

# Postcode Education Trust

Directors' report and financial statements for the  
year ended 31 December 2022

Company number: SC513161  
Scottish charity number: SC045922

# Postcode Education Trust

## Contents

---

	Page
Reference and administrative details	1
Directors' report	3
Independent Auditors' report to the members and trustees of Postcode Education Trust	14
Statement of financial activities (including income and expenditure account)	20
Balance sheet	21
Statement of cash flows	22
Notes to the financial statements	23

# Postcode Education Trust

## Reference and administrative details

---

<b>Directors and Trustees</b>	Richard Dixon (Chair) Robert Stoneman Ross Miller Omolara Plang Chupa Phiri (Appointed 1st May 2022) Sanjay Singh (Appointed 1st May 2022) Martin Houghton – Brown (Appointed 1st March 2021; Resigned 10 <sup>th</sup> May 2022)
<b>Registered office</b>	28 Charlotte Square Edinburgh EH2 4ET
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Bankers</b>	Lloyds Plc 39 Threadneedle Street London EC2R 8AU
<b>Solicitors</b>	MacRoberts LLP 10 George Street Edinburgh EH2 2PF
<b>Gambling licence numbers</b>	Non remote: 000-045323-N-324064 Remote: 000-045323-R-324063

# Postcode Education Trust

## Reference and administrative details *(continued)*

---

Charity number	SC045922
Company number	SC513161
Executive Manager	Laura Chow

# Postcode Education Trust

## Directors' Report

---

The Directors (who are also trustees of the charitable company for the purposes of charity law) have pleasure in presenting their report and audited financial statements of the charity (also referred to as the Trust and the Charitable Company) for the year to 31 December 2022. The information on pages 1 and 2 form part of this report.

### *Structure, governance and management*

#### Governance

Postcode Education Trust is a company limited by guarantee, constituted by the Memorandum and Articles of Association and is governed by its elected Directors. New Directors are elected at twice yearly meetings and a Director 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 Director unless the Directors 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 Director may, if willing to act, be re-appointed by the Directors 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 Director shall hold office as Director for more than eight years in total.

No person shall be appointed or re-appointed as Director at any general meeting unless:

- he/she is recommended by the Directors; 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 Directors for appointment or re-appointment as a Director 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 Director. 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 Directors.

# Postcode Education Trust

## Directors' Report *(continued)*

---

### *Structure, governance and management (continued)*

- the Company may by Ordinary Resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.
- the Directors may appoint a person who is willing to be a Director, either to fill a vacancy or as an additional Director, provided the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.

Unless otherwise determined by ordinary resolution, the number of Directors shall not be subject to any maximum but shall not be less than three. The Board of Directors shall at all times comprise a majority of non-remunerated Directors.

### Directors' induction and training

Directors receive an induction handbook covering all relevant policies, procedures and any other relevant information. They also have the opportunity for yearly training and continued professional development.

### Statement of Directors' responsibilities

The directors (who are also trustees of Postcode Education Trust for the purposes of company law) are responsible for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;

# Postcode Education Trust

## Directors' Report *(continued)*

---

### *Structure, governance and management (continued)*

- state whether applicable UK Accounting Standards, comprising FRS 102, 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 charitable company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Risk management

The Directors have a risk management strategy which comprises:

- evaluation and review of risks to the Trust and its External Lottery Manager (ELM) at each Audit & Risk Committee meeting, and full Board meeting against the Risk Register;
- the Risk Register will be managed on a day-to-day basis by the Trust executive management team and they will establish systems and procedures to mitigate these risks;
- in the event of a risk rising above 'high' the Directors must implement procedures to manage any potential impact.

This strategy has identified the following key risks:

- Risk of the Government changing the law in relation to Society Lotteries. A review of the law relating to Society Lotteries is on-going, and both Directors and the Trust executive management team keep up to date with any information in relation to this.  
Risk of losing Gambling Licence due to non-compliance with the Gambling Commission Licence Conditions and Code of Practice. Again, this is managed by adhering closely to the LCCP and being aware of anticipated changes to guidance and keeping abreast of industry best practice.

