



The Children's Literacy Charity

Annual Report and Accounts

Year Ended 31st August 2020

**Registered Charity Number 1124257
Company Incorporated in England and Wales
Registered Company Number 6251103**

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Legal & Administrative Details
as at 31st August 2020

Company Number: 6251103

Charity Number: 1124257

Registered Address: Conrad Court, Cary Avenue, London SE16 7EJ
Telephone: 020 7740 1008
E-mail: info@theclc.org.uk
Website: www.thechildrensliteracycharity.org.uk

Patrons: Sarah, Duchess of York
The Lord Harris of Peckham
The Lord Hastings of Scarisbrick CBE
The Lord Lingfield
Noel Gordon
Margaret McVeigh

Trustee Board: For the purposes of the Companies Act 2006, the Board of Trustees is regarded as the Board of Directors of the company. The Trustees of the company throughout the year and to the date of signing this report are as follows:

Jeffrey Defries (Chair)
Isabel Greenwood (Deputy Chair)
Steven Artist
Andrew Martin
Neal Lodhia
Dr Jenny Thomson
Michael Momoh (resigned 3 October 2019)

Senior Management: Alex Charalambous – Head of Educational Development
Michelle Bennett – Head of Fundraising

Bankers: Lloyds Bank plc
34 Moorgate, London EC2R 6PL

Scottish Widows
25 Gresham Street, London EC2V 7HN

Auditors: Begbies Chartered Accountants and Registered Auditors
9 Bonhill Street, London EC2A 4DJ

From the Chair

Like most charities the Children's Literacy Charity has been affected by the Covid 19 pandemic but nevertheless, by one means or another, we have continued to deliver high quality life-changing literacy interventions across a range of schools mainly in London and also in Manchester. Our constant focus on quality has ensured that our core service continues to help some of the most disadvantaged children with the greatest need.

Though we have seen a significant drop in fundraised income as a result of the impact of the pandemic, we have sought to mitigate this through cost savings across the charity. In March we furloughed all of our tutors and put a freeze on recruitment to vacant posts. As a result of this financial vigilance, we have managed to end the financial year with a modest surplus.

Up to school closures at the end of March 2020, we provided support for 250 children on our Expert programme and a further 32 children on our Community programme through our tailored, one-to-one Literacy Lab intervention programme. Once Covid-19 was upon us and all our partner schools closed, we were faced with challenges as to how to continue our tuition programme in order to reach those children who needed us the most and how best to support schools during this unprecedented time. It was a period of adaptation and we were able to transfer our Literacy Lab programme online for some of our schools. This was the first time the charity has ever taught children remotely and meant a rapid learning exercise for our tutors. We are proud to have made this shift during lockdown in order to support children's literacy while at home and to help ensure that the gap did not widen further. In addition, this meant that we were able to receive income from schools and demonstrate to our funders that our work was continuing.

From May 2020, we were able to support an additional 66 children through the Expert programme (a blend of face to face in school support, online teaching for pupils in school and online teaching for pupils at home). A further 32 children received online tutoring during our Online Summer Catch Up Literacy programme, proving that we were adaptable and doing all we could to ensure no child is left behind in the education system.

Measuring the effect of our work has always been important for us, our schools and our funders and this year has resulted in our most impressive impact data yet. Of the children who graduated from our programmes, 100% narrowed their literacy gap and 88% closed their literacy gap completely. These "CLC graduates" have surpassed all expectations and we are very proud of their achievements despite having had the programme halted mid-year. Their success has been made possible thanks to our highly skilled literacy tutors who have worked so diligently to ensure that every child was able to receive one to one tutoring even if only for a small number of weeks. We made that possible through a collective effort and a shared vision.

At the time of writing, Covid is still with us and this means that we must remain prepared to be innovative and flexible in our approach to delivering literacy support to schools. In budget terms, we are being cautious about our funding for 2020-21 and thus are continuing to constrain both our expenditure and our planned delivery. What we will not do however is to compromise on our commitments to schools and to the quality of our support no matter the form of delivery involved.

We have a great team of tutors, a small but excellent senior management team and a committed board of trustees. Thank you to all who have supported us during 2019-20.

Jeffrey Defries
Chair of Trustees

Trustees Report

Our Vision

The vision of The Children's Literacy Charity is to close the literacy gap for all disadvantaged children, enabling them to achieve their true potential.

We do this through our Expert one-to-one literacy interventions in our Literacy Labs, working in some of the most deprived areas of the country.

Our skilled tutors provide individualised early intervention literacy tuition (reading, writing, speaking and listening) to build children's skills and confidence.

The scale of the need

Every year 150,000 of the poorest children start school with language skills one and a half years behind their peers. For some, this literacy gap is significant. They can be more than two years behind. The most disadvantaged children often have the greatest gap.

