

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

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

PRISONERS' EDUCATION TRUST

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REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

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PRISONERS' EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS For the year ended 31 December 2017

President: His Honour John Samuels QC

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

Trustees: Peter Collins Alexandra Marks CBE (Chair)
Hilary Cross Emily Thomas
Catherine Dawkins (Hon. Treasurer) Vanni E Treves CBE
Philip W Deer Mark Welsh
Patrick Diamond Geoffrey M Wolfson
Angela Herbert MBE Graham A Ziegler
Hugh Lenon Simon Scott (Appointed March 2017)

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

Company reg. no: 04132595

Charity reg. no: 1084718

Registered office: The Foundry, 17 Oval Way Telephone: 020 3752 5680
London SE11 5RR
Email: info@prisonerseducation.org.uk
Website: www.prisonerseducation.org.uk

Auditors: haysmacintyre
Chartered Accountants and Tax Advisors
10 Queen Street
London, EC4R 1AG

Bankers: Barclays Bank Unity Trust Bank
2 Victoria Street Nine Brindley Place
London, SW1H 0ND Birmingham, B1 2HB

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

PRISONERS' EDUCATION TRUST

TRUSTEES' ANNUAL REPORT, (incorporating the Directors' report) for the year ended 31 December 2017

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 2017.

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

OBJECTS, ACTIVITIES, AND STRATEGY

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

During 2017 the Board reviewed PET's strategy to take account of important developments in the strategic context for prison education including:

- implementation of the recommendations of Dame Sally Coates' review of prison education which promoted a wide-ranging and positive view of prison education, greater empowerment of Prison Governors with more control over prison education budgets and contracts, and more use of digital learning tools; and
- PET's own learning – especially from PET's project working to support the development of learning communities in the Welsh prisons.

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

Prisoners' lives transformed through learning

The Board also agreed that this should be underpinned by the **mission** of:

Every prisoner a learner, every prison a place to learn

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

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

The Board also agreed that PET's strategy needs to operate across three spheres of influence:

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

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To succeed in affecting these different spheres of influence, we agree that the organisation needs to have robust foundations.

The sections on achievements and performance below use these headings to review our achievements over 2017. The new strategy through to 2020 has been formally published and launched in 2018.

Public benefit

PET, as a registered charity established to support prisoners and ex prisoners in the UK, is a Public Benefit Entity. When planning PET's activities for the year, the Trustees have given due consideration to the Charity Commission's statutory guidance on public benefit, and highlight below some examples of our activities:

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

Grant making policy

Any individual who has been sentenced and is currently serving a custodial sentence in England, Wales or the Channel Islands 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 upon request with prison education staff and applicants. Applications must include a strong letter from the applicant, an endorsement from a member of staff at the prison, selection of a suitable course, and evidence the prisoner's ability to complete the course during the remainder of his/her custodial sentence. Information, advice and guidance are provided to prisoners and prison staff throughout the application process.

ACHIEVEMENTS, PERFORMANCE AND PLANS FOR FUTURE PERIODS

2017 was a year of notable achievements across a wide range of activity set out below. PET was also highly successful in raising funds in 2017. In particular we received two very large restricted grants totalling £911,577. As the financial review shows, these generated a significant overall surplus of income over expenditure and large restricted balances at year end. These two restricted funds will be used to fund specific projects and activities over the years ahead when we will expect expenditure to exceed income as the restricted funds are spent.

The learner at the centre

Achievements and performance in 2017

"Prison changes your life temporarily but education changes your life permanently."



A photograph of a piece of paper with the quote "PRISON CHANGES YOUR LIFE TEMPORARILY BUT EDUCATION CHANGES YOUR LIFE PERMANENTLY." written in capital letters in blue ink.

[From a prisoner studying a management course with PET support in 2017]

Support for distance learning courses

In 2017 PET continued to be the leading organisation funding and supporting distance learning in prisons in England and Wales through our Access to Learning programme. This is our largest area of our charitable expenditure. We have now funded over 37,700 courses since our foundation in 1989. In 2017 PET faced unprecedented levels of demand which continued to escalate as the year progressed. The number of applications for support for the year overall was 30% higher than in 2016. This reflected work by the PET team

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to promote the opportunities we offer. In part this may also be due to the greater profile of distance learning given by the Coates review and publicity around prison education. The increase in demand may also reflect PET's success in promoting contractual flexibilities for prison education providers to fund enablers of learning such as staff whose role is to support distance learning. This flexibility was introduced from October 2016 and have been increasingly adopted by prisons, not least to counter difficulties in delivering conventional education courses in many prisons due to reduced staffing and other problems.

Faced with the higher level of demand, PET supported a record number of prisoners with courses or art materials – over 3,000 – 22% more than in 2016.

	2017 Target	2017 Actual	2016 Actual
Applications	3,300	4,576	3,524
Awards	2,300	3,007	2,463

As in previous years, PET supported a wide range of courses in 2017 including Open University Access Modules, and courses in counselling, business start-up, fitness training, plumbing and electrical installation and bookkeeping as amongst the most popular. Thanks to the generous support of the Garfield Weston Foundation and the Open University Students' Educational Trust, we have been able to expand the range of courses we can fund to support prisoners to take their initial module towards a full degree without relying on a student loan. We were able to support 53 prisoners to start their degree level study from October 2017. PET also worked with the Longford Trust to administer and award 12 prisoners funding for degree level study (2016: 15). PET also awarded 8 Allt awards to fund exceptional learners' vocational ambitions after release. This was due to the generous support of the Topinambour Trust.

PET also continued to offer professional careers advice and help with course choice in 2017 providing 846 advice sessions (2016: 938) exceeding our internal target of 800.

Digital course development

Thanks to generous support from the Goldsmiths' Company Charity, PET was able in 2017 to take positive steps to explore ways in which the development of digital distance learning can support prisoner learners. Goldsmiths' support enabled PET to establish a project to develop a course on business start-up specifically tailored for the needs and circumstances of prisoners. We have worked with a partner organisation, the National Extension College (NEC), to develop the course on the basis of an existing paper based course already popular with prisoners. Interactive material and video case studies specific to a prisoner population have helped to develop a highly engaging digital product in near final form by the end of 2017. PET has also learned a great deal about the difficulty of navigating digital projects in prisons. We are aiming to go live with a full scale pilot in 2018, when the project will continue to offer PET an invaluable hands-on case study for delivering digital learning in practice.

Learner voice – Alumni advisory group

A key aspect of putting learners at the centre of PET's work is ensuring that we actively and genuinely embrace their views in determining our direction and the changes we implement. One key step forward was to appoint our first service user trustee in March 2017. As well as playing an invaluable role in Board deliberations he has convened an advisory group drawn from our alumni community to provide a sounding board for our plans and thinking.

PET also successfully completed a project in 2017 for a major prison education provider to review and improve its approach to listening and promoting learner voice.

Evidence of impact

Letters and spoken accounts from our learners continue to give daily testimony to the impact of learning in helping them change their lives. In 2016 we worked with the Prisoner Learning Alliance and New Philanthropy Capital to capture the views of alumni on the impact of education in a Theory of Change for prison education (*What is prison education for?* June 2016). Their answers included knowledge and skills for employability but also wellbeing, human and social capital and the impact on the culture of the prison overall. In 2017 we have continued to work with academic volunteers to flesh out the research evidence around these concepts.

