

THE NATIONAL LITERACY TRUST
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 March 2017

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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017**

The trustees present their annual report together with the financial statements of the charity for the year ended 31 March 2017.

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)
Baroness Andrews of Southover OBE (until 6 July 2016)
Frank Carter
Luisa Edwards (appointed 6 July 2017)
Naomi Eisenstadt CB (until 9 February 2017)
Ben Fletcher (appointed 6 July 2016)
Gareth Hughes (Treasurer, until 6 July 2017)
Joanna Prior
Jane Reed CBE (until 9 February 2017)
Liz Robinson
Neil Sherlock (appointed 6 July 2017)
Joanna Trollope OBE
Lara White (Treasurer, appointed 6 July 2017)
Honor Wilson Fletcher MBE (until 9 February 2017)

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

SCOTLAND CHARITY REGISTRATION 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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017**

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 2016/17 were that the charity's traded model didn't engage the schools market, that the organisation's cash flow wasn't regulated, that income to core wasn't high enough to sustain project growth and that we fail to raise money for the continuation of the Hub work. These risks are being mitigated by the development of strategies to adjust and the implementation of said strategies. A new addition to the Executive Management Group of a Head of Fundraising will strengthen our ability to secure income.

In addition each project maintains its own risk register, and reports on them quarterly to the charity's Executive Management Group 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 2017**

Our mission

We equip disadvantaged young people with literacy fit for employment and 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 narrow the gap between young people from poorer and more affluent backgrounds**
2. **We narrow the literacy gap between poorer and richer communities**
3. **We campaign to raise awareness of the levels and impact of youth literacy**

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

In schools

- **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
- **The Schools Network** – promoting best practice in literacy teaching in schools
- **Premier League Primary Stars** – engaging school children in reading using the motivational power of football
- **Literacy for Life** – raising literacy levels in secondary schools
- **Love our Libraries** – improving primary school libraries
- **Inspiring Writers** – inspiring children to improve their writing skills

In communities

- **Literacy Hubs and local campaigns** – intensive place-based literacy programmes established in Middlesbrough, Peterborough, Bradford and Stoke on Trent and literacy campaigns in Manchester and the North East
- **Books Unlocked** – encouraging prisoners to read for enjoyment
- **Early Words Together** – supporting families with early learning in the home

The charity's objectives are met mainly from sponsorship and donations from charitable trusts and foundations and corporate organisations, and from funding from individuals. The principal funders are Better World Books, Boots Opticians, Slaughter and May, KPMG, McDonald's, the Authors' Licensing and Collecting Society, the Fidelity Foundation and Garfield Weston Foundation 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. 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 supports our work in prisons and, with the Esmée Fairbairn Foundation and Middlesbrough, Peterborough and Bradford local authorities, funds the Literacy Hubs.

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017**

POLICY ON GRANT GIVING

The Trust is not a grant-giving body.

The only payments made by grant out of restricted funds are schools taking part in the Literacy for Life programme.

OUR PRIORITIES IN OUR FIVE-YEAR STRATEGY 2015-2020

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

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

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

OUR TARGETS FOR 2016/17

In 2016/17 we set ambitious targets which helped us focus our work where it would have the greatest benefit and would help us to genuinely respond to need.

1. We work with schools to narrow the gap between young people from poorer and more affluent backgrounds

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. However, the gap between the literacy attainment of children from poorer backgrounds (those eligible for Pupil Premium funding) and other children remains significant. The focus of our work with schools is to address this gap and raise the literacy levels of pupils from poorer backgrounds.

We want to engage all schools in the UK in our mission, but our work prioritises the 3,340 schools where literacy levels are below average and free school meal entitlement is above 20%.

The 2016 government measurement of the literacy of children at the age of 11 in England is not comparable to previous measurement (in 2015 89% of children leaving primary school in England reached the expected level in reading; this dropped to only 66% in 2016). We have worked hard to support primary teachers understand what this means and to support their skills and morale in teaching literacy at a time of significant change.

In this context much of our work in primary schools in 2016/17 has been strongly focused on using inspiration, aspiration and enjoyment as tools to raise literacy levels. We worked with the Premier League and launched Premier League Primary Stars as part of a wider education offer to primary schools – this was launched with TV advertising and a high-profile media campaign. We have developed and delivered training for teachers in reading for enjoyment. We have piloted an innovative approach to transform primary school libraries – Love our Libraries skills up teaching assistants and parent volunteers to be primary school library coordinators. Our partnership with Boots Opticians is supporting the million children in primary schools with previously undiagnosed eyesight issues, which we believe is impacting on their literacy.

