



# **The Children's Literacy Charity**

## **Annual Report and Accounts**

**Year Ended 31<sup>st</sup> August 2022**

**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 2022**

**Charity Name:** The Children's Literacy Charity

**Company Number:** 6251103

**Charity Number:** 1124257

**Registered Address:** Conrad Court, Cary Avenue, London SE16 7EJ  
Telephone: 020 7740 1008  
Email: [info@theclc.org.uk](mailto:info@theclc.org.uk)  
Website: [www.thechildrensliteracycharity.org.uk](http://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)  
Steven Artist (Deputy Chair)  
Andrew Martin  
Neal Lodhia (resigned 22 June 2022)  
Dr Jenny Thomson

**Senior Management:** Isabel Greenwood - CEO  
Halima Begum – Head of Finance  
Michelle Bennett – Head of Fundraising  
Julie Taylor – Education Lead

**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

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## From the Chair and CEO

While 21/22 saw the charity celebrate its 30th anniversary it was also an important transition year as we focussed efforts on supporting schools tackling the post pandemic needs of those children who had fallen behind the furthest and needed the most help in catching up.

Disadvantaged children were particularly hard hit by lockdowns and our experience in schools has been that the children with the greatest literacy gap need our specialist tuition support more than ever before.

In response, we strengthened our Head Office Education Team and devoted considerable energies to a number of initiatives. Firstly, we adapted our expert tuition intervention to reflect both Government changes in phonics guidelines but also a growing need to focus on comprehension and vocabulary development. We also successfully trialled the core 1:1 Literacy Lab as a 1:3 intervention. Secondly, we expanded our 10-week Reading Lab programme for older primary school children to help support those pupils needing extra help ahead of the important transition to secondary school. Finally, we relaunched our parental engagement programme and revitalised our Reader Leader mentoring scheme.

As ever, our remarkable tutors have stepped up and helped implement the programmes with skill and dedication and we are grateful for their commitment to our work and the difference they are able to make to the lives of the children we support.

The impact of our tuition remains an outstanding feature of the charity with the majority of children supported closing or narrowing their literacy gap: for every one month of our tuition, children make on average five months of progress.

Alongside this evolution of our tutoring work, we also sought to grow our corporate base of supporters thus achieving more balance in our income generation. This was successful and corporate funding now accounts for roughly 25% of our overall income reflecting both the efforts of the Fundraising team but also growing interest among companies in reducing educational inequality and closing the literacy gap for young children.

While we have a stable financial base, we remain cognisant of the pressures on schools and school budgets as well as the challenging economic environment. By working in close partnership with our schools, being adaptable and responding to their needs, as well as focusing our work on the most disadvantaged children, we will continue to deliver our life changing literacy support where it is most needed.

We remain, as always, grateful to the individuals, trusts and foundations and corporates who have been so generous in supporting our work.

Jeffrey Defries, Chair of Trustees

Isabel Greenwood, CEO

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## **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.

Working in primary schools in some of the most deprived areas of the country, the charity's specialist tutors provide tailored, one-to-one and small group literacy tuition, giving disadvantaged children the chance to catch up with their peers, grow in skills and confidence and engage with learning.

The charity firmly believes that the earlier the intervention, the greater the benefit and that its focus on all aspects of literacy – reading, writing, comprehension, speaking and listening – as well as the use of high quality, expert tutors delivers remarkable results.

### **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 their literacy gap is so significant they struggle to make progress in the mainstream classroom throughout their primary education and ultimately at secondary school too.

The most disadvantaged children are often the furthest behind and if they do not catch up, their literacy gap will have a profound effect on the rest of their lives. Poor literacy affects confidence and engagement: when children struggle at school they are more likely to 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 change lives, for good**

The Children's Literacy Charity aims to transform the life chances of disadvantaged children who are at risk of being left behind in the education system. Through the provision of tailored, face to face, specialist tuition, these children not only gain important literacy skills but start to engage with learning, growing in self-esteem and resilience as a result.

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; having chaotic home lives and/or disrupted school attendance.

We deliver a structured, multi-sensory literacy intervention which builds on the mechanics of reading, developing language and understanding and ultimately opening up the opportunities that reading fluency provides. Children not only close their literacy gap but we raise their expectations of themselves as learners: with improved literacy skills, children can begin to engage with the curriculum. This approach is the key to addressing the multiple, complex barriers to learning that many disadvantaged children experience. Our literacy intervention broadens horizons, giving children who are most behind a crucial and potentially life changing opportunity to return to the classroom with greater independence and confidence.

