



PEOPLE'S POSTCODE TRUST

**ANNUAL REPORT
AND FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 31 DECEMBER 2011

A company limited by guarantee registered in Scotland (No. 356549)

and as a Scottish charity (No. SC040387)

TRUSTEES AND ADMINISTRATION

Chair of Trustees and Company Secretary:

Joanne Bucci; Managing Director, People's Postcode Lottery

(Eligible to remain until 1 April 2013)

Trustees

Annemiek Hoogenboom, Country Director, People's Postcode Lottery

(Eligible to remain until 1 April 2013)

Lawson Muncaster, Managing Director, City AM

(Eligible to remain until 1 April 2013)

Stephen Naysmith, Society Editor, The Herald

(Eligible to remain until 1 April 2013)

Juliet Simpson, Managing Director, Stripe Communications

(Eligible to remain until 1 April 2013)

Members (no share value):

Ruud Esser

Boudewijn Poelmann

Administration

Clara Govier, Executive Manager

Clare Oliver, Trust Advisor

Michael O'Connor, Finance Manager

Joe Ray, Grants Officer

AUDITORS

The Gallagher Partnership LLP

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Titchfield House

69-85 Tabernacle Street

London

EC2A 4RR

BANKERS

The Royal Bank of Scotland plc

2 Bernard Street

Leith

Edinburgh

EH6 6PU

SOLICITORS

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Edinburgh
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REGISTERED ADDRESS, CONTACT DETAILS AND PRINCIPAL OFFICE

Great Michael House
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EH6 7EZ

Email: info@postcodetrust.org.uk
Tel: 0131 555 7287
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COMPANY REGISTRATION NUMBER

A company limited by guarantee registered in Scotland (No. 356549)

SCOTTISH CHARITY NUMBER

No. SC040387 (awarded 23 March 2009)

GAMBLING LICENCE NUMBERS

Non remote: 000-018971-N-0302359-006*

Remote: 000-018971-R-302358-005*

Management responsibilities: Joanne Bucci and Annemiek Hoogenboom

*variation to licence confirmed on 28 February 2012 which changed management responsibilities to incoming Trustee Michael Pratt.

REPORT OF THE TRUSTEES

1. Reference and Administration Details

People's Postcode Trust (PPT) was incorporated on 13 March 2009 as a company limited by guarantee (356549). The company is a recognised Scottish Charity (SC040387) and is governed by a Memorandum and Articles of Association.

People's Postcode Trust operates its own society lottery and proceeds from this activity are solely responsible for the Trust's income.

2. Structure, Governance and Management

Governance

PPT is governed by a Board of Trustees in accordance with its Memorandum and Articles of Association. New Trustees are elected at quarterly meetings and a Trustee shall hold office for a maximum period of four years from the date of appointment and shall then retire. Such person shall not again be appointed as a Trustee unless the Trustees resolve that there are exceptional circumstances in that such individual possesses specific or unique skills and expertise, experience or ability of significant value to the Company. In such circumstances, a retiring Trustee may, if willing to act, be re-appointed by the Trustees for a second and final term of a maximum of four years and shall at the end of that second term retire altogether so that no Trustee shall hold office as Trustee for more than eight years in total.

No person shall be appointed or re-appointed a Trustee at any general meeting unless:-

- he is recommended by the Trustees; or
- not less than fourteen or more than thirty five clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or re-appointment together with notice executed by that person of his willingness to be appointed or reappointed.
- Not less than seven nor more than twenty eight clear days before the date appointed for holding a general meeting notice shall be given to all who are entitled to receive notice of the meeting of any person who is recommended by the Trustees for appointment or re-appointment as a Trustee at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose him at the meeting for appointment or re-appointment as a Trustee. The notice shall give the particulars of that person which would, if he were so appointed or re-appointed, be required to be included in the Company's register of Trustees.
- The Company may by Ordinary Resolution appoint a person who is willing to act to be a Trustee either to fill a vacancy or as an additional Trustee.
- The Trustees may appoint a person who is willing to be a Trustee, either to fill a vacancy or as an additional Trustee, provided the appointment does not cause the number of Trustees to exceed any number fixed by or in accordance with the Articles as the maximum number of Trustees.

