

POSTAL HERITAGE TRUST
(A company limited by guarantee)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Charity Number: 1102360
Company Number: 4896056

POSTAL HERITAGE TRUST
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FOR THE YEAR ENDED 31 DECEMBER 2021

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POSTAL HERITAGE TRUST

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Trustees

Richard Wills
Julian Barker
David Gold
Mike Russell
Paola Barbarino
Susan Raikes
Peter Walls
Laura Wright

Chairman

Chief Executive

Laura Wright

Secretary

Lawrence Melinek

Bankers

NatWest Bank
Holborn Circus Branch
P O Box No. 204
London
EC1P 1DU

Auditors

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Solicitors

Russell Cooke
2 Putney Hill
London
SW15 6AB

Bates Wells
10 Queen Street Place
London
EC4R 1BE

Registered office

Calthorpe House
15-20 Phoenix Place
London
WC1X 0DA

Organisation

Postal Heritage Trust is a registered charity (number: 1102360) and company limited by guarantee (number: 4896056). The charity is governed by its articles of association.

Website

www.postalmuseum.org

POSTAL HERITAGE TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees, who are also directors for the purposes of charity law present the annual report and the audited financial statements of the company for the year ended 31 December 2021. The Trustees' Annual Report includes both the Directors' Report and the Strategic Report for the purposes of company law.

STRUCTURE, GOVERNANCE & MANAGEMENT

NAME AND REGISTERED OFFICE OF THE CHARITY

Postal Heritage Trust (PHT) is a company limited by guarantee, company number 04896056 and a registered charity in England & Wales charity number 1102360. Its registered address is 15-20 Phoenix Place, London WC1X 0DL.

ORGANISATIONAL STRUCTURE

Postal Heritage Trust (PHT) heads the group of companies which collectively are known, and trade, as The Postal Museum (TPM). Postal Heritage Collection Trust, the other charity in the group, owns the collection of historic material known as The Postal Museum Collection but otherwise, it is not engaged in any trading activities. PHT and PHCT share the same Board members. PHT manages the collection held by PHCT. PHT also owns the entire share capital of two trading subsidiaries, Postal Heritage Services Limited (PHSL), which is engaged in archive services, and Postal Heritage Trading Limited (PHTL), which engages in commercial trading. These financial statements are the accounts of PHT and the consolidated financial statements for the group. This trustees' report therefore refers to both the work of PHT and to the other constituent members of the group.

The group workforce is conventionally organised through a line management structure, set by the Board of Trustees. The Chief Executive has an Executive Team that meet weekly. There are regular full staff meetings and team meetings for each of TPM's departments.

The Board of Trustees sets the remuneration of the Chief Executive, who in turn sets the remuneration of the senior staff in consultation with the Trustee Board's Audit and Finance subcommittee.

DIRECTORS/TRUSTEES

The Board of Trustees (the Board) is composed of up to fifteen members: ten selected by the Trust via an open selection policy, up to three nominated by Royal Mail Group (RMG), and up to two nominated by Post Office Limited (POL), both following their own internal selection policies. At present, there are eight trustees.

The Board can be added to by co-option, but at present there are no co-opted trustees. Trustees joining the Board receive a full introduction to PHT's purpose and premises. In addition to a personal briefing, they receive the trustees' handbook which includes links to the Charities Commission best practice documentation.

In 2021, the Board met bimonthly, with other meetings, including conference calls, taking place as and when necessary. The following committees report to the Board: An Audit and Finance sub-committee, reporting on internal and external audit factors and risk, which meets at least four times per year; a Collections sub-committee which meets to consider issues related to the management of TPM's heritage material.

The PHSL and PHTL boards of directors comprise PHT trustees together with TPM's Head of Collections (PHSL) and Head of Commercial (PHTL). There is a professional advisory board for Archive supplying external expertise in this area.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

OUR PURPOSE

Who We Are:

The Postal Museum tells the story of postal communication and its impact on a global society.

What We Do:

We use our collection to explore stories around communication, and to inspire everyone to make richer and more meaningful connections in their lives.

Our Values Are:

- Openness
- Generosity
- Innovation
- Curiosity
- Playfulness

We Will:

Be open and generous in spirit and action

Deliver innovation

Communicate our stories with clarity and playfulness

Be curious about people's stories and experiences

Strategic Objectives:

- Create welcoming experiences for anyone to connect with the museum and each other.
- Collaborate creatively to deliver content that inspires our audiences and meets their needs.
- Look after, develop and be curious about our collections to connect audiences with a relevant, inspiring and inclusive story of postal communication.
- Reach Net Zero emissions by 2050 and actively advocate environmental responsibility.
- Develop a sustainable and dynamic business model to enable our charitable work.

CHARITABLE OBJECTIVES AND ACTIVITIES

The objectives of the Postal Heritage Trust (adopted 12 October 2010 and re-adopted in 2013) are:

- *to advance the education* of the public particularly in the history of postal communication and related services and of the activities of the British Post Office and its successors and the postal and communications systems worldwide;
- *to establish and maintain museum(s) and/or archive(s) for the benefit of the public*, and in pursuit of that object:
 - collect artefacts and archives including postal artefacts and archives which may be British or international to a published policy agreed by the Charity;
 - manage, document, conserve and safeguard the national postal collections and other collections and holdings to the highest appropriate professional standards;
 - exhibit, interpret and provide access to the collections.
- *to restore, exhibit and preserve objects*, (including vehicles and where appropriate buildings and other structures) particularly those objects associated with the history of postal and related services and the activities of the British Post Office and its successors
- to undertake any other charitable purpose.

ACTIVITIES AND PUBLIC BENEFIT- MEETING THE CHARITABLE OBJECTS

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The public benefit delivered by the group is set out in more detail in the review below.

REVIEW OF THE YEAR

What we have done in 2021

The Postal Museum reopened to the public on 20 May 2021 after a period of several closures and re-openings throughout 2020 caused by the Covid-19 pandemic. Some of the key areas of work delivered in 2021 included:

- Delivery of a new temporary exhibition, Wish You Were Here: 151 Years of the British Postcard, with supporting virtual content including live virtual events and a virtual tour of the exhibition.
- Development of a new season of activities exploring the introduction of the postcard in Britain.
- Development of access resources and programmes online and in person for autistic and neurodiverse visitors; British Sign Language (BSL) tours and storytelling; audio-described (AD) tours; and resources for people with a variety of additional needs.
- Hybrid delivery of the Family and Schools programmes, with on-site delivery recommencing and new virtual resources developed.
- Further development of the Addressing Health project, including launching the first phase of a public data mapper.
- Delivery of Audience Development research to better understand current and potential audiences for the museum to increase participation and awareness.
- Investment in diversity and inclusion, and in environmental sustainability across the museum's activities, both audience-facing and internal.
- Began a refresh of the Postal Museum's brand, to better align our visual and verbal language with the museum's mission, vision and values, and to Audience Development insights.
- Won Best Accessible Museum in the Kids in Museums awards.

Reacting to Covid-19

With the museum's reopening to the public in May 2021, staff were delighted to welcome visitors back after such a long time, and visitors were very positive about being able to return. The museum opened initially for four days per week, increasing to five and then six as the year progressed.

Operational changes to the museum, ticketing, and workforce infrastructure

The museum reopened in line with government guidance under a Covid-secure environment. The changing guidance throughout 2021 was responded to promptly, and clearly communicated to staff and visitors via the website, newsletters, weekly memos, and email. To support this, the Health & Safety and Security Committee met more frequently, and Covid-19 became a standing agenda item, along with ensuring the Covid-19 risk assessment remained up to date. Additionally, colleagues across the organisation reached out to their networks and participated in conferences to understand the plans of other museums and sector bodies.

All the adaptations to the museum, including dedicated staff rooms for 'bubbled' staff working on either site, and barriers defining the prescribed visitor flow in place from the museum's brief re-openings in 2020 were retained in 2021.

For the duration of the year, all museum areas operated at a reduced capacity to maintain social distancing, and mask wearing (unless exempt) remained in place for all staff and visitors. The physical Covid-19 measures such as train and till screens, signage/floor-markings, hand-sanitisers etc. were retained throughout the museum. Operational hours were also reduced, with public access being limited to purchased tickets online only from Thursday to Sunday and pre-

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

arranged commercial/community activities taking place on Tuesdays and Wednesdays. As restrictions were eased later in the summer, staff were recruited to support greater opening hours, and Wednesdays were included for public access.

The train capacity and process to board/disembark visitors remained as per 2020's plans and dictated ticketing capacity. The number of trains per hour had to be reduced to allow for the extra time it took for each household bubble to separately get on and off the train. Staff were deployed into galleries to promote social distancing, and hand-sanitising, and the reduced visitor numbers supported visitors to maintain social distancing across both museum sites. Visitor feedback remained positive, with many commenting that the museum felt very safe, and that the Covid-19 measures were good, noting that staff were very helpful, friendly and welcoming.

Exhibitions

During 2021 The Postal Museum's Exhibitions, Access and Learning and Collections teams worked together to research and develop the 2022 temporary exhibition titled *Sorting Britain: The Power of Postcodes*. The two main themes for the *Sorting Britain* exhibition and wider programme of events and activities were:

- Why do you have a postcode? – focusing on the historical and functional origins of the postcode as a language through which to deliver instructions to machines designed to sort the mail.
- What does your postcode say about you? – focusing on the contemporary use of postcodes to identify social and economic groups for the purposes of tailoring products, marketing, messaging, etc.

Production work for the exhibition began towards the end of the year and was carried out by The Circus (designers), Heritage Interactive (digital interactives) and Chocolate Films (video production). Key contributors included: Dame Stephanie Shirley CH (former employee of the Post Office Research Station at Dollis Hill), Professor Richard Webber (inventor of the Mosaic geodemographic classification system), Alan Harrison (Royal Mail Head of Innovation), Matthew Mangan (former coding desk operator for Royal Mail), Paul Diggins (former Royal Mail marketer and inventor of Poco the Postcode Elephant), Alison Turnbull (painter and sculptor), and BA Hons Animation Students from Middlesex University.

