**Charity registration number SC046499 (Scotland)**

**Company registration number SC532119**

# POSTCODE INNOVATION TRUST

# ANNUAL REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2025

# POSTCODE INNOVATION TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

| | | |
|---|---|---|
| **Directors** | Carolyn Sims | |
| | Lawson Muncaster | (Resigned 29 March 2026) |
| | Emma Colenbrander | (Resigned 1 May 2026) |
| | Richard Dixon | |
| | Megan Virrels | |
| **Executive Manager** | Laura Chow | |
| **Charity number (Scotland)** | SC046499 | |
| **Company number** | SC532119 | |
| **Gambling Licence numbers** | Non remote: 000-046137-N-324563<br>Remote: 000-046137-R-324562 | |
| **Registered office** | 28 Charlotte Square<br>Edinburgh<br>Scotland<br>EH2 4ET | |
| **Independent auditors** | PricewaterhouseCoopers LLP<br>Edinburgh Atria One<br>PwC LLP Atria One<br>144 Morrison Street<br>Edinburgh<br>EH3 8EX<br>United Kingdom | |
| **Bankers** | Lloyds PLC<br>39 Threadneedle Street<br>London<br>UK<br>EC2R 8AU | |
| | Santander<br>301 St Vincent Street<br>Glasgow<br>UK<br>G2 5HN | |
| **Solicitors** | MacRoberts LLP<br>10 George Street<br>Edinburgh<br>UK<br>EH2 2PF | |

# POSTCODE INNOVATION TRUST

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# POSTCODE INNOVATION TRUST

## DIRECTORS' REPORT

## *FOR THE YEAR ENDED 31 DECEMBER 2025*

The Directors present their annual report and audited financial statements for the year ended 31 December 2025.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Company's governing document, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)".

**Objectives and activities**
Postcode Innovation Trust is solely funded by the proceeds of its society lottery and awards loans and grants to good causes and charities.

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

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

Postcode Innovation Trust supports charities who wish to deliver innovative, impactful and engaging activities. The Trust intends to achieve this by awarding funds to qualifying social enterprises.

Postcode Innovation Trust operates its own society lottery which is regulated by the Gambling Commission under licence 000-046137-N-324563 and 000-046137-R-324562. The Trust engages Postcode Lottery Limited (PLL), trading as People’s Postcode Lottery, as its External Lottery Manager.

*Grant making policy*
The Trust Advisor is responsible for sourcing applications from potential loan and grant beneficiaries that meet the Trust’s objects. Once applications have been received the Directors make the final decisions regarding who is to be awarded funds.

**Achievements and performance**

During 2025, Postcode Innovation Trust provided funding through the following programmes:

<u>Social Enterprise Support Programme</u>

The social enterprise support programme supports social entrepreneurs to innovate and develop solutions to the challenges that face society, break down the barriers they face and help them to increase their revenues and achieve social impact.

Eight awards were made through the social enterprise programme totalling £828,750.

Social Investment Programme

This funding programme provides awards which comprise of mainly 50% grant/50% loan as well as 100% loans for social enterprises who have previously received funding. This programme has been created to provide sustainable funding for social enterprises that are looking to increase their social and environmental impact.

The programme supports social enterprises within Great Britain that are asset locked, have social mission embedded into their articles and are looking to achieve impact in the following areas of social inclusion, community development and environmental impact.

During 2025 Social Investment Programme awards were made to eighteen social enterprises. This comprised £1.64m of grants, and £3.07m of loan funding.

Case Study: Four Square

Four Square is a charity that supports people out of homelessness and promotes inclusion in Edinburgh.
Recognising that providing a roof over someone's head is only the beginning, Four Square strives to create a deeper and more sustained impact by offering more than simply basic necessities. They provide beautiful homes where people feel valued, safe, and acknowledged. Their mission extends beyond securing benefits for the people they work with; they actively support them in finding quality employment, pursuing exciting careers, and engaging in fulfilling activities.

