

Postcode Local Trust

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

Company number: SC503019
Scottish charity number: SC045504

Postcode Local Trust

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Postcode Local Trust

Reference and administrative details

Directors and Trustees David Sharrod (Chair)
Gareth Hill
John Robson (Appointed 1st May 2022)
Rahul Bissoonauth (Appointed 1st May 2022)
Hannah Woods (Appointed 1st May 2022)
Robert Flett (Resigned 24th June 2022)

Registered office 28 Charlotte Square
Edinburgh
EH2 4ET

Independent Auditors PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Bankers Lloyds Plc
39 Threadneedle Street
London
EC2R 8AU

Santander
301 St Vincent Street
Glasgow
G2 5HN

Solicitors MacRoberts LLP
10 George Street
Edinburgh
EH2 2PF

Postcode Local Trust

Reference and administrative details *(continued)*

Gambling licence numbers	Non remote: 000-041861-N-322043 Remote: 000-041861-R-322042
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Charity number	SC045504
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Company number	SC503019
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Executive Manager	Laura Chow
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Postcode Local 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 the 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 Local 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 half-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 an 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.
- 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.

Postcode Local Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

- 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 & 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 Local 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 Local 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 Local 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 Local 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 half-yearly. 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 Local Trust engage Postcode Lottery Limited (who operate under brand name People's Postcode Lottery) as their external lottery manager.

The Trust engages 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 Local Trust to oversee the day-to-day administration of the Trust. The Executive Manager is responsible for strategy advice and the day-

Postcode Local Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

to-day operations of Postcode Local 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 Directors also appointed a Trust Finance Manager to take responsibility for the financial management for Postcode Local Trust including the following:

- Monthly financial updates including income position, breakdown of costs, and awards made
- Management of the bank account which will receive payments direct from the Postcode Lottery Limited
- 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 Local Trust is solely funded by the proceeds of its society lottery and awards grants to good causes and charities.

Postcode Local Trust supports projects which fit one or more of the following purposes:

- the prevention or relief of poverty;
- the advancement of health;

Postcode Local Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

- the advancement of citizenship or community development;
- the advancement of the arts, heritage, culture or science;
- the advancement of public participation in sport;
- 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 advancement of human rights, conflict resolution or reconciliation;
- the promotion of equality and diversity
- 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 Trust has three main funding streams funding activities taking place in the West 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 Local Trust had nine funding rounds in 2022.

- ***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 2022.

- ***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.

Postcode Local Trust operates its own society lottery which is regulated by the Gambling Commission under certificate 000-041861-R-322042 and 000-041861-N-322043. The Trust engages Postcode Lottery Limited (PLL), trading as People's Postcode Lottery, as its External Lottery Manager.

Postcode Local Trust

Directors' Report *(continued)*

Objectives and activities (continued)

Grant making policies

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

Achievements and performance

2022 Community Grants Programme Projects

The following are examples of activities that Postcode Local Trust has funded through the Community Grants Programme in 2022:

- The Family Place Foundation received funding to provide support for vulnerable adoptive families by running Family Activity Days for young people and parent/carers. Families were invited to a variety of outdoor and cultural activities to help reduce isolation and provide confidence that they can attend group events with children with complex behaviours.
- Wixford Village Hall received funding to build a new multi-purpose venue for the village. The new hall provides a social hub for villagers to meet face to face and host a wide variety of educational and recreational activities to reduce isolation and loneliness.
- Connect Us Academy received funding to deliver 11 hours of boxing and martial arts training along with personal and social development per week. Participants are able to engage in physical activity and then talk through their stresses and offload issues through structured activities.

Financial review

The Directors have taken steps to ensure the continued operations of the Trust during the ongoing Cost of Living crisis. They 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 the funds received from the proceeds of People's Postcode Lottery relating to Postcode Local Trust have been included in the financial statements. This amounted to £8.3m (2021: £8.0m). Of this, 40%:

Postcode Local Trust

Directors' Report *(continued)*

Financial review (continued)

£3.3m (2021: £3.2m) is given out as prizes and 27%: £2.2m (2021: 27.5%: £2.2m) is retained by our External Lottery Manager which is Postcode Lottery Limited. The remaining 33%: £2.7m (2021: 32.5%: £2.6m) is managed by Postcode Local Trust. Postcode Local Trust promoted twelve draws during 2022 (2021: twelve draws).

£2.5m (2021: £2.4m) was given out in grants for charitable activities with £95.9k (2021: £77.2k) of costs to support these activities. Of this £6.5k (2021: £5.7k) 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 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 2022, total reserves were £563,729, of which £239,367 relate to general reserves. This is within the reserves policy stated above.

Postcode Local Trust

Directors' Report *(continued)*

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 2023, to provide several opportunities for charities and good causes to apply and access fast, flexible funding throughout the year.

