

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

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

PRISONERS' EDUCATION TRUST

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REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2015

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PRISONERS' EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS For the year ended 31 December 2015

President:	His Honour John Samuels QC	
Patrons:	Lady Andrew OBE Sir Christopher Ball Susan Hill CBE Baroness Linklater of Butterstone Paul Maxlow-Tomlinson	Lord Ramsbotham GCB CBE Michael Smyth CBE QC (Hon) Baroness Stern CBE The Rt Hon. the Lord Woolf
Trustees:	Dr Lynn J Bindman (retired 25th March 2015) Peter Collins Hilary Cross (appointed 25th March 2015) Catherine Dawkins (Hon. Treasurer) Philip W Deer Patrick Diamond Dr Peter J Honey (retired 25th March 2015)	Hugh Lenon Alexandra Marks (Chair) Charlotte L Rendle (retired 29th July 2015) Emily Thomas Vanni E Treves CBE Mark Welsh Geoffrey M Wolfson Graham A Ziegler FCA
Company Secretary and Chief Executive:	Rod Clark	
Company reg. no:	04132595	
Charity reg. no:	1084718	
Registered office:	The Foundry, 17 Oval Way London SE11 5RR Email: info@prisonerseducation.org.uk Website: www.prisonerseducation.org.uk	Telephone: 020 3752 5680
Auditors:	Hartley Fowler LLP Chartered Accountants and Statutory Auditors 4th Floor, Tuition House 27/37 St George's Road London, SW19 4EU	
Bankers:	Barclays Bank 2 Victoria Street London, SW1H 0ND CCLA Senator House 85 Queen Victoria Street London, EC4V 4ET	Unity Trust Bank Nine Brindleyplace Birmingham, B1 2HB

PRISONERS' EDUCATION TRUST

TRUSTEES' REPORT, (Incorporating the Director's report) For the year ended 31 December 2015

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 2015.

The Trustees confirm that the annual report and financial statements of Prisoners' Education Trust (referred to here as PET) comply with 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) (effective 1 January 2015).

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. 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 retired 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 of Trustees meets six times a year, in addition to its annual Away Day. The Chair also conducts appraisals with all Trustees every two years. The Board of Trustees 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 of Trustees attempts to attract candidates with skills and experience, having regards to diversity, appropriate to the needs of the organisation. Potential trustees are interviewed by the Chair or, if proposed by the Nominations Committee as appropriate, by the Chief Executive and another trustee. All new Trustees receive an induction and an introduction to the Chief Executive. Upon appointment, each Trustee completes a declaration of interests which is held within a register of interests and updated at least annually. All potential conflicts are actively managed, trustees with an interest in discussions or decisions openly disclose them and withdraw from the process where relevant.

The Board of Trustees is responsible for establishing the strategic direction of PET. The Board of Trustees 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 of Trustees. Furthermore, the Board of Trustees delegates responsibility for course approvals to a monthly scrutiny panel, which normally comprises two Trustees.

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

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- we support individual prisoners throughout England, Wales, and the Channel Islands, irrespective of race or religion, to study distance learning courses not otherwise available within the prison system, and which we believe (supported by robust evidence from recent Ministry of Justice research) have a positive impact on their chance of avoiding future re-offending, which benefits 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 promote debate about prisoner learning, support and promote best practice, and make the case for its benefits to prison communities and wider society.

OBJECTS, ACTIVITIES & STRATEGY

The charitable objects of PET contained in our memorandum and articles of association relate to advancing the education and training of prisoners and ex-prisoners in the UK, Isle of Man and the Channel Islands. They include funding education, providing course materials, art and craft materials and other educational needs of prisoners. They also include commissioning research, projects, reports and conferences to help in evaluating and advancing prison education of all kinds.

On 20 May 2015, at an extraordinary general meeting, PET agreed a revised Memorandum and Articles to reflect current governance best practice. The charitable objects were reviewed as part of this process and, while largely unchanged, were expanded to make explicit PET's objects in providing advice and guidance to prisoners and ex-prisoners on education and training and, for the public benefit, in promoting and furthering improvements in the policy and practice of prison education.

Over 2015 PET has been following a strategy for the period 2013 to 2016 agreed by the Trustees in March 2013 in line with these objects. This is based on our vision that every prisoner should have the opportunity to benefit from education. This vision is underpinned by our belief that:

- Education has the power to enrich, change and develop people throughout their lives.
- Offering prisoners access to education improves their self-esteem and enables them to choose a more constructive way of life – making it less likely that they will re-offend.

The strategy also sets out the key elements of our mission towards achieving that vision:

- The services we provide to give prisoners access to learning through the grants we give to pay for distance learning and other education in prison and the support and advice services we offer; and
- The work that we do to champion a broad vision of education to influence and change the way education in prisons is delivered and supported.

These elements of our mission are underpinned by the steps we take to enable PET to achieve this by ensuring that our organisation is:

- Expert in our field of prison education; and
- Sustainable and robust.

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The sections below use these headings to review our achievements over 2015 and our plans for 2016 and beyond. We anticipate that the environment for prison education will change significantly during 2016 as a consequence of decisions by the Justice Secretary following the review of prison education he has commissioned from Dame Sally Coates. The Trustees therefore plan to review the current strategy in 2016 to take account of the changing strategic landscape.

ACHIEVEMENTS, PERFORMANCE AND PLANS FOR FUTURE PERIODS

Providing Prisoner Access to Learning

Achievements and performance in 2015

Support for distance learning courses

In 2015 PET continued to be the leading organisation funding and supporting distance learning in prisons in England and Wales. Our Access to Learning programme is our largest area of charitable expenditure. We have now delivered over 32,000 courses since our foundation in 1989. Our applications had seen a drop in 2012 and 2013 arising in part from uncertainties created by the introduction of the new Offender Learning and Skills Service (OLASS) contracts for prison educators in November 2012. In 2015 the numbers continued to grow strongly, meeting our targets by some margin:

	2015 Target	2015 Actual	2014 Actual
Applications	2,800	3,330	2,866
Awards	2,000	2,277	2,083

This was a considerable achievement given the continuing staffing problems and restricted regimes operating in a number of prisons especially in the early part of the year.

This increase in the help we were able to provide reflected the constant efforts of PET's Access to Learning staff to work closely with staff across most prisons in England, Wales and the Channel Islands. This involved not only frequent contact by phone, e-mail and letter but also organised outreach visits to prisons, to brief new prison and education staff, meet prisoners, address issues and to promote the educational opportunities on offer. In all, Access to Learning staff visited 30 prisons in 2015 (2014 - 23) to give them specific support. We made many of these visits in conjunction with colleagues from the Open University (OU). We have also engaged with staff in prisons in other ways to support them in helping prisoners make use of what we offer. Access to Learning staff contributed to a training session including the Open University at Milton Keynes for the key staff coordinating distance learning support. And we have contributed to a National Offender Management Service (NOMS) Practice Development Group on Distance Learning and Open University to promote and develop best practice.

Advice for prisoners

We have continued to develop and to distribute our Distance Learning Curriculum with two editions updated over the course of the year. This document is proving a key tool for communicating the learning opportunities that we typically support, and this year we took the further step of developing it into a web-friendly format and making it available electronically via the Virtual Campus which prisoners can access electronically.

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"I'd like to say thank you for agreeing to fund my studying - it means a great deal. I think the range of courses is very good, and the handbook/prospectus is accessible and well constructed." [Letter from a prisoner]

We increased the advice we have been able to offer prisoners on the educational options that would best help them achieve their personal goals and especially their aspirations for future employment. As well as playing a key part in producing new printed and web-based material on career options and visiting prisons, PET's Advice Manager has continued to support individual prisoners and their families with advice about learning choices by letter, e-mail, phone and face to face visits. In 2015 he delivered 947 advice sessions exceeding our internal target of 800 and 2014's number of 898.

