

THE NATIONAL LITERACY TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2019

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The Trustees present their annual report together with the financial statements of the charity for the year ended 31 March 2019.

The financial statements comply with the Companies Act 2006, the trust deed and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

REFERENCE AND ADMINISTRATIVE DETAILS

The Trustees and advisers currently in office or who served during the year were as follows:

TRUSTEES

Julia Cleverdon DCVO CBE (Chairman)
Frank Carter
Luisa Edwards
Ben Fletcher
Natasha McMullen (appointed 3 July 2018)
Joanna Prior
Liz Robinson
Neil Sherlock CBE
Joanna Trollope OBE
Lara White (Treasurer)
Professor Clare Wood

PATRON

Her Royal Highness the Duchess of Cornwall

PRESIDENT

Baroness Prashar of Runnymede

VICE PRESIDENT

Amanda Jordan OBE

REGISTERED OFFICE

68 South Lambeth Road, London SW8 1RL

CHARITY NUMBER

1116260

SCOTTISH CHARITY NUMBER

SC042944

COMPANY NUMBER

05836486

AUDITOR

RSM UK Audit LLP, Portland, 25 High Street, Crawley RH10 1BG

BANKERS

Lloyds TSB Bank Plc, Law Courts Branch, 222 Strand, London WC1R 2BB

WEBSITE

www.literacytrust.org.uk

CHIEF EXECUTIVE

Jonathan Douglas

COMPANY SECRETARY

Samantha Brookes

STRUCTURE, GOVERNANCE AND MANAGEMENT

The National Literacy Trust was established by Trust Deed dated 19 November 1992 and subsequently registered with the Charity Commission. The status of the Trust was changed with the registration of the new charitable company at Companies House in June 2006 and re-registered with the Charity Commission.

These are the full accounts of the incorporated charity. The accounts comply with the Companies Act 2006. The National Literacy Trust is a registered charity (no. 1116260) and a company (no. 5836486) limited by guarantee up to a maximum of £1 each, per member.

ORGANISATION OF THE CHARITY

The Trustees meet four times per year and have full responsibility for all legal and financial matters. Any additions to the membership follow consideration and invitation by the Board of Trustees. The Trustees have delegated responsibility for the strategic and financial management of the charity to the Director. New Trustees receive a full induction, briefing them on the charity's strategy, campaigns and projects and their responsibilities. The Board is supported by an Audit and Risk Committee that meets four times a year.

RISK ASSESSMENT

The Trustees are mindful of the need to identify and assess the major risks facing the charity. Appropriate procedures and systems have been implemented to ensure that risks are managed in ways to optimise the appropriate and effective use of all resources. A risk assessment has also been undertaken with regard to the current economic climate. An Audit and Risk Committee was formed in May 2014, to examine financial risks and organisational sustainability in more detail.

Strategic risks are identified on an annual basis as part of the annual delivery plan. Trustees receive a quarterly report on the management of these risks at the Audit and Risk Committee; these are then reported on to the full Board of Trustees. The highest ranked risks for 2018/19 were failure to secure sufficient core income to sustain the organisation and support growth, and failure to sustain and grow our corporate partnerships in order to deliver our strategy. These risks were mitigated by the development and implementation of strategies that were regularly reviewed with progress reported to Trustees at each meeting.

In addition each project maintains its own risk register, and reports on them quarterly to the charity's senior management team through a quarterly reporting template.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The formal objectives of the National Literacy Trust are to advance public education in reading, writing and other literacy skills.

The Trustees have read the Charity Commission's guidance on public benefit, and the specific guidance for charities whose objects include Education. The Trustees have paid due regard to the Commission's guidance, and all who make decisions about the activities undertaken are concerned to ensure that a tangible educational benefit is provided to a broad range of people. The Trustees consider that the achievements and performance of the charity, as outlined and reviewed below, demonstrate success in this regard.

We are an independent charity that transforms lives through literacy. Literacy is made up of the four strands of language skills – reading, writing, speaking and listening.

Our mission

We give children and young people from disadvantaged communities the literacy skills to succeed in life.

Our values

To achieve our vision we need to be focused, enterprising and connecting.

Our approaches

We have three ways of addressing our mission. They are:

- 1. We work with schools to raise literacy levels.**
- 2. We maximise our impact by focusing on the most disadvantaged areas.**
- 3. We campaign to change behaviours and make literacy a priority.**

These strategies are delivered through a range of projects which receive restricted funding:

In schools and early years settings

- **Young Readers Programme** – inspiring disadvantaged children and young people to read for enjoyment
- **Young Writers** – inspiring children to improve their writing skills through partnerships between schools and cultural venues
- **Words for Work** – promoting literacy for employment through partnerships between schools and business
- **Sport and Literacy programmes** – engaging children in literacy using the motivational power of sport
- **Literacy for Life** – raising literacy levels in secondary schools
- **Love our Libraries** – improving primary school libraries, including Puffin World of Stories
- **Early Words Together** – working with early years settings to support families with learning in the home
- **News Wise** – empowering pupils to access, understand, analyse and participate in the news.

In communities

- **Literacy Hubs and local campaigns** – intensive place-based literacy programmes established in Middlesbrough, Peterborough, Bradford, Stoke on Trent, Swindon, Nottingham, Hastings, the North Yorkshire Coast and literacy campaigns in Manchester and the North East
- **Books Unlocked** – encouraging prisoners to read for enjoyment
- **Small Talk** – helping parents turn the activities they are already doing with their child every day into opportunities to build their child's language skills.

The National Literacy Trust offers a schools membership programme which gathers and disseminates best practice in teaching literacy through online resources, competitions and enabling schools to work together in clusters. The charity also supports schools with evidence-based training programmes for teachers.

The charity's objectives are met mainly from sponsorship and donations from charitable trusts and foundations and corporate organisations, and from funding from individuals. The principal funders are Better World Books, WHSmith, Slaughter and May, KPMG, McDonald's, the Authors' Licensing and Collecting Society, Morrisons Foundation, the Mercers Company, Clarks, Rank Foundation, the Big Lottery Fund, Comic Relief, Harper Collins and Sport England who provide funding towards core activities such as website development, our Literacy Hubs, support for schools, research and policy work. The JJ Charitable Trust funds Literacy for Life. British Land and WHSmith are the main supporters of the Young Readers Programme. Premier League Foundation supports Premier League Primary Stars. The Booker Prize Foundation and the Rothschild Foundation support our work in prisons. The Department for Education funds Small Talk. The Literacy Hub in Bradford is funded by the Morrisons Foundation. Penguin Random House funds the Read North East campaign and Puffin World of Stories.

Our senior management team comprises Jonathan Douglas, Director; Sam Brookes, Head of Information and Resources; Clare Bolton, Head of Marketing and Communications; Fiona Evans, Head of School Programmes; Darranda Rowswell, Head of Fundraising and Rosemary Thomas, Head of Operations. The pay of the senior management team is agreed by Trustees.

POLICY ON GRANT GIVING

The charity is not a grant-giving body.

OUR PRIORITIES IN OUR FIVE-YEAR STRATEGY 2015-2020

Improving literacy is a national priority for the UK. It sits at the heart of economic success and sustainability, fairness and equal opportunities. The National Literacy Trust exists to lead the national campaign to raise awareness of the issue and find solutions which mobilise the resources of the business, corporate and third sectors.

The focus of the National Literacy Trust's work is children and young people. Here, the key priority is the relationship between low literacy and poverty, which are part of a mutually reinforcing intergenerational pattern.