In 2021/22 the charity directly supported 566 children across both our specialist tuition and our wider literacy work in primary and secondary schools.

## **Supporting disadvantaged children through our Expert Literacy Programmes**

In 2021/22 the charity's Expert Programme delivered 9,850 tuition sessions, supporting a total of 283 children. 223 of these pupils were tutored through our Literacy Lab programme and a further 60 children were tutored through the rollout of our Reading Lab programme.

We worked with 14 partner schools across London and also in Manchester. In four of these schools we partnered with the West London Zone.

### **Literacy Lab**

Each child on the Literacy Lab programme has 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. In 21/22 every child on the programme made progress and of the children who graduated, the majority (83%) came within six months of closing their reading age gap; 65% closed their reading age gap completely and 73% achieved age-related comprehension skills.

Children who joined our programme had an average reading age gap of 15 months against their chronological age. On graduating from our programme, the children's average reading age showed them to be four months ahead of age-related expectations. Children who began our programme had an average reading comprehension age gap of 10 months against their chronological age. On graduating, children's average reading comprehension age showed them to be seven months ahead of age-related expectations.

In 2021/22, the pupils graduating from our Literacy Labs have achieved remarkable ratio gains for reading. This is the gain in reading age made during a chronological time span. A gain of above 4.0 – that is for every one month on the programme, a child gains over four months in their literacy development – is rated as 'remarkable impact'. In this academic year the ratio gain for both reading and comprehension was 4.9. An average pupil in a classroom working at age-related expectations would make a gain of one year 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."

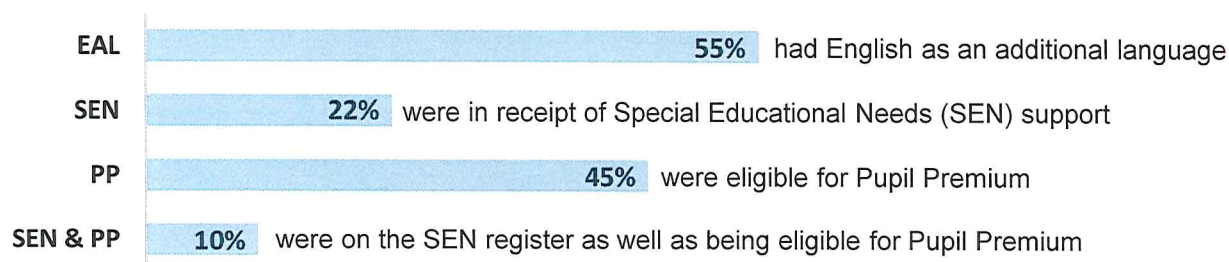
### **Reading Lab**

As part of the expert programme in 21/22, we continued the trial of our new one-to-three Reading Lab catch up intervention, delivering the programme over four 10-week blocks in two schools. The focus of the programme is on reading comprehension and vocabulary to build confidence and literacy skills ahead of the transition to secondary school.

The results were very encouraging: on average, after 10 weeks, children made 10 months of progress - this equates to a ratio gain of 5.0; 75% of the children on the trial narrowed their reading gap and 52% narrowed their gap to within six months of the assessed reading age.

## Children Supported Through Our Expert Programmes

Of the children we helped through our Expert tuition this year (all Literacy/Reading Labs):



## Our Community Literacy Labs

2021/22 was the last year we ran our Community Literacy Lab programme, giving literacy support to 24 children in Westminster, delivered online due to ongoing Covid concerns. While this was successful and a useful complement to our core work, allowing us to reach children outside of the school setting, we have decided to review the community model going forward to ensure we are able to deliver our tuition as effectively as possible directly to the children most in need of catch up support

## Reader Leader Mentoring Programme

Demand for our Reader Leader programme, where we train older secondary school students to mentor younger pupils through one-to-one reading support, was significantly impacted by post pandemic caution about mixing children from different year groups.

In 21/22 we delivered the one-day Reader Leader programme in nine schools, training 119 'Leaders' to mentor some 140 younger 'Readers'. This cost-effective training module is well received by schools and during the year we invested time in developing the programme.