If they do not catch up, their literacy gap will have a profound effect on the rest of their lives. Because they lack self-esteem and confidence, they struggle at school; are more likely to be truant; and ultimately less likely to find a job and more likely to turn to crime. This is a growing problem: by 2025 it is estimated that 1.5 million children in the UK will reach 11 unable to read well.

How we transform lives

The Children's Literacy Charity works to improve the life opportunities of disadvantaged children who are at risk of being left behind in the education system. Through the direct provision of personalised, Expert, one to one support, the charity makes a positive difference to their ability to learn, to succeed and to achieve their true potential.

The vulnerable children we work with have a literacy level that is often between one to two years behind their peers, and sometimes greater. The barriers to their learning include: coming from socioeconomically disadvantaged backgrounds; speaking English as an additional language; having some form of special educational need such as dyslexia, dyspraxia or mild autism; having parents or carers who also struggle with their literacy; and having chaotic home lives and/or disrupted school attendance.

The Children's Literacy Charity is unique because we focus on all aspects of Literacy – reading, writing, comprehension, speaking and listening, working exclusively on a one-to-one basis with children.

We deliver multi-sensory, phonic based tuition that builds skills and grows confidence. We raise children's expectations of themselves as learners and strengthen their hope for the future. This approach is the key to addressing the multiple complex barriers to learning that many disadvantaged children experience. Our literacy intervention gives those children who are most behind a crucial and potentially life changing step up.

Supporting disadvantaged children through our Expert Literacy Programme

In 2019/20, through our tailored, individualised, one to one literacy tuition, The Children's Literacy Charity supported 250 pupils before schools closed due to the COVID 19 pandemic at the end of March 2020. Each child on the programme had two, 45-minute, one-to-one literacy sessions per week with their tutor. Our intervention is particularly effective because we capitalise on the strengths of each child and focus teaching on the areas where they need the greatest help. Every child on the programme made progress: 100% of children supported this year narrowed their literacy gap; 88% closed their reading age gap; and 90% achieved age-related comprehension skills.

Of the children we helped through our Expert tuition this year:

- 52% of pupils had English as an additional language
- 30% were in receipt of Special Educational Needs (SEN) support
- 36% were eligible for Pupil Premium
- 13% of pupils were on the SEN register as well as being eligible for Pupil Premium

Children who joined our programme had an average reading age gap of 14 months against their chronological age. On graduating from our programme, the children's average reading age showed them to be eight months ahead of age related expectations. Children who began our programme had an average reading comprehension age gap of ten months against their chronological age. On graduating our programme, children's average reading comprehension age showed them to be nine months ahead of age related expectations.

In 2019/20, the pupils graduating from our Literacy Labs have achieved our highest ever ratio gains. This is the gain in reading age made during a chronological time span - a gain of above 4.0 indicates remarkable impact, i.e. for every month on the programme the child gained over four months in their literacy development. In this academic year the ratio gain for reading was 4.8 and for comprehension was 4.7. An average pupil in a classroom working at age-related expectations would make one years gain in one academic year.

Our approach has been independently validated by the University of Sheffield which found our Expert programme "demonstrated effectiveness in significantly progressing the literacy skills of the most disadvantaged student groups in the country" and offered "a gold standard in provision."

Reaching children through our Community Literacy Labs

In 2019/20 we ran two Community Literacy Labs in London – one in Westminster, and the other in Harlesden, North West London, benefiting 32 disadvantaged children in some of the most deprived wards of London. Each week, across the academic term, the children benefit from 30 minutes of one-to-one tuition with a trained tutor, followed by 30 minutes of educational activities with a trained volunteer. Our Community programme differs from the Expert programme in that it can reach children outside of the school setting, either at a centre within their local community or as an afterschool club. As a consequence, there is a greater opportunity to engage parents in their child's learning, and children also have a chance to develop some of their softer skills such as turn-taking, listening and problem solving.

On average, both the reading and comprehension age for a child starting the programme was 7 years and 11 months. At the final assessment the average reading age was 9 years and 4 months, and 9 years and 9 months for comprehension.

Online tutoring during lockdown

For the first time ever, due to the lockdown the charity faced the challenge of not being able to deliver the Expert or Community programme face to face directly with children. We took the steps to adapt our programme and model of delivery and retrain some tutors to be able to deliver this programme online. We consulted with schools and worked together with them and parents to make this happen.

When schools reopened after the lockdown we were able to return to a third of our schools and worked with a total of 66 children – either through ‘social distanced’ face to face tutoring or remote online tutoring. We wanted to continue to reach the most disadvantaged children and through acquiring emergency funding, we set up and delivered our Online Summer Catch Up Literacy programme for disadvantaged children based in Westminster. Here we supported 32 children while they remained at home during the school holidays.

