the full set of registers at least quarterly.

As a condition of our funding, we continue to report on specific key risks to the Heritage Lottery Fund as part of their monitoring process.

FUTURE PLANS

2019 will see the museum continue to serve its many visitors and ensure that they have a great time during their visit. Following the reshaping of our vision and strategic objectives, we will continue to develop our events programme and will start to shape our partnerships strategy. We will also learn from our first year of operation and work to ensure that our operations are as efficient as possible, and our running costs are predictable and affordable.

Culturally, we will develop and embed a Behaviours Framework which will empower our team and will put good communication at the heart of everything we do.

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TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

Education

Development of our formal learning programmes will continue both with outreach activities and onsite school visits. We will look to continually improve sessions as feedback is received from users. Our vibrant schools programme has been one of our many success stories and we aim to maintain and extend the quality and breadth of our offer.

Collections

In 2019 the Collections team intend to continue with the core work of collections management and to increase the material available to visitors, both onsite and online. A new temporary exhibition will be created in 2019 and some policies and procedures will be reviewed and updated. Following these updates, the Museum will apply for Museum Accreditation with Arts Council England and also hopes to secure Archive Accreditation via the National Archives.

Fundraising

The priorities for fundraising during 2019 will be to achieve the income target of £272,000 by finalising and approving our Case for Support; embedding a philanthropy culture at all levels; developing an individual giving programme; and nurturing and continuing to develop our relationship with Trusts and Foundations.

We will appoint an Individual Giving Manager and continue to grow our skills and expertise across the team.

Commercial

As per previous years, visitor led Food & Beverage and Retail have been forecast using visitor numbers as a basis. Benugo, our on-site caterer has projected café sales which will result in £50,000 of commission. There is a detailed plan to achieve increases the previous year, and a new retail team in place to deliver them. For Events, we are broadly projecting to achieve the same income as 2018. A number of marketing and product initiatives are due to be launched in 2019 in order to grow the private market, however to be prudent, there is no growth projected for 2019 due to uncertainty within the market and a venue hire price freeze.

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.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

This report, which includes both the Directors Report and the Strategic Report for the purposes of company law was approved by the Board on 25 September 2019 and signed on their behalf by:

Richard Wills
Director



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

POSTAL HERITAGE TRUST

Opinion

We have audited the financial statements of Postal Heritage Trust for the year-ended 31 December 2018 which comprise the consolidated statement of financial activities, the consolidated and company balance sheets, the consolidated cash flow statement 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 group's and of the parent] charitable company's affairs as at 31 December 2017 and of the group's and parent 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 group 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.

Material uncertainty related to going concern

We draw attention to note 1b in the financial statements, which indicates that Postal Heritage Trust has defaulted on its loan repayment obligations and, whilst assurances have been obtained from the lenders that they will not enforce debt recovery within twelve months of the approval of the financial statements, these assurances are not binding and no longer term restructuring or waiver of the loans has been agreed. These matters indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 11, 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 group's and the parent 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 group or the parent 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.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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 strategic report and 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 strategic report and the directors' report included within the Trustees' Annual Report have 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 group and the parent 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 strategic report and 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 parent charitable company; or
- the parent 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.

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

26 September 2019

10 Queen Street Place
London EC4R 1AG

POSTAL HERITAGE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2018

		Year to Dec 2018 Unrestricted	Year to Dec 2018 Restricted	Year to Dec 2018 Total	Year to Dec 2017 Total
	Notes	£	£	£	£
INCOME					
Donations and legacies					
Donations & Grants - Royal Mail Group Ltd	4	1,399,960	-	1,399,960	1,419,533
Donations & Grants - Other	4	450,262	39,831	490,093	2,229,543
Income from Charitable activities					
Admissions and membership		1,523,248	-	1,523,248	748,223
Outreach and exhibitions		23,967	-	23,967	13,951
Income from other trading activities					
Income of trading company - PHSL	6	1,038,724	-	1,038,724	883,626
Income of trading company - PHTL	6	967,348	-	967,348	580,642
Other income		40,729	-	40,729	22,921
Investment Income		950	-	950	771
TOTAL INCOME		5,445,188	39,831	5,485,019	5,899,210
EXPENDITURE					
Charitable activities:					
Operation of The Postal Museum	5	2,246,968	-	2,246,968	1,643,081
Collections	5	812,836	-	812,836	586,684
Outreach and exhibitions	5	797,146	41,895	839,041	666,277
Costs of raising funds:					
Expenses of charity - PHT	5	1,080,256	-	1,080,256	788,840
Expenses of trading company - PHSL	5	867,011	-	867,011	896,919
Expenses of trading company - PHTL	5	616,985	-	616,985	496,374
TOTAL EXPENDITURE		6,421,202	41,895	6,463,097	5,078,175
Net (expenditure)/income		(976,014)	(2,064)	(978,078)	821,035
Transfer between funds		-	-	-	-
NET MOVEMENT IN FUNDS		(976,014)	(2,064)	(978,078)	821,035
Funds brought forward		18,648,705	95,071	18,743,776	17,922,741
FUNDS CARRIED FORWARD		17,672,691	93,007	17,765,698	18,743,776