The mission of the National Literacy Trust is to break the relationship between low literacy and poverty to give a new generation the skills to fulfil their opportunities.

OUR TARGETS FOR 2018/19

2018/19 was an important year for the charity as we celebrated our 25th anniversary. In our first 25 years our programmes have worked directly with over 2 million children and we have raised over £10 million from business to support literacy in the UK. We used our 25th anniversary year to strengthen our campaign with several large-scale research programmes (undertaken with UCL and KPMG), thank our supporters and increase our delivery in the most deprived areas of the UK (specifically by increasing the number of Literacy Hubs and launching new and innovative school programmes).

We set ambitious targets for the year which helped us to focus our work where it would have the greatest benefit and to genuinely respond to need.

1. We work with schools to raise literacy levels.

Our partnership with schools in the UK is the foundation of our strategy. In the past two decades there has been improvement in literacy attainment in schools in England and Scotland. International comparison data published in 2017 highlighted improvement in the reading skills of primary-aged children in England and Northern Ireland. However, significant challenges still exist. In 2018, 25% of all children failed to reach the expected level in reading when they left primary school and this rose to 40% among children from disadvantaged backgrounds. This gap between the literacy attainment of children from poorer backgrounds (those eligible for Pupil Premium funding) and other children continues to be a worrying phenomenon of the UK system. The focus of our work with schools is to address this gap and raise the literacy levels of pupils from poorer backgrounds.

New partnerships with corporates in 2018/19 allowed us to address this challenge in new ways. Our research has consistently demonstrated the importance of reading for enjoyment and the vital role of libraries. However, one in seven children from disadvantaged backgrounds don't own a single book and many primary schools struggle to establish a school library. With Penguin Random House we launched Puffin World of Stories, which is establishing high quality primary school library provision in areas of particular need. Research has shown the importance of using sport as a mechanism for engaging pupils with literacy: we ran a writing competition with the Premier League attracting over 20,000 entries; in partnership with Clarks, we launched Skills Academy, which aims to use football to boost literacy in secondary schools; we also launched Rugby Reading Champions with the support of Try for Change. All these initiatives have been primarily targeted at schools from disadvantaged areas where literacy is low.

Research has also demonstrated how important gender identity is in the development of literacy skills. With Lancôme we created Words for Work: Women in Leadership, which was launched by Kate Winslet and Chidera Eggerue. As a result of our partnership with Penguin Random House, students taking part in the programme were invited to an audience with Michelle Obama at the Royal Festival Hall.

Early language and communication is the foundation of all literacy. Our work with early years settings grew significantly during the year as a result of investments from supporters including the Mercers Company. With funding from the Nuffield Foundation, we initiated a randomised control trial for Early Words Together, our flagship early years intervention. Our annual Talk To Your Baby conference was held in January 2019 in Manchester, where we are working to support improvements in early years settings, and had the highest number of delegates ever.

2. We maximise our impact by focusing on the most disadvantaged areas.

In the poorest communities in the UK school improvement is stalling and literacy levels are being held back by a combination of social and economic factors. In these communities schools find it hard to engage the cultural and economic resources that can act as a catalyst to improvement. We believe we have a special role to play in these communities and we need to do more than working with schools: we need to galvanise the whole community. We have established Literacy Hubs in 10 of these areas. This model brokers new relationships within these communities, creates leadership and brings resources from local and national partners. Each Hub also has a public campaign to engage the wider community.

Where possible our Literacy Hubs work with key local strategic initiatives: our North Yorkshire Coast, Hastings and Bradford Hubs are working in partnership with the Department for Education's recently established Opportunity Areas in these places.

2018 was the fifth anniversary of the first National Literacy Trust Hub in Middlesbrough. The evidence of the impact of the Hub on early language and literacy in the town is compelling – the number of children starting school with below expected levels of communication and language skills have halved in our target wards.

In 2018/19 new Literacy Hubs were launched in Nottingham, with the support of a range of local partners including Small Steps Big Changes, and in Hastings, with the support of the Opportunity Area and backed by the local MP and Secretary of State for Work and Pensions, Amber Rudd. Both Hubs have already created important new partnerships and launched high profile local campaigns.

In 2018 we launched a new initiative with the Publisher's Association to gain publishers' support for our Literacy Hubs and regional campaigns. Over a dozen have signed up so far, including Penguin Random House, which is supporting Read North East; Harper Collins, which is supporting the Stoke Hub and early literacy work in Glasgow; Bloomsbury, which is sending authors and books to support the Hastings Hub; and Sage, which is supporting the Peterborough Hub.

We were honoured that during this year our Patron, HRH the Duchess of Cornwall, visited our Swindon Hub, as well as supporting our work in Wisbech during a visit there and meeting representatives from our Bradford Hub while at Haworth.

Our community programmes also work in settings where literacy is a particular concern. Working with the Man Booker Prize, the 2018/19 Books Unlocked programme engaged 59 prisons and Young Offender Institutions, more than ever before. Working with National Prison Radio, titles have been serialised and over 1,200 books have been distributed to prisoners.

3. We campaign to change behaviours and make literacy a priority.

Campaigning to raise awareness of literacy as a pressing challenge to the UK, to win support for our programmes, to strengthen and change policy and to support behaviour change is a vital activity for the National Literacy Trust.

Following our significant campaigning on the importance of the home learning environment in establishing early literacy and language skills, in July 2018 the Secretary of State for Education, Damian Hinds, announced the Department for Education's commitment to addressing the issue. We worked in partnership with the DfE to bring together a national summit meeting of businesses and sectoral representatives who share this commitment. The summit, hosted by KPMG, was a landmark event. Following the summit, the DfE announced that it would fund the National Literacy Trust to develop Small Talk, to continue the momentum, grow business commitment and take the campaign into the communities where the need is greatest.

2018 also saw the publication of the All Party Parliamentary Literacy Group's report on the critical literacy skills required for today's digital environment and to support the identification of fake news. The National Literacy Trust operates the secretariat for the group and assembled the report. The report has had a significant impact on work in schools and the willingness of digital partners to think about how they can support literacy skills. One of the most important results of the report is our News Wise programme, delivered with the Guardian Foundation and with the support of Google, which is developing critical literacy skills to engage with the news in hundreds of schools.

The All Party Parliamentary Group also hosted a round table event bringing together stakeholders including specialists in early communication, speech and language and early reading. The discussion focused on the specific speech and language skills which would strengthen reading attainment. A policy paper summarising the discussion, sponsored by OUP, was published in spring 2019.

Our research programme informs our campaigning and provides the evidence base for developing and evaluating our programmes. The Annual Literacy Survey is our key annual research activity and the 2019 survey was the largest ever undertaken, with 57,000 pupils taking part. With funding from McDonald's, we also carried out a junior version of the survey for the first time, for children aged five to eight years old. Results will be published in 2019, but provisional data led the World Book Day campaign in March 2019.

During the year we also published a range of important research reports which explore the relationship between literacy and behaviours and outcomes. These included new research establishing the relationship between literacy and wellbeing, and between literacy and financial capability.

Our KPIs for 2018/19

Total number of children and young people we worked with

Target: 150,000

Actual: 266,712

Total number of schools and settings we supported

Target: 5,500

Actual: 5,608

Total reach of our campaigns (opportunities to view)

Target: 230m

Actual: 337m

Advertising value equivalent of media coverage

Target: £4m

Actual: £8.1m

OUR TARGETS FOR 2019/20

In 2018/19 we moved from a fixed term strategy to a three-year rolling strategy. We are committed to annually reviewing our strategic direction. Our 2019/20 business plan sets targets for how we will work to the themes within our 2019-22 strategy.