Four Square's housing and accommodation programs include:

- Keymoves: A refuge and 10 flats for women who have experienced gender-based violence, including domestic abuse, forced marriage, honour-based violence, and coercive control.
- Number 20: Supported accommodation for homeless young women aged 16-25, designed to help them develop independent living skills. This facility offers 7 bedsit flats with en-suite and kitchen facilities, a garden, and communal living spaces.
- Stopover: A safe haven for homeless young people aged 16-25, featuring 18 bedrooms, communal areas, and private spaces for therapeutic and support sessions.
- My Space: Flats for homeless young people aged 16-25 who are ready for independent living. This program provides a gradual transition to independence.

Postcode Innovation Trust awarded Four Square £300,000 social investment (50% loan, 50% grant; 3% loan interest) to be used to purchase a building for Four Square’s ‘Number Twenty’ service, enhancing their ability to meet the needs of young women experiencing homelessness and expanding the service to support an additional four young women, increasing the number of bed spaces from seven to eleven.

Boost Fund

The Boost Fund was set up to provide funding to organisations providing smaller amounts of social investment (£5,000 - £50,000) for the first time.

The Boost Fund awarded £281k in grants and £281k in loans to 12 organisations.

Dream Fund

The Dream Fund supports charities who wish to deliver transformational projects across Britain. The Trust made 1 awards of £5m to the Dollywood Foundation.

**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 2025 and beyond.

All funds received from proceeds of Postcode Lottery Limited relating to Postcode Innovation Trust have been included in the financial statements. This amounted to £30,143,931 (2024: £28,797,340). Of this, and included in expenditure on raising funds, 40%: £12,057,572 (2024: 40%: £11,518,936) is given out as prizes and 28%: £8,366,077 (2024: 27%: £7,775,282) is retained by our External Lottery Manager which is Postcode Lottery Limited. The remaining 32%: £9,720,282 (2024: 33%: £9,503,122) is managed by Postcode Innovation Trust. Postcode Innovation Trust promoted twelve draws during 2025 (2024: twelve draws).

£8,273,071 (2024: £2,197,229) was given out in grants for charitable activities in the year with £224,206 (2024:£177,895) of costs to support these activities. Of this, £64,956 (2024: £41,902) was included in Governance Costs.

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

*Going concern*

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

The Trust only awards grants and loans 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 award levels accordingly to ensure that the Trust remains to be a going concern.

The Directors have also considered the recoverability of all outstanding loans, and where relevant have made a provision for bad debts. Should any significant changes occur in the financial health of the borrowers the Directors will re-assess the recoverability of these loans.

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

*Reserves policy*

Reserves should be held to service an unexpected need for funds, covering unforeseen day-to-day operational costs, a shortfall in income or to fulfil its obligations.

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

Reserves are set according to our budgeted income and against our obligations for continuous funding for our supported charities. It is intended to mitigate uncertainty relating to our cash flow and to ensure that there are sufficient reserves to cover any shortfalls against income.

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 award levels accordingly to ensure that the Trust remains to be a going concern.

We aim to set general financial reserves at a minimum of £2,000,000 in and a maximum of £2,500,000. These figures do not include designated funds for loan balances, loan defaults, and Dream Fund. At 31 December 2025, reserves were at £20,020,989 of which £14,737,409 related to general reserves. This is an increase in general reserves of £2,082,976 from the prior year. This level is above the reserves policy . Of this general reserve £7.6m is held within the current loan balances, and £850k of grants along with £1.45m of loans have been approved, but not yet drawn down. These are listed in note 17.