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

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2015 statisticians working in the Ministry of Justice's (MoJ) Justice Data Lab found that prisoners helped by PET reoffended over a quarter *less* than a matched control group of prisoners (the research is available on the [Ministry of Justice website](#)). In 2017 these PET specific results were further corroborated by MoJ research which showed that prisoners who engaged with conventional education also showed statistically significant reductions in reoffending compared to a matched control group (*Exploring the outcomes of prisoner learners: analysis of linked offender records from the Police National Computer and Individualised Learner Records* MoJ July 2017). In 2017 we continued to work with the MoJ team to expand the analysis of the outcomes for PET learners by looking at their employment outcomes using data from Her Majesty's Revenue and Customs and the Department for Work and Pensions. This analysis is now in the MoJ work programme for 2018. We are looking forward to this quantified evidence which should also throw light on the relative importance of employment in explaining desistance from crime compared to other benefits identified through our Theory of Change.

Looking forward

2018 will present a number of challenges for PET. Our current level of funding is not sufficient to continue to meet the unprecedented and growing demand for support that we experienced in 2017. And if we are forced to turn down a high proportion of applications, that is not only demotivating for prisoner learners but also represents a poor use of time and effort for staff administering applications in prisons and at PET. In 2018 we will continue to work to increase the resources available for courses from statutory and charitable sources. We will also need to work with staff in prisons to ensure that the applications which reach us are of high enough quality to give a strong prospect of success. Our aim will be to handle applications and awards which at least maintain the levels we achieved in 2016 (i.e. at a sustainable level rather than that experienced in 2017).

2018 will also see major developments for the prison education system building on the recommendations of the Coates review of Prison Education in 2016. The MoJ is introducing an ambitious new structure for prison education providers to deliver services to meet the requirements of individual prisons exercising greater local control and autonomy. We will work to ensure that we can continue to support prisoner learners within the new structures. And there are other major opportunities arising from the continuing roll out of greater digital access for prisoners in-cell as part of the digital prisons initiative. So far this digital access has focused on providing self-service type functionality and access to telephony. But there will be increasing opportunities for in-cell access to digital courses and for interaction with external bodies such as PET via the digital platforms. It will be a number of years before such digital access is universal. But we will, in line with our new strategy, need in 2018 to prepare to respond to these developments. We will put in place a change programme involving digital transformation to offer a 21st century service. This will include the ability for prisoners to submit digital applications and offer an exciting new range of digital learning opportunities. Our digital business start-up project with the NEC will be an important route for exploring the practicalities of these developments.

In 2018 PET will work with our Alumni and current prisoner learners to co-produce a coherent Service User Involvement Strategy. This will include our Alumni Advisory Group, learner involvement contributing to governance of the Change Programme, as well as improving the ways in which we collect and use monitoring and evaluation data from current learners.

Prisons and communities

Achievements and performance in 2017

The Welsh Prisons Project

The initial phase of PET's Welsh Prisons Pilot Project concluded in the summer of 2017 and provided clear evidence of the potential benefits of a local PET presence working closely with individual prisons. The project, established in December 2015, using significant funding from a Welsh grant-making organisation, was set up to put into practice some new initiatives suggested by consultations with PET learners and alumni. We also wanted to explore ways to enrich and increase the impact of our distance learning courses. We opened an office in Cardiff with two full time staff and a part-time advice and support officer.

The Welsh team has strengthened its relationships with the Welsh prisons, providing advice sessions, study skills training, and mentor support. It has also built links in each prison's local community to support prisoner learners even more. The Welsh Team's work to distribute learner packs, engage mentors and encourage both prisoners and prison staff has had a significant impact; the project resulted in a 53% increase in the number of PET learners in Welsh prisons; this includes new students in HMP Cardiff, a prison which previously had no distance learners at all.

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The Welsh Prisons Project was envisaged as a 'laboratory', where new initiatives, products and approaches could be trialled with a view to their possible use across the estate as a whole. As such, the sustainability and long-term feasibility of any initiatives developed was essential. Throughout the project, it was vital to pay attention to the local context into which any initiatives would be introduced and commit to listening to the views of those affected by these initiatives. This allowed the project's work to unfold in an atmosphere of good will and collaboration. A much more intensive level and frequency of contact with prisoners has been critical to the success of the project. This personal contact underpinning the project's work has been highly valued by our learners, and has facilitated the development of relationships in the prison and consultation with prisoners and staff.

Following the success of the initial phase of the project, backed by external evaluation by De Montfort University, PET was successful in its application for further grant funding. Phase 2 of the project will become fully operational in 2018. Its aim is to build on phase 1 to create and deliver an operational model for PET to deliver its services to prisons and prisoners:

- based on evidence from the phase 1 pilot and elsewhere;
- incorporates lessons we have learnt about offering a regional presence to meet the needs of different prisons and learning communities; and
- builds on the opportunities for a digital interface to support PET's interaction with learners and vice versa.

Prison University Partnerships

In 2017 PET launched a network of partnerships between universities and prisons – Prison University Partnerships in Learning (PUPiL).

These innovative partnerships bring university students into the prison environment to learn together with prisoners who are interested in the same subject. PET believes these partnerships have the potential to transform the learning experience of students both inside and outside prison, and to improve the educational opportunities we offer to those in custody and in the community.

The network brings together students, practitioners and academics. It aims to:

- Provide a forum for students, practitioners and academics to come together and share their experiences.
- Support existing and emerging prison/university partnerships by sharing and promoting good practice.
- Identify opportunities for future projects and research.
- Use shared evidence and experiences to influence future academic and prison education policy.

The network had, by the end of 2017, mapped 35 separate projects and partnerships.

PET also initiated and directly supported a Learning Together project between the Open Book Project at Goldsmiths, University of London, and HMP/YOI Isis which holds young adult prisoners. This project was supported by Paul Hamlyn Foundation and the National Offender Management Service (NOMS – now Her Majesty's Prison and Probation Service, HMPPS).

Evidence of impact

The evaluation of PET's Welsh Prison Project Phase 1, conducted by De Montfort University, shows that the project made significant headway in setting down the foundations to build a locally supported delivery model in Wales, in addition to meeting its core objectives. The summary report highlighted those project strategies that had been most successful:

“Regular visits to each of the Welsh prisons, educational promotion events, prisoners being encouraged to promote the project themselves, an informal “culture of learning”, the up-skilling of education mentors, and the additional support provided to prison staff were all shown to have had a positive impact on Welsh learners.”

Our independent research into the Goldsmiths/Isis prison university partnership, where students from a Young Offender institution studied a 12 week course in Social Science alongside university undergraduates found that:

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'Learners [...] saw themselves in greater control of their futures with a clearer purpose and meaning in their lives [...] More broadly, learners described the changes in their behaviours and intentions for the future; they reported being calmer and more considered in their interactions with others [...] A learner identity provided the confidence to consider non-criminal pathways which had not been previously deemed suitable or achievable.'

The involvement of Open Book, which supports people from non-traditional backgrounds to access higher education, also offered genuine opportunities for the students in prison to continue building on that learner identity after release. However the evaluation also highlighted the challenges of these projects, which bring in external students and raise critical consciousness of prisoners, in an environment focused on security and where institutional change can be slow. The evaluation also provided a longitudinal update showing that after the first course was completed, a further two courses had taken place, and a number of learners had applied to university. Applications to PET for distance learning had also increased, with learners looking to continue higher education after the course had finished.

This research is adding to the increasing body of research which PET and the PUPiL network are bringing together on the effectiveness of this approach, in particular adding to the knowledge base about 'what works' with young adults. The evidence has also been expanded during 2017 to embrace international experience. During 2017, PET supported our Head of Policy, Nina Champion, to take up a Winston Churchill Fellowship to research such partnerships in Europe and in the United States. This evidence adds weight to the case for prison university partnerships as a way of supporting prisoner learners to develop human and social capital, as well as extending the understanding and awareness of prisons in the wider student community.

