

Postcode Society Trust  
*(formerly Postcode Dream Trust)*

Directors' report and financial statements for the  
year ended 31 December 2020

Company number: SC478727  
Scottish charity number: SC044911

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Contents

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	Page
Reference and administrative details	1
Directors' report	3
Independent Auditors' report to the members and trustees of Postcode Society Trust	12
Statement of financial activities (including income and expenditure account)	17
Balance sheet	18
Statement of cash flows	19
Notes to the financial statements	20

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Reference and administrative details

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<b>Directors and Trustees</b>	Michael Pratt (Chair) Francis Fletcher (Appointed 1 <sup>st</sup> March 2021) Judith Hills Aidan Connolly (Resigned 2 <sup>nd</sup> March 2021) Robert Flett (Resigned 2 <sup>nd</sup> March 2021) Elizabeth Tait (Resigned 2 <sup>nd</sup> March 2021)
<b>Registered office</b>	28 Charlotte Square Edinburgh EH2 4ET
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Bankers</b>	Lloyds Plc 39 Threadneedle Street London EC2R 8AU  Santander 301 St Vincent Street Glasgow G2 5NB
<b>Solicitors</b>	MacRoberts LLP Excel House 30 Semple Street Edinburgh EH3 8BL
<b>Gambling licence numbers</b>	Non remote: 000-038239-N-318652 Remote: 000-038239-R-318651

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Reference and administrative details *(continued)*

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Charity number	SC044911
Company number	SC478727
Executive Manager	Laura Chow

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Directors' Report

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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 2020. The information on page 1 and 2 forms part of this report.

During 2020 Postcode Dream Trust was renamed Postcode Society Trust to better align the charity name to the charitable purposes and future activities.

### *Structure, governance and management*

#### Governance

Postcode Society Trust is a company limited by guarantee, constituted by the Memorandum and Articles of Association and is governed by its elected Directors. New Directors are elected at quarterly meetings and a Director shall hold office for a maximum period of four years from the date of appointment and shall then retire. Such persons 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.

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Directors' Report *(continued)*

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### *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 & 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 People's Postcode Trust for the purposes of company law) are responsible for preparing the Directors' Report and 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 Society Trust *(formerly Postcode Dream Trust)*

## Directors' Report *(continued)*

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### *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.

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Directors' Report *(continued)*

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### *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.

The Directors do not believe that the current Covid-19 pandemic represents a major risk to the Trust.

### Management

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

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

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

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

### Staff Structure

The Board of Directors appointed an Executive Manager of Postcode Society Trust to oversee the day-to-day administration of the Trust. The Executive Manager is responsible for strategy advice and the day-to-day operations of Postcode Society Trust. The Manager appointed the Trust Team to undertake day-to-day activities including the following:

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Directors' Report *(continued)*

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

- Screening of all funding proposals,
- Assessing complete applications and providing short summaries for the Directors to make decisions
- Management of quarterly 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 Manger to take responsibility for the financial management for Postcode Society 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 People's Postcode Lottery
- 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 Society Trust is solely funded by the proceeds of its society lottery and awards grants to good causes and charities.

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

- the prevention or relief of poverty;
- the advancement of health;
- the advancement of citizenship or community development;
- the advancement of the arts, heritage, culture or science;
- the 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;

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Directors' Report *(continued)*

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### *Objectives and activities (continued)*

- the advancement of human rights, conflict resolution or reconciliation;
- the promotion of equality and diversity;
- the advancement of environmental protection and improvement; and,
- the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage.

During 2020 Postcode Society Trust supported charities who wish to deliver innovative, impactful and engaging activities. The Trust achieved this by awarding funds through the Dream Fund and also to selected beneficiaries.

### *Dream Fund*

- Once a year, partnerships of charities can apply to the Dream Fund to deliver their dream project that they have always wanted to deliver but have never had the opportunity to do so. The Dream Fund accepts applications from projects that meet at least one of the Trust's objects.

At the end of 2020, there was a change of focus of Postcode Society Trust and this Trust will operate a Community Grants Programme starting 2021.