Sharing our expertise

We deliver a range of courses and continued professional development opportunities externally to schools, organisations, volunteer groups and teacher training providers. This is a way for us to share our knowledge and expertise to impact the lives of many more children. In 2019/20, we trained 65 teachers and teaching assistants. We estimate that almost 2,000 children would have indirectly benefitted from the training their teachers and teaching assistants received.

Supporters of The Children’s Literacy Charity

We are especially grateful to the many supporters who fund our work and would like to extend our sincere thanks to the following donors who have given so generously over the year.

Charterhouse in Southwark	SE Franklin Trust
DCR Allen Charitable Trust	Sir John Cass's Foundation
Donald Forrester Trust	St Giles & St George - William Shelton Educational Charity
Girdlers' Company Charitable Trust	The Schroder Charity Trust
The Worshipful Company of Grocers'	The Swire Charitable Trust
Haggie Partners	The Vintners' Company
Hyde Park Place Estate Charity	The Westminster Foundation
Informa	The Zochonis Charitable Trust
Leathersellers	Walcot Foundation
M&G Investments	Wates Foundation
Paper Round	Wellington Management UK Foundation
Platform 365	William Wates Memorial Trust

Financial Review

The total income for the year was £485,818 compared with £595,022 in 2018/19. The principal funding source was income from Trusts and Foundations, accounting for 43% of the overall income. Fees for services accounted for 31%, whilst grants received from the Coronavirus Job Retention Scheme accounted for 14%. The remaining 12% was raised from a combination of individual giving and corporate donations.

Total expenditure for 2019/20 was £439,248 compared to £697,227 in 2018/19. 84% of this was spent on core activities and 16% on raising funds.

The pandemic significantly affected the charity's income with many trusts and foundations understandably diverting funds to frontline emergency relief. The charity implemented a number of cost cutting measures to reduce overheads, whilst still delivering as much of the services as possible given school closures amid the national lockdown.

Reserves Policy

The reserves as at 31st August 2020 totalled £241,823. This is made up of the designated liquidation fund of £120,000 and general funds of £121,823, of which £2,832 is invested in the charity's fixed assets. As at 31st August 2020 the charity's free reserves totalled £118,991.

The charity's reserves policy is to hold three months of expenditure in reserves for the purpose of protecting the work of the charity in the short term should funding targets not be met or if the charity should need to cease/curtail its activities. The policy is reviewed annually, when specific factors affecting the level of reserves are reviewed, primarily relating to contractual obligations for employees. As at 31st August 2020 the charity's free reserves were sufficient to meet the trustees' reserves policy.

Going concern

The Trustees believe that the charity has adequate resources to continue in operational existence as future funds receivable are anticipated to be sufficient to fund committed projects. Nevertheless, they will continue to monitor the charity's spending and cash flow regularly to ensure that its liabilities are met as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Principal risks and related matters

The Trustees of The Children's Literacy Charity are responsible for the management of the risks faced by the charity. Detailed consideration of risk is delegated to the Senior Management Team and reviewed in October each year. Risks are identified during the review and are monitored and controlled on an on-going basis.

The Trustees are satisfied that all major risks have been reviewed and procedures put in place to mitigate against those risks. Other external risks to which the charity may be exposed to are identified and discussed at regular Trustee meetings and any appropriate actions implemented.

Investment Policy

Reserves are held on deposit with Lloyds Banking Group and Scottish Widows. A review of the investment return is carried out on a regular basis and decisions on where to hold surplus funds are made on the basis of interest rates and accessibility.

Organisational Structure

Structure, Governance and Management

The Children's Literacy Charity is a charitable company limited by guarantee, incorporated on 17th May 2007 and registered as a charity 30th May 2008. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £10.

Statement of Trustees Responsibility

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

Company law requires the Trustees to prepare financial statements for each financial year. These give a true and fair view of the state of affairs of the charitable company and of the incoming and outgoing resources and application of resources, including 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in 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.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- they have taken all steps required to ensure that they are aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Recruitment and Training of Trustees

Recruitment of Trustees is carried out through nominations from within the Trustee Board and through open recruitment. In order to assess their personal competence and independence, a skills audit is conducted to assess suitability for any vacancies on the Board.

Detailed role profiles and codes of conduct are set out in the Trustee Information/Induction Pack and appointments are based on the results of the skills audit and an assessment

process followed by a vote of the existing Trustees. New Trustees are given the last three years' Annual Report and Accounts and are encouraged to read the Charity Commission's document "The Hallmarks of an Effective Charity".

Remuneration of senior staff

Remuneration of the Chief Executive is set by the Trustees and benchmarked using the ACEVO pay review and similar roles in other medium sized charities. The same benchmarks are used to set Senior Management pay. No employee is paid more than £60,000 and employees receive no employee benefits other than their pay and pensions.

