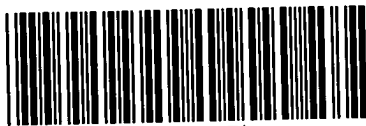


Charity registration number SC044911 (Scotland)

Company registration number SC478727 (Scotland)

POSTCODE SOCIETY TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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POSTCODE SOCIETY TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	Frank Fletcher Miranda Wixon Rob Flett Rita Chadha Mike Pratt Judy Hills
Executive Manager	Laura Chow
Charity number (Scotland)	SC044911
Company number	SC478727
Gambling Licence numbers	Non remote: 000-038239-N-318652 Remote: 000-038239-R-318651
Registered office	28 Charlotte Square Edinburgh Scotland EH2 4ET
Independent auditors	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh United Kingdom EH3 8EX
Bankers	Lloyds PLC 39 Threadneedle Street London UK EC2R 8AU Santander 301 St Vincent Street Glasgow UK G2 5HN
Solicitors	MacRoberts LLP 10 George Street Edinburgh UK EH2 2PF

POSTCODE SOCIETY TRUST

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POSTCODE SOCIETY TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their annual report and audited financial statements for the year ended 31 December 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with 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 accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Objectives and activities

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

Postcode Society Trust supports activities which fit one or more of the following purposes:

- the prevention or relief of poverty;
- the advancement of health;
- the advancement of citizenship or community development;
- the advancement of the arts, heritage, culture or science;
- the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended;
- the promotion of equality and diversity;
- the advancement of public participation in sport;
- the advancement of human rights, conflict resolution or reconciliation;
- the advancement of environmental protection and improvement;
- the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage.
- the advancement of animal welfare.

The Trust has four main funding streams funding activities taking place in the East of England.

- **Community Grants Programme**
Allows charities to apply for funding ranging from £500 to £25,000 undertaken in Great Britain. Registered charities can apply for up to £25,000. Community groups not formally registered as a charity can apply for up to £2,500. Postcode Society Trust had three funding rounds in 2023.
- **Magic Little Grants Programme**
Small charities and community groups can apply for up to £500 through this programme. This grants programme is outsourced to Localgiving who provide unrestricted grants on behalf of grant makers to local charities and community groups to support their work. Magic Little Grants had nine funding rounds in 2023.
- **Local School Nature Grants**
Learning through Landscapes delivers a programme which is open to pre-schools, infant, primary, secondary, special schools and pupil referral units. They provide equipment and resources for outdoor education as well as 2 hours training.
- **Millionaire Street**
Millionaire Street was a trial supporting charities close to the winning Millionaire Street postcode run by the trust's ELM. Support was generally given to organisations that had been previously funded by the trust, or had previously applied but been unsuccessful due to lack of trust budget, or were operating directly in the full postcode. The purpose of awarding funds in the winning postcode was to increase the emotional connection with existing and future players in order to protect and potentially increase the trust's income.

Postcode Society Trust operates its own society lottery which is regulated by the Gambling Commission under licence 000-038239-N-318652 and 000-038239-R-318651. The Trust engages Postcode Lottery Limited (PLL), trading as People's Postcode Lottery, as its External Lottery Manager.

POSTCODE SOCIETY TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Grant making policy

Postcode Society Trust provides funding opportunities to small organisations, community groups and charities in the east of England, through grants ranging from £500 - £25,000.

Achievements and performance

Significant activities and achievements against objectives

The following are examples of projects that the Postcode Society Trust has funded in 2023:

- Kinetika Bloco received funding to deliver 36 after school sessions for young people aged 8-18 with no musical background or access to creative activities to learn to play Samba Drums, Steel Pans and Brass and Woodwind instruments as an ensemble.
- Milton Creek Country Park Trust received funding to purchase and convert two shipping containers into a space that can be used for classes, workshops, meetings and other community and educational activities.
- The Species Recovery Trust received funding to train 25 volunteers to survey for the rare Caddis Fly in Hampshire, where it has recently been discovered.

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 2023 and beyond.

All funds received from proceeds of People's Postcode Lottery relating to Postcode Society Trust have been included in the financial statements. This amounted to £17,668,840 (2022: £13,874,729). Of this, and included in expenditure on raising funds, 40%: £7,067,536 (2022: 40%: £5,549,892) is given out as prizes and 27%: £4,770,587 (2022: 27%: £3,746,177) is retained by our External Lottery Manager which is Postcode Lottery Limited. The remaining 33%: £5,830,717 (2022: 33%: £4,578,660) is managed by Postcode Society Trust. Postcode Society Trust promoted twelve draws during 2023 (2022: twelve draws).

