

POSTAL HERITAGE TRUST
(A company limited by guarantee)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2023

Charity Number: 1102360
Company Number: 4896056

POSTAL HERITAGE TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

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POSTAL HERITAGE TRUST

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023

Trustees

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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 PERIOD ENDED 31 MARCH 2023

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 period ended 31 March 2023. 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. The purposes and business of the company and charity are governed by the memorandum and articles of association.

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 up by the Board of Trustees. The Chief Executive has an Executive Team that meets 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 2022/23, the Board met quarterly, 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; a Nominations sub-committee which meets as and when required.

The PHSL and PHTL boards of directors comprise some PHT trustees together with TPM's Head of Collections (PHSL) and Head of Commercial (PHTL). The PHTL board also includes other directors who are not trustees of PHT. There is a professional advisory board for Archive supplying external expertise in this area.

CHANGE OF FINANCIAL YEAR END

The museum was awarded National Portfolio Organisation (NPO) by Arts Council England (ACE) in November 2022, with a start date of 1 April 2023. As ACE reporting is tied to a financial year ending 31 March, it was decided to amend the year end from 31 December to 31 March for all entities in the TPM group to make it easier to meet ACE NPO reporting requirements. As a result, the period covered by these accounts is extended to 15 months. From 1 April

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TRUSTEES' REPORT (Continued)

FOR THE PERIOD ENDED 31 MARCH 2023

2023, all accounting periods will revert to 12 months. NPO status includes the award of unrestricted funding of £150k per year for a three year period. It is hoped that the museum will retain this status for future triennial funding rounds.

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.

OUR PURPOSE

WHO WE ARE – OUR MISSION

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

WHAT WE DO – OUR VISION

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

- 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

OUR STRATEGIC OBJECTIVES

- We will create welcoming experiences for anybody to connect with the museum and each other
- We will collaborate creatively to deliver content that meets our audience's needs
- We will look after, develop and be curious about our collection to ensure the story of postal communication is relevant, inspiring and inclusive
- We will minimize the environmental impact of our activities and communicate effectively about our environmental responsibility
- We will develop a sustainable and dynamic business model to enable our work as a charity

REVIEW OF THE 15 MONTH PERIOD JANUARY 2022 TO MARCH 2023

In the period January 2022 - March 2023, we used our strategic objectives to shape our activity and achieved the following:

1. We will create welcoming experiences for anybody to connect with the museum and each other

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TRUSTEES' REPORT (Continued)

FOR THE PERIOD ENDED 31 MARCH 2023

- The roll out of new audience segmentation for the museum, to help all teams understand audiences' wants, needs, motivations and barriers.
- Hybrid delivery of our Schools programmes, with on-site delivery recommencing and new virtual resources developed.
- Delivery of a successful Families Programme
- The development of our Equality, Equity, Diversity and Inclusion objectives
- Further development of our HR function
- The roll out of a refreshed brand for The Postal Museum, better reflecting the museum's mission, vision, values, and audiences through our visual identity.

Schools programme

In Spring and Summer term 2022 we continued to rebuild the schools programme, gradually relaxing visiting safely measures and increasing the number of school visits. Between January – July 2022 we offered facilitated sessions on Tuesdays and Wednesdays and self-led visits on some Thursdays and Fridays.

Since Autumn 2022 school bookings have continued to increase, and most weeks during term-time we have welcomed 6-10 classes into the museum. Visits often include Sorted! as well as train rides and visits to the exhibitions. Many schools, including SEND (Special Education Needs and Disabilities) schools and nurseries, have booked self-led visits to the museum on Thursdays or Fridays. Due to the high demand for facilitated sessions we have begun trialling their delivery on occasional Fridays where staffing and space is available. We have also consulted with Early Years and SEND teachers to explore opportunities to hold facilitated sessions for these audiences in the future.

A total of 191 primary school classes visited the museum between January 2022 and March 2023, of which approximately 45% were repeat visits. Bookings included local schools in Camden and Islington and at least 12 classes from the Levelling Up boroughs of Barking and Dagenham, Brent, Croydon, Enfield, and Newham.

Feedback from teachers has been very positive; all respondents said they would be highly likely to recommend The Postal Museum to another teacher, and that their experience matched or exceeded their expectations. Comments included:

- "The interactive session was great! The lady running the session used Makaton and it was accessible for our smaller children joining."
- "It was brilliant and well worth the journey! We can't wait to come back with them next year."
- "Our visit to the Postal Museum was just what I thought the day would be. The children were happy, excited and engaged. Thank you for making our day so wonderful".
- "Fantastic visit which was great value for money, lots of different experiences and the children loved it. Thank you!"

In January 2022 we received £13,362 from Royal Mail Group in support of The Jolly Postman virtual sessions. This funding supported 81 primary school classes to take part in virtual sessions without charge. Participating schools also received writing packs and stamps for each student. In the Autumn term 2022-2023 The Jolly Christmas Postman session was particularly popular. During this period, we have reached approximately 1500 students around the country, of which nearly 400 attended schools located in Priority Places.

In March 2022 development restarted on the Sorting Office Maths Challenge (SOMC) supported by The Postal Trust. Paused during the pandemic, SOMC will deliver interactive maths sessions for EYFS Reception and KS1 through problem-solving in a real-world context. Sessions will be delivered in the museum and outreach in 14 inner London boroughs targeted by the funder. In Summer 2023 we will recruit a new Learning Facilitator to deliver the SOMC programme.

In Spring term 2023 we began delivery of the pilot phase of Sorting Office Maths Challenge. Teachers who attend trial sessions will be provide feedback before the final session is launched in the 2023-24 academic year. In March 2022

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TRUSTEES' REPORT (Continued)

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Muddy Publishing Ltd were appointed to create digital maths learning resources to support school sessions. These were published in June 2023 and are free for teachers to download from the museum website.

Throughout the 2022-23 academic year the Schools Team has worked hard to improve the inclusivity of its offer. We have introduced a sensory corner in our learning space, providing a more accessible way for students to engage with session content. We have also delivered five well-attended Home Ed days over the year, and feedback reflects the refinement of our approach to working with this audience, with one parent describing the Mail Rail Science Show as "the most SEN inclusive session I've ever been to at a museum."

Family Programme

The 2022-2023 family engagement programme was very successful, reaching 6,223 people through a range of exciting activities and resources. There were some notable achievements, including the 2022 February half term programme 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* and the summer holiday programme themed around the bestselling children's book *Dear Zoo* in partnership with Macmillan books. This included a museum trail, storytelling sessions and a popular book reading event with *Dear Zoo* author Rod Campbell which reached over 70 people.

In March 2022, the Kids of 2020 temporary exhibition was curated and launched. The exhibition was the final output of the Kids of 2020 project in partnership with Usborne Books and the Literacy Trust. This was a competition whereby children were invited to write to a child in 2030 telling them about their experience of the pandemic. 1,400 children submitted a letter and 34 were chosen to be acquired into the collection and displayed in the exhibition which explored themes of home-schooling, missing loved ones and messages of hope.