Senior Management

Responsibility for day-to-day operations and the leadership of the professional and volunteer team is delegated to the Senior Management Team. The Senior Management Team is responsible for all day to day decisions affecting the charity. Decisions of a strategic or directional nature, including the employment of the senior staff, remain the responsibility of the Trustees.

The Trustees keep up to date with charity regulation through reports from the Senior Management Team which is presented as part of the main agenda in Trustees' meetings. Trustees attend relevant training and are expected to share knowledge and best practice at these meetings.

The charity has no subsidiaries and there were no related party transactions during the year. The Trustees give their time voluntarily and receive no benefits from the charity.

The work of The Children's Literacy Charity is carried out by 54 individuals, comprising 32 paid staff and 22 volunteers.

Auditors

Begbies Accountants have indicated their willingness to continue in office and are deemed to be reappointed in accordance with section 487(2) of the Companies Act 2006.

Preparation of the accounts

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102 – Charity SORP (FRS102) Revised) the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applied from 1 January 2019. The charitable company is a Public Benefit Entity as defined by FRS 102.

Public Benefit

The trustees have had regard to the Charity Commission's guidance on public benefit and are satisfied that the company meets the public benefit requirement.

Future plans and goals 2020/21

Strategic Aims

Education: To deliver and develop the most effective programmes to reach disadvantaged children in areas of deprivation.

Fundraising: To diversify income streams with a focus on growing unrestricted income.

Organisation: To ensure we have a stable infrastructure to support growth.

Governance: To maximise trustee engagement for robust planning and charitable oversight.

Education

- We will deliver 144 Expert pupil places through 12 partner schools in disadvantaged communities.
- Provide places for 24 children through two Community Literacy Labs and explore opportunities to work in partnership to establish two further Community Literacy Labs.
- Ensure that our educational delivery is of the highest quality through regular review and quality control of delivery through evaluation of pupil progress.
- Support tutors by providing ongoing professional development opportunities.

Income generation and Fundraising

- We plan to raise an overall income of £474,675. This will be achieved by raising £359,100 through fundraising, and securing £115,575 from school contributions and training provision.
- We will provide excellent account management to existing trusts and foundation donors, whilst increasing levels of support through effective and appropriate funding applications.
- Increase unrestricted corporate income through a supportive relationship management approach for new and existing corporate partnerships.
- Develop our community fundraising offer utilising our new fundraising pack and increasing our digital reach.
- Manage our relationships with existing funders and supporters through regular communication, reporting and contact.

Organisation

- Drive our marketing & fundraising communications through our website and social media channels.
- Build how we tell our story through compelling, engaging and relevant content.
- Evidence our impact through the capture of quantitative data of pupil progress.
- Benchmark our data against national standards.
- Ensure that robust safeguarding policies and procedures are in place/adhered to.
- Maintain our current facilities and infrastructure to meet organisational needs.

Governance

- Facilitate strong trustee engagement through regular quarterly meetings.
- Ensure trustees are fully informed and risks are recorded and reviewed regularly.
- Ensure the charity is meeting its legal obligations through the development and submission of annual accounts in a timely fashion.



23/11/2020

Jeffrey Defries, Chairman of Trustees

Date:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF The Children's Literacy Charity

Opinion

We have audited the financial statements of The Children's Literacy Charity (the "Charity") for the year ended 31st August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31st August 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Charity 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 Charity'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 annual 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.

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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (incorporating the directors' report) have 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 Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

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

Responsibilities of the trustees

The trustees 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 they 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 Charity'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 Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Charity'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 Charity'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 Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Katherine Dee (Senior Statutory Auditor)
For and on behalf of Begbies Chartered Accountants, Statutory Auditor
9 Bonhill Street
London
EC2A 4DJ

Date:



Statement of Financial Activities
Year to 31st August 2020
Including Income and Expenditure Account

	Note	Unrestricted £	Restricted £	Total 2020 £	Total 2019 £
Income and endowments from:					
Donations & Legacies	2a	64,185	24,000	88,185	152,708
Charitable activities	2b	152,466	176,243	328,709	441,903
Other Income – CJRS grant		0	68,723	68,723	0
Investments (bank Interest)		202	0	202	410
Total Income		216,852	268,966	485,818	595,022
Expenditure on:					
	4 & 5				
Raising Funds		69,172	0	69,172	137,167
Charitable Activities		93,368	276,707	370,076	560,059
Total Expenditure		162,540	276,707	439,248	697,226
Net Income/(Expenditure)		54,312	(7,741)	46,571	(102,205)
Net Movement in funds		54,312	(7,741)	46,571	(102,205)
Reconciliation in Funds					
Total Funds brought Forward		187,511	7,741	195,252	297,457
Total Funds carried Forward	10 & 11	241,823	0	241,823	195,252

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

There were no recognised gains and losses in the period other than those shown above.

All of the above results are derived from continuing activities.

The notes 1-15 form a part of these financial statements.