## Sharing our expertise

We have always sought to share our literacy expertise with school partners by providing training opportunities where appropriate. This work was, again, limited by post pandemic caution but we were able to deliver training to 38 teachers and teaching assistants, indirectly benefitting over a thousand children.

## Charitable objects as set out in our governing document

Our primary goal is to advance educational equality by the provision of educational support in England, tailored to individual children of primary and secondary school age needing extra help in literacy skills, including those children with specific learning difficulties. We also share our expertise through the delivery of training programmes.



## 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.

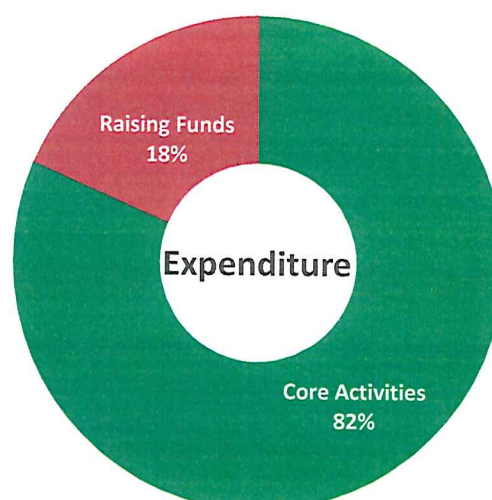
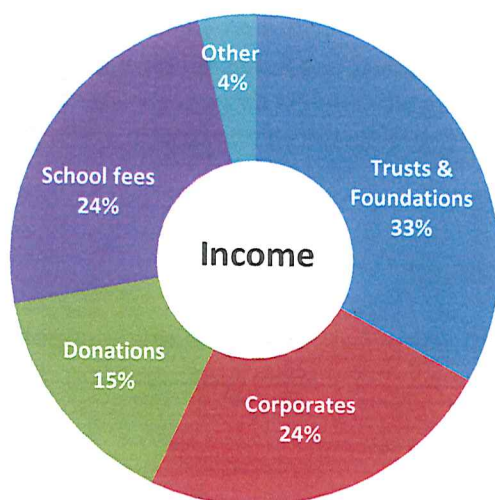
|                               |                                     |
|-------------------------------|-------------------------------------|
| Barings LLC                   | Charterhouse in Southwark           |
| Garfield Weston Foundation    | Girdlers' Company Charitable Trust  |
| Houlihan Lokey                | Informa                             |
| Masonic Charitable Foundation | Readingmate Ltd                     |
| SE Franklin Charity Trust     | SELCHP Ltd                          |
| The Zochonis Charitable Trust | Wellington Management UK Foundation |
| Unum                          |                                     |

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## Financial Review

The total income for the year was £480,607 compared with £432,391 in 2020/21. The principal funding source was income from Trusts and Foundations, accounting for 33% of the overall income. Corporate income and fees for tuition each accounted for 24%, with the remaining 19% being raised from a combination of other income, including individual giving and general donations

Total expenditure for 2021/22 was £468,410 compared to £371,791 in 2020/21. The reduced expenditure in 20/21 was mainly as a result of school closures during the pandemic. The expenditure for 21/22 reflects a more normal period of operation, in line with the programme delivery for the year, with 82% being spent on core activities and 18% on raising funds.





## **Reserves Policy**

The reserves as at 31<sup>st</sup> August 2022 totalled £314,619. This is made up of the designated liquidation fund of £120,000 and general funds of £194,619, of which £2,913 is invested in the charity's fixed assets. As at 31<sup>st</sup> August 2022 the charity's free reserves totalled £191,706.

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 31<sup>st</sup> August 2022 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.

### **Statement of disclosure to the auditor**

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 CEO & 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 40 individuals, comprising 27 paid staff and 13 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 2022/23**

### **Strategic Aims**

**Education:** To continue to deliver highly effective programmes in closing the literacy gap for the most disadvantaged children in areas of deprivation, achieving an affordable intervention without compromising on quality while building strong relationships with new and existing school partners.

**Organisation:** To ensure we have a sound, stable infrastructure with the capacity, skills and flexibility to support growth and the goal of reaching more disadvantaged children where the need is greatest

**Fundraising:** To diversify income streams with a focus on growing unrestricted income and income from corporates

**Governance:** To maximise trustee engagement in support of education and fundraising initiatives and charitable oversight.