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. Note 12 on page 32 shows the 2018 Statement of Financial Activities split between funds.

The notes on pages 20 to 36 form part of these financial statements.

POSTAL HERITAGE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2017

		Year to Dec 2017 Unrestricted	Year to Dec 2017 Restricted	Year to Dec 2017 Total	Year to Dec 2016 Total
	Notes	£	£	£	£
INCOME					
Donations and legacies					
Donations & Grants - Royal Mail Group Ltd	4	1,419,533	-	1,419,533	1,351,513
Donations & Grants - Other	4	167,845	2,061,698	2,229,543	3,060,075
Income from Charitable activities					
Admissions and membership		748,223	-	748,223	-
Outreach and exhibitions		13,951	-	13,951	27,363
Income from other trading activities					
Income of trading company - PHSL	6	883,626	-	883,626	880,556
Income of trading company – PHTL	6	580,642	-	580,642	72,632
Other income – Sale of Fixed Assets		22,921	-	22,921	7,587
Investment Income		771	-	771	47,759
TOTAL INCOME		3,837,512	2,061,698	5,899,210	5,447,485
EXPENDITURE					
Charitable activities:					
Operation of The Postal Museum	5	1,643,081	-	1,643,081	-
Collections	5	586,684	-	586,684	765,992
Outreach and exhibitions	5	599,180	67,097	666,277	797,283
Costs of raising funds:					
Expenses of charity – PHT	5	788,840	-	788,840	307,480
Expenses of trading company - PHSL	5	896,919	-	896,919	825,341
Expenses of trading company – PHTL	5	496,374	-	496,374	221,739
TOTAL EXPENDITURE		5,011,078	67,097	5,078,175	2,917,835
Net (expenditure)/income		(1,173,566)	1,994,601	821,035	2,529,650
Transfer between funds		10,244,415	(10,244,415)	-	-
NET MOVEMENT IN FUNDS		9,070,849	(8,249,814)	821,035	2,529,650
Funds brought forward		9,577,856	8,344,885	17,922,741	15,393,091
FUNDS CARRIED FORWARD		18,648,705	95,071	18,743,776	17,922,741

**CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2018**

		Dec 2018		Dec 2017	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets					
Other fixed assets	7	25,300,761		26,086,540	
Museum Collection	8	68,492		68,467	
			25,369,253		26,155,007
CURRENT ASSETS					
Stock – goods for resale		36,638		54,786	
Debtors and prepayments	10	418,229		437,639	
Cash at bank and in hand		884,714		1,670,823	
		1,339,581		2,163,248	
CREDITORS : amounts falling due within one year	11	(1,633,492)		(2,064,835)	
NET CURRENT (LIABILITIES) / ASSETS			(293,911)		98,413
TOTAL ASSETS LESS CURRENT LIABILITIES			25,075,342		26,253,420
CREDITORS : amounts falling due after more than one year					
Loans	11		(6,792,977)		(6,792,977)
Deferred income	11		(516,667)		(716,667)
			17,765,698		18,743,776
NET ASSETS					
FUNDS					
Restricted funds:	12		93,007		95,071
Unrestricted funds:					
Designated	12		17,023,797		18,522,626
General	12		-		-
Trading subsidiary reserves	12		648,894		126,079
			17,765,698		18,743,776

The notes on pages 20 to 36 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
Director