Learning through technology

Prisoner access to ICT (Information and Communication Technology) for study remains a major challenge within the prison estate as a whole. But we recognise that in other contexts it is the norm for self directed learning to be via an ICT platform. Over the year we had a number of discussions with Meganexus, the company currently supporting prisoner accessible ICT via the Virtual Campus, alongside the Open University (OU) which provides access to its Access Modules through the Virtual Campus, and with the National Extension College (NEC), a charitable provider of GCSE and A level courses. These discussions have explored whether we could support the delivery of more self directed learning through ICT available to prisoners. Taking forward these proposals and securing funding for them is an issue that we will continue to pursue in 2016.

Range and variety of learning offered

In 2015, we also saw clear evidence of the importance of the courses we offer – particularly for prisoners wanting to take their studies beyond levels equivalent to GCSE. In answer to a Parliamentary Question in February 2015, the Minister of State for Skills revealed that the new mainstream education contracts in prisons had delivered only 600 course completions above GCSE level in 2013/14 for a prison population of 86,000 – a reduction of over half on the previous year. It is clear that our courses offer a vital route for educational progression for many prisoners, offering learning at levels and in subjects that are simply not available through the conventional prison education.

"I have currently exhausted all the educational opportunities that are available to me... normally I have nothing to stay out of prison for but this qualification should hopefully give me some ambition... its time to start sorting my life out and I need direction and ambition... I want to start giving my friends and family something for them to be proud of instead of having them worry about me being in prison." [Letter from a prisoner from Leicestershire]

"I am really looking forward to working through these assignments and will keep you updated as to my progression. Like the last course I completed and passed with distinction having someone believe in me enough to provide funding fills me with great confidence and provides me with the passion and drive to keep going on my journey through distance learning. So once again I can't thank you enough. What you do for people in my situation is priceless because you gave me another reason to reach for my goals." [Letter from a prisoner from HMP Elmley]

Our most popular requests for courses were:

- Personal Fitness Trainer Level 3

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- People, Work & Society OU Access module
- Essential Book-keeping Level 2
- Drug, Solvent & Alcohol Abuse Counselling
- Plumbing Installation Theory Course Level 2 NVQ
- Substance Misuse Awareness and Counselling
- Business Start-Up
- Psychology AS
- Electrical Technologies Level 3 BTEC
- Science, technology and maths OU Access module
- Business Studies AS
- Mathematics AS
- Construction Technologies Theory Level 3 BTEC
- Royal Horticultural Society Level 2 Certificate in the principles of Horticulture
- Nutrition for Physical Activity Level 3 CYQ
- Arts and languages OU Access module
- Creative Writing
- Proofreading
- Surveying Technologies Theory Level 3
- Counselling Level 3

Others included courses on subjects as diverse as Autism Awareness, Birds of Prey, AutoCAD, Conservation Studies, Deaf Awareness and Sign Language, Hand Stitching, Organic Arable Farming Certificate and Vegetarian & Vegan Nutrition.

"I am interested in A Level environmental studies, I believe it will improve my chances of gaining employment when I am released. I want to use my time in prison to better myself for me and my family. I think it will help me to stay out of prison in the future... I know I can't change the way the world works but I think I could help my local community." [Application from a prisoner in HMP Holme House]

"I have worked with birds of prey now for over a year. My interest has only grown stronger. I myself get a lot of peace working with these animals." [Monitoring form from prisoner in HMP Haverigg]

"I am determined to make this my first and last time in custody. I grew up in a small community and then moved to a larger town to be closer to college and work opportunities to help me provide for my daughter... While I was in college I was working in a salvage yard... I like working with recyclable materials and I'm a true believer that one man's rubbish is another man's treasure. Here at Brinsford I've gained my level 2 waste management and wanted to go that bit further. This qualification will help me reach my long term goals of opening my own salvage and metal recycling yard." [Application from a prisoner in HMP Brinsford]

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In 2015, we also continued to work with the Longford Trust and the OU to administer the Frank Awards (after the late Lord Frank Longford). Funded by the Longford Trust, the Frank Awards are for prisoners who have difficulty funding OU studies by other means. We administered 7 awards in 2015 (2014 - 3). We also funded 6 John Allt award bursaries (2014 – 7) for educational or vocational materials/qualifications totalling £4,800 (2014 - £3,760), to enable prisoners who are particularly committed to learning and self-development.

Evidence of impact

The letters from prisoners continue to give eloquent testament to the impact of our support in motivating them to build new lives away from crime.

"Last year I had no direction in my life. I never thought of a career. I always assumed I was stuck doing what I was doing. Now I have options because of education. My long term goal is to help others doing the drug counselling. I have good positive plans for my future now." [Letter from a prisoner in HMP Ranby]

2015 saw a further strengthening of the statistical evidence that prisoners who aspire to the learning opportunities that PET provides, experience better and more fulfilled lives on release. In 2015 we submitted a larger cohort of our applicants to Ministry of Justice (MoJ) statisticians working in their Justice Data Lab. They traced whether prisoners we had helped reoffended less than a matched control group of prisoners who had not come to us but with the same characteristics (such as age, length of sentence, nature of offence etc.). The results, which are available via the MoJ website, covered 5,846 prisoner records and showed a statistically significant reduction in reoffending of between 8 and 5.7 percentage points – a reduction in the level of reoffending of over a quarter compared to the control group. A breakdown of the analysis by course type showed that every kind of study provided by PET was associated with a statistically significant reduction in reoffending. The research also confirmed that even prisoners given arts and hobby materials, costing only tens of pounds, to use while locked up in cell went on to reoffend statistically significantly less. The results also showed that prisoners with the aspiration and motivation to apply to us but who we were unable to help went on to reoffend less than a control group. This underlines the importance of the educational offer we are able to make, and the impact that it has in changing the lives of prisoners and those affected by them.

"Overall, this analysis shows that participating in an intervention provided by Prisoners' Education Trust led to a reduction in re-offending of between 6 and 8 percentage points". [Ministry of Justice Statistical Report]

Welsh Prisons Project

In 2015, we launched a major initiative to develop and test ways of increasing the impact of our work to support prisoners and those around them. With the generous assistance of a charitable foundation, we launched a new pilot project to support the development of learning communities in prisons in Wales. This exciting project will support the creation of communities within Welsh prisons to support collective learning, strengthen learner identities through means such as starter packs for new students, and listen to their views and voices, all to encourage more prisoners to take up study and enhance their learning experience. The project will follow the work through the gate, building a support group of PET prisoner learner alumni to provide mutual support in the community in Wales and help them with continuing educational journeys. Based largely on feedback from ex-prisoner alumni, our goal is to develop ways in which PET can make our help still more impactful in reaching prisoners and supporting them to achieve more from their study. We recruited a small team of two, based in Cardiff, to lead this project.

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Looking forward

The demand for the help we provide, and the strength of the case for it based on the evidence of the impact that it has, remained as strong as ever. And it is excellent that the new Justice Secretary the Rt. Hon. Michael Gove MP has clearly signalled the importance of educational progress, including Higher Education, in his commission to Dame Sally Coates to review prison education. Given these signals, we hope that the environment and support for making use of distance learning will increase significantly within the prison system in 2016. On that basis, and subject to achieving the necessary funding, we could aim to grow the range and scope of our support significantly in 2016 and beyond. On the other hand, the review of arrangements for prison education could have implications for the significant statutory support we currently receive from the Department for Business Innovation and Skills. And the financial constraints on the prison system will remain severe. If those arrangements changed significantly, our ability to maintain the current level of help through Access to Learning would be severely compromised. In view of the uncertainty, we will approach 2016 with the same targets for activity as in 2015 (2,800 applications, 2,000 awards). We will aim to review this along with PET's overall strategy over the course of 2016 once the implications of the Coates review recommendations become clearer.

In early 2016 we will review and revise our Distance Learning Curriculum covering our most commonly supported courses and we will continue to explore with partners ways of using ICT to make more learning available to prisoners.

Our pilot project to build and strengthen learner communities in the Welsh prisons will get fully underway in early 2016. Our hope is that this project, and the thorough evaluation which we are commissioning to accompany it, will provide the evidence and steer for developing the support we offer prisoners and ex-prisoners for the future. This will help us to determine the priorities for strategy for our charitable delivery based on a better understanding of how to support our beneficiaries' needs.