Unless otherwise determined by ordinary resolution, the number of Trustees shall not be subject to any maximum, but shall not be less than five. The Board of Trustees shall at all

times comprise a majority of non-remunerated Trustees.

Trustees' Responsibilities

The Trustees are responsible for preparing the report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees at the date of this report is aware, there is no relevant audit information of which the charity's auditor is unaware. Each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Management

The business of the People's Postcode Trust is managed by the Trustees who exercise all the powers of the Company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the Trustees. The Trustees ultimately decide the procedures for selection of projects and the amounts of grants involved. Trustees meet quarterly. These are chaired and fully minuted to discuss and decide the following:

- Management of the Trust's Society Lottery, including social responsibility and current management by the Trust's External Lottery Manager
- Applications received
- Outcomes of completed projects
- Progress of current funding
- New funding streams/programmes

- Visit by one or more Trustees to selection of People's Postcode Trust funded projects
- Any other business

Staff Structure

The Board of Trustees appointed an Executive Manager of the People's Postcode Trust to oversee the day to day administration of the Trust. The Executive Manager is responsible for strategy advice and the day-to-day operations of People's Postcode Trust.

The Manager appointed the Trust Advisor and Grants officer to undertake day to day activities including the following:

- Screening of all funding proposals, preparing a list with 3 categories of projects: proposed for funding, not-decided, and rejected - based on approved funding criteria;
- Assessing complete applications and providing short summaries for the Trustees to make decisions
- Monthly financial updates including income position, breakdown of costs, and awards made.
- Creation of monthly summary reports detailing all of the above. It is the responsibility of the Manager and the Chairperson to approve the list of projects proposed for funding which request funding below £2,000.
- Management of quarterly Trustee meetings including consultation of Trustees where desirable or needed
- Management of marketing/communication on behalf of the Trust including websites, newsletters, publicity etc

The Trustees also appointed a Finance Manager to take responsibility for the financial management for People's Postcode Trust including the following:

- Management of holding account which will receive payments direct from the People's Postcode Lottery.
- Making payments to recipient projects
- Creation of People's Postcode Trust annual accounts

As part of services provided as outlined in the Service Level Agreement that exists between the Trust and Postcode Lottery Limited, staff mentioned above are employed by Postcode Lottery Ltd.

3. Quality Management

The Administration team is committed to continuous improvement in all aspects of the Trust's activities. In September 2011, it committed to and was subsequently approved by Trustee to:

1. acknowledge receipt of a grant application within 5 working days
2. respond to any grant enquiries within 5 working days
3. provide the Trustees with the project summaries for review at least 10 working days in advance of the Trustee meetings

4. provide outcomes of any decisions made by the Trustees within 15 working days of the deciding meeting

4. Risk Management

People's Postcode Trust keeps under review the adequacy of the systems and procedures now in place and those implemented in the year. We use a Sage accounting system to keep records and RBS Bankline system to make payments.

5. Public Benefit: Objectives and Activities

People's Postcode Trust is solely funded by the proceeds of its society lottery and awards grants to good causes and charities.

People's Postcode Trust supports projects which fit one or more of the following purposes:

- To prevent poverty
- To advance citizenship or community development
- To promote, maintain, improve and advance health
- To advance public participation in sport
- To promote, improve and advance human rights, conflict resolution or reconciliation
- To promote and advance environmental protection or improvement

The Trust has four main funding streams:

- **Small Grants Programme**
3-month project funding ranging from £500 up to £10,000. Decisions are made on a quarterly basis. Registered charities can apply for up to £10,000. Community groups not formally registered as a charity can apply for up to £2,000.
- **Dream Fund**
Once a year applicants in Scotland can apply for the Dream Fund awarding three pots of up to £100,000 in areas of volunteering, active lives and climate change
- **Earmarked Programme**
Working with charities, players of the Trust's Lottery can select the charity to which they would like to award funding to from their ticket proceeds. The charity's activities must fit within the Trust's objects and be undertaken in Great Britain.
- **Vote that Counts**
From 12 pre-selected charities, the public is invited to vote for one charity to win funding awards. The programme is designed to provide public greater engagement in the funding programme and also raise the profile of the Trust and the shortlisted charities. The campaign is supported through a media partner and has a strong social media basis.

