

THE NATIONAL LITERACY TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020

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The Trustees present their annual report together with the financial statements of the charity for the year ended 31 March 2020.

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 2019).

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
Joanna Prior
Liz Robinson
Neil Sherlock CBE
Joanna Trollope OBE (until 12 February 2020)
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 Chief Executive. 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 2019/20 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 Learning** – raising literacy levels in secondary schools
- **Love our Libraries** – improving primary school libraries, including Puffin World of Stories
- **NewsWise** – empowering pupils to access, understand, analyse and participate in the news.

In communities

- **Early Words Together** – working with early years settings to support families with learning in the home
- **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, Manchester, Birmingham and Doncaster, literacy campaigns in Blackpool and the North East and an early years partnership across the Black Country authorities in the West Midlands
- **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 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 Learning. 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. Penguin Random House funds the Read North East campaign and Puffin World of Stories.

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

OUR PRIORITIES IN OUR THREE-YEAR STRATEGY

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. Our priority is the relationship between low literacy and poverty, which are mutually reinforcing and intergenerational.

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.

The National Literacy Trust's work is directed by a three-year rolling strategy which describes how we will deliver our mission. This strategy is extended and reviewed annually, responding to the changing content of our work, through discussions with our partners and beneficiaries.

OUR ACTIVITIES 2019/20

2019/20 was a year of significant growth for the National Literacy Trust. We expanded our activities, in all three of our strategic areas: we expanded our programmes with schools and the criminal justice sector; we launched new Literacy Hubs; and we launched new campaigning activity to support early language and literacy outcomes in the most disadvantaged communities.

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 2019, 27% of all children failed to reach the expected level in reading when they left primary school and this rose to 42% 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.

We therefore target the schools with a high percentage of pupils from disadvantaged backgrounds in our Hub areas and elsewhere, to raise literacy by inspiring with insight and partnerships, offering:

Resources and competitions that inspire teachers and learners

Our competitions in 2019 included a national poetry competition with the Premier League which generated entries from more than 25,000 children. During the 2019 Women's World Cup we published a serialised novel about the Lionesses written in real time by Tom Palmer. This was used by more than 2,000 schools as a literacy resource.

Relevant and relatable programmes and interventions that address the development of specific literacy skills

In 2019 we launched Game Changers, a new reading initiative targeted at secondary students in pupil referral and alternative provision schools, supported by BT and Comic Relief. We expanded Young City Poets through a partnership with Audible – the programme enables young people from disadvantaged communities to work with poets, inspired by visits to cultural venues in their city. With support from the Careers and Enterprise Company we significantly grew our work to support young people's employment aspirations and literacy for employment. As well as secondary students we have now developed a successful model for primary-aged pupils. Working with early

years is a priority for us, and new investment from the Mercers enabled us to significantly grow delivery of Early Words Together across London.

Training and consultancy to support teachers' skills and school improvement

Our training programmes supported thousands of teachers over the year. A major area of development was Literacy for Learning which develops a whole school approach to literacy in secondary schools. Over 40 secondary schools are now embedding the methodology. In January 2020 we held the National Talk To Your Baby Conference in Birmingham for hundreds of early language and literacy practitioners.

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 for improvement.

To address this challenge, we have established Literacy Hubs in the most disadvantaged towns and cities – partnership campaigns, delivering intervention and mobilising assets and resources across the community for at least a decade. In these communities, as well as working with settings, schools and colleges we also work through community partnerships. These are having demonstrable impact on some of the communities with the greatest literacy challenges.

2019 was a milestone year for our Hubs: it marked the fifth anniversary of our work in Bradford. In October we launched Bradford Stories Festival, supporting community cohesion through literacy and storytelling activities. In 2019, we also launched our Hubs in Doncaster and in Birmingham, working in partnership with Birmingham University. National Literacy Trust Hubs are now also established in Middlesbrough and Redcar, Stoke on Trent, Hastings, Nottingham, the North Yorkshire Coast, Swindon and Peterborough, where the Hub is leading a Year of Reading Campaign launched in 2019. We have also launched a similar model working across local authorities in the Black Country to support early years literacy outcomes.

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.

Our partnerships with publishers is a vital element of the Literacy Hub model: the Doncaster Hub launched with a large scale Roald Dahl-themed campaign supported by Penguin Random House. The following month, following the destruction of the libraries of several primary schools and settings by flooding, the Hub was able to restock their collections through donations of books it sourced through publishers. We have worked with the Publishers' Association to align 18 publishers as supporters of our communities work.

To raise literacy levels of the most disadvantaged we need to work through partnerships beyond the education system. Working with the Booker Prize and National Prison Radio, the 2019/20 Books Unlocked programme was the largest ever, working with 74 prisons. In the past year we have developed new programmes to support Young Offender Institutions. In YOI Aylesbury we have worked with publishers and authors to establish wing libraries and literacy promotions. In YOI Feltham we have worked with Audible to create audio library corners in classrooms and podcasts with prisoners.

During 2019/20 our Small Talk campaign supported the literacy of over 30,000 children through 46 community events and partnerships with businesses including Clarks, Arriva and Greggs. The campaign strengthens the home learning environment of families from disadvantaged communities with advice, resources, books and behaviour change nudges.

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

Evidence-based 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.

