

**PRISONERS' EDUCATION TRUST**  
(Company limited by guarantee no. 04132595  
registered charity no. 1084718)

**TRUSTEES' REPORT AND FINANCIAL**

**STATEMENTS YEAR ENDED**

**31 DECEMBER 2018**

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**PRISONERS' EDUCATION TRUST**

(Company limited by guarantee no. 04132595, registered charity no. 1084718)

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**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

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## PRISONERS' EDUCATION TRUST

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### REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS For the year ended 31 December 2018

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**President:** His Honour John Samuels QC

**Patrons:** Lady Andrew OBE (Deceased Jan 2018)      Lord Ramsbotham GCB CBE  
Sir Christopher Ball      Michael Smyth CBE QC (Hon)  
Susan Hill CBE      Baroness Stern CBE  
Baroness Linklater of Butterstone      The Rt Hon. the Lord Woolf  
Paul Maxlow-Tomlinson

**Trustees:** Peter Collins (Resigned 14 January 2019)  
Alexandra Marks CBE (Chair) (Retired 1 December 2018)  
Hilary Cross  
Catherine Dawkins (Honorary Treasurer)  
Elisabeth Davies (Appointed 20 November 2018 and Chair from 1 December 2018)  
Philip W Deer  
Patrick Diamond  
Angela Herbert MBE (Resigned 26 November 2018)  
Hugh Lenon (Retired 31 December 2018)  
Simon Scott  
Emily Thomas  
Vanni E Treves CBE (Retired 18 July 2018)  
Mark Welsh  
Geoffrey M Wolfson  
Graham A Ziegler (Retired 1 March 2019)

During the year, a number of long-serving trustees retired and both the staff and their fellow trustees of PET would like to record our gratitude for their support and commitment over the years. Although PET does not currently set term limits for trustees, the Board are mindful of the recommendations within Charity Commission's Code of Governance regarding periods of trusteeship longer than 9 years.

**Company Secretary and  
Chief Executive:** Rod Clark

**Company reg. no:** 04132595

**Charity reg. no:** 1084718

**PRISONERS' EDUCATION TRUST**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY,  
ITS TRUSTEES AND ADVISERS**  
For the year ended 31 December 2018 (continued)

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**Registered office:** The Foundry  
17 Oval Way  
London  
SE11 5RR

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Email: [info@prisonerseducation.org.uk](mailto:info@prisonerseducation.org.uk)  
Website: [www.prisonerseducation.org.uk](http://www.prisonerseducation.org.uk)

**Auditors:** Haysmacintyre LLP  
Chartered Accountants and Tax Advisors  
10 Queen Street  
London, EC4R 1AG

**Bankers:** Barclays Bank  
2 Victoria Street  
London  
SW1H 0ND

Unity Trust Bank  
Nine Brindley Place  
Birmingham  
B1 2HB

CCLA  
Senator House  
85 Queen Victoria Street  
London, EC4V 4ET

## PRISONERS' EDUCATION TRUST

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### TRUSTEES' ANNUAL REPORT, (incorporating the Directors' report) for the year ended 31 December 2018

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The Trustees (who are also the directors for the purposes of company law) present their report and the audited financial statements for the year ended 31 December 2018.

The Trustees confirm that the annual report and financial statements of Prisoners' Education Trust (referred to here as PET) comply with the Charities Act 2016, the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

### OBJECTS, ACTIVITIES, AND STRATEGY

The charitable objects of PET are contained in our memorandum and articles of association and relate to advancing the education and training of prisoners and ex-prisoners in the UK, Isle of Man and the Channel Islands. They include the provision of funding for distance learning courses and related materials; the provision of advice and guidance about education and training; promoting improvements in prison education policy and practice; publicising the authentic views and insights of prisoner learners; and commissioning and carrying out research, projects, reports, and conferences to help in evaluating and promoting improvements in prison education policy and practice in the United Kingdom.

Early in 2018 PET published its strategy for 2018 to 2020.

The Board agreed that PET's **vision** should be expressed as:

*Prisoners' lives transformed through learning*

This is supported by the **mission**:

*Every prisoner a learner, every prison a place to learn*

The vision and mission is underpinned by PET's values:

- **we inspire** hope and aspiration through learning;
- **we care** passionately about empowering learners and staff;
- **we collaborate** to achieve more together;
- **we are tenacious** to make change happen;
- **we are expert** and listen to learners and other experts;
- **we celebrate** everyone's successes;
- **we are inclusive** and promote equality and diversity.

PET's strategy sets out our work across three spheres of influence:

- The learner at the centre;
- Prisons and communities; and
- The wider system.

To succeed in affecting these different spheres of influence, we agree that the organisation needs to have robust foundations. The sections on achievements and performance below use these headings to review our achievements over 2018.

### Public benefit

PET, as a registered charity established to support prisoners and ex-prisoners in the UK, is a Public Benefit Entity. When planning PET's activities for the year, the Trustees have given due consideration to the Charity

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Commission's statutory guidance on public benefit, and highlight below some examples of our activities:

- We grant to individual prisoners throughout England, Wales and the Channel Islands access to distance learning courses not otherwise available within the prison system; we believe (supported by rigorous evidence from Ministry of Justice research) that these learning opportunities have a positive impact on reducing re-offending and promoting employment, benefitting the individuals, their families, and wider society;
- We provide an advice service to assist prisoners to gain maximum benefit from successful selection, study and completion of their courses; and
- We seek to improve prison education policy; support and promote best practice, and make the case for its benefits to society.

### Grant making policy

Any individual who has been sentenced and is currently serving a custodial sentence in England, Wales or the Channel Islands or Isle of Man is eligible to apply for a grant from PET to enable him/her to partake in an educational distance-learning course. In 2018, we also provided prisoners with arts and hobby materials. Our grant-approval criteria are shared upon request with prison education staff and applicants. Applications must include a strong letter from the applicant, an endorsement from a member of staff at the prison, selection of a suitable course, and evidence the prisoner's ability to complete the course during the remainder of his/her custodial sentence. Information, advice and guidance are provided to prisoners and prison staff throughout the application process. As described below, we will work to implement a more transparent and digitally enabled application process in 2019.

## ACHIEVEMENTS, PERFORMANCE AND PLANS FOR FUTURE PERIODS

2018 was a year of notable achievements across a wide range of activities as detailed below.

### The learner at the centre

#### *Achievements and performance in 2018*

#### Support for distance learning courses

In 2018 PET continued to be the leading organisation funding and supporting distance learning in prisons in England and Wales through our Access to Learning programme. This is our largest area of charitable expenditure. We have now funded prisoners over 40,000 times since our foundation in 1989. In 2017 PET had faced unprecedented levels of demand which we were struggling to meet within the resources available. If we are forced to turn down a high proportion of applications, that is not only demotivating for prisoner learners but also represents a poor use of time and effort for staff administering applications in prisons and at PET. For 2018, we took a conscious decision to seek to manage this demand to 2016 levels by working with prisons to submit only applications of a high standard. In the event, the level of applications was also affected by the unexpected and sudden decision by Her Majesty's Prison and Probation Service (HMPPS) not to continue the contracts for National Careers Service (NCS) providers in prisons from April 2018. NCS staff were key colleagues in many prisons who worked to support prisoner learners in their applications to PET. This caused disruption to the number and quality of applications received from many prisons. However, the numbers did continue to build towards the end of the year, and ultimately over 4,000 applications were received during the period.

	2018 Target	2018 Actual	2017 Actual
Applications	3,200	4,012	4,576
Awards	2,400	2,380	3,007

As in previous years, PET supported a wide range of courses in 2018 including Open University Access Modules, and courses in counselling, business start-up, fitness training, construction technology, plumbing theory and bookkeeping as amongst the most popular. Thanks to the generous support of the Garfield Weston Foundation and the Open University Students' Educational Trust, we have been able to continue to support prisoners to take their initial module towards a full degree without relying on a student loan. We were able in

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this way to support 126 prisoners to start their degree level study over 2018 (2017: 53). PET also worked in partnership with the Longford Trust to administer and award 16 prisoners funding for degree level study (2017: 12).

In 2017, PET made 8 Allt Awards to fund exceptional learners' vocational ambitions after release. These awards were paid out in 2018. With the generous support of the Topinambour Trust, PET was also able to expand this scheme into Enterprise Awards funding prisoners on release with materials to secure employment or to start businesses. The awards attracted 34 entries with detailed business cases. The judging panel (which included PET President His Honour John Samuels QC) made seven awards in 2018. The Enterprise awards were launched and presented at the summer party for our alumni in September 2018.

PET also continued to offer professional careers advice and help with course choice in 2018 providing 838 advice sessions (2017: 846) exceeding our internal target of 800. These figures relate to the central team and exclude the in depth advice sessions offered as part of the Welsh Prisons Project described below.

### Digital course development

Thanks to generous support from the Goldsmiths' Company Charity and working in collaboration with a partner organisation, the National Extension College (NEC), PET has developed a digital course on business start-up specifically tailored for the needs and circumstances of prisoners and drawing on case studies from PET alumni. This was deliberately envisaged as a pilot to help PET develop an understanding of the barriers and issues involved in making such learning available in a prison context. It has indeed proved a protracted process to establish a site for piloting the course with a cohort of learners, and progress has been slowed by delays and uncertainties over the MoJ/HMPPS strategy for enabling digital learning. After arrangements with one establishment fell through due to staff illness, we have made good progress with another to start a pilot using the HMPPS Virtual Campus system as the platform for making the course available. HMPPS have committed investment to upgrade the technical specification of the equipment in the prison in the spring of 2019 and we are optimistic of completing a proof of concept both for the course and for the channel of delivery soon after that.