The Postal Museum team also worked with a range of partner organisations to carry out research and development work, including Experian, Royal Mail's Address Management Unit, Swindon Mail Centre, Mount Pleasant Mail Centre, BT Heritage and Archives, and the Science Museum.

Access and Family Programmes

In 2021 we continued to work closely with disabled people to better understand their wants and needs and develop resources and events to meet these. To support the gradual reopening of the museum we worked with disability charities Ambitious about Autism (AaA) and VocalEyes to adapt existing resources and information to reflect safety-related changes made onsite because of the Covid-19 pandemic. We worked with a group of 10 autistic Youth Patrons from AaA to amend pre-visit visual story resources and with VocalEyes to plan and deliver an adapted audio described introduction to the museum. We also updated information on the museum website and carried out training with Box Office and Visitor Experience Teams to further enhance the accessibility of our offer.

Our work with AaA and the Youth Patrons continued with development of virtual learning resources to support the home learning experiences of autistic and neurodiverse children and their parents. A research report was produced based on the findings of a survey completed remotely by parent and carers and used to guide production of the learning resources with the youth patrons through a series of virtual planning sessions. The first resource was a sensory audio story and transcript with storyteller Olivia Armstrong and was made available to access on the museum website.

The Post Early: Relaxed Events at The Postal Museum recommenced in the middle of 2021 in collaboration with AaA and the Youth Patrons. Although the capacity of the events was scaled back to ensure the safety of staff and visitors,

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TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

the experience was enhanced for attendees through self-guided resources and activities. The three events reached a total of just under 200 people and feedback was very positive, particularly in relation to the extended opening hours, as compared to the morning-only events held previously.

The temporary exhibition *Wish You Were Here: 151 Years of the British Postcard* was supported by a further range of resources for disabled people. This included an exhibition large print book and audio described content for visually impaired people, produced in collaboration with VocalEyes.

We shared our experiences of developing and delivering the access programme through a series of virtual conferences. This included the Kids in Museums 'Welcoming Families and Young People with Autism' training; the Kids in Museums Virtual Annual Conference; and the Group for Education in Museums (GEM) Annual Conference. In June 2021 the museum took part in the Kids in Museums Digital Takeover Day. Two of the AaA Youth Patrons, Lucy and Ieuan, took over our Twitter and wrote a blog post, sharing their experiences of working with TPM. The content was well received and encouraged a good level of engagement on the channel.

The museum's approach to accessibility was recognised by being awarded Best Accessible Museum at the 2021 Kids in Museums Family Friendly Museum Awards. The museum was visited by undercover family judges during the summer holidays who assessed us against the Kids in Museums Manifesto. The families with additional needs were impressed by the "patient and understanding staff" and our range of services, including Changing Places toilet, sensory bags and online information and resources designed with families and young people.

Our family offer during the first half of 2021 focused on virtual activities and remote engagements. We developed a self-guided 'Holiday from Home' postcard activity aimed at families to complete together at home and schools who take part in the online *Jolly Postman, Once Upon a Bicycle* session. We also collaborated with the Literacy Trust and Usborne Books to develop the 'Kids of 2020' project. This was a competition in which children were invited to write to a child in 2030 telling them about their experience of the Covid-19 pandemic. Entrants were inspired by letter-writing tips from P.G. Bell, the author of the bestselling book series *A Train to Impossible Places Adventures*. The project was incredibly successful with 1,400 children submitting a letter. A selection of entrants were picked as winners and their letters acquired into the collection.

The onsite family programme relaunched for the October half-term 2021. The activities were delivered in collaboration with Usborne, celebrating the launch of *Delivery to the Lost City* by P.G. Bell – the final book in the bestselling *A Train to Impossible Places Adventures*. The events reached around 400 people and included a special meet-the-author event (during which visitors met P.G. Bell and listened to him read an excerpt from his book), an interactive storytelling event in the depot with storyteller Olivia Armstrong and facilitated arts and crafts workshops.

The onsite family programme for Christmas 2021 was delivered over 3 Saturdays in December, reaching around 420 adults and children. Families were invited to design their own embroidered postcard, pop-up card and origami letter, inspired by the Letters to Santa display and the Christmas embroidered postcards sent by soldiers during the First World War. A festive 'Tibs the Postal Cat' trail supported and enhanced the visits of young children and families during the Christmas period. The trail provided a focus to the visit and aimed to encourage engagement with the new Letters to Santa display.

Towards the end of 2021 we developed a 'create-your-own-sensory-story' resource for families. Illustrator Vicky Scott was commissioned to provide artwork for the resource, including a suite of postal illustrations representing the diversity of the Post Office and Royal Mail workforce, the diversity of the communities living local to the museum, and the disabled audiences we engage with. The 10 illustrations include, a 1940s postwoman, black mail sorters, a female South Asian clerk wearing the Post Office uniform sari and a mail coach guard.

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TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

Schools

During the first half of 2021 we worked to adapt our successful Jolly Postman programme for delivery to schools in their classrooms via video conferencing software. This new virtual delivery model enabled the museum to engage with schools during the closure periods due to Covid-19. Between January and July 2021, the sessions reached a total of 404 students in 14 classes from 10 different schools – 8 of which had previously visited the museum. The programme was supported by Royal Mail who funded the cost of writing packs sent to participating schools following the sessions. Feedback from teachers included:

- *"An engaging and fun session which can be used as a springboard for so many different class-based learning experiences."*
- *"Rosie Postie captured the attention of all the children for the beginning. A workshop full of wonder, suspense and inclusion- lots of the children are keen to teach others the sign language we learnt!"*
- *"The children were able to access at least some aspect of the experience they would have had if they had actually visited The Postal Museum. Moreover, that they were able to begin to become aware of the importance of how the post in different forms can impact on lives."*

In early 2021 we partnered with media company Digital-Works to deliver *On the Post* project, funded by the National Lottery Heritage Fund (NLHF). This inter-generational project connected a Year 6 class a primary school in Islington with 24 retired postal workers. Students visited TPM to find out about the history of the post and interviewed the workers about their experiences of working for the post office. The footage was turned into a 50-minute film. The museum hosted a film screening in Mail Rail. Attendees included the school students, their teachers, the former postal workers, and key stakeholders from the museum, National Lottery Heritage Fund (NLHF), the Communications Workers Union (CWU) and Royal Mail.

Visits to the museum re-launched for the Autumn Term, beginning in September 2021. Bookings opened with an option for up to two classes from the same school to visit the museum on Tuesdays when the museum was closed to the general public. Visits were marketed as a 'Postal Package' including a session, Mail Rail ride, Exhibition Galleries and option to add Sorted! Slots were quickly booked up for October, November and December. This trend supported the findings of a teacher survey conducted earlier in the year, which indicated that schools were keen to return to museums and take part in facilitated sessions. Towards the end of the term, we trialled school visits on Wednesdays, with teachers and students visiting alongside general visitors to the museum.

A total of 20 primary school classes visited the museum during the Autumn Term of 2021. Of those, 5 were repeat visits and 4 were new schools. Bookings included local schools in Camden and Islington and schools from Hertfordshire and Watford. Bookings were a 50/50 split of KS2 (7-11) and Reception / KS1 (4-7) classes. The breakdown of booked sessions is as below:

Museum visits – Postal Packages			
Interactive session	Classes	Students	Adults
Mail Rail Science Show	7	182	33
The Jolly Postman – Once Upon a Bicycle	1	30	7
The Jolly Christmas Postman	12	345	96
Totals	20	557	136

Feedback from teachers was very positive. 100% of survey respondents reported feeling 'Quite safe' in the museum and did not feel we could have done more to put in place Covid-related safety measures. Comments included:

- *"The children had a fantastic day. Great range of hands on activities to keep all the children interested."*

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TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

- *"A magical place where modern engineering is shown to have a place in this world and a real purpose!"*
- *"Our aim was for students explore and learn about mail rail engineers. Students got a chance to learn about a type of engineering that they did not know about. The interactive show was fantastic."*
- *"The children thoroughly enjoyed their visit and it rounded off our literacy unit on the Jolly Postman nicely. It also got the children excited about Christmas."*
- *"Very good interactive session and the facilitator took on board the fact that we had a hearing-impaired child within our group."*

Bookings for virtual sessions during Autumn Term also opened in June 2021, with capacity for up to 3 classes for the same or different schools to book on Wednesdays. Bookings were initially slower than for onsite visits but picked up for the latter half of the term, with all available slots being booked out. Schools were from Glasgow, Surrey, Bishops Stortford, Norwich as well as Greater London. Booking enquiries were received from Barnsley and Wales after the available slots had filled. Feedback received included:

- *"I was very impressed with how professional the whole session was set up - and the engaging way it was delivered to keep the children engaged and learning."*
- *"I think the virtual session was well thought out and covered a lot of ground in a relatively short piece of time and that it matched the needs of the audience by keeping them engaged throughout the session."*

Virtual content and online engagement

2021 continued to be a year of development between audiences and cultural venues. Visitors continued to demand engagement in both virtual and physical spaces, as the reliance on physical visits continued to be disrupted until May 2021. For many, visiting venues in person was a challenge throughout the year.

A continued focus on online content coupled with reopening activity driving ticket sales through the website led to a 50% increase in sessions on the website in 2021 versus 2020. From May 2021, when the museum reopened to the public, web traffic consistently outperformed 2019's pre-pandemic levels.

Cross-departmental virtual content developed for the temporary exhibition Wish You Were Here: 151 Years of the British Postcard was well received by audiences. Across all videos published there were over 800,000 views, including YouTube advertising to boost our reach. Notably, the museum produced its first ever virtual tour of a temporary exhibition. This long-form, curator-led tour was designed to give audiences access to the exhibition who could not visit in person, particularly vulnerable audiences and audiences outside of London. This was viewed 1,000 times in 2021. We also published an audio-described version of this tour for blind and partially sighted people, which was played 80 times. An audio-described version of our Mail Rail from Home experience played 960 times.