In 2019/20 we launched several important research reports which attracted significant attention. Audio books are one of the fastest growing areas of publishing. We published new research which

demonstrates how experience of audio books impacts on wellbeing and emotional health. We also published research that showed the links between author visits into schools and pupils' reading skills, attitudes and behaviours.

We also published research that demonstrated that ebooks have a particularly strong impact on the reading of boys and lower socio-economic groups. This was cited by the Chancellor in his Budget as influencing his decision to cut VAT on ebooks.

In October and November 2019 KPMG hosted a pop-up Literacy Café with the support of the Booker Prize, to promote our work in prisons. A range of Booker authors spoke at events about their work. Their talks were recorded and broadcast by National Prison Radio as part of our Books Unlocked programme. It was an honour to welcome HRH The Duchess of Cornwall to participate in one of these discussions. The café also hosted policy events around literacy and the criminal justice system.

Campaigns with partners allow us to reach beneficiaries with messages and resources: in 2019/20 our partnership with McDonald's delivered its 70 millionth book to families through the Happy Readers promotion. We also worked with EasyJet on its Flybraries project, which distributed 60,000 books on 300 flights.

As well as national campaigns, we delivered bespoke campaigns in all our Hub areas to support behaviour change and encourage more reading and more positive attitudes to literacy. We worked with a range of partners to deliver these, including Sport England on our Story Quest campaign in the Stoke Hub.

RESPONDING TO THE COVID-19 CRISIS

Our work was significantly impacted by the uncertainty created by the global pandemic in spring 2020, including the closure of libraries and the impact of lockdown on schools from March. The organisation immediately moved to a two-pronged delivery model to fulfil its mission, which was negotiated with funders. It built on the existing strengths of our programmes and Hubs and ensured that families from disadvantaged communities could continue to access our support during lockdown:

Grow digital support direct to learners and families nationally and locally

We launched two new online platforms: Family Zone to support literacy of children out of school up to the age of 11 and Zone In to support the literacy of secondary-aged students. We worked with all our publisher partners to ensure that high-quality resources were available free of charge. We also repurposed content from our schools programmes. By the end of the summer term the websites had received more than 400,000 unique visitors. We also launched digital platforms and networks for each of our Hub areas to support social networks and parenting during lockdown.

Support the digitally-excluded with physical resources

We also supported the literacy of the 700,000 children who were out of school and couldn't access digital learning, and who were unlikely to have books and resources to support them at home. Working through our Hubs and community partners, including foodbanks and community charities, we distributed books, literacy resources and writing assets. By the summer we had distributed over 300,000 books.

OUR TARGETS FOR 2019/20

Work with 5,630 schools to narrow the gap between young people from poorer and more affluent backgrounds. We worked with 3,836 schools in 2019/20.

Work with 158,000 beneficiaries to narrow the literacy gap between poorer and richer communities. We reached 268,490 beneficiaries.

Campaign to raise awareness of literacy levels and the impact of poor literacy, achieving £4.75m advertising value equivalent and 260m opportunities to view. We achieved 287.5m opportunities to view and £7.7m advertising value equivalent.

OUR TARGETS FOR 2020/21

Provide books and literacy resources to support 400,000 of the 700,000 children who can't access online learning

500,000 families using our online literacy support

Support the literacy of over 1m children

Work with 4,000 schools to support a recovery curriculum

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 £196,221. This comprised an increase in restricted funds of £290,524 and a decrease in unrestricted funds of £94,303. Overall, the charity's funds increased from £2,037,060 at the beginning of the year to £2,233,281 at the year end, of which £89,938 was in unrestricted funds and £2,143,343 in restricted funds. Total income for the year has increased from £5.3m in 2018/19 to £6.3m in 2019/20. We had budgeted to increase income from 2018/19 with the emphasis to be more growth in restricted income. We expect our income to reduce slightly in 2020/21 due to the Covid-19 pandemic. Total expenditure for the year increased £1.4m from £4.7m 2018/19 to £6.1m in 2019/20.

There are several strategies around income aimed at covering core costs: ensuring that funding bids carry the right level of cost allocation, a funding strategy for unrestricted costs and ensuring as much charitable activity as possible is funded through unrestricted sources.

Although 2020/21 has been very challenging so far for reasons beyond our control, the year has gone reasonably well to date. Based on both the current position and the forecasts, the Trustees believe that the National Literacy Trust is in a reasonable position and has maximized the opportunities for support income. Further details as to the basis of accounting and impact of the Covid-19 pandemic on the going concern assessment have been included in the accounting policies on page 16.

The Trustees believe that the charity has sufficient funds to continue its activities for at least twelve months from the date of signing of the financial statements and that there are no material uncertainties impacting upon that assessment.

POLICY ON RESERVES

Total funds at 31 March 2020 were £2,233,281 (2019: £2,037,060). Restricted funds not available for the general purposes of the charity were at £2,143,343 (2019: £1,796,817). 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 2020 was £89,938, all of which is regarded as free reserves. This is just under one month of unrestricted expenditure. The level of reserves receives a lot of scrutiny. The reserves were so low at the end of the year because a number of key fundraising events were cancelled or affected by lockdown. The strategy is to grow the reserves to the equivalent of two months of unrestricted expenditure by the end of 2020/21 and then to three months by the end of 2021/22. The Trustees are confident that this will be achievable.

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 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.

I am proud to have chaired the National Literacy Trust during a year when we have powerfully grown our programmes, increased the number of communities we're supporting through our Literacy Hubs and successfully reframed our delivery to meet the challenges of lockdown.