Equality, Equity, Diversity and Inclusion

With the help of the external facilitators the museum worked out the key definitions of Equity, Equality, Diversity and Inclusion with further plans of embodying these definitions through all aspects of our work. Further plans are to arrange a series of workshops for line managers and gradually all staff, to review key policies to reflect the principles of the best EEDI practices. The EEDI group has a clear work plan in place and participates in key museum initiatives and decisions.

HR and staff support

The impact of the pandemic continues to be felt in the need for hybrid and flexible working models and support for staff wellbeing. We are also finding ways to offer flexibility for the visitor experience team. As our aim is to restore the pre-pandemic capacity of the museum, we are working on increasing the number of staff at front of house which led to several Open Days to recruit new team members.

We appointed a new Head of HR and recruited a new HR Officer. The HR Departmental Plan is being worked at for 2023/2024. The volunteering programme is planned to resume in 2024.

2. We will collaborate creatively to deliver content that meets our audience's needs

- The 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 other needs.
- The development of an under 5's programme
- Delivery of Post and Play sessions
- Winning the Accessible and Inclusive Venue award at the London Tourism Awards winning the Accessible and Inclusive Venue award at the London Tourism Awards
- Delivery of tours for D/deaf and blind and visually impaired people
- Delivery of Post Early events for autistic and neuro-divergent people
- Building links to our local communities

Post and Play

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TRUSTEES' REPORT (Continued)

FOR THE PERIOD ENDED 31 MARCH 2023

In early 2022 The Postal Museum (TPM) consulted with local families with children under 5 about the development of a new under 5s programme. Their feedback informed a successful funding application to John Lyon's Charity for £81,000 across 3-years to deliver under 5s sessions in the museum and outreach in local Children's Centres with the aim to reach underrepresented local families.

In November 2022 we launched Post and Play sessions in the Mail Rail depot. Sessions invite children and their grown-ups to experience a combination of facilitated songs and signs, as well as open-ended, play-based activities designed to promote communication, collaboration, and wellbeing. In January 2022 we recruited a new learning facilitator to deliver these sessions.

By the end of the academic year 2022-23, we will have delivered 64 Post and Play sessions in the Mail Rail depot, with an average attendance of 13 children per session. Post and Play has been popular with both local and visiting families, and we are working closely with a group of parents through Camden Council to gain a better understanding of the needs of the target audience. This process has been supported by the University of East London, who have helped us to develop our evaluation framework. Feedback has been extremely positive, with many parents commenting on the variety of high-quality equipment, engaging facilitation, and accommodation of a range of ages. One parent, whose son was non-speaking, shared the following feedback:

"My child makes a sound here, first time. He says choo choo choo. I am very happy"

Access and Community Programmes

In 2022-2023 the museum continued to work with disabled people to understand and break down barriers to engagement. In March 2022, the museum approach to accessibility was recognised by winning the Accessible and Inclusive Venue award at the London Tourism Awards. The judges were impressed by our collaborative and inclusive approach which is supported by all staff across all teams.

Our provision for D/deaf audiences continued to thrive. For example, we delivered a programme of British Sign Language Tours with a Deaf guide and in September the museum partnered with other local organisations to deliver BSL interpreted Jolly Postman Storytelling at the British Library Family Festival for D/deaf children and their families. To promote our BSL provision we produced 3 BSL films with a Deaf guide and a D/deaf film maker, enabling D/deaf people to access visitor information in their first language.

The programme of events for blind and visually impaired people have been well attended and well received by audiences. Several Audio-Described Tours were delivered in partnership with VocalEyes and in September the museum planned and hosted an evening event in collaboration with the London Sight Loss Council. The event, which aimed to showcase audio-described provision in the capital, sold out and feedback positive.

The museum has continued to work in partnership with Ambitious about Autism (AaA) and delivered several Post Early relaxed events for autistic and neurodivergent people in collaboration with them. These events continued to sell out and receive excellent feedback. We have noticed a pattern of repeat visitors, alongside new participants who have heard about the programme through targeted promotion. We also worked with AaA to shortlist museums in the medium and small categories in the Kids in Museums Family Friendly Awards to ensure the voices of disabled people were heard and represented during this process.

To ensure staff feel confident about accessibility and our access provision we delivered Disability Awareness Training with an access and inclusion consultant. The training enabled front and back of house staff to reflect on the barriers to engagement at TPM and MR. Informed by the feedback shared, recommendations were made and now being actioned, including reviewing, updating, and communicating the Mail Rail ride rules. Work has also been undertaken to audit and adapt the resources we provide to support visitors with access requirements, including the sensory satchels, large print guides, Braille guides and transcripts.

To enable the museum to widen access and reach under-represented local audiences, a Community Programmes Producer role was recruited for. Mapping of the local community and working to understand their requirements was the first step in the process which enabled us to identify several key under-served groups, including operational Royal Mail workers at Mount Pleasant.

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TRUSTEES' REPORT (Continued)

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Progress was made in building a long-term relationship with operational Royal Mail workers, past and present, including reaching out to them through several Royal Mail Open Days at the museum, exclusively for staff and their families. Attendance was excellent and through inviting feedback, ideas have been shared about how we can best meet their needs going forward. Through engaging with operational Royal Mail workers, opportunities were also identified to enable them to share stories about their experiences of wearing a postal uniform for inclusion in the Dressed to Deliver exhibition and season of activity.

A Community Access Scheme was developed as an ongoing commitment to remove financial barriers for local community organisations and residents. Groups can apply for a batch of discounted tickets, enabling us to facilitate engaging experiences for wider audiences and send a message of openness; showing our intention to work collaboratively with them, not for them. As part of this scheme, a range of flexible packages and experiences inspired by the collection have been developed and delivered for local community groups at the museum and as outreach. For example, a mindfulness activity based on paintings in the collection and a zine workshop inspired by postcodes.

3. **We will look after, develop and be curious about our collection to ensure the story of postal communication is relevant, inspiring and inclusive**

- The delivery of two new temporary exhibitions, *Sorting Britain: The Power of Postcodes* and *The King's Stamp*, an exhibition to coincide with the announcement of King Charles III's new definitive stamp in February 2023.
- The development of a new season of activities and online content exploring the introduction of the postcode.
- A popular display and online content displaying Freddie Mercury's childhood stamp album, alongside stamp artwork celebrating Pride 50 celebrations in London.
- Further development of the Addressing Health project, including launching the first phase of a public data mapper.
- Support of material to the Horizon enquiry
- Research into the Steam Packet Ship exhibition
- The growth of online engagement

Exhibitions

In 2022 the museum successfully opened the temporary exhibition *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.

The Postal Museum (TPM) 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.