We delivered the museum's first live virtual events, with 74 people purchasing tickets and tuning in from across the UK and as far afield as India and the US to two events with external speakers on the topic of postcards.

Whilst the Discovery Room was closed to general visitors for much of 2021 and operated on reduced capacity and opening hours for the remainder of the year, nevertheless over 200 researchers came in and accessed original material from the Archive. The team dealt remotely with over 1400 enquiries and arranged sending out 4100 boxes as part of the records management role for Post Office Limited.

Fundraising

The museum installed contactless donation points for onsite donations in late summer 2021. This resulted in a little over £300 in small donations in the year.

We were delighted to receive £45,000 from the Michael Bishop Foundation in support of the maintenance of our trains. We thank all our supporters, named and anonymous, for their generosity to the museum, especially as we move on from the pandemic.

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TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

Projects and partnerships

Our Addressing Health partnership, looking at links between working conditions, health and retirement in urban and rural 19th century Britain, continued throughout 2021 despite delays and changes caused by the pandemic. The Museum undertook digitisation of records to allow remote transcription, and a highly successful volunteer engagement project took place where over 1000 volunteers got involved in transcribing records that had been digitised.

We began a partnership with Ancestry, the family history research company, which is digitising around 800 pension records and establishment books which will be made available on its website and to researchers on the Addressing Health project.

HR and staff support

Museum staff were unfurloughed for the period covered by the emergency funding received in October 2020 which ran until March 2021. During that time, almost the entire team worked from home and took part in cross departmental activity such as the Equality, Equity, Diversity and Inclusion (EEDI) Group and the Sustainability Group. From the beginning of April and through to the end of the Coronavirus Job Retention Scheme scheme at the end of September 2021, a number of staff continued to be furloughed on either a full or part time basis, with the total number of furloughed hours reducing as the year progressed.

During the entire time, staff were sent weekly wellness bulletins with the opportunity to take part in mental and physical health workshops. They were also kept in constant touch with activities across the museum and the sector.

As staff returned to work, they undertook a risk assessment to ensure that they were fully equipped for hybrid working. Equipment was purchased to enable safe and comfortable homeworking where this was possible. Staff continued to socially distance when in the office, and on-site transmission of Covid was negligible. Staff felt well looked after and informed, and the retention of staff was high throughout 2021.

The EEDI group continued to meet monthly through 2021. In the autumn, an invitation to tender was sent out to ten companies inviting them to support TPM's EEDI development. A panel consisting of members of the committee plus the CEO selected Full Colour following interviews with the three shortlisted companies.

Most of the volunteering at the museum was put on hold for much of 2021 but some long-standing volunteers did return, especially those involved in collections care and with schools' service delivery.

Collections

Activities centred on the collections continued to be impacted by effects of the pandemic and lockdowns. Team members returned from furlough and work began to clear backlogs of documentation work that had built up due to reduced working time on site in late 2020.

In August, the team's Assistant Curator went on maternity leave and a maternity cover role was recruited. This allowed a back log of documentation to be fully cleared and work to begin again on more day-to-day collections management work.

The team had the addition of an Archivist on a 12-month contract to increase resource and allow them to focus on urgent records appraisals work required under the 20-year rule. The National Archives and Archives Advisory Council have been kept up to date with the progress of this work.

Work on collecting digital records was moved up the priority list in 2021 and a considerable amount of new material was added to the collection. The team also improved the systems in place for managing digital records to ensure that the collection is managed in line with national best practice.

The Archive reading room remained busy despite operating on reduced hours with general researchers making appointments through a booking system and regular use being made of the Archive by lawyers working on a major case.

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TRUSTEES' REPORT (Continued)

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As visitors returned slowly to physical events, we developed a series of online talks which were well attended and allowed people from all over the world to take part.

The conservation team undertook a major assignment conserving over a hundred books for a commercial client which will complete in 2022, as well as working on all the material for the Wish You Were Here exhibition. During a period of remote working, they completely rehoused a large collection of hundreds of letters that the Museum acquired in 2017.

Research continued on the history of the postcode which will form the basis of the 2022 temporary exhibition and content season.

The digitisation studio continued to bring in commercial work as well as supporting digitisation of the Museum's own collections. More work was carried out on digitising the stamp registration sheet collection and some pension records were digitised to support work being conducted on the Addressing Health project.

In September, the team attended Stampex, the annual stamp show, the first to be held in person following its cancellation in 2020 and early 2021 due to the pandemic.

A small change was made in the gallery in the run up to Christmas with a display of letters to Santa. This was curated by a member of the marketing team, the first time a member of staff outside the collections team has put together a display like this.

FINANCIAL REVIEW

Reserves

Postal Heritage Trust's reserves position is under constant monitoring and management. The general policy of the Trustees is to maintain at least five months' worth of operating expenditure plus foreseeable capital commitments as working capital in the form of unrestricted cash, to safeguard The Postal Museum's efficient running and its ability to meet current commitments and to provide stakeholders with assurance about its financial resilience. The nature of the timing of voluntary funding receipts based on agreements with Royal Mail Group and Post Office Ltd, means that this is not always the case but the agreements themselves provide comfort that the museum can continue its normal operations. The reserves policy will be kept under regular review to ensure the museum has sufficient resources to continue to meet its strategic aims and objectives.

Of the total funds of £15,940k (2020: £16,730k) at the year end, £96k (2020: £97k) were restricted, as detailed below, and £15,844k (2020: £16,632k) were unrestricted, £15,415k of which was designated as detailed below. The designated funds represent the net asset valuation following completion of the capital project.

Overall, the museum made a deficit of £789k (2020: £340k deficit) for the year after the depreciation provision of £1,147k (2020: £1,144k). Excluding depreciation there was a surplus of £357k (2020: £804k surplus).

Restricted funds

- Funds represented by the book value of the Collection held by PHCT: £81k (2020: £81k).
- Funds received for the digitisation of Post Office records which was £6k at year end (2020: £6k).
- Addressing Health Project, the remaining balance of which at year end was £9k.

Unrestricted funds

Designated funds

- Funds designated related to fixed assets and The Postal Museum capital project: £15,415k (2020: £16,165k).

General funds

- General unrestricted funds: £429k (2020: £467k). As the museum in effect, is still a relatively new start-up, we are in the process of experimenting and developing services and processes. The stated aim is to build on the successful launch and generate reserves to establish long term sustainability. This involves the development

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TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

of strong partnerships with key stakeholders including Royal Mail Group and Post Office Limited. It is expected that this process will stabilise in the next two years before sustainable reserves start to build.

Analysis of the funds detailed above in terms of their representation is as follows:

	General	Designated	Restricted	Total
	£	£	£	£
Fixed Assets	798,784	21,348,133	81,367	22,228,284
Net Current Assets/(Liabilities)	(370,194)	876	15,018	(354,299)
Long term liabilities - loans	-	(5,933,870)	-	(5,933,870)
- deferred income	-	-	-	-
	-	15,415,139	96,385	15,940,115

Cash flow

As can be seen on the cash flow statement on page 23, the cash balance at the year end had increased by £314k to £2,419k. This increase is derived from the final instalments of emergency funding grants received to support the museum's charitable purposes during the pandemic followed by the museum reopening to the public in May 2021.

Emergency unrestricted grant income comprised £430k being the second half of the £860k grant from Arts Council England and a further £47k from the Job Retention Scheme (furlough).

Visitor numbers are expected to remain much lower than pre-pandemic levels, with the expectation of a slow recovery running through to 2023. This will inevitably result in much lower levels of income generated from visitors. In line with its purpose, the cash surplus will therefore be used to develop and support the museum's programme of activities and its other normal operations over this period.

Related parties

Postal Heritage Trust (PHT) was formed from the Heritage Services department of Royal Mail in 2004, from whom it received fixed assets and staff.

Royal Mail Group (RMG) originally nominated two members on the Trust's board upon foundation, and, like Post Office Ltd., (POL) retains the right to nominate at least one board member.

Both RMG and POL have Funding Agreements to 2040 which provide the charity with £1.45m (2020: £1.43m), but index linked in future years) of unrestricted funds, payable over the year to December 2021, for the general purpose of meeting its charitable objectives. They have also transferred some of their intellectual property rights to the group.

POL and RMG have an Archive Services Agreement with PHT via its trading subsidiary, Postal Heritage Services Ltd, which provided the latter with £1,018k of income over the year to December 2021 (2020: £1,012k), for the purpose of maintaining, and providing public access to the RMG /POL archives. This agreement runs until 2040.

The charity and the Postal Heritage Collection Trust (PHCT) are under joint control of the board of trustees. PHCT is a company limited by guarantee. It is a holding entity into which the Royal Mail Museum Collection was transferred on 29 March 2004.

Principal risks and uncertainties

Principal risks

The primary risk is the ability to resolving satisfactorily the historical loans relating to the capital project made to The Postal Museum by Post Office Ltd and Royal Mail. Following on from letters of comfort and MOU previously received

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

from RM and POL, Trustees have now received the text of a draft agreement dated 3 August 2022, to restructure the loan alongside amendments to the long lease on Calthorpe House. This document and other details are being reviewed by all connected parties to the original loan agreements. Trustees are viewing this in a positive light and, although some details require further clarification and possibly some amendment, they are in the firm belief that this document is the basis of a viable agreement to secure the museum's long-term future. Pending the outcome of further discussions, neither RM nor POL have indicated any intention to enforce the original loan terms within the next 12 months from the signing of these accounts. Trustees are therefore taking the view that the risk of the museum not being considered as a going concern has been substantially mitigated against.