In 2019/20 we aim to:

- 1. Work with 5,630 schools to narrow the gap between young people from poorer and more affluent backgrounds.**
- 2. Work with 158,000 beneficiaries to narrow the literacy gap between poorer and richer communities.**
- 3. Campaign to raise awareness of literacy levels and the impact of poor literacy, achieving £4.75m advertising value equivalent and 260m opportunities to view.**

FINANCIAL REVIEW

The financial activities of the year are set out in detail on the attached pages. The net movement of funds for the year was an increase of £659,225. This comprised an increase in restricted funds of £607,844 and an increase in unrestricted funds of £51,381.

Overall, the charity's funds increased from £1,377,836 at the beginning of the year to £2,037,061 at the year end, of which £240,244 was in unrestricted funds and £1,796,817 in restricted funds.

Total income for the year has increased 28% from £4.2m in 2017/18 to £5.3m in 2018/19. We had budgeted to increase income from 2017/18. We expect our income to continue to grow in 2019/20. Total expenditure for the year increased 22.5% from £3.8m in 2017/18 to £4.7m in 2018/19.

There are several strands of income aimed at covering core costs: ensuring that funding bids carry the right level of cost allocation, a funding strategy for unrestricted costs and looking at the generation of income through our traded and CPD offer.

Based on both the current position and the forecasts, the Trustees believe that the National Literacy Trust is in a strong position and will continue to build on this position.

POLICY ON RESERVES

Total funds at 31 March 2019 were £2,037,061 (2018: £1,377,816). Restricted funds not available for the general purposes of the charity were £1,796,817 (2018: £1,196,785). There were no designated funds held.

The Trustees aim to maintain free reserves in unrestricted funds at a level which equates to approximately three months of unrestricted expenditure.

The charity holds free reserves in order to:

- provide working capital
- allow the organisation to provide continuity of service if income levels fluctuate, thereby giving time to seek new sources of revenue
- allow the organisation to provide continuity of service if it had to cope with increases in expenditure that could not be accurately forecast
- ensure that in the worst possible circumstances it would be able to pay all creditors and wind up the organisation.

The balance held as unrestricted funds at 31 March 2019 was £240,244 (including £6,911 of funds that can only be realised after disposal of fixed assets), all of which is regarded as free reserves. This is approximately two months of unrestricted expenditure. The Trustees aim to increase free reserves over the next two financial years.

POLICY ON FUNDRAISING

The charity does not employ any external professional fundraisers or consultants, and is very careful to comply with all proposed and enacted legislation in this space.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments 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 business.

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

2018: CELEBRATING 25 YEARS OF THE NATIONAL LITERACY TRUST

It was a great privilege to chair the National Literacy Trust in its 25th anniversary year. Our anniversary campaign gave us an invaluable opportunity to reflect on our achievements, refocus on the literacy challenge in the UK today and rededicate ourselves to making an even greater impact on literacy levels in the future.

Looking back, the National Literacy Trust can rightly be proud of its achievements in its first 25 years: over 2 million children have participated in our programmes; the National Years of Reading we led have transformed the nation's reading habits; the innovative partnerships we have forged with business have resulted in over £10m of corporate investment in literacy programmes.

But the literacy challenge today is in some ways more pressing that it was when we were founded. Although literacy rates have improved in the past 25 years, they are now more critically linked to inequality: the relationship between literacy and poverty is stronger; the concentration of low levels of literacy in the poorest communities is stronger and the relationship with outcomes including longevity is now more tightly drawn. Addressing the literacy gap is a national priority.

We must break the link between literacy and poverty. The charity's mission is to transform life stories by ensuring every child has the literacy skills that they need to be successful. But in 2018 25% of children left primary school unable to read well, rising to 40% among those from disadvantaged backgrounds. Our future success will depend on our ability to focus effectively on the UK's most disadvantaged communities and find new and innovative ways to raise literacy levels and create reading communities.

I am thrilled that 2018/19 saw significant growth of both the National Literacy Trust's programmes and its Hubs – the decade-long community literacy campaigns we are leading in the nation's poorest communities where the literacy challenge is greatest. The staff team grew by 25 in the year. Our anniversary campaign has equipped us to address our mission with renewed vigour and increased resources.

Our business partners are key to our campaign, bringing new and powerful resources to engage and inspire young people: partnerships with British Land, the Premier League and Clarks sit at the heart of some of our most exciting initiatives; 63 businesses signed the Vision for Literacy Business Pledge in 2018; and we are excited to be working with the Department for Education on a new campaign, Small Talk, to engage businesses as partners in our ambition to improve language and literacy in the home in the earliest years of a child's life. Over 25 businesses committed to this campaign when we launched it with the Secretary of State for Education, Damian Hinds, in November 2018.

We are particularly grateful for the inspiration and leadership offered by our Patron, HRH The Duchess of Cornwall, especially for Her Royal Highness' support for our 25th anniversary campaign. Her visits to our Literacy Hubs and to see our work in prisons in the past year have inspired the team and encouraged our partners.

The Board of Trustees is also incredibly grateful for the commitment and skills of the National Literacy Trust's staff and volunteers.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Trustees on and authorised for issue on and signed on their behalf by:



Dame Julia Cleverdon DCVO CBE
Chairman

Date

15th July 2019

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF
THE NATIONAL LITERACY TRUST****Opinion**

We have audited the financial statements of National Literacy Trust (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, incorporating the Summary Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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 charitable company 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.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF
THE NATIONAL LITERACY TRUST**

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 directors' report prepared for the purposes of company law and included within the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, included within the trustees' annual 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 directors' report, included within the trustees' annual report:

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 8, 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.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF
THE NATIONAL LITERACY TRUST**

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

Use of our report

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP.

ZOË LONGSTAFF-TYRRELL (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex, RH10 1BG

Date 11 July 2019.

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2019**

| | Notes | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2019 £ | 2018 £ |
|--------------------------------------|-------|----------------------------|--------------------------|--------------------------|--------------------|
| Income: | | | | | |
| Donations and legacies | 2 a | 1,706,537 | - | 1,706,537 | 1,548,757 |
| Income from charitable activities | 2 b | 130,837 | 2,893,463 | 3,024,300 | 2,270,814 |
| Income from other trading activities | 2 c | 582,185 | - | 582,185 | 344,510 |
| Investment income | | 605 | - | 605 | 134 |
| Total Income | | 2,420,164 | 2,893,463 | 5,313,627 | 4,164,215 |
| Expenditure: | | | | | |
| Costs of raising funds | 3 c | (755,380) | - | (755,380) | (648,775) |
| Expenditure on charitable activities | 3 a-b | (1,613,403) | (2,285,619) | (3,899,022) | (3,149,660) |
| Total expenditure | | (2,368,783) | (2,285,619) | (4,654,402) | (3,798,435) |
| Net Income for the year | | 51,381 | 607,844 | 659,225 | 365,780 |
| Transfer between funds | 12 | 7,812 | (7,812) | - | - |
| Total funds brought forward | 12 | 181,051 | 1,196,785 | 1,377,836 | 1,012,056 |
| Total funds carried forward | | 240,244 | 1,796,817 | 2,037,061 | 1,377,836 |