Literacy empowers and poor literacy is always associated with inequality. In the past year the National Literacy Trust has been tireless in its focus on the UK's most disadvantaged communities. Our work in schools is making a real difference and we are told by many teachers that it is a "beacon of hope" for those who work tirelessly in our toughest communities.

We started the year looking at a period of economic uncertainty; we end it at the start of the steepest recession the UK has ever experienced. Communities with the lowest levels of skills are the most vulnerable at point of economic downturn. Our Hubs include communities in which 40% of the adult population have literacy challenges. In this context our Hubs are more essential than ever before.

Our Literacy Hubs are a medium-term, holistic approach to tackling low literacy in the cities and towns that face the greatest challenge in terms of skills and social and financial inequality. I am grateful for all our partners, national and local, who support our Hubs. We are now six years into our partnership with Middlesbrough and five years into our work in Bradford. In both areas the data demonstrating the impact of our concerted and sustained approach is now compelling.

The digital context of literacy continues to change not only how we can reach our beneficiaries and mobilise our partners, but more fundamentally what it means to be functionally literate in today's society. The National Literacy Trust's research into the use of e-readers in schools and the benefits of audio books, our programmes helping young people navigate fake news online, and our support for parenting skills through online experiences and networks place us at the vanguard of these developments. We were thrilled to work with the DfE on its initiative to promote access to high quality apps to support early language in the home.

The National Literacy Trust is successful through partnerships. Our ability to broker the transforming assets of leading publishers, global brands like McDonald's and the Premier League, and great businesses like British Land and KPMG enables us to transform the experience of reading and literacy.

When lockdown threatened our ability to deliver our mission in March 2020, the charity did not miss a beat. The creation of new digital platforms, and the commitment to getting physical books and literacy resources into the hands of families who lack digital connectivity, have supported hundreds of thousands of the most vulnerable children.

We are particularly grateful for the inspiration and leadership offered by our Patron, HRH The Duchess of Cornwall. We were honoured by our Patron's visit to our pop-up literacy and criminal justice café and participation in the Booker Prize discussion recorded for National Prison Radio, demonstrating support for one of our most challenging areas of work.

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

24.09.2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL LITERACY TRUST

OPINION

We have audited the financial statements of National Literacy Trust (the 'charitable company') for the year ended 31 March 2020 which comprise the Statement of Financial Activities, incorporating the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2020 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Trustees are responsible for the other information. The other information comprises the information included in the Trustees' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL LITERACY TRUST

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, 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' 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' Report.

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

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL LITERACY TRUST

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 RH10 1BG

Date 28 October 2020

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	2019 £
Income:					
Donations and legacies	2 a	1,688,789	-	1,688,789	1,706,537
Income from charitable activities	2 b	236,471	3,820,958	4,057,429	3,024,300
Income from other trading activities	2 c	402,707	131,109	533,816	582,185
Investment income		1,489	-	1,489	605
Total Income		<u>2,329,456</u>	<u>3,952,067</u>	<u>6,281,523</u>	<u>5,313,627</u>
Expenditure:					
Raising funds	3 c	(825,477)	-	(825,477)	(755,380)
Charitable activities	3 a-b	(1,598,282)	(3,661,543)	(5,259,825)	(3,899,022)
Total expenditure		<u>(2,423,759)</u>	<u>(3,661,543)</u>	<u>(6,085,302)</u>	<u>(4,654,402)</u>
Net Income for the year		(94,303)	290,524	196,221	659,225
Transfer between funds	13	(56,002)	56,002	-	-
Total funds brought forward	13	240,243	1,796,817	2,037,060	1,377,835
Total funds carried forward		<u>89,938</u>	<u>2,143,343</u>	<u>2,233,281</u>	<u>2,037,060</u>

BALANCE SHEET
AT 31 MARCH 2020

	Notes	£	2020 £	£	2019 £
FIXED ASSETS					
Tangible Assets	7		<u>25,030</u>		<u>6,911</u>
			25,030		6,911
CURRENT ASSETS					
Stock	8	8,132		18,749	
Debtors	9	1,356,115		1,502,265	
Cash at Bank and in hand		<u>1,554,857</u>		<u>1,086,581</u>	
		2,919,104		2,607,595	
CREDITORS: Amounts falling due within one year	10	<u>(592,337)</u>		<u>(577,446)</u>	
NET CURRENT ASSETS			2,326,767		2,030,149
CREDITORS: Amounts falling due after more than one year	11		(118,516)		-
NET ASSETS			<u>2,233,281</u>		<u>2,037,060</u>
The funds of the charity:					
Restricted Funds	13		2,143,343		1,796,817
Unrestricted Funds	13		89,938		240,243
			<u>2,233,281</u>		<u>2,037,060</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

Julia Cleverdon

Lara White
Treasurer

Lara White

Date

24.09.2020

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	£	2020 £	£	2019 £
Cash provided by operating activities	17		493,781		190,956
Cash flows from investing activities:					
Investment income		1,489		605	
Purchases of tangible assets		<u>(26,994)</u>		<u>-</u>	
Cash used by investing activities			(25,505)		605
Increase in cash and cash equivalents in the year			<u>468,276</u>		<u>191,561</u>
Cash and cash equivalents at the beginning of the year			1,086,581		895,020
Total cash and cash equivalents at the end of the year			<u>1,554,857</u>		<u>1,086,581</u>