*Major risks*

The Directors have a risk management strategy which comprises:

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

This strategy has identified the following key risks:

- Risk of the Government changing the law in relation to Society Lotteries. A review of the law relating to Society Lotteries is on-going, and both Directors and the Trust executive management team keep up to date with any information in relation to this.
- Risk of losing Gambling Licence due to non-compliance with the Gambling Commission Licence Conditions and Code of Practice (LCCP). Again, this is managed by adhering closely to the LCCP and being aware of anticipated changes to guidance and keeping abreast of industry best practice.
- Risk of dependence on one source of income and this income being lost. If the income were to reduce, this would be on a gradual basis. The Trust executive management team receive daily reports regarding ticket sales, so would be aware of any issues very quickly and these would be communicated to Directors.
- Risk of loan defaults. There is a risk that some loans may not be repaid in full or on time. Loans are reported to Directors at each meeting and there is a provisioning policy in place which will highlight any loans at risk of non-repayment.

**Plans for future periods**

Present economic circumstances with high inflation and the possibility of recession 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.

Postcode Innovation Trust will continue to run the 3 main funding programmes, aiming to increase the amounts given out in all 3 programmes.

**Structure, governance and management**

*Governance*

Postcode Innovation Trust is a company limited by guarantee, constituted by the Memorandum and Articles of Association and is governed by its elected Directors. New Directors can be elected at four times 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.

The Directors who served during the year and up to the date of signature of the financial statements were:

| | |
|---|---|
| Carolyn Sims | |
| Lawson Muncaster | (Resigned 29 March 2026) |
| Emma Colenbrander | (Resigned 1 May 2026) |
| Richard Dixon | |
| Megan Virrels | |

*Recruitment and appointment of directors*

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

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

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

*Organisational structure*

The business of Postcode Innovation 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 four times 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 Innovation 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.

*Induction and training of directors*

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

*Staff Structure*

The Board of Directors appointed an Executive Manager of Postcode Innovation 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 Innovation 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 Trust finance team provide financial management services for Postcode Innovation 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.

The Directors take recommendations from the Investment Panel which meets 4 times per year.

**Statement of directors' responsibilities in respect of the financial statements**
The trustees (who are also directors of Postcode Innovation Trust for the purposes of company law) are responsible for preparing the Annual 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 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).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the 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);
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

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

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

The Directors' report was approved by the Board of Directors.

Carolyn Sims
**Chair**

8 June 2026

# POSTCODE INNOVATION TRUST

## STRATEGIC REPORT

## *FOR THE YEAR ENDED 31 DECEMBER 2025*

The Directors present their strategic report on the Trust for the year ended 31 December 2025.

**Business Review**
The description under the headings "Achievements and performance" meet the company law requirements for the Directors to present a strategic report.

**Performance Analysis and Financial KPIs**
The description under the headings "Financial review" meet the company law requirements for the Directors to present a strategic report.

**Key Business Objectives and Strategy**
The description under the headings "Objectives and activities" meet the company law requirements for the Directors to present a strategic report.

**Principal Risks and Uncertainties**
The description under the headings "Financial review" meet the company law requirements for the Directors to present a strategic report.

On behalf of the board

Carolyn Sims
**Director**

8 June 2026

# INDEPENDENT AUDITORS' REPORT

# TO THE MEMBERS AND TRUSTEES OF POSTCODE INNOVATION TRUST

## Report on the audit of the financial statements

### Opinion

In our opinion, Postcode Innovation 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 2025 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2025; 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, comprising material accounting policy information and other explanatory information.

### Basis for opinion

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

*Independence*

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

### Conclusions relating to going concern

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

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

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

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

**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 Strategic Report and 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.

*Strategic report and Directors' Report*
In our opinion, based on the work undertaken in the course of the audit the information given in the Directors' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and Directors' report have 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 Strategic report and 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 in respect of the financial statements, 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 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.

