

THE NATIONAL LITERACY TRUST**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015****CONTENTS**

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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015**

The Trustees present their annual report together with the financial statements of the charity for the year ended 31 March 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, from 21 May 2014)
Amanda Jordan OBE (Chairman, resigned 21 May 2014)
Baroness Andrews of Southover OBE (appointed 17 July 2014)
Frank Carter (appointed 17 July 2014)
Naomi Eisenstadt CB
Gareth Hughes (Treasurer)
Joanna Prior (appointed 30 April 2015)
Baroness Rebuck of Bloomsbury DBE (resigned 21 January 2015)
Jane Reed CBE
Liz Robinson (appointed 30 April 2015)
Joanna Trollope OBE
Honor Wilson-Fletcher MBE

PATRON

Her Royal Highness the Duchess of Cornwall

PRESIDENT

Baroness Prashar of Runnymede

VICE PRESIDENT

Amanda Jordan OBE (appointed 21 May 2014)

REGISTERED OFFICE

68 South Lambeth Road, London SW8 1RL

CHARITY NUMBER
1116260

SCOTTISH CHARITY NUMBER
SC042944

COMPANY NUMBER
05836486

AUDITOR

Baker Tilly UK Audit LLP, 25 Farringdon Street, London EC4A 4AB

BANKERS

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

WEBSITE

www.literacytrust.org.uk

CHIEF EXECUTIVE

Jonathan Douglas

COMPANY SECRETARY

Samantha Brookes

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015**

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.

The Trustees confirm that there were no related party transactions during the year.

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 2014/15 were that the charity's traded model didn't engage the schools market, that cash flow wasn't closely controlled, that income to core wasn't high enough to sustain project growth and that the Books about Town initiative failed to generate funding.

In addition, each project maintains its own risk register, and reports on them quarterly to the charity's Executive 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.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015**

Our vision

Everyone in the UK has the literacy skills they need.

Our mission

Raise the literacy skills of the 1 in 6 who has poor literacy skills.

We value

Communities, equality, innovation, effectiveness.

Our strategies

We have three strategies – that is, three ways of addressing our mission. They are:

1. Literacy projects in deprived communities
2. Support for schools and early years settings
3. Advocacy and campaigning

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

Young Readers Programme – inspiring disadvantaged children and young people to read for enjoyment

Words for Work – promoting speaking and listening skills through partnerships between schools and business

Literacy Hubs – intensive place-based literacy programmes established in Middlesbrough, Peterborough and Bradford

The Schools Network – promoting best practice in literacy teaching in schools

Premier League Reading Stars and **Premier League Reading Stars Cymru** – engaging school children in reading using the motivational power of football

Oxfordshire Reading Campaign – raising the reading attainment of seven-year-old children in Oxfordshire schools

Oxfordshire Gaining Momentum – raising literacy levels in secondary schools in Oxfordshire

Literacy for Life – raising literacy levels in secondary academies

Early Words Together – supporting families with early home learning

Words for Life – promoting the benefits of reading to families with low literacy

Books Unlocked – supporting prisoners and young offenders

The charity's objectives are met mainly from sponsorship and donations from charitable trusts, foundations, corporate organisations and individuals. The principal funders are Better World Books, Slaughter and May, KPMG, McDonald's, Pearson and the Authors' Licensing and Collecting Society, who provide funding towards core activities such as website development, support for schools, research and policy work. The JJ Charitable Trust funds Literacy for Life. UBS, British Land and WHSmith are the main supporters of the Young Readers Programme. Arts Council England and the Premier League Foundation support Premier League Reading Stars. The Booker Prize Foundation supports our work in prisons and, with the Esmée Fairbairn Foundation and Middlesbrough, Peterborough and Bradford local authorities, funds the Literacy Hubs. The National Literacy Trust is commissioned by Oxfordshire County Council to deliver the Oxfordshire Reading Campaign and Oxfordshire Gaining Momentum. Premier League Reading Stars Cymru is enabled by a grant from the Welsh government.

2015-20 strategy

In October 2014 Trustees approved a new five-year strategy for the National Literacy Trust, which the charity will deliver from April 2015. This strategy was developed by an analysis of the trends in the UK's literacy patterns and an examination of where the National Literacy Trust can impact most.

The strategy tightens and refines the organisation's focus and approaches and presents a new mission statement for the charity: We equip disadvantaged young people with literacy fit for employment and life.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015**

POLICY ON GRANT GIVING

The Trust is not a grant-giving body.