Balance Sheet
As at 31st August 2020

		Total 2020	Total 2019
	Note	£	£
Fixed Assets			
Tangible assets	6	2,832	5,013
		<u>2,832</u>	<u>5,013</u>
Current Assets			
Debtors	7	8,616	17,540
Cash at Bank	8	297,377	199,435
		<u>305,994</u>	<u>216,975</u>
Liabilities			
Creditors: Amounts falling due within one year	9	(67,003)	(26,736)
Net Current Assets		<u>238,990</u>	<u>190,239</u>
Net Assets		<u>241,823</u>	<u>195,252</u>
Funds of the Charity			
Restricted		0	7,741
General	10	121,823	12,511
Designated	10	120,000	175,000
Total Funds		<u>241,823</u>	<u>195,252</u>

The notes 1-15 form part of these financial statements.

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

These financial statements were approved, and authorised for distribution, by the board on and signed on their behalf by:



Jeffrey Defries, Chairman of Trustees

Date: 23/11/2020

Registered Company Number 6251103, Charity Number 1124257

Statement of Cashflows

Year to 31st August 2020

	Note	Total 2020 £	Total 2019 £
Cashflows from operating activities:			
Net Cash provided by (used in) operating activities	8a	97,291	(102,597)
Cashflows from investing activities:			
Purchase of tangible Fixed Assets		450	(1,274)
Interest from investments		202	410
Net cash provided by investing activities		97,942	(103,461)
Change in cash and cash equivalents in the reporting period		97,942	(103,461)
Cash and cash equivalents at the beginning of the reporting period		199,434	302,895
Cash and cash equivalents at the end of the reporting period	8b	297,377	199,434

Reconciliation of net debt

The charity had no net debt in the current or prior year.

Notes to the financial statements

Year to 31st August 2020

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (FRS 102) “Accounting and Reporting by Charities” the Statement of Recommended Practice for charities applying FRS 102 – Charity SORP (FRS102) Revised) the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applied from 1 January 2019. The charitable company is a Public Benefit Entity as defined by FRS 102.

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

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the next 12 months. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

The reserves comprise the Designated Fund of £120,000 to cover three months of running costs and a further £121,823 of general reserves. Of the general reserves £2,832 are invested in fixed assets leaving £118,991 of free reserves.

Funds Structure

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or which have been raised by the charity for particular purposes.

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the charity’s objects.

Designated funds are unrestricted funds set aside by the trustees for particular purposes. The funds set aside for this purpose are detailed in the reserves policy.

Incoming Resources

Income is recognised when the charitable company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charitable company has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Grants are recognised at the point when the charity is notified of the grant. Grants shown as donations are only deferred if they relate to a specific future time period as identified by the donor, or the charity is not entitled to the funds without first meeting criteria which are yet to be met at the year end.

Grants are recognised as restricted if they are donated for a purpose more restrictive than the ongoing operations of the charity. Grants are recognised as unrestricted if the donor does not state and restriction on the use of the grant.

Grants that are received for the general operation of the charity, rather than on the basis of a contract or for a specific level of service, are treated as donations. Where a grant is received with a specified level of service, it would be shown as income from charitable activities and would be deferred to the extent that the charity has yet to fulfil the service level obligations.

School fees and training income are accounted for when they are receivable by the charity to the extent that they are expected to be recoverable.

Income from fundraising activities which are in essence donations, such as sponsorships from marathons and other challenge events are shown in donations and recognised in the year the events took place.

Resources Expended

Expenditure is accounted for in the period to which it relates. The majority of costs are directly attributable to the main activity of the charity which is to teach children with literacy difficulties on a one-to-one basis to help them acquire basic literacy skills to enable them to access the mainstream curriculum in the classroom.

Support costs represent general overheads which cannot be attributed directly to specific activities in furtherance of the charitable object and accordingly have been allocated across activities on the basis of the percentage of staff time or other appropriate cost driver. Governance costs are included in support costs and represent those costs attributable to the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements.

The costs of generating funds are those costs of seeking potential funders and applying for funding together with any indirect costs incurred in carrying out this work.

Tangible Fixed Assets

All assets costing more than £400 are capitalised and included at cost. Depreciation is recognised so as to write off the cost of the valuation of assets less their residual values over their useful lives of 3 years or 5 years depending on the estimation of their useful life.

The charity does not hold any freehold land or buildings.

Impairment of Fixed assets

At the end of each year the charity reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication of those assets being impaired or damaged. If this is the case the recoverable amount of the asset is estimated in order to determine the extent of the impairment.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks.

Financial Instruments

The charitable 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 in the charitable company’s balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets include debtors, cash and bank balances, are measured initially at transaction price including transaction costs.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

De-recognition of financial liabilities

Financial liabilities are derecognised when the charitable company’s contractual obligations expire or are discharged or cancelled.