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 the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of The Charities Accounts (Scotland) Regulations 2006 (as amended), and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 inappropriate use of charitable funds, for example through fraudulent application for awards. Audit procedures performed included:

- enquiring of management and the directors to identify any instances of non-compliance with laws and regulations, fraud or inappropriate use of charitable funds;
- understanding the approach taken by management and the directors to monitor compliance with laws and regulations, and to prevent fraud or inappropriate use of charitable funds;
- validating, for a sample of charitable payees, that appropriate and sufficient evidence over bank details was obtained by management, and that proper controls are in place over payee details; 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 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 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.

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

8 June 2026

# POSTCODE INNOVATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES
## INCLUDING INCOME AND EXPENDITURE ACCOUNT

### *FOR THE YEAR ENDED 31 DECEMBER 2025*

| | Note | Unrestricted funds general 2025 £ | Unrestricted funds designated 2025 £ | Total 2025 £ | Unrestricted funds general 2024 £ | Unrestricted funds designated 2024 £ | Total 2024 £ |
|---|---|---|---|---|---|---|---|
| **Income from:** | | | | | | | |
| Other trading activities | **3** | 30,143,931 | - | 30,143,931 | 28,797,340 | - | 28,797,340 |
| Investments | **4** | 910,546 | - | 910,546 | 767,498 | - | 767,498 |
| **Total income** | | 31,054,477 | - | 31,054,477 | 29,564,838 | - | 29,564,838 |
| **Expenditure on:** | | | | | | | |
| Raising funds | **5** | (20,440,644) | - | (20,440,644) | (19,303,364) | - | (19,303,364) |
| Charitable activities | **6** | (3,247,277) | (5,250,000) | (8,497,277) | (2,375,124) | - | (2,375,124) |
| Total expenditure | | (23,687,921) | (5,250,000) | (28,937,921) | (21,678,488) | - | (21,678,488) |
| **Net income/(expenditure)** | | 7,366,556 | (5,250,000) | 2,116,556 | 7,886,350 | - | 7,886,350 |
| Transfers between funds | | (5,283,580) | 5,283,580 | - | (5,250,000) | 5,250,000 | - |
| **Net movement in funds** | **8** | 2,082,976 | 33,580 | 2,116,556 | 2,636,350 | 5,250,000 | 7,886,350 |
| **Reconciliation of funds:** | | | | | | | |
| Fund balances at 1 January | | 12,654,433 | 5,250,000 | 17,904,433 | 10,018,083 | - | 10,018,083 |
| **Fund balances at 31 December** | | 14,737,409 | 5,283,580 | 20,020,989 | 12,654,433 | 5,250,000 | 17,904,433 |

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

# POSTCODE INNOVATION TRUST

## BALANCE SHEET

## *AS AT 31 DECEMBER 2025*

| | | 2025 | | 2024 | |
|---|---|---|---|---|---|
| | **Note** | **£** | **£** | **£** | **£** |
| **Current assets** | | | | | |
| Debtors | **11** | 7,295,379 | | 5,115,646 | |
| Cash at bank and in hand | | 19,710,856 | | 17,033,352 | |
| | | 27,006,235 | | 22,148,998 | |
| **Creditors: amounts falling due within one year** | **12** | (6,985,246) | | (4,244,565) | |
| Net current assets | | | 20,020,989 | | 17,904,433 |
| **The funds of the Company** | | | | | |
| Unrestricted funds - general | **13** | | 14,737,409 | | 12,654,433 |
| Unrestricted funds - designated | **14** | | 5,283,580 | | 5,250,000 |
| | | | 20,020,989 | | 17,904,433 |

The financial statements on pages 13 to 24 were approved by the Board of Directors on 8 June 2026

Carolyn Sims
**Chair**

Company registration number SC532119 (Scotland)