# Postcode Education Trust

## Directors' Report *(continued)*

---

### *Structure, governance and management (continued)*

- Risk of dependence on one source of income and this income being lost. If the income were to reduce, this would be on a gradual basis. The Trust executive management team receive daily reports regarding ticket sales, so would be aware of any issues very quickly and these would be communicated to Directors.

### Management

The business of Postcode Education Trust is managed by the Directors 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 Directors. The Directors ultimately decide the procedures for selection of projects and the amounts of grants involved. Directors meet formally twice a year. 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
- Review of finances
- Review of risk register
- Any other business

The Directors of Postcode Education Trust engage Postcode Lottery Limited (who operate under brand name People's Postcode Lottery) as their external lottery manager.

The Trust appointed MacRoberts LLP as its solicitor to use in all cases where legal services are required.

### Staff structure

The Board of Directors appointed an Executive Manager of Postcode Education Trust to oversee the day-to-day administration of the Trust. The Executive Manager is responsible for strategy advice and



# Postcode Education Trust

## Directors' Report *(continued)*

---

### *Structure, governance and management (continued)*

the day-to-day operations of Postcode Education Trust. The Manager appointed the Trust team to undertake day-to-day activities including the following:

- Screening of all funding proposals;
- Assessing complete applications and providing short summaries for the Directors to make decisions;
- Management of Director meetings including consultation of Directors where desirable or needed;
- Management of marketing/communication on behalf of the Trust including websites, newsletters, publicity etc.

The Directors also appointed a Trust Finance Manager to take responsibility for the financial management for Postcode Education Trust including the following:

- Management of the bank account which will receive payments direct from Postcode Lottery Limited;
- Monthly financial updates including income position, breakdown of costs, and awards made;
- Making payments to recipient projects;
- Reporting of lottery proceeds to Gambling Commission

As part of services provided as outlined in the Services Agreement that exists between the Trust and Postcode Lottery Limited, staff mentioned above are employed by Postcode Lottery Limited. Salaries for key management personnel are determined by the Directors of Postcode Lottery Limited.

### *Objectives and activities*

Postcode Education Trust has a vision where all children have access to inclusive and equitable quality education, and governments and local actors promote sustainable, lifelong, learning opportunities for all.

Postcode Education Trust's mission is to provide education, particularly in emergency situations.

The Trust supports charities and good causes with those purposes through grant funding for charitable activities across Great Britain and Internationally. The Trust promotes:

- the advancement of education;
- the advancement of health;
- the advancement of citizenship or community development;

# Postcode Education Trust

## Directors' Report *(continued)*

---

### *Objectives and activities (continued)*

- the advancement of human rights, conflict resolution or reconciliation; and
- the promotion of equality and diversity.

Postcode Education Trust is solely funded by the proceeds of its society lottery and awards grants to good causes and charities that focus on improving the quality of education, providing access to education for marginalised groups (such as girls, refugees and children with disabilities) and promote early childhood development.

Postcode Education Trust operates its own society lottery which is regulated by the Gambling Commission under certificate 045323-N-324064-008 and 045323-R-324063-008. The Trust engages Postcode Lottery Limited (PLL), trading as People's Postcode Lottery, as its External Lottery Manager.

### Grant making policies

The Trust team research a selection of potential grant beneficiaries with aims in line with the objects of the Trust, the current funding strategy and budget. This selection is presented to the Directors, who make recommendations to invite charities to apply. Once applications are received, the Directors make a final decision of who to support.

Funds are awarded in order to support sustainable long-term partnerships. At the point of application an indicative award amount is communicated. The final award is decided by the Directors on approval of the application.

The Trust awards unrestricted, flexible funding on an annual basis to each regular, supported charity. Funds are awarded to support sustainable, long-term partnerships, with a formal review after three years. Where our long-term partners are able to demonstrate impact aligned to our values and subject to the availability of funding, we will seek to provide uplifts over time where possible to enable them to do even more to create a better world.