Operating Leases

Payments made under operating leases are charged to the Statement of Financial Activities as incurred.

Pensions

The charity enrolls eligible workers in workplace pension schemes with NEST and AVIVA. All other employees have a right to join the scheme should they so wish, with The Children’s Literacy Charity paying in to the contributions after 6 months of employment. All the pensions are defined contribution bases and as such the assets and liabilities are held separately to those of the charity. Contributions are recorded by the charity as they fall due.

Registered Office

The Charity’s registered office is Conrad Court, Cary Avenue, London SE16 7EJ.

Notes to the financial statements (Continued)
For the year ending 31st August 2020

2a. Donations and Legacies

	Notes	Unrestricted	Restricted	Total 2020
		£	£	£
Donations		24,104	5,000	29,104
Trusts/Foundations/Corporates	3	27,851	19,000	46,851
Sponsorships		12,229	0	12,229
		64,185	24,000	88,185

	Notes	Unrestricted	Restricted	Total 2019
		£	£	£
Donations		29,753	10,697	40,450
Trusts/Foundations/Corporates	3	64,471	41,261	105,732
Sponsorships		6,527	0	6,527
		100,750	51,958	152,708

2b. Charitable Activities

	Notes	Unrestricted	Restricted	Total 2020
		£	£	£
Trusts/Foundations/Corporates	3	0	176,243	176,243
Fees from schools/parents		149,610	0	149,610
Training activities		2,856	0	2,856
		152,466	176,243	328,709

	Notes	Unrestricted	Restricted	Total 2019
		£	£	£
Trusts/Foundations/Corporates	3	0	252,907	252,907
Fees from schools/parent		179,793	0	179,793
Training activities and conferences		9,151	0	9,151
Literacy resource sales		52	0	52
		188,996	252,907	441,903

3. Income Trusts & Foundations & Corporates

	Unrestricted	Restricted	Total 2020	Unrestricted	Restricted	Total 2019
	£	£	£	£	£	£
Within Donations (note 2a)						
The Topinambour Trust	0	0	0	0	15,000	15,000
Informa	4,951	0	4,951	5,400	1,261	6,661
The Leathersellers' Grant	0	10,000	10,000	0	10,000	10,000
The Childhood Trust	0	0	0	0	5,000	5,000
Big Lottery Fund - Awards for All	0	0	0	0	10,000	10,000
Esmee Fairbairn Foundation	0	0	0	15,000	0	15,000
Zeb	0	0	0	4,422	0	4,422
Bloomberg Philanthropies	0	0	0	5,000	0	5,000
SE Franklin Charity Trust	0	4,000	4,000	3,000	0	3,000
Grocers' Company Charitable Trust	0	5,000	5,000	0	0	0
Donald Forrester Trust	5000	0	5,000	0	0	0
Other grants £3000 and under	17,900	0	17,900	31,648	0	31,648
Total Grants - Donations	27,851	19,000	46,851	64,471	41,261	105,732
Within Charitable Activities (note 2b)	£	£	£	£	£	£
Walcot Foundation (inc. deferred)	0	25,000	25,000	0	25,000	25,000
TTEES Man Group Plc	0	0	0	0	40,000	40,000
The Zochonis Charitable Trust	0	25,000	25,000	0	25,000	25,000
London Stock Exchange Group	0	0	0	0	10,000	10,000
M&G Investments	0	24,453	24,453	0	0	0
William Wates Memorial Trust	0	12,500	12,500	0	8,000	8,000
The Girdlers Charitable Trust	0	8,000	8,000	0	8,000	8,000
William Shelton Educational Charity	0	11,907	11,907	0	10,000	10,000
The Swire Charitable Trust	0	15,000	15,000	0	15,000	15,000
DCR Allen Charitable Trust	0	5,000	5,000	0	5,000	5,000
Cinven Foundation	0	0	0	0	20,000	20,000
Sir John Cass's Foundation	0	10,000	10,000	0	10,000	10,000
St James's Place Charitable Foundation	0	0	0	0	10,000	10,000
Garfield Weston Foundation	0	0	0	0	50,000	50,000
Wellington Management UK Foundation (inc. deferred)	0	30,000	30,000	0	15,000	15,000
Charterhouse in Southwark (inc. deferred)	0	5,000	5,000	0	5,000	5,000
Hyde Park Place Estate Charity	0	5,000	5,000	0	0	0
The Westminster Foundation	0	5,000	5,000	0	0	0
Wates Foundation	0	5,000	5,000	0	0	0
People's Postcode Trust (inc. deferred)	0	20,000	20,000	0	0	0
The Schroder Charity Trust	0	4,000	4,000	0	0	0
The Vintners' Company	0	3,483	3,483	0	0	0
Other grants £3000 and under	0	6,900	6,900	0	0	0
Deferred Income (See note 9b)	0	(45,000)	(45,000)	0	(3,093)	(3,093)
Total Grants - Charitable Activities	0	176,243	176,243	0	252,907	252,907

4a. Summary Expenditure

The Children's Literacy Charity has one main activity - teaching children to read and write. This involves literacy tuition and training volunteers, together with the support costs associated with this activity.