### **Education**

For 22/23 we aim to consolidate the work to date on Literacy Lab and Reading Lab and, with strong funding support, expand the Reading Lab programme alongside growing our Reader Leader programme. Specific targets include:

- Deliver 174 Expert Literacy Lab pupil places through 12 partner schools in disadvantaged communities.
- Extend delivery of our new 1:3 catch-up Reading Lab programme, reaching 195 children in six schools in disadvantaged areas
- Increase Reader Leader delivery to more schools and develop the programme further
- Relaunch our Parental Engagement programme working closely with partner schools
- Continue to seek opportunities to expand to new geographic areas and work with new partners
- 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
- Seek opportunities to develop partnerships with like-minded organisations and delivery partners such as the West London Zone.

### **Income generation and Fundraising**

- Raise an overall income of £588,010. This will be achieved by raising £428,000 through fundraising, and securing £160,010 from school contributions and training provision.
- Provide excellent account management to existing trusts and foundation donors, while 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 and evaluate opportunities for incorporating volunteering
- Develop our community fundraising offer and increase our digital reach.
- Manage our relationships with existing funders and supporters through regular communication, reporting and contact.

## Organisation

- Build on the launch of the new website to grow communications through social media channels and develop content to support parents
- Evolve how we tell our story through compelling and engaging content as well as relevant supporting evidence for the need for our work
- Evidence our impact through the capture of quantitative and qualitative data of pupil progress.
- Ensure that robust safeguarding policies and procedures are in place/adhered to.
- Maintain 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.



Jeffrey Defries, Chairman of Trustees

Date: 9/2/2023

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

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### **Opinion**

We have audited the financial statements of The Children's Literacy Charity (the "Charity") for the year ended 31<sup>st</sup> August 2022 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 31<sup>st</sup> August 2022 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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **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.

### **Extent to which the audit was capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and the trustees as to their identification of any non-compliance with laws or regulations, or any actual or potential claims;
- Review of minutes of Board meetings throughout the period;
- incorporating unpredictability into the nature, timing and/or extent of testing.
- Evaluation of the selection and application of the accounting policies chosen by the charity.
- In relation to the risk of management override of internal controls, by undertaking procedures to review journal entries and evaluating whether there was evidence of bias that represented a risk of material misstatement due to fraud; and
- We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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](http://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.

A handwritten signature in blue ink, appearing to read 'K. Dee'.

Katherine Dee (Senior Statutory Auditor)

For and on behalf of Begbies Chartered Accountants, Statutory Auditor

9 Bonhill Street

London

EC2A 4DJ

Date: 6/2/22

**The Children's Literacy Charity**  
**Statement of Financial Activities**  
Year to 31<sup>st</sup> August 2022  
Including Income and Expenditure Account

|                                    |                    | Unrestricted   | Restricted     | Total 2022     | Total 2021     |
|------------------------------------|--------------------|----------------|----------------|----------------|----------------|
|                                    | Note               | £              | £              | £              | £              |
| <b>Income and endowments from:</b> |                    |                |                |                |                |
| Donations & Legacies               | 2a                 | 116,393        | 11,400         | <b>127,793</b> | 89,813         |
| Charitable activities              | 2b                 | 123,858        | 218,922        | <b>342,780</b> | 322,164        |
| Trading activities - sponsorship   |                    | 10,000         | 0              | <b>10,000</b>  | 0              |
| Other Income – CJRS                |                    | 0              | 0              | <b>0</b>       | 20,397         |
| Investments (bank Interest)        |                    | 34             | 0              | <b>34</b>      | 17             |
| <b>Total Income</b>                |                    | <b>250,285</b> | <b>230,322</b> | <b>480,607</b> | <b>432,391</b> |
| <b>Expenditure on:</b>             |                    |                |                |                |                |
|                                    | 4 & 5              |                |                |                |                |
| Raising Funds                      |                    | 86,457         | 0              | <b>86,457</b>  | 57,102         |
| Charitable Activities              |                    | 151,632        | 230,322        | <b>381,954</b> | 314,689        |
| <b>Total Expenditure</b>           |                    | <b>238,088</b> | <b>230,322</b> | <b>468,410</b> | <b>371,791</b> |
| <b>Net Income/(Expenditure)</b>    |                    | <b>12,197</b>  | <b>0</b>       | <b>12,197</b>  | <b>60,600</b>  |
| <b>Net Movement in funds</b>       |                    | <b>12,197</b>  | <b>0</b>       | <b>12,197</b>  | <b>60,600</b>  |
| <b>Reconciliation in Funds</b>     |                    |                |                |                |                |
| Total Funds brought Forward        |                    | 302,423        | 0              | 302,423        | 241,823        |
| <b>Total Funds carried Forward</b> | <b>10 &amp; 11</b> | <b>314,619</b> | <b>0</b>       | <b>314,619</b> | <b>302,423</b> |

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.