Where funding allows, at the discretion of the trust, one-off awards may be offered for:

- a special project which meets the thematic and geographic priorities of the Trust;
- building capacity for long-term growth or organisation strengthening and sustainability;
- additional support in emergency situations or to tackle specific needs;
- working in partnership with other funders on collaborative approaches to maximise impact

# Postcode Education Trust

## Directors' Report *(continued)*

---

### *Achievements and performance*

In 2022, we were able to fund ten charities working in Great Britain and internationally through Education. These were:

- AfriKids
- Book Aid International
- Children on the Edge
- Global Fund for Children
- Restless Development
- Save the Children
- STiR Education
- Theirworld
- UNICEF
- War Child

### Case Study: Save the Children

Save the Children works in 118 countries around the world. They help children to stay safe, grow up healthy and keep learning. Save the Children partners with local organisations and creates innovative programmes that have real and lasting change for children. Every child has the right to a quality education in a safe, nurturing environment, yet over a quarter of a billion children are out of school. Thanks to funds awarded through Postcode Education Trust, Save the Children is committed to changing that.

Save the Children tackle the biggest challenges children are facing to achieving a great education - COVID-19, conflict, and the climate crisis. They provide age-appropriate educational programming that equips young children with the knowledge, attitudes, and skills they need to succeed.

- Player generated funding is helping children recover from the long-term impact of COVID-19. Children in Uganda experienced the longest period of school closures due to COVID-19 in the world – almost two years. Save the Children is helping children in Uganda to recover lost learning through 'catch up clubs', reaching 40,000 children through extra classes, teacher training, and supporting parent-teacher associations.

# Postcode Education Trust

## Directors' Report *(continued)*

---

### *Achievements and performance (continued)*

- Postcode Education Trust funding is also helping children to receive quality education when they're living through conflict. Save the Children is providing training to humanitarian staff and teachers working in Ukraine, so they can help children affected by the war to continue their education.

Education is incredibly important to children living through emergencies – it gives them a chance to experience an element of normal life and escape what they're going through. And it's also an essential component to building them a brighter future, and ensuring children aren't defined by the crises they've experienced. One child who Save the Children has worked with is 11-year-old Ousmane in Mali, who came to live with his aunt Awa after conflict swept his hometown. Ousmane attends a Save the Children-supported school, and despite what he's been through, has thrown himself into his studies:

*"I have strength, I am brave. No one works harder than me," Ousmane says. "No one gets ahead of me at school."*

*"Thank you so much to Postcode Education Trust. Your support is helping children around the world get the education they deserve, so they can build a brighter future, and grow up to become whoever they want to be" - Chris Brooks, Director of Philanthropy at Save the Children UK.*

### *Financial review*

The Directors are closely monitoring performance and remain confident in the resilience of the subscription model to protect the Trust's revenues and amounts raised for good causes in 2022 and beyond.

All funds received from proceeds of People's Postcode Lottery relating to Postcode Education Trust have been included in the financial statements. This amounted to £38.8m (2021: £40.0m). Of this and included in expenditure on raising funds 40%: £15.5m (2021: £16.0m) is given out as prizes and 27%: £10.5m (2021: 27.5%: £11.0m) is retained by our External Lottery Manager which is Postcode Lottery Limited. The remaining 33%: £12.8m (2021: 32.5% £13.0m) is managed by Postcode Education Trust. Postcode Education Trust promoted twelve draws during 2022 (2021: twelve draws).

# Postcode Education Trust

## Directors' Report *(continued)*

---

### *Financial review (continued)*

£13.7m (2021: £11.0m) was given out in grants for charitable activities in the year with £60.9k (2021: £54.8k) of costs to support these activities. Of this, £6.5k (2021: £6.3k) was included in Governance Costs.

### *Reserves Policy*

As a company limited by guarantee with no fixed assets, reserves are set according to budgeted income and against obligations for continuous funding for supported charities. It is intended to mitigate against uncertainty relating to cash flow, to ensure that there are sufficient reserves to cover any financial shortfalls, to react to unexpected situations, to protect the Trust's activities if expected income is not received and to retain continuity in relation to expected grant awards.

The Trust's sole income is generated by its society lottery operated by its External Lottery Manager, People's Postcode Lottery.

We aim to hold financial reserves at a minimum of 25% of the annual provisional funding commitments, and a maximum of £500,000 above the minimum level within general funds. We acknowledge that from time to time the Trust's funding strategies and activities may require the Trust's reserves to exceed the maximum level or fall below the minimum level noted.