## STATEMENT OF CASH FLOWS

### *FOR THE YEAR ENDED 31 DECEMBER 2025*

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cash flows from operating activities** | | | | |
| Surplus for the year | 2,116,556 | | 7,886,350 | |
| Investment activities | (910,546) | | (767,498) | |
| Decrease in debtors | 383,275 | | 6,366 | |
| Loans extended | (3,359,617) | | (1,666,573) | |
| Loan repayments | 796,609 | | 605,383 | |
| Increase/(decrease) in creditors | 2,740,681 | | (1,375,720) | |
| **Net cash generated from operating activities** | | 1,766,958 | | 4,688,308 |
| **Investing activities** | | | | |
| Bank interest received | 798,747 | | 680,459 | |
| Loan interest received | 111,799 | | 87,039 | |
| **Net cash generated from investing activities** | | 910,546 | | 767,498 |
| **Net increase in cash and cash equivalents** | | 2,677,504 | | 5,455,806 |
| Cash and cash equivalents at beginning of year | | 17,033,352 | | 11,577,545 |
| **Cash and cash equivalents at end of year** | | 19,710,856 | | 17,033,352 |

**1 Accounting policies**

**Charity information**

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

**1.1 Basis of preparation**

The financial statements have been prepared in accordance with the Company's governing document, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". The Company is a Public Benefit Entity as defined by FRS 102.

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

**1.2 Going concern**

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

The Trust only awards grants and loans 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 award levels accordingly to ensure that the Trust remains to be a going concern.

The Directors have also considered the recoverability of all outstanding loans, and where relevant have made a provision for bad debts. Should any significant changes occur in the financial health of the borrowers the Directors will re-assess the recoverability of these loans.

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

**1.3 Charitable funds**

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

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

**1.4 Income**

Income is recognised when the charity has entitlement to the funds, when it is probable that the income will be received, and the amount can be measured reliably. Income from other trading activities include gross proceeds from the sale of Lottery tickets before deduction of up to 40% of proceeds for prizes and up to 30% for operations costs.

**1.5 Expenditure**

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

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

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

**1 Accounting policies** **(Continued)**

**1.6 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.7 Financial instruments**

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

***Basic financial assets***

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

***Basic financial liabilities***

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

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the Company’s contractual obligations expire or are discharged or cancelled.

**1.8 Bad debt provision**

Specific provisions against loans are recognised when a risk of non-recoverability is identified. Provisions made during the year, less amounts released are charged to the Statement of Financial Activities and are netted off against loans in the Balance Sheet.

**2 Critical accounting estimates and judgements**

In the application of the Company’s accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The recoverability of loan debtors is determined using a risk profile matrix to calculate the risk of default for each loan issued. The risk of default determines the level of bad debt provision.

## 3 Income from other trading activities

| | Unrestricted funds 2025 £ | 2025 % | Unrestricted funds 2024 £ | 2024 % |
|---|---|---|---|---|
| Total proceeds | 30,143,931 | 100.00% | 28,797,340 | 100.00% |
| Prizes | (12,057,572) | (40.00)% | (11,518,936) | (40.00)% |
| Operational costs | (8,366,077) | (27.75)% | (7,775,282) | (27.00)% |
| Lottery fund allocation | 9,720,282 | 32.25% | 9,503,122 | 33.00% |

## 4 Income from investments

| | Unrestricted funds 2025 £ | Unrestricted funds 2024 £ |
|---|---|---|
| Bank interest | 798,747 | 680,459 |
| Loan interest | 111,799 | 87,039 |
| | 910,546 | 767,498 |

## 5 Expenditure on raising funds

| | Unrestricted funds 2025 £ | Unrestricted funds 2024 £ |
|---|---|---|
| **Fundraising and publicity** | | |
| Prizes | 12,057,572 | 11,518,936 |
| Operational Costs | 8,366,077 | 7,775,282 |
| Gambling Commission | 16,995 | 9,146 |
| | 20,440,644 | 19,303,364 |