- ***Community Grants Programme***

Allows charities to apply for funding ranging from £500 up to £20,000 undertaken in Great Britain. Registered charities can apply for up to £20,000. Community groups not formally registered as a charity can apply for up to £2,000.

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

### Grant Making Policies

Postcode Society Trust will provide funding opportunities to small organisations, community groups and charities, through grants ranging from £500 - £20,000.

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Directors' Report *(continued)*

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### *Achievements and performance*

#### **Dream Fund 2020**

In 2020, Postcode Dream Trust awarded funds to three Dream Fund projects, one of which was House for Healing:

#### **House for Healing - awarded £1,500,000**

Children 1<sup>st</sup>, Victim Support Scotland, Children England and University of Edinburgh were awarded £1,500,000 for the House for Healing project from Postcode Society Trust. House for Healing will be used to change the way children provide evidence in criminal cases and how they are supported throughout the process.

This project will build Britain's first alternative space to an adult court for children, providing a trauma-free way to gather children's evidence and will support them to recover from their court experiences. The House for Healing will be a centre where child victims and witnesses are interviewed and medically examined whilst receiving full support services under one roof in a child-friendly environment.

Every year 12,600 children in Scotland require special support to give evidence in court. It is hoped that House for Healing, which will be based in the west of Scotland, will become the catalyst for revolutionising British justice so that all children are supported to give their best evidence and begin to heal from their experiences.

House for Healing will look and feel like a family home, a safe and welcoming space where children can share their story and will also ensure that it minimizes the number of different professionals they need to talk to. The charities involved believe that the House for Healing will enable the children who use this space to start putting their experiences behind them and allow them to recover.

### *Financial review*

The Directors have taken steps to ensure the continued operations of the Trust during the current Covid-19 public health crisis and associated government restrictions. 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 2021 and beyond.

All the funds received from the proceeds of People's Postcode Lottery relating to Postcode Society Trust have been included in the financial statements. This amounted to £6.2m (2019: 9.1m). Of this, and included in expenditure on raising funds, 40% £2.5m (2019: £3.6m) is given out as prizes and 28%: £1.7m (2019: £2.5m) is retained by our External Lottery Manager which is Postcode Lottery Limited.

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Directors' Report *(continued)*

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### *Financial review (continued)*

The remaining 32%: £2m (2019: £2.9m) is managed by Postcode Society Trust. Postcode Society Trust promoted three draws during 2020 (2019: five draws).

£3.88m (2019: £3.06m) was allocated to charitable activities in the year with £3.8m (2019: £3m) being given out directly to charitable causes. Support costs of £71.1k (2019: £63.6k) were incurred and of this £6.2k (2019: £5.7k) was included in Governance costs.

£2.3m of funds were transferred from Postcode Society Trust to Postcode Innovation Trust during 2020 due to a change in overall purpose and focus of the Trust. For this reason, the Trustees approved this transfer.

### *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 £500,000, and a minimum of £250,000 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 2020, reserves were (£209), of which all relates to general funds. This is due to the transfer of funds to Postcode Innovation Trust. Postcode Society Trust will promote draws from January 2021 and during 2021 will build the reserves up to the required level.

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Directors' Report *(continued)*

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### *Plans for future periods*

From January 2021, as requested, the External Lottery Manager PPL will run one draw per month for the Trust. This regular draw income will assist with budgeting and planning. In addition, from July, the percentage of lottery income going to good causes from each draw will increase from 32% to 33%. The Trust will open for funding applications monthly from February to November, rather than twice per year as before, in order that charities and good causes do not have to wait so long to apply and those successful can receive funding more quickly.

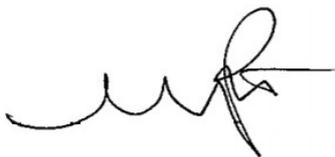
The current Covid-19 public health crisis creates significant uncertainty for the world economy. With having a single source of income, the Directors remain confident in the resilience of the subscription model of People's Postcode Lottery to protect the Trust income. In the event of a substantial change in circumstances significantly reducing revenue, the Trust holds sufficient cash reserves to ensure it can continue operations for the foreseeable future.