In 2017 we continued to support a PhD student in primary research to examine a learning community space that had been created in HMP Swaleside. The research is now in its latter stages and is coming together as a thesis. Key findings relate to the significance of numerous institutional features (such as managerial priorities, staff-prisoner relationships, institutional trust) which interact to constrain and shape opportunities to develop positive learning spaces within the institution. An intervention cannot be understood in isolation from this. However, despite enduring challenges facing the prisoner-led learning community, the benefits of *supported* autonomous learning spaces shine through. Opportunities to frame one's own learning journey can be particularly powerful and the role of peer led communities (although not without its tensions) can provide safe, inclusive, empowering environments. These findings are providing evidence to support PET's strategy to support the development of learning communities in individual prisons.

The PhD is due to be completed in 2018.

Looking forward

The Welsh Prisons Project will be a key part of the programme to develop PET for the future as it responds to the changing prison education landscape of prison governor empowerment, new contractual structures and increasing digital access. The operational model it creates will form the basis for extending a much more regional and prison specific offer to support distance learners and the individuals and communities that support them in the years ahead. It therefore forms a vital component of PET's strategic change programme to enhance and improve our support for prison learners.

One aspect of the approach for the future will be to foster local connections and pipelines to other educational institutions. To achieve this, PET will continue to develop the PUPiL network to support those connections. PET, with support from the Barrow Cadbury Trust, will continue to develop evidence of effective education for young adults, as well as interrogating our own data to better understand the experiences of our black, Asian, and minority ethnic (BAME), young adult and women distance learners in prison.

The wider system

Achievements and performance in 2017

2017 was a difficult year for the prison system as a whole; it faced ongoing criticism from commentators and statutory inspectorates alike of the standards in prisons struggling with ongoing staffing and recruitment issues. Staff shortages make it hard for many prisons to maintain proper regimes to allow prisoners enough time out of cell. The year saw another change of Justice Secretary with the Rt. Hon. David Lidington MP replacing the Rt. Hon. Elizabeth Truss MP after the June General Election. The PET Chief Executive met David Lidington as part of a delegation of Voluntary and Community Sector organisations in September. In early January 2018, Mr Lidington was himself replaced as Justice Secretary by David Gauke MP.

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Despite the turbulence (and the dropping of the planned Prisons Bill after the Government lost its majority) there has been progress in implementing the recommendations of Dame Sally Coates' 2016 review of prison education. PET has played an active role in engaging with Ministers and keeping prison education and the Coates recommendations to the fore.

The Prisoner Learning Alliance (PLA)

PET convenes, and provides the secretariat support for, the PLA as an alliance of members from the charitable and educational sector committed to improving policy and practice in prison education. It is the key umbrella organisation through which PET engages with Government and policy makers. Contact with Ministers after the General Election in June led to a meeting with the then Prisons Minister, the Hon. Sam Gyimah MP. At that meeting, the Minister commissioned formal engagement between the PLA and the MoJ team working on the implementation of a more flexible regime for prison governors to take greater control of the education provided in their establishments. Both the PLA and PET have actively engaged to ensure that the new regime best serves prisoner learners and gives appropriate opportunities for Voluntary and Community Sector organisations to bring their considerable expertise and resources to bear.

One aspect of the reforms that will prove crucial to their success is that prison governors have the support and expertise to exploit the new flexibility open to them. To help with this, PET and the PLA developed a resource for governors, *Greenhouses not Warehouses* (October 2017) as a workbook for governors to help them think through their prison's requirements for education services. The resource book was endorsed ("*...this excellent practical guide...*") in a foreword by the then Prisons Minister Sam Gyimah. It was launched at the annual conference of the Prison Governors' Association and has been taken up by the Education and Training Foundation as a key resource to train prison Governors to operate the new prison contracts.

"I am confident that this workbook will encourage, enable and empower governors as they go about improving the quality of education in our prisons and transforming troubled lives."
Sam Gyimah MP, then Parliamentary Under Secretary of state at the Ministry of Justice

The PLA's annual conference in September was kindly hosted by De Montfort University. The conference addressed the issues and potential from the ongoing structural changes: *'Doing Things Differently: A New Era for Prison Education'*. It was attended by around 160 people from a range of practitioner and other backgrounds. Of the speakers, the contribution from Russ Trent, Governor of HMP Berwyn about his values-led approach to the new establishment was one particular highlight.

The PLA national awards for 'Outstanding Educators' in the prison system was inspiring and moving. The prize-giving was presented by Sam Bailey, who herself worked as a prison officer at nearby HMP Gartree before winning the TV talent show, The X-Factor and switching to a singing career.

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[Sam Bailey with PLA award winners]

Winners included staff members and prisoner mentors from across England and Wales. The awards are unique in that all 400-plus nominations came from serving prisoners. The award for prisoner mentor was collected by the winner's mother, an especially moving experience for her and the delegates. One runner up was able to attend in person on Release on Temporary Licence from HMP Wandsworth – while handcuffed to a prison officer.

Prisoner Learning Academic Network (PLAN)

PET established PLAN to bring together researchers who work on issues relating to prisoner learning. PLAN's overall aim is to raise the profile, quality and impact of all levels of prison education by promoting and supporting rigorous and collaborative research, consultation and dissemination.

PET's academic symposium in March 2017 was hosted by Royal Holloway, University of London and launched both PUPiL and PLAN networks. It was excellently attended with a wide range of contributions exploring themes from the PLA's Theory of Change. Feedback from the event was overwhelmingly positive (91% of those responding).

Feedback from the academic symposium:

"The panels were particularly well organised with a dynamic range of presenters. The focus was well set out."

"A really excellent and stimulating day - fantastic agenda"

"The event was exceptionally informative and a worthwhile experience. It was good to hear a wide range of views, perspectives and new initiatives that are coming on-line."

In November we started work with PLAN to develop Working Groups surrounding each theme in the Theory of Change. The groups are developing ideas to proceed with small research projects, collating literature and bringing together academics in similar fields. They will be presenting preliminary work at the 2018 academic symposium.

Work with youth custody

A review of educational provision for young people under the age of 18 revealed that there was a gap for young people who wanted to progress educationally, but couldn't under current education contract limitations. In response, we expanded PET's Access to Learning programme to include under 18s.

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"There is also not sufficient provision for high-ability children who are capable of getting the top grades in their GCSEs and to go on to take A-levels and prepare for university" (Taylor Review (2016),

To ensure we successfully identified potential students, we undertook a number of visits to Young Offender Institutions and to Medway Secure Training Centre (STC). During 2017, we supported 22 students who are aged between 16-18 years old and we hope to engage many more in the coming year.



PET in the media

PET continued to build its media profile over 2017 with a number of blogs, articles and media appearances by members of staff or alumni. Throughout the year, we maintained a constant flow of updates and news articles through our Learning Matters e-news bulletins. We also worked actively to promote prison education issues via social media; at the end of 2017 we reached 14,100 Twitter followers, representing an increase of almost a fifth over the year.

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

Evidence of impact

PET and the PLA were key contributors to the Government's Coates review of prison education and to the overall tenor of its recommendations. We estimate that the review picked up 80% of the PLA's recommendations on the prison education contracts. PET and the PLA have remained key stakeholders in the development of government thinking. The impact of increased flexibility in the existing prison education contracts has already been apparent in the increased demand for distance learning courses from PET.

In 2017 PET commissioned an independent review of the PLA to test whether its model remained best suited for the future. As part of that process, the reviewers benchmarked the PLA with other similar network organisations. They found a very consistent pattern of positive assessment of the PLA by its members on the key measures of importance, benefit and effectiveness.

With our work in youth custody, we conducted focus groups and interviews with young learners and staff who reported the positive benefits of under-18's being able to access distance learning:

"I'm an intelligent young man and I feel like my talents are being wasted [...] I have 9 A-C GCSE's under my belt but I am capable of more. I want to have a life other than getting into trouble," said one applicant seeking funding for a Sociology A-level.