### Learner voice – prisoner learner engagement

A key aspect of putting learners at the centre of PET's work is ensuring that we actively and genuinely embrace their views in determining our direction and the changes we implement. One important strand of this has been PET's Alumni Advisory Group. Led by an Alumnus Trustee, and meeting roughly every quarter, the group has provided an invaluable sounding board for testing thinking particularly around the development of our plans for improving our business model for service delivery as well as an opportunity for networking and some training, for example in handling media appearances. The group routinely reports back to the main Board and is an important contributor to the Board's thinking. Insight from former prisoners is extremely valuable, but PET also recognises the need to gather the views of serving prisoners. PET receives a constant flow of feedback from individual prisoners through the application process and the monitoring process that follows. PET also gathers important views and insights in response to its regular column in the prisoner newspaper *Inside Time*. In 2018 PET also made other concerted efforts to engage with groups of prisoners in a structured way. PET carried out a series of workshops with a group of prisoner learners in HMP Springhill looking systematically at our application process and decision making. PET has also engaged with European partners in an Erasmus Plus project on prisoner learner voice. As part of that project PET ran a series of workshops in HMP Coldingley and HMP Send, which gathered insight into the learning experience of prisoners studying through distance learning, and also tested thinking around the development and presentation of PET's brand.

### Evidence of impact

PET is proud of the letters and spoken accounts from our learners that give daily testimony to the impact of learning in helping them change their lives.

*"Thanks again to the Prisoners Education Trust, you've helped me use my time in prison constructively. Time flies studying and you feel better about yourself, especially when you pass exams which you've put hours in studying. I now have recognised qualifications to help me with my career path and I am truly grateful and appreciate your support. ... PET helped me more than words can say - I can't wait to go home and start my new life with a proper career."*

Prisoner from Manchester

The evidence of our impact is also substantiated by hard-edged and statistically robust quantitative analysis. In

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2015 statisticians working in the Ministry of Justice's (MoJ) Justice Data Lab found that prisoners helped by PET reoffended over a quarter *less* than a matched control group of prisoners. In 2018 we worked with the MoJ team to expand the analysis of the outcomes for PET learners by looking at their employment outcomes using data from Her Majesty's Revenue and Customs and the Department for Work and Pensions. This analysis, the first of its kind by the MoJ statistical team, was published in July 2018 (available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/724450/Experimental\\_statistics\\_Employment\\_benefits\\_outcomes\\_final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/724450/Experimental_statistics_Employment_benefits_outcomes_final.pdf)). The results confirmed our expectations that prisoners whom we help are more successful in getting employment than those we don't. The key finding is that PET beneficiaries are more likely to be employed during the one-year period after their release from prison – 39 per cent compared to 31 per cent of the comparison group – that's over a quarter more. These results were welcomed positively by the Prisons Minister:

*"I want to congratulate the Prisoners' Education Trust on these impressive results, which show the pivotal role education can play in helping offenders turn their lives around."*

Prisons Minister the Rt Hon Rory Stewart OBE MP July 2018

### Looking forward

In line with the 2018-2020 strategy, PET is preparing to make significant changes to the way in which we are able to support prisoner learners in future. This is in response to a number of drivers for change:

- Evidence from working closely alongside prisoner learners as part of PET's pilot project in Wales, and from focus groups with current and former learners about the importance of support from within the prison to make distance learning a success;
- A recognition that our criteria for financial support for applications could be more transparent and easier for prisoners to know whether they are likely to meet them;
- Continuing (albeit slow) progress towards giving prisoners greater access to digital learning which has the potential to transform the range, quality and support for learners; and
- Indications from HMPPS contacts that their financial support for PET may in future (from April 2020) no longer be via a central grant, but may need to rely on a greater financial commitment from individual establishments; this will increase the need to demonstrate the value of the courses through course completion and educational progression.

Over 2018, the PET service delivery team has developed and tested with current and former learners a revised process which would support applications for courses and learning itself to be delivered via a secure digital channel. The application process will focus more transparently on evidence that the learner has the commitment and support to complete their chosen course. And teams within the prison and individual learners will be offered better online support for their choices and their learning. In 2019, we need to move from planning to implementing the new service delivery model. This will be a major undertaking – but it will be essential in positioning PET as a digital organisation capable of making full use of the gradual shift to using new technology in the prison system.

The challenge for PET will be to make these changes, and to manage the turbulence within prison education as new mainstream education provider contracts come into effect from April 2019 while also continuing to provide the excellent learning that we know makes so much difference to the lives of prisoner learners. The aim will be to continue to support numbers of courses for learners at broadly the same levels as in 2018. In late 2018, a detailed review was performed of the impact of art materials on our beneficiaries and the administration costs of the applications, awards and ordering process. Following this review, the Board reluctantly concluded that PET should focus available resources on courses that offer some form of academic or vocational progression, rather than continuing the support of art and hobby materials unless they are connected with an art related course.

We will also continue to work with the Justice Data Lab and with a partner charity Pro Bono Economics to understand and develop their statistical analysis of PET's impact further.

PET has also kicked off a review of the working of our Alumni Advisory Group. The aim is to:

- To understand more about how PET will ensure those with lived experience of prisons are at the heart of how we implement our strategy; how their voice, and listening to their voice, will be embedded throughout all aspects of our work; and how we will ensure this is proactively and explicitly embedded in our approach to equality, diversity and inclusivity.
- To review the role, contribution and impact of the Alumni Advisory Group and how this fits with PET's



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wider commitment to ensuring those with lived experience of prisons are at the heart of how we implement our strategy.

The review is being led by PET's newly appointed Chair and will provide important reflection and impetus to ensure that the prisoner learner needs and experience remains at the core of PET's work and future development.

### Prisons and communities

#### *Achievements and performance in 2018*

##### The Welsh Prisons Project

PET's Welsh Prisons Pilot Project was initially established in 2015 with the generous funding of a Welsh grant-making organisation. It successfully demonstrated how support for learners could be enhanced with the support of a locally based team working closely with the staff and learners in individual prisons. Following this, PET successfully applied for a further three years funding starting in the summer of 2017. The project has continued to develop and demonstrate the value of links with prisons and local community organisations.

Notable achievements in 2018 have included the development of an animation about the benefits of lifelong learning in partnership with the Supporting Families Team at HMP Parc and fathers at the prison and their children (<https://www.youtube.com/watch?v=MkR93kxBmj4>). The team has also been developing connections between the prisons and local education providers. On Friday 9th November the project hosted 'Education for Life', an event at Swansea University drawing on alumni experiences and making the case for family learning and for the use of release on temporary licence to facilitate transition from prison into full time learning.

The project has also started the development of a distance learning course to support peer mentors in prison to provide support for other prisoner learners. Feedback from alumni and existing prisoner learners has highlighted the vital function that such roles provide. They help prisons to maximise the use they can make of prison learners to support prisoner learning communities. This is a key part of the future approach that PET's service delivery team is developing, which has drawn closely on the work described above to engage with and understand the prisoner learner experience.

##### Prison University Partnerships

In 2018 PET continued to support and promote a network of local partnerships between universities and prisons – Prison University Partnerships in Learning (PUPiL). These provide invaluable opportunities for prisoners to engage in trying out higher level learning opportunities that they have often missed out on previously. The partnerships help to raise educational aspirations and promote pipelines for learners to enter further and higher education on release. PET continued to log projects across the country via a network page on our website, providing information and contact details for 53 separate partnerships by the end of 2018 (35 at the end of 2017). PET backed this up with a monthly blog reporting on case studies and updates and on 30 November launched a toolkit of information and resources to help institutions wanting to establish such partnerships in future.

Prison university partnerships also relate closely to the important issue of promoting access to Higher and Further Education for former prisoners. In 2018 PET worked with sister charities Unlock and the Longford Trust to lobby government on this and it was a major achievement when the University and Colleges Admissions Service announced that they would remove the box on their application forms asking about convictions. There is however still much to be done to promote genuinely objective and open admissions policies and we continue to work with partner organisations to achieve this.

PET's 2018 Academic Symposium was hosted by Westminster University on 20 April. It covered themes of both the Prisoner Learning Academic Network (PLAN) and PUPiL. The event was extremely well attended with around 130 delegates and included a keynote session on partnership working, workshops on topics such as PET's university admissions campaign, and a presentation by members of the PLAN network. Nina Champion our Head of Policy presented the publication of her research through the Winston Churchill Travelling Fellowship, *Turning 180 Degrees: The Potential of Prison University Partnerships to Transform Learners into Leaders*.

## **PRISONERS' EDUCATION TRUST**

### Evidence of impact

During 2018 PET conducted 416 advice sessions and funded 169 distance learning courses and 44 arts material grants as part of the Welsh Prisons Project (this includes women funded at HMP Eastwood Park). The numbers of prisoners funded was 9% higher than in 2017.

In 2018 our PhD student completed her PhD research into a learning community space in a Category B prison. The study found clear evidence of the value of a supported autonomous learning space in a prison for engaging and supporting learners. However it also showed the importance of maintaining the support of the prison institution and leadership for making such communities sustainable. These are important considerations for how we develop our support for learning in individual prisons for the future.