### *Statement of disclosure of information to auditors*

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as a trustee in order to make himself 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 17 to 28 were approved by the directors on 27<sup>th</sup> May 2021 and signed on its behalf by:



Michael Pratt  
*Chair*

# Postcode Society Trust *(formerly Postcode Dream Trust)*

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

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Postcode Society 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 2020 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 for the year ended 31 December 2020 (the “Annual Report”), which comprise: the balance sheet as at 31 December 2020; 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.

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#### 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.

# Postcode Society Trust *(formerly Postcode Dream Trust)*

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

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### 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 when the financial statements are authorised for issue.

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

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

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

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### 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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Independent auditors' report to the members and trustees of Postcode Society 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 Directors' report. We have nothing to report in this respect.

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## 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 page 4, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# Postcode Society Trust *(formerly Postcode Dream Trust)*

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

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

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 preparation of 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 to address these risks 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.

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

# Postcode Society Trust *(formerly Postcode Dream Trust)*

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

### Use of this report

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

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### Other required reporting

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#### 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 received all the information and explanations we require for our audit; or
- adequate and proper accounting records have not been kept by the charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' 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.

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#### 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  
27<sup>th</sup> May 2021

# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Statement of financial activities (including income and expenditure account) for the year ended 31 December 2020

	Note	Unrestricted funds			Unrestricted funds		
		2020 General £	2020 Designated £	2020 Total £	2019 General £	2019 Designated £	2019 Total £
<b>Income &amp; endowments</b>							
Other trading activities	2	6,240,846	-	6,240,846	9,072,538	-	9,072,538
Income from investments	3	13,455	-	13,455	27,990	-	27,990
<b>Total income and endowments</b>		<b>6,254,301</b>	<b>-</b>	<b>6,254,301</b>	<b>9,100,528</b>	<b>-</b>	<b>9,100,528</b>
<b>Expenditure</b>							
Expenditure on raising funds	4	(4,246,595)	-	(4,246,595)	(6,172,207)	-	(6,172,207)
Expenditure on charitable activities	5	(876,649)	(3,000,000)	(3,876,649)	(63,606)	(3,000,000)	(3,063,606)
<b>Total Expenditure</b>		<b>(5,123,244)</b>	<b>(3,000,000)</b>	<b>(8,123,244)</b>	<b>(6,235,813)</b>	<b>(3,000,000)</b>	<b>(9,235,813)</b>
<b>Net (expenditure)/income</b>		<b>1,131,057</b>	<b>(3,000,000)</b>	<b>(1,868,943)</b>	<b>2,864,715</b>	<b>(3,000,000)</b>	<b>(135,285)</b>
Extraordinary items	7	(2,311,644)	-	(2,311,644)	-	-	-
Transfer between funds		(1,180,587)	(3,000,000)	(4,180,587)	2,864,715	(3,000,000)	(135,285)
<b>Net movement in funds</b>		<b>(1,180,587)</b>	<b>(3,000,000)</b>	<b>(4,180,587)</b>	<b>(135,285)</b>	<b>-</b>	<b>(135,285)</b>
Total funds brought forward		1,180,378	3,000,000	4,180,378	1,315,663	3,000,000	4,315,663
<b>Total funds carried forward</b>		<b>(209)</b>	<b>-</b>	<b>(209)</b>	<b>1,180,378</b>	<b>3,000,000</b>	<b>4,180,378</b>

All of the above results were derived from continuing activities.

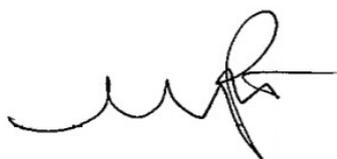
# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Balance sheet

*as at 31 December 2020*

	<i>Note</i>	2020 £	2019 £
<b>Current assets</b>			
Debtors	<i>9</i>	45,650	40,206
Cash at bank in hand		1,520,522	5,503,405
		<u>1,566,172</u>	<u>5,543,611</u>
<b>Creditors</b>			
Amounts falling due within one year	<i>10</i>	(1,566,381)	(1,363,233)
<b>Net current (liabilities)/assets</b>		<u>(209)</u>	<u>4,180,378</u>
<b>Accumulated funds</b>			
Unrestricted funds:			
General		(209)	1,180,378
Designated		-	3,000,000
	<i>11,12</i>	<u>(209)</u>	<u>4,180,378</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 27<sup>th</sup> May 2021.