There was positive press reaction to the exhibition including articles in *The Times*, *Daily Mail*, and *Guardian* newspapers, *Time Out Magazine*, and positive reviews from bloggers at *IanVisits* and *Londonist*. Several BBC Local Radio stations picked up the story and it generated a lot of positive news stories.

Some of the key findings from post-visit surveys carried out between July and December 2022 included:

- 16% of visitors said that *Sorting Britain* was a reason for their visit – either the main reason (4%) or one of many reasons (12%).
- 94% of visitors rated their overall satisfaction with the exhibition as either 'Excellent' or 'Good'.

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Comments from visitors about *Sorting Britain* included:

- *"I work in big tech and was immensely surprised by the (scary!) accuracy of the Mosaic results! Incredibly enlightening exhibition for a Londoner who loves Royal Mail."*
- *"Excellent insight into British engineering."*
- *"It was really interesting to read about the innovation centre, and that they had investigated using a QR-type code over 50 years before the before those we have today."*

The *Sorting Britain* exhibition closed as planned in January 2023 and was replaced by an exhibition launching the new definitive stamp for King Charles III, with the museum given the opportunity to launch the new stamp in February 2023 following the death of Queen Elizabeth in September 2022. The Museum put together an exhibition that charted the history and development of definitive stamps from Queen Victoria culminating in a reveal of the new stamp for King Charles III. This allowed recording of new content and the making of a film on the printing of the stamp and an exhibition that showcased some of the treasures from the philatelic collections.

Incredible publicity was generated with coverage live on BBC breakfast news on the day the exhibition opened and press interest from around the world. This exhibition targeted a different audience for the Museum. It also provided opportunity for programme based around the exhibition at the national stamp show in March 2023.

Projects and partnerships

Partnership working with the long-running Addressing Health project continued throughout 2022 with this project scheduled to complete in 2023. A small-scale research project was carried out to support research into the former post office building in Istanbul, Turkey. This contributed to a publication as part of the project output.

The project with Ancestry to digitise family history records continued and in early 2023 the photography phase of this work was completed. The images are now being processed and transcribed before going live on Ancestry's website.

In early 2023 a new funded research project is being explored looking at the role of the letter in literature. If this project secures funding, it will be delivered in late 2023/24.

Collections

In 2022 the Museum took part in the International Stamp Show 2022 held every 10 years in London. This was initially scheduled to take place in 2020 but delayed by the pandemic. The show was the opportunity to launch a new publication, produced by the Museum. The book was formally launched in February 2022 and sold well throughout the show. The publication of this book also marked the retirement of the Senior Curator after over 30 years.

The approach the Museum takes to managing and delivery content is changing throughout the year. Collections will now lead on content development, working with teams across the Museum. This will be captured in the Collection Strategy that will be published in late 2023.

During 2022 visitor numbers began to re-build within the Archive. Opening hours returned to closer to the levels pre lockdowns and whilst the number of remote enquiries remained high more people were visiting in person and undertaking research on site. The days open to visitors increased during the year and in 2023 the plan is to extend further the opening hours.

Research got underway into the history of the Royal Mail Steam Packet Ship company and its role in the use of enforced labour on coaling stations in the Caribbean in the latter part of the nineteenth century. This research will form the basis of a new exhibition for the Museum in 2025 and is central to the work on decolonisation of the collections. During early 2023, ways of better understanding what decolonisation means to The Postal Museum were explored - this research project forms part of the wider work.

Work on conservation and digitisation continues with much of this work supporting the exhibition programme. Both conservation and digitisation have continued to undertake commercial work during this period.

Online engagement

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TRUSTEES' REPORT (Continued)

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Online engagement continued to improve, with sessions on the museum's website increasing to just short of 1 million in 2022, a significant increase of 20% on 2021's website sessions. This increase was mainly driven by the recovering visitor numbers and increased traffic to the website's visit planning and what's on pages. However, interest in the museum's engaging online content continued with 162,000 sessions on the museum's blog and 130,000 sessions on the museum's collection pages, an increase on the previous year of 4% and 18% respectively. For the first quarter of 2023, website sessions outperformed previous years yet again, with over 285,000 sessions in the first 3 months of the year.

Content, created through cross-departmental collaboration, on the website and the museum's social media channels centred around:

- The story of the Postcode, to support the exhibition Sorting Britain, including video interviews shared on YouTube and engaging blogs.
- The Queen's Platinum Jubilee, followed by commemorative content marking the death of Her Late Majesty the Queen.
- The design and announcement of the new definitive stamp for King Charles III.
- The Meet the Maker series of interviews exploring diverse representation in postal design, from greetings cards to stamps.
- A temporary display of Freddie Mercury's childhood stamp album and the Pride 50 celebrations in London. This included digitising Freddie's album so fans around the world can access it virtually, on the museum's website.

Notably, the museum launched on TikTok in early 2023, a new social media channel focussed on short form video content. This successful launch featured videos created with teams across the museum, including a video that went viral achieving over 10,000 followers in the launch month and over 350,000 views. This channel adds to our growing social media reach, targeting audiences who might not visit in person but want to engage with our content in playful ways.

4. We will minimize the environmental impact of our activities and communicate effectively about our environmental responsibility

- Continued investment in environmental sustainability, notably appointing consultants Eight Versa to deliver a Carbon Baseline Report and Carbon Reduction Pathway for the museum.
- Successfully gathering and analysing 2019 Scope 1-3 emissions data, to officially becoming a Carbon Measured Organisation.
- Connecting with local groups, particularly Knowledge Quarter and Camden Council's Carbon Alliance.
- Engaging teams across the museum through the Sustainability Working Group and planning our first public engagement on the theme of environmental responsibility

Becoming Carbon Measured

In 2022, the museum's Sustainability Working Group ran a tender process for consultants to support the museum with our ambitions around environmental sustainability. We appointed Eight Versa to help us with the initial phases of this work, most notably understanding the museum's current impact through a carbon baseline report. With Eight Versa's support, the team gathered 2019 data for scope 1, 2 and 3 emissions. By March 2023 this data was submitted and the museum's 2019 baseline report was produced. This detailed report and supporting Carbon Reduction Pathway significantly improved our understanding of our impact and will enable us to produce an Environmental Responsibility Framework and Action Plan in spring 2023, to guide our journey towards net zero by 2040.

Sustainability Working Group

The membership of the Sustainability Working Group was expanded in 2022 to include representatives from all teams in the museum. This expansion reflects the museum's commitment to embedding environmental responsibility across everything we do. The group engaged the wider museum with the tender process for support in this area and took part

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in a series of workshops feeding into the carbon baseline report. Key members of this group also took on the majority of the work to gather the data needed for our baseline report – a significant undertaking for all involved.

Connecting with local groups

Throughout the year, we connected with local groups and UK-wide organisations, to help guide our thinking around environmental responsibility. This included joining Fit for the Future, the environmental steering group for Knowledge Quarter and greater involvement with Camden Council through their Carbon Alliance. Alongside this, we signed up to be part of Art Fund's The Wild Escape initiative to engage family visitors around a theme of imagining a better future for the planet. The resulting activity will be delivered through a series of engaging events in the school holidays in 2023.