	Raising Funds	Charitable Activities	Total 2020	Raising Funds	Charitable Activities	Total 2019
	£	£	£	£	£	£
Direct Costs	61,805	313,165	374,970	88,974	363,145	452,119
Support Cost	7,367	56,911	64,278	48,193	196,915	245,108
Total	69,172	370,076	439,248	137,167	560,059	697,227

4b. Analysis of Support Costs

Support Costs	Raising Funds	Charitable Activities	Total 2020
	£	£	£
Staff	4,620	35,691	40,311
Office/IT	1,395	10,778	12,173
Finance	18	138	155
HR/Admin	366	2,830	3,197
Governance	875	6,758	7,632
Communications	93	716	809
Total	7,367	56,911	64,278

Allocated based on the proportion of direct charitable activity and fundraising staff time

Support Costs	Raising Funds	Charitable Activities	Total 2019	Basis of allocation
	£	£	£	
Staff	30,362	162,345	192,708	Proportion of time spent
Office/IT	9,376	10,198	19,574	Proportion of time spent
Finance	64	70	134	Proportion of time spent
HR/Admin	1,404	7,722	9,126	Proportion of time spent
Governance	1,737	7,092	8,829	Proportion of Literacy costs to Fundraising costs
Communications	5,251	9,486	14,737	Purpose of content
Total	48,194	196,913	245,108	

At the end of 2019 the charity reviewed all expenditure in light of the charity's financial deficit and the continuing budgetary pressure on schools. As a result of the structure of costs changing substantially, the charity has revised how it categorises support costs.

Total Expenditure for the year include the following:

	Total 2020	Total 2019
	£	£
Depreciation (see Note 6)	1,711	2,783
Premises and Office costs	12,173	19,574
Auditors remuneration	4,440	4,440

5. Staff Costs

	Total 2020	Total 2019
	£	£
Salaries	373,072	556,584
Social Security Costs	20,998	31,369
Pension Costs	5,468	8,492
Redundancy costs	5,280	1,575
Total	404,818	598,020

Staff Numbers

The average number of staff employed during the year was 32, many of whom are part time. In 2019 the average number of staff was 44.

Key Management Staff

Amounts paid to key management staff during the year was £138,879 (£163,458 in 2019). This represents the salary of the CEO, Head of Education, Head of Fundraising and Finance Officer. No employee was paid more than £60,000 in 2019 or 2020.

Redundancy Payment

Redundancy payments are recognised in the period in which the redundancy is communicated to the employee. There were no outstanding redundancy payments at the year end. Redundancy payments are made in line with statutory minimums. No ex gratia redundancy payments were made.

6. Fixed Assets

	Office & General Equipment	Fixtures & Fittings	Total
Cost:	£	£	£
At 1st September 2019	24,007	428	24,435
Additions	0	0	0
Disposal	(5,866)	0	(5,866)
As at 31st August 2020	18,141	428	18,569
Depreciation:			
At 1st September 2019	18,994	428	19,422
Disposal	(5,397)	0	(5,397)
Charge for the period	1,711	0	1,711
As at 31st August 2020	15,309	428	15,737
Net Book Value			
At 1st September 2019	5,013	0	5,013
At 31st August 2020	2,832	0	2,832

7. Debtors & Prepayments

	2020	2019
	£	£
Tax reclaimed on gift aid donations	3,063	3,544
School Fees/Parent Payments	0	2,460
Debtors control account	0	2,238
Other debtors	4,627	5,460
Prepayments	927	3,838
Total	8,616	17,540

8a. Reconciliation of net income/(expenditure) to net cashflow from operating activities

	Total 2020	Total 2019
	£	£
Net income for the reporting period (as per SOFA)	46,571	(102,205)
Adjustments for:		
Depreciation	1,711	2,783
Interest	(202)	(410)
Loss on disposal of fixed assets	19	
(Increase)/Decrease in debtors	8,923	(3,494)
Increase/(Decrease) in creditors	40,268	730
Net cash used by operating activities	97,291	(102,597)

8b. Analysis of cash and cash equivalents

	Total 2020	Total 2019
	£	£
Current Account	257,416	79,511
Deposit Accounts	39,903	119,750
Petty Cash	59	174
	297,377	199,435

9a. Creditors

	Total 2020	Total 2019
	£	£
Tax and social security	4,207	7,984
Accruals	4,440	6,015
Deferred income (see note 9b)	55,833	10,833
Pension	1,046	1,553
Other creditors	1,477	351
	67,003	26,736