2016/17 was the second stage of our Literacy for Life pilot, working to raise literacy levels in secondary schools. The programme is now embedded in six academies. Students, teachers, parents and Ofsted inspectors are detailing its impact. Over 50 other secondary schools have adopted elements of the programme by participating in Literacy for Life training.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017****The KPIs for our 2016/17 schools activities:**

- **2,190 schools were members of our Network during the year. This was significantly higher than our target of 1,600.**
- **Our programmes reached 108,198 young people. This was significantly higher than in the previous year, but below our target of 125,000.**
- **We worked with around 1,700 of schools from our target school group – exceeding our target. In total we worked with at least 4,882 schools. This was lower than our target of 6,000 schools.**

2. We will narrow the literacy gap between poorer and richer communities

In some of the poorest communities in the UK school improvement is stalling, literacy levels are not rising and schools are being held back by a combination of social and economic factors. In these communities schools find it hard to engage the cultural and economic resources that can act as a catalyst to improvement. We believe we have a special role to play in these communities. The Literacy Hub model brokers into these communities effective interventions and resources from the National Literacy Trust and partner organisations and is supported by a public campaign to support community engagement.

The National Literacy Trust established the UK's first National Literacy Trust Hub in Middlesbrough, using a place-based approach to tackle the low literacy attainment of children in the town. In 2014 and 2015 Hubs were launched in Bradford and Peterborough. In 2016/17 we strengthened these partnerships and launched new Hubs in Stoke on Trent and Manchester.

We published an independent evaluation of the first phase of the first three literacy Hubs. It concluded, "The evidence from the three Hubs is unequivocal: there are examples where the literacy outcomes of children have measurable improved, often rapidly." The report specifically noted that the gap between school readiness in Middlesbrough and the national average had closed from 22.6 percentage points in 2013 to 6.27 percentage points in 2015.

In 2016/17 we also launched Read North East to stakeholders. Supported by Penguin Random House, the Education Endowment Foundation and Greggs, the campaign has been created by a new local partnership – the North East Literacy Forum, convened by the National Literacy Trust. The campaign aims to impact on the literacy levels of one of the most under skilled regions of the country.

The foundation of all community-based approaches to raising literacy is the active engagement of families in the language and learning of their children. Early Words Together is our flagship early years intervention, aiming to transform early language. During 2016/17 the programme strengthened its evidence base. We also hosted the national annual Talk To Your Baby conference which provided a focal point for the national conversation about early communication and its impact on literacy levels.

Our community programmes also reach out to community settings that work with groups. Working with the Man Booker Prize, Books Unlocked works with 25 prisons and young offender institutions. In 2017 we published evaluation evidence demonstrating that it has a positive impact on prisoners' reading frequency, the range of what they read, and the quality of what they read.

The KPIs for our 2016/17 communities activities:

- **We met our target to sustain our three existing Hubs and launch two new ones – Manchester and Stoke on Trent.**
- **We worked with 132 early years settings, an increase on the previous year, but below our target of 150.**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017****3. We will campaign to raise awareness of the levels and impact of youth literacy.**

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.

Our campaigns are built on our research activity. Our annual literacy survey is now the largest of its kind anywhere in the world: In 2016/17 42,406 young people took part. The research shone a light on the challenge of encouraging children to write for pleasure. As with reading, children who write for pleasure are significantly more likely to achieve at and above expected levels. However, children are far less likely to write for pleasure and teachers have fewer strategies to encourage them.

In June 2016 the National Literacy Trust took on the secretariat of the Read On. Get On campaign. The campaign is a coalition of national charities formerly led by Save the Children, with a common goal – to get every child reading well by the age of 11. In November the campaign launched its strategy in Parliament. The document was well received and offers a blue-print for coordinated partnership action to achieve the campaign goal.

In February 2017 we published a new “heat map” of literacy, developed by our partners at Experian. This was launched at a meeting of the Literacy All Party Parliamentary Group which we convene. The ward-by-ward breakdown gives us a unique framework for targeting support in the communities where it is most needed. Constituency packs were created and distributed to all MPs. The National Literacy Trust has had contact with over 60 MPs as a result of the event – encouraging them to take on the role of local literacy leaders in their constituencies.

We convene the National Literacy Forum, which supports collaboration between third sector organisations committed to raising literacy levels. In 2016/17 this group welcomed new members and launched a new Literacy Business Pledge which 51 businesses signed – committing themselves to work in partnership with Forum members.

KPIs for our 2016/17 literacy campaigning:

- **We launched a new Literacy Business Pledge and increased the number of businesses signatories to 51.**
- **We strengthened the Literacy Forum, welcoming new charity partners and agreeing an important new research partnership with the Education Endowment Foundation.**
- **We launched local business literacy promises in four areas – exceeding our target of three.**
- **Our media coverage had a value of £4.1m – well above our target of £3.5m. We achieved a reach of 201m, below our target of 210m.**

OUR TARGETS FOR 2017/18

Our 2017/18 business plan sets targets for how we will work to the themes within our 2015-20 strategy. In 2017/18 we aim to:

- 1. Work with schools to narrow the gap between young people from poorer and more affluent backgrounds**
- 2. Narrow the literacy gap between poorer and richer communities**
- 3. Campaign to raise awareness of the levels and impact of youth literacy**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017**

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 a decrease of £315,432. This comprised a decrease in restricted funds of £345,053 and an increase in unrestricted funds of £29,620.