5. We will develop a sustainable and dynamic business model to enable our work as a charity

- Publishing a new Forward Plan, which outlines the museum's strategic direction for the next 6 years.
- Successfully achieving Museum Accreditation with Arts Council England and maintaining Archive Service Accreditation.
- Successfully applying to become a National Portfolio Organisation (NPO). The museum secured this funding in 2022, for a three-year period starting April 2023.
- Winning Best Museum in the UK at Tqets 2022 Remarkable Venue Awards and being shortlisted for the Accessible and Inclusive Tourism Award in the London and Partners London Tourism Awards 2022.
- Visitor numbers continuing to recover post COVID-19 closures, slightly ahead of predicted recovery rate.
- The development of new operational patterns to support increased visitor numbers
- The recruitment of a Development Manager and shaping of a fundraising strategy

Becoming a National Portfolio Organisation (NPO)

We were thrilled to become an NPO with funding through the Arts Council for three years from April 2023. This was in recognition of our work with children and communities and our plans for outreach work outside of London in the two levelling up areas of Wolverhampton and Swindon.

Operations and Ticketing

At the end of 2022, visitor numbers were 5% greater than forecasted, achieving 68% of 2019's visitor numbers (against an original target of 64%). Visitor numbers from January to March 2023 were in line with the forecast and tracked at 85% of 2019.

Several factors contributed to the increase in visitor numbers in the last 15-months. These include the lifting of Covid restrictions in April 2022; enabling the museum to remove Covid screens on the trains and increase ticket capacities by 50% per 30-minute time slot. Also, opening an extra two-train day in the week during holiday periods to maximise the demand for ticket sales (Tuesdays - circa 13 extra days with 720 tickets per day). Furthermore, permitting walk-up tickets to be sold on the day of a visit helped capture visitors that were less inclined to plan ahead and commit to buying tickets in advance of their visit (primarily due to concerns over Covid restrictions being reintroduced).

Whilst the Covid-19 pandemic required numerous adjustments to the operation throughout 2021, feedback gleaned from staff across the museum indicated that some of these were effective post-pandemic. For instance, retaining Mail Rail as the start of the visitor journey improved operational planning, especially in managing periods of high numbers at specific times in the day. The queuing system remained the same and provided a more orderly formation that improved visitor engagement; also, it made better use of the space, reducing the perception of a long queue. Additionally, during high volumes, the visitor flow was streamlined after the ride experience, resulting in a better 'spread' of visitors across both sites.

The museum planned the increase in ticket capacity in the lead up to April 2022. Staff were consulted in the development of the plans and were retrained to prepare them to manage higher volumes of visitors. They managed to deliver a successful operation – evidenced by positive visitor feedback and an increase in visitor numbers.

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TRUSTEES' REPORT (Continued)

FOR THE PERIOD ENDED 31 MARCH 2023

In the lead up to the new financial year, the museum has been planning to increase ticket capacities by a further 20 tickets per 30-minute timeslot per (two-train) day during the summer holidays in 2023. However, to allow for staff training, periods of adjustment and feedback, a phased approach is required. The first step will be to increase ticket capacities by nine tickets per timeslot, equating to over 100 extra tickets per day.

Fundraising

The museum secured several significant grants and donations in 2022-23, alongside our continued support from Royal Mail Group and Post Office Ltd.

- 3-year funding secured from Arts Council England, starting in April 2023
- £5,000 from long-standing Patron Graham Buckland to support a refresh of Sorted! The Postal Play Space
- £10,000 sponsorship from Maselis NV for The King's Stamp exhibition
- £81,000 from John Lyon's Charity to support the development and delivery of a new under-5s programme across 3 years.
- £13,362 from Royal Mail Group in support of The Jolly Postman virtual sessions.

We thank all our supporters, named and anonymous, for their generosity to the museum.

No complaints have been received in respect of fundraising.

FINANCIAL REVIEW

Reserves

Postal Heritage Trust's reserves position is under constant monitoring and management. The general policy of the Trustees is to maintain on average, around five months' worth of unrestricted 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.

At the period end, the unrestricted cash balance of £1,638k (2021: £2,323k) represented almost 4 months of budgeted operating expenditure and planned capital commitments for financial year 2023/4. The restricted fund cash balance was £112k (2021: £96k). The reduction in the unrestricted funds cash balance of £685k is mainly the result of two factors: (a) the one-off transitional extended reporting period resulting from the change in year end includes two periods of January to March, a period which is historically when costs exceed revenues, and (b) the cash balance at the end of March is always a low point in the museum's funding cycle, and large receipts from both Royal Mail and Post Office for donations and the archive services agreement are due in April. For these reasons, the reduction in the reported cash balance is not considered by trustees to be a cause for particular concern.

Of the total funds of £14,119k (2021: £15,940k) at the year end, £112k (2021: £96k) were restricted and £14,007k (2021: £15,844k) were unrestricted, £13,741k 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 £1,821k (2021: £789k deficit) for the 15-month period after the depreciation provision of £1,331k (2020: £1,144k). Excluding depreciation there was a deficit of £490k (2021: £357k surplus).

Restricted funds

- Funds represented by the book value of the Collection held by PHCT: £81k (2021: £81k).
- Funds received for the digitisation of Post Office records which was £6k at year end (2021: £6k).
- Addressing Health Project, the remaining balance of which at year end was £4k.
- £5k was received to fund the cost of upgrading Sorted!.
- The Post and Play programme ended the period with a net balance of £12k.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE PERIOD ENDED 31 MARCH 2023

- The Sorting Office Maths Challenge concluded the year with a balance of £4k remaining.

Unrestricted funds

Designated funds

- Funds designated related to fixed assets and The Postal Museum capital project: £13,741k (2021: £15,415k).

General funds

- General unrestricted funds: £266k (2021: £429k). 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 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	1,509,874	19,348,502	81,367	20,939,743
Net Current Assets/(Liabilities)	(1,243,554)	876	30,328	(1,212,350)
Long term liabilities - loans	-	(5,608,816)	-	(5,608,816)
	266,320	13,740,562	111,695	14,118,577

Cash flow

As can be seen on the cash flow statement on page 24 the cash balance at the financial year end had decreased by £670k to £1,750k. This net cash outflow was expected, and it follows the change from a year ending in December to a March year end. As a result of the transition to the new year end date, this 15-month financial period included two sets of January to March, which is historically a lean period financially. March always represents a low point in the museum's cash flow cycle, with significant receipts from both Royal Mail Group and Post Office Limited due in April.

The change in the financial year end date was deemed to be necessary in order to align the museum's financial year with the funding cycle of Arts Council England (ACE) following a successful application to become a National Portfolio Organisation (NPO). As mentioned earlier, NPO status provides the museum with unrestricted funding of £150k per year for a three year period. It is hoped that the museum will retain this status for future triennial funding rounds.