## 6 Expenditure on charitable activities

| | Expenditure on charitable activities 2025 £ | Expenditure on charitable activities 2024 £ |
|---|---|---|
| **Direct costs** | | |
| Grant funding of activities (see note 7) | 8,273,071 | 2,197,229 |
| **Share of support and governance costs (see note 9)** | | |
| Support | 159,250 | 135,993 |
| Governance | 64,956 | 41,902 |
| | 8,497,277 | 2,375,124 |
| **Analysis by fund** | | |
| Unrestricted funds - general | 8,497,277 | 2,375,124 |
| | 8,497,277 | 2,375,124 |

## 7 Grants payable and loan expenditure

| | | Unrestricted 2025 £ | Designated 2025 £ | Total 2025 £ | Unrestricted 2024 £ |
|---|---|---|---|---|---|
| Grants to institutions (35 grants): | | | | | |
| **Social Enterprise Support Programme** | **Type of project** | | | | |
| Hatch Enterprise | Social enterprise support | 100,000 | - | 100,000 | 100,000 |
| Impact Hub Kings Cross | Social enterprise support | 200,000 | - | 200,000 | - |
| Scottish Edge CIC | Social enterprise support | 78,750 | - | 78,750 | 78,750 |
| Social Investment Scotland | Social enterprise support | - | - | - | 200,000 |
| Social Enterprise Academy | Social enterprise support | 100,000 | - | 100,000 | 100,000 |
| This is Capacity | Social enterprise support | 150,000 | - | 150,000 | 150,000 |
| Acumen Academy | Social enterprise support | 100,000 | - | 100,000 | - |
| Firstport | Social enterprise support | 100,000 | - | 100,000 | - |
| **Social Investment Programme** | | | | | |
| Social adVentures | Thriving Together | 125,000 | - | 125,000 | - |
| Soil Association | Environmental improvement | 150,000 | - | 150,000 | - |
| Doncaster Housing for Young People | Thriving Together | 75,000 | - | 75,000 | - |
| Fentenfenna Farm | Sustainable Planet | 150,000 | - | 150,000 | - |
| Homes for Good | Thriving Together | 150,000 | - | 150,000 | - |
| Matrix Neurological | Bright Futures | 125,000 | - | 125,000 | - |
| Four Square | Thriving Together | 150,000 | - | 150,000 | - |
| Talk, Listen, Change | Resilient Communities | 130,544 | - | 130,544 | - |
| Crossroads Derbyshire | Thriving Together | 150,000 | - | 150,000 | - |
| Great Oaks | Bright Futures | 150,000 | - | 150,000 | - |