The only payments made out of restricted funds are for the distribution of books for the Young Readers Programme, for supporting children's centres in 12 local authorities to deliver Early Words Together and for schools taking part in the Literacy for Life programme.

OUR PRIORITIES IN OUR THREE-YEAR CORPORATE PLAN 2012-15

The National Literacy Trust passionately believes that low levels of literacy are a barrier to social justice. The fact that one adult in six still only has the reading skills of an 11-year-old undermines the fairness and prosperity of our society. Given the current social and economic priorities of the UK, the need to address the national literacy challenge has never been more urgent.

We believe that low levels of literacy will make some individuals more likely to experience inequality and poverty. The impact of the recession will continue to work its way through society, and cuts to public expenditure will impact on individuals and communities. Low levels of literacy increase the vulnerability of some people to these trends.

Literacy is a vital element of action against poverty. Improving literacy boosts life chances and increases employability and earning potential. Early action on literacy can turn around a child's future.

To address this literacy challenge, the National Literacy Trust's three-year strategy for 2012-15 focused our work on community action in areas where poverty is on the increase and where literacy levels are low. It prioritised five moments in literacy development which we know are critical and which provide a focus for our work:

1. Talking to babies and very young children
2. Learning to read and write
3. Discovering reading for pleasure
4. Literacy for employability
5. Becoming a parent

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2015

OUR TARGETS FOR 2014/15

The economic downturn has had a significant impact on communities and individuals with low levels of literacy. Related cuts to public services are impacting on our public service partners (libraries, children's centres and schools). As a result, in 2014/2015 we intensified our work addressing poverty and joblessness with literacy.

In 2014/15 we set ambitious targets which helped us focus our work on where it would have the greatest benefit and would help us to genuinely respond to need.

Strategy 1: Literacy projects in deprived communities

Developing innovative ways of working in poor communities, where literacy is low and intergenerational, and where community literacy resources (libraries, children's centres, schools library services etc) may be at threat, is a priority for the National Literacy Trust. In these target communities we lead approaches to literacy which use all the community's assets to address the issue of literacy skills which we know are key to other economic and social outcomes. This includes partnerships with local business and third sector organisations as well as robust support for schools and early years settings.

Our first Literacy Hub was launched in 2013 in Middlesbrough. In 2014/15 we launched new Literacy Hubs in Peterborough and Bradford. We also developed other community initiatives to address the link between low literacy and disadvantage in some of the UK's poorest communities. These included an innovative campaign with McDonald's, which in 2014/15 distributed 9 million books to families predominantly from lower income families.

2014/15 Targets	Achievements
We will launch new Literacy Hubs in Peterborough and Bradford.	Literacy Hubs launched in both cities with strong partnership base and media profile.
We will directly support the literacy of 100,000 children.	Through our programmes we directly supported the literacy of 114,677 children.

Strategy 2: Support for schools and early years settings

We are helping more teachers and schools to teach literacy than ever before. Our focus is always on schools where there are high levels of poverty (high entitlement to free school meals) and low levels of literacy attainment. We do this through training, sharing research and promoting best practice.

The increasing freedoms given to schools to decide how to teach and assess, and the requirements of the new National Curriculum, result in particular training and information needs, which we met with courses, consultancy, interventions and the work of our Schools Network. In particular, we launched a new training offer, and strengthened our programmes supporting reading for enjoyment in schools (Premier League Reading Stars and Young Readers Programme). We launched a schools programme linked to our Books about Town campaign in 98 schools in London. We also launched Picture the Poet, a touring exhibition for schools, delivered in partnership with the National Portrait Gallery, which is visiting deprived communities across England over the next two years.

We also grew our Early Words Together programme, which in 2014/15 supported the early literacy skills of 1,565 poorer families with support from a specially trained cohort of over 700 volunteers working in 12 of the most deprived local authorities. In March 2015, Coventry University evaluated the programme and demonstrated it had statistically significant impact on children's early language

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015**

development before they started school, increasing the amount of parent-child talk in 88% of families, and winning praise from Ofsted.

2014/15 Targets	Achievements
We will grow our Schools Network as our main mechanism to support teachers, and create new training and support to help professionals teach literacy in the new National Curriculum.	In 2014/15 we increased National Literacy Trust Network membership from 1,101 members to 1,241.
We will support literacy in 2,000 schools through our training and interventions.	We supported literacy in 2,500 schools through our training and interventions.