Another young distance learner gained an Allt award following the successful completion of his Level 3 Fitness Instructor course. He said:

"I have come a long way from where I was - getting in trouble a lot - to being a role model and mentor to others [...] This course has allowed me to change my view on education and I would use this award to further my studies within sports (leisure management) [...] and pursue it as a career."

Looking forward

The PLA has proved highly successful in influencing government policy on prison education, but that very success led to levels of interest in joining the PLA that were unsustainable within the constraints of the original constitution. That was the rationale for commissioning the independent review of the PLA which reported in 2017. As a result of the reviewers' recommendations, the PLA has agreed to move to a wider and more

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transparent membership model with a formally elected steering group and an openly selected independent Chair. These changes will come into effect from early in 2018. They will help to ensure that the PLA maintains a powerful voice on behalf of the sector and will continue to engage with policy makers as key changes to the delivery of prison education are introduced, evaluated and adjusted in the years ahead.

PET is also working with the University of Westminster to scope a pilot partnership with HMYOI Cookham Wood which would offer study skills support to under-18 learners, following feedback from our focus groups highlighting this as an additional need.

Robust foundations

Achievements and performance in 2017

Fundraising and supporter engagement

Effective fundraising is essential to enable PET to help prisoner learners. The total income of £2,454,094 exceeded that for 2016 by 95% and was primarily due to the receipt of two very large restricted funds which will be used to fund activities over the coming years. This has been crucial in enabling PET to meet much of the increased demand for help that it has experienced over the year. This success reflected in particular the diligent work of the fundraising team in making a large number of high quality applications and reports to grant making trusts and foundations. The income from trusts and foundations was £1,803,695 (2016 - £686,000). We are immensely grateful for the continuing generosity of some of our previous funders as well as for the generosity of a significant number of new supporters. We are delighted that they share our belief in the power of education and skills training to transform prisoners' lives. A list of our major supporters can be found in Notes 2 to 4 of the accounts.

Our annual Carol Concert in St Paul's Church, Covent Garden, attended by many of our supporters, was powerful and moving; it coincided with our participation in the Big Give Christmas Challenge which, thanks to the generous matched funding from individuals and charitable trusts raised over £30,000.

Staffing

PET is extremely fortunate in the quality and commitment of its staff. The achievement of funding for phase 2 of the Welsh Prisons Project has been the major factor in the increase in permanent staffing over the year (three posts moved from fixed term to permanent).

In view of our ambitious new strategy, the Board agreed to the appointment of a new Fundraising Administrator post to increase the overall capacity of the Fundraising team.

In 2017 the Board reviewed PET's policies on safeguarding, fraud and corruption, acceptance and refusal of donations, fundraising complaints and vulnerable donors. The Board also established a formal Remuneration Sub-Committee in November 2017 to provide clearer oversight of remuneration and recruitment issues.

PET is also extremely grateful for the important contribution of volunteers to our work as set out in note 14. As PET develops, we expect volunteers to become an increasingly important part of our service provision. We have been reviewing our volunteering policies and supporting guidance in 2017.

Equality, Diversity and Inclusion (EDI)

2017 saw the publication of the Lammy review which highlighted the way in which the criminal justice system as a whole (including prisons) operates disproportionately on members of ethnic minority groups. The Board recognised that PET needs to be more active in addressing issues of equality, diversity and inclusion to ensure that it can be confident it demonstrates best practice in a difficult and challenging sector. As a first step we engaged an external organisation, Investors in Diversity, to carry out a survey to review where we stand against wider benchmarks. We were pleased to achieve a Level 2 award. However the survey revealed we could do more in this area, in particular in relation to staff training, our communications and data analysis. We have invited two academics to support PET to undertake a systematic review of the information we hold about the fairness of PET's support for prisoners in relation to protected characteristics. We have also asked them to carry out further qualitative research to understand the experiences of members of protected groups and ways in which we can improve our practices to ensure equality of opportunities and outcomes. In 2018 The Board plans to establish a formal EDI Sub-Committee to provide additional scrutiny over this vital area of PET's work.

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Evidence of impact

In May 2017 PET's Board won an award at Charity Governance Awards for outstanding governance in the category of 'Improving Impact – charities with 4-25 paid staff'. The judges said: *"The board and executives of Prisoners' Education Trust are committed to learning from evidence and using it to inform decisions to improve impact. They understand the need to build an evidence base to inform future decisions and continue to resource this area."*

Looking forward

PET's change programme to implement our new strategy will involve major developments to our systems and processes, for example:

- the digital transformation will require a new website with functionality to handle a revised application process involving e-application forms and much improved information to ensure higher quality applications to reduce costly re-work;
- this in turn will support a new database to upload prisoner information from their application forms without the need for manual re-keying, and to provide an automated interface with our accounting system; and
- support the new service offer being developed by the Welsh Prisons Project including the definition of the regional, prison based learner support and a more systematic deployment of regional volunteers.

PET is facing major challenges during the year ahead, and will require clear governance to: establish a change programme steering group; establish a formal sub-committee on equality diversity and inclusion; and review our approach to the involvement of service users at the core of PET's decision making.

In addition, the Board will conduct a thorough review of its practice in the light of the Charity Commission's revised Governance Code published in July 2017.

Further, PET has already set in motion a programme of work to review our procedures for handling information in the light of the General Data Protection Regulation to be implemented in May 2018.

FINANCIAL REVIEW

The results of the year's operations are set out in the attached financial statements. The total retained reserves at 31 December 2017 amounted to £1,724,238, of which £578,141 are unrestricted.

Income for the year ended 31 December 2017 totalled £2,454,094 compared with £1,260,186 for 2016. The significant increase in funds for the year is as a result of the success of two grant applications totalling £911,577. Both are restricted grants and cover multiple years of activity with significant costs being expected in 2018 and 2019.

In 2017 PET received £1,803,695 from charitable trusts and corporate institutions (2016 - £716,737); £453,802 from government sources (2016 - £399,705); £172,543 from individuals, including Gift Aid and legacies (2016 - £118,111); £14,110 from fundraising events (2016 - £14,558); £2,543 from investment income and other income (2016 - £7,145); and £7,401 income from donated goods and services (2016 - £3,930).

PET spent £1,775,605, an increase from £1,416,525, in 2016. Overall there was a net surplus on unrestricted funds of £1,055 increasing unrestricted funds from £577,086 to £578,141. Restricted funds increased from £468,663 to £1,146,097.

Reserves policy

Most of PET's income is dependent upon successful appeal and fundraising activity and is therefore subject to unpredictable fluctuation. PET therefore has a policy of maintaining free reserves of not less than four months' expenditure at future budgeted expenditure levels. This excludes direct expenditure to support prisoners from restricted funding.

At 31 December 2017 PET had free reserves available for use of £526,345 (2016 - £524,959). Free reserves are calculated as unrestricted funds of £578,141 less £18,830 tied up in fixed assets, and £32,966 tied up in capital commitments and non-cancellable lease commitments.

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At least twice each year, the Trustees review the free reserves requirement and reserves policy to ensure it is adequate to meet our needs. The calculation takes account of: the minimum funds we would need for an orderly wind up if the charity was required to cease operating at short notice; the working capital we would require to continue our charitable delivery in the event of a significant gap or drop in income or reduction in levels of unrestricted funding; and our need to hold some funds to invest in new streams of charitable delivery before we are able to fundraise for their full costs. Our minimum reserves requirement at 31 December 2017 was calculated as £526,023.