Overall, the charity's funds decreased from £1,422,355 at the beginning of the year to £1,106,923 at the year end, of which £282,362 was in unrestricted funds and £824,561 in restricted funds. The fund balances for some restricted projects decreased due to projects either coming to an end or scheduled to end in the first half of 2017/18. This includes Oxfordshire Gaining Momentum which was completed during the year and the funding from Esmée Fairbairn Foundation for phase one Literacy Hubs, which came to an end at the end of the year.

Total income for the year has decreased 21% from £3.9m in 2015/16 to £3.1m in 2016/17. We had budgeted to increase income from 2015/16. We expect our income to grow in 2017/18. Total expenditure for the year decreased 11% from £3.9m in 2015/16 to £3.4m in 2016/17.

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 strong position 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 charity holds free reserves in order to:

- provide working capital
- allow the charity to provide continuity of service if income levels fluctuate, thereby giving time to seek new sources of revenue
- allow the charity 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 2017 was £282,361, all of which is regarded as free reserves. This is marginally above the equivalent of three months of unrestricted expenditure. The Trustees aim to increase free reserves over the next two financial years.

POLICY ON FUNDRAISING

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017**

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.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017**

Literacy is the key to fulfilling personal potential, establishing sustainable business growth and building a prosperous and equal society. I am proud to chair the National Literacy Trust as it campaigns to address some of the most profound social and economic challenges this country faces by raising the nation's literacy levels.

As the country begins to work through the profound implications of last year's referendum vote, ensuring that the whole nation has the literacy skills needed to play a full part in economic development and the democratic debate is crucial. Yet we know there are communities, cities and regions where literacy levels are weak, which are at risk of being marginalised. Too many of our cities still include communities where up to 40% of the adult population lack the literacy skills we now expect of an 11-year-old.

Our work at the National Literacy Trust in the past 12 months has shone a light on where these communities are, particularly through the groundbreaking literacy hot spots research with Experian. Through the growth of the National Literacy Trust Hubs programme and our focus on the 4,000 schools that are on the front line of breaking the link between poverty and literacy, we are creating innovative and practical ways of increasing literacy levels.

Partnerships sit at the heart of all our work. We know that the resources we bring through partnerships strengthen the work of dedicated teachers and librarians. Whether it's the inspiration of the Premier League engaging reluctant male readers, or Boots Opticians ensuring that every child can see to read, we know that partnerships with the business community can be transformatory. I am incredibly grateful for all the businesses who are partners in our campaign, and who support our work with volunteering, funding, insight and expertise. And it's been wonderful to welcome to new partners including Facebook, Novae and Greggs in the past 12 months.

None of our partnerships are as important as those with the teachers, librarians, health practitioners and community volunteers who inspire us, work with us to create new approaches and deliver our projects and interventions. Last year they took our programmes to over 100,000 young people.

I am especially grateful for the commitment and inspiration of our Patron, Her Royal Highness, The Duchess of Cornwall. It has been an honour in the past year to take Her to see one of the UK's first Literacy Hubs in Peterborough and to meet prisoners taking part in our Books Unlocked programme in HMP Brixton. Her passion for our mission and personal interest in the lives of the families and children we seek to support enriches our work and strengthens our commitment. As we prepare for our 25th anniversary in 2018, we are committed to growing the number of National Literacy Trust Hubs and strengthening our focus on supporting literacy resources in some of our most stretched schools. We are particularly committed to supporting primary school libraries, so frequently under resourced and yet so vital in supporting children's reading, especially for the one child in seven who does not own a book. In the coming year we look forward to welcoming new partners to our cause as we recommit to ensuring that every child has the literacy skills needed to fulfil their potential.

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



Dame Julia Cleverdon DCVO CBE
Chairman

Date

6 July 2017

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017****Independent auditors' report to the Trustees and Members of National Literacy Trust****Opinion on financial statements**

We have audited the financial statements of National Literacy Trust (the 'charitable company') for the year ended 31 March 2017, which comprise the Statement of Financial Activities, the Summary 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2017 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).

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 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 and, based on the work undertaken in the course of our audit, 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 any material misstatements in the Trustees' Report.

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

- the charitable company has not kept 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 in preparing the Trustees' Report.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017**

Respective responsibilities of trustees and auditor

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.

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.