Policy : Championing prisoner education and influencing change to improve prisoner learning

Achievements and performance in 2015

2015 Election and engagement with the new Government via the Prisoner Learning Alliance

The key event influencing policy in 2015 was the May General Election. Ministerial changes which followed opened the door to PET to build on its work to present the case for prison education more powerfully than ever before.

Over the year, PET continued to provide the secretariat for the Prisoner Learning Alliance (PLA), now comprised of a membership of 23 organisations from across the prisoner education sector, joining together to influence policy and practice. With the PLA, we published a policy document, *The Future of Prison Education Contracts: Delivering Better Outcomes*, aimed at briefing incoming Ministers on decisions they would shortly need to take on the prison education contracts and proposing a number of ways in which prison education could be improved. PET's Chair, also Chair of the PLA, wrote to the new Ministerial teams with the briefing immediately they were appointed. The new Justice Secretary, Michael Gove, and Prisons Minister, Andrew Selous, invited PET's Chief Executive and Head of Policy to a meeting at the end of June to discuss the briefing.

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We invited the Secretary of State onto a PLA platform to give a speech on prison education. He delivered his first major speech on prisons in PET's offices in Vauxhall on 17 July 2015 to an audience of PLA members and other invited guests, including ex-prisoners. This event made a very important statement of his commitment to prisoner rehabilitation and education.

"As Winston Churchill argued, '...there is a treasure, if you can only find it, in the heart of every man'." [The Rt. Hon. Michael Gove MP, Lord Chancellor and Secretary of State for Justice addressing the PLA in PET's offices on 17 July 2015]

The Justice Secretary also contributed a message of support for the PLA conference for prison education practitioners that we organised on 11 September 2015. It was hosted in partnership with Leeds Beckett University and focused on the theme of *'The Aspirational Prison: Achieving Excellence through Engagement and Progression'*.

"I enjoyed it and gained inspiration and insight from all of the speakers. The theme was inspirational. The highlight was hearing the ex-offenders and seeing the awards. As a result I am going to motivate my team to remain inspirational, continue to develop the curriculum and listen to learners more." [Curriculum team leader and tutor in feedback on the PLA conference]

Contributing to the Coates review of prison education

The Justice Secretary has taken forward his commitment to improving prison education by commissioning Dame Sally Coates to lead a review of prison education. He invited PET's Chief Executive Rod Clark to be a member of the small panel of officials and experts to advise Dame Sally on this review. Rod actively contributed to the review's work in gathering evidence and developing thinking about how to improve education of prisoners for the future, ensuring that the expertise and experience of PET and of the PLA's members informs the thinking. He contributed to seven panel meetings and visits to eleven prisons with panel members. The Coates review aims to produce some emerging findings in January 2016 and a final report by the end of March. In addition to the involvement via the panel, both PET and the PLA submitted responses to the review's formal call for evidence. Through our monthly page in Inside Time, the national prisoner newspaper, PET was also able to extend the call for evidence to prisoners and collated those responses so that learner voice could effectively feed into the Coates review.

Developing a theory of change for prison education

One key issue relevant to any review of prison education is the question of how it is relevant to achieving improvements in prisoners' lives and benefits to wider society. PET, with the support of a generous corporate funder, and assisted by New Philanthropy Capital has been working with members of the PLA to develop a Theory of Change to account for how prison education achieves positive outcomes. The work on developing this has involved a number of workshops with ex-prisoner alumni and excellent input from practitioners at the PLA conference, followed by a panel discussion by former prisoners. We aim to finalise the work to inform policy thinking around the Coates review in the New Year and it will be the topic of our presentation to the All Party Parliamentary Group for Penal Affairs in February 2016.

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Learner Voice and Alumni Network

The promotion of the voice of prisoners and ex-prisoners has remained a key focus of PET's approach, incorporated into PLA meetings and the gathering of evidence for policy consultations. Learner voice was also at the core of the project funded by the Ministry of Justice to promote rehabilitative culture in prisons. This project, which started in 2014 with field work running to the end of March 2015, tested whether supporting eight prisons to take up a learner voice initiative would have a positive impact on the learning culture of the establishment. Even though the funding from the Ministry meant that there was only a matter of months in which an initiative could be implemented and evaluated, a novel survey tool we developed with the University of Cambridge to measure the learning and rehabilitative culture of the prisons demonstrated positive effect in some dimensions for some of the prisons participating. The partnership with Dr Katherine Auty of the Cambridge Institute of Criminology helped give both our own Policy and Research Officer and our PhD student valuable experience of the use of quantified survey tools of this kind. The research demonstrated that the tool was effective in measuring changes over time to the culture of prisons to support learning and rehabilitation. We are now finalising and agreeing the formal report of the evaluation for publication. The results provide positive evidence in support of learner voice as a means to support rehabilitative cultures and hence improved prisoner outcomes. In 2016 we will incorporate these important findings into the work of the Welsh Learning Communities Project to develop our understanding of 'learning culture' in prisons further, with help from the independent evaluation team from De Montfort University.

We have continued to bring together a group of ex-prisoner alumni whose study we funded while they were in custody. As well as providing opportunities for them to network and give mutual support, they have provided an invaluable sounding board for testing ideas around our plans for the future and how we can develop and improve the impact we have. We brought them together for an excellent summer party involving also staff and trustees at which we were able to collect insight into the role and importance of PET to help inform the review of our strategy for next year.

Education in the youth custodial estate

In 2014 the Government had consulted on ideas for 'putting education at the heart of the youth estate'. This focus for policy development continued into 2015, offering not only an opportunity to influence policy and practice to improve education for children and young people in custody but also to develop new approaches and principles that could be extended to improve practice in the adult estate. PET was pleased that the proposal for a large Secure College for children in custody against which we had argued in 2014 was dropped. Other changes saw a welcome extension to the hours of education in Young Offender Institutions and the new Justice Secretary has commissioned a review of youth justice from educationalist Charlie Taylor (to run in parallel with but reporting later than the Coates review). Against that background of potential change, PET launched a project in 2015 with the backing of Paul Hamlyn Foundation and John Lyon's Charity. The project will run to at least 2017 and will track the progress of changes to the education contracts and work to support the delivery of more effective education, including bringing to bear our expertise on distance learning and learner voice. Through our research, including hosting an academic symposium on the issue in January 2016 with Charlie Taylor as a speaker, we are aiming to bring some key considerations to contribute to the Taylor review.

PET in the media

PET continued to build its media profile strongly over 2015. This reflected a number of key reports and events that PET was involved with over the year and in particular the work of our Media and Public Affairs Manager. She established links with our alumni to develop case studies, and supported them in giving interviews to journalists with whom she had developed contact.

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Notable coverage in broadcast media included a Radio 4 interview for our Head of Policy on Secure Colleges and extensive coverage on the Press Association, BBC and Sky News of Mr Gove's speech to the PLA in July (the latter of which featured a clip of PET alumnus Chris Syrus in his current work with young people). Following the event, our Head of Policy gave interviews to Radio 5 Live and LBC, whilst another of our PET alumni, along with PET Patron Lord Ramsbotham and an ex-prisoner supporter all gave broadcast interviews re-enforcing our key messages.

Coverage in print media also picked up widely on the major events in which we were engaged. This included: mention of PET and the PLA in the extensive coverage of the Justice Secretary's speech; articles in sector and national press prompted by the PLA conference; and a steady flow of articles in both sector and national press on other stories such as World Book Night (Financial Times); our briefing on the prison education contracts; our research via the Justice Data Lab (Guardian); and the Coates review.

Throughout the year we maintained a constant flow of updates and news articles through our Learning Matters e-news bulletins. We also provided regular copy for a page in the Inside Time newspaper distributed to prisoners throughout the prison estate. We produced content for two short films in partnership with Prison Video Trust, to be launched in 2016, on the topics of literacy and arts in prison, featuring Lord John Bird (Founder of The Big Issue), serving prisoner learners and PET alumni.

We also worked actively to promote prison education issues via social media and now reach more than 9,100 Twitter followers compared to over 6,600 at the end of 2014.