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 18 to 29 were approved by the Directors on 25th May 2023 and signed on its behalf by:



David Sharrod

Chair

Postcode Local Trust

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

Report on the audit of the financial statements

Opinion

In our opinion, Postcode Local 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 Local Trust

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

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

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

Independent auditors' report to the members and trustees of Postcode Local 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. 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 Local Trust

Independent auditors' report to the members and trustees of Postcode Local 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
25th May 2023

Postcode Local Trust

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

		2022	2022	2022	2021
		General	Designated	Total	Total
	<i>Note</i>	£	£	£	£
Income & endowments					
Other trading activities	2	8,324,838	-	8,324,838	8,007,692
Income from investments	3	4,302	-	4,302	1,360
Total income and endowments		8,329,140	-	8,329,140	8,009,052
Expenditure					
Expenditure on raising funds	4	(5,581,172)	-	(5,581,172)	(5,407,627)
Expenditure on charitable activities	5	(2,554,619)	-	(2,554,619)	(2,498,035)
Total Expenditure		(8,135,791)	-	(8,135,791)	(7,905,662)
Net income		193,349	-	193,349	103,390
Transfer between funds	11	(324,362)	324,362	-	-
Net movement in funds		(131,013)	324,362	193,349	103,390
Total funds brought forward		370,380	-	370,380	266,990
Total funds carried forward		239,367	324,362	563,729	370,380

All of the above results were derived from continuing activities, and all were classed as general activities.

Postcode Local Trust

Balance sheet

as at 31 December 2022

	<i>Note</i>	2022 £	2021 £
Current assets			
Debtors	8	40,785	40,517
Cash at bank in hand		553,889	360,318
		<u>594,674</u>	<u>400,835</u>
Creditors			
Amounts falling due within one year	9	(30,945)	(30,455)
Net current assets		<u>563,729</u>	<u>370,380</u>
Accumulated funds			
Unrestricted funds:			
General		239,367	370,380
Designated		324,362	-
	10, 11	<u>563,729</u>	<u>370,380</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 on 25th May 2023



David Sharrod

Chair

Company number: SC503019

Postcode Local Trust

Statement of cash flows

for the year ended 31 December 2022

	2022	2022	2021	2021
	£	£	£	£
Cash flows from operating activities				
Net income	193,349		103,390	
Income from investments	(4,302)		(1,360)	
(Increase/)/decrease in debtors	(268)		21,186	
Increase/(decrease) in creditors	490		(48,234)	
	<hr/>		<hr/>	
Cash provided by/(used in) operating activities		189,269		74,982
Cash flows from investing activities				
Investment income	4,302		1,360	
	<hr/>		<hr/>	
Cash provided by investing activities		4,302		1,360
		<hr/>		<hr/>
Increase/(decrease) in cash and cash equivalents in the year		193,571		76,342
Cash and cash equivalents at the beginning of the year		360,318		283,976
		<hr/>		<hr/>
Total cash and cash equivalents at the end of the year		553,889		360,318
		<hr/> <hr/>		<hr/> <hr/>
Cash and cash equivalents comprise:				
Cash at bank		553,889		360,318
		<hr/> <hr/>		<hr/> <hr/>

Postcode Local 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 Local 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 Local 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 year 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 expenditure on 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 Local 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 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.

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 Local Trust

Notes to the financial statements *(continued)*

2 Other trading activities

	2022	2022	2021	2021
	£	%	£	%
Total proceeds	8,324,838	100.0	8,007,692	100.0
Prizes	(3,329,935)	(40.0)	(3,203,077)	(40.0)
Operational costs	(2,247,706)	(27.0)	(2,201,780)	(27.5)
	<hr/>	<hr/>	<hr/>	<hr/>
Lottery fund allocation	2,747,197	33.0	2,602,835	32.5
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3 Income from investments

	2022	2021
	£	£
Bank interest	4,302	1,360
	<hr/> <hr/>	<hr/> <hr/>

4 Expenditure on raising funds

	2022	2021
	£	£
Prizes	3,329,935	3,203,077
Operational cost	2,247,706	2,201,780
Gambling Commission	3,531	2,770
	<hr/>	<hr/>
	5,581,172	5,407,627
	<hr/> <hr/>	<hr/> <hr/>

Postcode Local Trust

Notes to the financial statements *(continued)*

5 Expenditure on charitable activities

		Total 2022 £	Total 2021 £
Grants	Type of project		
Community grants		2,115,245	2,128,088
Learning through Landscapes	Environment	137,048	122,100
Localgiving Foundation	Community Development	206,457	170,630
		<u>2,458,750</u>	<u>2,420,818</u>
Support Costs			
Cost recharges		72,323	64,224
Insurance		1,290	1,290
Bank Charges		129	117
Subscriptions and memberships		1,566	1,516
Consultancy		12,833	4,360
Travel		928	-
Printing		260	-
Governance costs (Note 6)		6,540	5,710
		<u>95,869</u>	<u>77,217</u>
		<u>2,554,619</u>	<u>2,498,035</u>

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

Postcode Local Trust

Notes to the financial statements *(continued)*

5 Expenditure on charitable activities *(continued)*

109 projects were funded by the community grants programme (2021: 160), made across the following geographical areas and funding themes. No grants were made to individuals.