Due to uncertainties over the implementation of government policy and instability in the prison estate, and the fact that we are budgeting a small deficit on unrestricted funds in 2018 as PET implements its new strategy, the Trustees considered it prudent to keep slightly above this level of free reserves in order better to ensure the preservation of the work of PET for the long term. All further funds will be used to fund our growth strategy in 2018 and beyond.

Fundraising

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 six times per year. At these meetings, the sub-committee reviews the fundraising business plan to provide further assurance over the appropriateness and effectiveness of our fundraising practices. The Head of Fundraising is responsible for keeping up to date with best practice, ensuring the training and support of her team, and complying with fundraising regulations and best practice. The Board also undertakes formal and informal fundraising training on an ad hoc basis to ensure that staff and volunteers are sufficiently trained and informed of their legal responsibilities. PET is registered with the Fundraising Regulator and adheres to its Code of Fundraising Practice. PET also has a policy of not engaging agencies, fundraising consultants or commercial organisations.

We protect vulnerable donors through our Vulnerable Donors Policy, and by upholding robust data protection controls over our supporter data; avoiding intrusive forms of fundraising such as telephone and door-to-door approaches; limiting our postal and email correspondence; and noting and adhering to supporter contact preferences. In 2017, no complaints were received regarding fundraising.

Staff remuneration policy

PET is hugely grateful for the commitment and enthusiasm of its staff. We believe that it is essential to attract and retain staff with the appropriate skills and capabilities, and reward them fairly for delivering PET's important work. It is therefore important to pay staff properly, while also having prudent regard to the use of charitable resources. In order to do this, PET reviews its salaries and overall rewards packages (including those of its key management personnel) on a regular basis using professional job evaluation to consider salaries in relation to the charity sector for the job levels concerned. Additionally, between salary reviews, the Trustees may complete discretionary annual reviews taking account of (whilst not being constrained by) the movement of pay and prices and other relevant factors. At the end of 2017, the Board agreed to form a formal Remuneration Sub-Committee to ensure full scrutiny of staff remuneration issues. During 2017, we introduced a death in service benefit.

Risk management

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

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

- Given the MOJ's revised education procurement framework, service commissioning and payment system being implemented in 2018, PET may no longer receive central government funding to promote Open University & vocational distance learning courses;

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- PET core business model for funding distance learning courses may not be accommodated by the education procurement framework due for implementation in the third quarter of 2018;
- PET may fail to be clear as to its value proposition when developing a new business model under the revised education commissioning framework resulting in poor product development and market take-up;
- Distance learning may not be an educational requirement for some prison populations and/or Prison Governors who are not aware of the benefits of distance learning may not commission or support the delivery of PET services;
- Complexity of managing change programme in addition to business as usual may create pressure on financial resources, staff time and workloads.

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

- Increasing level of demand for both distance learning courses and arts, hobby and craft materials creating undue pressures on staff time and financial resources;
- Existing IT infrastructure being neither sufficiently sound, secure nor responsive to support additional software applications, systems integration and data management requirements to sustain a future PET organisation.

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 who retire by rotation may stand for re-election. The election of members to the Board takes place at the Annual General Meeting. Details of those serving on the Board during the year and those serving currently are shown on page 1.

The Board meets six times a year, in addition to its annual Away Day. The Chair also conducts appraisals with all Trustees at least every two years. The Board considers it important to maintain a balance of skills in its membership and has established a Nominations Committee to undertake tasks related to Trustee recruitment and induction. The Board attempts to attract candidates with skills and experience appropriate to the needs of the organisation, and has regard to diversity in doing so. Potential trustees are interviewed by the Chair and another trustee. During 2017 the Board agreed that it would be strengthened by the addition of a Trustee with lived experience as a prisoner who has undertaken distance learning in prison. The Nominations Committee engaged with a number of PET alumni who were interested in the role and made a nomination who was formally appointed as a Trustee by the Annual General Meeting in March 2017. All new Trustees receive an induction and an introduction to the Chief Executive and the organisation.

In addition to the Nominations sub-committee, the Board has a standing sub-committee on Fundraising to review fundraising practice and performance and in 2017 established a sub-committee on remuneration to review issues of staff remuneration.

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

Relationship to the PLA

PET provides the secretariat and funding to convene the Prisoner Learning Alliance (PLA) of which it is also a member. For 2017, the Chair of PET was also the Chair of the PLA although, following a review of the PLA in

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2017, a new independent Chair will take over early in 2018. The new Chair, Professor Tom Schuller, brings to the PLA significant academic expertise in adult education, alongside a long-standing interest in prison education and substantial experience in governance roles.

Following the 2017 review of the PLA, it agreed various changes to its constitution. These changes will extend the categories of membership, put in place a modest membership fee and elect a steering committee. The PLA will however remain an informal grouping of organisations with no separate legal identity.

RESPONSIBILITIES STATEMENT OF THE TRUSTEES

The Trustees (who are the directors of PET for the purposes of company law) are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom General Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis (unless it is inappropriate to presume that the charitable company will continue in operation)

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

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

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

Preparation of the report

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

Auditors

The auditors, haysmacintyre LLP, have been newly appointed under Section 485 of the Companies Act 2006.

This report was approved and authorised for issue by the Trustees on 28 March 2018, signed on its behalf by:

Signature:

Alexandra Marks CBE

Chair of Trustees

28 March 2018

PRISONERS' EDUCATION TRUST

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

Opinion

We have audited the financial statements of Prisoners' Education Trust for the year ended 31 December 2017 which comprise the Statement of Financial Position, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Conclusions relating to going concern

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

-

PRISONERS' EDUCATION TRUST

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Jeremy Beard (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors
Date:

10 Queen Street Place
London
EC4R 1AG

PRISONERS' EDUCATION TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)
For the year ended 31 December 2017**

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
INCOME AND ENDOWMENTS FROM:					
Donations and Legacies	2	496,383	435,056	931,439	724,586
<i>Charitable Activities:</i>					
Access to Learning: Government Grant		-	453,802	453,802	399,705
Access to Learning : Other		-	600,000	600,000	-
Policy and Research		-	140,623	140,623	114,192
Welsh Prison Project		-	311,577	311,577	-
Charitable activities	3	-	1,506,002	1,506,002	513,897
Other trading activities	4	14,110	-	14,110	14,558
Investments		2,543	-	2,543	3,797
Other		-	-	-	3,348
TOTAL INCOME AND ENDOWMENTS		513,036	1,941,058	2,454,094	1,260,186
EXPENDITURE ON:					
Raising funds		193,239	-	193,239	169,401
<i>Charitable activities:</i>					
Access to Learning		185,922	871,607	1,057,529	821,176
Policy and Research		132,820	121,197	254,017	207,741
Welsh Prisons Project		-	232,345	232,345	218,207
ICT Project		-	38,475	38,475	-
Charitable activities		318,742	1,263,624	1,582,366	1,247,124
TOTAL EXPENDITURE	5	511,981	1,263,624	1,775,605	1,416,525
Net income / (expenditure)		1,055	677,434	678,489	(156,339)
NET MOVEMENT IN FUNDS		1,055	677,434	678,489	(156,339)
RECONCILIATION OF FUNDS					
Total funds brought forward		577,086	468,663	1,045,749	1,202,088
TOTAL FUNDS CARRIED FORWARD		578,141	1,146,097	1,724,238	1,045,749

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

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BALANCE SHEET
As at 31 December 2017

	Notes	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	8		18,830		20,301
CURRENT ASSETS					
Debtors	9	249,065		101,843	
Cash at bank and in hand		1,615,389		1,093,614	
			1,864,454	1,195,457	
LIABILITIES					
Creditors: Amounts falling due within one year	10	(159,046)		(170,009)	
NET CURRENT ASSETS			1,705,408		1,025,448
TOTAL NET ASSETS			£ 1,724,238		£ 1,045,749
THE FUNDS OF THE CHARITY:					
Restricted funds	11		1,146,097		468,663
Unrestricted funds	11		578,141		577,086
			£ 1,724,238		£ 1,045,749