Looking forward

The main focus for 2016 will be to continue to work with the Coates and Taylor reviews of prison education and of youth justice. We can expect the Coates review to change the landscape of how prison education is managed and prioritised; and it will be very important that messages from PET and from the PLA about the importance of a broad vision for education, of educational progression and the opportunities presented by distance learning are heard clearly as managers implement the new arrangements against a background of limited resources. On the one hand, there appears to be a genuine recognition by Ministers of the value of educational progression reflecting the range and ambition of prisoners' own aspirations including degree level study; that offers a great opportunity to extend hugely what is offered to prisoners with PET's active support. On the other hand, resources will remain constrained and devolution of decision-making to individual prisons may result in establishments choosing to focus all their resources on other educational priorities to the detriment of higher level and broader distance learning. A clear response to the Coates recommendations will be an important policy milestone in the year. We also aim to hold another PLA practitioner conference to help front line managers and staff to use best practice in adapting to the new environment.

Work to finalise and publish the PLA's Theory of Change will influence not only the presentation of prison education policy but should also inform future research. In support of this, it will be important that we continue our efforts to build our media profile with opinion formers and more widely.

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Research: Building the expert organisation on prisoner learning

Achievements and performance in 2015

It is an important element of PET's charitable objects that they include commissioning research, projects, reports and conferences to help in evaluating and advancing prison education of all kinds. Our work in this area is important for building the evidence base, not only for improving PET's own practice but that of the entire system of education to help prisoners. Important ways in which PET does this are through promoting the profile of prison education as an important area of study and strengthening the networks of researchers in this field to embrace insights and evidence from related disciplines and areas of work. In June 2015, PET organised a second PET Academic Symposium hosted by the Cambridge Institute of Criminology led by Professor Alison Liebling. The panel sessions were on:

- creating rehabilitative cultures through learning;
- bringing together universities and prisoner education; and
- technological innovation; breaking the digital divide.

The topic of rehabilitative cultures gave Dr Katherine Auty of the Cambridge Institute of Criminology the opportunity to present the early positive results of her research with PET into the effectiveness of using Learner Voice to build a learning culture in prisons. Other presenters included representatives from the Open University, NIACE and the Behavioural Insights Team. There were international presenters from John Jay College of Criminal Justice, New York University and the University of Southern Queensland. The presentations were varied and all of a high standard. The main themes that arose were the importance of engaging prisoner learners, pushing innovative practice, and empowering the prisoner education research community. We used the symposium to explore the development of a network of academics focusing on the field of prison education.

Our latest research with the Justice Data Lab was discussed earlier in the section on the evidence of the impact of PET's access to learning work. It strongly supports the view that offering prisoners while in custody the opportunity to aspire to change through learning, and enabling them to make a commitment to that, has powerful impact in positively changed behaviour after release. The conclusion is reinforced by the relatively low cost of PET's provision compared to the very high costs of reoffending that our support helps to reduce. We worked with Pro Bono Economics to put more flesh on that argument, building on the latest results. We hope to have a draft report covering the cost benefit analysis in the early months of 2016.

Thanks to the generous support of a charitable foundation, we have been able to support a bursary for a student to study towards a PhD in criminology, looking specifically at distance learning in prison and supervised by Dr. Rosie Meek at Royal Holloway University. Her study is progressing well, benefitting from her engagement with our research project on rehabilitative cultures. She submitted a proposal to use the learning culture survey tool to focus on the impact of a learning community of distance learners in one individual prison. This will enable us to build further our understanding and expertise in the development of an effective 'rehabilitative culture' in prison.

**TRUSTEES' REPORT, (Incorporating the Director's report)
For the year ended 31 December 2015**

Looking forward

In 2016 we plan to continue with our annual academic symposium, this year building our links with London South Bank University and focusing on research into education in the youth estate. The aim will be to contribute to the review of youth custody commissioned by the Justice Secretary led by Charlie Taylor. We are pleased that both he and Seamus Oates of the Youth Justice Board accepted our invitations to speak at the symposium. Our aim is for the symposium to help to build further our connections and links into the academic community.

2016 will be the year for our PhD student to complete her fieldwork towards her dissertation on distance learning communities in prison. We hope that this work will complement the work of the team from De Montfort University which we have appointed to lead the evaluation of our project on learning communities in Welsh prisons.

Given the strongly positive results from our research in collaboration with the Justice Data Lab, it is excellent that the MoJ team has agreed in principle to extend its work to look at whether prisoners we support also go on to be more successful than the control group in achieving employment (via their data match with HMRC/Department for Work and Pensions employment records). Still more interesting, they plan to explore whether the prisoners we have helped who have not gained employment have a lower rate of reoffending compared to other prisoners who have not succeeded in getting jobs. This will provide crucial evidence on how prison education reduces reoffending, whether it does so largely by helping people into employment or through other routes suggested by the academic literature. This will give important evidence to strengthen understanding of the impact of prison education through the Theory of Change we are developing with the PLA.

Building an organisation that is robust and sustainable

Achievements and performance in 2015

2014, featuring a number of events to mark PET's 25th anniversary year, had seen record income of £1,364,001. And in 2015 our income exceeded that again, raising £1,702,746. A large part of that was due to a hugely generous grant of £500,000 from a charitable foundation to fund PET's 22 month pilot project building learning communities in prisons in Wales; the lion's share of that funding will be carried forward to finance the pilot work in 2016 and 2017. Leaving this grant aside, the total income for the year was £1,202,746.

Grant making trusts and foundations remained our largest source of income – exceeding £1m in total. This was a very positive outcome given that there were some gaps and changes in the fundraising team in the early part of the year. We were extremely grateful for the continuing generosity of some of our previous funders as well as for the generosity of a significant number of new supporters who 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. It was particularly gratifying for our income sustainability that a number of generous grants were for multi year funding.

Income from statutory sources totalled £507,755 (2014 - £530,210), thanks to funds generously granted to support our work from Department for Business Innovation and Skills, the Welsh Assembly Government via NOMS in Wales, and the Ministry of Justice for the project on rehabilitative cultures. For more information about these grants, see Notes 3 and 11 of the accounts.

**TRUSTEES' REPORT, (Incorporating the Director's report)
For the year ended 31 December 2015**

We also held a full programme of communications and events to engage our supporters and individual donors. Our supporters group in South London held a quiz night and summer fundraising party, and supporters ran the Royal Parks Half Marathon on our behalf. Our generous corporate supporter, Clifford Chance LLP, hosted a lecture by Eric McGraw, the founder and editor of the Inside Time prison newspaper retiring after 25 years. The talk was followed by a panel discussion including two former prisoner journalists whom PET had funded while in custody. Clifford Chance LLP also kindly hosted a dinner for key supporters and policy contacts at which the discussion was introduced by Professor Alison Liebling of the Cambridge Institute of Criminology.

Our Carol Concert attracted the best attendance ever, and provided an excellent basis for launching our Big Give Christmas appeal focused on raising funds for arts materials for prisoners. The concert included readings from actress Dame Penelope Keith, and author and PET Patron Susan Hill. We also heard inspiring contributions from two of our alumni who had benefitted from our support in different ways, one to help teach other prisoners and the other to become an acclaimed artist exhibiting at Tate Modern.

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 subcommittee meets with the Head of Fundraising, Chief Executive, and Head of Finance & Access to Learning six times per year to review 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 law and best practice. The Board also undertakes formal and informal fundraising training on an ad hoc basis to ensure that they are sufficiently trained and informed of their legal responsibilities to ensure the effective governance of the Charity's fundraising practice. PET adheres to the Code of Fundraising Practice; the Charity also has a policy of not engaging agencies, and upholds robust data protection controls over our supporter data.

In 2015 we took a number of steps to strengthen our financial systems and processes. We recruited a Financial Controller who led the process of modernising our banking arrangements with a shift to on-line banking. We also completed a best practice review of our Gift Aid procedures and processes, and implemented necessary systems changes to ensure our effective and compliant transition to accounting under the new FRS 102 Charities SORP 2015. We implemented Pensions Auto enrolment to meet our staging date in June, setting up a group stakeholder pension with Royal London into which all staff members are contractually enrolled after three months' employment.