Analysis of cash and cash equivalents	2020 £	2019 £
Cash in hand	<u>1,554,857</u>	<u>1,086,581</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020****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 2019) – 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. As can be seen from the Trustees' report, our work was significantly impacted by the uncertainty created by the global pandemic in spring 2020, including the closure of libraries and the impact of lockdown on schools from March. The organisation immediately moved its delivery model to an on line method augmented by the direct delivery of resources to those most in need in order to fulfil its mission, which was negotiated with funders. The Trustees are now meeting on a monthly basis and have prepared financial forecasts, including month by month cash flow forecasts to October 2021 which indicate that the charity can meet its liabilities as they fall due. The forecasts have been prepared based on on-going discussions with funders and using detailed workforce analysis to review our costs. Key moments have been identified where if action is required it can be planned in. A COVID risk register has been produced and all are reviewed regularly. 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
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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 2020
(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 Raising 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.

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.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

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 2020
(Continued)**

2. INCOME

a. Donations and legacies

	2020 £	2019 £
Donations from individuals	309,302	404,607
Donations from companies	600,605	762,347
Donations from charitable trusts	67,541	21,535
Other donations	711,341	518,048
	<u>1,688,789</u>	<u>1,706,537</u>

Income from donations and legacies is unrestricted in both years.

	Unrestricted £	Restricted £	2020 £	2019 £
b. Income from charitable activities:				
Grants and sponsorships receivable	236,471	3,820,958	4,057,429	3,024,300
	<u>236,471</u>	<u>3,820,958</u>	<u>4,057,429</u>	<u>3,024,300</u>

Income from charitable activities of £130,837 was unrestricted income in 2019 and the remainder was restricted income.

	Unrestricted £	Restricted £	2020 £	2019 £
c. Other trading activities				
Literacy training	142,537	42,903	185,440	363,004
Online network subscriptions	154,392	-	154,392	154,262
Early Years - Traded	(2,155)	13,179	11,024	63,061
Skills Academy - Traded	-	11,995	11,995	1,690
Toolkits, Bookbenches & Little Ladybird Libraries	19,500	37,550	57,050	168
Consultancy & advertising	66,033	20,982	87,015	-
Internship opportunities	22,400	4,500	26,900	-
	<u>402,707</u>	<u>131,109</u>	<u>533,816</u>	<u>582,185</u>

Income from trading activities was all unrestricted income in 2019.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

3. EXPENDITURE

a) Analysis of total resources expended

	Direct costs £	Grants £	Support costs £	Total 2020 £	2019 £
Costs of Raising Funds	781,203	-	44,274	825,477	755,380
Unrestricted Charitable Activities					
Website, publications, policy & research	472,682	-	94,981	567,663	495,841
Literacy training & consultancy	262,322	-	3,978	266,300	451,617
Online network	115,691	-	(3,112)	112,579	162,879
Early Years - Traded	-	-	2,025	2,025	24,992
Skills Academy - Traded	-	-	-	-	6,781
Hubs Core	184,622	-	11,924	196,546	132,351
North East Campaign	45,027	-	(7,025)	38,002	58,231
Literacy Communities	59,456	-	6,629	66,085	-
Unrestricted Charitable Activities	1,139,800	-	109,400	1,249,200	1,332,692
Restricted Charitable Activities					
Literacy Hubs	18,125	-	-	18,125	4,417
Hastings Hub	90,872	-	18,422	109,294	81,230
Nottingham Hub	60,552	-	9,051	69,603	85,717
Swindon Hub	100,120	-	11,488	111,608	89,691
Stoke Hub	2,152	-	(228)	1,924	40,724
Bradford Hub	6,598	-	(228)	6,370	105,452
Peterborough Hub	9,300	-	(228)	9,072	3,666
Middlesbrough Hub	26,929	-	(228)	26,701	8,926
Scarborough Hub	139,915	-	4,271	144,186	29,715
Redcar Hub	664	-	(228)	436	1,184
Birmingham Hub	51,717	-	2,743	54,460	-
Manchester Hub	20,301	-	(2,284)	18,017	11,986
Story Quest (Storienteering)	154,803	-	19,642	174,445	60,376
Nottingham Big Lottery	51,646	-	10,269	61,915	8,035
Peterborough Big Lottery	59,170	-	11,675	70,845	29,274
Black Country Hub	99,668	-	8,408	108,076	-
Inspiring Parents (Parents as Partners)	248,640	-	29,581	278,221	39,485
Our Stories Bradford	69,956	-	1,055	71,011	-
Doncaster Hub	50,531	-	2,776	53,307	-
Blackpool Hub	51,750	-	6,714	58,464	-
Books Unlocked	42,102	-	(1,096)	41,006	41,414
New Chapters (Inside Stories)	41,183	-	4,416	45,599	10,517
Criminal Justice Employability	6,278	-	942	7,220	-
Audible Project	17,899	-	(447)	17,452	-
Literacy for Learning (Literacy For Life)	165,880	-	17,622	183,502	2,448
Early Years (Early Words Together)	239,066	-	15,623	254,689	322,018
Love Our Libraries (Primary School Programmes)	35,861	-	6,726	42,587	51,854
Young Readers Programme	507,584	-	36,893	544,477	517,717
Premier League Reading Stars	78,710	-	7,674	86,384	136,850
Skills Academy	52,930	-	4,464	57,394	55,544
Sport and Literacy	155,678	-	8,648	164,326	75,919
Words For Work	201,125	-	27,928	229,053	243,962
Young Writers Programme	135,886	-	19,731	155,617	231,286
Newswise	108,634	-	12,712	121,346	154
Home Learning Environment	520,058	52,833	54,575	627,466	264,585
Turn on the Subtitles	(13,573)	-	-	(13,573)	12,184
Restricted Charitable Activities	3,608,710	52,833	349,082	4,010,625	2,566,330
TOTAL	5,529,713	52,833	502,756	6,085,302	4,654,402