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 funds for the general purpose of meeting its charitable objectives. This amounted to £1.61m in the 15 months to 31 March 2023 (2021: £1.45m). 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 (PHSL), which provided the latter with £1,293k of income over the 15 months to March 2023 (2021: £1,018k), for the purpose of maintaining, and providing public access to the RMG /POL archives. This agreement runs until 2040.

Postal Heritage Trust (PHT) 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 PERIOD ENDED 31 MARCH 2023

from RM and POL, Trustees have now received the text of a draft Heads of Terms agreement, to restructure the loan alongside amendments to the long lease on Calthorpe House. This as yet unsigned 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 projected £1.45m cash balance at the end of December 2023 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 December 2023. 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: 26% from admissions income, 38% from fundraising, 26% 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. The visitor profile is understood and train reliability is very good, so these risks 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. No complaints were received in respect of fundraising.

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 is an attraction for our Events operation, but attracting new business has proved to be very challenging in a post-Covid setting with a high inflation economic environment. Based on expected value, the performance of the Events offer is rated "medium" in the TPM risk register.

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 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 PERIOD ENDED 31 MARCH 2023

The strategy and direction of the museum has been outlined in the Forward Plan, the current version of which runs through to 2029. Sitting alongside this is a detailed cash flow projected to the end of financial year 2024/25 with further projections for the next 10+ years. Both documents assume the increasing visitor numbers through the years 2024 and 2025 before broadly stabilising. 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. This strategy was reinforced by the award of National Portfolio Organisation (NPO) status by Arts Council England (ACE) covering the 3 years ending March 2026, and with an expectation that this will continue for further funding rounds..

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 underpins 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 25, 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 13. 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 Heads of Terms agreement referred to above. The working assumption is that this agreement will be signed in the near future, and that work will shortly be underway to formalise it in the form of binding contracts.

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.

FUTURE PLANS

In 2023 we will begin delivery of our National Portfolio Organisation Activity Plan and actions outlined in our commitment to ACE's investment principals. This includes exciting projects which will support the museum's progression as welcoming, inclusive, and truly participatory space that is deeply embedded within our local communities. We will also further develop our definitions and work around Equity, Equality, Diversity and Inclusion, and will launch the museum's Environmental Sustainability Framework and Action Plan, which will guide us towards Net Zero by 2040.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE PERIOD ENDED 31 MARCH 2023

Audience

In 2023, we will launch our Audience Development Strategy and Plan which, using the findings from our audience segmentation and audience research, will guide our strategic approach. The strategy will address audiences covering for areas:

1. **Financial** – We will grow paying customers to support the business model through ticket sales and secondary spend, memberships and donations.
2. **Educational or Experiential** – We will engage with all audiences through high-quality experiences that help them learn about the story of postal communication.
3. **Social** – We will reach out to our under-served audiences to better understand their wants and needs, their connections to our stories, and how we can benefit and improve their lives.
4. **Creative / Relevancy / Reputational** – We will collaborate with our under-served audiences to develop our collections, stories and activities and ensure they are relevant to current and future generations.

The plan will be supported by the launch of the 3-year Marketing and Communications Strategy, a Commercial Strategy and a Community Engagement Strategy and Plan, which will deliver the aims of audience development across the four areas listed above.

Community Engagement

The Postal Museum's Community Engagement Strategy will articulate our ambition to develop the museum into a truly participatory organisation, deeply embedded within our local communities. Replicating elements of the successful model used to build our access programme and inspired by the Museum Association's (MA) Manifesto for Learning and Engagement and the Our Museum project, our aim is for our communities in Camden and Islington to become active partners in our work rather than passive beneficiaries. We want to better understand their wants and needs, address local issues, and improve our relevance to and representation of people from different cultural, ethnic and socioeconomic backgrounds.

Content

The King's Stamp exhibition will continue until August 2023, continuing our focus on the rich history of stamp design in the UK, inspired by the new King Charles III definitive stamps.

A new exhibition exploring postal uniforms, Dressed to Deliver, will open in October 2023. This exhibition is curated with audience segment Inquisitive Minds with children, looking at uniforms past and present, identity and functionality. This exhibition includes consultation with postal workers past and present gathered through our Royal Mail Staff Open Days.

New research will be continuing into the Royal Mail Steam Packet Ship company and an academic advisor will be appointed to assist in this research. Work will also begin with communities to ensure this work tells the broader story and from different perspectives. The Museum will work with a community practitioner and an evaluation specialist. This project is being jointly run by the Collections and Community teams will be supported by communities in the Caribbean as well as locally to the Museum.

Environmental Sustainability

In 2023, the museum will publish a 6-year Environmental Sustainability Framework and a 3-year Action Plan. The museum recognises the urgent need to address the climate emergency. We aim to make meaningful changes to our operation and be making tracked progress towards Net Zero emissions by 2040 and embed environmental responsibility within all aspects of our work.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE PERIOD ENDED 31 MARCH 2023

The Framework is developed with support from the museum's appointed consultants, ideas generated by the museum's cross-departmental Sustainability Working Group and responds to our Arts Council England National Portfolio Organisation plan.

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.

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 14 December 2023 and signed on their behalf by:



Richard Wills
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
POSTAL HERITAGE TRUST
FOR THE PERIOD ENDED 31 MARCH 2023**

Opinion

We have audited the consolidated financial statements of Postal Heritage Trust for the period ended 31 March 2023 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 March 2023 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the period 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 March 2023. 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 Trustees' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF POSTAL HERITAGE TRUST

Opinions on other matters prescribed by the Companies Act 2006

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

- 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 period 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 16, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF POSTAL HERITAGE TRUST

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:

- 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)

Date: 19/12/2023

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 PERIOD ENDED 31 MARCH 2023

		15 Months to Mar 2023 Unrestricted	15 Months to Mar 2023 Restricted	15 Months to Mar 2023 Total	Year to Dec 2021 Total
	Notes	£	£	£	£
INCOME					
Donations and legacies					
Donations & Grants - Royal Mail Group Ltd	4	1,611,991	-	1,611,991	1,450,024
Donations & Grants - Other	4	293,511	89,139	382,650	743,639
Income from Charitable activities					
Admissions and membership		1,265,626	-	1,265,626	488,269
Outreach and exhibitions		82,808	-	82,808	1,404
Income from other trading activities					
Income of trading company - PHSL	6	1,327,116	-	1,327,116	1,067,074
Income of trading company – PHTL	6	498,399	-	498,399	430,711
Other income		21,148	-	21,148	32,221
Investment Income		4,832	-	4,832	188
TOTAL INCOME		5,105,431	89,139	5,194,570	4,213,530
EXPENDITURE					
Charitable activities:					
Operation of The Postal Museum	5	2,480,785	41,563	2,522,348	1,715,342
Collections	5	879,601	22,266	901,867	610,518
Outreach and exhibitions	5	680,678	10,000	690,678	479,914
Costs of raising funds:					
Expenses of charity – PHT	5	913,430	-	913,430	655,608
Expenses of trading company - PHSL	5	1,369,087	-	1,369,087	1,205,182
Expenses of trading company – PHTL	5	618,698	-	618,698	336,400
TOTAL EXPENDITURE		6,942,279	73,829	7,016,108	5,002,964
Net (expenditure)/income		(1,836,848)	15,310	(1,821,538)	(789,434)
Transfer between funds		-	-	-	-
NET MOVEMENT IN FUNDS		(1,836,848)	15,310	(1,821,538)	(789,434)
Funds brought forward		15,843,730	96,385	15,940,115	16,729,549
FUNDS CARRIED FORWARD		14,006,882	111,695	14,118,577	15,940,115

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 2023 Statement of Financial Activities split between funds.