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

RSM UK Audit LLP

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

Date *20 July 2017*

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 March 2017**

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	2016 £
Income:					
Donations and legacies	2	1,275,171	-	1,275,171	1,290,831
Income from charitable activities	4	-	1,429,739	1,429,739	2,410,029
Income from other trading activities	5	429,278	-	429,278	246,256
Investment income		140	-	140	490
Total income		<u>1,704,589</u>	<u>1,429,739</u>	<u>3,134,328</u>	<u>3,947,606</u>
Expenditure:					
Costs of raising funds	3 a-c	(554,531)	-	(554,531)	(515,000)
Expenditure on charitable activities	3 a-b	(1,120,438)	(1,774,792)	(2,895,229)	(3,348,673)
Total expenditure		<u>(1,674,969)</u>	<u>(1,774,792)</u>	<u>(3,449,760)</u>	<u>(3,863,673)</u>
Net Income/(expenditure) for the year		29,620	(345,053)	(315,432)	83,933
Transfer between funds	12	15,330	(15,330)	-	-
Total funds brought forward	12	237,412	1,184,943	1,422,355	1,338,422
Total funds carried forward		<u>282,362</u>	<u>824,561</u>	<u>1,106,923</u>	<u>1,422,355</u>

**BALANCE SHEET
AT 31 March 2017**

	Notes	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	8		<u>23,161</u>		<u>23,319</u>
			23,161		23,319
CURRENT ASSETS					
Debtors	9	799,447		650,081	
Cash at Bank and in hand		<u>683,563</u>		<u>1,059,550</u>	
		1,483,010		1,709,631	
CREDITORS: Amounts falling due within one year	10	<u>(355,871)</u>		<u>(264,284)</u>	
NET CURRENT ASSETS			1,127,139		1,445,347
CREDITORS: Amounts falling due after more than one year	10		(43,377)		(46,312)
NET ASSETS			<u>1,106,923</u>		<u>1,422,355</u>
The funds of the charity:					
Restricted funds	13		824,561		1,184,943
Unrestricted funds			282,362		237,412
			<u>1,106,923</u>		<u>1,422,355</u>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company. The financial statements on pages 12-29 were approved by the Trustees and authorised for issue on and signed on their behalf by:

Julia Cleverdon DCVO CBE

BEN FLETCHER

Date

Dame Julia Cleverdon
Ben Fletcher
 6th July 2017

**THE NATIONAL LITERACY TRUST
FOR THE YEAR ENDED 31 March 2017
STATEMENT OF CASHFLOWS**

Page 14

	Notes	£	2017 £	2016 £
Cash used in operating activities	18		(370,825)	(144,434)
Cash flows from investing activities				
Interest income		140		490
Purchase of tangible fixed assets		(5,303)		(21,869)
Cash provided by (used in) investing activities			(5,163)	(21,379)
Increase (decrease) in cash and cash equivalents in the year			(375,987)	(165,813)
Cash and cash equivalents at the beginning of the year			1,059,550	1,225,363
Total cash and cash equivalents at the end of the year			683,563	1,059,550

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 March 2017****1. ACCOUNTING POLICIES****a) Accounting Convention**

The financial statements have been prepared under the historical cost basis of accounts and in accordance with the Accounting and Reporting by Charities Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective 1 January 2015 – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

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 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.

e) 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 2017
(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 16.

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.

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 12.

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 11.

j) Going Concern

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

k) Financial instruments

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

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

Basic financial assets

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

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

2. Donations and legacies

	2017 £	2016 £
Voluntary Income:		
Donations from individuals	229,174	141,641
Donations from companies	544,442	583,804
Donations from charitable trusts	47,400	47,871
Donations from legacies	-	16,225
Other donations	454,155	460,535
Gifts in kind	-	40,755
	<u>1,275,171</u>	<u>1,290,831</u>

All donations and legacies are unrestricted funds in both years, 2017 & 2016.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 March 2017
(Continued)**

3. Expenditure

a) Analysis of total resources expended

	Direct costs £	Grants £ Note 16	Support costs £	Total 2017 £	2016 £
Costs of raising funds	450,033	-	104,498	554,531	515,000
Charitable Activities					
Website, publications, policy & research	276,031	-	125,502	401,533	370,191
Literacy training & consultancy	204,456	-	59,971	264,428	190,583
North East Campaign	9,859	-	(1,166)	8,693	-
Online network	130,472	-	28,752	159,224	155,315
Literacy resources	45	-	-	45	17,995
Early Words Together - Traded	(21,806)	-	20,096	(1,711)	-
Skills Academy	15,117	-	(3,402)	11,715	-
Literacy Action Hubs(P/B/M)	184,874	-	33,840	218,714	222,809
Stoke Hub	94,129	-	6,898	101,026	-
Early Words Together	146,931	-	7,276	154,208	204,212
DfE Early Years	(31)	-	4,309	4,278	335,043
Manchester Hub	15,942	-	3,114	19,056	-
Teaching Assistant Librarians	537	-	(1,701)	(1,164)	-
Literacy For Life	196,933	150,000	34,967	381,899	384,008
Oxfordshire Gaining Momentum	195,177	-	11,197	206,374	209,912
Young Readers Programme	337,919	-	57,667	395,585	328,331
Boots Challenge	37,135	-	12,032	49,166	67,682
Premier League Reading Stars	200,447	-	43,319	243,766	311,816
Sport and Literacy	2,200	-	18,936	21,136	-
Premier League Reading Stars - Cymru	57,493	-	10,318	67,811	296,242
Literacy Leaders	11,561	-	5,178	16,740	-
Books About Town	922	-	-	922	87,608
Words for Work	26,264	-	8,495	34,759	48,697
Cultural Literacy Programme	37,982	-	5,884	43,866	-
Picture the Poet	25,147	-	4,310	29,457	62,817
Other named projects	53,230	-	10,475	63,704	55,412
	<u>2,238,966</u>	<u>150,000</u>	<u>506,264</u>	<u>2,895,229</u>	<u>3,348,675</u>
	<u>2,688,999</u>	<u>150,000</u>	<u>610,762</u>	<u>3,449,760</u>	<u>3,863,675</u>