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 28th March 2018 and signed on their behalf by

_____ ALEXANDRA MARKS CBE, Chair

_____ CATHERINE DAWKINS, Hon. Treasurer

PRISONERS' EDUCATION TRUST

STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities (see below)	522,062	(241,082)
Cash flows from investing activities:		
Interest income	2,543	3,797
Purchase of property, plant and equipment	(2,830)	(3,752)
Net cash provided by/(used in) investing activities	<u>(287)</u>	<u>45</u>
Change in cash and cash equivalents in the reporting period	521,775	(241,037)
Cash and cash equivalents at the beginning of the reporting period	1,093,614	1,334,651
Cash and cash equivalents at the end of the reporting period	<u>1,615,389</u>	<u>1,093,614</u>

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

	2017 £	2016 £
Net income/(expenditure) for the reporting period (as per the SOFA)	678,489	(156,339)
Adjustments for:		
Depreciation charges	4,301	3,240
Interest income	(2,543)	(3,797)
Decrease/(increase) in debtors	(147,222)	(48,307)
Increase/(decrease) in creditors	(10,963)	(35,879)
Net cash provided by/(used in) operating activities (see above)	<u>522,062</u>	<u>(241,082)</u>

ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	492,281	422,842
Notice deposits (less than 3 months)	1,123,108	670,772
Total cash and cash equivalents	<u>1,615,389</u>	<u>1,093,614</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 2017

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 2017 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 2017 and the results for the year ended on that date. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Income

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

Expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

Fund accounting

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

Tangible fixed assets and depreciation

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

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

Cash

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

Pensions

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

Financial instruments

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

Taxation

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

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds 2017	Restricted Funds 2017	Total Funds 2017	Total Funds 2016
Institutions who granted or donated £2,000 or more				
ABF The Soldiers' Charity	-	15,000	15,000	15,000
Aurum Charitable Trust	100,000		100,000	100,000
Beatrice Laing Trust		5,000	5,000	5,000
Charles Russell Speechlys	2,000	-	2,000	-
CHK Charities Limited	6,500	-	6,500	-
Community Foundation for Surrey's Parkes Fund	-	-	-	3,000
Ernest Cook Trust	-	2,975	2,975	-
Edward Cadbury Charitable Trust	-	4,000	4,000	-
Ellis Campbell Charitable Foundation	-	-	-	3,400
Goldcrest Charitable Trust	2,000		2,000	
Haddenham Healthcare Limited	4,000		4,000	3,000
Hull & East Riding Charitable Trust	-	-	-	2,000
Impact Fluid Solutions	5,328	-	5,328	-
Inner London Magistrates' Courts' Poor Box Charity & Feeder Trust	-	6,000	6,000	-
Jill Franklin Trust	-	10,400	10,400	12,000
John Coates Charitable Trust	-	-	-	3,000
John Lyon's Charity	-	-	-	40,000
Joseph Strong Frazer Trust	-	2,000	2,000	2,000
Lawrence Atwell's Charity	-	15,000	15,000	-
Lloyds Bank Foundation for the Channel Islands	-	15,300	15,300	-
Millichope Foundation	-	2,000	2,000	-
Oxford University Press	-	5,000	5,000	-
P.H. Holt Foundation	-	-	-	5,035
Pilkington General Charity	-	2,000	2,000	2,000
Phoenix Equity Partners	-	-	-	13,500
Scurrah Wainwright Charity	-	-	-	2,485
Sir James Knott Trust	-	-	-	5,100
Sir John Cass's Foundation	-	11,900	11,900	11,900
Sir John Fisher Foundation	-	10,200	10,200	5100
Sir J.Paul Getty Jr Charitable Trust	-	5,000	5,000	-
Texel Foundation	5,000	-	5,000	-
The 1989 Willan Charitable Trust	-	-	-	10,000
The 29 th May 1961 Charitable Trust	10,000	5,000	15,000	10,000
The Adnams Community Trust	-	-	-	2,125
The Aldo Trust		3,500	3,500	3,500
The Astor Foundation	-	2,000	2,000	-

PRISONERS' EDUCATION TRUST

The Bromley Trust	20,000	-	20,000	10,000
The Brook Trust	-	18,030	18,030	14,875
The Carr-Gregory Trust	5,000	-	5,000	5,000
The Charles Hayward Foundation	-	-	-	15,000
The Charlotte Bonham-Carter Charitable Trust	-	4,000	4,000	3,400
The Chetwode Foundation	-	-	-	2,550
The Clothworkers' Company	5,000	-	5,000	-
The Constance Travis Charitable Trust	-	4,000	4,000	3,000
The Dulverton Trust	30,000	-	30,000	30,000
The E L Rathbone Charitable Trust	-	2,000	2,000	-
The Evan Cornish Foundation	-	-	-	7,225
The Goldsmiths' Company Charity	-	49,200	49,200	-
The Green Hall Foundation	-	2,000	2,000	-
The Hadfield Charitable Trust	-	-	-	2,975
The Hadley Trust	30,000	-	30,000	30,000
The Harpur Trust	-	1,881	1,881	3,109
The Jane and Michael Davies Charitable Trust	6,000	-	6,000	-
The John Apthorp Charity	-	6,048	6,048	-
The Joseph Rank Trust	-	-	-	10,000
The Manly Trust	-	-	-	2,125
The Michael Marsh Charitable Trust	-	2,500	2,500	3,400
The Norton Foundation	-	3,825	3,825	2,125
The Peacock Charitable Trust	-	6,000	6,000	6,000
The Peter Stebbings Memorial Charity	-	-	-	5,000
The Robert Gavron Charitable Trust	-	5,100	5,100	-
The Roddick Foundation	-	39,950	39,950	39,950
The Royal British Legion	-	32,470	32,470	6,659
The Sackler Trust	10,000	-	10,000	-
The Samworth Foundation	-	35,000	35,000	-
The Satyakami Trust	-	-	-	2,000
The Shears Foundation	-	10,200	10,200	-
The Singer Foundation	-	10,200	10,200	-
The Sir James Reckitt Charity	-	-	-	2,000
The Swire Charitable Trusts	40,000	-	40,000	10,000
The Taylor Family Foundation	-	20,000	20,000	15,000
The Topinambour Trust	-	4,500	4,500	4,500
The Violet & Milo Cripps Charitable Trust	-	-	-	5,000
The Walter Guinness Charitable Trust	-	2,125	2,125	-
The Welton Foundation	-	-	-	4,000
Whitaker Charitable Trust	-	2,000	2,000	-
W F Southall Trust	-	-	-	2,000
Yorkshire & Clydesdale Bank Foundation	-	5,000	5,000	-
Other donations from institutions	44,516	37,847	82,363	89,110

PRISONERS' EDUCATION TRUST

Individuals who donated £2,000 or more:

Alexandra Marks CBE	2,600	-	2,600	4,600
Andrew, Norman, Tom and Sam Franklin	33,133	-	33,133	-
David Lehmann	4,500	-	4,500	-
Hugh Lenon	13,500	-	13,500	-
His Honour John Samuels QC & Mrs Maxine Samuels	-	2,000	2,000	2,000
John Watson	4,000	-	4,000	8,000
Roger and Rosemary Chadder	2,100	-	2,100	3,130
Simon and Jane Davis	-	-	-	5,000
Gift Aid receivable	13,941	3,314	17,255	8,677
Other Donations from Individuals	51,620	3,590	55,210	82,101