The notes on pages 25 to 41 form part of these financial statements.

POSTAL HERITAGE TRUST

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

		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 37 shows the 2021 Statement of Financial Activities split between funds.

The notes on pages 25 to 41 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2023**

		Mar 2023		Dec 2021	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets					
Other fixed assets	7	20,858,376		22,146,917	
Museum Collection	8	<u>81,367</u>		<u>81,367</u>	
			20,939,743		22,228,284
CURRENT ASSETS					
Stock – goods for resale		44,859		50,817	
Debtors and prepayments	10	1,403,279		286,296	
Cash at bank and in hand		<u>1,749,830</u>		<u>2,419,413</u>	
			3,197,968		2,756,526
CREDITORS : amounts falling due within one year	11	<u>(4,410,318)</u>		<u>(3,110,825)</u>	
NET CURRENT (LIABILITIES) / ASSETS			<u>(1,212,350)</u>		<u>(354,299)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			19,727,393		21,873,985
CREDITORS : amounts falling due after more than one year					
Loans	11	<u>(5,608,816)</u>		<u>(5,933,870)</u>	
NET ASSETS			<u>14,118,577</u>		<u>15,940,115</u>
FUNDS					
Restricted funds:	12		111,695		96,385
Unrestricted funds:					
Designated	12		13,740,562		15,415,139
General	12		-		-
Trading subsidiary reserves	12		<u>266,320</u>		<u>428,591</u>
			<u>14,118,577</u>		<u>15,940,115</u>

The notes on pages 25 to 41 form part of these financial statements.

Approved and authorised for issue by the board of directors on 14 December 2023 and signed on their behalf by:



Richard Wills
Director

**CHARITABLE COMPANY BALANCE SHEET
AT 31 MARCH 2023**

		Mar 2023		Dec 2021	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets					
Other fixed assets	7	20,851,560		22,146,917	
Investment in subsidiary companies at cost	9	<u>2</u>		<u>2</u>	
			20,851,562		22,146,919
CURRENT ASSETS					
Debtors and prepayments	10	1,677,451		949,136	
Cash at bank and in hand		<u>590,079</u>		<u>1,019,644</u>	
			2,267,530		1,968,780
CREDITORS: amounts falling due within one year	11	<u>(3,739,384)</u>		<u>(2,751,668)</u>	
NET CURRENT LIABILITIES			<u>(1,471,854)</u>		<u>(782,888)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			19,379,708		21,364,031
CREDITORS: amounts falling due after more than one year					
Loans	11		<u>(5,608,816)</u>		<u>(5,933,870)</u>
NET ASSETS			<u>13,770,892</u>		<u>15,430,161</u>
FUNDS					
Restricted funds	12		30,330		15,018
Unrestricted funds:					
Designated	12		13,740,562		15,415,143
General	12		<u>-</u>		<u>-</u>
			<u>13,770,892</u>		<u>15,430,161</u>

The notes on pages 25 to 41 form part of these financial statements.

Approved and authorised for issue by the board of directors on 14 December 2023 and signed on their behalf by:



Richard Wills
Director

**CONSOLIDATED CASH FLOW STATEMENT
AT 31 MARCH 2023**

	Mar 2023	Dec 2021
	£	£
Cash flows from operating activities		
Net (expenditure) for the financial year	(1,821,538)	(789,434)
Adjustments for		
Depreciation	1,330,501	1,146,682
Interest received	(4,832)	(188)
Loss disposal of fixed assets	-	-
(Profit) on disposal of heritage assets	-	(1,974)
(Increase) / decrease in stock	5,958	9,821
(Increase) / decrease in debtors	(1,116,982)	156,730
Increase / (decrease) in creditors	974,439	(180,173)
Net cash generated from operating activities	(632,454)	341,464
Cash flows from investing activities		
(Purchase) of tangible fixed assets	(41,962)	(29,510)
(Purchase) of heritage assets	-	-
Proceeds from sale of heritage assets	-	1,974
Proceeds from sale of fixed assets	-	-
Interest received	4,832	188
Net cash from investing activities	(37,129)	(27,348)
Cash flows from financing activities		
Cash inflow from new borrowing	-	-
Net increase / (decrease) in cash and cash equivalents	(669,583)	314,116
Cash and cash equivalents at beginning of the year	2,419,413	2,105,297
Cash and cash equivalents at the end of the year	1,749,830	2,419,413

Movement in net debt

	£	£	£	£
	At 1 January 2022	Cash flows	Non-cash changes	At 31 March 2023
Cash at bank and in hand	2,419,413	(669,583)	-	1,749,830
Loans due within one year	(1,116,130)	-	(325,054)	(1,441,184)
Loans due after one year	(5,933,870)	-	325,054	(5,608,816)
	(4,630,587)	(669,583)	-	(5,300,170)
Total	(4,630,587)	(669,583)	-	(5,300,170)

The notes on pages 25 to 41 form part of these financial statements.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023

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 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 Heads of Terms agreement to restructure the loan alongside amendments to the long lease on Calthorpe House. This as yet unsigned 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.

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 March 2025. 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 in the Heads of Terms 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.

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

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES (continued)

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.

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.

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 PERIOD ENDED 31 MARCH 2023

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 made employer's contributions into the Royal Mail Group POS and POPS defined benefit final salary schemes on the behalf of one remaining employee 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. The employee transferred from the Royal Mail Group schemes and joined TPM's defined contribution pension scheme on 1 March 2023, whilst maintaining preserved rights for all historic contributions in the Royal Mail Group 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

	15 Months to Mar 2023	Year to Dec 2021
	Number	Number
(a) The average number of employees during the year were as follows:	82	78
(b) For a 12 month period,		
No employee (2021: 0) received remuneration in the band £60,000 - £70,000.		
One employee (2021: 1) received remuneration in the band £70,000 - £80,000.		
One employee (2021: 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.		
	15 Months to Mar 2023	Year to Dec 2021
	£	£
Wages and salaries	2,594,432	1,863,451
Social security costs	241,172	171,497
Pension costs	164,040	130,467
Termination payments	-	500
	2,999,644	2,165,915

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

During the 15 month period, reimbursable expenses of £749 (2021: £35) were paid to 3 (2021: 1) trustees for travelling expenses and subsistence.