Strategy 3: Advocacy and campaigning

We want to make people realise that literacy is strongly linked to social exclusion and change policy so that resources and services address the skills of the one in six people in the UK who have literacy problems. We also want to use our communications activities to change literacy behaviour in communities and households where literacy skills are weak.

During 2014/15 the National Literacy Trust published important new research in two areas: supported by funding from Slaughter and May, we investigated school-aged young people's experience of reading and writing; and with funding from Pearson, we researched early years literacy with a ground-breaking study examining how early years settings and the family environment work to support children's skills before they start school.

We also launched a campaign to raise awareness of the importance of reading for enjoyment, by placing book benches, decorated by artists, in London locations linked to a literary work. The campaign captured global media coverage and social media activity. The benches were subsequently auctioned with proceeds supporting our core funding.

In 2014/15, the National Literacy Trust also worked with partners from the third sector and beyond to strengthen the campaign to raise UK literacy levels. We convened the National Literacy Forum, which brought together 18 UK charities who have an interest in literacy. The Forum published the Vision for Literacy in November 2014, which called on all political parties to prioritise literacy in their 2015 manifesto. The Vision won support from all three main parties. The National Literacy Trust is also a lead member in the Read On. Get On campaign, launched in September 2014.

2014/15 Targets	Achievements
We will call on all political parties to make literacy a priority through initiatives such as a Manifesto for Literacy, which we will publish in the lead up to the 2015 general election.	Vision for Literacy: A Manifesto for Literacy was published in 2014 with support from the three main parties and from 18 UK charities.
Our campaigning will have a media reach of 175 million and a value of £2.5 million.	In 2014/15 our campaigning reached 276 million and had a value of £4.9m.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015**

OUR TARGETS FOR 2015/16

In October 2014 Trustees agreed a new five-year Corporate Plan for the National Literacy Trust. This has tightened our focus on disadvantaged children and young people. It has identified three strategies to guide the work of the charity. Our 2015/16 business plan sets targets for how we will work to these strategies:

1. Schools programmes

- We will grow our network to 1,600. Our programmes will work with 125,000 young people
- 35% of schools we engage with will be target schools
- We will launch our secondary school improvement model

2. Community programmes

- We will launch a new approach to raising the quality of literacy provision in early years settings, working with 70 PVI and nursery settings
- We will develop agreements to launch Literacy Hubs in an additional two areas

3. Campaigning

- We will establish a Commission on Literacy and Social Mobility and publish its findings to help prioritise literacy in the new Parliament
- We will launch a corporate declaration, which all businesses will be invited to sign to demonstrate their commitment to raising literacy levels
- Our media work will achieve a reach of 200 million and have a value of £3m

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015****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 £615,600. This comprised increases in both restricted and unrestricted funds, of £553,155 and £62,444 respectively.

Overall, the charity's funds increased from £761k at the beginning of the year to £1,377k at the year end, of which £260k was in unrestricted funds and £1,117k in restricted funds. The increase in funding was due to several new strands of funding, for Premier League Reading Stars Cymru (£230k), Academies (£280k) and Oxfordshire Gaining Momentum (£108k), as well as strong funding for other existing programmes. There was also a solid increase in unrestricted giving primarily in the corporate area.

Total income for the year has increased 29% from £2.9m in 2013/14 to £3.8m in 2014/15. This was in line with budget and a similar level of growth is expected in the coming year. Total expenditure for the year increased 26% from £2.9m in 2013/14 to £3.1m in 2014/15.

The level of unrestricted reserves now in place are in line with the level of reserves that the Trustees believe is appropriate and represents three months' operating costs. The level of unrestricted reserves is forecast to increase in the next year in line with the growth of the organisation.

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 the sale of services.

Based on both the current position and the forecasts, the Trustees believe that the National Literacy Trust is in a much stronger position than this time last year and will continue to build on this position.

POLICY ON RESERVES

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

The Trust holds free reserves in order to:

- provide working capital
- allow the Trust to provide continuity of service if income levels fluctuate, thereby giving time to seek new sources of revenue
- allow the Trust 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 2015 was £259,657, all of which is regarded as free reserves. This is the equivalent of three months of unrestricted expenditure (£260k). The Trustees aim to increase free reserves over the next two financial years.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015**

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.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015****FINANCIAL SUPPORTERS**

The campaign to raise the UK's literacy levels is of the utmost importance. It sits at the heart of the work of all who strive to make the UK more prosperous and more equal. Taking on the Chairmanship of the National Literacy Trust in 2014 has given me a stronger understanding of the urgency of the challenge, and also of the extraordinary commitment of the team who lead the campaign at the National Literacy Trust. They are mobilising a national coalition of schools, early years settings, business and community organisations to make sure that every child has the skills they need to fulfil their potential and that every community and business has the literacy skills it needs to prosper.