The Trust only awards grants once there is a of level certainty in the income due to be received. With any downturn in income, the Trust is in a position to adjust grant levels accordingly to ensure that the Trust remains to be a going concern.

At 31 December 2022, reserves were at £5,909,412 of which £3,209,412 relates to general reserves. This is a decrease in general reserves of £3,579,827 from the prior year. This level is within the reserves policy.

# Postcode Education Trust

## Directors' Report *(continued)*

---

### *Plans for future periods*

With having a single source of income, the Directors remain confident in the resilience of the subscription model of People's Postcode Lottery to protect the Trust income. In the event of a substantial change in circumstances significantly reducing revenue, the Trust holds sufficient cash reserves to ensure it can continue operations for the foreseeable future.

In order for the Trust to fulfil its vision of universal access to inclusive and equitable equality education, in the next three years we will prioritise education in emergencies, access to education for marginalised groups (such as girls, refugees and children with disabilities), early childhood development and improving the quality of education through innovation and digital learning solutions. Priority will also be given to organisations that are actively working to tackle power imbalances in the international development system and ensure development is led by local communities and civil society.

We explore how the work of our partner charities is aligned to the SDGs and continuously review how we can complement support from government, corporate and other funders to create change. We include support for advocacy in our work.

The Trust intends to fund supported charities during 2023, increasing the award levels many of them will receive and potentially funding a few one-off awards.

# Postcode Education Trust

## Directors' Report *(continued)*

---

### *Directors' confirmations*

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The report was prepared in accordance with the special provisions of the Companies Act relating to small companies.

The financial statements on pages 19 to 29 were approved by the directors on 25<sup>th</sup> May 2023 and signed on its behalf by:



Richard Dixon  
Chair

# Postcode Education Trust

## Independent auditors' report to the members and trustees of Postcode Education Trust

### Report on the audit of the financial statements

---

#### Opinion

In our opinion, Postcode Education Trust's financial statements ("the financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2022; the Statement of financial activities (including income and expenditure account) and the Statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

---

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

#### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.



# Postcode Education Trust

## Independent auditors' report to the members and trustees of Postcode Education Trust

---

### Conclusions relating to going concern (cont'd)

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the charitable company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

---

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 and The Charities Accounts (Scotland) Regulations 2006 (as amended) require us also to report certain opinions and matters as described below.

# Postcode Education Trust

## Independent auditors' report to the members and trustees of Postcode Education Trust

### *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

---

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' responsibilities set out on pages 4 and 5, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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 directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

We have been appointed as auditors under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 auditors' 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.

# Postcode Education Trust

## Independent auditors' report to the members and trustees of Postcode Education Trust

### *Auditors' responsibilities for the audit of the financial statements (cont'd)*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the charitable company and industry, we identified that the principal risks of non-compliance with laws and regulations related to charity regulations, gambling regulations and UK company law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of The Charities Accounts (Scotland) Regulations 2006 (as amended). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the inappropriate use of charitable funds, for example through inappropriate awards, including to organisations that are not in line with the charitable purpose of the Trust.

Audit procedures performed by the engagement team included:

- enquiring of management and the directors to identify any instances of non-compliance with laws and regulations, fraud or inappropriate use of charitable funds;
- understanding the approach taken by management and the directors to monitor compliance with laws and regulations, and to prevent fraud or inappropriate use of charitable funds;
- validating, for a sample of expenditure, that it was appropriately approved and that the objectives of charities in receipt of funding are aligned to those of the Trust; and
- testing that payments recorded within the financial statements can be traced to appropriate supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

# Postcode Education Trust

## Independent auditors' report to the members and trustees of Postcode Education Trust

### *Auditors' responsibilities for the audit of the financial statements (cont'd)*

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the charitable company's members and directors as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of The Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---

### Other required reporting

#### Matters on which we are required to report by exception

Under the Companies Act 2006 and The Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate and proper accounting records have not been kept by the parent charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