The charity made payments of £2,104 (2021: £1,615) in the 15 month period 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 15 month period she received remuneration of £119,048 (2021: £92,000) in respect of her employment. In addition, the charity made contractual pension contributions of £7,143 in respect of her employment.

The total employee benefits of the charity's Key Management Personnel in the 15 month period amounted to £637,422 (2021 (12 months): £489,072).

3. NET MOVEMENT IN FUNDS FOR THE YEAR

	15 Months to Mar 2023	Year to Dec 2021
	£	£
This is stated after charging:		
Auditors' remuneration – audit of parent company	18,525	7,230
– subsidiary company audits	12,625	13,550
– other services	4,700	3,000
Operating leases – land and buildings	267,269	219,127
Depreciation of fixed assets	1,330,502	1,146,682

4. DONATIONS AND LEGACIES

	15 Months to Mar 2023 Unrestricted	15 Months to Mar 2023 Restricted	15 Months to Mar 2023 Total	Year to Dec 2021 Unrestricted	Year to Dec 2021 Restricted	Year to Dec 2021 Total
	£	£	£	£	£	£
Donations & Grants - Royal Mail Group Ltd and Post Office Ltd	1,611,991	-	1,611,991	1,450,024	-	1,450,024
Donations & Grants - Other	293,511	-	293,511	197,649	-	197,649
Arts Council England Grant	-	-	-	430,000	-	430,000
Patron donation for Sorted!	-	5,000	5,000	-	-	-
Post and play	-	27,000	27,000	-	-	-
Sorting Office Maths Challenge	-	16,615	16,615	-	-	-
Jolly Postman virtual sessions	-	13,362	13,362	-	-	-
Patron donation for The King's Stamp exhibition	-	10,000	10,000	-	-	-
Michael Bishop Foundation	-	-	-	-	45,000	45,000
Addressing Health Project	-	17,162	17,162	-	23,664	23,664
Coronavirus Job Retention Scheme	-	-	-	47,326	-	47,326
	1,905,502	89,139	1,994,641	2,124,999	68,664	2,193,663

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

5. ANALYSIS OF EXPENDITURE

							15 Months to Mar 2023
	PHT	PHSL	PHTL	Collections	Outreach	Operations	Total
	£	£	£	£	£	£	£
DIRECT COSTS							
Staff Costs	435,757	423,599	129,565	373,566	125,781	944,500	2,432,767
Other staff related items & consultancy	9,118	1,062	2,018	14,948	15,997	44,638	87,781
Property costs	114,570	674	-	187,934	201,137	561,136	1,065,451
Direct activity costs	77,150	3,406	165,995	126,556	135,446	377,872	886,426
Depreciation	135,475	446	-	236,283	252,372	705,926	1,330,502
	772,070	429,187	297,578	939,287	730,733	2,634,072	5,802,927
SUPPORT COSTS							
Governance Support Costs							
Staff Costs	9,305	-	-	15,262	16,334	45,570	86,471
Other staff consulting	419	-	-	688	736	2,054	3,897
Auditors remuneration	2,114	6,500	6,125	3,246	3,467	9,698	31,150
Trustee Expenses	573	-	-	964	1,034	2,879	5,450
Other Support Costs							
Staff Costs	57,206	-	-	93,838	100,432	280,187	531,663
Other staff related items & consultancy	2,577	-	11,365	4,228	4,526	12,627	35,323
Insurance	13,701	-	-	22,474	24,051	67,103	127,329
Post, stationery, telephone	1,207	156	3,145	1,978	2,118	5,905	14,509
Office equipment	1,519	4,663	1,320	2,494	2,665	7,439	20,100
IT costs	12,944	5,866	5,711	21,236	22,728	63,404	131,889
Legal & Professional	1,650	2,351	2,456	2,703	2,894	8,075	20,129
Other	3,506	828	7,819	5,749	6,153	17,166	41,221
Loan interest	164,050	-	-	-	-	-	164,050
Gift Aid to charity	(48,420)	355,000	95,000	(79,425)	(85,005)	(237,150)	-
Support cost recharge	(80,991)	564,536	188,179	(132,855)	(142,188)	(396,681)	-
	141,360	939,900	321,120	(37,420)	(40,055)	(111,724)	1,213,181
Total expenditure 2023	913,430	1,369,087	618,698	901,867	690,678	2,522,348	7,016,108
Total expenditure 2021	655,608	1,205,182	336,400	610,518	479,914	1,715,342	5,002,964

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

ANALYSIS OF EXPENDITURE (2021 comparative note)

	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 PERIOD ENDED 31 MARCH 2023

6. RESULTS FROM TRADING SUBSIDIARIES

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

	15 Months to Mar 2023	Year to Dec 2021
	£	£
Income and Expenditure:		
Turnover	1,322,954	1,067,074
Coronavirus Job Retention Scheme	-	5,131
Cost of sales	(1,014,087)	(719,304)
Gross profit for the year before tax	308,867	352,901
Interest Received	4,162	102
Profit for the year	313,029	353,003
Retained profit at 1 April / 1 January	171,080	303,955
Retained profit for the financial year	313,029	353,003
Donation to parent charity in respect of 2020 profit		(485,878)
Donation to parent charity in respect of 2021 profit	(355,000)	
Retained profit at 31 March / 31 December	129,109	171,080
Balance Sheet:		
Fixed Assets	6,816	-
Debtors	654,677	27,895
Cash	942,776	1,088,133
Creditors	(1,475,159)	(944,948)
Net Assets	129,110	171,080
Funds		
Share Capital	1	1
Reserves	129,109	171,079
Net Assets	129,110	171,080

Postal Heritage Services Limited has produced audited accounts for the year to 31 March 2023.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

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.