Trustees consider that the other main risk over this period relates to cash. They are assured by the £2m cash balance at the end of August 2022 and the projected budgets and cash flow as outlined above provided that agreement can be reached on renegotiating the repayment terms of the loan. Currently the loans are classified in these accounts split between being due within one year and due within more than one year as, whilst the initial terms and conditions were breached as at the year end date, neither RM nor POL have sought repayment of the loan up to September 2022. Additionally, they are reassured by the tight spending controls that the museum has demonstrated since 2018, including a revised operating model which tightly manages third-party contracts in-house and the levers that the museum can pull to increase at quick notice the capacity of the museum, thus driving admissions income.

The Postal Museum's operational risk profile can be measured against its dependence in a normal year of operations, on income from the following income streams: 12% from admissions income, 52% from fundraising, 25% from services and 10% from commercial activity. The major risks associated with each are as follows:

Admissions Income – The principle financial risks to admissions income are the reliability of the Mail Rail attraction, including the trains, and the demand for tickets from the public. As the museum is established, the visitor profile is understood and train reliability has improved, these are rated as "low" in the TPM risk register. TPM's reputation is also a key factor in attracting visitors, centred on its ability to meet legal standards, and in particular, health, safety, and security obligations.

Fundraising – Much of the fundraising target has been secured through long term agreements with RM and POL but that still leaves a significant sum to be raised each year from various sources. A shortfall in fundraising income is rated "low" in the TPM risk register following mitigating actions. A membership scheme was introduced in 2019 to help build long term loyalty across a broader donor base.

Commercial Income – This income derives from three components: Retail, Food & Beverage (F&B) and Events. F&B is the smallest component and is considered to be of low risk. Retail performance is dependent on a combination of forecast attendance and spend per head being achieved. The novelty of the TPM sites ensures that our Events operation continues to attract new business in a very challenging market. Based on expected value, the performance of the Events offer is rated "low" in the TPM risk register and competitive pricing seems to be the key to achieving sufficient volume to meet our targets.

Services Income – This mainly derives from our management of the archives and public records of both POL and RM. These services are governed by and funded through a long-term agreement, and so the principal risks relate to failure to deliver services to the defined SLA's and/or loss or damage to the collections; both these eventualities are rated as "low to moderate" risks due to their likelihood of failure following mitigating actions.

Risk management

The Audit & Finance Sub-Committee oversee the risk management process. The TPM Risk Registers are reviewed by the executive team on a periodical basis with a highlight report being provided to the full Board for following each review. The Audit & Finance sub-committee aims to review the full set of registers at least quarterly.

The trustees have considered the financial position of the museum in great detail and note the following:

Lookout period

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

The strategy and direction of the museum has been outlined in the Forward Plan, the current version of which runs through to 2023 and will be updated to 2029 shortly. Sitting alongside this is a detailed cash flow projected to the end of 2023 with further projections for the next 10+ years. Both documents assume the gradual return of visitors through the years 2023 and 2024 before broadly stabilising at or around the number last seen in 2019, the last full year pre-pandemic. Planned content to be shown within the museum alongside digital and virtual delivery, developed alongside an Audience Development Plan, gives the Trustees confidence that audiences will be attracted to interesting and relevant displays, blogs, talks and events.

This strategy has been strongly endorsed by various funding bodies who have generously supported The Postal Museum since opening and especially through the pandemic in 2021 and 2022, and it is hoped that this will continue into the future.

Supporting analysis

The Trustees, through the delegated responsibility of the Finance and Audit Committee, regularly review budgets, reforecasts, and cash flow scenarios along with underlying assumptions and risks. Scenario planning underlies the budgets set with constructive challenge coming through committees and the Board. Trustees receive regular updates from the Executive Team which make clear the actions that can be taken to mitigate against any downturns by reducing expenditure at relatively short notice and by avoiding any unnecessary long term large financial commitments. They are also assured of the entrepreneurial nature of the organisation through reports on income generating activities.

Going concern

As is reported in note 1b on page 24, the trustees have considered the charitable group's forecasts and projections for a period of 12 months from the approval of the financial statements. After making enquiries the trustees have concluded that there is a reasonable expectation that the charitable group has adequate resources to continue in operational existence for the foreseeable future, a minimum of which is a period of twelve months and, subject to the non-enforcement of the loan repayment obligations and in light of the draft agreement to restructure the loan alongside amendments to the long lease on Calthorpe House as described on page 12. The charity continues to adopt the going concern basis in preparing its financial statements. The Trustees consider that the conditions described in respect of the historical loans as mentioned above, constitute a material uncertainty which may cast doubt over the charitable company's ability to continue as a going concern although substantially mitigated by the draft agreement that is currently under consideration.

Trustees are clear that The Postal Museum continues to be a going concern despite the hitherto absence of a permanent agreement with Royal Mail and Post Office Ltd to resolve the historic loans. Both lenders have indicated in a series of meetings and other correspondence that their preferred outcome is for the Postal Museum to continue to exist and neither has given any indication of any intention to call back the loans in accordance with their contractual rights.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

FUTURE PLANS

In 2022 we will apply to Arts Council England (ACE) to become a National Portfolio Organisation. This application will articulate our vision towards becoming a welcoming, inclusive and truly participatory museum that is deeply embedded within our local communities. It will also outline the steps we will take with our work on Equity, Equality, Diversity and Inclusion, and in our journey to be Net Zero by 2050. We will update our Forward Plan in light of this ambitious three-year strategy and will be accredited by the autumn of 2022.

Audience

In 2022, we will roll out the insights gathered by DJS Research in 2021 through a new audience segmentation system. The segmentation, based on extensive research including a population survey and focus groups, allows us to better understand our audience's motivations, needs, barriers, interests and commercial opportunities.

The insights gathered in the new segmentation will allow the museum to further develop our Audience Development Plan and a supporting Community Engagement Plan. We will identify our leading, core, growth and targeted audiences and the actions we will take to:

- improve the relevancy of the museum to our core and growth audiences
- improve the recognition of the museum with leading audiences
- deepen engagement with the museum with targeted audiences, including identified communities

These audience insights will also inform a new Commercial Plan and Marketing and Communication Strategy, to reach our audiences effectively and support our charitable work.

Content

The content plan for 2022 will focus on the story of the development of the postcode. This story will be told through a temporary exhibition at the museum and virtual content shared through our website and social media channels, including new videos, blogs and online interactives. The temporary exhibition will provide excellent opportunity to attract audiences back into the Museum in 2022.

In early 2022 a new Senior Curator will join the collections team. Her role will be to help develop the framework for content development within the collections team and ensure this is rolled out across the organisation. Longer term content plans will also be developed in 2022.

Sustainability

In 2022, the museum will appoint a consultant to support the development of an Environmental Sustainability Framework and Strategy with short, medium and long-term actions laid out to achieve Net Zero emissions by 2050. We will also refresh our strategic objectives to include our commitment to reaching this goal and championing good communication about environmental responsibility. Our work with any appointed consultant will include an evaluation of our current emissions and environmental impacts.

Our Environmental Sustainability Working Group will continue to draw together expertise from across the museum and unify projects relating to environmental sustainability.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company and the group and of the movement in funds, including the income and expenditure, of the charitable Company and group for that period.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

- There is no relevant audit information of which the charitable Company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

In making its decisions, Trustees have had due regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant.

This report, which includes both the Directors Report and the Strategic Report for the purposes of company law was approved by the Board on 16 September 2022 and signed on their behalf by:



Richard Wills
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

POSTAL HERITAGE TRUST

Opinion

We have audited the financial statements of Postal Heritage Trust for the year-ended 31 December 2021 which comprise the consolidated statement of financial activities, the consolidated and company balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent] charitable company's affairs as at 31 December 2021 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1b in the financial statements, which indicates that Postal Heritage Trust has defaulted on its loan repayment obligations and, whilst assurances have previously been obtained from the lenders that they will not enforce debt recovery these assurances are not legally binding and expire in December 2021. As stated in note 1b, the directors expect a satisfactory resolution to negotiations with the lenders, but these have not concluded at the date of the approval of the financial statements. These matters indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustee and Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

POSTAL HERITAGE TRUST

-
- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
 - the strategic report and the directors' report included within the Trustees and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee and Strategic Report (which incorporates the strategic report and the directors' report prepared for the purpose of company law).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 14-15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the group's and the parent 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 trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 group/charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to registered charities, 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 and the Charities Act 2011, and other factors such as income tax, payroll tax and sales tax.

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 areas of estimation uncertainty and to manual accounting journals. Audit procedures performed by the engagement team included:

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
POSTAL HERITAGE TRUST**

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing manual journals, in particular unusual any unusual items; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver (Senior Statutory Auditor)
20 September 2022

For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London EC4R 1AG

POSTAL HERITAGE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2021

		Year to Dec 2021 Unrestricted	Year to Dec 2021 Restricted	Year to Dec 2021 Total	Year to Dec 2020 Total
	Notes	£	£	£	£
INCOME					
Donations and legacies					
Donations & Grants - Royal Mail Group Ltd	4	1,450,024	-	1,450,024	1,434,212
Donations & Grants - Other	4	674,975	68,664	743,639	1,411,865
Income from Charitable activities					
Admissions and membership		488,269	-	488,269	447,777
Outreach and exhibitions		1,404	-	1,404	600
Income from other trading activities					
Income of trading company - PHSL	6	1,067,074	-	1,067,074	1,039,384
Income of trading company – PHTL	6	430,711	-	430,711	281,357
Other income		32,221	-	32,221	43,828
Investment Income		188	-	188	771
TOTAL INCOME		4,144,866	68,664	4,213,530	4,659,794
EXPENDITURE					
Charitable activities:					
Operation of The Postal Museum	5	1,670,342	45,000	1,715,342	1,594,797
Collections	5	585,956	24,562	610,518	573,787
Outreach and exhibitions	5	479,914	-	479,914	416,912
Costs of raising funds:					
Expenses of charity – PHT	5	655,608	-	655,608	659,593
Expenses of trading company - PHSL	5	1,205,182	-	1,205,182	1,328,041
Expenses of trading company – PHTL	5	336,400	-	336,400	426,910
TOTAL EXPENDITURE		4,933,402	69,562	5,002,964	5,000,040
Net (expenditure)/income		(788,536)	(898)	(789,434)	(340,246)
Transfer between funds		-	-	-	-
NET MOVEMENT IN FUNDS		(788,536)	(898)	(789,434)	(340,246)
Funds brought forward		16,632,266	97,283	16,729,549	17,069,795
FUNDS CARRIED FORWARD		15,843,730	96,385	15,940,115	16,729,549

There were no recognised gains and losses other than those shown in the above Statement of Financial Activities. All income and expenditure of the period was derived from continuing activities. Note 12 on page 36 shows the 2021 Statement of Financial Activities split between funds.