Donated services (see note below):

Linklaters LLP	1,909	-	1,909	1,178
Royal Holloway University	1,804	-	1,804	-
Clifford Chance LLP	2,254	-	2,254	-
Other donated services	1,433	-	1,433	2,752

Legacies donated of £2,000 or more:

From the estate of the Late Dr Rosemary Lois Harris	-	-	-	2,000
From the estate of the Late Mrs Kathleen Myra Hamey	31,444	-	31,444	-
Other Legacies	6,800	-	6,800	10,000
			-	
	<u>£496,383</u>	<u>£435,056</u>	<u>£931,439</u>	<u>£724,586</u>

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

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Access to Learning grants:				
Ministry of Justice	-	436,147	436,147	385,124
Welsh Assembly Government	-	17,655	17,655	14,581
Garfield Weston Foundation	-	600,000	600,000	-
	-	1,053,802	1,053,802	399,705
Policy & Research grants:				
Barrow Cadbury Trust	-	3,300	3,300	20,000
Esmée Fairbairn Foundation	-	60,000	60,000	60,000
Paul Hamlyn Foundation	-	39,328	39,328	34,192
Other Donors	-	20,237	20,237	-
St Sarkis Charity Trust	-	7,500	7,500	-
The Big Give Trust	-	10,258	10,258	-
	-	140,623	140,623	114,192
Welsh Prisons Project				
Moondance	-	311,577	311,577	-
	-	1,506,002	1,506,002	513,897

Included within Income from Charitable Activities are total government grants of £453,802 (2016 - £399,705) and a grant of £600,000 (2016 - £Nil) from Garfield Weston Foundation to fund Open University courses for the 3 years to 2019. The total value of the grant received has been recognised in year.

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

There are no unfulfilled conditions or contingencies attaching to the grants which have been recognised as income, and no other material sources of government assistance were received (2016 - the same).

The Welsh Prisons Project grant (£301,000) for 2016 was received in 2015 and recognised in that year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	<i>Total Funds 2016 £</i>
Fundraising events	14,110	-	14,110	14,558
	<u>14,110</u>	<u>-</u>	<u>14,110</u>	<u>14,558</u>

5. EXPENDITURE

	Grant funding of activities £	Staff costs £	Activities undertaken directly £	Support costs £	Total 2017 £
Access to Learning	733,304	232,117	5,733	86,375	1,057,529
Policy and Research	-	154,715	47,837	51,465	254,017
Welsh Prisons Project	-	177,568	36,747	18,030	232,345
ICT Project	-	10,920	27,555	-	38,475
Total expenditure on charitable activities	<u>733,304</u>	<u>575,320</u>	<u>117,872</u>	<u>155,870</u>	<u>1,582,366</u>
Raising funds	-	139,184	14,252	39,803	193,239
Support and governance	-	77,100	118,573	(195,673)	-
	<u>733,304</u>	<u>791,604</u>	<u>250,697</u>	<u>-</u>	<u>1,775,605</u>

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

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

Analysis of support costs:

	Total 2017	Total 2016
	£	£
Support staff costs	57,111	49,784
Governance staff costs	19,989	17,112
Rent, service charge and rates	66,208	60,444
Other premises costs	-	(1,567)
Insurance	2,440	2,831
Computer & IT costs	10,769	11,900
Bank charges	431	730
Postage, photocopier and telephone	13,235	10,749
Printing and stationery	5,383	5,247
Depreciation	3,260	2,849
Other support costs	4,765	2,056
Other governance costs	12,082	5,033
	£195,673	£167,168

Expenditure includes:

	2017	2016
	£	£
Auditors' remuneration:		
Audit fee excluding VAT	8,000	3,000
Irrecoverable VAT on audit fee	1,600	600
Operating lease rentals		
- Land and buildings	51,300	49,222
- Plant and equipment	2,618	3,011
Depreciation on owned assets	3,260	2,849

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

	2017	2016
	£	£
Open University courses	225,463	94,522
General education courses and arts/hobby and educational materials	507,841	431,602
	£ 733,304	£ 526,124

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

6. STAFF NUMBERS AND COSTS

	2017 £	2016 £
Wages and salaries	610,580	577,125
Social security costs	60,063	57,565
Defined contribution pension costs	30,450	28,859
Other staff costs	3,200	2,547
Agency staff and consultants	87,311	21,973
	£ 791,604	£ 688,069

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

	2017 FTE	2016 FTE
Raising funds	3.5	3.1
Access to Learning	5.8	5.7
Policy & Research	3.5	2.7
Welsh Prisons Project	3.8	3.4
Governance	0.3	0.3
Support	1.1	1.1
	18.0	16.3

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

	2017 AHC	2016 AHC
Raising funds	3.5	3.1
Access to Learning	6.3	6.0
Policy & Research	3.5	3.0
Welsh Prisons Project	3.9	3.6
Governance	0.3	0.3
Support	1.1	1.1
	18.6	17.1

One employee, the Chief Executive, received a gross salary in the range of £70,000 - £80,000; pension contributions of 5% of total earnings were also payable (2016 - same). The key management personnel of PET received earnings and benefits (including employer pension contributions of 5% of total earnings) totalling £305,085 (2016 - £293,926). The key management personnel was 5 (2016- 5) being the Chief Executive, Finance Director and 3 Heads of Departments; the FTE number of key management personnel staff members was 4.67 (2016 - 4.92).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

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

During the year, no Trustee received any remuneration (2016 - £NIL). Two Trustees received reimbursement of travel expenses of £1,128 (2016 - £120). The Charity received £26,211 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 (2016 - £22,348). Total expenses incurred by the Trustees in the furtherance of their duties but not reclaimed from the Charity were immaterial in 2017 and 2016. There is no ultimate controlling party.

8. TANGIBLE FIXED ASSETS

	Furniture and fittings £	Office & IT equipment £	Total £
Cost			
At 1 January 2017	19,697	6,744	26,441
Additions	2,473	357	2,830
At 31 December 2017	22,170	7,101	29,271
Depreciation			
At 1 January 2017	3,922	2,218	6,140
Charge for the year	2,417	1,884	4,301
At 31 December 2017	6,339	4,102	10,441
Net book value			
At 31 December 2016	£ 15,775	£ 4,526	£ 20,301
At 31 December 2017	£ 15,831	£ 2,999	£ 18,830

9a. Financial Instruments

	2017 £	2016 £
Cash	1,615,389	1,093,614
Financial assets held at amortised cost	243,176	96,064
Financial liabilities held at amortised cost	(140,278)	(122,897)
	£ 1,718,287	£ 1,066,781

- a) Financial assets held at amortised cost includes accrued income and other debtors but excludes prepayments.
- b) Financial liabilities held at amortised cost includes trade creditors, accruals and other creditors but excludes deferred income and statutory taxes.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

9b. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Net prison contributions due	15,118	22,754
Grants receivable	186,707	47,000
Donations receivable	36,456	-
Prepayment	5,889	5,779
Accrued income	-	21,414
Lease deposit	4,895	4,896
	£ 249,065	£ 101,843

The figure for net prison contributions due in the year is after charging a bad debt provision of £31,389, (2016 £26,078)

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	13,757	29,425
Taxation and other social security	18,768	17,410
Grants committed but not yet paid (see below)	97,414	65,486
Deferred income (see below)	-	29,702
Accruals	20,021	16,884
Other creditors	9,086	11,102
	£ 159,046	£ 170,009

Deferred income analysis:

At start of year	29,702	55,793
Grants receivable released to income	(29,702)	(50,793)
Trading income deferred in the year	-	-
Performance related grant income deferred in the year	-	24,702
Other grant income deferred in the year	-	-

At end of year	£ -	£ 29,702
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Grants committed but not yet paid analysis:

At start of year	65,486	98,243
Grants committed in the year	726,784	526,124
Grants commitments fulfilled	(694,856)	(558,881)

At end of year	£ 97,414	£ 65,486
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PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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.