BALANCE SHEET
AT 31 MARCH 2019

| | Notes | £ | 2019 £ | £ | 2018 £ |
|--|-------|------------------|------------------|------------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible Assets | 7 | | <u>6,911</u> | | <u>14,239</u> |
| | | | 6,911 | | 14,239 |
| CURRENT ASSETS | | | | | |
| Stocks | 8 | 18,749 | | - | |
| Debtors | 9 | 1,502,266 | | 974,134 | |
| Cash at Bank and in hand | | <u>1,086,581</u> | | <u>895,020</u> | |
| | | 2,607,596 | | 1,869,154 | |
| CREDITORS: Amounts falling due within one year | 10 | <u>(577,446)</u> | | <u>(505,557)</u> | |
| NET CURRENT ASSETS | | | 2,030,150 | | 1,363,597 |
| NET ASSETS | | | <u>2,037,061</u> | | <u>1,377,836</u> |
| The funds of the charity: | | | | | |
| Restricted Funds | 12 | | 1,796,817 | | 1,196,785 |
| Unrestricted Funds | 12 | | 240,244 | | 181,051 |
| | | | <u>2,037,061</u> | | <u>1,377,836</u> |

These accounts are prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 13-31 were approved by the Trustees and authorised for issue on and signed on their behalf by:

Julia Cleverdon DCVO CBE
Chairman

Dave Julia Cleverdon

Lara White
Treasurer

Lara White

Date

1 July 2019

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

| | Notes | £ | 2019 £ | £ | 2018 £ |
|--|-------|------------|------------------|------------|----------------|
| Cash provided by operating activities | 16 | | 190,956 | | 211,323 |
| Cash flows from investing activities: | | | | | |
| Investment Income | | <u>605</u> | | <u>134</u> | |
| Cash provided by investing activities | | | 605 | | 134 |
| Increase in cash and cash equivalents in the year | | | <u>191,561</u> | | <u>211,457</u> |
| Cash and cash equivalents at the beginning of the year | | | 895,020 | | 683,563 |
| Total cash and cash equivalents at the end of the year | | | <u>1,086,581</u> | | <u>895,020</u> |

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019****1. ACCOUNTING POLICIES****a) Basis of preparation**

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 (FRS102) and the Companies Act 2006.

The financial statements are presented in sterling, which is the functional currency of the charitable company. Monetary financial amounts in these financial statements are rounded to the nearest £1.

The charity constitutes a public benefit entity as defined by FRS 102.

b) Going Concern

The charity's activities, together with the factors likely to affect its future development, performance and position are set out in the Trustees' Report. The Trustees have prepared financial forecasts for the next 12 months which indicate that the charity can meet its liabilities as they fall due. On the basis of these forecasts, the Trustees consider that it is appropriate to prepare the accounts on the going concern basis.

c) Fixed Assets

Fixed Assets are capitalised and included at cost. The costs of any assets with a value below £200 are taken to the SOFA when incurred.

Depreciation is provided on a straight line basis so as to write off the cost of tangible fixed assets over their estimated useful lives.

The rates of depreciation employed are as follows:

| | | |
|------------------|---|---------------|
| Office Equipment | - | 25% per annum |
|------------------|---|---------------|

d) Income

Income is accounted for on a receivable basis and is reported gross of related expenditure. The specific bases used are as follows:

Voluntary income includes grants and donations from companies, trusts and individuals.

Grants and sponsorships receivable consists of Government Grant Income relating to website development, publications, policy and research and sponsorship of specific projects as well as grants from corporate supporters.

Literacy training courses income is generated from delegate fees charged to attendees of literacy courses and seminars.

Fundraising income consists of sponsorship in respect of events held and donations in return for promotional materials.

Membership subscriptions for online networks are treated as payment for services, and are recognised over the period of membership, i.e. equally over 12 months.

Interest receivable is included when receivable.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

e) Expenditure is allocated as follows:

Charitable Activities: All expenditure directly relating to the compilation and production of literacy publications, maintenance of the extensive literacy website and database, and specific literacy projects including grants. Grants are made in order to allow institutions to run community literacy projects. Analysis of grants made in the year have been disclosed in Note 15.

Costs of Generating Funds: All expenditure for the purpose of promoting the charity's activities and encouraging voluntary contributions.

Support Costs: Costs incurred indirectly in support of expenditure on the objects of the charity and include functions such as Human Resources and Information Technology. All costs are allocated between the expense categories of the SOFA on a basis designed to reflect the use of the resource. See Note 3b) Analysis of support costs.

f) Fund Accounting

The unrestricted funds comprise general funds, which are available for use by the Charity for its general objectives. The restricted funds are subject to restrictive conditions made by the grant-making body or donor. Transfers between funds are explained in Note 12.

g) Taxation

The charity is a registered charity and as such its income and gains falling with Sections 371 to 489 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from Corporation Tax to extent that they are applied to its Charitable Objectives.

h) Operating leases

The rentals payable under Operating Leases are charged to the SOFA on a straight line basis over the terms of the leases. Further information on operating leases can be found in Note 11.

i) Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to sell.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

j) Pension Scheme

The charity operates an auto enrolment defined contribution pension scheme, although the scheme does have a guaranteed element of pension benefits. The pension costs charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the charity in an independently administered fund. Additional disclosures in respect of the guaranteed element of the pension scheme benefits are given in the notes to the financial statements.

k) Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

l) Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The trustees do not consider any of the judgements or estimations to have any significant effect on the financial statements.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

2. INCOME

a. Donations and legacies

| | 2019 | 2018 |
|----------------------------------|------------------|------------------|
| | £ | £ |
| Donations from individuals | 404,607 | 415,103 |
| Donations from companies | 762,347 | 570,702 |
| Donations from charitable trusts | 21,535 | 196,797 |
| Other donations | 518,048 | 366,155 |
| | <u>1,706,537</u> | <u>1,548,757</u> |

Income from donations and legacies is unrestricted in both years

| | Unrestricted | Restricted | 2019 | 2018 |
|--|----------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| b. Income from charitable activities: | | | | |
| Grants and sponsorships receivable | 130,837 | 2,893,463 | 3,024,300 | 2,270,814 |
| | <u>130,837</u> | <u>2,893,463</u> | <u>3,024,300</u> | <u>2,270,814</u> |

Income from charitable activities of £96,850 was unrestricted income in 2018 and the remainder was restricted income.

c. Other trading activities

| | Unrestricted | Restricted | 2019 | 2018 |
|-------------------------------------|----------------|------------|----------------|----------------|
| | £ | £ | £ | £ |
| Literacy training & consultancy | 363,004 | - | 363,004 | 161,085 |
| Online network subscriptions | 154,262 | - | 154,262 | 123,322 |
| Literacy resources | - | - | - | 35 |
| Early Words Together - Traded Model | 63,061 | - | 63,061 | 18,238 |
| Skills Academy | 1,690 | - | 1,690 | 13,230 |
| Literacy Toolkits | 168 | - | 168 | 28,600 |
| | <u>582,185</u> | <u>-</u> | <u>582,185</u> | <u>344,510</u> |

Income from trading activities was all unrestricted income in 2018.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