The support of our Patron, Her Royal Highness the Duchess of Cornwall, has been invaluable in the past year. We were particularly honoured that during 2014/15 she attended our annual gala dinner and visited the Words for Work programme at the City Academy in Hackney.

Literacy sits at the heart of our national economic success and the sustainability of every business. So our mission is not just social, it is also about the sustainable economic infrastructure of the UK. We are thrilled that so many businesses are now recognising literacy as a key challenge, and therefore seeing our work as something which they need to support. Corporate partnerships are not simply a funding source for the work of the National Literacy Trust, but they represent a human, intellectual and cultural resource that is essential to our fight to raise literacy levels. I am immensely grateful for the support of our growing band of corporate partners.

All our work relies on the participation of volunteers. Last year they included employees from our corporate partners, teachers, librarians and community volunteers. All of them brought their extraordinary skills to enable our programmes to reach the children, parents and families who need our support.

We are also grateful to the individuals who donate and fundraise to support our work. Especially to those who dressed as Where's Wally in our annual sponsored run, raising vital funds for our work, and those who supported our Books about Town celebration, which brought books and reading alive on the streets of the capital in the summer of 2014.

The National Literacy Trust's team has enormous commitment, enthusiasm and passion for the cause of improving literacy. Their innovative interventions, high-profile campaigns and strong partnerships have been developed on a foundation of solid research and are making a real difference to the lives of children.

Approved by the Trustees on and authorised for issue on 13 July 2015 and signed on their behalf by:



Dame Julia Cleverdon DCVO CBE
Chairman

13/7/15
(date)

Independent Auditors' Report to the Trustees and members of the National Literacy Trust

We have audited the financial statements of National Literacy Trust for the year ended 31 March 2015 on pages 13 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 9, 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.

We have been appointed auditors 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.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 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).

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Nicholas Sladden FCA DChA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date 28 July 2015

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

THE NATIONAL LITERACY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	2014 £
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income	2	978,109	-	978,109	901,304
Investment income		297	-	297	340
		<u>978,406</u>	<u>-</u>	<u>978,406</u>	<u>901,644</u>
Incoming Resources from charitable activities:					
Literacy training & consultancy		66,523	-	66,523	198,365
Online network subscriptions		108,697	-	108,697	133,872
Literacy resources		1,966	-	1,966	7,683
Grants and sponsorships receivable		432,490	2,171,343	2,603,833	1,673,185
		<u>609,676</u>	<u>2,171,343</u>	<u>2,781,019</u>	<u>2,013,105</u>
Total Incoming Resources		<u>1,588,082</u>	<u>2,171,343</u>	<u>3,759,425</u>	<u>2,914,749</u>
Resources Expended					
Costs of generating funds	3d	<u>447,755</u>	<u>-</u>	<u>447,755</u>	<u>510,171</u>
Charitable activities to raise literacy standards:					
Website, publications, policy analysis and research		345,015	-	345,015	284,234
Literacy training & consultancy		184,513	-	184,513	243,378
Online network		169,153	-	169,153	151,487
Literacy resources		25,575	-	25,575	6,709
Young Readers Programme		43,743	216,622	260,365	336,690
Oxfordshire Reading Campaign		30,599	103,040	133,639	256,763
Premier League Reading Stars		38,136	190,696	228,832	216,850
Premier Leagues Reading Stars Cymru		13,751	173,858	187,609	-
Literacy Champions		14,217	43,380	57,597	75,449
Words for Work		28,945	52,988	81,933	133,548
Transforming Writing		-	9,900	9,900	36,323
Books About Town		8,830	153,547	162,377	5,118
Picture the Poet		9,684	54,577	64,261	7,835
Literacy Action Hubs		33,097	177,960	211,057	129,737
Early Words Together		29,379	347,637	377,016	486,343
Academies		11,568	24,405	35,973	-
Oxfordshire Gaining Momentum		10,000	33,925	43,925	-
Other named projects		2,481	35,655	38,136	21,394
	3a	<u>998,686</u>	<u>1,618,190</u>	<u>2,616,876</u>	<u>2,391,858</u>
Governance costs	3c	<u>79,203</u>	<u>-</u>	<u>79,203</u>	<u>68,604</u>
Total Resources Expended	3	<u>1,525,644</u>	<u>1,618,190</u>	<u>3,143,834</u>	<u>2,970,633</u>
Net (expenditure)/ income		62,438	553,153	615,591	(55,884)
Reconciliation Of Funds					
Funds brought forward 1 April 2014		197,213	563,721	760,934	816,818
Total funds carried forward at 31 March 2015		<u>259,651</u>	<u>1,116,874</u>	<u>1,376,525</u>	<u>760,934</u>

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing operations.