b) Analysis of support costs

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	Premises	General Office	Staff	Finance	Information Technology	Total	
	£	£		£	£	2017	2016
Basis of Allocation	(1)	(1)	(2)	(2)	(2)	£	£
Website, publications, policy analysis and research	28,787	14,552	59,604	4,596	17,963	125,502	116,163
Literacy training & consultancy	10,875	5,498	30,077	9,192	4,330	59,971	55,039
North East Campaign	386	195	(2,032)	132	154	(1,166)	-
Online network	6,413	3,242	14,246	2,298	2,553	28,752	26,204
Early Words Together - Traded	4,513	2,281	9,206	2,298	1,797	20,096	-
Skills Academy	-	-	(3,402)	-	-	(3,402)	-
Literacy Action Hubs	7,898	3,992	16,111	2,693	3,145	33,840	23,448
Stoke Hub	1,485	750	3,565	506	591	6,898	-
Early Words Together	2,473	1,250	270	2,298	985	7,276	26,520
DfE Early Years	891	450	2,309	304	355	4,309	26,666
Manchester Hub	831	420	1,248	283	331	3,114	-
Teaching Assistant Librarians	-	-	(1,701)	-	-	(1,701)	-
Academies	6,918	3,497	19,439	2,359	2,754	34,967	-
Oxfordshire Gaining Momentum	2,227	1,126	6,198	759	887	11,197	16,274
Young Readers Programme	10,837	5,478	33,342	3,695	4,315	57,667	39,823
Zoe's Community Challenge	2,494	1,261	5,446	1,838	993	12,032	22,328
Premier League Reading Stars	8,343	4,217	24,495	2,942	3,322	43,319	34,855
Sport and Literacy	3,563	1,801	10,938	1,215	1,419	18,936	13,590
Premier League Reading Stars - Cymru	1,781	901	6,320	607	709	10,318	18,627
Literacy Leaders	1,188	600	2,512	405	473	5,178	-
Books About Town	-	-	-	-	-	-	10,177
Words for Work	2,553	1,291	2,255	1,379	1,017	8,495	17,460
Cultural Literacy Programme	1,603	810	2,286	547	638	5,884	-
Picture the Poet	891	450	2,310	304	355	4,310	7,253
Other named projects	2,102	1,063	5,756	717	837	10,475	15,605
Generating funds	25,759	13,021	57,365	4,596	3,757	104,498	43,174
	134,811	68,147	308,163	45,963	53,679	610,762	513,206

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 March 2017
(Continued)**

3. Expenditure (continued)

c) Analysis of costs of raising funds

	2017 £	2016 £
Staff costs	375,714	375,407
Other direct costs	74,319	96,417
Support costs	104,498	43,176
	<u>554,531</u>	<u>515,000</u>

d) Expenditure

Net income / (expenditure) for the year is stated after charging:

	2017 £	2016 £
Auditor's remuneration - audit fees	13,250	13,250
- other services	2,500	1,300
Operating leases - equipment	2,121	2,121
Operating leases - land and buildings	91,920	91,920
Depreciation	5,461	2,946

4. Income from charitable activities:

Grants and sponsorships receivable

Restricted £	2017 £	2016 £
1,429,739	1,429,739	2,410,029
<u>1,429,739</u>	<u>1,429,739</u>	<u>2,410,029</u>

Income from charitable activities is all restricted income in both 2017 and 2016.

5. Other trading activities

	Unrestricted £	Restricted £	2017 £	2016 £
Literacy training & consultancy	162,082	-	162,082	86,590
Online network subscriptions	231,161	-	231,161	158,795
Literacy resources	1,124	-	1,124	871
Early Words Together - Traded Model	19,421	-	19,421	-
Skills Academy	15,490	-	15,490	-
	<u>429,278</u>	<u>-</u>	<u>429,278</u>	<u>246,256</u>

Income from trading activities is all unrestricted income in both 2017 and 2016.