CHARITABLE COMPANY BALANCE SHEET
AT 31 December 2018

		Dec 2018	Dec 2017
	Note	£	£
FIXED ASSETS			
Tangible fixed assets			
Other fixed assets	7	25,295,778	26,076,122
Investment in subsidiary companies at cost	9	2	2
		25,295,780	26,076,124
CURRENT ASSETS			
Debtors and prepayments	10	524,497	472,654
Cash at bank and in hand		(137,021)	842,822
		387,476	1,315,476
CREDITORS: amounts falling due within one year	11	(1,139,228)	(1,838,693)
NET CURRENT LIABILITIES		(751,752)	(523,217)
TOTAL ASSETS LESS CURRENT LIABILITIES		24,544,028	25,552,907
CREDITORS: amounts falling due after more than one year			
Loans	11	(6,792,977)	(6,792,977)
Deferred income	11	(258,053)	(210,700)
NET ASSETS		17,492,998	18,549,230
FUNDS			
Restricted funds	12	93,007	26,604
Unrestricted funds:			
Designated	12	17,399,991	18,522,626
General	12	-	-
		17,492,998	18,549,230

The notes on pages 20 to 36 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:

LAURA WRIGHT
DIRECTOR

L Wright

CONSOLIDATED CASH FLOW STATEMENT
AT 31 December 2018

	Dec 2018	Dec 2017
	£	£
Cash flows from operating activities		
Net (expenditure) / income for the financial year	(978,078)	821,035
Adjustments for		
Depreciation	1,119,273	471,766
Interest received	(950)	(771)
Loss disposal of fixed assets	3,400	2,064
(Profit) on disposal of heritage assets	(4,810)	(23,893)
Decrease / (increase) in stock	18,148	(54,786)
Decrease / (increase) in debtors	19,410	1,090,853
(Decrease) / Increase in creditors	(631,342)	1,258,140
Net cash generated from operating activities	(454,949)	3,564,408
Cash flows from investing activities		
(Purchase) of tangible fixed assets	(336,895)	(9,150,891)
(Purchase) of heritage assets	(25)	(8,850)
Proceeds from sale of heritage assets	4,810	23,893
Interest received	950	771
Net cash from investing activities	(331,160)	(9,135,077)
Cash flows from financing activities		
Cash inflow from new borrowing	-	500,000
Net (decrease) in cash and cash equivalents	(786,109)	(5,070,669)
Cash and cash equivalents at beginning of the year	1,670,823	6,741,492
Cash and cash equivalents at the end of the year	884,714	1,670,823

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.

In the view of the trustees in applying the accounting policies adopted, no judgements were required, other than the determination of the appropriateness of the going concern basis as out below, 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) Going concern

FRS102 requires the trustees to adopt a going concern basis in preparing the financial statements unless they intend to liquidate the charitable company or have no realistic alternative to do so

The Trust and Postal Heritage Services Ltd have defaulted on their loan repayment obligations to Royal Mail Group Ltd and Post Office Ltd. However, the lenders have not exercised their right under the default provisions of the loan agreement, to require immediate repayment of the loan. The lenders have provided letters of comfort stating that there is no intention to enforce debt recovery within the next 12 months. Meanwhile, discussions are taking place between the parties to explore the restructure and / or waiver of the above-mentioned liabilities and defaults. However, the lenders reserve their rights under the existing Loan Agreements. The Trust does not have the ability to repay the loans under the terms of the existing Loan Agreements and the assurances received from the lenders are non-binding.

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 charity 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.

In particular the trustees have considered the charitable group's forecasts and projections for a period of 12 months from the 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 a minimum period of twelve months and the foreseeable future, subject to the non-enforcement of the loan repayment obligations as noted above. The charity therefore continues to adopt the going concern basis in preparing its financial statements, but the Trustees consider that the conditions described above constitute a material uncertainty which may cast significant doubt over the charitable company's ability to continue as a going concern.

c) Consolidation basis

The consolidated financial statements of Postal Heritage Trust (PHT) include the results, assets and liabilities of the charitable company and its wholly-owned trading subsidiary companies, Postal Heritage Services Limited and Postal Heritage Trading Limited on a line by line basis. In addition, the consolidated financial statements include Postal Heritage Collection Trust (PHCT), a charitable company under common control, on a similar basis. In prior years, the consolidated financial statements were prepared by PHCT. The charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006 and has not prepared a separate Statement of Financial Activities.

1. ACCOUNTING POLICIES (continued)

d) Restricted funds

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

e) Designated funds

Designated funds have been set aside at the Trustees' discretion for a specific purpose.

f) Unrestricted funds

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

g) 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.

No value is placed on donated services and facilities in the financial statements on the basis of immateriality.

h) Revenue grants

Revenue grants are credited to incoming resources in the year for which they are receivable. Revenue grants are deferred where the income represents amounts received for future years and are released to incoming resources in the year for which they have been received.

i) Expenditure

All expenditure is accounted for on the accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Such support costs, including governance costs, are allocated between cost of generating funds and resources expended on charitable activities on basis of time spent.