THE NATIONAL LITERACY TRUST

Company number: 5836486

BALANCE SHEET
AT 31 MARCH 2015

	Notes	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible Assets	6		<u>4,396</u>		<u>-</u>
			4,396		-
CURRENT ASSETS					
Debtors	7	475,026		613,266	
Cash at Bank and in hand		<u>1,225,371</u>		<u>614,102</u>	
		1,700,397		1,227,368	
CREDITORS: Amounts falling due within One Year	8	<u>(328,258)</u>		<u>(466,435)</u>	
NET CURRENT ASSETS			1,372,139		760,933
NET ASSETS	11		<u>1,376,535</u>		<u>760,933</u>
The funds of the charity:					
Restricted Funds	10		1,116,874		563,721
Unrestricted Funds			259,651		197,213
			<u>1,376,525</u>		<u>760,934</u>

These accounts are prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The financial statements on pages 11 to 22 were approved by the Trustees and authorised for issue on 13 July 2015 and signed on their behalf by:

Dame Julia Cleverdon

Julia Cleverdon DCVO CBE

Gareth Hughes

G. Hughes

13 July 2015.

Date

THE NATIONAL LITERACY TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

a) Accounting Convention

The financial statements have been prepared under the historical cost basis of accounts and in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, the Companies Act 2006 and the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of The Charities Accounts (Scotland) Regulations 2006, as well as applicable accounting standards. The principal accounting policies adopted in the preparation of the financial statements are consistent year on year and are set out below.

b) 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:

Fixtures & Fittings	-	20% per annum
Office Equipment	-	25% per annum

c) Stocks

Costs of promotional materials are written off in the year of acquisition.

d) Pension Scheme

The charity operates a 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.

e) Incoming resources

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.

THE NATIONAL LITERACY TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (Continued)

f) 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 14.

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.

Governance Costs: Includes staff time and expenses in connection with trustees' meetings and audit and administration expenses relating to governance.

g) 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 10.

h) Recognition of Liabilities

Expenditure is accounted for on an accruals basis. A liability is recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure.

i) 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 9.

j) 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

2. VOLUNTARY INCOME

	2015 £	2014 £
Voluntary Income:		
Donations from individuals	185,134	194,143
Donations from companies	452,961	324,153
Donations from charitable trusts	9,315	58,650
Donations from legacies	-	3,000
Other donations	330,699	321,358
	<u>978,109</u>	<u>901,304</u>

THE NATIONAL LITERACY TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015
(Continued)

3. RESOURCES EXPENDED

a) Analysis of total resources expended

	Direct costs £	Grants £ note 10	Support costs £	Total Funds 2015 £	2014 £
Costs of generating funds	365,017	-	82,738	447,755	510,171
Charitable Activities					
Website, publications, policy analysis and research	199,024	-	145,991	345,015	284,234
Literacy training & consultancy	132,181	-	52,332	184,513	243,378
Online network	132,887	-	36,266	169,153	151,487
Literacy resources	21,515	-	4,060	25,575	6,709
Young Readers Programme	216,622	-	43,743	260,365	336,690
Oxfordshire Reading Campaign	103,040	-	30,599	133,639	256,763
Premier League Reading Stars	190,696	-	38,136	228,832	216,850
Literacy Champions	36,047	7,333	14,217	57,597	75,449
Words For Work	52,988	-	28,945	81,933	133,548
Transforming Writing	9,900	-	-	9,900	36,323
Books About Town	153,547	-	8,830	162,377	5,118
Picture the Poet	54,577	-	9,684	64,261	7,835
Literacy Action Hubs	177,960	-	33,097	211,057	129,737
Early Words Together	172,056	175,581	29,379	377,016	486,343
Premier League Reading Stars Cymru	173,858	-	13,751	187,609	-
Academies	24,405	-	11,568	35,973	-
Oxfordshire Gaining Momentum	33,925	-	10,000	43,925	-
Other named projects	35,655	-	2,481	38,136	21,394
	1,920,884	182,914	513,079	2,616,875	2,391,858
Governance costs	49,439	-	29,764	79,203	68,604
	2,335,340	182,914	625,583	3,143,834	2,970,633