The changes to our processes and systems needed to take account of the establishment of our first satellite office outside London – for the Welsh project team in Cardiff. We have taken on a licence for an office in the premises of Safer Wales, a partner organisation which, amongst other activities, supports female prisoners returning to Wales on release.

**TRUSTEES' REPORT, (Incorporating the Director's report)
For the year ended 31 December 2015**

Looking forward

We were pleased to learn following the Spending Review announcement that the budget from which our Grant Funding Agreement with the Department of Business Innovation and Skills is drawn will continue to be protected in cash terms for the next five years of the Spending Review period. Although this involves a real-terms decline, it has fared considerably better than many central government budgets. We expect that the departmental arrangements for our Grant Agreement may shift in 2016 and therefore some uncertainty over this element of income remains. Against this background, and the fact that we are budgeting for a deficit on unrestricted funds in 2016 and 2017, we have decided to maintain additional free reserves which are in excess of our minimum reserves requirement to cover a potentially significant funding gap. We will work hard to grow our other sources of income in 2016. We aim to refocus the role of our Fundraising and Communications Officer to concentrate on fundraising in order to facilitate this. One particular area of development will be individual major donors.

We will invest in some improvements to our grant awards database to improve further the efficiency of our processes, and to ensure that it continues to meet our growing needs.

RELATIONSHIP TO THE PLA

PET provides the secretariat and funding to convene the Prisoner Learning Alliance of which it is also a member. The chair of PET is also currently the chair of the alliance. Although it operates to terms of reference agreed by the members, the alliance is an informal grouping of organisations with no separate legal identity.

RISK MANAGEMENT

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

- the wide scale changes to the framework for funding prison education arising from the Coates review leads to a loss of statutory funding for PET's work on Access to Learning (typically in recent years around 40% of PET funding);
- suppliers offering distance learning via a paper based channel (which is currently the only practicable one for prisoner learners) either withdraw from the market or switch to an ICT based channel, removing our ability to offer prisoners a reasonable range of high quality courses; and
- PET sees a decline of income from grant making trusts and foundations due to reduced investment returns, withdrawal of trusts from funding in custody due to concerns over the Transforming Rehabilitation changes, and intense competition from other charities as other statutory sources of funding are reduced.

Major operational risks assessed in terms of combined probability and impact include risks of: increased demand for access to learning support exceeding operational capacity; excessive demands of the work programme on senior staff resource; the loss or unavailability of key staff members; shortfalls in funding for policy related activity; and failure to safeguard alumni adequately as vulnerable adults.

**TRUSTEES' REPORT, (Incorporating the Director's report)
For the year ended 31 December 2015**

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 whether there have been any material changes in the risks to which PET is exposed at each Board meeting. The Trustees also complete an annual risk review as part of the approval of PET's plans for the forthcoming year, 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.

FINANCIAL REVIEW

The results of the year's operations are set out in the attached financial statements. The total retained reserves at 31 December 2015 amounted to £1,202,088.

Income for the year ended 31 December 2015 totalled £1,702,746 compared with £1,364,001 for 2014 .

In 2015 PET received £1,055,095 from charitable trusts and corporate institutions (2014 - £691,010); £507,755 from government sources (2014 - £530,210); £117,076 from individuals, including Gift Aid and legacies (2014 - £116,121); £13,500 from fundraising events (2014 - £18,534); £3,978 from investment income and other income (2014 - £3,626); and £5,342 income from donated services (2014 - £4,500).

PET spent £1,264,750, an increase from £1,135,440 in 2014. In our first full year in our new premises, we expanded our Access to Learning and Policy & Research programmes, and embarked on a new stream of charitable delivery - our Welsh Prisons Project.

Overall there was a net deficit on unrestricted funds of £14,282, decreasing unrestricted funds from £578,491 to £564,209. Restricted funds increased from £185,601 to £637,879.

The deficit incurred on unrestricted funds is a planned usage of funds raised in our 25th anniversary year to fund our ambitious strategy for expansion in 2015 and beyond. The increase in restricted funds is largely due to funds granted by a charitable foundation for our Welsh Prisons Project, which runs until April 2017.

GRANT-MAKING POLICY

Any individual who has been sentenced and is currently serving a custodial sentence in England, Wales, the Isle of Man, or the Channel Islands is eligible to apply for a grant from PET to enable him/her to partake in an educational distance learning course, or to purchase arts/hobby materials. Our detailed grant approval criteria are shared with prison education staff and applicants upon request. They must include a strong letter of application, an endorsement from a member of staff at the prison, selection of a suitable course, and having the ability to complete the course during his/her sentence.

STAFF REMUNERATION POLICY

PET is hugely grateful for the commitment and enthusiasm of its staff for the cause of prisoner education. It also takes the view 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 on behalf of prisoners and to the benefit of society. It is therefore important to pay staff appropriately, while also having prudent regard to the use of charitable resources. In order to do this, PET reviews its salaries (including those of its key management personnel) on a regular basis using professional job evaluation, and considers 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 over the period and other relevant factors.

**TRUSTEES' REPORT, (Incorporating the Director's report)
For the year ended 31 December 2015**

RESERVES POLICY

As most of PET's income is dependent upon successful appeal and fundraising activity and is therefore subject to unpredictable fluctuation, PET has a policy of maintaining free reserves of not less than four months' expenditure at future budgeted expenditure levels, in addition to holding the funds required to pay out grants already approved.

At 31 December 2015 PET had free reserves available for use of £513,444. Free reserves are calculated as unrestricted funds of £564,209 less £19,044 tied up in fixed assets, and £31,721 tied up in capital commitments and non-cancellable lease commitments.

The Trustees review the free reserves requirement and reserves policy at least twice each year 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 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 specifically. Our minimum reserves requirement at 31 December 2015 was calculated as £465,667.

We are holding slightly more funds than our minimum reserves level; this represents funds raised in our 2014 anniversary year to cover small projected deficits on unrestricted funds in 2016 and 2017, as PET seeks to expand its charitable delivery in the context of funding uncertainties, particularly over our statutory income streams.

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 the 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,
- 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 and 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.

PRISONERS' EDUCATION TRUST

TRUSTEES' REPORT, (Incorporating the Director's report) For the year ended 31 December 2015

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, Hartley Fowler LLP, have indicated their willingness to accept re-appointment under Section 485 of the Companies Act 2006.

This report was approved and authorised for issue by the Trustees on 23 March 2016 and signed on its behalf by:

Alexandra Marks

Alexandra Marks
Chair of Trustees

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRISONERS' EDUCATION TRUST (REGISTERED COMPANY NO. 04132595)

We have audited the financial statements of Prisoners Education Trust for the year ended 31 December 2015 on pages 21 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors' 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.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page two, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2015 and of its incoming resources and application of resources, including its result, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRISONERS' EDUCATION TRUST (REGISTERED COMPANY NO. 04132595)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.



Jonathan Askew (Senior Statutory Auditor)
for and on behalf of Hartley Fowler LLP
Statutory Auditors
Chartered Accountants
4th Floor Tuition House
27/37 St George's Road
Wimbledon
London
SW19 4EU

Date: 08/04/2016

PRISONERS' EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating Income and Expenditure Account)
For the year ended 31 December 2015

	Note	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	2	333,919	843,594	1,177,513	740,798
Charitable activities:					
Access to Learning		-	448,967	448,967	478,189
Policy & Research (formerly Learning Matters)		-	58,788	58,788	122,854
Charitable activities:	3	-	507,755	507,755	601,043
Other trading activities	4	9,493	4,007	13,500	18,534
Investments		2,571	1,115	3,686	2,568
Other		292	-	292	1,058
TOTAL INCOME AND ENDOWMENTS		346,275	1,356,471	1,702,746	1,364,001
EXPENDITURE ON:					
Raising funds		159,943	-	159,943	156,933
Charitable activities:					
Access to Learning		43,414	744,758	788,172	709,146
Policy & Research (formerly Learning Matters)		154,547	113,961	268,508	257,730
Welsh Prisons Project		-	48,127	48,127	-
Resettlement		-	-	-	2,181
Other charitable activities		-	-	-	9,450
Charitable activities		197,961	906,846	1,104,807	978,507
TOTAL EXPENDITURE	5	357,904	906,846	1,264,750	1,135,440
Net income/(expenditure)		(11,629)	449,625	437,996	228,561
Transfers between funds	11	(2,653)	2,653	-	-
NET MOVEMENT IN FUNDS		(14,282)	452,278	437,996	228,561
RECONCILIATION OF FUNDS:					
Total funds brought forward		578,491	185,601	764,092	535,531
TOTAL FUNDS CARRIED FORWARD		£ 564,209	£ 637,879	£ 1,202,088	£ 764,092

