

Postcode International Trust

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

Company number: SC476398
Scottish charity number: SC044835

Postcode International Trust

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Postcode International Trust

Reference and administrative details

Directors and Trustees	Robert Stoneman Richard Dixon (Chair) Omolaga Plang Ross Miller Chupa Phiri (Appointed 1 st May 2022) Sanjay Singh (Appointed 1 st May 2022) Martin Houghton-Brown (Resigned 10 th May 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
Solicitors	MacRoberts LLP 10 George Street Edinburgh EH2 2PF
Gambling licence numbers	Non remote: 000-037726-N-318507 Remote: 000-037726-R-318506

Postcode International Trust

Reference and administrative details *(continued)*

Charity number SC044835

Company number SC476398

Executive Manager Laura Chow

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

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

- he/she is recommended by the Directors; or
- not less than fourteen or more than thirty-five clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or re-appointment together with notice executed by that person of his willingness to be appointed or reappointed.
- not less than seven nor more than twenty-eight clear days before the date appointed for holding a general meeting notice shall be given to all who are entitled to receive notice of the meeting of any person who is recommended by the Directors for appointment or re-appointment as a Director at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose him at the meeting for appointment or re-appointment as a Director. The notice shall give the particulars of that person which would, if he were so appointed or re-appointed, be required to be included in the Company's register of Directors.

Postcode International Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

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

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

Directors' induction and training

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

Statement of Directors' responsibilities

The directors (who are also trustees of Postcode International 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 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;

Postcode International 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

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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 International 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 International 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.

Staff structure

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

Postcode International Trust

Directors' Report *(continued)*

Structure, governance and management (continued)

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

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

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

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

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

Objectives and activities

Postcode International Trust has a vision of a world where no one lives in poverty. We will work towards achieving universal food security and improved nutrition and ensure that people in vulnerable situations have access to adequate support and protection to achieve sustainable livelihoods.

Postcode International Trust's mission is to support the creation of sustainable solutions that alleviate poverty, hunger and enable food security.

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

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

Postcode International Trust

Directors' Report *(continued)*

Objectives and activities (continued)

- the advancement of health;
- the saving of lives;
- the advancement of human rights, conflict resolution or reconciliation;
- the promotion of equality and diversity; and
- the advancement of environmental protection and improvement.

Postcode International Trust is solely funded by the proceeds of its society lottery and awards grants to good causes and charities that focus on the creation of sustainable solutions to poverty, with a particular focus on food security, economic livelihoods and protection for vulnerable groups.

Postcode International Trust operates its own society lottery which is regulated by the Gambling Commission under certificate 037726-N-318507-009 and 037726-R-318506-0037726-R-318506-009. The Trust engages Postcode Lottery Limited (PLL), trading as People's Postcode Lottery, as its External Lottery Manager.

Grant making policies

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

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

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

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

- a special project which meets the thematic and geographic priorities of the Trust;
- building capacity for long-term growth or organisation strengthening and sustainability;
- additional support in emergency situations or to tackle specific needs;

Postcode International Trust

Directors' Report *(continued)*

- working in partnership with other funders on collaborative approaches to maximise impact.

Achievements and performance

In 2022, we were able to fund nine charities working in Great Britain and internationally through equality, education & human rights issues. These were:

- Action Against Hunger
- Action Aid
- ADD International
- British Red Cross
- CARE International UK
- Mary's Meals
- Oxfam GB
- Practical Action
- Women Win

Case Study: Mary's Meals

Mary's Meals provides one good meal every school day for children living in some of the world's poorest countries. The promise of these meals attracts impoverished children to the classroom, where they can gain an education which can help them escape poverty in later life. More than two million children, across the 19 countries where the charity works around the world, currently receive a life-changing daily meal.

Funding from Postcode International Trust is helping the charity transform the lives of hungry children with the promise of a daily meal in school. Thanks to the support of Postcode International Trust, Mary's Meals has been able to reach more children in places including Kenya, Liberia, Malawi, Zambia, Madagascar, Uganda, Ethiopia, and South Sudan.

Financial review

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

Postcode International Trust

Directors' Report *(continued)*

Financial review (continued)

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

£12.5m (2021: £9.1m) was given out in grants for charitable activities in the year with £61.5k (2021: £54.3k) of costs to support these activities. Of this, £7.1k (2021: £5.7k) 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.

Reserves Policy

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

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

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

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

Postcode International Trust

Directors' Report *(continued)*

Reserves Policy (continued)

At 31 December 2022, reserves were £5,295,542, of which £3,295,542 relates to general reserves. This is a decrease of £1,674,272 from the prior year general reserves. This level is within the reserves policy.