**7 Grants payable and loan expenditure** **(Continued)**

| | | | | | |
|---|---|---|---|---|---|
| Flexible Childcare Services | Bright Futures | 150,000 | - | 150,000 | - |
| Upturn | Resilient Communities | 75,000 | - | 75,000 | - |
| Getting Clean | Resilient Communities | 60,000 | - | 60,000 | - |
| Eco Cascade | Sustainable Planet | 3,600 | - | 3,600 | - |
| The Family Tree Centre | Bright Futures | - | 25,000 | 25,000 | - |
| Learning Abilities | Resilient Communities | - | 25,000 | 25,000 | - |
| Circular 11 Communities | Sustainable Planet | - | 23,503 | 23,503 | - |
| Women's Enterprising Breakthrough | Thriving Together | - | 25,000 | 25,000 | - |
| Koala North West | Bright Futures | - | 25,000 | 25,000 | - |
| Transform Lives Company | Resilient Communities | - | 25,000 | 25,000 | - |
| Everton in the Community | Resilient Communities | - | 25,000 | 25,000 | - |
| Bluejay Mind, Body, Soul | Thriving Together | - | 21,587 | 21,587 | - |
| Junction Point | Resilient Communities | - | 25,000 | 25,000 | - |
| Fiscus North | Resilient Communities | - | 21,833 | 21,833 | - |
| Options for Supported Living | Bright Futures | 16,924 | 8,076 | 25,000 | - |
| North East Sport | Resilient Communities | 15,000 | - | 15,000 | - |
| Volunteer It Yourself | Social inclusion | - | - | - | 52,500 |
| Eat, Sleep, Ride | Social inclusion | - | - | - | 30,000 |
| MiMe Heuristics | Social inclusion | - | - | - | 125,000 |
| Fashion Enterprise | Environmental improvement | - | - | - | 150,000 |
| Lighthouse Futures Trust | Social inclusion | - | - | - | 125,000 |
| Children's Discovery Centre East London | Social inclusion | - | - | - | 125,000 |
| PATT Foundation | Social inclusion | - | - | - | 125,000 |
| Yonder People | Social inclusion | - | - | - | 150,000 |
| St Helena Hospice | Social inclusion | - | - | - | 150,000 |
| Northumberland Wildlife Trust | Environmental improvement | - | - | - | 132,000 |
| The Garwood Foundation | Social inclusion | - | - | - | 150,000 |
| Loco Home Retrofit | Social inclusion | - | - | - | 100,000 |
| Furniture Cab | Social inclusion | - | - | - | 50,000 |
| **Dream Fund** | | | | | |
| Dollywood Foundation | | - | 5,000,000 | 5,000,000 | - |
| **Other** | | | | | |
| Media Trust | | 10,000 | - | 10,000 | - |
| **(Decrease)/increase in Bad Debt Provision** | | | | | |
| Bad Debt Provision | | 465,968 | - | 465,968 | (21,948) |
| Bad Debt Write Off | | 42,286 | - | 42,286 | 125,927 |
| | | 3,023,072 | 5,249,999 | 8,273,071 | 2,197,229 |

**7 Grants payable and loan expenditure** **(Continued)**

There is an increase in bad debt provision of £465,968 (2024: decrease of £21,948).

The bad debt write off is for one Social Enterprise which had their debt reduced.

**8 Net movement in funds**

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| The net movement in funds is stated after charging: | | |
| Fees payable for the audit of the charity's financial statements | 12,357 | 17,262 |

**9 Support costs allocated to activities**

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Cost recharges | 137,049 | 129,692 |
| Travel | 4,460 | 1,966 |
| Consultancy | 10,026 | 600 |
| Bank charges | 139 | 159 |
| Events | 605 | - |
| Subscriptions | 5,410 | 2,157 |
| Insurance | 1,561 | 1,419 |
| Governance costs | 64,956 | 41,902 |
| | 224,206 | 177,895 |
| **Analysed between:** | | |
| Expenditure on charitable activities | 224,206 | 177,895 |

| | 2025 | 2024 |
|---|---|---|
| **Governance costs comprise:** | £ | £ |
| Audit fees | 12,357 | 17,262 |
| Accountancy | 678 | 630 |
| Legal and professional | 51,921 | 24,010 |
| | 64,956 | 41,902 |

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

### 10 Staff costs

No Directors received remuneration during the year (2024: £nil).

Three Directors received reimbursement of travel expenses totalling £2,020 during the year (2024: £638). Directors' indemnity insurance costing £1,561 (2024: £1,419) was purchased in the year.

The charity has no employees (2024: 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 £3,146 (2024: £2,942).

### 11 Debtors

| | 2025 | 2024 |
|---|---|---|
| **Amounts falling due within one year:** | **£** | **£** |
| Loans | 985,934 | 853,897 |
| Other debtors | 1,154,671 | 1,071,967 |
| | 2,140,605 | 1,925,864 |

| | 2025 | 2024 |
|---|---|---|
| **Amounts falling due after more than one year:** | **£** | **£** |
| Loans receivable 2-5 years | 4,549,431 | 3,092,097 |
| Loans receivable >5 years | 2,067,794 | 1,094,168 |
| Bad debt provision | (1,462,451) | (996,483) |
| | 5,154,774 | 3,189,782 |
| **Total debtors** | 7,295,379 | 5,115,646 |

There are 82 (2024: 49) loans which make up the loans receivable balance. The repayment terms on the loans range from 3 to 9 years. The rate of interest on the loans is either 0% or 3%.