### *Looking forward*

The Welsh Prisons Project will continue to pursue its objectives around increasing learning participation in the Welsh prisons, building pipelines into local learning institutions, developing thinking around digital and remote support for prison learning communities via peer mentoring and other resources, and crucially influencing PET's wider thinking about how best to foster the development of active and engaging learning in individual prisons. This will be a key challenge for 2019 as the new prison education landscape that will be introduced from April 2019 gives greater flexibility and control for governors and regions over how prison education is delivered. PET will be keen to work with regional and individual prison managers and governors to maximise these learning opportunities.

PET will also continue to work with educational and prison institutions to promote prison university partnerships and pipelines into education on release. PET hopes to work with the Ministry of Justice to promote this agenda in 2019.

### **The wider system**

#### *Achievements and performance in 2018*

2018 was another challenging and difficult year for the prison system as a whole. Despite HMPPS' success in meeting its target to recruit additional prison officers and some reduction in the overall prison population, reports from the Prison Inspectorate continued to show a worrying litany of increasing violence and some establishments in deeply worrying states. Against that background, the Government pressed ahead with major reforms to the landscape of prison education. These built on the Coates Review of prison education, *Unlocking Potential*, in May 2016 with the plans for implementation re-affirmed in the *Education and Employment Strategy* of May 2018.

Over 2018, the MoJ has run major procurement exercises to select providers to deliver mainstream education for groups of prisons covering the whole of England to specifications which give more flexibility and direct budgetary control to prison governors. This includes the flexibility to procure some education services from smaller niche suppliers via a Dynamic Purchasing System. The new contracts will come into operation from the beginning of April 2019 and will run for a minimum of four and potentially six years.

PET has continued to engage actively with these developments with the aim of ensuring that the aspirations for broader and more effective prison learning can be recognised.

#### The Prisoner Learning Alliance (PLA)

PET convenes, and provides the secretariat support for, the PLA as an alliance of members from the charitable and educational sector committed to improving policy and practice in prison education. It is the key umbrella organisation through which PET promotes prison education to a wider audience and engages with Government and policy makers. PET has coordinated a series of formal meetings with the Ministry's prison education reform team over the course of 2018 to feed into the development of policy thinking. This has included commenting on draft procurement specifications, the draft policy framework for prison education and other consultations such as giving evidence both written and oral to an enquiry by the Justice Select Committee. The PLA Chair has specifically written to Justice Ministers to raise concerns over the ending of the NCS contract for prisons and to seek a better understanding of the Department's strategy for using in-cell digital learning and to seek a meeting (which was with the Prisons Minister in the New Year).

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In response to the PLA's evident influence and the consequent demand from organisations and individuals wanting to join, in 2018 the alliance launched a new constitution for the PLA from February 2018 and appointed a new independent Chair, Professor Tom Schuller. As at the end of 2018 the PLA had 48 organisation (full) members, 31 individual associate members and 11 members with lived experience of the prison system.

The Prisoner Learning Alliance Conference on 13 September 2018 was hosted by Manchester Metropolitan University. It was well attended and well received by an audience of around 130-140 including members of PLA organisations and other practitioners. The two panels focused on opportunities and challenges in the education reforms. There was also a series of break out seminars on various aspects of policy and practice. The PLA presented awards for outstanding educators in different categories based entirely on prisoner nominations. In 2018 we received over 1,300 nominations – three times the number for 2017. The awards were presented by Big Issue founder, himself a former prisoner, Lord John Bird and culminated in the PET Chair and Chair of the Worshipful Company of Educators' Trust instituting a new award for a winner of winners to receive a special prize from the Worshipful Company at their dinner next spring.

The conference also ran structured sessions with attendees to help set the agenda for the PLA going forward.

### Prison education for young adults

With the generous support of the Barrow Cadbury Trust, PET has been working to explore the particular education needs of young adults in custody. In particular, PET organised (in partnership with HMPPS) a young adult's education summit at HMP Askham Grange on 15 May. The event involved a number of former and serving prisoners, organisations delivering learning to the young adult age group, as well as staff from the MoJ, prisons and current education providers. The day's focus was on hearing from learners and organisations about the opportunities and challenges in the system. The findings gathered around ten challenges with a number of emerging recommendations. A number of these related to the need to ensure that the commissioners of education using the new budgetary flexibilities from April 2019 provide young adults with the education that will engage them and fit their needs. We were able to report on this to the Transition to Adulthood Alliance in July. PET has also been able to bring the input of various PLA member organisations with relevant expertise to comment on the HMPPS developing model for operational delivery for young adults.

### PET in the media

PET continued to build its media profile over 2018 with a number of blogs, articles and media appearances by members of staff or alumni. Throughout the year, we maintained a constant flow of updates and news articles through our Learning Matters e-news bulletins. We also worked actively to promote prison education issues via social media; at the end of 2018 we reached almost 16,000 Twitter followers, up from 14,100 at the start of the year.

We also targeted communications to people in prisons, through a new student newsletter and a regular section in the prison newspaper *Inside Time*.

### Evidence of impact

There is strong evidence of PET's effectiveness in influencing the development of the wider education system. PET and the PLA were key contributors to the Coates Review of prison education and it is therefore gratifying that the Government has carried through to make major reforms to reflect those recommendations including the use of a very broad definition of education to define the objective of the new system:

*The purpose of education in prisons is to give individuals the skills they need to unlock their potential, gain employment and become assets to their communities. It should also build social capital and improve the well-being of prisoners during their sentences and once released.*

[Target Operating Model for Prison Education Framework procurement MoJ 2018]

The PLA resource for governors preparing to use their new flexibilities, *Greenhouses not Warehouses*, has continued to be used in HMPPS training. PET's campaign through Parliamentarians to highlight the loss of the NCS service does appear to have helped ensure that the funding has been retained for governors to use in purchasing a service from April 2019.

Our independent benchmarking of the PLA against similar networks in 2017 found a very consistent pattern of positive assessment of the PLA by its members on the key measures of importance, benefit and effectiveness.

## **PRISONERS' EDUCATION TRUST**

And this has been borne out by the number of organisations and individuals who have joined the Alliance under its new open membership constitution.

### *Looking forward*

2019 will be a year of continuing change for the prison system generally as a new leader for HMPPS, Dr Jo Farrar takes over from Michael Spurr in the spring. The new mainstream prison education framework contracts and arrangements come into place from April although some policy aspects of the new model have yet to be fully developed, particularly around accountability and measurement of performance. Building on feedback from the 2018 PLA conference, the elected steering group for the PLA has identified a number of areas for continuing policy work in 2019 within the broad context of tracking the implementation of the prison education reforms including: digital inclusion, promoting soft skills, developing leadership capability within the system, and promoting best practice.

PET will continue to work to develop the education offer for young adults in custody and engage with the expectations of the prison inspectorate on this.

## **Robust foundations**

### *Achievements and performance in 2018*

#### Fundraising and supporter engagement

Effective fundraising is essential to enable PET to help prisoner learners. In this, we are very grateful for the diligent work of the fundraising team in their work with our supporters and in making a large number of high quality applications and reports to grant making trusts and foundations. PET had been exceptionally successful in raising some large restricted grants in 2017 which it is using to fund activities in 2018 and 2019. In 2018 fundraising income was more comparable to previous years. Total income for 2018 was £1,669,022, decreasing by £846,871 against total income for 2017 of £2,515,893). However, £600,000 of this difference relates to a multi-year grant from the Garfield Weston Foundation recognised in full in 2017. The bulk of the rest of the difference is made up of a number of grants in excess of £10,000 received in 2017 and being spent over more than one year. Donations and legacies from individuals in 2018 were £196,449, increasing 13% compared to the 2017 figure of £172,543. We are immensely grateful for the continuing generosity of some of our previous funders as well as for the generosity of a significant number of new supporters. We are delighted that they share our belief in the power of education and skills training to transform prisoners' lives. A list of our major supporters can be found in Notes 2 and 3 of the accounts.

#### Events

We were particularly fortunate and honoured in June to be invited by Her Majesty the Queen to be the chosen charity to benefit from an open day of her gardens at Frogmore House in Windsor. The event attracted over 1,000 visitors and raised over £10,000. The PET lecture on 4 June generously hosted by Clifford Chance was a very interesting reflection on the role of the prison governor with an international panel of speakers from California and Denmark as well as the UK. It was pleasing that the topic attracted good attendance from practitioners and those within the sector including from HMPPS. Our annual Carol Concert in St Paul's Church, Covent Garden, attended by a record number of our supporters, was powerful and moving; it coincided with our participation in the Big Give Christmas Challenge which, thanks to the generous matched funding from individuals and charitable trusts, raised over £30,000.

#### Staffing and Human Resources (HR)

PET is extremely fortunate in the quality and commitment of its staff and takes seriously a commitment to proper application of HR policies and practice. In 2018 PET retained the services of an external HR company to provide professional advice including employee assistance programme. The service has also included a review of our HR policies which will inform an update to our staff handbook in 2019. In addition to supporting the training and development of individuals, PET commissioned two training days for middle management staff on first line management and change management in addition to a range of individual staff training opportunities.

PET is also extremely grateful for the important contribution of volunteers to our work as set out in note 14. As PET develops, we expect volunteers to become an increasingly important part of our service provision. The

## **PRISONERS' EDUCATION TRUST**

Board reviewed and agreed new volunteering policies and supporting guidance in 2018.

### Equality, Diversity and Inclusion (EDI)

PET is committed to embedding EDI into every aspect of the way in which it works. In the light of evidence of racial disproportionality in the criminal justice system more widely, it is an imperative for PET to continue to review its practice. In 2018 PET established a committee of the Board specifically to devote more time and attention to EDI with routine reporting to the main Board. PET also established a staff group specifically to consider EDI issues.