Salaries are allocated to the Postal Heritage Trust and its trading subsidiaries, Postal Heritage Services Limited and Postal Heritage Trading Limited, on the basis of time spent on each activity.

Governance costs, which are allocated consistently with other costs, are those costs relating to the general running of the charity by its trustees and include audit fees and trustee expenses.

i) Operating leases

The costs of operating leases are charged to the Statement of Financial Activities in the year to which they relate.

k) 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 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. No depreciation is charged.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

l) Depreciation and amortisation

The costs of fixed assets with a purchase price of £1,000 or more are capitalised and written off on a straight-line basis over their useful lives, as follows:

Office equipment, fixtures and fittings	5 years
Long leasehold property	40 years and 25 years (period of lease)

m) Pension scheme

The charity makes employer's contributions into the Royal Mail Group POS and POPS defined benefit final salary schemes on the behalf of seven employees transferred into its employment from Royal Mail Group. The costs are charged to the Statement of Financial Activities when they fall due. The schemes are multi-employer schemes.

2. STAFF NUMBERS AND COSTS

	Year to Dec 2018	Year to Dec 2017
	Number	Number
(a) The average number of employees during the year were as follows:	96	71

(b) Two employees (2017: 1) received remuneration in the band £60,000 to £70,000.

One employee (2017: 0) employee received remuneration in the band £70,000 - £80,000.

No employees (2017: 2) received remuneration the band £80,000 - £90,000.

For the purpose of the above disclosure, remuneration refers to salary and taxable benefits in kind only.

	Year to Dec 2018	Year to Dec 2017
	£	£
Wages and salaries	2,367,505	2,143,598
Social security costs	230,411	219,227
Pension costs	169,141	177,567
Termination payments	16,530	185,073
	2,783,587	2,725,465

During the year reimbursable expenses of £2,749 (2017: £6,967) were paid to 10 (2017: 12) trustees for travelling expenses and subsistence.

The charity made payments of £1,320 (2017: £1,320) in the year for trustees' indemnity insurance.

Simon Opie was employed as CEO and Trustee from 1 January to 26 June 2018 and Laura Wright commenced employment from 25 June as CEO and Trustee of the charity. The legal authority for payments to them was a Charity Commission Order. During the year Simon Opie received remuneration of £59,100 in respect of his employment and Laura Wright received £61,437 in respect of her employment. In addition, the charity made contractual pension contributions of £1,725 in respect of Laura Wright's employment.

The total employee benefits of the charity's Key Management Personnel were £469,573 (2017: £569,632).

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

3. NET MOVEMENT IN FUNDS FOR THE YEAR

	Year to Dec 2018	Year to Dec 2017
	£	£
This is stated after charging:		
Auditors' remuneration – audit of parent company	10,500	7,250
– subsidiary company audits	10,000	15,300
– other services	4,720	3,250
Operating leases – land and buildings	119,949	115,411
Depreciation of fixed assets	1,119,273	471,766

4. DONATIONS AND LEGACIES

	Year to Dec 2018 Unrestricted £	Year to Dec 2018 Restricted £	Year to Dec 2018 Total £	Year to Dec 2017 Unrestricted £	Year to Dec 2017 Restricted £	Year to Dec 2017 Total £
Donations & Grants - Royal Mail Group Ltd and Post Office Ltd	1,399,960	-	1,399,960	1,419,533	-	1,419,533
Donations & Grants - Other	450,262	39,831	490,093	167,545	2,061,698	2,229,243
	1,850,222	39,831	1,890,053	1,587,078	2,061,698	3,648,776