6. STAFF COSTS

	2017 £	2016 £
Staff Costs:		
Wages and Salaries	1,716,013	1,672,576
Social security costs	174,637	168,558
Pension costs	137,171	131,022
Training and Recruitment	47,281	47,039
	<u>2,075,102</u>	<u>2,019,194</u>

7. EMPLOYEE AND TRUSTEE INFORMATION

The average number of employees during the year (based on full time equivalents) was 48 (2016: 48).

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

	2017	2016
£60,001 - £70,000	3	1
£70,001- £80,000	1	1
	<u>4</u>	<u>2</u>

One employee accrued retirement benefits under the defined contribution scheme. Total contributions in the year for this staff member were £6,064 (2016: £6,330).

The trustees were not entitled to and did not receive any emoluments from the charity during the year (2016: £Nil).

Expenses of £512 were reimbursed to one Trustee during the year, which related to travel expenses (2016: One Trustee £96).

There were no other Related Party Transactions during the year (2016: none).

The charity considers its key management personnel to comprise of Jonathan Douglas and the members of the senior management team. Remuneration and benefits recorded in the year by key management personnel were £317k (2016: £380k).

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 March 2017
(Continued)**

8. TANGIBLE FIXED ASSETS

	Office Equipment £	Total £
Cost		
At 1 April 2016	27,730	27,730
Additions	5,303	5,303
Disposals	-	-
At 31 March 2017	<u>33,033</u>	<u>33,033</u>
Depreciation		
At 1 April 2016	4,411	4,411
Charge for the Year	5,461	5,461
Disposals	-	-
At 31 March 2017	<u>9,872</u>	<u>9,872</u>
Net Book Value		
At 31 March 2017	<u>23,161</u>	<u>23,161</u>
At 1 April 2016	<u>23,319</u>	<u>23,319</u>

9. DEBTORS

	2017 £	2016 £
Sundry Debtors	401,629	332,481
Prepayments and Accrued Income	<u>397,817</u>	<u>317,600</u>
	<u>799,447</u>	<u>650,081</u>

Included within Sundry Debtors is £32,279 (2016 £32,199) relating to rent deposit.
This balance is receivable in > 1 year.

10. CREDITORS

	2017 £	2016 £
Trade Creditors	61,549	21,670
Taxation and Social Security	69,044	70,957
Other Creditors	47,305	41,044
Accruals and Deferred Income	<u>177,973</u>	<u>130,613</u>
	<u>355,871</u>	<u>264,284</u>

Included within other creditors are amounts totalling £14,358 (2016: £16,376) relating to outstanding pension contributions

Movement in Deferred Income

	2017 £	2016 £
Brought forward at 1 April 2016	103,177	119,767
Released during year	(937,313)	(142,126)
Deferred during year	979,896	125,536
Carried forward at 31 March 2017	<u>145,760</u>	<u>103,177</u>

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

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 March 2017
(Continued)

CREDITORS (continued)

	Notes	2017 £	2016 £
Provisions			
Provision at end of period	14	48,841	51,582
Due within 12 months		(5,464)	(5,270)
Due after more than one year		43,377	46,312

11. FUTURE FINANCIAL COMMITMENTS

Operating leases

As at 31 March 2017 the charity had total commitments under non-cancellable operating leases

	Land & Buildings		Other	
	2017	2016 £	2017 £	2016 £
Within one year	76,600	76,600	2,121	2,371
Within 2 to 5 years	17,838	94,438	5,832	4,742
Over 5 years	-	-	-	3,711

Operating lease costs payable in the year were £70,124 (2016: £70,124).

12. RESTRICTED FUNDS

	B/F 01-Apr-16 £	Movement in Resources		C/F 31-Mar-17 £
		Incoming £	Outgoing £	Transfers £
PROJECT				
1. Literacy Action Hubs	181,061	3,814	(184,874)	-
2. Stoke Hub	-	111,229	(94,129)	17,100
3. Manchester Hub	-	64,621	(15,942)	48,680
4. Early Words Together	74,711	48,010	(146,931)	24,185
5. DFE Early Years	(731)	700	31	-
6. Books Unlocked	-	42,373	(42,639)	28,871
7. Teaching Assistant Libraries	-	26,271	(537)	25,734
8. Literacy For Life	217,575	242,174	(346,933)	112,816
9. Oxfordshire Gaining Momentum	84,908	111,266	(195,177)	997
10. Young Readers Programme	229,307	475,140	(337,919)	366,528
11. Zoe's Community Challenge	18,205	42,198	(37,135)	23,269
12. Premier League Reading Stars	120,969	122,809	(200,447)	43,331
13. Sport and Literacy	-	25,424	(2,200)	23,224
14. Premier League Reading Stars - Cymru	74,979	(17,486)	(57,493)	(1)
15. Words For Work	48,420	84,350	(26,264)	106,506
16. Books About Town	921	-	(922)	(2)
17. Picture the Poet	8,009	17,138	(25,147)	-
18. Literacy Leaders	-	29,708	(11,561)	18,146
19. Other named projects	70,146	-	(10,590)	(52,109)
20. Literacy Champions	41,134	-	-	(41,134)
21. Transforming Writing	2,590	-	-	(2,590)
22. Oxfordshire Reading Campaign	12,740	-	-	(12,740)
23. Cultural Literacy Programme	-	-	(37,982)	40,187
	1,184,943	1,429,740	(1,774,791)	(15,330)
				824,561