	2022	2022
Geographical split of grants	No	£
England	109	2,115,245
	<hr/>	<hr/>
	109	2,115,245
	<hr/>	<hr/>

	2022	2022
Funding themes		£
Increasing community access to outdoor space	3	73,630
Improving biodiversity & green spaces	1	25,000
Improving mental wellbeing	44	938,554
Enabling community participation in the arts	9	165,210
Preventing or reducing the impact of poverty	13	269,310
Supporting marginalised groups and promoting equality	14	269,595
Enabling participation in physical activity	17	196,166
Responding to the climate emergency & promoting sustainability	8	177,780
	<hr/>	<hr/>
	109	2,115,245
	<hr/>	<hr/>

6 Governance costs

	2022	2021
	£	£
Legal and professional fees	1,510	1,490
Audit fees	5,030	4,220
	<hr/>	<hr/>
	6,540	5,710
	<hr/>	<hr/>

Postcode Local Trust

Notes to the financial statements *(continued)*

7 Staff costs

No Director received any remuneration during the year *(2021: nil)*.

Four Directors received reimbursement of travel expenses totalling £788 during the year *(2021 Nil)*. Directors' indemnity insurance costing £1,290 *(2021: £1,290)* 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	40,785	40,517
	<u>40,785</u>	<u>40,517</u>

9 Creditors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade creditors	300	7,375
Other creditors	21,810	20,280
Accruals and deferred income	8,835	2,800
	<u>30,945</u>	<u>30,455</u>

Postcode Local Trust

Notes to the financial statements *(continued)*

10		Analysis of net assets between funds				
		General 2022 £	Designated 2022 £	Total 2022 £	General 2021 £	Total 2021 £
	Current Assets	270,312	324,362	594,674		
	Current Liabilities	(30,945)	-	(30,945)		
	Total net assets as 31 December 2022	<u>239,367</u>	<u>324,362</u>	<u>563,729</u>		
					General 2021 £	Total 2021 £
	Current Assets				400,835	400,835
	Current Liabilities				(30,455)	(30,455)
	Total net assets as 31 December 2021				<u>370,380</u>	<u>370,380</u>
11		Accumulated funds			Unrestricted funds	
		General 2022 £	Designated 2022 £	Total 2022 £	General 2021 £	Total 2021 £
	Balance brought forward	370,380	-	370,380	266,990	266,990
	Net (expenditure)/income for the year	193,349	-	193,349	103,390	103,390
	Transfers	(324,362)	324,362	-	-	-
	Balance carried forward	<u>239,367</u>	<u>324,362</u>	<u>563,729</u>	<u>370,380</u>	<u>370,380</u>

Closing designated funds comprise:

- Learning through Landscapes: £138,959
- Localgiving: £185,403

These funds will be applied for early 2023, and if successful will be paid during 2023.

Postcode Local Trust

Notes to the financial statements *(continued)*

12 Related party transactions

Each Postcode Trust transfers up to 10% of the net proceeds from every lottery draw into a separate bank account which is held in the name of People's Postcode Trust. Support costs are then paid from this account and split between each of the Trusts. During 2022, D Sharrod, J Robson, R Bissoonauth, H Woods and G Hill are also directors of People's Postcode Trust and Postcode Community Trust. The value of funds transferred from these Trusts to People's Postcode Trust and costs paid by People's Postcode Trust on the Trusts' behalf is set out below:

	Balance due (to)/from People's Postcode Trust £	Opening share of trade creditors £	Transfer of net proceeds to People's Postcode Trust £	Support costs paid on behalf of Trusts £	Monies refunded by People's Postcode Trust £	Trust's share of year end trade creditors £	Balance due (to)/from People's Postcode Trust £
Local	20,238	(7,375)	99,126	(93,314)	-	300	18,975

Postcode Lottery Limited is also considered to be a related party.

During 2022 £2,247,706 (2021: £2,201,780) was retained by Postcode Lottery Limited as their external lottery management fee.

A Services Agreement also exists between Postcode Local 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 £72,323 (2021: £64,224) was due to Postcode Lottery Limited, with £5,835 (2021: £9,778) being outstanding at the year end.