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

PRISONERS' EDUCATION TRUST (company limited by guarantee no. 04132595)

BALANCE SHEET
As at 31 December 2015

	Notes	2015	2014
		£	£
FIXED ASSETS			
Tangible assets	8	19,789	19,046
CURRENT ASSETS			
Debtors	9	53,536	148,975
Cash at bank and in hand		1,334,651	765,670
		<u>1,388,187</u>	<u>914,645</u>
LIABILITIES			
Creditors: Amounts falling due within one year	10	(205,888)	(169,599)
NET CURRENT ASSETS		<u>1,182,299</u>	<u>745,046</u>
TOTAL NET ASSETS		<u><u>£ 1,202,088</u></u>	<u><u>£ 764,092</u></u>
THE FUNDS OF THE CHARITY:			
Restricted funds	11	637,879	185,601
Unrestricted funds	11	564,209	578,491
		<u><u>£ 1,202,088</u></u>	<u><u>£ 764,092</u></u>

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 23 March 2016 and signed on their behalf by

Alexandra Marks

ALEXANDRA MARKS, Chair

C. Dawkins

CATHERINE DAWKINS, Hon. Treasurer

PRISONERS' EDUCATION TRUST

STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

	2015 £	2014 £
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities (see below)	568,675	60,359
Cash flows from investing activities:		
Interest income	3,686	2,568
Purchase of property, plant and equipment	(3,380)	(19,309)
Net cash provided by/(used in) investing activities	<u>306</u>	<u>(16,741)</u>
Change in cash and cash equivalents in the reporting period	568,981	43,618
Cash and cash equivalents at the beginning of the reporting period	765,670	722,052
Cash and cash equivalents at the end of the reporting period	<u><u>1,334,651</u></u>	<u><u>765,670</u></u>

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

	2015 £	2014 £
Net income/(expenditure) for the reporting period (as per the SOFA)	437,996	228,561
Adjustments for:		
Depreciation charges	2,637	263
Interest income	(3,686)	(2,568)
Decrease/(increase) in debtors	95,439	(57,366)
Increase/(decrease) in creditors	36,289	(108,531)
Net cash provided by/(used in) operating activities (see above)	<u><u>568,675</u></u>	<u><u>60,359</u></u>

ANALYSIS OF CASH AND CASH EQUIVALENTS

	2015 £	2014 £
Cash in hand	292,482	177,047
Notice deposits (less than 3 months)	1,042,169	588,623
Total cash and cash equivalents	<u><u>1,334,651</u></u>	<u><u>765,670</u></u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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) (effective 1 January 2015) - (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 2015 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 2015 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; income deferred is shown within creditors. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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. Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular 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 as set out in Note 11.

Tangible fixed assets and depreciation

All individual assets costing more than £1,000 are capitalised. Individual assets costing below £1,000 are capitalised where they form part of a packaged asset with a total value over £1,000. 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 Autoenrolment compliant group personal pension scheme. Contributions are charged to the Statement of Financial Activities as they become payable.

Financial instruments

The trust 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.

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds 2015	Restricted Funds 2015	Total Funds 2015	Total Funds 2014
	£	£	£	£
Institutions who granted or donated £2,000 or more:				
A & S Burton Charitable Trust	-	-	-	15,000
ABF The Soldier's Charity	-	10,000	10,000	-
Amelia Chadwick Trust	2,000	-	2,000	2,000
Big Lottery Fund (Awards for All)	-	-	-	3,172
Bowland Charitable Trust	-	5,000	5,000	3,000
CHK Charities Limited	20,000	-	20,000	-
Constance Travis Charitable Trust	-	-	-	3,000
Dentons Charitable Trust	750	-	750	4,125
DM Thomas Foundation for Young People	-	10,000	10,000	10,000
Elizabeth Rathbone Charitable Trust	-	-	-	2,000
Garfield Weston Foundation	-	-	-	50,000
Haddenham Healthcare Ltd	5,000	-	5,000	-
Impetus Private Equity Foundation	5,000	-	5,000	-
J Paul Getty Jr Charitable Trust	-	-	-	115,000
Jill Franklin Trust	-	12,000	12,000	12,000
John Coates Charitable Trust	-	5,000	5,000	-
John Lyon's Charity	-	40,000	40,000	40,000
Langdale Trust	-	-	-	3,000
Lloyds Bank Foundation for the Channel Islands	-	12,000	12,000	12,000
Monmouth Coffee Company	5,000	-	5,000	5,000
Paul Hamlyn Foundation	-	35,213	35,213	-
Peter Storrs Trust	-	3,000	3,000	-
Phoenix Equity Partners	11,500	-	11,500	12,200
Private Hampshire Charitable Trust	20,000	-	20,000	1,500
Saxham Trust	1,600	-	1,600	3,200
Sir John Cass's Foundation	-	11,900	11,900	-
The 29th May 1961 Charitable Trust	10,000	-	10,000	10,125
The A B Charitable Trust	-	-	-	10,000
The Aldo Trust	-	3,500	3,500	3,500
The Allen & Overy Foundation	-	-	-	2,500
The Batchworth Trust	-	-	-	10,000
The Beatrice Laing Trust	-	-	-	5,000
The Bromley Trust	10,000	-	10,000	5,000
The Brook Trust	-	14,875	14,875	14,875
The Carr-Gregory Trust	3,000	-	3,000	4,000
The Chetwode Foundation	-	5,000	5,000	5,000
The Christopher Anthony Trust	-	-	-	2,000
The Clothworkers' Foundation	-	-	-	20,000
The Dulverton Trust	30,000	-	30,000	-

Continued overleaf....

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

	Unrestricted Funds 2015	Restricted Funds 2015	Total Funds 2015	<i>Total Funds 2014</i>
	£	£	£	£
Institutions who granted or donated £2,000 or more:				
The Edward Cadbury Charitable Trust	-	3,000	3,000	5,000
The Eleanor Rathbone Charitable Trust	-	2,000	2,000	2,000
The Equitable Charitable Trust	-	15,000	15,000	10,000
The Ernest Cook Trust	-	-	-	2,500
The Evan Cornish Foundation	-	6,375	6,375	-
The Goldcrest Charitable Trust	2,000	-	2,000	-
The Green Hall Foundation	-	-	-	4,000
The Hadfield Charitable Trust	-	-	-	2,000
The Hadley Trust	30,000	-	30,000	30,000
The Hobson Charity	-	20,000	20,000	-
The John Apthorp Charity	-	10,016	10,016	-
The Joseph Rank Trust	-	10,000	10,000	10,000
The Joseph Strong Frazer Trust	2,000	-	2,000	2,000
The Liz & Terry Bramall Foundation	-	10,000	10,000	10,000
The Montal Charitable Trust	-	2,500	2,500	-
The Noel Buxton Trust	-	-	-	2,000
The Norton Foundation	-	2,000	2,000	-
The Peacock Charitable Trust	6,000	-	6,000	5,000
The Peter Stebbings Memorial Charity	-	10,000	10,000	-
The Pilkington General Charity	-	1,000	1,000	3,000
The Roddick Foundation	-	-	-	25,500
The Royal British Legion	-	6,658	6,658	6,658
The Savoy Educational Trust	-	5,100	5,100	-
The Sir James Knott Trust	-	-	-	5,000
The Sir James Reckitt Charity	-	-	-	2,500
The Summerfield Charitable Trust	-	-	-	3,000
The Swan Mountain Trust	5,000	-	5,000	5,000
The Swire Charitable Trust	10,000	-	10,000	-
The Sylvia Adams Charitable Trust	-	-	-	10,000
The Taylor Family Foundation	-	-	-	10,000
The Topinambour Trust	-	3,000	3,000	2,000
The Violet & Milo Cripps Charitable Trust	10,000	-	10,000	5,000
The Walter Guinness Charitable Trust	-	1,000	1,000	2,000
The Whitaker Charitable Trust	2,000	-	2,000	2,000
The Worshipful Company of Weavers	-	-	-	3,502
Other donations from institutions	35,242	553,866	589,108	62,320
Individuals who donated £2,000 or more:				
His Honour John Samuels QC & Mrs Maxine Samuels	2,000	500	2,500	2,000
John Watson	4,000	-	4,000	-
Professor Penelope Corfield	5,050	-	5,050	-

Continued overleaf....