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 balances held in Transforming Writing and Oxfordshire Reading Campaign were transferred to unrestricted funds with Trustees' approval as balances had been there for several financial years. The other transfers are movements out of other named projects to show the separate projects on an individual basis.

12. RESTRICTED FUNDS (continued) 2015-16

PROJECT	Movement in Resources			
	B/F £	Incoming £	Outgoing £	C/F £
1. Young Readers Programme	194,998	322,818	(288,509)	229,307
2. Oxfordshire Reading Campaign	12,740	-	-	12,740
3. Premier League Reading Stars	111,436	286,495	(276,962)	120,969
4. Literacy Champions	41,134	-	-	41,134
5. Words for Work	20,339	59,318	(31,237)	48,420
6. Transforming Writing	2,590	-	-	2,590
7. Books About Town	78,874	(523)	(77,430)	921
8. Picture the Poet	(6,965)	70,538	(55,564)	8,009
9. Literacy Action Hubs	197,746	182,676	(199,361)	181,061
10. Early Words Together	51,123	201,281	(177,693)	74,711
11. Premier League Reading Stars - Cymru	56,295	296,300	(277,615)	74,979
12. Academies	256,055	331,938	(370,418)	217,575
13. Oxfordshire Gaining Momentum	74,645	203,901	(193,638)	84,908
14. Boots Challenge	-	63,559	(45,354)	18,205
15. DfE Early Years	-	307,646	(308,377)	(731)
16. Other named projects	25,867	84,083	(39,804)	70,146
	<u>1,116,877</u>	<u>2,410,029</u>	<u>(2,341,963)</u>	<u>1,184,943</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 March 2017
(Continued)**

Our programmes and their funding sources

- **Literacy Hubs** – long term and sustained interventions in areas of deprivation to develop corporate strategies to raise literacy levels. Funded by Esmée Fairbairn Foundation, Man Booker Foundation and Middlesbrough County Council
- **Stoke Hub** – a campaign to promote reading and boost literacy throughout the city.
- **Manchester Hub** – we have joined forces with Manchester City Council to create Read Manchester, a campaign to promote reading and boost literacy throughout the city.
- **Early Words Together** – funded by the Department for Education, the programme is focused on improving and increasing early home learning through identification and support through local authority children centres.
- **DFE – Hello, Nursery Improvement Scheme.** A DfE funded project looking at how nursery teaching schools can drive improvement.
- **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.
- **Literacy for Life (Academies)** – a revolutionary approach to improving secondary school language and literacy.
- **Oxfordshire Gaining Momentum** – focused on the importance of language teaching and learning in every subject area. The scheme seeks to address the county's attainment gap between disadvantaged and other pupils, with a focus on students in Years 7 and 8
- **Young Readers Programme** – promotes reading for pleasure to disadvantaged children. Funded by corporates including KPMG, British Land, WHSmith, Slaughter & May and trusts and 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.
- **Zoe's Community Challenge** – a project funded by Boots Opticians to send its staff into schools to promote literacy as well as the importance of eye tests.
- **Premier League Reading Stars** – a project for schools to engage children in reading using the motivational power of sport and role models, funded by the Premier League and Arts Council England.
- **Sport and Literacy** – our proven sport and literacy programmes inspire young people to improve their literacy skills through sport-themed activities and sporting personalities.
- **Premier League Reading Stars – Cymru** – funded by the Welsh Assembly to roll out PLRS across Wales focusing on deprived areas.
- **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.
- **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 three-year project funded by The National Portrait Gallery. The project supports the teaching of creative poetry writing at Key Stage 2.
- **Literacy Leaders** – Literacy Leaders is a bespoke, whole-school approach for secondary schools. The project aims to empower, encourage and support students to promote reading for enjoyment, mentor younger students and provide opportunities for writing.
- **Other named projects** – this relates to funding received where restrictions have been made by the donor for individual small one-off projects.
- **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.
- **Transforming Writing** – Transforming Writing was a two-year action research project, sponsored by the Esmée Fairbairn Foundation, which developed a model for the teaching and learning of writing that embedded formative assessment.
- **Oxfordshire Reading Campaign** – In 2012, Oxfordshire County Council commissioned the National Literacy Trust to deliver the Oxfordshire Reading Campaign, a two-year programme that aimed to improve reading skills and engagement among Key Stage 1 children in the county's primary schools.
- **Cultural Literacy Programme** – we work with cultural organisations to inspire students to improve their literacy skills.