# Postcode Education Trust

## Independent auditors' report to the members and trustees of Postcode Education Trust

---

### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Directors' Report; and take advantage of the small companies' exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Matthew Kaye (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
25<sup>th</sup> May 2023

# Postcode Education Trust

## Statement of financial activities (including income and expenditure account) for the year ended 31 December 2022

	Note	Unrestricted funds			Unrestricted funds		
		2022 General £	2022 Designated £	2022 Total £	2021 General £	2021 Designated £	2021 Total £
<b>Income &amp; endowments</b>							
Other trading activities	2	38,849,242	-	38,849,242	40,038,462	-	40,038,462
Income from investments	3	85,192	-	85,192	869	-	869
<b>Total income and endowments</b>		<b>38,934,434</b>	<b>-</b>	<b>38,934,434</b>	<b>40,039,331</b>	<b>-</b>	<b>40,039,331</b>
<b>Expenditure</b>							
Expenditure on raising funds	4	(26,033,327)	-	(26,033,327)	(27,027,055)	-	(27,027,055)
Expenditure on charitable activities	5	(13,780,934)	-	(13,780,934)	(11,013,846)	-	(11,013,846)
<b>Total Expenditure</b>		<b>(39,814,261)</b>	<b>-</b>	<b>(39,814,261)</b>	<b>(38,040,901)</b>	<b>-</b>	<b>(38,040,901)</b>
<b>Net (expenditure)/income</b>		<b>(879,827)</b>	<b>-</b>	<b>(879,827)</b>	<b>1,998,430</b>	<b>-</b>	<b>1,998,430</b>
Transfer between funds	11	(2,700,000)	2,700,000	-	-	-	-
<b>Net movement in funds</b>		<b>(3,579,827)</b>	<b>2,700,000</b>	<b>(879,827)</b>	<b>1,998,430</b>	<b>-</b>	<b>1,998,430</b>
Total funds brought forward		6,789,239	-	6,789,239	4,790,809	-	4,790,809
<b>Total funds carried forward</b>		<b>3,209,412</b>	<b>2,700,000</b>	<b>5,909,412</b>	<b>6,789,239</b>	<b>-</b>	<b>6,789,239</b>

All of the above results were derived from continuing activities.

# Postcode Education Trust

## Balance sheet

as at 31 December 2022

	<i>Note</i>	2022 £	2021 £
<b>Current assets</b>			
Debtors	<i>8</i>	105,731	194,860
Cash at bank in hand		5,907,245	6,771,661
		<u>6,012,976</u>	<u>6,966,521</u>
<b>Creditors</b>			
Amounts falling due within one year	<i>9</i>	(103,564)	(177,282)
<b>Net current assets</b>		<u>5,909,412</u>	<u>6,789,239</u>
<b>Accumulated funds</b>			
Unrestricted funds:			
General		3,209,412	6,789,239
		2,700,000	-
	<i>10,11</i>	<u>5,909,412</u>	<u>6,789,239</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the Board and authorised for issue 25<sup>th</sup> May 2023



Richard Dixon  
*Chair*

Company number: SC513161

# Postcode Education Trust

## Statement of cash flows

for the year ended 31 December 2022

---

	2022	2022	2021	2021
	£	£	£	£
<b>Cash flows from operating activities</b>				
Net movement in funds	(879,827)		1,998,430	
Income from investments	(85,192)		(869)	
Decrease/ (increase) in debtors	89,129		(164,993)	
Decrease in creditors	(73,718)		(92,027)	
	<hr/>		<hr/>	
Cash (used in)/provided by operating activities		(949,608)		1,740,541
<b>Cash flows from investing activities</b>				
Investment income	85,192		869	
	<hr/>		<hr/>	
Cash provided by investing activities		85,192		869
		<hr/>		<hr/>
(Decrease)/increase in cash and cash equivalents in the year		(864,416)		1,741,410
Cash and cash equivalents at the beginning of the year		6,771,661		5,030,251
		<hr/>		<hr/>
Total cash and cash equivalents at the end of the year		5,907,245		6,771,661
		<hr/>		<hr/>
<b>Cash and cash equivalents comprise:</b>				
Cash at bank		5,907,245		6,771,661
		<hr/>		<hr/>



# Postcode Education Trust

## Notes to the financial statements

---

### 1 Accounting policies

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

#### Statement of Compliance

The financial statements of Postcode Education Trust have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

#### Basis of Preparation

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention. The charity is a Public Benefit Entity and a company limited by guarantee, incorporated in Scotland with the registered office as noted on page 1.