Support costs of £349,082 included within restricted projects above are included within unrestricted expenditure in the Statement of Financial Activities as they are an allocation of core costs covered by restricted income allocated to core funding.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

3. EXPENDITURE (continued)

b) Analysis of support costs

	Premises	General	Staff	Finance	Information	Total	
	£	Office £	£	£	Technology £	2020 £	2019 £
Website, publications, policy & research	38,927	21,320	8,869	3,892	21,973	94,981	152,298
Literacy training & consultancy	10,151	5,560	(18,478)	1,015	5,730	3,978	35,929
Online network	4,067	2,227	(12,108)	407	2,295	(3,112)	20,734
Raising funds	32,669	17,890	(27,989)	3,268	18,436	44,274	117,404
Early Years - Traded	417	229	1,101	42	236	2,025	6,180
Skills Academy - Traded	-	-	-	-	-	-	5,242
Hubs Core	7,166	3,924	(3,928)	717	4,045	11,924	35,413
North East Campaign	2,318	1,270	(12,154)	232	1,309	(7,025)	(2,594)
Literacy Communities	1,545	846	3,211	155	872	6,629	-
Hastings Hub	3,844	2,105	9,919	384	2,170	18,422	12,060
Nottingham Hub	1,913	1,047	4,820	191	1,080	9,051	12,228
Swindon Hub	2,415	1,323	6,146	241	1,363	11,488	6,732
Stoke Hub	-	-	(228)	-	-	(228)	1,235
Bradford Hub	-	-	(228)	-	-	(228)	13,621
Peterborough Hub	-	-	(228)	-	-	(228)	(139)
Middlesbrough Hub	-	-	(228)	-	-	(228)	(139)
Scarborough Hub	927	508	2,220	93	523	4,271	6,455
Redcar Hub	-	-	(228)	-	-	(228)	(139)
Birmingham Hub	1,507	825	(591)	151	851	2,743	-
Manchester Hub	-	-	(2,284)	-	-	(2,284)	(2,778)
Story Quest (Storientearing)	4,095	2,243	10,582	410	2,312	19,642	5,219
Nottingham Big Lottery	2,164	1,185	5,483	216	1,221	10,269	1,097
Peterborough Big Lottery	2,453	1,344	6,248	245	1,385	11,675	2,829
Black Country Hub	2,204	1,207	3,533	220	1,244	8,408	-
Inspiring Parents (Parents as Partners)	6,568	3,597	15,052	657	3,707	29,581	8,778
Our Stories Bradford	1,159	635	(1,509)	116	654	1,055	-
Doncaster Hub	1,043	571	469	104	589	2,776	-
Blackpool Hub	1,855	1,016	2,611	185	1,047	6,714	-
Books Unlocked	1,186	650	(3,721)	119	670	(1,096)	2,839
New Chapters (Inside Stories)	1,005	550	2,194	100	567	4,416	1,784
Criminal Justice Employability	241	132	409	24	136	942	-
Audible Project	379	207	(1,285)	38	214	(447)	-
Literacy for Learning (Literacy For Life)	4,103	2,247	8,546	410	2,316	17,622	(278)
Early Years (Early Words Together)	7,928	4,342	(1,915)	793	4,475	15,623	36,534
Love Our Libraries (Primary School Programmes)	2,328	1,275	1,576	233	1,314	6,726	7,115
Young Readers Programme	10,524	5,763	13,614	1,052	5,940	36,893	52,899
Premier League Reading Stars	2,994	1,640	1,051	299	1,690	7,674	19,158
Skills Academy	1,391	762	1,387	139	785	4,464	-
Sport and Literacy	2,724	1,492	2,622	272	1,538	8,648	5,466
Words For Work	8,581	4,700	8,945	858	4,844	27,928	45,220
Young Writers Programme	5,950	3,259	6,568	595	3,359	19,731	38,685
Newswise	3,091	1,693	5,874	309	1,745	12,712	-
Home Learning Environment	15,957	8,739	19,276	1,596	9,007	54,575	5,621
Turn on the Subtitles	-	-	-	-	-	-	(1,389)
	197,789	108,323	65,224	19,778	111,642	502,756	651,319

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

3. EXPENDITURE (continued)

c) Analysis of costs of raising funds

	2020 £	2019 £
Direct staff costs	678,264	537,415
Other direct costs	102,939	100,560
Support costs	44,274	117,405
	<u>825,477</u>	<u>755,380</u>

Costs of raising funds was all unrestricted in 2020 and 2019.