	15 Months to Mar 2023	Year to Dec 2021
	£	£
Income and Expenditure:		
Turnover	498,399	430,711
Coronavirus Job Retention Scheme	-	454
Cost of sales	(523,698)	(336,400)
Gross (loss) / profit for the year before tax	(25,299)	94,765
Interest Received		-
(Loss) / profit for the year	(25,299)	94,765
Retained profit at 1 April / 1 January	257,208	162,743
(Loss) / profit for the financial year	(25,299)	94,765
Donation to parent charity in respect of 2021 profit	95,000	-
Retained profit at 31 March / 31 December	137,209	257,508
Balance Sheet:		
Stock	44,859	50,816
Debtors	21,390	16,751
Cash	216,975	311,636
Creditors	(146,015)	(121,694)
Net Current Assets	137,209	257,509
Creditors fallings due after more than one year	-	-
Net Assets	137,209	257,509
Funds		
Share Capital	1	1
Reserves	137,208	257,508
Net Assets	137,209	257,509

Postal Heritage Trading Limited has produced audited accounts for the year to 31 March 2023.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

7. FIXED ASSETS

Group	Long term Lease	Fixtures, fittings and equipment	Plant & Equipment	Intangible Assets	Total
	£	£	£	£	£
Cost					
At 31 December 2021	21,796,159	2,754,612	2,584,735	214,661	27,350,167
Additions during the period	-	7,262	34,699	-	41,962
Disposals	-	-	-	-	-
At 31 March 2023	21,796,159	2,761,874	2,619,434	214,661	27,392,129
Depreciation					
At 31 December 2021	2,393,807	1,359,439	1,272,898	177,107	5,203,250
Charged during the period	681,663	338,749	309,673	418	1,330,502
Disposals	-	-	-	-	-
At 31 March 2023	3,075,470	1,698,188	1,582,571	177,524	6,533,752
Net Book Value					
At 31 March 2023	18,720,690	1,063,686	1,036,864	37,137	20,858,376
At 31 December 2021	19,402,352	1,395,173	1,311,837	37,554	22,146,917
Charitable Company					
	Long term Lease	Fixtures, fittings and equipment	Plant & Equipment	Intangible Assets	Total
	£	£	£	£	£
Cost					
At 31 December 2021	21,796,159	2,691,192	2,584,735	214,661	27,286,747
Additions during the period	-	-	34,699	-	34,699
Disposals	-	-	-	-	-
At 31 March 2023	21,796,159	2,691,192	2,619,434	214,661	27,321,446
Depreciation					
At 31 December 2021	2,393,807	1,296,019	1,272,898	177,107	5,139,830
Charged during the period	681,663	338,303	309,673	418	1,330,056
Disposals	-	-	-	-	-
At 31 March 2023	3,075,470	1,634,322	1,582,571	177,524	6,469,886
Net Book Value					
At 31 March 2023	18,720,690	1,056,870	1,036,864	37,137	20,851,560
At 31 December 2021	19,402,352	1,395,173	1,311,837	37,554	22,146,917

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

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
Period to 31 March 2023	Nil	Nil
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

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

Transactions relating to heritage assets

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

**15 Months
to Mar
2023**

**Year to Dec
2021**

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

	31 March 2023		31 December 2021	
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	1,162,391	522,528	64,854	64,854
Due from subsidiary undertakings	-	924,158	-	-
Prepayments and accrued income	188,604	178,481	196,657	196,657
VAT	12,301	12,301	18,770	18,770
Other debtors	39,983	39,983	6,015	6,015
	1,403,279	1,677,451	286,296	286,296

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

11. CREDITORS

Amounts falling due within one year	31 March 2023		31 December 2021	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	155,617	145,082	177,272	170,977
Taxation and social security	56,805	56,805	48,178	48,178
Accruals	848,337	821,568	757,645	729,632
Deferred income	1,067,344	544,154	373,354	34,300
VAT	110,441	-	-	-
Loan interest	712,002	712,002	547,953	547,953
Loans	1,441,184	1,441,184	1,116,130	1,116,130
Due to subsidiary undertakings	-	-	-	14,205
Other creditors	18,588	18,589	90,293	90,293
	4,410,318	3,739,384	3,110,825	2,751,668
Amounts falling due after more than one year	31 March 2023		31 December 2021	
	Group	Charity	Group	Charity
	£	£	£	£
Deferred income	-	-	-	-
Loans	5,608,816	5,608,816	5,933,870	5,933,870
The above loans are repayable:				
In less than one year	1,441,184	1,441,184	1,116,130	1,116,130
Between one and two years	333,855	333,855	281,819	281,819
Between two and five years	1,052,808	1,052,808	888,713	888,713
After more than five years	4,222,153	4,222,153	4,763,338	4,763,338
	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 Heads of Terms 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 25. 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 PERIOD ENDED 31 MARCH 2023

12. FUNDS 2022/23	Brought forward	Income	Expenditure	Transfers	Carried forward
	£	£	£	£	£
RESTRICTED					
Postal Heritage Collection Trust	81,367	-	-	-	81,367
Digitised memorial books	5,914	-	-	-	5,914
Addressing Health Project	9,104	17,162	(22,266)	-	4,000
The King's Stamp exhibition	-	10,000	(10,000)	-	-
Sorted upgrade	-	5,000	-	-	5,000
Post and play	-	27,000	(15,284)	-	11,716
Sorting Office Maths Challenge	-	16,615	(12,917)	-	3,698
Jolly Postman virtual sessions	-	13,362	(13,362)	-	-
	96,385	89,139	(73,829)	-	111,695
UNRESTRICTED - DESIGNATED					
Collection fund	876	-	-	-	876
Tangible fixed assets	15,414,264	-	-	(1,674,578)	13,739,686
	15,415,140	-	-	(1,674,578)	13,740,562
UNRESTRICTED - GENERAL					
Postal Heritage Trust	-	3,279,916	(5,404,494)	2,124,578	-
Postal Heritage Services Limited	171,081	1,327,116	(1,014,087)	(355,000)	129,110
Postal Heritage Trading Limited	257,509	498,399	(523,698)	(95,000)	137,210
	428,590	5,105,431	(6,942,279)	1,674,578	266,320
	15,940,115	5,194,570	(7,016,108)	-	14,118,577

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

The King's Stamp exhibition was partly funded by a corporate donation.

Funding for upgrading Sorted! was provided by a Patron. The work is due to be carried out in the next financial year.

Post and Play is a learning activity funded by the John Lyons Charitable Trust.

Sorting Office Maths Challenge is a learning activity funded by The Portal Trust.

The Jolly Postman virtual sessions were funded with the support of Royal Mail.

12. FUNDS (continued)

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

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.

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 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

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS 2023

General	Designated	Restricted	Total
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POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

	£	£	£	£
Fixed Assets	1,509,874	19,348,502	81,367	20,939,743
Net Current Assets/(Liabilities)	(1,243,554)	876	30,328	(1,212,350)
Long term liabilities - loans	-	(5,608,816)	-	(5,608,816)
	266,320	13,740,562	111,695	14,118,577

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)
	428,591	15,415,139	96,385	15,940,115

14. FINANCIAL COMMITMENTS

At 31 March 2023 the group had the following commitments under non-cancellable operating leases.

	Mar 2023 £	Dec 2021 £
Due in less than 1 year	189,985	219,127
Due 2-5 Years	-	-

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2023

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 £1,611,991 in the 15 months to 31 March 2023 (2021: £1,450,024) of unrestricted funds, 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 provided the latter with £1,293,291 in the 15 months to 31 March 2023 (2021: £1,018,436) of unrestricted funds 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 £10,014 (2021: £82,854).

The disclosures around related parties should be read in conjunction with Note 1 (b) Going concern on page 25 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 PERIOD ENDED 31 MARCH 2023

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 March 2023 the group had no capital commitments (2021: nil).