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	<i>Total Funds 2014 £</i>
Individuals who donated £2,000 or more:				
Roger and Rosemary Chadder	5,000	-	5,000	7,550
Gift Aid receivable	8,578	1,382	9,960	10,633
Other donations from individuals	71,767	12,709	84,476	91,050
Donated services of £2,000 or more (see directly below):				
Linklaters LLP	1,035	-	1,035	4,500
Probono Economics	3,750	-	3,750	-
Other donated services	557	-	557	-
Legacies donated of £2,000 or more:				
From the estate of the Late Miss Dorothy Rose Gribble	5,500	-	5,500	-
From the estate of Iris Hulse deceased	-	-	-	4,888
Other legacy income	590	-	590	-
	<u>£ 333,919</u>	<u>£ 843,594</u>	<u>£ 1,177,513</u>	<u>£ 740,798</u>

Donated services include legal support, venue use and catering for meetings and events, and research services. See also Note 14 for the contribution of volunteers.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	<i>Total Funds 2014 £</i>
Access to Learning grants:				
Department for Business, Innovation and Skills	-	428,756	428,756	446,617
Welsh Assembly Government	-	19,834	19,834	20,564
Other Access to Learning grants	-	377	377	11,008
	-	<u>448,967</u>	<u>448,967</u>	<u>478,189</u>
Policy and Research grants:				
Esmée Fairbairn Foundation	-	-	-	17,500
Ministry of Justice	-	58,788	58,788	52,021
Paul Hamlyn Foundation	-	-	-	23,333
The Bromley Trust	-	-	-	6,667
The Monument Trust	-	-	-	23,333
	-	<u>58,788</u>	<u>58,788</u>	<u>122,854</u>
	<u>£ Nil</u>	<u>£ 507,755</u>	<u>£ 507,755</u>	<u>£ 601,043</u>

Included within Income from Charitable Activities are total government grants of £507,755 (2014 - £530,210). 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 (2014 - the same).

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	<i>Total Funds 2014 £</i>
Fundraising events	9,493	4,007	13,500	18,534
	<u>£ 9,493</u>	<u>£ 4,007</u>	<u>£ 13,500</u>	<u>£ 18,534</u>

5. EXPENDITURE

	Grant funding of activities £	Staff costs £	Activities undertaken directly £	Support costs £	Total 2015 £
Access to Learning	498,401	187,284	23,772	78,715	788,172
Policy & Research	-	158,740	63,447	46,321	268,508
Welsh Prisons Project	-	36,741	3,737	7,649	48,127
Total expenditure on charitable activities	<u>498,401</u>	<u>382,765</u>	<u>90,956</u>	<u>132,685</u>	<u>1,104,807</u>
Raising funds	-	110,816	16,953	32,174	159,943
Support and governance	-	53,784	111,075	(164,859)	-
	<u>£ 498,401</u>	<u>£ 547,365</u>	<u>£ 218,984</u>	<u>£ Nil</u>	<u>£ 1,264,750</u>

Support staff costs have been allocated based on an estimate of the percentage of time staff spend 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:

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

6. STAFF NUMBERS AND COSTS

	2015 £	2014 £
Wages and salaries	466,379	432,209
Social security costs	47,452	44,780
Defined contribution pension costs	23,007	21,216
Other staff costs	5,114	1,176
Agency staff and consultants	5,413	8,909
	<u>£ 547,365</u>	<u>£ 508,290</u>

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

	2015 FTE	2014 FTE
Raising funds	2.7	2.8
Access to Learning	4.7	5.3
Policy & Research (formerly Learning Matters)	3.7	4.4
Welsh Prisons Project	0.7	-
Governance	0.1	0.2
Support	0.9	0.8
	<u>12.8</u>	<u>13.5</u>

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

	2015 AHC	2014 AHC
Raising funds	2.5	2.8
Access to Learning	4.6	6.2
Policy & Research (formerly Learning Matters)	3.6	4.4
Welsh Prisons Project	0.9	-
Governance	0.5	0.2
Support	1.1	1.0
	<u>13.2</u>	<u>14.6</u>

One employee, The Chief Executive, received a gross salary in the range of £60,000 to £70,000; pension contributions of 5% of total earnings were also payable (2014 - same). The key management personnel of PET received earnings and benefits (including employer pension contributions of 5% of total earnings) totalling £213,990 (2014 - £180,261). The key management personnel of PET includes the CEO and 4 (2014 - 3) Heads of Departments; the FTE number of key management personnel staff members was 4.1 (2014 - 3.6).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

During the year, no trustee received any remuneration (2014 - £NIL). One trustee received reimbursement of travel expenses to attend a trustee meeting of £25 (2014 - £NIL). The Charity received £28,696 in donations on usual terms from its trustees, key management personnel, their close family members and entities over which they have significant interest or effective control during the period (2014 - £144,527). The significant financial value of donations received in 2014 was due to a generous unrestricted grant of £115,000 from J Paul Getty Jr Charitable Trust; one of PET's trustees is one of four trustees of J Paul Getty Jr Charitable Trust, which was winding up and distributing funds to charities it had supported in the past. Total expenses incurred by the Trustees in the furtherance of their duties but not reclaimed from the Charity were immaterial in 2014 and 2015. There is no ultimate controlling party.

8. TANGIBLE FIXED ASSETS

	Furniture and fittings £	Office & IT equipment £	Total £
Cost			
At 1 January 2015	17,297	2,012	19,309
Additions	241	3,139	3,380
At 31 December 2015	<u>17,538</u>	<u>5,151</u>	<u>22,689</u>
Depreciation			
At 1 January 2015	213	50	263
Charge for the year	1,746	891	2,637
At 31 December 2015	<u>1,959</u>	<u>941</u>	<u>2,900</u>
Net book value			
At 31 December 2014	<u>£ 17,084</u>	<u>£ 1,962</u>	<u>£ 19,046</u>
At 31 December 2015	<u>£ 15,579</u>	<u>£ 4,210</u>	<u>£ 19,789</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade debtors	8	107
Net prison contributions due	18,719	10,738
Legacy debtor	2,250	35,105
Grants receivable	12,700	66,369
Donations receivable	2,320	10,075
Prepayments	5,584	4,882
Accrued income	7,060	16,804
Lease deposit	4,895	4,895
	<u>£ 53,536</u>	<u>£ 148,975</u>

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade creditors	8,268	5,667
Taxation and other social security	15,543	11,582
Grants committed but not yet paid (see below)	98,243	85,200
Deferred income (see below)	55,793	46,792
Accruals	17,118	19,720
Other creditors	10,923	638
	<u>£ 205,888</u>	<u>£ 169,599</u>

Deferred income analysis:

At start of year	46,792	148,515
Grants receivable released to income	(46,792)	(148,515)
Trading income deferred in the year	380	
Performance related grant income deferred in the year	50,413	46,792
Other grant income deferred in the year	5,000	-
At end of year	<u>£ 55,793</u>	<u>£ 46,792</u>

Grants committed but not yet paid analysis:

At start of year	85,200	83,879
Grants committed in the year	498,401	453,685
Grants commitments fulfilled	(485,358)	(452,364)
At end of year	<u>£ 98,243</u>	<u>£ 85,200</u>

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.