3. EXPENDITURE

a) Analysis of total resources expended

| | Direct costs £ | Grants £ Note 15 | Support costs £ | Total 2019 £ | 2018 £ |
|--|----------------------|------------------------|-----------------------|--------------------|------------------|
| Costs of raising funds | 637,976 | - | 117,404 | 755,380 | 648,775 |
| Charitable Activities | | | | | |
| Website, publications, policy & research | 343,542 | - | 152,298 | 495,841 | 457,041 |
| Literacy training & consultancy | 415,687 | - | 35,929 | 451,617 | 279,763 |
| Online network | 142,146 | - | 20,734 | 162,879 | 158,729 |
| Early Words Together - Traded | 18,812 | - | 6,180 | 24,992 | 45,699 |
| Skills Academy - Traded | 1,538 | - | 5,242 | 6,781 | 10,604 |
| Hubs Central | 96,938 | - | 35,413 | 132,351 | 144,798 |
| North East Campaign | 60,825 | - | (2,594) | 58,231 | 61,430 |
| Literacy Hubs | 4,417 | - | - | 4,417 | - |
| Hastings Hub | 69,170 | - | 12,060 | 81,230 | - |
| Nottingham Hub | 73,490 | - | 12,228 | 85,717 | 12,703 |
| Swindon Hub | 82,959 | - | 6,732 | 89,691 | 33,049 |
| Stoke Hub | 39,489 | - | 1,235 | 40,724 | 155,939 |
| Bradford Hub | 91,830 | - | 13,621 | 105,452 | 97,762 |
| Peterborough Hub | 3,805 | - | (139) | 3,666 | 3,198 |
| Middlesbrough Hub | 9,065 | - | (139) | 8,926 | 5,555 |
| Scarborough Hub | 23,260 | - | 6,455 | 29,715 | 3,340 |
| Redcar Hub | 1,323 | - | (139) | 1,184 | - |
| Manchester Hub | 14,764 | - | (2,778) | 11,986 | 50,659 |
| Storientearing | 55,157 | - | 5,219 | 60,376 | - |
| Nottingham Big Lottery | 6,938 | - | 1,097 | 8,035 | - |
| Peterborough Big Lottery | 26,445 | - | 2,829 | 29,274 | - |
| Early Words Together | 285,484 | - | 36,534 | 322,018 | 421,905 |
| Books Unlocked | 38,575 | - | 2,839 | 41,414 | 58,173 |
| Inside Stories | 8,733 | - | 1,784 | 10,517 | - |
| Primary School Programmes | 44,739 | - | 7,115 | 51,854 | 72,236 |
| Literacy For Life | 2,725 | - | (278) | 2,448 | 133,467 |
| Home Learning Environment | 258,967 | - | 5,620 | 264,587 | - |
| Young Readers Programme | 464,817 | - | 52,899 | 517,717 | 496,542 |
| Parents as Partners | 30,707 | - | 8,778 | 39,485 | - |
| Premier League Reading Stars | 117,692 | - | 19,158 | 136,850 | 181,888 |
| Skills Academy | 55,544 | - | - | 55,544 | - |
| Sport and Literacy | 70,454 | - | 5,466 | 75,919 | 59,725 |
| Words For Work | 198,742 | - | 45,220 | 243,962 | 106,184 |
| Young Writers Programme | 192,601 | - | 38,685 | 231,286 | 53,654 |
| Newswise | 154 | - | - | 154 | - |
| Turn on the Subtitles | 13,573 | - | (1,389) | 12,184 | - |
| Literacy Leaders | - | - | - | - | 20,198 |
| Zoe's Community Challenge | - | - | - | - | 19,063 |
| Other named projects | - | - | - | - | 6,356 |
| | 3,365,107 | - | 533,915 | 3,899,022 | 3,149,660 |
| | 4,003,083 | - | 651,319 | 4,654,402 | 3,798,435 |

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

3. EXPENDITURE (continued)

b) Analysis of support costs

| | Premises | General | Staff | Finance | Information | Total | |
|--|----------------|---------------|----------------|---------------|-----------------|----------------|----------------|
| | £ | Office £ | £ | £ | Technology £ | 2019 £ | 2018 £ |
| Website, publications, policy & research | 35,117 | 20,474 | 48,971 | 13,369 | 34,367 | 152,298 | 140,086 |
| Literacy training & consultancy | 10,643 | 6,205 | 4,613 | 4,052 | 10,416 | 35,929 | 44,611 |
| Online network | 5,807 | 3,386 | 3,647 | 2,211 | 5,683 | 20,734 | 28,679 |
| Raising funds | 31,338 | 18,271 | 25,195 | 11,931 | 30,669 | 117,404 | 113,629 |
| Early Words Together - Traded | 1,083 | 631 | 2,993 | 412 | 1,060 | 6,180 | 6,822 |
| Skills Academy - Traded | 968 | 564 | 2,395 | 368 | 947 | 5,242 | 2,205 |
| Hubs Central | 8,269 | 4,821 | 11,083 | 3,148 | 8,092 | 35,413 | 34,525 |
| North East Campaign | 1,429 | 833 | (6,797) | 544 | 1,398 | (2,594) | 9,165 |
| Hastings Hub | 2,489 | 1,451 | 4,738 | 947 | 2,435 | 12,060 | - |
| Nottingham Hub | 2,074 | 1,209 | 6,125 | 790 | 2,030 | 12,228 | 1,771 |
| Swindon Hub | 1,152 | 672 | 3,341 | 439 | 1,128 | 6,732 | 1,771 |
| Stoke Hub | 230 | 134 | 557 | 88 | 226 | 1,235 | 7,358 |
| Bradford Hub | 2,308 | 1,345 | 6,831 | 879 | 2,258 | 13,621 | 14,021 |
| Peterborough Hub | - | - | (139) | - | - | (139) | - |
| Middlesbrough Hub | - | - | (139) | - | - | (139) | - |
| Scarborough Hub | 1,106 | 645 | 3,202 | 421 | 1,082 | 6,455 | - |
| Redcar Hub | - | - | (139) | - | - | (139) | - |
| Manchester Hub | - | - | (2,778) | - | - | (2,778) | 1,251 |
| Storienteering | 899 | 524 | 2,575 | 342 | 879 | 5,219 | - |
| Nottingham Big Lottery | 207 | 121 | 487 | 79 | 203 | 1,097 | - |
| Peterborough Big Lottery | 498 | 290 | 1,364 | 189 | 487 | 2,829 | - |
| Early Words Together | 8,457 | 4,930 | 11,650 | 3,220 | 8,276 | 36,534 | 4,899 |
| Books Unlocked | 1,175 | 685 | (618) | 447 | 1,150 | 2,839 | 15,072 |
| Inside Stories | 346 | 202 | 766 | 132 | 338 | 1,784 | - |
| Primary School Programmes | 1,659 | 967 | 2,233 | 632 | 1,624 | 7,115 | 4,412 |
| Literacy For Life | - | - | (278) | - | - | (278) | 20,749 |
| Home Learning Environment | 3,272 | 1,908 | (4,008) | 1,246 | 3,202 | 5,620 | - |
| Young Readers Programme | 10,736 | 6,259 | 21,311 | 4,087 | 10,506 | 52,899 | 60,847 |
| Parents as Partners | 1,705 | 994 | 3,761 | 649 | 1,669 | 8,778 | - |
| Premier League Reading Stars | 4,611 | 2,688 | 5,591 | 1,755 | 4,512 | 19,158 | 27,962 |
| Sport and Literacy | 1,383 | 806 | 1,398 | 526 | 1,353 | 5,466 | 4,412 |
| Words For Work | 9,448 | 5,508 | 17,421 | 3,597 | 9,246 | 45,220 | 21,318 |
| Young Writers Programme | 7,420 | 4,326 | 16,853 | 2,825 | 7,261 | 38,685 | 6,797 |
| Turn on the Subtitles | - | - | (1,389) | - | - | (1,389) | - |
| Literacy Leaders | - | - | - | - | - | - | 2,052 |
| Zoe's Community Challenge | - | - | - | - | - | - | 3,606 |
| | 155,829 | 90,851 | 192,817 | 59,325 | 152,497 | 651,319 | 578,020 |

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

3. EXPENDITURE (continued)

c) Analysis of costs of raising funds

| | 2019 £ | 2018 £ |
|--------------------|----------------|----------------|
| Direct staff costs | 537,416 | 420,566 |
| Other direct costs | 100,560 | 109,480 |
| Support costs | 117,405 | 118,729 |
| | <u>755,381</u> | <u>648,775</u> |

Costs of raising funds was all unrestricted in 2019 and 2018.