b) Analysis of support costs

	Premises £ (1)	General Office £ (1)	Management £ (2)	Finance £ (2)	Information Technology £ (2)	Human Resources £ (2)	Total Funds 2015 £	2014 £
Basis of Allocation	(1)	(1)	(2)	(2)	(2)	(2)	£	£
Website, publications, policy analysis and research	24,186	12,537	17,240	256	10,699	81,073	145,991	126,324
Literacy training & consultancy	5,876	3,046	4,884	207	1,308	37,011	52,332	49,473
Online network	9,537	4,944	2,873	99	1,189	17,624	36,266	29,679
Literacy resources	-	-	287	10	238	3,525	4,060	3,793
Young Readers Programme	11,383	5,900	4,023	99	1,189	21,149	43,743	43,114
Oxfordshire Reading Campaign	2,726	1,413	4,023	99	1,189	21,149	30,599	43,114
Premier League Reading Stars	5,525	2,864	4,023	99	951	24,674	38,136	34,130
Literacy Champions	2,190	1,135	1,437	49	594	8,812	14,217	13,454
Words For Work	4,886	2,532	2,873	79	951	17,624	28,945	32,539
Premier League Reading Stars Cymru	3,435	1,780	1,149	99	238	7,050	13,751	-
Books About Town	3,271	1,696	80	20	238	3,525	8,830	3,487
Picture the Poet	3,847	1,994	60	20	238	3,525	9,684	3,404
Literacy Action Hubs	9,014	4,672	4,023	99	1,189	14,100	33,097	25,170
Early Words Together	7,009	3,633	4,023	138	476	14,100	29,379	24,633
Academies	1,651	856	1,724	49	238	7,050	11,568	-
Oxfordshire Gaining Momentum	2,347	1,217	862	49	238	5,287	10,000	-
Other named projects	121	63	287	10	238	1,762	2,481	3,204
Generating Funds	26,594	13,785	1,724	197	1,664	38,774	82,738	104,824
Governance	1,454	754	1,873	296	713	24,674	29,764	6,594
	125,052	64,821	57,468	1,974	23,778	352,488	625,581	546,936

(1) Usage

(2) Staff time

THE NATIONAL LITERACY TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (Continued)

3. RESOURCES EXPENDED (continued)

c) Analysis of governance costs	2015 £	2014 £
Audit fee - current year	12,616	12,180
Staff costs	36,823	49,830
Support costs	29,764	6,594
	<u>79,203</u>	<u>68,604</u>

d) Analysis of costs of generating funds	2015 £	2014 £
Staff costs	239,063	264,274
Other direct costs	125,954	141,073
Support costs	82,738	104,824
	<u>447,755</u>	<u>510,171</u>

4. STAFF COSTS

	2015 £	2014 £
Staff Costs:		
Wages and Salaries	1,368,546	1,210,808
Social security costs	136,284	112,016
Pension costs	98,809	76,138
Training and Recruitment	23,503	16,591
	<u>1,627,142</u>	<u>1,415,553</u>

5. EMPLOYEE AND TRUSTEE INFORMATION

The average number of employees during the year (based on full time equivalents) was 43 (2014: 35).
The number of employees who received emoluments in the following ranges was:

	2015	2014
£60,001 - £70,000	1	1
	<u>1</u>	<u>1</u>

This employee accrued retirement benefits under the defined contribution scheme. Total contributions in the year for this staff member were £5,577 (2014: £5,397).

The trustees were not entitled to and did not receive any emoluments from the charity during the year (2014: £Nil).

Expenses of £461 were reimbursed to Trustees during the year, which related to travel and entertaining expenses (2014: One Trustee £60).

THE NATIONAL LITERACY TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015
(Continued)

6. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Office Equipment £	Total £
Cost			
At 1 April 2014	18,499	95,682	114,181
		5,861	5,861
At 31 March 2015	18,499	101,543	120,042
Depreciation			
At 1 April 2014	18,499	95,682	114,181
Charge for the Year	-	2,705	2,705
At 31 March 2014	18,499	97,147	116,886
Net Book Value			
At 31 March 2015	()	4,396	4,396
At 1 April 2014	-	-	-

7. DEBTORS

	2015 £	2014 £
Sundry Debtors	213,019	252,281
Prepayments and Accrued Income	262,009	360,984
	475,026	613,266

Included within Sundry Debtors is £32,199 (2014 £32,199) relating to rent deposit.
This balance is receivable in > 1 year.