It is essential that PET considers its service delivery to prisoner learners through an EDI lens and in 2018, with the generous support of the Barrow Cadbury Trust, PET commissioned independent researchers to review the data that we hold on this as a first step. The initial quantitative analysis should be available early in 2019. The need for greater transparency in decision making has also been a major consideration in the work to improve and develop of PET's application and decision making processes.

### General Data Protection Regulation (GDPR)

PET established a Trustee lead and regular Board reporting on progress to meet the requirements of the GDPR. This involved a thorough data audit and review of the data we hold, the legal basis for it, and our arrangements for informing data subjects through privacy notices. One top priority was to review our basis for holding securely and processing data provided to us by prisoners and we amended our application form and associated privacy notice accordingly. We wrote to all supporters for whom we held contact information to confirm (or not) the basis for our continuing to contact them. And we similarly reviewed the position for the data we hold on staff and other groups. Some further tightening of our policy and procedure is planned as part of the HR health check review and as we implement a redevelopment of our main prisoner database as part our wider change programme.

### Systems and Information Technology

Effective systems will be essential for PET's programme of change towards an effective digital organisation. In 2018 PET reviewed and brought up to date the support for our IT desktop. We also commissioned a redesign and refresh of our website (to launch in spring 2019). The existing site runs on a content management system that is no longer supported and both the design and the functionality need to advance if it is to underpin the delivery of our new business model as we envisage. As part of the development of that business model we have also defined the database requirement to support our new application process. Our planned move to a Salesforce package solution should also provide a platform for removing inefficiencies in the interface between our main database and our accounts package which should significantly reduce the need for data re-keying and the cost and error that entails.

### *Looking forward*

The period ahead will be one of significant change for the prison education landscape and for PET as it sees through its strategy and change programme to become a digital organisation offering excellent support for learners in a new environment.

PET will want to look ahead to exploring new opportunities for fundraising in the latter part of 2019. And 2019 will need to see the implementation of the new database and website to support our new business processes.

In all this change, PET will be committed to ensuring that the principles of equality, diversity and inclusion are applied rigorously and determinedly to ensure that PET does maximise the contribution of all its staff and serve all its beneficiaries in line with its values. PET will further embed EDI considerations in all Board papers including EDI impact assessments where needed and will look forward to using the independent research into our processes to inform their further development.

## **FINANCIAL REVIEW**

The results of the year's operations are set out in the attached financial statements. The total retained reserves at 31 December 2018 amounted to £1,506,776, of which £600,661 are unrestricted.

Income for the year ended 31 December 2018 totalled £1,669,022 compared with £2,515,893 for 2017. As

## **PRISONERS' EDUCATION TRUST**

noted above, the higher level of income in 2017 was mainly due to the success in raising multi-year restricted funding which was recognised in that year.

In 2018 PET received £940,500 from charitable trusts and corporate institutions (2017 - £1,803,695); £415,775 from government sources (2017 - £453,802); £196,449 from individuals, including Gift Aid and legacies (2017 - £172,543); £16,243 from fundraising events (2017 - £14,110); £5,582 from investment income and other income (2017 - £2,543); and £9,414 income from donated goods and services (2017 - £7,401).

PET spent £1,886,484, an increase from £1,837,404, in 2017. This was partly due to spending down the multi-year restricted grants mentioned above. There was also a change in accounting practice to show prison and prisoner contributions as income rather than netting them off the expenditure on courses. Overall there was a net surplus on unrestricted funds of £22,520 increasing unrestricted funds from £578,141 to £600,661. Restricted funds decreased from £1,146,097 to £906,115.

These financial statements have been prepared on a going concern basis as the Trustees are confident that sufficient funds will be available to enable operations to continue at a sustainable level for a period of at least 12 months from the date of approval of these financial statements. The charity has prepared forecasts at different income levels demonstrating that an acceptable level of charitable activity can be maintained for the foreseeable future. The pattern of the charity's activities is such that voluntary income will be available from a wide variety of donors at stepped intervals throughout the next 12 months, enabling the charity to manage cashflow effectively.

### **Reserves policy**

Most of PET's income is dependent upon successful fundraising activity and is subject to unpredictable fluctuation. PET therefore has a policy of maintaining free reserves of not less than four months' expenditure at future budgeted expenditure levels. This excludes direct expenditure to support prisoners from restricted funding. For 2018 four months expenditure on this basis amounted to £387,228.

At 31 December 2018 PET had free reserves available for use of £549,738 (2017 - £526,345). Free reserves are calculated as unrestricted funds of £600,661 less £16,545 tied up in fixed assets and £34,378 tied up in capital commitments and non-cancellable lease commitments. This was therefore above the four months target level.

At least twice each year, the Trustees review the free reserves requirement and reserves policy to ensure it is adequate to meet our needs. The calculation takes account of: the minimum funds we would need for an orderly wind up if the charity was required to cease operating at short notice; the working capital we would require to continue our charitable delivery in the event of a significant gap or drop in income or reduction in levels of unrestricted funding; and our need to hold some funds to invest in new streams of charitable delivery before we are able to fundraise for their full costs.

Due to the need to invest in an improved business model that is better suited to the new education environment and digital developments, we anticipate using a proportion of PET's unrestricted funds in 2019 while the new model is put into place. As a result of this, the Board has agreed to put in place close monthly monitoring and review of the forecast free reserves position involving the Chair and Honorary Treasurer. The Board will be notified if at any point free reserves are forecast to drop below 3 months expenditure excluding the direct expenditure to support prisoners from restricted funding.

### **Fundraising practice**

The Board takes a best practice approach to fundraising. The Head of Fundraising reports to the Board on fundraising performance, strategy, legal and best practice developments at every board meeting. The Board's Fundraising Committee meets with the Head of Fundraising, Chief Executive, and Head of Finance six times per year. At these meetings, the Committee reviews the fundraising business plan to provide further assurance over the appropriateness and effectiveness of our fundraising practices. The Head of Fundraising is responsible for keeping up to date with best practice, ensuring the training and support of her team, and complying with fundraising regulations and best practice. The Board also undertakes formal and informal fundraising training on an ad hoc basis to ensure that staff and volunteers are sufficiently trained and informed of their legal responsibilities. PET is registered with the Fundraising Regulator and adheres to its Code of Fundraising Practice. PET is also registered with the Fundraising Preference Service. PET has a policy of not engaging agencies, fundraising consultants or commercial organisations.

## **PRISONERS' EDUCATION TRUST**

We protect vulnerable donors through our Vulnerable Donors Policy, and by upholding robust data protection controls over our supporter data; avoiding intrusive forms of fundraising such as telephone and door-to-door approaches; limiting our postal and email correspondence; and noting and adhering to supporter contact preferences. In 2018, one complaint was received regarding fundraising which was resolved satisfactorily, and reported to the Fundraising Committee.

### **Staff remuneration policy**

PET is hugely grateful for the commitment and enthusiasm of its staff. We believe that it is essential to attract and retain staff with the appropriate skills and capabilities, and reward them fairly for delivering PET's important work. It is therefore important to reward staff properly, while also having prudent regard to the use of charitable resources. In order to do this, PET reviews its salaries and overall rewards packages (including those of its key management personnel) on a regular basis using professional job evaluation to consider salaries in relation to the charity sector for the job levels concerned. Additionally, between salary reviews, the Trustees may complete discretionary annual reviews taking account of (whilst not being constrained by) the movement of pay and prices and other relevant factors. In this they are supported by a formal Remuneration Committee.

### **Risk management**

The Trustees regularly review, assess and ensure the implementation of systems to manage the major risks to which PET is exposed, in particular those related to the operation and finances. They do this, with the assistance of the Chief Executive, by reviewing at each Board meeting whether there have been any material changes in the risks to which PET is exposed. The Trustees also complete an annual risk review as part of the approval of PET's plans for the forthcoming year. This is to ensure adequate plans and procedures are in place to mitigate the key risks to which PET is exposed. Internal control risks are minimised by the implementation of procedures in respect of authorisation of expenditure and grant commitments.

The principal strategic risks to which the charity is exposed (based on their combined probability and impact) are that:

- In the light of the MOJ's revised education procurement framework, service commissioning and payment system being implemented in 2018, we have been advised by HMPPS that it plans to consider alternatives to providing a central government grant to promote Open University & vocational distance learning courses from April 2020;
- Operational failures around key areas of public concern, e.g. safeguarding, public protection or data protection undermine trust in PET and damage its reputation;
- PET's business offer to support distance learning in the new contractual environment is unclear or unresolved;
- Failure to put in place a PET digital solution in time to take advantage of in-cell digital opportunities;
- Failure to identify and effectively see through increase in major fundraising opportunities to address potential for expanding the PET delivery model once its effectiveness is demonstrated.

Major operational risks, assessed in terms of combined probability and impact, include risks of:

- Failure to deliver major IT and process components of new business model to time and quality: database, website and new application process;
- Increasing level of demand for distance learning courses, creating undue pressures on staff time and financial resources; and
- Scale of change and poor management of it leads to loss of morale and organisational cohesion across teams.

These risks are being mitigated largely through the change programme that PET is managing through 2019. This programme is being overseen and monitored through a Change Programme Board drawn from Trustees with relevant knowledge and experience.

## **STRUCTURE**

PET is a charitable company, incorporated on 29 December 2000. It acquired the assets and undertaking, subject to liabilities, of Prisoners' Education Trust, a charitable trust, with effect from 1 January 2001. That trust, which had been established by a deed dated 19 April 1989, was formally wound up in 2003. PET is registered as a charitable company limited by guarantee and is governed by its memorandum and articles of association.