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

5. ANALYSIS OF EXPENDITURE

	PHT	PHSL	PHTL	Collections	Outreach	Operations	Year to Dec 2018 Total
	£	£	£	£	£	£	£
DIRECT COSTS							
Staff Costs	319,690	482,680	209,270	271,265	91,348	689,042	2,063,295
Other staff related items & consultancy	451	-	4,342	235	251	701	5,980
Property costs	86,990	1,404	-	144,995	154,854	433,262	821,505
Direct activity costs	446,367	18,772	250,213	22,938	193,943	8,309	940,542
Depreciation	114,998	5,435	-	197,552	210,983	590,305	1,119,273
	968,496	508,291	463,825	636,985	651,379	1,721,619	4,950,595
SUPPORT COSTS							
Governance Support Costs							
Staff Costs	6,241	-	-	9,597	10,243	28,664	54,745
Other staff consulting	2,700	-	-	4,427	4,728	13,229	25,084
Auditors remuneration	1,130	5,000	5,000	1,853	1,979	5,538	20,500
Trustee Expenses	296	-	-	485	518	1,450	2,749
Other Support Costs							
Staff Costs	83,772	84,451	41,104	128,931	137,610	385,175	861,043
Other staff related items & consultancy	15,497	-	-	25,419	27,147	75,955	144,018
Insurance	10,710	-	-	17,569	18,763	52,497	99,539
Post, stationery, telephone	1,742	-	423	2,857	3,051	8,536	16,609
Office equipment	1,801	-	2,730	2,897	3,061	8,658	19,147
IT costs	10,110	6,721	2,746	15,559	16,606	46,482	98,224
Legal & Professional	3,618	1,873	-	5,934	6,338	17,732	35,495
Other	6,729	1,425	14,740	10,357	11,054	30,941	75,246
Loan interest	60,103	-	-	-	-	-	60,103
Support cost recharge	(92,689)	259,250	86,417	(50,034)	(53,436)	(149,508)	-
	111,760	358,720	153,160	175,851	187,662	525,349	1,512,502
Total expenditure 2018	1,080,256	867,011	616,985	812,836	839,041	2,246,968	6,463,097
Total expenditure 2017	788,840	896,919	496,374	586,684	666,277	1,643,081	5,078,175

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

ANALYSIS OF EXPENDITURE (2017 comparative note)

	PHT	PHSL	PHTL	Collections	Outreach	Operations	Year to Dec 2017 Total
	£	£	£	£	£	£	£
DIRECT COSTS							
Staff Costs	94,121	527,300	178,873	154,338	164,795	461,149	1,580,576
Other staff related items & consultancy	9,381	-	-	15,383	16,425	45,963	87,152
Property costs	64,318	-	-	105,467	112,613	315,126	597,524
Direct activity costs	439,739	50,305	211,063	37,315	79,686	1,616	819,724
Depreciation	50,105	-	-	82,162	87,728	245,492	465,487
	657,664	577,605	389,936	394,665	461,247	1,069,346	3,550,463
SUPPORT COSTS							
Governance Support Costs							
Staff Costs	6,136	-	-	9,436	10,076	28,195	53,843
Other staff consulting							-
Auditors remuneration	1,013	-	-	1,661	1,774	4,964	9,412
Trustee Expenses	750	-	-	1,230	1,313	3,674	6,967
Other	10	-	-	16	17	49	92
Other Support Costs							
Staff Costs	116,580	103,516	34,505	179,290	191,437	535,701	1,161,029
Other staff related items & consultancy	9,726	-	-	5,370	5,734	16,044	36,874
Insurance	5,346	-	-	8,766	9,360	26,192	49,664
Post, stationery, telephone	1,479	-	-	2,424	2,589	7,244	13,736
Office equipment	233	-	-	382	408	1,141	2,164
IT costs	9,410	-	-	15,430	16,475	46,104	87,419
Legal & Professional	7,828	-	-	12,837	13,706	38,355	72,726
Other	3,637	-	-	5,963	6,368	17,818	33,786
Support cost recharge	(30,972)	215,798	71,933	(50,786)	(54,227)	(151,746)	-
	131,176	319,314	106,438	179,290	205,030	573,735	1,527,712
Total expenditure 2017	788,840	896,919	496,374	586,684	666,277	1,643,081	5,078,175
Total expenditure 2016	307,480	825,341	221,739	765,992	797,283	-	2,917,835

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

6. RESULTS FROM TRADING SUBSIDIARIES

Postal Heritage Services Limited is a wholly owned trading subsidiary of Postal Heritage Trust incorporated in England and Wales.

	Year to Dec 2018	Year to Dec 2017
	£	£
Income and Expenditure:		
Turnover	1,038,724	883,527
Cost of sales	(867,011)	(896,919)
Gross profit	171,713	(13,392)
Interest Received	735	99
(Loss)/profit for the year	172,448	(13,293)
Balance Sheet:		
Fixed Assets	4,984	10,418
Debtors	7,980	4,179
Cash	714,319	660,327
Creditors	(363,915)	(484,005)
Net Assets	363,368	190,919
Funds		
Share Capital	1	1
Reserves	363,367	190,918
Net Assets	363,368	190,919

Postal Heritage Services Limited has produced audited accounts for the year to 31 December 2018.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

6. RESULTS FROM TRADING SUBSIDIARIES (continued)

Postal Heritage Trading Limited (formerly Mail Rail Trading Limited) is a wholly owned trading subsidiary of Postal Heritage Trust incorporated in England and Wales.