**The Children's Literacy Charity**  
**Balance Sheet**  
As at 31<sup>st</sup> August 2022

|  | Note | Total 2022<br>£       | Total 2021<br>£       |
|--|------|-----------------------|-----------------------|
| <b>Fixed Assets</b>                            |      |                       |                       |
| Tangible assets                                | 6    | 2,913                 | 6,297                 |
|  |      | <u>2,913</u>          | <u>6,297</u>          |
| <b>Current Assets</b>                          |      |                       |                       |
| Debtors  | 7    | 14,109                | 4,112                 |
| Cash at Bank                                   | 8    | 399,937               | 432,035               |
|  |      | <u>414,046</u>        | <u>436,147</u>        |
| <b>Liabilities</b>                             |      |                       |                       |
| Creditors: Amounts falling due within one year | 9    | (102,340)             | (140,021)             |
| <b>Net Current Assets</b>                      |      | <u>311,706</u>        | <u>296,126</u>        |
| <b>Net Assets</b>                              |      | <u><u>314,619</u></u> | <u><u>302,423</u></u> |
| <b>Funds of the Charity</b>                    |      |                       |                       |
| Restricted                                     |      | 0                     | 0                     |
| General  | 10   | 194,619               | 182,423               |
| Designated                                     | 10   | 120,000               | 120,000               |
| <b>Total Funds</b>                             |      | <u><u>314,619</u></u> | <u><u>302,423</u></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:** 9/2/2023

Registered Company Number 6251103, Charity Number 1124257

**The Children's Literacy Charity**  
**Statement of Cashflows**  
Year to 31<sup>st</sup> August 2022

|   | Note | Total 2022<br>£       | Total 2021<br>£       |
|---|------|-----------------------|-----------------------|
| Cashflows from operating activities:                                |      |                       |                       |
| Net Cash provided by (used in) operating activities                 | 8a   | <u>(32,133)</u>       | <u>141,171</u>        |
| Cashflows from investing activities:                                |      |                       |                       |
| (Purchase)/sale of tangible Fixed Assets                            |      | 0                     | (6,530)               |
| Interest from investments   |      | 34                    | 17                    |
| Net cash provided by investing activities                           |      | <u>(32,098)</u>       | <u>134,658</u>        |
| Change in cash and cash equivalents in the reporting period         |      | (32,098)              | 134,658               |
| Cash and cash equivalents at the beginning of the reporting period  |      | 432,035               | 297,377               |
| <b>Cash and cash equivalents at the end of the reporting period</b> | 8b   | <u><b>399,936</b></u> | <u><b>432,035</b></u> |

**Reconciliation of net debt**

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

## **Notes to the financial statements**

Year to 31<sup>st</sup> August 2022

### **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 £194,619 of general reserves. Of the general reserves £2,913 are invested in fixed assets leaving £191,706 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.

Donations in kind are recognised at an estimate of their value. No value is placed on general volunteer or trustee time donated.

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, and the charity is not entitled to spend the funds before this period, 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. Were 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 elevated 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. 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.

## **Government Grants**

School fees are received directly from the relevant schools and are not government grants. During the year the charity received £529 of Coronavirus Statutory Sick Pay for which no conditions remained unfulfilled at the year end.

**Notes to the financial statements (Continued)**  
**For the year ending 31st August 2022**

**2a. Donations and Legacies**

|                               | Notes | Unrestricted   | Restricted    | Total 2022     |
|-------------------------------|-------|----------------|---------------|----------------|
|                               |       | £              | £             | £              |
| Donations                     |       | 27,141         | 0             | 27,141         |
| Legacies                      |       | 49,927         | 0             | 49,927         |
| Trusts/Foundations/Corporates | 3     | 32,969         | 11,400        | 44,369         |
| Sponsorships                  |       | 6,356          | 0             | 6,356          |
|                               |       | <b>116,393</b> | <b>11,400</b> | <b>127,793</b> |

|                               | Notes | Unrestricted  | Restricted   | Total 2021    |
|-------------------------------|-------|---------------|--------------|---------------|
|                               |       | £             | £            | £             |
| Donations                     |       | 30,075        | 0            | 30,075        |
| Trusts/Foundations/Corporates | 3     | 55,289        | 3,400        | 58,689        |
| Sponsorships                  |       | 1,049         | 0            | 1,049         |
|                               |       | <b>86,413</b> | <b>3,400</b> | <b>89,813</b> |