4. NET INCOME

Net income for the year is stated after charging:

| | 2019 £ | 2018 £ |
|---------------------------------------|----------------|----------------|
| Auditor's remuneration - audit fees | 20,117 | 18,175 |
| Operating leases - equipment | 1,767 | 1,767 |
| Operating leases - land and buildings | 107,300 | 102,183 |
| Depreciation | 7,328 | 8,922 |
| | <u>136,512</u> | <u>131,047</u> |

5. STAFF COSTS

| | 2019 £ | 2018 £ |
|--------------------------|------------------|------------------|
| Wages and salaries | 2,414,309 | 1,902,114 |
| Social security costs | 225,068 | 186,538 |
| Pension costs | 193,103 | 121,527 |
| Training and recruitment | 68,620 | 37,586 |
| | <u>2,901,100</u> | <u>2,247,765</u> |

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

6. EMPLOYEE AND TRUSTEE INFORMATION

The average number of employees during the year (based on full time equivalents) was 67 (2018: 53).
The number of employees who received emoluments in the following ranges was:

| | 2019 | 2018 |
|--------------------|----------|----------|
| £60,001 - £70,000 | 2 | 2 |
| £70,001 - £80,000 | - | - |
| £80,001 - £90,000 | - | 1 |
| £90,001 - £100,000 | 1 | - |
| | <u>3</u> | <u>3</u> |

The Trustees were not entitled to and did not receive any emoluments from the charity during the year (2018: £Nil).

Expenses of £278 were reimbursed to one Trustee during the year, which related to travel expenses (2018: two Trustees £289).

During the year, donations of £371 (2018: £nil) were received from two (2018: none) Trustees.

The charity considers its key management personnel to comprise of Jonathan Douglas and the members of the senior management team. Remuneration, benefits and employer's national insurance contributions recorded in the year by key management personnel were £441,950 (2018: £418,584).

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

7. TANGIBLE FIXED ASSETS

| | Office Equipment £ | Total £ |
|-----------------------------------|--------------------------|---------------|
| Cost | | |
| At 1 April 2018 and 31 March 2019 | <u>33,033</u> | <u>33,033</u> |
| Depreciation | | |
| At 1 April 2018 | 18,794 | 18,794 |
| Charge for the Year | <u>7,328</u> | <u>7,328</u> |
| At 31 March 2019 | <u>26,122</u> | <u>26,122</u> |
| Net Book Value | | |
| At 31 March 2019 | <u>6,911</u> | <u>6,911</u> |
| At 31 March 2018 | <u>14,239</u> | <u>14,239</u> |

8. STOCK

| | 2019 £ | 2018 £ |
|-------------------|---------------|-----------|
| Literacy Toolkits | <u>18,749</u> | <u>-</u> |

9. DEBTORS

| | 2019 £ | 2018 £ |
|--------------------------------|------------------|----------------|
| Other Debtors | 765,565 | 548,292 |
| Prepayments and Accrued Income | <u>736,701</u> | <u>425,842</u> |
| | <u>1,502,266</u> | <u>974,134</u> |

Included within Other Debtors is £32,279 (2018 £32,279) relating to rent deposit. This balance is receivable in > 1 year.

10. CREDITORS

| | 2019 £ | 2018 £ |
|------------------------------|----------------|----------------|
| Trade Creditors | 189,703 | 67,483 |
| Taxation and Social Security | 84,508 | 66,139 |
| Other Creditors | 161,081 | 178,039 |
| Accruals and Deferred Income | <u>142,154</u> | <u>193,896</u> |
| | <u>577,446</u> | <u>505,557</u> |

Included within other creditors are amounts totalling £136,849 (2018 £136,849) relating to the Section 75 debt on withdrawal from the Pension Trust Scheme.

Movement in Deferred Income

| | 2019 £ | 2018 £ |
|----------------------------------|---------------|---------------|
| Brought forward at 1 April 2018 | 98,694 | 145,760 |
| Released during year | (926,987) | (856,463) |
| Deferred during year | 922,424 | 809,397 |
| Carried forward at 31 March 2019 | <u>94,131</u> | <u>98,694</u> |

The deferred income is mostly made up of Network Membership income, and the remainder is the grant income received in advance and to be spent during the year.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

11. FUTURE FINANCIAL COMMITMENTS

Operating leases

As at 31 March 2019 the charity had total commitments under non-cancellable operating leases as set out below:

| | Land & Buildings | | Other | |
|---------------------|------------------|----------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Within one year | 107,300 | 107,300 | 1,767 | 1,767 |
| Within 2 to 5 years | 232,483 | 339,783 | 1,473 | 3,240 |
| | <u>339,783</u> | <u>447,083</u> | <u>3,240</u> | <u>5,007</u> |

12 FUNDS

| | At | | | | At |
|----------------------------------|------------------|------------------|--------------------|----------------|------------------|
| | 01-Apr-18 | Income | Expenditure | Transfers | 31-Mar-19 |
| | £ | £ | £ | £ | £ |
| RESTRICTED FUNDS | | | | | |
| 1. Literacy Hubs | - | 16,907 | (4,417) | - | 12,490 |
| 2. Hastings Hub | - | 118,644 | (69,170) | - | 49,474 |
| 3. Nottingham Hub | 26,357 | 65,864 | (73,490) | - | 18,732 |
| 4. Swindon Hub | 139,558 | 41,294 | (82,959) | - | 97,893 |
| 5. Stoke Hub | 31,575 | 7,914 | (39,489) | - | - |
| 6. Bradford Hub | 83,275 | 8,758 | (91,830) | - | 202 |
| 7. Peterborough Hub | - | 5,160 | (3,805) | - | 1,355 |
| 8. Middlesbrough Hub | 779 | 8,286 | (9,065) | - | - |
| 9. Scarborough Hub | 15,219 | 41,610 | (23,260) | - | 33,569 |
| 10. Redcar Hub | - | 6,780 | (1,323) | - | 5,457 |
| 11. Manchester Hub | 11,136 | 14,444 | (14,764) | - | 10,816 |
| 12. Storientering | - | 63,559 | (55,157) | - | 8,403 |
| 13. Nottingham Big Lottery | - | 31,272 | (6,938) | - | 24,334 |
| 14. Peterborough Big Lottery | - | 31,272 | (26,445) | - | 4,827 |
| 15. Early Words Together | 52,555 | 423,574 | (285,484) | - | 190,645 |
| 16. Books Unlocked | 27,877 | 42,373 | (38,575) | - | 31,675 |
| 17. Inside Stories | - | 33,898 | (8,733) | - | 25,165 |
| 18. Primary Schools Programmes | 39,781 | 55,728 | (44,739) | - | 50,770 |
| 19. Literacy For Life | 98 | 192,800 | (2,725) | - | 190,173 |
| 20. Home Learning Environment | - | 380,888 | (258,967) | - | 121,921 |
| 21. Young Readers Programme | 419,015 | 507,035 | (464,817) | - | 461,233 |
| 22. Parents as Partners | - | 138,983 | (30,707) | - | 108,276 |
| 23. Premier League Reading Stars | 37,419 | 100,209 | (117,692) | - | 19,936 |
| 24. Skills Academy | - | 71,922 | (55,544) | - | 16,378 |
| 25. Sport and Literacy | 16,982 | 90,772 | (70,454) | - | 37,300 |
| 26. Words For Work | 140,095 | 220,576 | (198,742) | - | 161,929 |
| 27. Young Writers Programme | 147,253 | 97,560 | (192,601) | - | 52,211 |
| 28. Newswise | - | 380 | (154) | - | 226 |
| 29. Turn on the Subtitles | - | 75,000 | (13,573) | - | 61,427 |
| 30. Zoe's Community Challenge | 7,812 | - | - | (7,812) | - |
| | <u>1,196,785</u> | <u>2,893,463</u> | <u>(2,285,619)</u> | <u>(7,812)</u> | <u>1,796,817</u> |
| UNRESTRICTED FUNDS | | | | | |
| General Funds | 181,051 | 2,420,164 | (2,368,783) | 7,812 | 240,244 |
| TOTAL FUNDS | <u>1,377,836</u> | <u>5,313,627</u> | <u>(4,654,402)</u> | <u>-</u> | <u>2,037,061</u> |