People's Postcode Trust agrees to:

- redistribute a minimum of 85% of the receipts;
- operate a quick and efficient application process; and,
- accept applications which have a strong appeal to people and can demonstrate their public benefit to players of our Lottery.
- communicate and promote the projects the Trust has supported

6. Society Lottery

People's Postcode Trust operates its own society lottery which is regulated by the Gambling Commission under certificate 000-018971-N-0302359-006 and 000-018971-R-302358-005.

The Trust engages Postcode Lottery Ltd (PLL), trading as People's Postcode Lottery, as its External Lottery Manager. In 2011, PLL operated 23 draws on behalf of PPT.

New conditions imposed by the Gambling Commission were effective from 26 January 2012 and will be reported in 2012 Annual Report.

7. Policies

The Trust has the following policies in support of its society lottery licence conditions which are available in full on the Trust's website: postcodetrust.org.uk. The Trust works closely with its External Lottery Manager to ensure these policies are acted on in relation to its Lottery.

- Social Responsibility Policy
(approved at the rescheduled December Trustee meeting held on 26 January 2012)
- Self Exclusion Policy
(approved at the rescheduled December Trustee meeting held on January 2012)

Vote that Counts



The initial Vote that Counts campaign was run in Scotland from October-December 2011 in partnership with The Sunday Mail. From 12 pre-selected charities, the public were invited to vote for one charity to win £50,000 in funding. 38,210 votes were cast in total, with Macmillan Cancer Support winning the top prize. The successful campaign has a strong social media element and saw celebrities such as Nicola Roberts, Westlife and Newton Faulkner tweeting for their favourite charity.

The campaign reached 3.4 million Twitter users and 40% of the Scottish population. The Sunday Mail reported that the campaign was their most successful over the last five years for reader engagement. The campaign raised the profile of People's Postcode Trust and also promoted the lottery, from which its funds are generated. A similar campaign is planned for Wales and North of England next year.

Gardens Calendar



As part of the Trust's commitment to promoting the projects funded as a result of its lottery players, the Trust produced a 2011 calendar celebrating the wonderful gardening projects funded across Great Britain.

The calendar was sent to the Trust's players and demonstrated the difference their support is making to communities.

Earmarked Funding

Launched in 2011, this additional source of funding for supported charities, allowed any direct sign ups to the Trust's lottery, as a result of marketing undertaken by the relevant independent charity, to directly benefit the charity. Both National Trust for Scotland and WWF Scotland have participated in the successful program, with additional charities scheduled for 2012.

2011 Trust Projects

Quarriers – Advancement of Health



Quarriers are now one of the largest beneficiaries of People’s Postcode Trust as they have been awarded grants on six occasions. In 2011, People’s Postcode Trust awarded funding for a purpose built sensory room at Quarriers Foxden centre in South Tyneside, which provides short breaks for children aged 7-18 years with complex needs and disabilities, and their families. Quarriers staff at Foxden have created a “home from home” environment where children can enjoy a high standard

of care, make new friends and enjoy new experiences in a safe and caring environment. The sensory room offers a soothing and calming experience, helping to ease the frustrations which often accompany a disability.

Ellen MacArthur Cancer Trust – Advancement of Health

Ellen MacArthur Cancer Trust takes young people aged between 8-24 sailing, helping them regain their confidence on their way to recovery from cancer, leukaemia and other serious illnesses. They work with every young person’s primary cancer care unit in the UK and offer sailing trips to over 300 young people recovering from illness each year. In 2011, People’s Postcode Trust were delighted to grant two awards to the Ellen MacArthur Cancer Trust. In March they were granted funding for a van to be used for transporting the young participants from their homes to sailing trips. In December they were awarded funds for waterproof life jackets and sailing equipment.