**2b. Charitable Activities**

|                               | Notes | Unrestricted   | Restricted     | Total 2022     |
|-------------------------------|-------|----------------|----------------|----------------|
|                               |       | £              | £              | £              |
| Trusts/Foundations/Corporates | 3     | 0              | 218,922        | 218,922        |
| Fees from schools/parents     |       | 118,267        | 0              | 118,267        |
| Training activities           |       | 5,591          | 0              | 5,591          |
|                               |       | <b>123,858</b> | <b>218,922</b> | <b>342,780</b> |

|                                     | Notes | Unrestricted   | Restricted     | Total 2021     |
|-------------------------------------|-------|----------------|----------------|----------------|
|                                     |       | £              | £              | £              |
| Trusts/Foundations/Corporates       | 3     | 0              | 207,287        | 207,287        |
| Fees from schools/parents           |       | 113,675        | 0              | 113,675        |
| Training activities and conferences |       | 1,202          | 0              | 1,202          |
|                                     |       | <b>114,877</b> | <b>207,287</b> | <b>322,164</b> |

### 3. Income from Trusts, Foundations & Corporates

|   | Unrestricted  | Restricted     | Total 2022      | Unrestricted  | Restricted     | Total 2021     |
|---|---------------|----------------|-----------------|---------------|----------------|----------------|
|   | £             | £              | £               | £             | £              | £              |
| <b>Within Donations (note 2a)</b>             |               |                |                 |               |                |                |
| Informa                                       | 4,979         | 0              | <b>4,979</b>    | 14,695        | 0              | 14,695         |
| SE Franklin Charity Trust                     | 0             | 8,000          | <b>8,000</b>    | 0             | 0              | 0              |
| Donald Forrester Trust                        | 0             | 0              | <b>0</b>        | 5,000         | 0              | 5,000          |
| Girdlers' Company Charitable Trust            | 4,547         | 0              | <b>4,547</b>    | 0             | 0              | 0              |
| SELCHP Ltd                                    | 0             | 3,400          | <b>3,400</b>    | 0             | 3,400          | 3,400          |
| Wellington Management UK Foundation           | 0             | 0              | <b>0</b>        | 11,000        | 0              | 11,000         |
| Anonymous                                     | 0             | 0              | <b>0</b>        | 10,000        | 0              | 10,000         |
| Other grants £3000 and under                  | 23,443        | 0              | <b>23,443</b>   | 14,594        | 0              | 14,594         |
| <b>Total Grants - Donations</b>               | <b>32,969</b> | <b>11,400</b>  | <b>44,369</b>   | <b>55,289</b> | <b>3,400</b>   | <b>58,689</b>  |
| <b>Within Charitable Activities (note 2b)</b> | £             | £              | £               | £             | £              | £              |
| <b>Deferred income brought forward</b>        | <b>0</b>      | <b>124,785</b> | <b>124,785</b>  | <b>0</b>      | <b>55,833</b>  | <b>55,833</b>  |
| Receivable during the year                    |               |                |                 |               |                |                |
| TTEES Man Group Plc                           | 0             | 0              | <b>0</b>        | 0             | 25,000         | 25,000         |
| The Zochonis Charitable Trust                 | 0             | 25,000         | <b>25,000</b>   | 0             | 25,000         | 25,000         |
| Girdlers' Company Charitable Trust            | 0             | 8,000          | <b>8,000</b>    | 0             | 8,000          | 8,000          |
| St Giles & St George (inc. deferred)          | 0             | 0              | <b>0</b>        | 0             | 15,833         | 15,833         |
| The Swire Charitable Trust                    | 0             | 0              | <b>0</b>        | 0             | 15,000         | 15,000         |
| DCR Allen Charitable Trust                    | 0             | 0              | <b>0</b>        | 0             | 3,000          | 3,000          |
| Garfield Weston Foundation                    | 0             | 25,000         | <b>25,000</b>   | 0             | 25,000         | 25,000         |
| Wellington Management UK Foundation           | 0             | 35,000         | <b>35,000</b>   | 0             | 20,000         | 20,000         |
| Charterhouse in Southwark (inc. deferred)     | 0             | 5,000          | <b>5,000</b>    | 0             | 5,000          | 5,000          |
| Masonic Charitable Foundation (inc. deferred) | 0             | 21,456         | <b>21,456</b>   | 0             | 21,456         | 21,456         |
| Houlihan Lokey (inc. deferred)                | 0             | 0              | <b>0</b>        | 0             | 90,000         | 90,000         |
| Barings LLC (inc. deferred)                   | 0             | 50,000         | <b>50,000</b>   | 0             | 16,800         | 16,800         |
| Unum  | 0             | 5,000          | <b>5,000</b>    | 0             | 0              | 0              |
| Other grants £3000 and under                  | 0             | 6,000          | <b>6,000</b>    | 0             | 6,150          | 6,150          |
| Deferred Income carried forward (See note 9b) | 0             | (86,319)       | <b>(86,319)</b> | 0             | (124,785)      | (124,785)      |
| <b>Total Grants - Charitable Activities</b>   | <b>0</b>      | <b>218,922</b> | <b>218,922</b>  | <b>0</b>      | <b>207,287</b> | <b>207,287</b> |