The notes on pages 24 to 40 form part of these financial statements.

POSTAL HERITAGE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2021

		Year to Dec 2020 Unrestricted	Year to Dec 2020 Restricted	Year to Dec 2020 Total	Year to Dec 2019 Total
	Notes	£	£	£	£
INCOME					
Donations and legacies					
Donations & Grants - Royal Mail Group Ltd	4	1,434,212	-	1,434,212	1,406,907
Donations & Grants - Other	4	1,384,865	27,000	1,411,865	547,423
Income from Charitable activities					
Admissions and membership		447,777	-	447,777	1,339,317
Outreach and exhibitions		600	-	600	45,036
Income from other trading activities					
Income of trading company - PHSL	6	1,039,384	-	1,039,384	1,045,527
Income of trading company – PHTL	6	281,357	-	281,357	848,318
Other income		43,828	-	43,828	137,126
Investment Income		771	-	771	1,814
TOTAL INCOME		4,632,794	27,000	4,659,794	5,371,468
EXPENDITURE					
Charitable activities:					
Operation of The Postal Museum	5	1,594,797	-	1,594,797	2,165,388
Collections	5	573,787	-	573,787	762,201
Outreach and exhibitions	5	399,914	16,998	416,912	631,530
Costs of raising funds:					
Expenses of charity – PHT	5	659,593	-	659,593	717,402
Expenses of trading company - PHSL	5	1,328,041	-	1,328,041	891,424
Expenses of trading company – PHTL	5	426,910	-	426,910	856,425
TOTAL EXPENDITURE		4,983,042	16,998	5,000,040	6,067,370
Net (expenditure)/income		(350,248)	10,002	(340,246)	(695,903)
Transfer between funds		-	-	-	-
NET MOVEMENT IN FUNDS		(350,248)	10,002	(340,246)	(695,903)
Funds brought forward		16,982,514	87,281	17,069,795	17,765,698
FUNDS CARRIED FORWARD		16,632,266	97,283	16,729,549	17,069,795

There were no recognised gains and losses other than those shown in the above Statement of Financial Activities. All income and expenditure of the period was derived from continuing activities. Note 12 on page 37 shows the 2020 Statement of Financial Activities split between funds.

The notes on pages 24 to 40 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2021**

		Dec 2021		Dec 2020	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets					
Other fixed assets	7	22,146,917		23,264,089	
Museum Collection	8	<u>81,367</u>		<u>81,367</u>	
			22,228,284		23,345,456
CURRENT ASSETS					
Stock – goods for resale		50,817		60,638	
Debtors and prepayments	10	286,296		443,026	
Cash at bank and in hand		<u>2,419,413</u>		<u>2,105,297</u>	
			2,756,526		2,608,961
CREDITORS : amounts falling due within one year	11	<u>(3,110,825)</u>		<u>(2,882,014)</u>	
NET CURRENT (LIABILITIES) / ASSETS			<u>(354,299)</u>		<u>(273,053)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			21,873,985		23,072,403
CREDITORS : amounts falling due after more than one year					
Loans	11		(5,933,870)		(6,226,187)
Deferred income	11		<u>-</u>		<u>(116,667)</u>
NET ASSETS			<u>15,940,115</u>		<u>16,729,549</u>
FUNDS					
Restricted funds:	12		96,385		97,283
Unrestricted funds:					
Designated	12		15,415,139		16,165,566
General	12		-		-
Trading subsidiary reserves	12		<u>428,591</u>		<u>466,700</u>
			<u>15,940,115</u>		<u>16,729,549</u>

The notes on pages 24 to 40 form part of these financial statements.

Approved and authorised for issue by the board of directors on 16 September 2022 and signed on their behalf by:



Richard Wills
Director

**CHARITABLE COMPANY BALANCE SHEET
AT 31 DECEMBER 2021**

		Dec 2021	Dec 2020
	Note	£	£
FIXED ASSETS			
Tangible fixed assets			
Other fixed assets	7	22,146,917	23,264,089
Investment in subsidiary companies at cost	9	2	2
		22,146,919	23,264,091
CURRENT ASSETS			
Debtors and prepayments	10	949,136	803,133
Cash at bank and in hand		1,019,644	854,285
		1,968,780	1,657,418
CREDITORS: amounts falling due within one year	11	(2,751,668)	(2,479,538)
NET CURRENT LIABILITIES		(782,888)	(822,120)
TOTAL ASSETS LESS CURRENT LIABILITIES		21,364,031	22,441,971
CREDITORS: amounts falling due after more than one year			
Loans	11	(5,933,870)	(6,226,187)
Deferred income	11	-	(34,300)
NET ASSETS		15,430,161	16,181,484
FUNDS			
Restricted funds	12	15,018	15,916
Unrestricted funds:			
Designated	12	15,415,143	16,165,568
General	12	-	-
		15,430,161	16,181,484

The notes on pages 24 to 40 form part of these financial statements.

Approved and authorised for issue by the board of directors on 16 September 2022 and signed on their behalf by:



Richard Wills
Director

**CONSOLIDATED CASH FLOW STATEMENT
AT 31 DECEMBER 2021**

	Dec 2021	Dec 2020
	£	£
Cash flows from operating activities		
Net (expenditure) for the financial year	(789,434)	(340,246)
Adjustments for		
Depreciation	1,146,682	1,144,232
Interest received	(188)	(771)
Loss disposal of fixed assets	-	-
(Profit) on disposal of heritage assets	(1,974)	-
(Increase) / decrease in stock	9,821	2,574
(Increase) / decrease in debtors	156,730	177,807
(Increase) / decrease in creditors	(180,173)	145,966
Net cash generated from operating activities	341,464	1,129,562
Cash flows from investing activities		
(Purchase) of tangible fixed assets	(29,510)	(127,633)
(Purchase) of heritage assets	-	-
Proceeds from sale of heritage assets	1,974	-
Proceeds from sale of fixed assets	-	14,000
Interest received	188	771
Net cash from investing activities	(27,348)	(112,862)
Cash flows from financing activities		
Cash inflow from new borrowing	-	-
Net increase / (decrease) in cash and cash equivalents	314,116	1,016,700
Cash and cash equivalents at beginning of the year	2,105,297	1,088,597
Cash and cash equivalents at the end of the year	2,419,413	2,105,297

Movement in net debt

	£	£	£	£
	At 1 January 2021	Cash flows	Non-cash changes	At 31 December 2021
Cash at bank and in hand	2,105,297	314,116	-	2,419,413
Loans due within one year	(823,813)	-	(292,317)	(1,116,130)
Loans due after one year	(6,226,187)	-	292,317	(5,933,870)
	(4,944,703)	314,116	-	(4,630,587)
Total	(4,944,703)	314,116	-	(4,630,587)

The notes on pages 24 to 40 form part of these financial statements.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

a) Accounting basis

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company and its subsidiaries are a public benefit group for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the 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 (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011, and Regulations made thereunder.

In the view of the trustees in applying the accounting policies adopted, no judgements were required, other than the determination of the appropriateness of the going concern basis as set out below, that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

b) Going concern

FRS102 requires the trustees to adopt a going concern basis in preparing the financial statements unless they intend to liquidate the charitable company or have no realistic alternative to do so.

As has been the case since 2018, Postal Heritage Trust, the parent charitable company, and Postal Heritage Services Ltd have defaulted on their loan repayment obligations to Royal Mail Group Ltd and Post Office Ltd. However, the lenders have not exercised their right under the default provisions of the loan agreement, to require immediate repayment of the loan. Following on from letters of comfort and MOU previously received from RM and POL, Trustees have now received the text of a draft agreement dated 3 August 2022, to restructure the loan alongside amendments to the long lease on Calthorpe House. This document and other details are being reviewed by all connected parties to the original loan agreements. Trustees are viewing this in a positive light and, although some details require further clarification and possibly some amendment, they are in the firm belief that this document is the basis of a viable agreement to secure the museum's long-term future. Pending the outcome of further discussions, neither RM nor POL have indicated any intention to enforce the original loan terms within the next 12 months from the signing of these accounts, or at any time after that for the foreseeable future. Trustees are therefore taking the view that the risk of the museum not being considered as a going concern has been substantially mitigated against. It is expected that a satisfactory resolution that is acceptable to all parties will be reached in the near future following the signing off of these accounts, and on that basis the trustees continue to consider it appropriate in order for the accounts to show a true and fair view to disclose an element of the loans as repayable after one year.

The non-enforcement of the loan repayment obligations constitutes a material uncertainty that may cast significant doubt as to the charity's ability to continue as a going concern. Nonetheless, the trustees have concluded that going concern is appropriate for the reasons set out below.

In particular the trustees have considered the charitable group's forecasts and projections for a period of 15 months from the approval of these financial statements to 31 December 2023. After making enquiries the trustees have concluded that there is a reasonable expectation that the charitable group has adequate resources to continue in operational existence for the foreseeable future, a minimum of which is a period of twelve months and, subject to the non-enforcement of the loan repayment obligations and agreement to revised terms and conditions as set out by the MOU within the timeframes noted above.