## **PRISONERS' EDUCATION TRUST**

PET has no share capital or debentures. In the event of PET being wound up each member is required to contribute an amount not exceeding £10.

## **GOVERNANCE AND MANAGEMENT**

PET is governed by a Board of Trustees. Trustees are subject to retirement by rotation; every year one third of trustees eligible must retire. Trustees subject to retirement are those who have served the longest time in office. All trustees who retire by rotation may stand for re-election. The election of members to the Board takes place at the Annual General Meeting. Details of those serving on the Board during the year and those serving currently are shown on page 1.

The Board meets six times a year, in addition to its annual Away Day. The Chair also conducts appraisals with all Trustees at least every two years. The Board considers it important to maintain a balance of skills in its membership and has established a Nominations Committee to undertake tasks related to Trustee recruitment and induction. The Board attempts to attract candidates with skills and experience appropriate to the needs of the organisation, and has regard to diversity in doing so. Potential trustees are interviewed by the Chair and another trustee. All new Trustees receive an induction and an introduction to the Chief Executive and the organisation.

In addition to the Nominations Committee, the Board has standing Committees on: Fundraising to review fundraising practice and performance; Remuneration to review issues of staff remuneration; and Equality Diversity and Inclusion. In 2018 the Board also appointed a Change Programme Board to provide additional governance and scrutiny to PET's plans to review its business model and systems in accordance with its strategy.

The Board is responsible for establishing the strategic direction of PET. The Board delegates responsibility to the senior management team, through the Chief Executive, to execute the day-to-day operations of PET in accordance with the policies, procedures and budgets approved by the Board. Furthermore, the Board delegates to a monthly scrutiny panel, normally comprising two Trustees, responsibility for approving funding to individual prisoners to undertake distance learning courses.

In 2018 our Chair Alexandra Marks CBE announced her intention to stand down both as Chair and Trustee. With the invaluable financial support of the Sir J. Paul Getty Jr Charitable Trust, the Nominations Committee ran an open and extensive recruitment process to select a successor. The Board was pleased to appoint Elisabeth Davies as trustee from 20 November and then as Chair from 1 December 2018. Elisabeth Davies brings a wealth of high level governance experience and skill which will help PET's ongoing development for the future.

In September the Board held a half-day session specifically to review its practice against the Charity Governance Code, applying the template for larger charities. The review identified no major points of concern but has developed an action plan picking up on a number of issues of best practice as a result. The Board will continue to monitor progress against this plan in future. At the start of the year PET had 14 trustees, exceeding the Code's recommended maximum of 12. However due to some resignations the trustee body reduced to 11 at the end of 2018. The Board also identified that a minority of trustees had served for more than the recommended maximum of 9 years. Further changes to the Board composition are expected to address this in 2019.

PET is hugely grateful for the immense contribution made by its former Chair Alexandra Marks and the other trustees who stood down in 2018 or plan to do so in 2019. The opportunity will be taken in 2019 to review the skills and diversity needs of the Board to run an open recruitment to strengthen the governing body further in 2019.

### **Relationship to the PLA**

PET provides the secretariat and secures funding to convene the Prisoner Learning Alliance (PLA) of which it is also a member.

Following the 2017 review of the PLA, it agreed various changes to its constitution which came into effect in 2018. These changes extended the categories of membership, put in place a modest membership fee and elected a steering committee of which the Chief Executive of PET is an ex-officio member. The PLA however remains an informal grouping of organisations with no separate legal identity.



## PRISONERS' EDUCATION TRUST

### RESPONSIBILITIES STATEMENT OF THE TRUSTEES

The Trustees (who are the directors of PET for the purposes of company law) are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom General 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 incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. 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; and
- Prepare the financial statements on the going concern basis (unless it is inappropriate to presume that the charitable company will continue in operation).

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of PET and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of PET, for ensuring that the assets are properly applied in accordance with charity law, and for taking reasonable steps for the detection and prevention of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on PET's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that PET's auditors are aware of that information.

#### Preparation of the report

This report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

#### Auditors

The auditors, Haysmacintyre LLP, offer themselves for reappointment under Section 485 of the Companies Act 2006.

This report was approved and authorised for issue by the Trustees on 3 April 2019, signed on its behalf by:

Signature:



Elisabeth Davies

Chair of Trustees

3 April 2019

## PRISONERS' EDUCATION TRUST

### Independent auditor's report to the members of Prisoners' Education Trust

#### Opinion

We have audited the financial statements of Prisoners' Education Trust for the year ended 31 December 2018 which comprise the Statement of Financial Position, the Balance Sheet, the 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 charitable company's affairs as at 31 December 2018 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

#### Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 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.

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## PRISONERS' EDUCATION TRUST

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which incorporates the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the directors' report) has been prepared in accordance with applicable legal requirements.

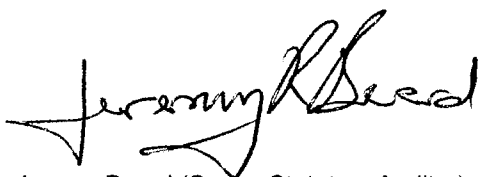
### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the directors' report).

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 charitable company; or
- the 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic 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.



Jeremy Beard (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditors  
Date: 3<sup>rd</sup> April 2019

10 Queen Street Place  
London  
EC4R 1AG

PRISONERS' EDUCATION TRUST

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating Income and Expenditure Account)**  
**For the year ended 31 December 2018**

<i>Note</i>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>	<b>Total Funds</b>	
	£	£	2018 £	As Restated 2017 £	
<b>INCOME AND ENDOWMENTS FROM:</b>					
Donations and Legacies	2	465,249	264,195	729,444	931,439
<i>Charitable Activities:</i>					
Access to Learning: Government Grant	3	-	415,775	415,775	453,802
Access to Learning: Garfield Weston Foundation	3	-	-	-	600,000
Policy and Research	3	-	125,665	125,665	140,623
Welsh Prisons Project	3	-	291,255	291,255	311,577
Other Trading activities	4	16,243	-	16,243	14,110
Investments		5,582		5,582	2,543
Prison & Prisoners' Contribution		30,414	54,644	85,058	61,799
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>517,488</b>	<b>1,151,534</b>	<b>1,669,022</b>	<b>2,515,893</b>
<b>EXPENDITURE ON:</b>					
Raising funds		<b>245,202</b>	-	<b>245,202</b>	<b>193,239</b>
<i>Charitable Activities:</i>					
Access to Learning		118,365	1,005,872	1,124,237	1,119,328
Policy and Research		131,401	143,600	275,001	254,017
Welsh Prisons Project		-	233,494	233,494	232,345
ICT Project		-	8,550	8,550	38,475
Charitable Activities		<b>249,766</b>	<b>1,391,516</b>	<b>1,641,282</b>	<b>1,644,165</b>
<b>TOTAL EXPENDITURE</b>	5	<b>494,968</b>	<b>1,391,516</b>	<b>1,886,484</b>	<b>1,837,404</b>
Net Income/(Expenditure)		22,520	(239,982)	(217,462)	678,489
<b>NET MOVEMENT IN FUNDS</b>		<b>22,520</b>	<b>(239,982)</b>	<b>(217,462)</b>	<b>678,489</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total Funds Brought Forward		578,141	1,146,097	1,724,238	1,045,749
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>600,661</b>	<b>906,115</b>	<b>1,506,776</b>	<b>1,724,238</b>

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

During the year, the charity moved to showing prison and prisoner contributions as income, rather than netting them off the expenditure on courses. As this represents a change in accounting policy, comparative figures have been restated. There is no impact on reserves.

PRISONERS' EDUCATION TRUST

**BALANCE SHEET**  
As at 31 December 2018

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	16,545	18,830
		<b>16,545</b>	<b>18,830</b>
<b>CURRENT ASSETS</b>			
Debtors	9	215,439	249,065
Cash at bank and in hand		1,536,064	1,615,389
		<b>1,751,503</b>	<b>1,864,454</b>
<b>LIABILITIES</b>			
Creditors: amounts falling due within one year	10	(261,272)	(159,046)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		1,490,231	1,705,408
<b>TOTAL NET ASSETS</b>		<b>1,506,776</b>	<b>1,724,238</b>
<b>TOTAL FUNDS OF THE CHARITY:</b>			
Restricted funds	11	906,115	1,146,097
Unrestricted funds	11	600,661	578,141
		<b>1,506,776</b>	<b>1,724,238</b>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies. They were approved and authorised for issue by the Trustees on 3 April 2019 and signed on their behalf by

 ELISABETH DAVIES, Chair

 CATHERINE DAWKINS, Hon. Treasurer

**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2018

	2018	2017
	£	£
<b>Cash flows from operating activities:</b>		
Net cash provided by / (used in) operating activities (see below)	(83,384)	522,062
<b>Cash flows from investing activities:</b>		
Interest income	5,582	2,543
Purchase of property, plant and equipment	(1,523)	(2,830)
<b>Net cash provided by / (used in) investing activities</b>	<b>4,059</b>	<b>(287)</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>(79,325)</b>	<b>521,775</b>
Cash and cash equivalents at the beginning of the reporting period	1,615,389	1,093,614
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,536,064</b>	<b>1,615,389</b>

**RECONCILIATION OF NET INCOME/ (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018	2017
	£	£
<b>Net income / (expenditure) for the reporting period (as per the SOFA)</b>	<b>(217,462)</b>	<b>678,489</b>
<b>Adjustments for:</b>		
Depreciation charges	3,808	4,301
Interest income	(5,582)	(2,543)
Decrease / (increase) in debtors	33,626	(147,222)
Increase / (decrease) in creditors	102,226	(10,963)
<b>Net cash provided by / (used in) operating activities (see above)</b>	<b>(83,384)</b>	<b>522,062</b>

**ANALYSIS OF CASH AND CASH EQUIVALENT**

	2018	2017
	£	£
Cash in hand	407,854	492,281
Notice deposits (less than 3 months)	1,128,210	1,123,108
	<b>1,536,064</b>	<b>1,615,389</b>

The statement of cash flows includes the movement in cash balances of unrestricted funds and restricted funds; the Charity does not hold any endowment funds.