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

11. FUNDS OF THE CHARITY

	Brought Forward £	Income £	Expenditure £	Transfers between funds £	Carried Forward £
RESTRICTED FUNDS					
<u>Policy & Research (formerly Learning Matters)</u>	2,000	138,678	(113,961)	-	26,717
<u>Access to learning</u>					
General	24,972	15,500	(37,418)	724	3,778
Women prisoners	39,514	21,250	(39,555)	-	21,209
Younger prisoners	57,634	88,900	(74,293)	1,040	73,281
Older prisoners	12,300	30,000	(32,805)	-	9,495
Army veterans	115	16,658	(13,620)	-	3,153
Department for Business, Innovation and Skills	-	428,756	(428,756)	-	-
Welsh Assembly Government	-	19,834	(19,834)	-	-
Geographically restricted	40,442	63,516	(79,804)	2,385	26,539
Course subject restricted	2,495	18,276	(2,828)	333	18,276
John Allt Award	1,987	3,000	(5,400)	413	-
Other small grants	1,892	10,988	(10,445)	8	2,443
<u>Welsh Prisons Project</u>	-	501,115	(48,127)	-	452,988
<u>Capital</u>	2,250	-	-	(2,250)	-
	£ 185,601	£ 1,356,471	£ (906,846)	£ 2,653	£ 637,879

RESTRICTED FUNDS

Policy & Research (formerly Learning Matters)

For research, policy, advocacy and alumni development work, including support of the PLA. Major funders in 2015 include Paul Hamlyn Foundation (supporting and promoting educational opportunities in the youth estate), and the Ministry of Justice (researching and evaluating the usefulness of the Learner Voice toolkit in English prisons).

Access to Learning:

General

For distance learning courses and advice. Major funders in 2015 include: John Coates Charitable Trust, Peter Storrs Trust (prisoners aged over 16 in England and Wales), and The Aldo Trust (£25 per prisoner), and funds raised from our South London Group supporters' Summer Party.

Women prisoners

For distance learning courses and advice to women in prison; major funders in 2015 include The Brook Trust, and The Evan Cornish Foundation.

Continued overleaf...

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

Younger prisoners	For distance learning courses and advice to younger prisoners under 30. Major funders in 2015 include: Bowland Charitable Trust (North West of England), DM Thomas Foundation for Young People (aged 25 and under), John Lyon's Charity (9 North London boroughs), Sir John Cass's Foundation (London), The Chetwode Foundation (aged 26 and under), The Equitable Charitable Trust (aged 24 and under), and The Norton Foundation (Birmingham, Coventry, and Warwickshire).
Older prisoners	For distance learning courses and advice to prisoners aged 50 and above. Major funders in 2015 include: The Hobson Charity, and The Joseph Rank Trust.
Army Veterans	For distance learning courses to ex-service personnel; major funders in 2015 include: ABF The Soldier's Charity, and The Royal British Legion (prisoners with more than two years left to serve of their sentence).
Department for Business, Innovation and Skills	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 2015 include: Jill Franklin Trust (for foreign nationals or non-vocational courses), Lloyds Bank Foundation for the Channel Islands (Jersey), The Edward Cadbury Charitable Trust (Midlands), The Eleanor Rathbone Charitable Trust (Merseyside), The John Apthorp Charity (Hertfordshire), The Liz & Terry Bramall Foundation (Yorkshire), The Montal Charitable Trust (Gloucestershire), The Peter Stebbings Memorial Charity (London).
Course subject restricted	Funds granted for distance learning courses in specific subject areas. Major funders include donors to our 'Creativity in Prison' Big Give Appeal (arts and hobby materials and arts related distance learning courses), and The Savoy Educational Trust (hospitality courses).
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. Major funders in 2015 include The Topinambour Trust.
<u>Welsh Prisons Project</u>	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.

Continued overleaf...

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

Capital

Funds granted by The Clothworkers' Foundation in 2014 for purchasing ICT equipment, furniture, fixtures and fittings for PET's new office space. All the assets were purchased by February 2015, and as this fulfilled our grant restriction the fixed assets were then transferred to unrestricted funds (see also Note 12).

SUMMARY OF FUNDS

	Brought Forward	Income	Expenditure	Transfers between funds	Carried Forward
	£	£	£	£	£
Unrestricted funds	578,491	346,275	(357,904)	(2,653)	564,209
Restricted funds	185,601	1,356,471	(906,846)	2,653	637,879
	<u>£ 764,092</u>	<u>£ 1,702,746</u>	<u>£ (1,264,750)</u>	<u>£ Nil</u>	<u>£ 1,202,088</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds 2015	<i>Total Funds 2014</i>
	£	£	£	£
Tangible fixed assets	19,044	745	19,789	19,046
Net current assets	545,165	637,134	1,182,299	745,046
	<u>£ 564,209</u>	<u>£ 637,879</u>	<u>£ 1,202,088</u>	<u>£ 764,092</u>

12. CAPITAL COMMITMENTS

	2015	<i>2014</i>
	£	£
Amounts contracted for but not provided in the financial statements	<u>£ 2,183</u>	<u>£ 2,250</u>

At 31st December 2015 the Charity had committed £1,447 of restricted funds to purchase fixed assets to fit out our Welsh Prisons Project office in Cardiff; the Charity had also committed £736 of unrestricted funds to purchase the remaining fixed assets required to complete the fit out of the London office. At 31st December 2014 the Charity had committed to purchase £2,250 of ICT equipment using funds granted by The Clothworker's Foundation; this commitment was fulfilled in February 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

13. OTHER FINANCIAL COMMITMENTS

At 31 December 2015 the Charity had an operating lease for its London office premises with a remaining term of 4 years. 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 2015, this amounted to £29,978 (2014 - £28,613). The Charity also had a non-cancellable operating lease commitment of £1,008 (2014 - the same) for equipment falling due within one year (2014 - two years).

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 £450. There are no other non-cancellable operating licence commitments falling due within one year or in more than one year (2014 - the same).

14. CONTRIBUTION OF VOLUNTEERS

We are very grateful for the vital contributions to our work made by volunteers in 2014 and 2015 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 13 volunteers gaining temporary work experience or helping with one off tasks (2014 - 14). 24 individuals helped us out on a voluntary basis with fundraising events organised either directly through PET or via our South London supporters' group (2014 - 12). A number of professional and academic experts contributed their advice and expertise to our project and research work; and our President and all our Patrons and Trustees gave their time most generously to act as ambassadors for PET and to provide robust and effective governance.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

15. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

Incorporating Income and Expenditure Account & Statement of Total Realised Gains and Losses
For the year ended 31 December 2014

	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total Funds 2014 £	Total Funds 2013 £
INCOME AND ENDOWMENTS FROM:				
Donations and legacies	409,637	331,161	740,798	426,842
Charitable activities:				
Access to Learning	-	478,189	478,189	414,578
Policy & Research (formerly Learning Matters)	-	122,854	122,854	129,703
Charitable activities:	-	601,043	601,043	544,281
Other trading activities	18,534	-	18,534	11,428
Investments	2,568	-	2,568	2,845
Other	1,058	-	1,058	1,425
TOTAL INCOME AND ENDOWMENTS	431,797	932,204	1,364,001	986,821
EXPENDITURE ON:				
Raising funds	156,933	-	156,933	127,210
Charitable activities:				
Access to Learning	42,266	666,880	709,146	685,542
Policy & Research (formerly Learning Matters)	70,668	187,062	257,730	184,615
Resettlement	2,181	-	2,181	5,895
Peer mentoring	-	-	-	5,354
Other charitable activities	9,450	-	9,450	2,997
Charitable activities	124,565	853,942	978,507	884,403
TOTAL EXPENDITURE	281,498	853,942	1,135,440	1,011,613
Net income/(expenditure)	150,299	78,262	228,561	(24,792)
Transfers between funds	(2,414)	2,414	-	-
NET MOVEMENT IN FUNDS	147,885	80,676	228,561	(24,792)
RECONCILIATION OF FUNDS:				
Total funds brought forward	430,606	104,925	535,531	560,323
TOTAL FUNDS CARRIED FORWARD	£ 578,491	£ 185,601	£ 764,092	£ 535,531

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