Trustees are clear that The Postal Museum continues to be a going concern despite the hitherto absence of a permanent agreement with Royal Mail and Post Office Ltd to resolve the historic loans. Both lenders have indicated in a series of meetings and other correspondence that their preferred outcome is for the Postal Museum to continue to exist and neither has given any indication of any intention to call back the loans in accordance with their contractual rights.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (continued)

c) Consolidation basis

The consolidated financial statements of Postal Heritage Trust (PHT) include the results, assets and liabilities of the charitable company and its wholly owned trading subsidiary companies, Postal Heritage Services Limited

and Postal Heritage Trading Limited on a line by line basis. In addition, the consolidated financial statements include Postal Heritage Collection Trust (PHCT), a charitable company under common control, on a similar basis. In prior years, the consolidated financial statements were prepared by PHCT. The charity has taken

advantage of the exemption afforded by section 408 of the Companies Act 2006 and has not prepared a separate Statement of Financial Activities.

d) Restricted funds

Restricted funds are to be used for specified purposes, as laid down by the grant-making body or donor.

e) Designated funds

Designated funds have been set aside at the Trustees' discretion for a specific purpose.

f) Unrestricted funds

Unrestricted funds include donations, consultancy income and other incoming resources received or generated for unspecified charitable purposes.

g) Donations and gifts

Income received by way of donations and gifts is included in the Statement of Financial Activities when received or there is a high probability of receipt.

No value is placed on donated services and facilities in the financial statements on the basis of immateriality.

h) Revenue grants

Revenue grants are credited to incoming resources in the year for which they are receivable. Revenue grants are deferred where the income represents amounts received for future years and are released to incoming resources in the year for which they have been received.

i) Expenditure

All expenditure is accounted for on the accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Such support costs, including governance costs, are allocated between cost of generating funds and resources expended on charitable activities on basis of time spent.

Salaries are allocated to the Postal Heritage Trust and its trading subsidiaries, Postal Heritage Services Limited and Postal Heritage Trading Limited, on the basis of time spent on each activity.

Governance costs, which are allocated consistently with other costs, are those costs relating to the general running of the charity by its trustees and include audit fees and trustee expenses.

i) Operating leases

The costs of operating leases are charged to the Statement of Financial Activities in the year to which they relate.

k) Heritage assets

The charity holds a collection of assets which reflect the history of the postal system. The museum collection is comprised of items which would fall under the definition of heritage assets in FRS 102 where such a

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (continued)

heritage asset is defined as an asset “with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture”.

The majority of assets in the collection are not valued on the balance sheet on the basis that appropriate valuations do not exist and could not be obtained at proportionate cost.

A small number of heritage assets were acquired by purchase in relatively recent past and, in the case of these assets, the cost of purchase is known. The aggregate cost of these assets is shown on the balance sheet. No depreciation is charged.

l) Depreciation and amortisation

The costs of fixed assets with a purchase price of £1,000 or more are capitalised and written off on a straight-line basis over their useful lives, as follows:

General office equipment, fixtures, and fittings	5 years
Other equipment	Variable periods depending on deemed useful asset life
Long leasehold property	40 years and 25 years (period of lease)

m) Pension scheme

The charity makes employer’s contributions into the Royal Mail Group POS and POPS defined benefit final salary schemes on the behalf of two employees transferred into its employment from Royal Mail Group. The costs are charged to the Statement of Financial Activities when they fall due. The schemes are multi-employer schemes.

n) Intangible assets

The cost of software and exhibition films are treated as intangible assets where the value exceeds £1,000. The accounting policy is to write down these amounts over a period of 5 years on a straight line basis.

2. STAFF NUMBERS AND COSTS

	Year to Dec 2021	Year to Dec 2020
	Number	Number
(a) The average number of employees during the year were as follows:	78	92

(b) No employee (2020: 1) received remuneration in the band £60,000 - £70,000.

One employee (2020: 0) received remuneration in the band £70,000 - £80,000.

One employee (2020: 1) received remuneration in the band £90,000 - £100,000.

For the purpose of the above disclosure, remuneration refers to salary and taxable benefits in kind only.

	Year to Dec 2021	Year to Dec 2020
	£	£
Wages and salaries	1,863,451	2,147,278
Social security costs	171,497	181,365
Pension costs	130,467	137,117
Termination payments	500	-
	2,165,915	2,465,760

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

During the year reimbursable expenses of £35 (2020: £62) were paid to 1 (2020: 1) trustee for travelling expenses and subsistence.

The charity made payments of £1,615 (2020: £1,466) in the year for trustees' indemnity insurance.

Laura Wright was employed as CEO and Trustee of the charity. The legal authority for payments to her was a Charity Commission Order. During the year she received remuneration of £92,000 in respect of her employment. In addition, the charity made contractual pension contributions of £5,520 in respect of her employment.

The total employee benefits of the charity's Key Management Personnel were £441,400 (2020: £425,471).

3. NET MOVEMENT IN FUNDS FOR THE YEAR

	Year to Dec 2021	Year to Dec 2020
	£	£
This is stated after charging:		
Auditors' remuneration – audit of parent company	7,230	12,530
– subsidiary company audits	13,550	12,950
– other services	3,000	7,806
Operating leases – land and buildings	219,127	180,964
Depreciation of fixed assets	1,146,682	1,144,232

4. DONATIONS AND LEGACIES

	Year to Dec 2021 Unrestricted	Year to Dec 2021 Restricted	Year to Dec 2021 Total	Year to Dec 2020 Unrestricted	Year to Dec 2020 Restricted	Year to Dec 2020 Total
	£	£	£	£	£	£
Donations & Grants - Royal Mail Group Ltd and Post Office Ltd	1,450,024	-	1,450,024	1,434,212	-	1,434,212
Donations & Grants - Other	197,649	-	197,649	67,250	-	67,250
Arts Council England Grant	430,000	-	430,000	430,000	-	430,000
National Heritage Lottery Fund Grant	-	-	-	250,000	-	250,000
Arts Fund Grant	-	-	-	-	27,000	27,000
Michael Bishop Foundation	-	45,000	45,000	-	-	-
University of Derby	-	23,664	23,664	-	-	-
Coronavirus Job Retention Scheme	47,326	-	47,326	637,615	-	637,615
	2,124,999	68,664	2,193,663	2,819,077	27,000	2,846,077

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

5. ANALYSIS OF EXPENDITURE

	PHT	PHSL	PHTL	Collections	Outreach	Operations	Year to Dec 2021 Total
	£	£	£	£	£	£	£
DIRECT COSTS							
Staff Costs	275,182	302,746	99,112	235,908	79,431	596,455	1,588,834
Other staff related items & consultancy	2,338	741	(681)	3,833	4,102	11,446	21,779
Property costs	80,833	3,676	-	132,594	141,909	395,902	754,914
Direct activity costs	42,304	4,411	89,637	69,395	74,270	207,201	487,218
Depreciation	116,797	-	-	203,707	217,578	608,600	1,146,682
	517,454	311,574	188,068	645,437	517,290	1,819,604	3,999,427
SUPPORT COSTS							
Governance Support Costs							
Staff Costs	5,876	-	-	9,638	10,315	28,778	54,607
Other staff consulting	261	-	-	428	458	1,278	2,425
Auditors remuneration	825	6,575	6,975	1,267	1,353	3,785	20,780
Trustee Expenses	41	-	-	69	74	206	390
Other Support Costs							
Staff Costs	36,126	143,962	47,987	59,259	63,423	176,939	527,696
Other staff related items & consultancy	1,062	-	500	1,742	1,865	5,203	10,372
Insurance	9,858	-	-	16,170	17,305	48,281	91,614
Post, stationery, telephone	612	-	1,013	1,003	1,074	2,994	6,696
Office equipment	692	-	-	1,136	1,214	3,389	6,431
IT costs	8,520	7,595	642	13,976	14,958	41,729	87,420
Legal & Professional	476	1,500	1,555	780	835	2,330	7,476
Other	2,164	880	7,254	3,549	3,798	10,596	28,241
Loan interest	159,389	-	-	-	-	-	159,389
Gift Aid to charity	(52,281)	485,878	-	(85,757)	(91,782)	(256,058)	-
Support cost recharge	(35,467)	247,218	82,406	(58,179)	(62,266)	(173,712)	-
	138,154	893,607	148,332	(34,919)	(37,376)	(104,262)	1,003,537
Total expenditure 2021	655,608	1,205,182	336,400	610,518	479,914	1,715,342	5,002,964
Total expenditure 2020	659,593	1,328,041	426,910	573,787	416,912	1,594,797	5,000,040

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

ANALYSIS OF EXPENDITURE (2020 comparative note)

	PHT	PHSL	PHTL	Collections	Outreach	Operations	Year to Dec 2020 Total
	£	£	£	£	£	£	£
DIRECT COSTS							
Staff Costs	315,589	285,720	132,258	267,797	90,168	680,324	1,771,856
Other staff related items & consultancy	3,233	970	1,585	5,384	5,749	16,089	33,010
Property costs	64,630	3,997	-	107,696	115,006	321,809	613,138
Direct activity costs	22,403	116	68,027	36,749	39,330	109,725	276,350
Depreciation	116,221	326	-	203,272	217,113	607,300	1,144,232
	522,076	291,129	201,870	620,898	467,366	1,735,247	3,838,586
SUPPORT COSTS							
Governance Support Costs							
Staff Costs	5,733	-	-	9,123	9,737	27,450	52,043
Other staff consulting	250	-	-	407	436	1,217	2,310
Auditors remuneration	1,601	9,150	10,100	2,460	2,626	7,349	33,286
Trustee Expenses	7	-	-	11	12	32	62
Other Support Costs							
Staff Costs	50,333	149,292	49,764	82,563	88,364	246,520	666,836
Other staff related items & consultancy	1,614	-	-	2,648	2,833	7,905	15,000
Insurance	9,700	-	-	15,912	17,030	47,510	90,152
Post, stationery, telephone	857	-	978	1,405	1,503	4,194	8,937
Office equipment	256	-	-	420	449	1,253	2,378
IT costs	8,674	4,658	3,859	14,227	15,227	42,481	89,126
Legal & Professional	1,797	-	-	2,948	3,156	8,804	16,705
Other	1,651	690	2,632	2,706	2,897	8,082	18,658
Loan interest	165,961	-	-	-	-	-	165,961
Gift Aid to charity	(86,080)	700,000	100,000	(141,200)	(151,120)	(421,600)	-
Support cost recharge	(24,837)	173,122	57,707	(40,741)	(43,604)	(121,647)	-
	137,517	1,036,912	225,040	(47,111)	(50,454)	(140,450)	1,161,454
Total expenditure 2020	659,593	1,328,041	426,910	573,787	416,912	1,594,797	5,000,040
Total expenditure 2019	717,402	891,424	856,425	762,201	631,530	2,165,388	6,067,370

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

6. RESULTS FROM TRADING SUBSIDIARIES

Postal Heritage Services Limited is a wholly owned trading subsidiary of Postal Heritage Trust incorporated in England and Wales.