Plans for future periods

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

In order for the Trust to fulfil its vision of a world where no one lives in poverty, in the next three years we will prioritise: sustainable livelihoods and economic empowerment for women; tackling malnutrition and achieving greater food security; better support and protection for vulnerable groups (including women, and girls, refugees and people with disabilities); and increased community resilience, particularly to climate-related extreme events and other economic, social and environmental disasters. Priority will also be given to organisations that are actively working to tackle power imbalances in the international development system and ensure development is led by local communities and civil society.

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

The Trust intends to fund supported charities during 2022, increasing the award levels many of them will receive and potentially funding a few one-off awards.

Postcode International Trust

Directors' Report *(continued)*

Directors' confirmations

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

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

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

The financial statements on pages 18 to 28 were approved by the directors on 25th May 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Richard Dixon', with a long horizontal stroke extending to the right.

Richard Dixon
Chair

Postcode International Trust

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

Report on the audit of the financial statements

Opinion

In our opinion, Postcode International 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 International Trust

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

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

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

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

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

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

	Note	Unrestricted funds			Unrestricted funds	
		2022 General £	2022 Designated £	2022 Total £	2021 General £	2021 Total £
Income & endowments						
Other trading activities	2	38,849,242	-	38,849,242	40,038,462	40,038,462
Income from investments	3	71,309	-	71,309	470	470
Total income and endowments		38,920,551	-	38,920,551	40,038,932	40,038,932
Expenditure						
Expenditure on raising funds	4	(26,033,327)	-	(26,033,327)	(26,207,195)	(26,207,195)
Expenditure on charitable activities	5	(12,561,496)	-	(12,561,496)	(9,186,307)	(9,186,307)
Total Expenditure		(38,594,823)	-	(38,594,823)	(35,393,502)	(35,393,502)
Net income		325,728	-	325,728	4,645,430	4,645,430
Transfer between funds	11	(2,000,000)	2,000,000	-	-	-
Net movement in funds		(1,674,272)	2,000,000	325,728	4,645,430	4,645,430
Total funds brought forward		4,969,814	-	4,969,814	324,384	324,384
Total funds carried forward		3,295,542	2,000,000	5,295,542	4,969,814	4,969,814

All of the above results were derived from continuing activities.

Postcode International Trust

Balance sheet

as at 31 December 2022

	<i>Note</i>	2022 £	2021 £
Current assets			
Debtors	<i>8</i>	220,259	4,903,349
Cash at bank in hand		5,296,737	4,955,046
		<u>5,516,996</u>	<u>9,858,395</u>
Creditors			
Amounts falling due within one year	<i>9</i>	(221,454)	(4,888,581)
Net current assets		<u>5,295,542</u>	<u>4,969,814</u>
Accumulated funds			
Unrestricted funds:			
General		3,295,542	4,969,814
Designated		2,000,000	-
	<i>10,11</i>	<u>5,295,542</u>	<u>4,969,814</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.



Richard Dixon
Chair

Company number: SC476398

Postcode International Trust

Statement of cash flows

for the year ended 31 December 2022

	2022	2022	2021	2021
	£	£	£	£
Cash flows from operating activities				
Net income	325,728		4,645,430	
Income from investments	(71,309)		(470)	
Decrease/(increase) in debtors	4,683,090		(2,183,050)	
(Decrease)/increase in creditors	(4,667,127)		1,750,489	
	—————		—————	
Cash provided by operating activities		270,382		4,212,399
Cash flows from investing activities				
Investment income	71,309		470	
	—————		—————	
Cash provided by investing activities		71,309		470
		—————		—————
Increase in cash and cash equivalents in the year		341,691		4,212,869
Cash and cash equivalents at the beginning of the year		4,955,046		742,177
		—————		—————
Total cash and cash equivalents at the end of the year		5,296,737		4,955,046
		=====		=====
Cash and cash equivalents comprise:				
Cash at bank		5,296,737		4,955,046
		=====		=====

Postcode International 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 International 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 International Trust

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Income

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

Expenditure

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

Grants payable

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

Expenditure on raising funds

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

Cash

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

Debtors

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

Postcode International Trust

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Creditors and provisions

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

Financial instruments

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

Critical Estimates and Judgements

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

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

Fund accounting

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

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

Postcode International Trust

Notes to the financial statements *(continued)*

2 Other trading activities

	2022	2022	2021	2021
	£	%	£	%
Total proceeds	38,849,242	100.0	40,038,462	100.0
Prizes	(15,539,697)	(40.0)	(16,015,385)	(40.0)
Operational costs	(10,489,295)	(27.0)	(11,008,900)	(27.5)
Unredeemed Prizes	-	-	819,860	2.0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Lottery fund allocation	12,820,250	33.0	13,834,037	34.5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