The annexed notes form part of these financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2018

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#### 1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and estimates made in the preparation of the financial statements are as follows:

##### **Basis of preparation of financial statements**

Prisoners' Education Trust is a charitable company incorporated on 29 December 2000 (the charity was originally established as a charitable trust, under a trust deed dated 19 April 1989). The charity's registered office is The Foundry, 17 Oval Way, London, SE11 5RR.

PET meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006. As there are no material uncertainties about the charity's ability to continue operating, the accounts have been prepared on a going concern basis.

The effects of events relating to the year ended 31 December 2018 which occurred before the date of approval of the financial statements by the Trustees have been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 December 2018 and the results for the year ended on that date. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

##### **Income**

Income is included in the Statement of Financial Activities when PET is legally entitled to the income, it is probable that the income will be received, and the amount can be measured reliably. Grants are accounted for in the period specified for their use by donors or, where there is no time restriction, when conditions have been met and entitlement has been gained. Legacy income is recognised when it is probable that a legacy will be received (when probate has been granted, the executors have confirmed that there are sufficient assets to make a distribution, and there are no other conditions preventing a distribution), and the amount receivable can be reliably measured. Income tax recoverable in relation to investment income or Gift Aid donations is recognised at the time the relevant income is receivable. Facilities and services donated for PET's use, where the benefit is quantifiable, are recognised in the financial statements as both income and expenditure, at the value the charity would have paid in the open market for an equivalent economic benefit in the period in which they are received. Donated goods for distribution are recognised as income (or stock if not yet distributed) and expenditure at fair value, or if fair value is not practicably obtained, at the cost to the donor. Ticketed fundraising event income is recognised when the event has taken place and entitlement has thus been gained. All other income is accounted for on the accruals basis.

##### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Expenditure on raising funds comprises the costs associated with generating income. Support and governance costs, which cannot be directly attributed to particular activities, have been apportioned proportionately based on the activity levels of different charitable activities, and their relative demands on central resources. Grants awarded are recorded as liabilities and expenditure recognised in the Statement of Financial Activities when the award has been approved by the scrutiny committee, as a constructive obligation has been formed. Irrecoverable VAT is charged against the category of expenditure for which it was incurred. Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

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**Fund accounting**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objects of PET and which have not been designated for other purposes. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by PET for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is detailed in Notes 11a) and b).

**Tangible fixed assets and depreciation**

All individual assets costing more than £500 are capitalised. Individual assets costing below £500 are capitalised where they form part of a packaged asset with a total value over £500. Assets are depreciated over their expected useful lives on the following bases:

Furniture/fittings	-	10 years
Office & IT equipment	-	5 years

**Cash**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Pensions**

PET contributes employer contributions towards a Pensions Auto-enrolment compliant group personal pension scheme. Contributions are charged to the Statement of Financial Activities as they become payable.

**Financial instruments**

The charity only has basic financial instruments; they are initially recognised at transaction value and subsequently measured at their settlement value. Cash and deposits are measured at the cash value held at the reporting date. All debtors and creditors are initially measured at the settlement amount after any discounts (under normal credit terms) have been applied; if settlement is due in more than one year, the value is included at discounted net present value.

**Taxation**

PET has charitable status and is thus exempt from taxation on its income under various exemptions available in the Taxes Acts.

**Estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately differ from these estimates. The trustees do not consider there to be any significant estimates and judgements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

**2 INCOME FROM DONATION AND LEGACIES**

Donated services include venue use, catering for meetings and events, and research services.

See also note 14 for the contribution of volunteers

Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
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**Institutions who granted or donated £2,000 or more:**

ABF The Soldiers' Charity	-	10,070	10,070	15,000
Aurum Charitable Trust	100,000	-	100,000	100,000
Amelia Chadwick Charitable Trust	-	2,000	2,000	-
Anton Jurgens Charitable Trust	-	5,300	5,300	-
Bowland Charitable Trust	-	3,000	3,000	-
Charles Hayward Foundation	-	15,000	15,000	-
Charles Russell Speechlys	-	-	-	2,000
CHK Charities Limited	-	-	-	6,500
Community Foundation for Surrey	-	4,675	4,675	-
Ernest Cook Trust	-	-	-	2,975
Edward Cadbury Charitable Trust	-	4,000	4,000	4,000
Goldcrest Charitable Trust	-	-	-	2,000
Haddenham Healthcare Ltd	5,000	-	5,000	4,000
Hull and East Riding Charitable Trust	-	2,000	2,000	-
Impact Fluid Solutions	-	-	-	5,328
Inner London Magistrates' Courts' Poor Box Charity & Feeder Charity	-	-	-	6,000
Jill Franklin Trust	-	8,800	8,800	10,400
Lawrence Atwell's Charity	-	15,000	15,000	15,000
Lloyds Bank Foundation for the Channel Islands	-	-	-	15,300
Millichope Foundation	-	2,000	2,000	2,000
Open Gate Trust	-	2,250	2,250	-
PH Holt Foundation	-	9,000	9,000	-
Pilkington General Charity	-	-	-	2,000
Phoenix Equity Partners	2,000	-	2,000	-
The Reed Educational Trust	-	6,375	6,375	-
Safer Kent	-	2,550	2,550	-
Santander UK Foundation Limited	-	4,675	4,675	-
Sir John Cass's Foundation	-	-	-	11,900
Sir John Fisher Foundation	-	-	-	10,200
Sir J. Paul Getty Jr Charitable Trust	-	20,000	20,000	5,000
Texel Foundation	5,000	-	5,000	5,000
The 29th May 1961 Charitable Trust	10,000	-	10,000	15,000
The Aldo Trust	-	3,500	3,500	3,500
The Astor Foundation	-	-	-	2,000
The Beatrice Laing Trust	-	5,000	5,000	5,000
The Bromley Trust	-	-	-	20,000
The Brook Trust	-	18,030	18,030	18,030
The Carr-Gregory Trust	5,000	-	5,000	5,000
The Clothworkers' Company	-	-	-	5,000
The Constance Travis Charitable Trust	-	5,000	5,000	4,000
The Dulverton Trust	-	-	-	30,000
The E. L. Rathbone Charitable Trust	-	-	-	2,000
The Goldsmiths' Company Charity	-	-	-	49,200
The Green Hall Foundation	-	-	-	2,000
The Hadley Trust	30,000	-	30,000	30,000
The Harpur Trust	-	-	-	1,881

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

The Henry C Hoare Charitable Trust	5,000	-	5,000	-
The Jane and Michael Davies Charitable Trust	-	-	-	6,000
The John Aphthorp Charity	-	-	-	6,048
The John Coates Charitable Trust	-	2,000	2,000	-
The Joseph Strong Frazer Trust	-	2,000	2,000	2,000
The Leonard Chadwick Charitable Trust	2,000	-	2,000	-
The Manly Trust	-	4,250	4,250	-
The Michael Marsh Charitable Trust	-	3,400	3,400	2,500
The Norton Foundation	-	-	-	3,825
The Peacock Charitable Trust	6,000	-	6,000	6,000
The Robert Gavron Charitable Trust	-	-	-	5,100
The Roddick Foundation	-	-	-	39,950
The Roger & Douglas Turner Charitable Trust	-	2,000	2,000	-
The Royal British Legion	-	-	-	32,470
The Sackler Trust	-	-	-	10,000
The Samworth Foundation	-	35,000	35,000	35,000
The Savoy Educational Trust	-	6,800	6,800	-
The Shears Foundation	-	-	-	10,200
The Singer Foundation	-	10,200	10,200	10,200
The Souter Charitable Trust	-	2,000	2,000	-
The Swire Charitable Trusts	-	-	-	40,000
The Taylor Family Foundation	-	-	-	20,000
The Topinambour Trust	-	5,000	5,000	4,500
The Walter Guinness Charitable Trust	-	-	-	2,125
The Whitaker Charitable Trust	-	-	-	2,000
Welton Foundation	2,000	-	2,000	-
WF Southall Trust	-	2,000	2,000	-
Yorkshire & Clydesdale Bank Foundation	-	-	-	5,000
Other donations from institutions	110,725	17,980	128,705	86,363

**Individuals who donated £2,000 or more:**

Alexandra Marks CBE	-	-	-	2,600
Andrew, Norman, Tom and Sam Franklin	-	-	-	33,133
David Lehmann	-	-	-	4,500
Hugh Lenon	10,000	-	10,000	13,500
His Honour John Samuels QC & Mrs Maxine Samuels	-	2,000	2,000	2,000
John Watson	-	-	-	4,000
Roger and Rosemary Chadder	-	2,000	2,000	2,100
Gift Aid receivable	13,895	2,952	16,847	17,255
Other donations from individuals	78,676	16,388	95,064	55,210

**Donated services of £2,000 or more (see directly below)**

Linklaters LLP	2,142	-	2,142	1,909
Royal Holloway University	-	-	-	1,804
Clifford Chance LLP	4,135	-	4,135	2,254
University of Westminster	3,137	-	3,137	-
Other donated services	-	-	-	1,433