Macduff Marine Aquarium – Advancement of Community Development

Macduff Marine Aquarium opened in 1997 and promotes awareness and enjoyment of the Moray Firth marine environment. The Aquarium features local marine life in realistic displays and visitors can learn about local marine habitats through interpretation panels, direct interaction in the hands-on sea lab area – or from enthusiastic aquarium guides who provide set presentations and chat to visitors as they explore the aquarium. In 2011, People’s Postcode Trust was thrilled to award Macduff

Marine Aquarium £1,999 for sea lab microscopes that will be used to enhance the educational experience of the Aquarium by allowing visitors to view microscopic sea-life in close-up detail.

Thirsk Falcons Junior Football Club – Advancement of Participation in Sport

Thirsk Falcons Juniors FC is an FA affiliated club, providing high quality football coaching, skill development, fun and friendship to boys and girls, aged 6 - 16 years in the Northallerton area. In February they were awarded £1,259 for football equipment and kit to develop a programme of enjoyable football related activities that promote healthy living and help build self confidence. 37 children benefitted from taking part in the project and many went on to join the wider football programmes of the Club.



Sefton Urban Foods – Advancement of Environment Improvement



In 2011, People's Postcode Trust awarded £1,922 to Sefton Urban Foods to train volunteers from the local community to become bee keepers in the Community Urban Garden in Bootle, Liverpool. This initiative teaches gardening and vegetable growing as a transferable skill while encouraging healthy eating. The creation of the bee colonies has not only helped to reverse the decline of the bee population in the UK, but has also provided local volunteers with meaningful qualifications

and skills that help towards long-term employment and financial stability. It is also hoped that the volunteers will be able to produce their own honey to sell and thus help with the sustainability of the garden.

Cardiff and Vale Rescue Association – Prevention of Poverty, Distress or Sickness

Established in 1998 in response to local floods, Cardiff and Vale Rescue Association are a lowland Search and Rescue unit operating within the Vale of Glamorgan and Cardiff area. They provide frontline assistance to the emergency services, including HM Coastguard, and have over 30 members operating in several teams, all highly trained in a range of specialist skills including emergency first aid and the use of radio communications. People's Postcode Trust awarded Cardiff and Vale Rescue Association £3,787 in March for equipment that will allow them to conduct safe rescues and respond to major flooding incidents for many years to come.



9. Financial Review

People's Postcode Trust promoted 23 draws throughout 2011. This generated £1.86m revenue.

General costs, which includes staffing, amounted to £95,221.

Funds over £5,000 are distributed on a quarterly basis and all applications must satisfy one of the six requirements. Suitable applications are considered by the Board of Trustees.

10. Reserves Policy

The major financial risk is of a decline in player numbers per a charity draw. The present target is to hold back 15% of all income received and this will be used to cover operational costs and activities.

11. Future Plans

People's Postcode Trust expects to build on its success across 2012.

We believe that the Charity has a sound financial basis upon which to build for the future, despite a sharp increase in the number of applicants for grants. We aim to provide more grants and diversify the awards programme throughout 2012.

AUDITORS

The Trustees will place a resolution before the Board Meeting to re-appoint The Gallagher Partnership LLP as auditors for the ensuing year.

By order of the Board

Lawson Muncaster
Trustee

26 June 2012

INDEPENDENT AUDITORS' REPORT TO MEMBERS OF
PEOPLE'S POSTCODE TRUST

We have audited the group and parent company financial statements of The People's Postcode Trust for the period ended 31 December 2011 set out on pages 16 to 18. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

The Trustees' (who are also the Directors of People's Postcode Trust for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if in our opinion the information given in the Trustees' Annual Report is not consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charity's financial statements are not in agreement with those records, if we have not received all the information and explanations we require for our audit or if certain disclosures of Trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination,

on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

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 2011 and of the incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Samuel David Clarke
Senior Statutory Auditor
For and on behalf of
The Gallagher Partnership LLP
Statutory Auditor
London