	Year to Dec 2021	Year to Dec 2020
	£	£
Income and Expenditure:		
Turnover	1,067,074	1,039,384
Coronavirus Job Retention Scheme	5,131	73,691
Cost of sales	(719,304)	(628,041)
Gross profit	352,901	485,034
Interest Received	102	518
Profit for the year	353,003	485,552
Retained profit at 1 January	303,955	518,403
Retained profit for the financial year	353,003	485,552
Donation to parent charity in respect of 2020 profit	(485,878)	-
Donation to parent charity in respect of 2019 profit		(700,000)
Retained profit at 31 December	171,080	303,955
Balance Sheet:		
Fixed Assets	-	-
Debtors	27,895	45,088
Cash	1,088,133	1,068,326
Creditors	(944,948)	(809,458)
Net Assets	171,080	303,956
Funds		
Share Capital	1	1
Reserves	171,079	303,955
Net Assets	171,080	303,956

Postal Heritage Services Limited has produced audited accounts for the year to 31 December 2021.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

6. RESULTS FROM TRADING SUBSIDIARIES (continued)

Postal Heritage Trading Limited is a wholly owned trading subsidiary of Postal Heritage Trust incorporated in England and Wales.

	Year to Dec 2021	Year to Dec 2020
	£	£
Income and Expenditure:		
Turnover	430,711	281,357
Coronavirus Job Retention Scheme	454	30,879
Cost of sales	(336,400)	(326,910)
Gross (loss) / profit and profit for the year before tax	94,765	(14,674)
Interest Received	-	-
Retained profit / (loss) at 1 January	162,743	277,417
Profit / (loss) for the financial year	94,765	(14,674)
Donation to parent charity in respect of 2019 profit	-	(100,000)
Retained profit at 31 December	257,508	162,743
Balance Sheet:		
Stock	50,816	60,638
Debtors	16,751	201,322
Cash	311,636	182,686
Creditors	(121,694)	(199,535)
Net Current Assets	257,509	245,111
Creditors fallings due after more than one year	-	(82,367)
Net Assets	257,509	162,744
Funds		
Share Capital	1	1
Reserves	257,508	162,743
Net Assets	257,509	162,744

Postal Heritage Trading Limited has produced audited accounts for the year to 31 December 2021.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. FIXED ASSETS

Group	Long term Lease	Fixtures, fittings and equipment	Plant & Equipment	Intangible Assets	Total
	£	£	£	£	£
Cost					
At 31 December 2020	21,771,159	2,750,102	2,584,735	214,661	27,320,657
Additions during the year	25,000	4,510	-	-	29,510
Disposals	-	-	-	-	-
At 31 December 2021	21,796,159	2,754,612	2,584,735	214,661	27,350,167
Depreciation					
At 31 December 2020	1,848,641	1,081,382	990,169	136,376	4,056,568
Charged during the year	545,166	278,057	282,729	40,731	1,146,682
Disposals	-	-	-	-	-
At 31 December 2021	2,393,807	1,359,439	1,272,898	177,107	5,203,250
Net Book Value					
At 31 December 2021	19,402,352	1,395,173	1,311,837	37,554	22,146,917
At 31 December 2020	19,992,518	1,668,719	1,594,566	78,285	23,264,089

Charitable Company	Long term Lease	Fixtures, fittings and equipment	Plant & Equipment	Intangible Assets	Total
	£	£	£	£	£
Cost					
At 31 December 2020	21,771,159	2,686,682	2,584,735	214,661	27,257,237
Additions during the year	25,000	4,510	-	-	29,510
Disposals	-	-	-	-	-
At 31 December 2021	21,796,159	2,691,192	2,584,735	214,661	27,286,747
Depreciation					
At 31 December 2020	1,848,641	1,017,963	990,169	136,376	3,993,148
Charged during the year	545,166	278,056	282,729	40,731	1,146,682
Disposals	-	-	-	-	-
At 31 December 2021	2,393,807	1,296,019	1,272,898	177,107	5,139,830
Net Book Value					
At 31 December 2021	19,402,352	1,395,173	1,311,837	37,554	22,146,917
At 31 December 2020	19,992,518	1,668,719	1,594,566	78,285	23,264,089

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

8. MUSEUM COLLECTION / HERITAGE ASSETS

The collection was transferred by Royal Mail at the time the charity was established. No value has been attributed to this collection as stated in the accounting policies note. Subsequent additions to the collection have been valued at cost. There were no additions to the collection during the year (2020: nil). No formal valuation has been made of the collection.

Nature and scale of the assets

The museum's collection, which comprises over 60,000 objects and thousands of documents, is classified under the following categories:

- Postal history
- Duplicate registration sheets of stamps
- Letter boxes
- Paintings, prints and engravings
- Vehicles
- Uniform
- Postal Tools and Equipment (including machines and furniture)
- Ephemera collection
- Photographs and film
- Oral history

All aspects of acquisition and disposal are outlined in the Acquisition and Disposal Policy 2010 which has the approval of the Board of Trustees.

Policy for the acquisition, preservation, management and disposal of heritage assets

The heritage assets of The Postal Heritage Collections Trust are the objects that form the museum collection. The majority of the museum collection was gifted to the Trust in 2004 by Royal Mail Group. Further acquisitions have since been made, by purchase through private sale and auction; and by donation, from Royal Mail and members of the public. The collection is managed to the Accreditation Standard, a national standard managed by the Arts Council England, the government body responsible for Museums and Libraries. Preservation of the museum collection in perpetuity is fundamental to the work of museums and this is undertaken through good collection knowledge, safe packing and housing and good house-keeping. Proactive conservation is undertaken where appropriate; usually related to a project. Disposal from the museum collections is undertaken in line with professional standards, including the Accreditation standard and all disposals are in line with the Museums Association's Code of Ethics for Museums. Disposals from the museum collection are never financially motivated.

Assets reported on the balance sheet

Heritage assets reported on the balance sheet are all reported at cost.

	Additions	Cost of Disposals
Year to 31 December 2021	Nil	Nil
Year to 31 December 2020	Nil	Nil
Year to 31 December 2019	£12,875	Nil
Year to 31 December 2018	£25	Nil
Year to 31 December 2017	£8,850	Nil

Transactions relating to heritage assets

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

From time to time, the trustees approve the transfer of certain duplicate philatelic material for the purposes of sale in support of the capital project to deliver a new Postal Museum / Mail Rail centre. No material from the museum's unique collections has ever been transferred, only duplicate material has been affected. The proceeds from the sale of this material to the Postal Heritage Trust was nil (2020: nil). The sales took place in a way that valued the material solely for the transaction and no realistic extension of the valuation to any other material is possible.

9. INVESTMENTS

	Year to Dec 2021	Year to Dec 2020
	£	£
Investments in subsidiary undertakings at cost	2	2

The investments in subsidiary undertakings represent:

(i) The £1 issued share capital in Postal Heritage Services Limited, a company registered in England and Wales.

(ii) The £1 issued share capital of Postal Heritage Trading Limited, a company registered in England and Wales.

The results of both companies are shown in note 6 together with balance sheet information.

10. DEBTORS

	Year to Dec 2021		Year to Dec 2020	
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	64,854	46,692	50,390	49,008
Due from subsidiary undertakings	-	671,627	-	415,068
Prepayments and accrued income	196,657	192,574	242,608	241,185
VAT	18,770	32,378	142,931	90,775
Other debtors	6,015	5,865	7,097	7,097
	286,296	949,136	443,026	803,133

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

11. CREDITORS

Amounts falling due within one year	Year to Dec 2021		Year to Dec 2020	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	177,272	170,977	231,061	223,850
Taxation and social security	48,178	48,178	48,233	48,233
Accruals	757,645	729,632	737,244	713,348
Deferred income	373,354	34,300	448,375	58,800
VAT	-	-	130,040	-
Loan interest	547,953	547,953	388,564	388,564
Loans	1,116,130	1,116,130	823,813	823,813
Due to subsidiary undertakings	-	14,205	-	148,246
Other creditors	90,293	90,293	74,684	74,684
	3,110,825	2,751,668	2,882,014	2,479,538
Amounts falling due after more than one year	Year to Dec 2021		Year to Dec 2020	
	Group	Charity	Group	Charity
	£	£	£	£
Deferred income	-	-	116,667	34,300
Loans	5,933,870	5,933,870	6,226,187	6,226,187
The above loans are repayable:				
In less than one year	1,116,130	1,116,130	823,813	823,813
Between one and two years	281,819	281,819	281,819	281,819
Between two and five years	888,713	888,713	888,713	888,713
After more than five years	4,763,338	4,763,338	5,055,655	5,055,655
	7,050,000	7,050,000	7,050,000	7,050,000

With the exception of an interest free amount of £550,000, interest on the loans is payable at an annual rate of 2.5%. Interest did not start to accrue until the first anniversary of practical completion of the Postal Museum project. Practical completion occurred on 17 August 2017. The loans are secured over four bank accounts, at the balance sheet date. The Trust's trading subsidiary, Postal Heritage Services Ltd, has also provided a guarantee in respect of the loans.