Michael Pratt

*Chair*

Company number: SC478727



# Postcode Society Trust *(formerly Postcode Dream Trust)*

## Notes to the financial statements

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### 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 Society 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. The current Covid-19 public health crisis creates significant uncertainty for the world economy. 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 Directors consider it appropriate to prepare financial statements on a going concern basis.

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 Society Trust *(formerly Postcode Dream Trust)*

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

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### 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 29% for operational 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 period 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 Society Trust *(formerly Postcode Dream Trust)*

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

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### 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 Society Trust *(formerly Postcode Dream Trust)*

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

### 2 Other trading activities

	2020	2020	2019	2019
	£	%	£	%
Total proceeds	6,240,846	100	9,072,538	100
Prizes	(2,496,338)	(40)	(3,629,015)	(40)
Operational costs	(1,747,437)	(28)	(2,540,311)	(28)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Lottery fund allocation	1,997,071	32	2,903,212	32
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 3 Income from investments

	2020	2019
	£	£
Bank interest	13,455	27,990
	<u>          </u>	<u>          </u>

### 4 Expenditure on raising funds

	2020	2019
	£	£
Prizes	2,496,338	3,629,015
Operational cost	1,747,437	2,540,311
Gambling Commission	2,820	2,881
	<u>          </u>	<u>          </u>
	<u>4,246,595</u>	<u>6,172,207</u>

# Postcode Society Trust *(formerly Postcode Dream Trust)*

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

### 5 Expenditure on charitable activities

		Unrestricted 2020 £	Designated 2020 £	Total 2020 £	Unrestricted 2019 £	Designated 2019 £	Total 2019 £
<b>Grants</b>	<b>Funding Theme</b>						
Ellen MacArthur Foundation	Environmental Conservation & Protection	-	-	-	-	1,000,000	1,000,000
London Wildlife Trust	Environmental Conservation & Protection	-	-	-	-	1,000,000	1,000,000
The Wildlife Trust BCN	Environmental Conservation & Protection	-	-	-	-	1,000,000	1,000,000
Children 1st	Environmental Conservation & Protection	500,000	1,000,000	1,500,000	-	-	-
Zoological Society of London	Environmental Conservation & Protection	180,353	1,000,000	1,180,353	-	-	-
Kent Wildlife Trust	Environmental Conservation & Protection	125,201	1,000,000	1,125,201	-	-	-
		<u>805,554</u>	<u>3,000,000</u>	<u>3,805,554</u>	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>
<b>Support Costs</b>							
Cost recharges		54,140	-	54,140	48,481	-	48,481
Travel and subsistence		-	-	-	83	-	83
Insurance		1,075	-	1,075	896	-	896
Subscriptions		1,166	-	1,166	1,128	-	1,128
Consultancy fees		8,391	-	8,391	7,284	-	7,284
Bank charges		53	-	53	75	-	75
Governance costs (Note 6)		6,270	-	6,270	5,659	-	5,659
		<u>71,095</u>	<u>-</u>	<u>71,095</u>	<u>63,606</u>	<u>-</u>	<u>63,606</u>
<b>Total charitable activities</b>		<u>876,649</u>	<u>3,000,000</u>	<u>3,876,649</u>	<u>63,606</u>	<u>3,000,000</u>	<u>3,063,606</u>

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

# Postcode Society Trust *(formerly Postcode Dream Trust)*

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

### 6 Governance costs

	2020	2019
	£	£
Legal and professional fees	2,519	1,764
Accountancy fees	540	3,355
Audit fees	3,211	540
	<u>6,270</u>	<u>5,659</u>

### 7 Extraordinary items

£2.3m of funds were transferred from Postcode Society Trust to Postcode Innovation Trust during 2020 due to a change in overall purpose and focus of the Trust. For this reason, the Trustees approved this transfer.