#### Going concern

These financial statements have been prepared on the going concern basis which assumes that the charity will continue its operations. With having a single source of income, the Directors remain confident in the resilience of the subscription model of People's Postcode Lottery to protect the Trust income. In the event of a substantial change in circumstances significantly reducing revenue, the Trust holds sufficient cash reserves to ensure it can continue operations for the foreseeable future.

The Trust only awards grants once there is a of level certainty in the income due to be received. With any downturn in income, the Trust is in a position to adjust grant levels accordingly to ensure that the Trust remains to be a going concern.

The Directors consider it appropriate to prepare financial statements on a going concern basis.

# Postcode Education Trust

## Notes to the financial statements *(continued)*

---

### 1 Accounting policies *(continued)*

#### Income

Income is recognised when the charity has entitlement to the funds, when it is probable that the income will be received, and the amount can be measured reliably. Donations, legacies and similar incoming resources are included in the period in which they are receivable, which is when the charity becomes entitled to the resource. Income from other trading activities include gross proceeds from the sale of Lottery tickets before deduction of up to 40% of proceeds for prizes and up to 27% for operations costs.

#### Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of expenditure in the statement of financial activities.

#### Grants payable

Grants awarded are recognised in full in the year in which they are approved.

#### Expenditure on raising funds

The cost of raising funds consists of direct expenditure including prize monies as well as operational costs including marketing and PR.

#### Cash

Cash at bank and in hand includes cash and highly liquid short-term investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Interest on funds is recognised when the charity has entitlement to the funds, when it is probable that the income will be received, and the amount can be measured reliably.

#### Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

# Postcode Education Trust

## Notes to the financial statements *(continued)*

---

### 1 Accounting policies *(continued)*

#### Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### Financial instruments

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

#### Critical Estimates and Judgements

The preparation of the financial statements requires judgement, estimates and assumptions to be made that affect the reported values of assets, liabilities revenues and expenses. The charity has not identified any area where critical estimates are required.

The charity has made a judgement that they are acting as principal for the draws carried out by People's Postcode Lottery.

#### Fund accounting

Unrestricted funds are available for use at the discretion of the Directors in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the Directors for particular purposes.

# Postcode Education Trust

## Notes to the financial statements *(continued)*

### 2 Other trading activities

	2022 £	2022 %	2021 £	2021 %
Total proceeds	38,849,242	100.0	40,038,462	100.0
Prizes	(15,539,697)	(40.0)	(16,015,385)	(40.0)
Operational costs	(10,489,295)	(27.0)	(11,008,900)	(27.5)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Lottery fund allocation	12,820,250	33.0	13,014,177	32.5
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

### 3 Income from investments

	2022 £	2021 £
Bank interest	85,192	869
	<u>                    </u>	<u>                    </u>

### 4 Expenditure on raising funds

	2022 £	2021 £
Prizes	15,539,697	16,015,385
Operational cost	10,489,295	11,008,900
Gambling Commission	4,335	2,770
	<u>                    </u>	<u>                    </u>
	<u>26,033,327</u>	<u>27,027,055</u>

# Postcode Education Trust

## Notes to the financial statements *(continued)*

### 5 Expenditure on charitable activities

		Total 2022	Total 2021
Grants	Funding Theme	£	£
AfriKids	Equality, Education & Human Rights	600,000	425,000
Theirworld	Equality, Education & Human Rights	2,500,000	2,500,000
UNICEF	Equality, Education & Human Rights	2,500,000	2,500,000
War Child	Equality, Education & Human Rights	3,000,000	2,515,000
Book Aid International	Equality, Education & Human Rights	700,000	425,000
Save the Children	Equality, Education & Human Rights	3,020,000	2,594,000
Children on the Edge	Equality, Education & Human Rights	300,000	-
Global Fund for Children	Equality, Education & Human Rights	500,000	-
Restless Development	Equality, Education & Human Rights	300,000	-
StiR Education	Equality, Education & Human Rights	300,000	-
		<u>13,720,000</u>	<u>10,959,000</u>
<b>Support Costs</b>			
Cost recharges		49,668	44,655
Insurance		1,419	1,420
Bank Charges		123	116
Subscriptions		1,566	1,516
Consultancy		889	889
Travel		550	-
Events		179	-
Governance costs (Note 6)		6,540	6,250
		<u>60,934</u>	<u>54,846</u>
<b>Total charitable activities</b>		<u>13,780,934</u>	<u>11,013,846</u>