£5,932,658 (2022: £4,020,487) was given out in grants for charitable activities in the year with £108,621 (2022: £95,340) of costs to support these activities. Of this, £8,147 (2022: £6,540) was included in Governance Costs.

Directors consider new beneficiaries of funds regularly, depending on the level of funds forecast to be received in the year.

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 level of 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 SOCIETY TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 maximum of £250,000, and a minimum of £100,000 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. If this position continues for an extended period, the Directors will revisit and potentially revise this policy.

The Trust only awards grants once there is a level of 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 2023, reserves were at £733,943 of which £733,943 related to general reserves. This is an increase in general reserves of £406,631 from the prior year. This level is above the reserves policy and will be used to fund charities during the year.

Major risks

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 (LCCP). 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.
- 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.

Plans for future periods

The ongoing Cost of Living crisis creates significant uncertainty for communities in England. 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 will open for funding applications in March, June and September in 2024, to provide several opportunities for charities and good causes to apply and access fast, flexible funding throughout the year.

POSTCODE SOCIETY TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Structure, governance and management

Governance

Postcode Society 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.

Recruitment and appointment of directors

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.
- 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.

Organisational structure

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

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

POSTCODE SOCIETY TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Induction and training of directors

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.

Staff Structure

The Board of Directors appointed an Executive Manager of Postcode Society 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 Postcode Society Trust. The Manager appointed the Trust Manager to undertake day-to-day activities including the following:

Assessing funding applications and shortlisting to budget agreed with Trustees

- Completing due diligence checks on shortlisted applications
- Presenting shortlisted applications to a representative of the Trustees at a monthly funding panel for approval
- Management of Directors' meetings including consultation of Directors where desirable or needed
- Management of marketing/communication on behalf of the Trust including websites, newsletters, publicity etc.

The Trust finance team provide financial management services for Postcode Society 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.

POSTCODE SOCIETY TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Statement of Directors' responsibilities

The Directors (who are also Trustees of Postcode Society Trust for the purposes of company law, and references to the Directors' hereafter also refer to Trustees) 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 company 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;
- 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.

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 Directors' report was approved by the Board of Directors.



Frank Fletcher

Chair

12 September 2024

POSTCODE SOCIETY TRUST

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS AND TRUSTEES OF POSTCODE SOCIETY TRUST

Report on the audit of the financial statements

Opinion

In our opinion, Postcode Society Trust financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 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 Annual Report and Financial Statements for the year ended 31 December 2023 (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2023; 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.

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.

POSTCODE SOCIETY TRUST

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF POSTCODE SOCIETY TRUST

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.

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 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 SOCIETY TRUST

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF POSTCODE SOCIETY TRUST

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 fraudulent application for awards. Audit procedures performed 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 charitable payees that appropriate and sufficient evidence over bank details was obtained by management, and that proper controls are in place over payee details;
- 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.

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/auditors-responsibilities. 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 trustees 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.

POSTCODE SOCIETY TRUST

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF POSTCODE SOCIETY TRUST

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 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.

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; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Thomas Kendall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
12 September 2024

POSTCODE SOCIETY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Unrestricted funds general 2023 £	Unrestricted funds designated 2023 £	Total 2023 £	Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Total 2022 £
Income from:							
Other trading activities	3	17,668,840	-	17,668,840	13,874,729	-	13,874,729
Investments	4	71,171	-	71,171	17,440	-	17,440
Total income		17,740,011	-	17,740,011	13,892,169	-	13,892,169
Expenditure on:							
Raising funds	5	(11,842,036)	-	(11,842,036)	(9,299,816)	-	(9,299,816)
Charitable activities	6	(5,491,344)	(549,935)	(6,041,279)	(4,115,827)	-	(4,115,827)
Total expenditure		(17,333,380)	(549,935)	(17,883,315)	(13,415,643)	-	(13,415,643)
Net income/(expenditure)		406,631	(549,935)	(143,304)	476,526	-	476,526
Transfers between funds		-	-	-	(549,935)	549,935	-
Net movement in funds		406,631	(549,935)	(143,304)	(73,409)	549,935	476,526
Reconciliation of funds:							
Fund balances at 1 January		327,312	549,935	877,247	400,721	-	400,721
Fund balances at 31 December		733,943	-	733,943	327,312	549,935	877,247