29 June 2012

Statement of Financial Activities for the period ended 31 December 2011

Incorporating the Income and Expenditure account

	Note	2011 £ Unrestricted	2011 £ Restricted	2011 £ Total	2010 £ Total
Incoming Resources from Generated Funds					
Lottery funds allocation	3	1,864,155	0	1,864,155	1,553,849
Project Income	4	0	1,394,345	1,394,345	0
Total Incoming Resources		1,864,155	1,394,345	3,258,500	1,553,849
Resources Expended Charitable activities:					
Grants payable	5	1,239,878	1,300,979	2,540,857	1,658,390
Management and administration	5	295,375	0	295,375	107,577
Total Resources Expended	5	1,535,253	1,300,979	2,836,232	1,765,967
Net incoming/(outgoing) resources for the Period and Net Movement in Funds					
		328,902	93,366	422,268	(212,118)
Fund balance brought forward as at 1 January 2011					
		339,373	0	339,373	551,491
Fund balance carried forward at 31 December 2011					
		668,275	93,366	761,641	339,373

All of the above results were derived from continuing activities. The Charity has no recognised gains or losses other than those dealt with in the Statement of Financial Activities

The notes on pages 18 to 20 form part of these accounts

Balance Sheet at 31 December 2011

	Note	2011 £	2010 £
CURRENT ASSETS			
Bank		945,104	195,529
Accrued income	6	0	572,682
		<u>945,104</u>	<u>768,211</u>
Creditors: Amount falling due within one year	6	<u>(183,463)</u>	<u>(428,838)</u>
NET CURRENT ASSETS AND NET ASSETS		<u>761,641</u>	<u>339,373</u>
Un-restricted funds	7	668,275	339,373
Restricted funds		93,366	0
TOTAL FUNDS		<u>761,461</u>	<u>339,373</u>

The financial statements were approved by the Board 26 June 2012 and signed on its behalf by:

Lawson Muncaster
Trustee

Company No. 356549
Scottish charity No. SC040387

Notes to the Accounts for the year ended 31 December 2011**1. ACCOUNTING POLICIES**

A summary of principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below:

i. Basis of Accounting

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) and applicable accounting standards.

Income

Charitable income is recognised on a cash received basis other than where an accruals basis provides a more accurate basis or will give a fairer representation of the underlying nature of the transaction. Income is recognised so far as there is entitlement to the income, there is certainty of its receipt and the amount is quantifiable.

ii Expenditure

Expenditure is charged to the revenue account on an accruals basis and has been classified under headings that aggregate costs related to each particular charitable activity. There are no specific Governance costs.

2. NET INCOME FOR THE YEAR

	2011	2010
	£	£
The net income for the year is stated after charging:		
Audit fee	<u>5,000</u>	<u>5,000</u>

3. Total Ticket revenue amounted to £9,320,774 of which £4,194,348 was allocated to the Prize money (45%) and £1,864,154 was retained by this charity in support of the good causes who received grants. £1,553,849 was retained in 2010

4 RESTRICTED INCOME

	2011	2010
	£	£
Restricted income received	<u>1,394,345</u>	<u>0</u>

Notes to the Accounts for the period ended 31 December 2011 (cont)

5. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Total	
	£	
	2011	2010
Direct charitable expenditure		
Charitable grants	2,540,857	1,658,390
Management and administration	295,375	107,577
Total	<u>2,836,232</u>	<u>1,765,967</u>

Management and administration costs are apportioned costs from the People's Postcode Lottery Limited, the organisation that generates the income of the Charity.

6. ANALYSIS OF CREDITORS

	Total	
	£	
	2011	2010
Charitable grants committed	10,735	413,386
Management and administration accruals	172,728	15,452
Total	<u>183,463</u>	<u>428,838</u>

Notes to the Accounts for the period ended 31 December 2011 (cont)**7. FUNDS**

	2011	2010
Net movement in funds	422,268	(212,118)
Balance at 31 December 2011	<u>761,461</u>	<u>339,373</u>
Represented by:		
Net current assets	761,461	339,373
	<u>761,461</u>	<u>339,373</u>

8. The Trustees receive no remuneration or expenses

The Charity has no employees

9. STATUS

People's Postcode Trust is a registered charity constituted as a company limited by guarantee, and does not have share capital. The liability of each member is limited to £1.

10. CAPITAL COMMITMENTS

The Trustees are not aware of any capital commitments.

11. CONTINGENT LIABILITIES

The Trustees are not aware of any contingent liabilities.