**Legacies donated of £2,000 or more:**

From the estate of Lady Andrew OBE	50,000	-	50,000	-
From the late Mr Anthony Gibbs	8,829	-	8,829	-
From the estate of the Late Mrs Kathleen Myra Hamey	-	-	-	31,444
Other legacy income	11,709	-	11,709	6,800

465,249	264,195	729,444	931,439
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In 2017 £496,383 of income from donations and legacies was unrestricted and £435,056 restricted.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

**3 INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>Access to Learning Grants:</b>				
Ministry of Justice	-	398,044	398,044	436,147
Welsh Assembly Government	-	17,731	17,731	17,655
Garfield Weston Foundation	-	-	-	600,000
	-	<b>415,775</b>	<b>415,775</b>	<b>1,053,802</b>
<b>Policy and Research grants:</b>				
Barrow Cadbury Trust	-	14,100	14,100	3,300
Esmée Fairbairn Foundation	-	60,000	60,000	60,000
Erasmus+ Programme	-	12,785	12,785	-
Further Education Trust for Leadership	-	15,000	15,000	-
Manchester Metropolitan University	-	2,500	2,500	-
Paul Hamlyn Foundation	-	-	-	39,328
St Sarkis Charity Trust	-	7,500	7,500	7,500
The Big Give Trust	-	-	-	10,258
Other Donors	-	13,780	13,780	20,237
	-	<b>125,665</b>	<b>125,665</b>	<b>140,623</b>
<b>Welsh Prisons Project</b>				
Moondance Foundation	-	291,255	291,255	311,577
	-	<b>832,695</b>	<b>832,695</b>	<b>1,506,002</b>

In 2017 all income from charitable activities was restricted.

Included within Income from Charitable Activities are total government grants of £415,775 (2017 - £453,802). The total value of the grant received has been recognised in year.

For a description of the nature and purpose of material government grants see Note 11.

There are no unfulfilled conditions or contingencies attaching to the grants which have been recognised as income, and no other material sources of government assistance were received (2017 - the same).

The Welsh Prisons Project grant of £291,255 (2017 - £311,577) for 2018 was received and recognised in this year.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**4. INCOME FROM OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Fundraising events	16,243	-	16,243	14,110
	<b>16,243</b>	<b>-</b>	<b>16,243</b>	<b>14,110</b>

In 2017 all fundraising income was unrestricted.

**5. EXPENDITURE**

	Grant funding of activities 2018 £	Staff costs 2018 £	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total Restated 2017 £
<b>Access to Learning Grants:</b>						
Access to Learning	744,041	256,972	12,027	111,197	1,124,237	1,119,328
Policy and Research	-	176,307	30,764	67,930	275,001	254,017
Welsh Prisons Project	27,101	140,667	31,005	34,721	233,494	232,345
ICT Project	-	-	8,550	-	8,550	38,475
Total expenditure on charitable activities	<b>771,142</b>	<b>573,946</b>	<b>82,346</b>	<b>213,848</b>	<b>1,641,282</b>	<b>1,644,165</b>
Raising funds	-	163,526	23,492	58,184	245,202	193,239
Support and governance	-	114,851	157,181	(272,032)	-	-
	<b>771,142</b>	<b>852,323</b>	<b>263,019</b>	<b>-</b>	<b>1,886,484</b>	<b>1,837,404</b>

	Grant funding of activities 2017 £	Staff costs 2017 £	Activities undertaken directly 2017 £	Support costs	Total Restated 2017 £
<b>Access to Learning Grants:</b>					
Access to Learning	795,103	232,117	5,733	86,375	1,119,328
Policy and Research	-	154,715	47,837	51,465	254,017
Welsh Prisons Project	-	177,568	36,747	18,030	232,345
ICT Project	-	10,920	27,554	-	38,475
Total expenditure on charitable activities	<b>795,103</b>	<b>575,321</b>	<b>117,871</b>	<b>155,869</b>	<b>1,644,165</b>
Raising funds	-	139,184	14,252	39,803	193,239
Support and governance	-	77,100	118,572	-195,672	-
	<b>795,103</b>	<b>791,605</b>	<b>250,696</b>	<b>-</b>	<b>1,837,404</b>

Support staff costs have been allocated based on an estimate of the percentage of time staff spent supporting the activity; office costs have been apportioned based on an estimate of relative usage of these central resources. Premises costs have been allocated across projects based on estimated floor space used. Support costs are analysed overleaf:

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

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	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Support staff costs	93,465	57,111
Rent, service charge and rates	68,983	66,208
Other premises costs	1,160	-
Insurance	2,611	2,440
Computer and IT costs	18,316	10,769
Bank charges	1,113	431
Postage, photocopier and telephone	10,978	13,235
Printing and stationery	7,155	5,383
Depreciation	3,370	3,260
Other support costs	9,940	4,765
Governance staff costs	21,386	19,989
Other governance costs	33,555	12,082
	<u>54,941</u>	<u>32,071</u>
	<u>272,032</u>	<u>195,673</u>

Expenditure includes:

	<b>2018 £</b>	<b>2017 £</b>
Auditors remuneration:		
Audit fee excluding VAT	7,250	8,000
Irrecoverable VAT on audit fee	1,450	1,600
Operating lease rentals - Land and buildings	53,427	51,300
- Plant and equipment	2,292	2,618
Depreciation on owned assets	3,808	4,304

Grant funding includes grants payable for Open University, other accredited and unaccredited distance learning courses, and small grants for arts, hobby and other educational materials. All grants are made to acquire courses and materials for individuals, and have been analysed below:

	<b>2018 £</b>	<b>2017 £</b>
Open University courses	221,335	225,463
General education courses, arts & hobby materials	549,807	507,841
	<u>771,142</u>	<u>733,304</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

**6. STAFF NUMBERS AND COSTS**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	700,154	610,580
Social security costs	70,316	60,063
Defined contribution pension costs	34,813	30,450
Other staff costs	12,769	3,200
Agency staff and consultants	34,271	87,311
	<b>852,323</b>	<b>791,604</b>

The average monthly number of employees, calculated as full time equivalents (FTE), during the period was:

	<b>2018</b>	<b>2017</b>
	<b>FTE</b>	<b>FTE</b>
Raising funds	4.2	3.5
Access to Learning	6.4	5.8
Policy and Research	3.7	3.5
Welsh Prisons Project	3.3	3.8
Governance	0.4	0.3
Support	1.6	1.1
	<b>19.6</b>	<b>18.0</b>

The average monthly number of employees, calculated as average head count (AHC), during the period was:

	<b>2018</b>	<b>2017</b>
	<b>AHC</b>	<b>AHC</b>
Raising funds	4.2	3.5
Access to Learning	6.6	6.3
Policy and Research	4.1	3.5
Welsh Prisons Project	3.4	3.9
Governance	0.3	0.3
Support	1.7	1.1
	<b>20.3</b>	<b>18.6</b>

One employee, the Chief Executive, received a gross salary in the range of £70,000 - £80,000; employers' pension contributions of 5% of total earnings were also payable (2017 - same). The key management personnel of PET received earnings and benefits (including employer pension contributions of 5% of total earnings) totalling £321,721 (2017 - £303,921). The number of key management personnel was 5 (2017- 5) being the Chief Executive, and 4 Heads of Departments; the FTE number of key management personnel staff members was 4.80 (2017 - 4.67).

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

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**7. CONTROL OF TRUST, TRUSTEE DONATIONS, REMUNERATION AND EXPENSES**

During the year, no trustee received any remuneration (2017 - £NIL). Two trustees received reimbursement of travel expenses to attend trustee meetings of £1,625 (2017 - £1,128). The Charity received £15,804 of donations to support existing activities from its trustees, key management personnel, their close family members and entities over which they have effective control or in which they have a significant interest during the period (2017 - £26,211). Total expenses incurred by the Trustees in the furtherance of their duties, but not reclaimed from the Charity were immaterial in 2018 and 2017. There is no ultimate controlling party.

During the year the charity received a restricted donation of £20,000 (2017 - £5,000) from a charity with a shared trustee. The charities are not under common control. The donation was restricted to a purpose consistent with the existing activities of Prisoners' Education Trust and the relevant trustee did not participate in the decision to make the award.