4. NET INCOME

Net income for the year is stated after charging:

	2020 £	2019 £
Auditor's remuneration - audit fees	19,200	20,117
Operating leases - equipment	1,767	1,767
Operating leases - land and buildings	131,652	107,300
Depreciation	8,875	7,328
	<u>161,494</u>	<u>136,512</u>

5. STAFF COSTS

	2020 £	2019 £
Wages and salaries	3,393,486	2,414,309
Social security costs	343,317	225,068
Pension costs	270,620	193,103
Training and recruitment	100,129	68,620
	<u>4,107,552</u>	<u>2,901,100</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

6. EMPLOYEE AND TRUSTEE INFORMATION

The average number of employees during the year was 108 (2019: 75).

The number of employees who received emoluments in the following ranges was:

	2020	2019
£60,001 - £70,000	3	2
£70,001 - £80,000	1	-
£90,001 - £100,000	1	1
	<u>5</u>	<u>3</u>

The Trustees were not entitled to and did not receive any emoluments from the charity during the year (2019: £Nil).

Expenses of £170 were reimbursed to one Trustee during the year, which related to travel expenses (2019: one Trustee £278).

During the year, no donations were received from any Trustee (2019: £371 from two 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 £464,157 (2019: £441,950).

7. TANGIBLE FIXED ASSETS

	Office Equipment £	Total £
Cost		
At 1 April 2019	33,033	33,033
Additions	26,994	26,994
At 31 March 2020	<u>60,027</u>	<u>60,027</u>
Depreciation		
At 1 April 2019	26,122	26,122
Charge for the Year	8,875	8,875
At 31 March 2020	<u>34,997</u>	<u>34,997</u>
Net Book Value		
At 31 March 2020	<u>25,030</u>	<u>25,030</u>
At 31 March 2019	<u>6,911</u>	<u>6,911</u>
8. STOCK	2020	2019
	£	£
Literacy Toolkits	<u>8,132</u>	<u>18,749</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

9. DEBTORS	2020	2019
	£	£
Other Debtors	701,354	765,565
Prepayments and Accrued Income	654,761	736,700
	<u>1,356,115</u>	<u>1,502,265</u>

Included within Other Debtors is £32,279 (2019 £32,279) relating to rent deposit. This balance is receivable in > 1 year.

10. CREDITORS: Amounts falling due within one year	2020	2019
	£	£
Trade Creditors	174,276	189,703
Taxation and Social Security	118,960	84,508
Other Creditors	62,502	161,081
Accruals and Deferred Income	236,599	142,154
	<u>592,337</u>	<u>577,446</u>

Included within Other Creditors are amounts totalling £18,333 (2019 £136,849) relating to the Section 75 debt on withdrawal from the Pension Trust Scheme, following the reclassification of some to long term liabilities.

Movement in Deferred Income	2020	2019
	£	£
Brought forward at 1 April 2019	94,131	98,694
Released during year	(868,619)	(926,987)
Deferred during year	893,436	922,424
Carried forward at 31 March 2020	<u>118,948</u>	<u>94,131</u>

The deferred income is mostly made up of Online Network Subscriptions income and the remainder is Literacy Training income for courses which will be take place in the next financial year.

11. CREDITORS: Amounts falling due after more than one year	2020	2019
	£	£
Other Creditors	118,516	-
	<u>118,516</u>	<u>-</u>

Included within Other Creditors are amounts totalling £118,516 (2019 £0) relating to the Section 75 debt on withdrawal from the Pension Trust Scheme, following the reclassification of some from short term liabilities.

12. FUTURE FINANCIAL COMMITMENTS

Operating leases

As at 31 March 2020 the charity had total commitments under non-cancellable operating leases as set out below:

	Land & Buildings		Other	
	2020	2019	2020	2019
	£	£	£	£
Within one year	140,927	107,300	1,473	1,767
Within 2 to 5 years	174,918	232,483	-	1,473
	<u>315,845</u>	<u>339,783</u>	<u>1,473</u>	<u>3,240</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