8. CREDITORS

	2015 £	2014 £
Trade Creditors	65,096	135,325
Taxation and Social Security	69,245	69,451
Other Creditors	58,053	32,579
Accruals and Deferred Income	135,868	229,081
	328,262	466,435

Included within other creditors are amounts totalling £33,377 (2014: £30,323) relating to outstanding pension contributions

Movement in Deferred Income

	2015 £	2014 £
Brought forward at 1 April 2014	152,247	57,226
Released during year	(212,297)	(49,765)
Deferred during year	179,817	144,786
Carried forward at 31 March 2015	119,767	152,247

THE NATIONAL LITERACY TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (Continued)

9. FUTURE FINANCIAL COMMITMENTS

Operating leases

As at 31 March 2014 the charity had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Within one year	-	-	1,580	1,580
Within 2 to 5 years	75,074	75,074	-	-

Operating lease costs payable in the year were £70,124 (2014: £70,124).

10. RESTRICTED FUNDS

	Movement in Resources			
	B/F	Incoming	Outgoing	C/F
	£	£	£	£
PROJECT				
1. Young Readers Programme	132,053	279,566	(216,621)	194,998
2. Oxfordshire Reading Campaign	115,780	-	(103,040)	12,740
3. Premier League Reading Stars	71,177	230,954	(190,695)	111,436
4. Literacy Champions	11,653	72,861	(43,380)	41,134
5. Words For Work	55,958	17,368	(52,988)	20,339
6. Transforming Writing	12,490	-	(9,900)	2,590
7. Books About Town	11,778	220,642	(153,546)	78,874
8. Picture the Poet	237	47,375	(54,577)	(6,965)
9. Literacy Action Hubs	116,204	259,502	(177,960)	197,746
10. Early Words Together	955	397,805	(347,637)	51,123
11. Premier League Reading Stars Cymru	-	230,152	(173,857)	56,295
12. Academies	-	280,460	(24,405)	256,055
13. Oxfordshire Gaining Momentum	-	108,570	(33,925)	74,645
14. Other named projects	35,435	26,087	(35,656)	25,867
	<u>563,721</u>	<u>2,171,343</u>	<u>(1,618,187)</u>	<u>1,116,876</u>

Picture the Poet is showing as an overspend as the income was received just after the year end.

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 NATIONAL LITERACY TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (Continued)

Our programmes and their funding sources

- **Young Readers Programme** – promotes reading for pleasure to disadvantaged children. Funded by Corporates including KPMG, British Land, WHSmith, Slaughter & May and Trusts & Foundations including the Benoy Foundation, John Laing Charitable Trust and The 1989 Willan Charitable Trust. Funding is provided to engage disadvantaged children and their families with reading.
- **Oxfordshire Reading Campaign** – commissioned by Oxfordshire County Council to develop and deliver a bespoke reading intervention and campaign to raise Key Stage 1 reading levels.
- **Premier League Reading Stars** – a project for schools to engage children in reading using the motivational power of sport and role models. This project is funded by the Premier League and Arts Council England.
- **Literacy Champions** – a community volunteering project funded by the Mayor of London, Hodder Charitable Trust and The Brooke Trust, helping parents of young children in disadvantaged communities to support their children's literacy.
- **Words for Work** – partners business volunteers and Year 9 pupils to work together to enhance their speaking and listening skills for employment. It is funded by the Paul Hamlyn Foundation, The Equitable Charitable Trust, KPMG, British Telecom and Levi Roots.
- **Transforming Writing** – a project funded by the Esmée Fairbairn Foundation to develop an approach to formative assessment of writing.
- **Books About Town** – a project funded by the London Schools Excellence Fund. The project focuses on teaching whole texts and reading for enjoyment.
- **Picture the Poet** – a 3 year project funded by The National Portrait Gallery. The project supports the teaching of creative poetry writing at Key Stage 2.
- **Literacy Action Hubs** – long term and sustained interventions in areas of deprivation to develop corporate strategies to raise literacy levels and to introduce interventions to meet local needs. Funded by Esmée Fairbairn Foundation, Man Booker Foundation and Middlesbrough Council.
- **Early Words Together** – funded by the Department for Education, the programme is focused upon improving and increasing early home learning through identification and support through local authority children centres.
- **Premier League Reading Stars Cymru** – funded by the Welsh Assembly to roll out the PLRS programme across Wales focusing on deprived areas.
- **Academies** – a project funded by the JJ Sainsbury Trust to develop a model to improve literacy in secondary schools.
- **Oxfordshire Gaining Momentum** – commissioned by Oxfordshire County Council to develop a deliver a bespoke intervention to improve literacy in secondary schools.
- **Other named projects** – this relates to funding received where restrictions have been made by the donor for individual small one-off projects.