### 8 Staff costs

No Director received any remuneration during the year *(2019: £nil)*.

No Directors received reimbursement of expenses during the year *(2019: one Director - £93)*. Directors' indemnity insurance costing £1,075 *(2019: £896)* was purchased in the year.

The charity has no employees *(2019: none)*. All services of individuals were obtained from Postcode Lottery Limited and invoiced to the charity. The amount attributable to key management personnel for their services during the year was £2,265 *(2019: £2,185)*.

### 9 Debtors

	2020	2019
	£	£
Other debtors	45,650	40,205
	<u>45,650</u>	<u>40,205</u>

# Postcode Society Trust *(formerly Postcode Dream Trust)*

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

### 10 Creditors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade creditors	4,960	9,765
Other creditors	1,557,421	1,349,968
Accruals and deferred income	4,000	3,500
	<u>1,566,381</u>	<u>1,363,233</u>

### 11 Analysis of net assets between funds

	General	Designated	Total
	2020	2020	2020
	£	£	£
Current Assets	1,566,172	-	1,566,172
Current Liabilities	(1,566,381)	-	(1,566,381)
	<u>(209)</u>	<u>-</u>	<u>(209)</u>
Total net assets as 31 December 2020			
	General	Designated	Total
	2019	2019	2019
	£	£	£
Current Assets	2,543,611	3,000,000	5,543,611
Current Liabilities	(1,363,233)	-	(1,363,233)
	<u>1,180,378</u>	<u>3,000,000</u>	<u>4,180,378</u>
Total net assets as 31 December 2019			

# Postcode Society Trust *(formerly Postcode Dream Trust)*

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

### 12 Accumulated funds

	Unrestricted funds			Unrestricted funds		
	General	Designated	Total	General	Designated	Total
	2020	2020	2020	2019	2019	2019
	£	£	£	£	£	£
Balance brought forward	1,180,378	3,000,000	4,180,378	1,315,663	3,000,000	4,315,663
Net income/(expenditure) for the year	(1,180,587)	(3,000,000)	(4,180,587)	2,864,715	(3,000,000)	(135,285)
Transfers	-	-	-	(3,000,000)	3,000,000	-
<b>Balance carried forward</b>	<b>(209)</b>	<b>-</b>	<b>(209)</b>	<b>1,180,378</b>	<b>3,000,000</b>	<b>4,180,378</b>

Opening designated funds comprise £3,000,000) for the following grants payable in 2020:

- £1,000,000 towards House for Healing, a joint project between Children 1<sup>st</sup>, Victim Support Scotland, University of Edinburgh and Children England
- £1,000,000 towards Wilder Blean, a joint project between Kent Wildlife Trust and Wildwood Trust
- £1,000,000 towards Wild Oysters, a joint project between Zoological Society of London, Blue Marine Foundation and British Marine

These were all paid their first installments during 2020.

# Postcode Society Trust *(formerly Postcode Dream Trust)*

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

### 13 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. M Pratt, J Hills, R Flett, A Connolly and E Tait are also directors of Postcode Local Trust, Postcode Community Trust and People's Postcode Trust. The value of funds transferred from these Trusts to People's Postcode Trust and costs paid by People's Postcode Trusts on the Trusts' behalf is set out below:

	Opening balance due from/(to) 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 to the Trusts	Trust's share of year end trade creditors	Closing balance due (to)/from People's Postcode Trust
	£	£	£	£	£	£	£
Society	24,173	(9,765)	65,000	(84,425)	-	4,960	(57)

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

During 2020 £1,747,437 (2019: £2,540,311) was retained by Postcode Lottery Limited as their external lottery management fee.

A Services Agreement also exists between Postcode Society Trust and Postcode Lottery Limited, whereby staff costs and running expenses of the Trusts are paid by Postcode Lottery Limited. All staff are employed by Postcode Lottery Limited, and the total of these costs are recharged on a monthly basis. In the year to 31 December 2020 £54,140 (2019: £48,481) was due to Postcode Lottery Limited, with £4,810 (2019: £9,715) being outstanding at the year end.