	Year to Dec 2018	Year to Dec 2017
	£	£
Income and Expenditure:		
Turnover	967,348	580,642
Cost of sales	(616,985)	(496,374)
Gross profit	350,363	84,268
Interest Received	-	-
Net profit/(loss)	350,363	84,268
Balance Sheet:		
Stock	36,638	54,786
Debtors	504,979	438,218
Cash	307,417	167,674
Creditors	(193,866)	(725,516)
Net Current Assets	655,168	(64,838)
Creditors fallings due after more than one year	(369,642)	-
Net Assets	285,526	(64,838)
Funds		
Share Capital	1	1
Reserves	285,525	(64,839)
Net Assets	285,526	(64,838)

Postal Heritage Trading Limited has produced audited accounts for the year to 31 December 2018.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

7. FIXED ASSETS - GROUP

	Long term Lease	Fixtures, fittings and equipment	Plant & Equipment	Assets in course of development	Intangible Assets	Total
	£	£	£	£	£	£
Cost						
At 31 December 2017	21,541,616	2,654,477	2,354,449	3,400	176,715	26,730,657
Additions during the year	141,488	88,439	80,027	-	25,940	336,894
Disposals	-	-	-	(3,400)	-	(3,400)
At 31 December 2018	21,683,104	2,742,916	2,434,476	-	203,655	27,064,151
Depreciation						
At 31 December 2017	234,231	248,116	142,199	-	19,571	644,117
Charged during the year	541,075	267,962	274,893	-	35,343	1,119,273
Disposals	-	-	-	-	-	-
At 31 December 2018	775,306	516,078	417,092	-	54,914	1,763,390
Net Book Value						
At 31 December 2018	20,907,798	2,226,838	2,017,384	-	148,741	25,300,761
At 31 December 2017	21,307,385	2,406,361	2,212,250	3,400	157,144	26,086,540

TANGIBLE FIXED ASSETS -COMPANY

	Long term Lease	Fixtures, fittings and equipment	Plant & Equipment	Assets in course of development	Intangible Assets	Total
	£	£	£	£	£	£
Cost						
At 31 December 2017	21,541,616	2,591,057	2,354,449	3,400	176,715	26,667,237
Additions during the year	141,488	88,439	80,027	-	26,940	336,894
Disposals	-	-	-	(3,400)	-	(3,400)
At 31 December 2018	21,683,104	2,679,496	2,434,476	-	203,655	27,000,731
Depreciation						
At 31 December 2017	234,231	195,114	142,199	-	19,571	591,115
Charged during the year	541,075	262,527	274,893	-	35,343	1,113,838
Disposals	-	-	-	-	-	-
At 31 December 2018	775,306	457,641	417,092	-	54,914	1,704,953
Net Book Value						
At 31 December 2018	20,907,798	2,221,855	2,017,384	-	148,741	25,295,778
At 31 December 2017	21,307,385	2,395,943	2,212,250	3,400	157,144	26,076,122

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

8. 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.

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

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

9. INVESTMENTS

	Year to Dec 2018	Year to Dec 2017
	£	£
Investments in subsidiary undertakings at cost	2	2

The investments in subsidiary undertakings represent:

(i) The £1 issued share capital in Postal Heritage Services Limited, a company registered in England and Wales.

(ii) The £1 issued share capital of Postal Heritage Trading Limited, a company registered in England and Wales.

The results of both companies are shown in note 6 together with balance sheet information.

10. DEBTORS

	Year to Dec 2018		Year to Dec 2017	
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	140,960	30,829	148,368	36,005
Due from subsidiary undertakings	-	211,121	-	162,580
Prepayments and accrued income	250,340	249,966	238,952	227,211
VAT	-	5,652	25,801	23,249
Other debtors	26,929	26,929	24,518	23,609
	418,229	524,497	437,639	472,654

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

11. CREDITORS

Amounts falling due within one year	Year to Dec 2018		Year to Dec 2017	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	145,686	134,190	377,376	297,747
Accruals	552,821	540,896	610,030	713,911
Deferred income	500,603	-	716,667	210,700
VAT	23,572	-	-	-
Loan interest	60,103	60,103	-	-
Loans	257,023	257,023	257,023	257,023
Due to subsidiary undertakings	-	56,355	-	256,644
Other creditors	93,684	90,661	103,739	102,668
	1,633,492	1,139,228	2,064,835	1,838,693