**8. TANGIBLE FIXED ASSET**

	Furniture & Fittings £	Office & IT Equipments £	Total 2018 £
<b>COST</b>			
Opening balance 1 January 2018	22,169	7,102	29,271
Additions	-	1,523	1,523
At 31 December 2018	<b>22,169</b>	<b>8,625</b>	<b>30,794</b>
<b>DEPRECIATION</b>			
Opening balance 1 January 2018	6,339	4,102	10,441
Charge for the period	2,424	1,384	3,808
At 31 December 2018	<b>8,763</b>	<b>5,486</b>	<b>14,249</b>
<b>NET BOOK VALUE</b>			
At 31 December 2017	15,830	3,000	18,830
At 31 December 2018	13,406	3,138	16,545

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

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**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade Debtors	3,750	-
Net prison contributions due	15,898	15,118
Grants receivable	108,309	186,707
Donations receivable	74,191	36,456
Prepayments	8,396	5,889
Lease deposit	4,895	4,895
	<b>215,439</b>	<b>249,065</b>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	107,667	13,757
Taxation and social security costs	20,163	18,768
Grants committed but not yet paid (see below)	112,611	97,414
Accruals	15,049	20,021
Other creditors	5,782	9,086
	<b>261,272</b>	<b>159,046</b>

**Deferred income analysis:**

At start of year	-	29,702
Grants receivable released to income	-	(29,702)
At end of year	<b>-</b>	<b>-</b>

**Grants committed but not yet paid analysis**

At start of year	97,414	65,486
Grants committed in the year	719,767	726,784
Grant commitments fulfilled	(704,570)	(694,856)
	<b>112,611</b>	<b>97,414</b>

**Grant commitments** are recorded as liabilities on the balance sheet and as expenditure in the Statement of Financial Activities when the award has been approved by the Scrutiny Committee, as a constructive obligation has been formed. The vast majority of grant awards are fulfilled within 12 months of the commitment.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**11a. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Tangible fixed assets	14,645	1,900	16,545	18,830
Current Assets	690,525	1,060,978	1,751,503	1,864,454
Current Liabilities	(104,509)	(156,763)	(261,272)	(159,046)
	<b>600,661</b>	<b>906,115</b>	<b>1,506,776</b>	<b>1,724,238</b>

**11b. FUNDS OF THE CHARITY**

	Brought Forward £	Income £	Expenditure £	Transfers £	Carried Forward £
<b>RESTRICTED FUNDS</b>					
Policy and Research	70,149	125,665	(143,600)	28,001	80,215
Governance	-	20,000	(20,000)	-	-
<b>Access to Learning</b>					
General	7,964	21,000	(12,580)	415	16,799
Womens prisoners	61,556	62,409	(59,957)	(14,588)	49,420
Younger prisoners	93,200	19,675	(65,232)	(28,001)	19,642
Older prisoners	937	866	(13,766)	14,588	2,625
Army veterans	32,249	10,070	(24,993)	-	17,326
Department for Business, Innovation and Skills	-	398,044	(381,695)	-	16,349
Welsh Assembly	-	17,731	(17,731)	-	-
Geographically restricted	88,024	107,625	(116,771)	-	78,878
Course subject restricted	507,004	16,350	(238,189)	-	285,165
Course Development	10,725	-	(8,826)	-	1,899
Small Grants	3,893	1,200	1,496	(415)	6,174
Prison & Prisoners' contribution	-	54,644	(51,375)	-	3,269
<b>Awards</b>	4,706	5,000	(4,804)	-	4,902
<b>Welsh Prisons Project</b>	265,690	291,255	(233,494)	-	323,451
	<b>1,146,097</b>	<b>1,151,534</b>	<b>(1,391,516)</b>	<b>-</b>	<b>906,115</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

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**RESTRICTED FUNDS**

**Policy & Research**  
**(Learning Matters)**

For research, policy, advocacy and alumni development work, including support of the PLA. Major funders in 2018 include: Esmée Fairbairn Foundation, Paul Hamlyn Foundation, Barrow Cadbury Trust (supporting EDI project), Further Education Trust for Leadership, Erasmus+ Programme, The BigGive Trust and some other organisations.

**Access to Learning:**

General	For distance learning courses and advice. Major funders in 2018 include: The Aldo Trust (£25 per prisoner for arts materials), The Beatrice Laing Trust, The Joseph Strong Frazer Trust, The Souter Charitable Trust, W F Southall Trust, and The John Coates Charitable Trust.
Women prisoners	For distance learning courses and advice to women in prison; major funders in 2018 include: The Brook Trust, Charles Hayward Foundation and The Roddick Foundation.
Younger prisoners	For distance learning courses and advice to younger prisoners under 30. Major funders in 2018 include: Lawrence Atwell's Charity, Santander UK Foundation Ltd, The Taylor Family Foundation (South of England), John Lyons Charity and The Big Give Appeal for young people 26 and under
Older prisoners	For distance learning courses and advice to prisoners aged 50 and above. The major funder in 2018 was The Roddick Foundation and the Big Give Appeal.
Army Veterans	For distance learning courses to ex-service personnel; major funders in 2018 include: ABF The Soldiers' Charity, and The Royal British Legion (prisoners with more than two years left to serve of their sentence)
Ministry of Justice	Funding granted for distance learning courses, including Open University Access courses and a range of accredited and unaccredited further education courses, as well as an Advice and Information service for serving prisoners and their families.
Welsh Assembly Government	Funds granted by the Welsh Assembly Government, through NOMS in Wales for prisoners who are ordinarily resident in Wales to study Open University and other accredited and unaccredited further education courses.
Geographically restricted	Funds granted for distance learning courses and advice with specific geographical restrictions. Major funders in 2018 include: Amelia Chadwick Charitable Trust, Bowland Charitable Trust, Community Foundation for Surrey, Edward Cadbury Charitable Trust, Hull and East Riding Charitable Trust, Inner London Magistrates' Courts' Poor Box Charity & Feeder Charity, Jill Franklin Trust, Lloyds Bank Foundation for the Channel Islands, Millichope Foundation, Open Gate Trust, PH Holt Foundation, Singer Foundation, Sir John Fisher Foundation, The Samworth Foundation, Safer Kent, Shears Foundation, the Michael Marsh Charitable Trust, The Singer Foundation, The Constance Travis Charitable Trust and The Yorkshire & Clydesdale Bank Foundation.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

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Course subject restricted & Course development	Funds granted for distance learning courses with specific subject restrictions and course development. Major funders for course subject restriction in 2018 include: Garfield Weston and the Major funders for course development include: Goldsmiths' Company Charity.
John Allt Award	A fund established in memory of John Allt, administered by PET and to be applied in awarding prizes to prisoners undertaking further or higher education. A major fund contributor was the Topinambour Trust.
Welsh Prisons Project	Funds restricted to strengthen and extend our support for Welsh prisoners, building learning communities to support our students to achieve their educational and vocational goals, whilst in custody and upon release. Moondance Foundation is the main contributor for this project.

**12. CAPITAL COMMITMENTS**

	2018 £	2017 £
Amounts contracted for but not provided in the financial statements	<u>30,000</u>	<u>2,834</u>

At 31st December 2018 the Charity had committed £30,000 of funds to redesign and develop the PET website.

**13. OTHER FINANCIAL COMMITMENTS**

At 31 December 2018 the Charity had an operating lease for its London office premises with a remaining term of less than 1 year. There is a rolling 6-month break clause, and therefore the commitment by the charity at any given point is 6 months' rent and service charge. As at 31 December 2018, this amounted to £33,358 (2017 - £31,946). The Charity also had a non-cancellable operating lease commitment of £1,020 (2017 - £1,020) for equipment falling due within one year.

In October 2015 the charity signed an operating licence for an office space in Cardiff with an initial 18 month term and a rolling one month break clause. The commitment of the charity at any one time is rent and service charges of £625. There are no other non-cancellable operating licence commitments falling due within one year or in more than one year (2017 - the same).

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

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**14. CONTRIBUTION OF VOLUNTEERS**

We are very grateful for the vital contributions to our work made by volunteers in 2018 in many different capacities. A number of our alumni that we had helped while in prison and are now in the community gave their time to speak at events or to journalists to promote our work. Some of our high profile supporters also gave their time to speak at events on our behalf. We were given valuable help with administrative and office tasks by 11 volunteers gaining temporary work experience or helping with one off tasks (2017 - 16). 22 individuals helped us out on a voluntary basis with fundraising events organised either directly through PET or via our South London supporters' group (2017 - 34). A number of professional and academic experts contributed their advice and expertise to our project and research work on a pro bono basis; and our President and all our Patrons and Trustees gave their time most generously and free of charge to act as ambassadors for PET and to provide robust and effective governance.

**15. LIMITATION OF LIABILITY**

Prisoners' Education Trust is a charitable company limited by guarantee. Liability is limited to £10 per member. As at 31 December 2018, there were 26 members (2017: 25).

**PRISONERS' EDUCATION TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

**16. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES**

Incorporating Income and Expenditure Account & Statement of Total Realised Gains and Losses for the year ended 31 December 2017

	Unrestricted Restated Funds £	Restricted Restated Funds £	Total Funds Restated 2017 £
<b>Income and Endowments from:</b>			
Donations and Legacies	496,383	435,056	931,439
<b>Charitable Activities:</b>			
Access to Learning: Government Grant	-	453,802	453,802
Access to Learning: Garfield Weston Foundation	-	600,000	600,000
Policy and Research	-	140,623	140,623
Welsh Prisons Project	-	311,577	311,577
Other trading activities	14,110	-	14,110
Investments	2,543	-	2,543
Other	-	-	-
Prison/ Prisoners' Contribution	-	61,799	61,799
<b>Total income and Endowments</b>	<b>513,036</b>	<b>2,002,857</b>	<b>2,515,893</b>
<b>Expenditure on:</b>			
Raising funds	193,239	-	193,239
<b>Charitable Activities:</b>			
Access to Learning	185,922	933,406	1,119,328
Policy and Research	132,820	121,197	254,017
Welsh Prisons Project	-	232,345	232,345
ICT Project	-	38,475	38,475
Charitable activities	318,742	1,325,423	1,644,165
<b>Total expenditure</b>	<b>511,981</b>	<b>1,325,423</b>	<b>1,837,404</b>
Net Income/(Expenditure)	1,055	677,434	678,489
Transfers Between Funds			
<b>NET MOVEMENT IN FUNDS</b>	<b>1,055</b>	<b>677,434</b>	<b>678,489</b>
<b>Reconciliation of funds:</b>			
Total Funds Brought Forward	577,086	468,663	1,045,749
<b>Total Funds Carried Forward</b>	<b>578,141</b>	<b>1,146,097</b>	<b>1,724,238</b>

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