11a. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Tangible fixed assets	16,495	2,335	18,830	20,301
Current assets	622,526	1,241,928	1,864,454	1,195,459
Current liabilities	<u>(60,880)</u>	<u>(98,166)</u>	<u>(159,046)</u>	<u>(170,009)</u>
	<u>578,141</u>	<u>1,146,097</u>	<u>1,724,238</u>	<u>1,045,749</u>

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

11b.FUNDS OF THE CHARITY

	Brought Forward	Income	Expenditure	Transfers between funds	Carried Forward
	£	£	£	£	£
RESTRICTED FUNDS					
<u>Policy & Research</u>	50,723	140,623	(121,197)	-	70,149
<u>Access to Learning</u>					
General	7,300	21,600	(20,936)	-	7,964
Women prisoners	61,495	40,933	(40,872)	-	61,556
Younger prisoners	59,714	79,450	(45,964)	-	93,200
Older prisoners	4,759	24,945	(45,714)	16,947	937
Ex Armed Forces	12,766	47,470	(27,987)	-	32,249
Ministry of Justice (formerly Department of Business, Innovation and Skills)	-	436,147	(436,147)	-	-
Welsh Assembly Government	-	17,654	(17,654)	-	-
Geographically restricted	31,952	164,560	(108,488)	-	88,024
Course subject restricted	23,347	600,000	(92,996)	(23,347)	507,004
Course development	-	49,200	(38,475)	-	10,725
Other small grants	375	2,399	(781)	1,900	3,893
<u>Awards</u>	-	4,500	(4,294)	4,500	4,706
<u>Welsh Prisons Project</u>	216,232	311,577	(262,119)	-	265,690
	468,663	1,941,058	(1,263,624)	-	1,146,097

RESTRICTED FUNDS

Policy & Research
(Learning Matters)

For research, policy, advocacy and alumni development work, including support of the PLA. Major funders in 2017 include: Esmée Fairbairn Foundation and the Paul Hamlyn Foundation (supporting and promoting educational opportunities in the youth estate).

Access to Learning:

General

For distance learning courses and advice. Major funders in 2017 include: The Aldo Trust (£25 per prisoner for arts materials), The Beatrice Laing Trust, The Joseph Strong Frazer Trust, Robert Gavron Charitable Trust and the Oxford University Press.

Women prisoners

For distance learning courses and advice to women in prison; major funders in 2017 include: The Brook Trust and The Roddick Foundation.

Continued overleaf....

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

Younger prisoners	For distance learning courses and advice to younger prisoners under 30. Major funders in 2017 include: The Green Hall Foundation, Sir John Cass's Foundation (London), Lawrence Atwell's Charity, The Taylor Family Foundation (South of England) and The Big Give Appeal for young people 26 and under.
Older prisoners	For distance learning courses and advice to prisoners aged 50 and above. The major funder in 2017 was The Roddick Foundation and the Big Give Appeal.
Army Veterans	For distance learning courses to ex-service personnel; major funders in 2017 include: ABF The Soldiers' Charity, and The Royal British Legion (prisoners with more than two years left to serve of their sentence)
Ministry of Justice	Funding granted for distance learning courses, including Open University Access courses and a range of accredited and unaccredited further education courses, as well as an Advice and Information service for serving prisoners and their families.
Welsh Assembly Government	Funds granted by the Welsh Assembly Government, through NOMS in Wales for prisoners who are ordinarily resident in Wales to study Open University and other accredited and unaccredited further education courses.
Geographically restricted	Funds granted for distance learning courses and advice with specific geographical restrictions. Major funders in 2017 include: 29 th May 1961 Charitable Trust, Jill Franklin Trust, Lloyds Bank Foundation for the Channel Islands, Singer Foundation, Sir John Fisher Foundation, The Samworth Foundation, Shears Foundation, The Singer Foundation and The Yorkshire & Clydesdale Bank Foundation.
Course subject restricted & Course development	Funds granted for distance learning courses with specific subject restrictions and course development. Major funders for course subject restriction in 2017 include: Garfield Weston and the Major funders for course development include: Goldsmiths' Company Charity.
John Allt Award	A fund established in memory of John Allt, administered by PET and to be applied in awarding prizes to prisoners undertaking further or higher education. A major fund contributor was the Topinambour Trust.
Welsh Prisons Project	Funds restricted to strengthen and extend our support for Welsh prisoners, building learning communities to support our students to achieve their educational and vocational goals, whilst in custody and upon release. Moondance Foundation is the main contributor for this project.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

12. CAPITAL COMMITMENTS

	2017	2016
	£	£
Amounts contracted for but not provided in the financial statements	<u>£ 2,834</u>	<u>£ -</u>

At 31st December 2017 the Charity had committed £1,084 of restricted funds to purchase fixed assets to fit out our Welsh Prisons Project office in Cardiff; the Charity had also committed £1,750 of unrestricted funds to purchase furniture and fittings for the London office.

13. OTHER FINANCIAL COMMITMENTS

At 31 December 2017 the Charity had an operating lease for its London office premises with a remaining term of 2 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 2017, this amounted to £31,946 (2016 - £30,806). The Charity also had a non-cancellable operating lease commitment of £1,020 (2016 - £1,020) for equipment falling due within two years (2016 – one year).

In October 2015 the charity signed an operating licence for an office space in Cardiff with an initial 18 month term and a rolling one month break clause. The commitment of the charity at any one time is rent and service charges of £450. There are no other non-cancellable operating licence commitments falling due within one year or in more than one year (2016 - the same).

14. CONTRIBUTION OF VOLUNTEERS

We are very grateful for the vital contributions to our work made by volunteers in 2017 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 16 volunteers gaining temporary work experience or helping with one off tasks (2016 - 9). 34 individuals helped us out on a voluntary basis with fundraising events organised either directly through PET or via our South London supporters' group (2016 - 18). A number of professional and academic experts contributed their advice and expertise to our project and research work on a pro bono basis; and our President and all our Patrons and Trustees gave their time most generously and free of charge to act as ambassadors for PET and to provide robust and effective governance.

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

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 2016

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
INCOME AND ENDOWMENTS FROM:				
Donations and legacies	395,515	329,071	724,586	1,177,513
Charitable activities:				
Access to Learning	-	399,705	399,705	448,967
Policy & Research		114,192	114,192	58,788
Charitable activities:	-	513,897	513,897	507,755
Other trading activities	14,558	-	14,558	13,500
Investments	2,398	1,399	3,797	3,686
Other	3,348	-	3,348	292
TOTAL INCOME AND ENDOWMENTS	415,819	844,367	1,260,186	1,702,746
EXPENDITURE ON:				
Raising funds	169,401	-	169,401	159,943
Charitable activities:				
Access to Learning	115,986	705,190	821,176	788,172
Policy & Research	117,555	90,186	207,741	268,508
Welsh Prisons Project	-	218,207	218,207	48,127
Charitable activities	233,541	1,013,583	1,247,124	1,104,807
TOTAL EXPENDITURE	402,942	1,013,583	1,416,525	1,264,750
Net income/(expenditure)	12,877	(169,216)	(156,339)	437,996
Transfers between funds	-	-	-	-
NET MOVEMENT IN FUNDS	12,877	(169,216)	(156,339)	437,996
RECONCILIATION OF FUNDS:				
Total funds brought forward	564,209	637,879	1,202,088	764,092
TOTAL FUNDS CARRIED FORWARD	£ 577,086	£ 468,663	£1,045,749	1,202,088

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