13. FUNDS

	At 01-Apr-19 £	Income £	Expenditure £	Transfers £	At 31-Mar-20 £
RESTRICTED FUNDS					
1. Literacy Hubs	12,490	5,636	(18,126)	-	-
2. Hastings Hub	49,474	41,398	(90,872)	-	-
3. Nottingham Hub	18,732	83,475	(60,552)	-	41,655
4. Swindon Hub	97,893	9,391	(100,120)	14,632	21,796
5. Stoke Hub	-	(29,218)	(2,152)	31,370	-
6. Bradford Hub	202	16,552	(6,598)	27,698	37,854
7. Peterborough Hub	1,355	31,806	(9,300)	-	23,861
8. Middlesbrough Hub	-	27,540	(26,929)	-	611
9. Scarborough Hub	33,569	161,519	(139,915)	-	55,173
10. Redcar Hub	5,457	6,780	(664)	-	11,573
11. Birmingham Hub	-	76,271	(51,717)	-	24,554
12. Manchester Hub	10,816	13,625	(20,301)	-	4,140
13. Story Quest (Storienteering)	8,403	146,801	(154,803)	-	401
14. Nottingham Big Lottery	24,334	49,597	(51,646)	-	22,285
15. Peterborough Big Lottery	4,827	49,597	(59,170)	-	(4,746)
16. Black Country Hub	-	136,441	(99,668)	-	36,773
17. Inspiring Parents (Parents as Partners)	108,276	140,361	(248,637)	-	-
18. Our Stories Bradford	-	97,654	(69,956)	(27,698)	-
19. Doncaster Hub	-	58,475	(50,531)	-	7,944
20. Blackpool Hub	-	98,517	(51,750)	-	46,767
21. Books Unlocked	31,675	42,373	(42,102)	-	31,946
22. New Chapters (Inside Stories)	25,165	43,584	(41,183)	-	27,566
23. Criminal Justice Employability	-	17,830	(6,278)	-	11,552
24. Audible Project	-	33,898	(17,899)	-	15,999
25. Literacy For Learning (Literacy for Life)	190,173	231,063	(165,880)	-	255,356
26. Early Years (Early Words Together)	190,645	194,493	(239,066)	10,000	156,072
27. Love Our Libraries (Primary Schools Programmes)	50,770	195,749	(35,861)	-	210,658
28. Young Readers Programme	461,233	424,211	(507,584)	(100,000)	277,860
29. Premier League Reading Stars	19,936	103,390	(78,710)	-	44,616
30. Skills Academy	16,378	36,553	(52,931)	-	-
31. Sport and Literacy	37,300	118,000	(155,678)	-	(378)
32. Words For Work	161,929	245,556	(201,125)	-	206,360
33. Young Writers Programme	52,211	200,486	(135,886)	-	116,811
34. NewsWise	226	191,593	(108,634)	-	83,185
35. Home Learning Environment	121,921	726,070	(572,892)	-	275,099
36. Turn on the Subtitles	61,427	(75,000)	13,573	-	-
37. Other Restricted Projects	-	-	-	100,000	100,000
	<u>1,796,817</u>	<u>3,952,067</u>	<u>(3,661,543)</u>	<u>56,002</u>	<u>2,143,343</u>
UNRESTRICTED FUNDS					
General Funds	240,243	2,329,456	(2,423,759)	(56,002)	89,938
TOTAL FUNDS	<u>2,037,060</u>	<u>6,281,523</u>	<u>(6,085,302)</u>	<u>-</u>	<u>2,233,281</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

13. FUNDS (continued) 2018-19

	At 01-Apr-18 £	Income £	Expenditure £	Transfers £	At 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)	-	18,731
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)	-	203
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. Story Quest (Storienteering)	-	63,559	(55,157)	-	8,402
13. Nottingham Big Lottery	-	31,272	(6,938)	-	24,334
14. Peterborough Big Lottery	-	31,272	(26,445)	-	4,827
15. Early Years (Early Words Together)	52,555	423,574	(285,484)	-	190,645
16. Books Unlocked	27,877	42,373	(38,575)	-	31,675
17. New Chapters (Inside Stories)	-	33,898	(8,733)	-	25,165
18. Love Our Libraries (Primary Schools Programmes)	39,781	55,728	(44,739)	-	50,770
19. Literacy for Learning (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. Inspiring Parents (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)	-	52,212
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>1,196,786</u>	<u>2,893,462</u>	<u>(2,285,619)</u>	<u>(7,812)</u>	<u>1,796,817</u>
UNRESTRICTED FUNDS					
General Funds	181,051	2,420,163	(2,368,783)	7,812	240,243
TOTAL FUNDS	<u><u>1,377,837</u></u>	<u><u>5,313,625</u></u>	<u><u>(4,654,402)</u></u>	<u><u>-</u></u>	<u><u>2,037,060</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.

£14,632 was transferred from Unrestricted Funds to Swindon Hub as this prior year income has been reclassified in the current year. £31,370 was transferred from Unrestricted Funds to Stoke Hub to net off a negative fund balance. £27,698 was transferred from Our Stories Bradford to Bradford Hub to cover staff time across both programmes. £10,000 was transferred from Unrestricted Funds to Early Years as this prior year income has been reclassified in the current year.

£100,000 was transferred from Young Readers Programme to Other Restricted Projects. A surplus of funds have built up over a period of years and will be held until the Senior Management Team decide on a suitable use for the excess funds.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

13. RESTRICTED FUNDS (continued)

Our programmes and their funding sources:

1. **Literacy Hubs** – funding for cross-hub working.
2. **Hastings Hub** – a Literacy Hub established in Hastings.
3. **Nottingham Hub** – funded by Nottingham City Council and Small Steps Big Changes.
4. **Swindon Hub** – originally funded WHSmith Plc.
5. **Stoke Hub** – a Literacy Hub established in Stoke.
6. **Bradford Hub** – a Literacy Hub established in Bradford.
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. **Birmingham Hub** – funded by Birmingham University.
12. **Manchester Hub** – funded by Manchester City Council.
13. **Story Quest (Storienteering)** – an innovative project around walk and talk trails in Stoke, funded by Sport England.
14. **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.
15. **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. Peterborough Big Lottery has negative funds of £4,745 at the end of the financial year. This programme is ongoing and further funds were received in July 2020.
16. **Black Country Hub** – mini Literacy Hubs focused on early years.
17. **Inspiring Parents (Parents as Partners)** – engaging with disengaged parents of Year 5 low achieving children to improve their children’s reading levels.
18. **Our Stories Bradford** – a programme to understand different cultures including a festival.
19. **Doncaster Hub** – funded by the Doncaster OA.
20. **Blackpool Hub** – a literacy campaign funded by Blackpool OA and LA.
21. **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.
22. **New Chapters (Inside Stories)** – funded by Rothschild Foundation to work in Aylesbury Youth Offending Institute (YOI) to develop a YOI Reading for Pleasure programme.
23. **Criminal Justice Employability** – a YOI version of Words for Work.
24. **Audible Project** – inspiring Young Offenders through audible books and making a podcast.
25. **Literacy for Learning (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.
26. **Early Years (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.
27. **Love Our Libraries** – 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. Our libraries programmes include Love our Libraries, Puffin World of Stories, Get Islington Reading. Funded by Penguin Random House (Puffin World of Stories) together with Trusts and Foundations including Mercers and NYC Opportunity Area.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

13. RESTRICTED FUNDS (continued)

Our programmes and their funding sources (continued):

28. 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.