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

POSTCODE SOCIETY TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
Current assets					
Debtors	13	102,143		45,650	
Cash at bank and in hand		2,056,249		1,622,472	
		<u>2,158,392</u>		<u>1,668,122</u>	
Creditors: amounts falling due within one year	14	(1,424,449)		(790,875)	
Net current assets			<u>733,943</u>		<u>877,247</u>
The funds of the Company					
Unrestricted funds - general	16		733,943		327,312
Unrestricted funds - designated	15		-		549,935
			<u>733,943</u>		<u>877,247</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Directors on 12 September 2024



Frank Fletcher

Chair

Company registration number SC478727 (Scotland)

POSTCODE SOCIETY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	19		362,606		(337,551)
Investing activities					
Bank interest		71,171		17,440	
Net cash generated from investing activities			71,171		17,440
Net increase/(decrease) in cash and cash equivalents			433,777		(320,111)
Cash and cash equivalents at beginning of year			1,622,472		1,942,583
Cash and cash equivalents at end of year			<u>2,056,249</u>		<u>1,622,472</u>

POSTCODE SOCIETY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Charity information

Postcode Society Trust is a private company limited by guarantee incorporated in Scotland. The registered office is 28 Charlotte Square, Edinburgh, EH2 4ET, Scotland.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: 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 (FRS 102)" (effective 1 January 2019). The Company is a Public Benefit Entity as defined by FRS 102.

The financial statements have been prepared in accordance with the small companies regime under the Companies Act 2006. As such the Company has taken advantage of the following exemptions:

- Exemption from preparing a strategic report within the Directors' Report

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 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 level of 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.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Directors in furtherance of their charitable objectives.

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

1.4 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. 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.

POSTCODE SOCIETY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

1.5 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 resources expended in the statement of financial activities.

Grants awarded are recognised in full in the year in which they are approved. Community Grants are not disclosed individually.

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

1.6 Cash and cash equivalents

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.

1.7 Financial instruments

The charity 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.

Basic financial assets

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

Basic financial liabilities

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.

2 Critical accounting 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 Postcode Lottery Limited.

POSTCODE SOCIETY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

3 Income from other trading activities

	Unrestricted funds 2023 £	2023 %	Unrestricted funds 2022 £	2022 %
Total proceeds	17,668,840	100.00%	13,874,729	100.00%
Prizes	(7,067,536)	(40.00)%	(5,549,892)	(40.00)%
Operational costs	(4,770,587)	(27.00)%	(3,746,177)	(27.00)%
Lottery fund allocation	<u>5,830,717</u>	<u>33.00%</u>	<u>4,578,660</u>	<u>33.00%</u>

4 Income from investments

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Bank interest	<u>71,171</u>	<u>17,440</u>

5 Expenditure on raising funds

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Fundraising and publicity		
Prizes	7,067,536	5,549,892
Operational costs	4,770,587	3,746,177
Gambling Commission	3,913	3,747
	<u>11,842,036</u>	<u>9,299,816</u>

POSTCODE SOCIETY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

6 Expenditure on charitable activities

	Expenditure on charitable activities 2023 £	Expenditure on charitable activities 2022 £
Direct costs		
Grant funding of activities (see note 7)	5,932,658	4,020,487
Share of support and governance costs (see note 8)		
Support	100,474	88,800
Governance	8,147	6,540
	<u>6,041,279</u>	<u>4,115,827</u>
Analysis by fund		
Unrestricted funds - general	5,491,344	4,115,827
Unrestricted funds - designated	549,935	-
	<u>6,041,279</u>	<u>4,115,827</u>

7 Grants payable

	Expenditure on charitable activities 2023 £	Expenditure on charitable activities 2022 £
Grants to institutions:		
Community Programmes	4,262,723	3,456,820
Learning through Landscapes	224,841	227,300
Localgiving Foundation	325,094	336,367
Millionaire Street	1,120,000	-
	<u>5,932,658</u>	<u>4,020,487</u>

POSTCODE SOCIETY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

8 Support costs allocated to activities

	2023 £	2022 £
Cost recharges	78,039	72,323
Travel	68	1,287
Consultancy	16,913	11,944
Bank charges	116	130
Subscriptions	4,048	1,566
Insurance	1,290	1,290
Printing	-	260
Governance costs	8,147	6,540
	<u>108,621</u>	<u>95,340</u>
Analysed between:		
Expenditure on charitable activities	<u>108,621</u>	<u>95,340</u>

	2023 £	2022 £
Governance costs comprise:		
Audit fees	6,564	5,030
Accountancy	600	-
Legal and professional	983	1,510
	<u>8,147</u>	<u>6,540</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.

9 Geographical split of grants

238 projects were funded by the community grants programme (2022: 172), made across the following geographical areas and funding themes. No grants were made to individuals.