3 Income from investments

	2022	2021
	£	£
Bank interest	71,309	470
	<u> </u>	<u> </u>

4 Expenditure on raising funds

	2022	2021
	£	£
Prizes	15,539,697	16,015,385
Unredeemed prizes	-	(819,860)
Operational cost	10,489,295	11,008,900
Gambling Commission	4,335	2,770
	<u> </u>	<u> </u>
	26,033,327	26,207,195
	<u> </u>	<u> </u>

Postcode International Trust

Notes to the financial statements *(continued)*

5 Expenditure on Charitable Activities

		Total 2022 £	Total 2021 £
Grants	Funding Theme		
Mary's Meals	Equality, Education & Human Rights	800,000	425,000
British Red Cross	Equality, Education & Human Rights	3,000,000	2,538,000
Action Against Hunger	Equality, Education & Human Rights	1,000,000	425,000
Action Aid	Equality, Education & Human Rights	3,000,000	2,594,000
CARE International UK	Equality, Education & Human Rights	1,000,000	650,000
Oxfam	Equality, Education & Human Rights	2,500,000	2,500,000
Practical Action	Equality, Education & Human Rights	300,000	-
Women Win	Equality, Education & Human Rights	600,000	-
ADD International	Equality, Education & Human Rights	300,000	-
		<u>12,500,000</u>	<u>9,132,000</u>
Support Costs			
Cost recharges		49,668	44,655
Insurance		1,419	1,419
Bank charges		133	118
Subscriptions		1,566	1,516
Consultancy		889	889
Travel		550	-
Events		179	-
Governance costs (Note 6)		7,092	5,710
		<u>61,496</u>	<u>54,307</u>
Total charitable activities		<u><u>12,561,496</u></u>	<u><u>9,186,307</u></u>

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

Postcode International Trust

Notes to the financial statements *(continued)*

6 Governance costs

	2022	2021
	£	£
Legal and professional fees	1,510	1,490
Audit fees	5,030	4,220
Accountancy	552	-
	<u>7,092</u>	<u>5,710</u>

7 Staff costs

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

No Directors received reimbursement of travel & Gambling Commission expenses totalling £458 during the year *(2021: Nil)*. Directors' indemnity insurance costing £1,419 *(2021: £1,419)* 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	220,259	4,903,349
	<u>220,259</u>	<u>4,903,349</u>

Postcode International Trust

Notes to the financial statements *(continued)*

9 Creditors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade creditors	300	3,977
Other creditors	205,315	4,881,804
Accruals and deferred income	15,839	2,800
	<u>221,454</u>	<u>4,888,581</u>

10 Analysis of net assets between funds

	General 2022 £	Designated 2022 £	Total 2022 £
Current Assets	3,516,996	2,000,000	5,516,996
Current Liabilities	(221,454)	-	(221,454)
	<u>3,295,542</u>	<u>2,000,000</u>	<u>5,295,542</u>

	General 2021 £	Total 2021 £
Current Assets	9,858,395	9,858,395
Current Liabilities	(4,888,581)	(4,888,581)
	<u>4,969,814</u>	<u>4,969,814</u>

2022 closing designated funds comprise £2,000,000 for Comic Relief. They will be invited to apply for this award during 2023.

Postcode International Trust

Notes to the financial statements *(continued)*

11 Accumulated funds

	Unrestricted funds			Unrestricted funds	
	General	Designated	Total	General	Total
	2022	2022	2022	2021	2021
	£	£	£	£	£
Balance brought forward	4,969,814	-	4,969,814	324,384	324,384
Net income for the year	325,728	-	325,728	4,645,430	4,645,430
Transfers	(2,000,000)	2,000,000	-	-	-
Balance carried forward	3,295,542	2,000,000	5,295,542	4,969,814	4,969,814

12 Related party transactions

Postcode Lottery Limited is considered to be a related party.

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

A Services Agreement also exists between Postcode International Trust and Postcode Lottery Limited, whereby staff costs and running expenses of the Trusts are paid by Postcode Lottery Limited. All staff are employed by Postcode Lottery Limited, and the total of these costs are recharged on a monthly basis. In the year to 31 December 2022 £49,668 (2021: £44,655) was invoiced by Postcode Lottery Limited, with £12,839 (2021: £3,829) being outstanding at the year end.