29-31. 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, Skills Academy and Gamechangers – our programmes in Alternative Provision. Sport and Literacy has negative funds of £380 at the end of the financial year. This programme is ongoing and further funds were received in April 2020.

32. 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).

33-34. 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), Royal British Legion. Our Young Writers programmes include NewsWise, Young City Poets and IPEEL.

35. 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.

36. Turn on the Subtitles – we act as an agent for a campaign to show the benefits of using subtitles in children's television programmes.

37. Other Restricted Projects – this money has been transferred from Young Readers Programme where a surplus of funds have built up over a period of years and will be held until the Senior Management Team decide on a suitable use for the excess funds.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS	Fixed Assets £	Net Current Assets & Creditors > 1 Year £	2020 Total £
Restricted Funds:			
1. Nottingham Hub	-	41,655	41,655
2. Swindon Hub	-	21,796	21,796
3. Bradford Hub	-	37,854	37,854
4. Peterborough Hub	-	23,861	23,861
5. Middlesbrough Hub	-	611	611
6. Scarborough Hub	-	55,173	55,173
7. Redcar Hub	-	11,573	11,573
8. Birmingham Hub	-	24,554	24,554
9. Manchester Hub	-	4,140	4,140
10. Story Quest (Storienteering)	-	401	401
11. Nottingham Big Lottery	-	22,285	22,285
12. Peterborough Big Lottery	-	(4,746)	(4,746)
13. Black Country Hub	-	36,773	36,773
14. Doncaster Hub	-	7,944	7,944
15. Blackpool Hub	-	46,767	46,767
16. Books Unlocked	-	31,946	31,946
17. New Chapters (Inside Stories)	-	27,566	27,566
18. Criminal Justice Employability	-	11,552	11,552
19. Audible Project	-	15,999	15,999
20. Literacy For Learning (Literacy for Life)	-	255,356	255,356
21. Early Years (Early Words Together)	-	156,072	156,072
22. Love Our Libraries (Primary Schools Programmes)	-	210,658	210,658
23. Young Readers Programme	-	277,860	277,860
24. Premier League Reading Stars	-	44,616	44,616
25. Sport and Literacy	-	(378)	(378)
26. Words For Work	-	206,360	206,360
27. Young Writers Programme	-	116,811	116,811
28. Newswise	-	83,185	83,185
29. Home Learning Environment	-	275,099	275,099
30. Other Restricted Projects	-	100,000	100,000
	-	2,143,343	2,143,343
Unrestricted Funds:	25,030	64,908	89,938
	<u>25,030</u>	<u>2,208,251</u>	<u>2,233,281</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

**14. ANALYSIS OF NET ASSETS BETWEEN FUNDS
(continued) 2018-19**

	Fixed Assets £	Net Current Assets £	2019 Total £
Restricted Funds:			
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. Story Quest (Storienteering)	-	8,403	8,403
11. Nottingham Big Lottery	-	24,334	24,334
12. Peterborough Big Lottery	-	4,827	4,827
13. Early Years (Early Words Together)	-	190,645	190,645
14. Books Unlocked	-	31,675	31,675
15. New Chapters (Inside Stories)	-	25,165	25,165
16. Love Our Libraries (Primary Schools Programmes)	-	50,770	50,770
17. Literacy for Learning (Literacy For Life)	-	190,173	190,173
18. Home Learning Environment	-	121,921	121,921
19. Young Readers Programme	-	461,233	461,233
20. Inspiring Parents (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	240,243
	6,911	2,030,149	2,037,060

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020
(Continued)**

15. 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.

16. GRANTS AWARDED

	Number of ,grants	2020 £	Number of grants	2019 £
Foundation Years Trust	1	22,132	-	-
Coast & Vale Community Action	1	12,500	-	-
Early Years Alliance	1	10,201	-	-
Institute of Wellbeing	1	8,000	-	-
	<u>4</u>	<u>52,833</u>	<u>-</u>	<u>-</u>

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

	2020 £	2019 £
Net movement in funds	196,221	659,225
Adjustments for:		
Depreciation	8,875	7,328
Investment income	(1,489)	(605)
Decrease in stocks	10,617	(18,749)
Decrease in debtors	146,150	(528,132)
Increase in creditors	133,407	71,889
Net cash used in operating activities	<u><u>493,781</u></u>	<u><u>190,956</u></u>

18. FUNDS RECEIVED AS AGENT

The charity has agreed to administer a bank account on behalf of Annington Management Ltd for a campaign to show the benefits of using subtitles in children's television programmes. At the balance sheet date funds of £60,189 (2019: £61,427 in restricted funds) were held in the account. During the year funds of £75,000 (2019: £75,000) were received into the account and £76,238 were paid out (2019: £13,573).