13. Analysis of Funds

	Fixed Assets £	Net Current Assets £	2017 Total £
Restricted Funds:			
1. Literacy Action Hubs	-	-	-
2. Stoke Hub	-	17,100	17,100
3. Manchester Hub	-	48,680	48,680
4. Early Words Together	-	(25)	(25)
6. Books Unlocked	-	28,605	28,605
7. Teaching Assistant Libraries	-	25,734	25,734
8. Literacy For Life	-	112,816	112,816
9. Oxfordshire Gaining Momentum	-	997	997
10. Young Readers Programme	-	366,528	366,528
11. Zoe's Community Challenge	-	23,269	23,269
12. Premier League Reading Stars	-	43,331	43,331
13. Sport and Literacy	-	23,224	23,224
14. Premier League Reading Stars - Cymru	-	-	-
15. Words For Work	-	106,506	106,506
16. Books About Town	-	(2)	(2)
17. Picture the Poet	-	-	-
18. Literacy Leaders	-	18,146	18,146
19. Other named projects	-	7,447	7,447
20. Literacy Champions	-	-	-
21. Transforming Writing	-	-	-
22. Oxfordshire Reading Campaign	-	-	-
23. Cultural Literacy Programme	-	2,205	2,205
	-	824,561	824,561
Unrestricted Funds:	23,161	259,202	282,362
	23,161	1,083,763	1,106,923

13. Analysis of Funds (continued)

	Fixed Assets £	Net Current Assets £	2016 Total £
Restricted Funds:			
1. Literacy Hubs	-	181,061	181,061
2. Early Words Together	-	74,711	74,711
3. Academies	-	217,575	217,575
4. Oxfordshire Gaining Momentum	-	84,908	84,908
5. Young Readers Programme	-	229,307	229,307
6. Oxfordshire Reading Programme	-	12,740	12,740
7. Boots Challenge	-	18,205	18,205
8. Premier League Reading Stars	-	120,969	120,969
9. Words For Work	-	48,420	48,420
10. Books About Town	-	921	921
11. Picture the Poet	-	8,009	8,009
12. Other named projects	-	70,145	70,145
13. Literacy Champions	-	41,134	41,134
14. Transforming Writing	-	2,590	2,590
15. Premier League Reading Stars - Cymru	-	74,979	74,979
16. DFE Early Years	-	(731)	(731)
	-	1,184,943	1,184,943
Unrestricted Funds:	23,319	214,093	237,412
	23,319	1,399,036	1,422,355

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 March 2017
(Continued)**

14. PENSION COSTS

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

The Pensions Trust - Growth Plan

The charity participates in a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Statements issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the charity is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit on withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £1,148m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers on an annuity to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2014 to 31 March 2023	£13.9m per annum (payable monthly and increasing by 3% each on 1 April)
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A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £1,177m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1 April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1 April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 March 2017
(Continued)**

14. PENSION COSTS (continued)

	2017	2016	2015
	£	£	£
Present values of provision	48,841	51,582	38,106

Reconciliation of Opening and Closing Provisions	2017	2016
	£	£
Provision at start of the period	51,582	38,106
Unwinding of the discount factor (interest expense)	1,010	623
Deficit contribution paid	(5,270)	(4,597)
Remeasurements - impact of any change in assumptions	1,519	(806)
Remeasurements - amendments to the contribution schedule	-	18,256
Provision at end of period	<u>48,841</u>	<u>51,582</u>

SOFA Impact	2017	2016
	£	£
Interest expense	1010	623
Remeasurements - impact of any change in assumptions	1519	(806)
Remeasurements - amendments to the contribution schedule 3 a	-	18,256
Costs recognised in income and expenditure account	-	13,476

	2017	2016	2015
	% per annum		
Rate of discount	1.32	2.07	1.74

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

15. 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 (2016: £159,069). 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).

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 March 2017
(Continued)**

16. GRANTS AWARDED

Academies	Number of grants	2017 £
Ormiston Academy	1	75,000
Aldridge Academy	1	75,000
	<u>2</u>	<u>150,000</u>

Academies

Grants made to Academies to support delivery of the programme

17. 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 the extent that they are applied to its charitable objectives.

18. Reconciliation of net movement in funds to net cash flow from operating activities

3 a-b	2017 £	2016 £
Net movement in funds	(315,432)	83,933
Add Depreciation	5,461	2,946
Investment income	(140)	(490)
Decrease (increase) in debtors	(149,366)	(175,053)
Increase (decrease) in creditors	91,587	(55,770)
Increase (decrease) in Pension Provision	(2,935)	-
Net cash used in operating activities	<u>(370,825)</u>	<u>(144,434)</u>