Amounts falling due after more than one year	Year to Dec 2018		Year to Dec 2017	
	Group	Charity	Group	Charity
	£	£	£	£
Deferred income	516,667	258,053	-	-
Loans	6,792,977	6,792,977	6,792,977	6,792,977
The above loans are repayable:				
In less than one year	257,023	257,023	257,023	257,023
Between one and two years	252,961	252,961	252,961	252,961
Between two and five years	787,431	787,431	787,431	787,431
After more than five years	5,752,585	5,752,585	5,752,585	5,752,585
	7,050,000	7,050,000	7,050,000	7,050,000

With the exception of an interest free amount of £550,000, interest on the loans is payable at an annual rate of 2.5%. Interest did not start to accrue until the first anniversary of practical completion of the Postal Museum project. Practical completion occurred on 17 August 2017.

The loans are secured over four bank accounts, which total £7,050,000 at the balance sheet date. The Trust's trading subsidiary, Postal Heritage Services Ltd, has provided a guarantee in respect of the loans.

The Trust and Postal Heritage Services Ltd have defaulted on their loan repayment obligations to Royal Mail Group Ltd and Post Office Ltd. However, the lenders have not exercised their right under the default provisions of the loan agreement, to require immediate repayment of the loan. The lenders have provided letters of comfort stating that there is no intention to enforce debt recovery within the next 12 months. Meanwhile, discussions are taking place between the parties to explore the restructure and / or waiver of the above-mentioned liabilities and defaults. However, the lenders reserve their rights under the existing Loan Agreement. The loan maturity in the above note reflects the fact that the default provisions had not been exercised at the balance sheet date. As set out in note 1, these provisions have also not been exercised subsequently.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

12. FUNDS 2018	Brought forward	Income	Expenditure	Transfers/	Carried forward
	£	£	£	£	£
RESTRICTED					
Postal Heritage Collection Trust	68,467	25	-	-	68,492
Exhibition & Education	-	-	-	-	-
The Jolly Postman	6,604	-	(6,604)	-	-
Cracking Code Breakers	-	-	-	-	-
Education Officer	20,000	20,000	(20,485)	-	19,515
HLF Activity Plan	-	14,806	(14,806)	-	-
Mail coach wheels	-	5,000	-	-	5,000
	95,071	39,831	(41,895)	-	93,007
UNRESTRICTED -DESIGNATED					
Collection fund	876	-	-	-	876
Tangible fixed assets	18,521,750	-	(541,075)	-	17,980,675
	18,522,626	-	(541,075)	-	17,981,551
UNRESTRICTED - GENERAL					
Postal Heritage Trust	-	3,438,379	(4,396,131)	-	(957,754)
Postal Heritage Services Limited	190,918	1,039,461	(867,011)	-	363,368
Postal Heritage Trading Limited	(64,839)	967,348	(616,985)	-	285,526
	126,079	5,445,188	(5,880,127)	-	(308,860)
	18,743,776	5,485,019	(6,463,097)	-	17,765,698

RESTRICTED FUNDS

Exhibition & Education – funds donated for the development and delivery of schools’ workshops and learning resources.

Heritage Lottery Fund (HLF) Activity Plan – funds donated to support an agreed 5-year programme of activity, provided as part of HLF’s capital grant for the Postal Museum project.

The Postal Museum Project – funds donated towards The Postal Museum Capital Project.

The Postal Museum Project restricted fund is represented by assets under development within tangible fixed assets. All other restricted funds are represented by net current assets.

DESIGNATED FUNDS

Collection Fund – Income from the disposal of collection assets held against future collection purchases or collection preservation expenditure.

Tangible fixed assets – funds tied up in the fixed asset and related loans of the parent charitable company.

UNRESTRICTED FUNDS

General fund – funds available to the charity for unrestricted use, which include grant income in respect of the period to 31 December 2018.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

COMPANY

The funds of charitable company only are as above, excluding the general funds related to Postal Heritage Services Limited and Postal Heritage Trading Limited, and the restricted fund related to Postal Heritage Collection Trust.