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

12. FUNDS (continued) 2017-18

| | At 01-Apr-17 £ | Income £ | Expenditure £ | Transfers £ | At 31-Mar-18 £ |
|--|-------------------------|-------------------------|---------------------------|-----------------|-------------------------|
| RESTRICTED FUNDS | | | | | |
| 1. Nottingham Hub | - | 37,288 | (10,931) | - | 26,357 |
| 2. Swindon Hub | - | 170,836 | (31,278) | - | 139,558 |
| 3. Stoke Hub | 17,100 | 163,055 | (148,581) | - | 31,575 |
| 4. Bradford Hub | - | 167,016 | (83,741) | - | 83,275 |
| 5. Peterborough Hub | - | 3,198 | (3,198) | - | - |
| 6. Middlesbrough Hub | - | 6,334 | (5,555) | - | 779 |
| 7. Scarborough Hub | - | 18,559 | (3,340) | - | 15,219 |
| 8. Manchester Hub | 48,680 | 11,864 | (49,408) | - | 11,136 |
| 9. Early Words Together | (25) | 469,587 | (417,006) | - | 52,555 |
| 10. Books Unlocked | 28,605 | 42,373 | (43,101) | - | 27,877 |
| 11. Primary Schools Programmes | 25,734 | 81,871 | (67,824) | - | 39,781 |
| 12. Literacy For Life | 112,816 | - | (112,718) | - | 98 |
| 13. Young Readers Programme | 366,528 | 488,182 | (435,695) | - | 419,015 |
| 14. Premier League Reading Stars | 43,331 | 148,014 | (153,927) | - | 37,419 |
| 15. Sport and Literacy | 23,224 | 49,071 | (55,313) | - | 16,982 |
| 16. Words For Work | 106,506 | 118,455 | (84,866) | - | 140,095 |
| 17. Young Writers Programme | 2,205 | 191,904 | (46,857) | - | 147,253 |
| 18. Literacy Leaders | 18,146 | - | (18,146) | - | - |
| 19. Zoe's Community Challenge | 23,269 | - | (15,457) | - | 7,812 |
| 20. Other named projects | 7,447 | 6,356 | (6,356) | (7,447) | - |
| 21. Oxfordshire Gaining Momentum | 997 | - | - | (997) | - |
| 22. Books About Town | (2) | - | - | 2 | - |
| 23. Premier League Reading Stars - Cymru | (1) | - | - | 1 | - |
| | <u>824,561</u> | <u>2,173,964</u> | <u>(1,793,298)</u> | <u>(8,441)</u> | <u>1,196,785</u> |
| UNRESTRICTED FUNDS | | | | | |
| General Funds | 187,495 | 1,990,251 | (2,003,137) | 8,441 | 181,051 |
| TOTAL FUNDS | <u><u>1,012,056</u></u> | <u><u>4,164,215</u></u> | <u><u>(3,798,435)</u></u> | <u><u>-</u></u> | <u><u>1,377,836</u></u> |

Included under Restricted Funds are any donations or grants received which are subject to a restriction imposed by the donors to the purpose for which the funds should be spent. The associated expenditure against income is included under restricted funds expenditure. Income which has not yet been expended is carried forward as restricted funds. The balance held in Zoe's Community Challenge was transferred to unrestricted funds as the project came to an end during 2017/18.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

12. RESTRICTED FUNDS (continued)

Our programmes and their funding sources:

- 1. Literacy Hubs** - funding for cross-Hub working.
- 2. Hastings Hub** - funded by East Sussex Borough Council.
- 3. Nottingham Hub** - funded by Nottingham City Council and Small Steps Big Changes.
- 4. Swindon Hub** - funded WH Smith Plc.
- 5. Stoke Hub** - funded by Stoke City Council.
- 6. Bradford Hub** - funded by Morrisons Foundation.
- 7. Peterborough Hub** - funded by Peterborough City Council.
- 8. Middlesbrough Hub** - funded by Middleborough Public Health.
- 9. Scarborough Hub** - funded by Scarborough Borough Council.
- 10. Redcar Hub** - funded by Public Health NE.
- 11. Manchester Hub** - funded by Manchester City Council.
- 12. Stori-teering** - an innovative project around walk and talk trails in Stoke, funded by Sport England.
- 13. Nottingham Big Lottery** - funding from the Big Lottery Fund to support the hub for the next three years with a focus on community consultation and literacy champions.
- 14. Peterborough Big Lottery** - funding from the Big Lottery Fund to support the hub for the next three years with a focus on community consultation and literacy champions.
- 15. Early Years Together** - training practitioners and volunteers to work with parents and children, building parents' confidence so that they can support their children's communication, language and literacy skills at home. Funded by the Department for Education (Ipswich Opportunity Area), Glasgow Local Authority, Manchester Local Authority, The Nuffield Foundation and Trusts and Foundations including Dulverton and Mercers. Our Early Years programmes include Early Words Together, Early Words Together@2, HELLO and Everyone Ready for School.
- 16. Books Unlocked** - a reading initiative targeting enjoyment of reading and access to quality literature, working through prison and young offender institution library reading groups, school, college, public library and community reading groups.
- 17. Inside Stories** - funded by Rothschild Foundation to work in Aylesbury Youth Offending Institute (YOI) to develop a YOI Reading for Pleasure programme.
- 18. Primary Schools Programmes** - transforming primary school libraries and reading for pleasure across the whole school with the gift of a new and diverse book collection and by developing the skills and book knowledge of teachers, enabling them to become reading for pleasure champions and library coordinators. Funded by Penguin Random House (Puffin World of Stories), Trusts and Foundations and NYC Opportunity Area.
- 19. Literacy for Life** - a revolutionary approach to improving secondary school language and literacy. Funding from JJ Charitable Trust received to scale up the previous programme.
- 20. Home Learning Environment** - funded by the Department for Education to harness the power of businesses and business volunteers to work with disadvantaged families to improve the home learning environment.
- 21. Young Readers Programme** - motivating children from disadvantaged backgrounds to read for enjoyment and giving them the chance to choose new books to keep through a series of fun events. Funded by Corporates including British Land, WH Smith Plc, Slaughter & May, Goldman Sachs and Trusts and Foundations including John Laing Charitable Trust, The Unwin Charitable Trust and the Philip and Marjorie Trust.
- 22. Parents as Partners** - engaging with disengaged parents of Year 5 low achieving children to improve their children's reading levels.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