Note 11	Fixed Assets £	Net Current Assets £	Total £
Restricted Funds:			
Young Readers Programme	-	194,998	194,998
Oxfordshire Reading Programme	-	12,740	12,740
Premier League Reading Stars	-	111,436	111,436
Literacy Champions	-	41,134	41,134
Words For Work	-	20,339	20,339
Transforming Writing	-	2,590	2,590
Books About Town	-	78,874	78,874
Picture the Poet	-	(6,965)	(6,965)
Literacy Hubs	-	197,746	197,746
Early Words Together	-	51,123	51,123
Premier League Reading Stars Cymru	-	56,295	56,295
Academies	-	256,055	256,055
Oxfordshire Gaining Momentum	-	74,645	74,645
Other named projects	-	25,867	25,867
	-	1,116,876	1,116,876
Unrestricted Funds:	4,396	259,651	259,651
	4,396	1,376,527	1,376,527

THE NATIONAL LITERACY TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (Continued)

12. PENSION COSTS

The charity participates in the Pensions Trust Growth Plan and Flexible Retirement Plan. All eligible staff are invited to join one of the Pensions Trust plans or nominate their preferred pension provider. 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.

The Pensions Trust Growth Plan is a multi-employer pension plan which in most respects is a money purchase scheme but it has some guarantees. Contributions paid into the Growth Plan up to 30 September 2001 were converted to defined amounts of pension payable from normal retirement date. From 1 October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement.

As a result of change in legislation in September 2005, there is a potential debt on the company that could be levied by the Pensions Trust relating to pre October 2001 liabilities in the Growth Plan. The debt would normally only fall due in the event the company ceased to participate in the Growth Plan or the Plan winding up.

An approved withdrawal arrangement was agreed with the Pensions Trust and the company, following the transfer of the charity's activities to the company on 1 April 2007. The company agreed to provide guarantees to the Pensions Trust as part of the withdrawal arrangement.

No provision for this potential debt has been made in subsequent financial statements including these financial statements.

The amount charged to the SOFA in respect of pensions costs is the contributions payable in the year on an accruals basis. The total amount charged in the year was £98,808 (2014: £76,138).

The charity is unable to identify the share of underlying assets and liabilities of the plan belonging to individual participating employers. Accordingly the charity has taken advantage of the exemption under FRS 17 and has accounted for its contributions as if it were a defined contribution scheme.

The charity has an auto enrolment date of 1st October 2015. To meet these obligations the charity will be changing its pension provider. However, it will still honour its obligations to the Pensions Trust and so the liability will not crystallise.

13. CONTINGENT LIABILITIES

The charity participates in The Pensions Trust: The Growth Plan and The Flexible Retirement Plan.

As at 30 September 2014 the charity has a contingent liability of £159,069 (2014: £134,277). This liability derives exclusively from a change in the pension law in 2005 and would crystallise only if the company ceased to be a participating employer in the plan or if the plan was to be wound up.

The Pensions Trust advise that the liability has decreased by 32.7% this year (from £220m to £148m).

THE NATIONAL LITERACY TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015
(Continued)

14. GRANTS AWARDED

	Number of grants	2015 £
EARLY WORDS TOGETHER		
Bradford	1	250
Bristol	1	9,850
Croydon	1	18,170
Derbyshire	1	10,758
Ealing	1	1,600
Lambeth	1	19,278
Middlesbrough	1	15,963
North Yorkshire	1	17,450
Rochdale	1	15,998
Sheffield	1	13,170
Staffordshire	1	17,450
Sutton	1	16,879
Wiltshire	1	17,278
Other	1	1,490
	<u>14</u>	<u>175,582</u>

Early Words Together

Grant made to local authorities towards costs of running Early Words Together.

	Number of grants	2015 £
LITERACY CHAMPIONS		
Croydon	-	
Middlesbrough	-	
Calico Homes	1	2,000
Aspire & Succeed	-	
Peabody	-	
Pre-School Learning Alliance	-	
Stepping Stone	-	
Trust Thamesmead	1	5,333
	<u>1</u>	<u>7,333</u>

Literacy Champions

Grant made to local authorities towards costs of running Literacy Champions scheme.

15. TAXATION

The Company is a registered charity and as such its income and gains falling within Sections 471 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