Cost recharges include salary, property and office costs incurred by the Postcode Lottery Limited which are recharged to the Trust under a Services Agreement.

# Postcode Education Trust

## Notes to the financial statements *(continued)*

### 6 Governance costs

	2022	2021
	£	£
Legal and professional fees	1,510	1,490
Audit fees	5,030	4,220
Accountancy fees	-	540
	<u>6,540</u>	<u>6,250</u>

### 7 Staff costs

No Directors received remuneration during the year *(2021: Nil)*.

Four Directors received reimbursement of travel and Gambling Commission expenses totalling £458 during the year *(2021: Nil)*. Directors' indemnity insurance costing £1,419 *(2021: £1,420)* was purchased in the year.

The charity has no employees *(2021: none)*. All services of individuals were obtained from Postcode Lottery Limited and invoiced to the charity. The amount attributable to key management personnel and recharged through the Services Agreement during the year was £2,543 *(2021: £2,479)*.

### 8 Debtors

	2022	2021
	£	£
Other debtors	105,731	194,860
	<u>105,731</u>	<u>194,860</u>

# Postcode Education Trust

## Notes to the financial statements *(continued)*

### 9 Creditors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade creditors	300	4,517
Other creditors	87,425	169,965
Accruals and deferred income	15,839	2,800
	<u>103,564</u>	<u>177,282</u>

### 10 Analysis of net assets between funds

	General 2022 £	Designated 2022 £	Total 2022 £
Current Assets	3,312,976	2,700,000	6,012,976
Current Liabilities	(103,564)	-	(103,564)
	<u>3,209,412</u>	<u>2,700,000</u>	<u>5,909,412</u>
Total net assets as 31 December 2022	3,209,412	2,700,000	5,909,412
		General 2021 £	Total 2021 £
Current Assets		6,966,521	6,966,521
Current Liabilities		(177,282)	(177,282)
		<u>6,789,239</u>	<u>6,789,239</u>
Total net assets as 31 December 2021		6,789,239	6,789,239

# Postcode Education Trust

## Notes to the financial statements *(continued)*

### 11 Accumulated funds

	Unrestricted funds			General	Total
	General	Designated	Total		
	2022	2022	2022		
	£	£	£	£	£
Balance brought forward	6,789,239	-	6,789,239	4,790,809	4,790,809
Net income/(expenditure) for the year	(879,827)	-	(879,827)	1,998,430	1,998,430
Transfers	(2,700,000)	2,700,000	-	-	-
<b>Balance carried forward</b>	<b>3,209,412</b>	<b>2,700,000</b>	<b>5,909,412</b>	<b>6,789,239</b>	<b>6,789,239</b>

2022 closing designated funds comprise:

- £600,000 for STiR Education awards.
- £1,000,000 for Save the Children
- £500,000 for UK Youth
- £300,000 for Right to Play
- £300,000 for War Child

They will be invited to apply for these awards during 2023.

### 12 Related party transactions

Postcode Lottery Limited is considered to be a related party.

During 2022 £10,489,295 (2021: £11,008,900) was retained by Postcode Lottery Limited as their external lottery management fee.

A Services Agreement also exists between Postcode Education Trust and Postcode Lottery Limited, whereby staff costs and running expenses of the Trusts are paid by Postcode Lottery Limited. All staff are employed by Postcode Lottery Limited, and the total of these costs are recharged on a monthly basis. In the year to 31 December 2022 £49,668 (2021: £44,655) was due to Postcode Lottery Limited, with £12,839 (2021: £3,826) being outstanding at the year end.