12. RESTRICTED FUNDS (continued)

Our programmes and their funding sources (continued):

23-25. Premier League Reading Stars, Skills Academy, Sport and Literacy - working with high-profile partners such as the Premier League and England Rugby, we deliver literacy programmes, competitions and events using sport and role models to engage and inspire pupils to read and write more. Funded by Premier League, Football Association, BT Supporters Club, Comic Relief (Try for Change), Clarks and Trusts and Foundations. Our Sport and Literacy Programmes include Premier League Primary Stars, Rugby Reading Champions and Skills Academy with new programmes on cricket coming soon.

26. Words for Work - joining schools and businesses together to give young people from disadvantaged backgrounds authentic opportunities to practise the communication and literacy skills they will need to be successful in the workplace. Funded by the Careers Enterprise Foundation and Corporates including Provident, Cleary Gottlieb and Lancome. Our Words for Work programmes include Words for Work Key Stage 3, Words for Work Post 16, Words for Work: Women in Leadership and Words for Work: Dream Big (Key Stage 1).

27-28. Young Writers Programme and Newswise - providing memorable experiences, a real purpose and audience, access to professional writers and structured writing strategies to inspire and improve students' writing. Funded by Trusts and Foundations including Alasol, Paul Hamlyn Foundation and Corporates including Audible, Google (via Guardian Foundation). Our Young Writers programmes include NewsWise, Young City Poets and IPEEL.

29. Turn on the Subtitles - funding for a campaign to show the benefits of using subtitles in children's television programmes.

30. Zoe's Community Challenge - a project funded by Boots Opticians where Boots staff go into schools and promote literacy as well as the importance of eye tests. The project came to an end during 2017/18.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| Restricted Funds: | Fixed Assets £ | Net Current Assets £ | 2019 Total £ |
|----------------------------------|----------------------|----------------------------|--------------------|
| 1. Literacy Hubs | - | 12,490 | 12,490 |
| 2. Hastings Hub | - | 49,474 | 49,474 |
| 3. Nottingham Hub | - | 18,732 | 18,732 |
| 4. Swindon Hub | - | 97,893 | 97,893 |
| 5. Bradford Hub | - | 202 | 202 |
| 6. Peterborough Hub | - | 1,355 | 1,355 |
| 7. Scarborough Hub | - | 33,569 | 33,569 |
| 8. Redcar Hub | - | 5,457 | 5,457 |
| 9. Manchester Hub | - | 10,816 | 10,816 |
| 10. Storianteering | - | 8,403 | 8,403 |
| 11. Nottingham Big Lottery | - | 24,334 | 24,334 |
| 12. Peterborough Big Lottery | - | 4,827 | 4,827 |
| 13. Early Words Together | - | 190,645 | 190,645 |
| 14. Books Unlocked | - | 31,675 | 31,675 |
| 15. Inside Stories | - | 25,165 | 25,165 |
| 16. Primary Schools Programmes | - | 50,770 | 50,770 |
| 17. Literacy For Life | - | 190,173 | 190,173 |
| 18. Home Learning Environment | - | 121,921 | 121,921 |
| 19. Young Readers Programme | - | 461,233 | 461,233 |
| 20. Parents as Partners | - | 108,276 | 108,276 |
| 21. Premier League Reading Stars | - | 19,936 | 19,936 |
| 22. Skills Academy | - | 16,378 | 16,378 |
| 23. Sport and Literacy | - | 37,300 | 37,300 |
| 24. Words For Work | - | 161,929 | 161,929 |
| 25. Young Writers Programme | - | 52,211 | 52,211 |
| 26. Newswise | - | 226 | 226 |
| 27. Turn on the Subtitles | - | 61,427 | 61,427 |
| | - | 1,796,817 | 1,796,817 |
| Unrestricted Funds: | 6,911 | 233,332 | 240,244 |
| | <u>6,911</u> | <u>2,030,149</u> | <u>2,037,060</u> |

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

**13. ANALYSIS OF NET ASSETS BETWEEN
FUNDS (continued) 2017-18**

| | Fixed Assets £ | Net Current Assets £ | 2018 Total £ |
|----------------------------------|----------------------|----------------------------|--------------------|
| Restricted Funds: | | | |
| 1. Nottingham Hub | - | 26,357 | 26,357 |
| 2. Swindon Hub | - | 139,558 | 139,558 |
| 3. Stoke Hub | - | 31,575 | 31,575 |
| 4. Bradford Hub | - | 83,275 | 83,275 |
| 5. Middlesbrough Hub | - | 779 | 779 |
| 6. Scarborough Hub | - | 15,219 | 15,219 |
| 7. Manchester Hub | - | 11,136 | 11,136 |
| 8. Early Words Together | - | 52,555 | 52,555 |
| 9. Books Unlocked | - | 27,877 | 27,877 |
| 10. Primary Schools Programmes | - | 39,781 | 39,781 |
| 11. Literacy For Life | - | 98 | 98 |
| 12. Young Readers Programme | - | 419,015 | 419,015 |
| 13. Premier League Reading Stars | - | 37,419 | 37,419 |
| 14. Sport and Literacy | - | 16,982 | 16,982 |
| 15. Words For Work | - | 140,095 | 140,095 |
| 16. Young Writers Programme | - | 147,253 | 147,253 |
| 17. Zoe's Community Challenge | - | 7,812 | 7,812 |
| | - | 1,196,785 | 1,196,785 |
| Unrestricted Funds: | 14,239 | 166,812 | 181,051 |
| | <u>14,239</u> | <u>1,363,597</u> | <u>1,377,836</u> |

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019
(Continued)**

14. PENSION COSTS

Employees are offered the opportunity to contribute from 1% of their basic salary. (There is no obligation to make a personal contribution).

The charity contributes 8% of basic salary and Royal London is our pension provider.

15. GRANTS AWARDED

| | Number of grants | 2019 £ | Number of grants | 2018 £ |
|----------------------------|------------------|-----------|------------------|----------------|
| Peeples | - | - | 1 | 138,344 |
| National Children's Bureau | - | - | 1 | 138,334 |
| Leicester City Council | - | - | 1 | 6,000 |
| Bradford City Council | - | - | 1 | 6,000 |
| | <u>-</u> | <u>-</u> | <u>4</u> | <u>288,678</u> |

16. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2019 £ | 2018 £ |
|---------------------------------------|-----------------------|-----------------------|
| Net movement in funds | 659,225 | 365,780 |
| Depreciation | 7,328 | 8,922 |
| Investment income | (605) | (134) |
| Increase in stocks | (18,749) | - |
| Increase in debtors | (528,132) | (174,687) |
| Increase in creditors | 71,889 | 11,443 |
| Net cash used in operating activities | <u>190,956</u> | <u>211,323</u> |