FUNDS 2017	Brought forward	Income	Expenditure	Transfers/	Carried forward
	£	£	£	£	£
RESTRICTED	59,617	-	-	8,850	68,467
Postal Heritage Collection Trust					
Exhibition & Education					
The Jolly Postman	11,647	-	(5,043)	-	6,604
Cracking Code Breakers	-	4,080	(4,080)	-	-
Education Officer	-	20,000	-	-	20,000
HLF Activity Plan		57,974	(57,974)	-	-
The Postal Museum Project	8,273,621	1,979,644	-	(10,253,265)	-
	8,344,885	2,061,698	(67,097)	(10,244,415)	95,071
UNRESTRICTED - DESIGNATED					
Collection fund	9,726	-	-	(8,850)	876
Tangible fixed assets	8,656,070	-	-	9,865,680	18,521,750
	8,665,796	-	-	9,856,830	18,522,626
UNRESTRICTED - GENERAL					
Postal Heritage Trust	856,956	2,373,244	(3,617,785)	387,585	-
Postal Heritage Services Limited	204,211	883,626	(896,919)	-	190,918
Postal Heritage Trading Limited	(149,107)	580,642	(496,374)	-	(64,839)
	912,060	3,837,512	(5,011,078)	387,585	126,079
	17,922,741	5,899,210	(5,078,175)	-	18,743,766

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS 2018

	General	Designated	Restricted	Total
	£	£	£	£
Fixed Assets	1,484,863	23,815,898	68,492	25,369,253
Net Current Assets/(Liabilities)	(319,302)	876	24,515	(293,911)
Long term liabilities - loans	-	(6,792,977)	-	(6,792,977)
- deferred income	(516,667)	-	-	(516,667)
	648,894	17,023,797	93,007	17,765,698

ANALYSIS OF NET ASSETS BETWEEN FUNDS 2017

	General	Designated	Restricted	Total
	£	£	£	£
Fixed Assets	568,327	25,518,213	68,467	26,155,007
Net Current Assets/(Liabilities)	274,419	(202,610)	26,604	98,413
Long term liabilities - loans	-	(6,792,977)	-	(6,792,977)
- deferred income	(716,667)	-	-	(716,667)
	126,079	18,522,626	95,071	18,743,776

14. FINANCIAL COMMITMENTS

At 31 December 2018 the group had the following commitments under non-cancellable operating leases.

	Dec 2018	Dec 2017
	£	£
Due in less than 1 year	116,676	116,680
Due 2-5 Years	165,301	281,977

15. RELATED PARTY TRANSACTIONS

Postal Heritage Trust (PHT) has taken advantage of the exemptions within FRS102 from disclosing related party transactions with Postal Heritage Collection Trust (PHCT), Postal Heritage Services Limited (PHSL) and Postal Heritage Trading Limited (PHTL). The charities SORP requires disclosure of the results and balance sheet positions of the subsidiaries. This information is provided in note 6 in respect of PHSL and PHTL. PHCT has minimal activity. In 2018 it received a grant of heritage assets costing £25 and at the balance sheet date held heritage assets at a cost of £68,492

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.

RMG and Post Office Limited (POL) have both signed legal agreements with PHT and PHSL related to the museum and to future funding, which will provide income to PHT in the form of unrestricted funds, index linked, until 2040.

16. PENSIONS

For the purposes of FRS102 the group cannot identify its share of the underlying assets and liabilities of the defined benefit schemes in which it participates in respect of seven employees. PHT makes pension contributions based on the advice of a qualified independent actuary whose calculations are based upon total scheme membership. A fundamental change in the defined benefit schemes occurred as a result of the passage of the Postal Services Act 2011, with the transfer of all the historic liabilities of the Royal Mail Pension Plan (RMPP) to the new government-backed Royal Mail Statutory Pension Scheme (RMSPS) as at 31 March 2012. Those already receiving a pension, and those who had left service but contributed to the pension prior to 31 March 2012, will receive it from the RMSPS; those who continue to contribute after 31 March 2012 will, upon retirement, receive pensions from both schemes. The public accounts of both RMG and POL schemes indicate that currently these pension schemes are both in surplus. PHT is not exposed to variations in the rate of contributions as the excess of the rate payable over that in respect of employees not in the Royal Mail schemes is reimbursed by the Royal Mail.

PHT makes pension payments of at least 6% as an employer contribution for the remainder of its eligible employees.

17. LIABILITY OF MEMBERS

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

18. CAPITAL COMMITMENTS

At 31 December 2018 the group had the following capital commitments.

Dec 2018	Dec 2017
£	£
60,000	Nil