The bad debt provision is set aside to cover debts which may not be recoverable. It is based on assessment of recoverability of specific debts.

### 12 Creditors: amounts falling due within one year

| | 2025 | 2024 |
|---|---|---|
| | **£** | **£** |
| Trade creditors | 64,756 | 10,477 |
| Other creditors | 6,907,953 | 4,221,805 |
| Accruals and deferred income | 12,537 | 12,283 |
| | 6,985,246 | 4,244,565 |

## 13 Unrestricted funds - general

| | At 1 January 2025 | Incoming resources | Resources expended | Transfers | At 31 December 2025 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| General funds | 12,654,433 | 31,054,477 | (23,687,921) | (5,283,580) | 14,737,409 |

| **Previous year:** | At 1 January 2024 | Incoming resources | Resources expended | Transfers | At 31 December 2024 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| General funds | 10,018,083 | 29,564,838 | (21,678,488) | (5,250,000) | 12,654,433 |

## 14 Unrestricted funds - designated

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

| | At 1 January 2025 | Resources expended | Transfers | At 31 December 2025 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Designated | 5,250,000 | (5,250,000) | 5,283,580 | 5,283,580 |

| **Previous year:** | At 1 January 2024 | Resources expended | Transfers | At 31 December 2024 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Designated | - | - | 5,250,000 | 5,250,000 |

Opening designated funds comprise:

- £5,000,000 set aside for the 2025 Dream Fund which offers charitable organisations to deliver projects within Great Britain from 2025-2027. This was awarded to The Dollywood Foundation during 2025.
- £250,000 set aside for Boost Fund, to provide small amounts of social investment (£5,000 - £50,000) for organisations in 2025. These funds were awarded to a variety of organisations during 2025.

Closing designated funds comprise:

- £5,000,000 set aside for the 2026 Dream Fund which offers charitable organisations to deliver projects within Great Britain from 2026-2028.
- £283,580 set aside for Boost Fund, to provide small amounts of social investment (£5,000 - £50,000) for organisations in 2026.

## 15 Analysis of net assets between funds

| | Unrestricted funds general 2025 £ | Unrestricted funds designated 2025 £ | Total 2025 £ |
|---|---|---|---|
| **Fund balances at 31 December 2025 are represented by:** | | | |
| Current assets | 14,737,409 | 5,283,580 | 20,020,989 |
| | 14,737,409 | 5,283,580 | 20,020,989 |

| | Unrestricted funds general 2024 £ | Unrestricted funds designated 2024 £ | Total 2024 £ |
|---|---|---|---|
| **Fund balances at 31 December 2024 are represented by:** | | | |
| Current assets | 12,654,433 | 5,250,000 | 17,904,433 |
| | 12,654,433 | 5,250,000 | 17,904,433 |

## 16 Related party transactions

Postcode Lottery Limited is considered to be a related party.

During 2025 £8,366,077 (2024: £7,775,282) was retained by Postcode Lottery Limited as their external lottery management fee.

A Services Agreement also exists between Postcode Innovation 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 2025 £137,049 (2024: £129,692) was due to Postcode Lottery Limited, with £63,780 (2024: £10,477) being outstanding at the year end.

## 17 Commitments

During 2025 the Directors approved the following awards, which are due to be paid out during 2026 upon successful completion of the loan terms:

- Lighthouse Pedagogy £250,000 (100% loan)
- Staying Put £300,000 (50% grant/50% loan)
- Homes for Good £150,000 (100% loan)
- Big Life £500,000 (30% grant/70% loan)
- Bridge Place £300,000 (50% grant/50% loan)
- The Rotunda £300,000 (50% grant/50% loan)
- Bang Edutainment £300,000 (50% grant/50% loan)
- Advantage Mentoring £200,000 (50% grant/50% loan)