	2023 No	2023 £
England	238	4,262,723
	<u>238</u>	<u>4,262,723</u>

POSTCODE SOCIETY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

10 Funding themes

	2023	2023
	No	£
Improving green spaces and increasing access to the outdoors	6	97,581
Improving biodiversity and responding to the climate emergency	7	120,835
Improving mental health	51	978,972
Enabling community participation in the arts	40	679,441
Preventing or reducing the impact of poverty	39	714,221
Support marginalised groups and promoting equality	76	1,324,325
Enabling participation in physical activity	19	347,348
	<u>238</u>	<u>4,262,723</u>

11 Millionaire Street

31 projects were funded by the Millionaire Street programme (2022: 0), made across the following geographical areas and funding themes. No grants were made to individuals.

	2023	2023
	No	£
England	31	1,120,000
	<u>31</u>	<u>1,120,000</u>

	2023	2023
	No	£
Supporting animal welfare	1	50,000
Children	10	285,000
Health	5	215,000
Mental health	3	130,000
Poverty alleviation or prevention	12	440,000
	<u>31</u>	<u>1,120,000</u>

12 Staff Costs

No Directors received remuneration during the year (2022: £nil).

Two Directors received reimbursement of travel expenses totalling £68 during the year (2022: £995). One director received reimbursement of Gambling Commission PML fees totalling £123. (2022: £0). Directors' indemnity insurance costing £1,290 (2022: £1,290) was purchased in the year.

The charity has no employees (2022: 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 £2,720 (2022: £2,543).

POSTCODE SOCIETY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 Debtors		2023	2022
		£	£
Amounts falling due within one year:			
Other debtors		102,143	45,650
		<u> </u>	<u> </u>

14 Creditors: amounts falling due within one year		2023	2022
		£	£
Trade creditors		6,805	300
Other creditors		1,413,180	781,740
Accruals and deferred income		4,464	8,835
		<u> </u>	<u> </u>
		<u>1,424,449</u>	<u>790,875</u>

15 Unrestricted funds - designated

These are unrestricted funds which are material to the Company's activities.

	At 1 January 2023	Resources expended	Transfers	At 31 December 2023
	£	£	£	£
Designated	549,935	(549,935)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Previous year:	At 1 January 2022	Resources expended	Transfers	At 31 December 2022
	£	£	£	£
Designated	-	-	549,935	549,935
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Opening designated funds comprise:

- Learning through Landscapes: £224,841
- Localgiving: £325,094

These funds were awarded during 2023.

POSTCODE SOCIETY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

16 Unrestricted funds - general

	At 1 January 2023	Incoming resources	Resources expended	Transfers	At 31 December 2023
	£	£	£	£	£
General funds	327,312	17,740,011	(17,333,380)	-	733,943
Previous year:	At 1 January 2022	Incoming resources	Resources expended	Transfers	At 31 December 2022
	£	£	£	£	£
General funds	400,721	13,892,169	(13,415,643)	(549,935)	327,312

17 Analysis of net assets between funds

	Unrestricted funds general 2023 £	Unrestricted funds designated 2023 £	Total 2023 £
Fund balances at 31 December 2023 are represented by:			
Current assets	733,943	-	733,943
	<u>733,943</u>	<u>-</u>	<u>733,943</u>
	<u>733,943</u>	<u>-</u>	<u>733,943</u>
	<u>733,943</u>	<u>-</u>	<u>733,943</u>
	Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Total 2022 £
Fund balances at 31 December 2022 are represented by:			
Current assets	327,312	549,935	877,247
	<u>327,312</u>	<u>549,935</u>	<u>877,247</u>
	<u>327,312</u>	<u>549,935</u>	<u>877,247</u>
	<u>327,312</u>	<u>549,935</u>	<u>877,247</u>

18 Related party transactions

Postcode Lottery Limited is considered to be a related party.

During 2023 £4,770,587 (2022: £3,746,177) was retained by Postcode Lottery Limited as their external lottery management fee.

A Services Agreement also exists between Postcode Society 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 2023 £78,039 (2022: £72,323) was due to Postcode Lottery Limited, with £6,805 (2022: £5,835) being outstanding at the year end.

POSTCODE SOCIETY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

19 Cash generated from operations	2023 £	2022 £
(Deficit)/surplus for the year	(143,304)	476,526
Adjustments for:		
Bank interest	(71,171)	(17,440)
Movements in working capital:		
(Increase) in debtors	(56,493)	(16,330)
Increase/(decrease) in creditors	633,574	(780,307)
Cash generated from/(absorbed by) operations	<u>362,606</u>	<u>(337,551)</u>