The Trust and Postal Heritage Services Ltd have defaulted on their loan repayment obligations to Royal Mail Group Ltd and Post Office Ltd. However, the lenders have not exercised their right under the default provisions of the loan agreement, to require immediate repayment of the loan. The lenders have issued a draft loan restructure and property lease reset agreement which is expected to form the basis of a final settlement agreement as further disclosed in note 1b of the accounting policies on page 24. Even though the deadlines as set out in the previous MOU through no fault of the museum, have not been achieved, it is expected that a satisfactory resolution that is acceptable to all parties will be reached in the near future following the signing off of these accounts and on that basis the trustees continue to consider it appropriate in order for the accounts to show a true and fair view to disclose an element of the loans as repayable after one year.

Trustees are clear that The Postal Museum continues to be a going concern despite the hitherto absence of a permanent agreement with Royal Mail and Post Office Ltd to settle the historic loans. Both lenders have indicated in a series of meetings and other correspondence that their preferred outcome is for the Postal Museum to continue to exist and neither has given any indication of any intention to call back the loans in accordance with their contractual rights.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

12. FUNDS 2021	Brought forward	Income	Expenditure	Transfers	Carried forward
	£	£	£	£	£
RESTRICTED					
Postal Heritage Collection Trust	81,367	-	-	-	81,367
Digitised memorial books	5,914	-	-	-	5,914
Arts Fund Reimagine Project	10,002	-	(10,002)	-	-
Addressing Health Project	-	23,664	(14,560)	-	9,104
Mail Rail train upgrade	-	45,000	(45,000)	-	-
	97,283	68,664	(69,562)	-	96,385
UNRESTRICTED - DESIGNATED					
Collection fund	876	-	-	-	876
Tangible fixed assets	16,164,690	-	-	(750,427)	15,414,263
	16,165,566	-	-	(750,427)	15,415,139
UNRESTRICTED - GENERAL					
Postal Heritage Trust	-	3,162,967	(4,399,272)	1,236,305	-
Postal Heritage Services Limited	303,956	1,072,307	(719,304)	(485,878)	171,081
Postal Heritage Trading Limited	162,744	431,165	(336,400)	-	257,510
	466,700	4,666,440	(5,454,976)	750,427	428,590
	16,729,549	4,735,103	(5,524,538)	-	15,940,115

RESTRICTED FUNDS

Postal Heritage Collection Trust holds the value of the collection owned by the museum. The value in the Balance Sheet represents the items of known value.

The balance against digitised memorial books represents the value of the unspent grant received for this activity.

The Arts Fund Reimagine Project represents the remaining funds balance, the purpose of which is to support the museum's reinterpretation of its exhibitions in a post-Covid world.

The Addressing Health Project represents the remainder of funds received towards a joint project with Kings College and the University of Derby.

The Michael Bishop Foundation provided funds for the Mail Rail train upgrade.

DESIGNATED FUNDS

Collection Fund – Income from the disposal of collection assets held against future collection purchases or collection preservation expenditure.

Tangible fixed assets – funds tied up in the fixed asset and related loans of the parent charitable company.

UNRESTRICTED FUNDS

General fund – funds available to the charity for unrestricted use, which include grant income in respect of the period to 31 December 2021.

12. FUNDS (continued)

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY

The funds of charitable company only are as above, excluding the general funds related to Postal Heritage Services Limited and Postal Heritage Trading Limited, and the restricted fund related to Postal Heritage Collection Trust.

FUNDS 2020	Brought forward	Income	Expenditure	Transfers	Carried forward
	£	£	£	£	£
RESTRICTED					
Postal Heritage Collection Trust	81,367	-	-	-	81,367
Digitised memorial books	5,914	-	-	-	5,914
Arts Fund Reimagine Project	-	27,000	(16,998)	-	10,002
	87,281	27,000	(16,998)	-	97,283
UNRESTRICTED - DESIGNATED					
Collection fund	876	-	-	-	876
Tangible fixed assets	16,185,816	-	-	(21,126)	16,164,690
	16,186,692	-	-	(21,126)	16,165,566
UNRESTRICTED - GENERAL					
Postal Heritage Trust	-	3,636,851	(4,457,977)	821,126	-
Postal Heritage Services Limited	518,404	1,113,593	(628,041)	(700,000)	303,956
Postal Heritage Trading Limited	277,418	312,236	(326,910)	(100,000)	162,744
	795,822	5,062,680	(5,412,928)	21,126	466,700
	17,069,795	5,089,680	(5,429,926)	-	16,729,549

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS 2021

	General	Designated	Restricted	Total
	£	£	£	£
Fixed Assets	798,784	21,348,133	81,367	22,228,284
Net Current Assets/(Liabilities)	(370,193)	876	15,018	(354,299)
Long term liabilities - loans	-	(5,933,870)	-	(5,933,870)
- deferred income	-	-	-	-
	428,591	15,415,139	96,385	15,940,115

ANALYSIS OF NET ASSETS BETWEEN FUNDS 2020

	General	Designated	Restricted	Total
	£	£	£	£
Fixed Assets	325,145	22,857,577	81,367	23,264,089
Net Current Assets/(Liabilities)	(208,478)	876	15,916	(191,686)
Long term liabilities - loans	-	(6,226,187)	-	(6,226,187)
- deferred income	(116,667)	-	-	(116,667)
	-	16,632,266	97,283	16,729,549

14. FINANCIAL COMMITMENTS

At 31 December 2021 the group had the following commitments under non-cancellable operating leases.

	Dec 2021	Dec 2020
	£	£
Due in less than 1 year	219,127	180,672
Due 2-5 Years	-	-

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

15. RELATED PARTY TRANSACTIONS

Postal Heritage Trust (PHT) has taken advantage of the exemptions within FRS102 from disclosing related party transactions with Postal Heritage Collection Trust (PHCT), Postal Heritage Services Limited (PHSL) and Postal Heritage Trading Limited (PHTL). The charities SORP requires disclosure of the results and balance sheet positions of the subsidiaries. This information is provided in note 6 in respect of PHSL and PHTL. PHCT has minimal activity. In 2021 it received no grants of heritage assets (2020: nil) and at the balance sheet date held heritage assets at a cost of £81,367 (2020: £81,367).

Royal Mail Group (RMG) and Post Office Ltd (POL) have a funding agreement to 2040 to provide PHT with £1,450,024 (2020: £1,434,212) of unrestricted funds, payable over the year to December 2021, for the general purpose of meeting its charitable objectives. RMG has also transferred some of its intellectual rights to PHT.

RMG and POL have an Archive Services Agreement with PHT and its trading subsidiary, PHSL, which provides the latter with £1,018,436 (2020: £1,011,544) of unrestricted funds over the year to December 2021, for the purposes of maintaining the Royal Mail archives.

RMG and Post Office Limited (POL) have both signed legal agreements with PHT and PHSL related to the museum and to future funding, which will provide income to PHT in the form of unrestricted funds, index linked, until 2040.

RMG provides services to PHT and as at the year end, there was a balance owing of £82,854 (2020: £123,073).

The disclosures around related parties should be read in conjunction with Note 1 (b) Going concern which states that the Trust and Postal Heritage Services Ltd have defaulted on their loan repayment obligations to Royal Mail Group Ltd and Post Office Ltd. In the event of such a default, the Loan Agreements provide Royal Mail Group Ltd and Post Office Ltd with rights to demand immediate repayment. However, whilst reserving their rights, both Royal Mail Group Ltd and the Post Office Ltd have confirmed to the Trust that they are not presently intending to exercise those rights in the next 12 months, subject to the Trust meeting the deadlines even though the deadlines as set out in the MOU through no fault of the museum, have not been achieved. It is expected that a satisfactory resolution that is acceptable to all parties will be reached in the near future following the signing off of these accounts.

Trustees are clear that The Postal Museum continues to be a going concern despite the hitherto absence of a permanent agreement with Royal Mail and Post Office Ltd to settle the historic loans. Both lenders have indicated in a series of meetings and other correspondence that their preferred outcome is for the Postal Museum to continue to exist and neither has given any indication of any intention to call back the loans in accordance with their contractual rights.

16. PENSIONS

For the purposes of FRS102 the group cannot identify its share of the underlying assets and liabilities of the defined benefit schemes in which it participates in respect of seven employees. PHT makes pension contributions based on the advice of a qualified independent actuary whose calculations are based upon total scheme membership. A fundamental change in the defined benefit schemes occurred as a result of the passage of the Postal Services Act 2011, with the transfer of all the historic liabilities of the Royal Mail Pension Plan (RMPP) to the new government-backed Royal Mail Statutory Pension Scheme (RMSPS) as at 31 March 2012. Those already receiving a pension, and those who had left service but contributed to the pension prior to 31 March 2012, will receive it from the RMSPS; those who continue to contribute after 31 March 2012 will, upon retirement, receive pensions from both schemes. The public accounts of both RMG and POL schemes indicate that currently these pension schemes are both in surplus. PHT is not exposed to variations in the rate of contributions as the excess of the rate payable over that in respect of employees not in the Royal Mail schemes is reimbursed by the Royal Mail.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

PHT makes pension payments of at least 6% as an employer contribution to a defined contribution scheme for the remainder of its eligible employees who have opted into the scheme.

17 LIABILITY OF MEMBERS

The Postal Heritage Collection Trust is a company limited by guarantee. The liability of each member in the event of a winding up amounts to £1.

18. CAPITAL COMMITMENTS

At 31 December 2021 the group had no capital commitments.

19. POST BALANCE SHEET EVENTS

The museum has undertaken continuous cash flow scenario modelling to help identify the periods when it would be at greatest financial risk. This has helped inform both the timing and the extent of mitigating actions required to maintain a cash balance at a level which enables the museum eventually to emerge from the crisis and maintain a suitable and sustainable programme.