9b. Deferred Income

	Total 2020	Total 2019
	£	£
<i>Brought Forward</i>	10,833	7,740
<i>Transferred to income during the year</i>		
Grants	(10,833)	(7,740)
Grants (See note 3)	55,833	10,833
Carried Forward	55,833	10,833

Deferred grants are broken down as follows:

	Total 2020	Total 2019
St Giles-in-the-Fields & William Shelton Educational Charity	0	5,833
Charterhouse in Southwark	5,000	5,000
People's Postcode Trust	20,000	0
Walcot Foundation	20,833	0
Wellington Management UK Foundation	10,000	0
Total Grants Received in advance	55,833	10,833

10. Movement in Funds

	Balance at 01.09.19	Incoming	Outgoing	Transfers	Balance at 31.08.20
	£	£	£	£	£
Unrestricted Funds					
Designated Fund	175,000			(55,000)	120,000
General Funds	12,511	216,852	(162,540)	55,000	121,823
Total Unrestricted Funds	187,511	216,852	(162,540)	0	241,823
Restricted Funds					
Education		268,966	(268,966)		0
Big Give	7,741	0	(7,741)		0
Total Restricted Funds	7,741	268,966	(276,707)	0	0
Total Funds	195,252	485,818	(439,248)	0	241,823

2019 Comparative

	Balance at 01.09.18	Incoming	Outgoing	Transfers	Balance at 31.08.19
	£	£	£	£	£
Unrestricted Funds					
Designated Fund	175,000				175,000
General Funds	114,005	290,157	(391,650)		12,511
Total Unrestricted Funds	289,005	290,157	(391,650)	0	187,511
Restricted funds					
Education		281,641	(281,641)		0
Big Give	8,452	23,224	(23,935)		7,741
Total Restricted Funds	8,452	304,865	(305,576)	0	7,741
Total Funds	297,457	595,022	(697,227)	0	195,252

Designated funds

The designated fund is set aside in the event that the charity has to cease operations. It covers roughly 3 months salary and other costs, which is the assumed time that would be needed to close the charity.

Restricted Funds

Restricted funds - Education

These represent funds that have been given by donors at the year end for specific education projects that have not been spent at year end or deferred for the next year.

Please refer to the Trustees' report for further explanation of all the above funds.

11. Net Assets by Fund

	General	Designated	Restricted	Total 2020
	£	£	£	£
Fixed Assets	2,832			2,832
Current Assets	130,161	120,000	55,833	305,994
Current Liabilities	(11,170)		(55,833)	(67,003)
	121,823	120,000	0	241,823

2019 Comparative	General	Designated	Restricted	Total 2019
	£	£	£	£
Fixed Assets	5,013			5,013
Current Assets	23,401	175,000	18,574	216,975
Current Liabilities	(15,903)		(10,833)	(26,736)
	12,511	175,000	7,741	195,252

12. Future Commitments

As at 31st August 2020 The Children's Literacy Charity had total commitments under operating leases as follows:

		Total 2020	Total 2019
		£	£
Operating leases which expires:			
Office Equipment (photocopier lease)	within one year	1,216	1,216
Office Equipment (photocopier lease)	2 - 5 Years	607	1,867
		1,823	3,083

The office is occupied under licence terminable at 30 days notice.

13. Transactions with trustees and related party transactions

Donations from trustees totalled £1,353 (2019: £300)

No trustee received any remuneration in the year in 2020 or 2019

No trustee was paid any travel expenses in the year in 2020 (2019: 1: £72)

The trustees are covered under the general office insurance policy.

During the year the former chief executive purchased a laptop from the charity for £450. The laptop was purchased in 2017 at a cost of £835, and had a net book value of £186.

There were no other transactions with related parties requiring disclosure in 2020 or 2019

14. Legal Structure

The charitable company's legal structure is that of a company limited by guarantee. In the event of the company winding up, each member is liable to contribute to any deficit to a maximum of £10 per member.

15. SOFA Comparatives

	Unrestricted	Restricted	Total 2019	Total 2018
	£	£	£	£
Income and endowments from:				
Donations & Legacies	100,750	51,958	152,708	126,118
Charitable activities	188,996	252,907	441,903	363,956
Investments (bank Interest)	410	0	410	354
Other	0	0	0	0
Total Income	290,157	304,865	595,022	490,427
Expenditure on:				
Raising Funds	137,167	0	137,167	101,719
Charitable Activities	254,483	305,576	560,059	473,479
Total Expenditure	391,650	305,576	697,227	575,198
Net Income/(Expenditure)	(101,494)	(711)	(102,205)	-84,771
Reconciliation in Funds				
Net Movement in funds	(101,494)	(711)	(102,205)	(84,771)
Total Funds brought Forward	289,004	8,452	297,456	382,227
Total Funds carried Forward	187,511	7,741	195,252	297,456