#### 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.

|              | <b>Raising Funds</b> | <b>Charitable Activities</b> | <b>Total 2022</b> | <b>Raising Funds</b> | <b>Charitable Activities</b> | <b>Total 2021</b> |
|--------------|----------------------|------------------------------|-------------------|----------------------|------------------------------|-------------------|
|              | £                    | £                            | £                 | £                    | £                            | £                 |
| Direct Costs | 75,646               | 303,738                      | <b>379,385</b>    | 49,062               | 248,224                      | 297,285           |
| Support Cost | 10,810               | 78,215                       | <b>89,026</b>     | 8,040                | 66,465                       | 74,505            |
| <b>Total</b> | <b>86,457</b>        | <b>381,954</b>               | <b>468,410</b>    | <b>57,102</b>        | <b>314,689</b>               | <b>371,791</b>    |

#### 4b. Analysis of Support Costs

| <b>Support Costs</b> | <b>Raising Funds</b> | <b>Charitable Activities</b> | <b>Total 2022</b> | <b>Raising Funds</b> | <b>Charitable Activities</b> | <b>Total 2021</b> |
|----------------------|----------------------|------------------------------|-------------------|----------------------|------------------------------|-------------------|
|                      | £                    | £                            | £                 | £                    | £                            | £                 |
| Staff                | 3,327                | 24,074                       | <b>27,401</b>     | 2,811                | 23,235                       | 26,045            |
| Office/IT            | 1,997                | 14,452                       | <b>16,450</b>     | 1,555                | 12,854                       | 14,409            |
| Finance              | 23                   | 164                          | <b>187</b>        | 9                    | 74                           | 83                |
| HR/Admin             | 437                  | 3,159                        | <b>3,595</b>      | 838                  | 6,926                        | 7,763             |
| Governance           | 4,244                | 30,709                       | <b>34,954</b>     | 2,709                | 22,390                       | 25,099            |
| Communications       | 782                  | 5,657                        | <b>6,439</b>      | 119                  | 987                          | 1,106             |
| <b>Total</b>         | <b>10,810</b>        | <b>78,215</b>                | <b>89,026</b>     | <b>8,040</b>         | <b>66,465</b>                | <b>74,505</b>     |

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

Total Expenditure for the year includes the following:

|                           | <b>Total 2022</b> | <b>Total 2021</b> |
|---------------------------|-------------------|-------------------|
|                           | £                 | £                 |
| Depreciation (see Note 6) | <b>3,384</b>      | 3,066             |
| Premises and Office costs | <b>16,450</b>     | 14,409            |
| Auditors remuneration     | <b>4,440</b>      | 4,440             |

#### 5. Staff Costs

|                       | <b>Total 2022</b> | <b>Total 2021</b> |
|-----------------------|-------------------|-------------------|
|                       | £                 | £                 |
| Salaries              | <b>355,879</b>    | 301,357           |
| Social Security Costs | <b>16,642</b>     | 7,993             |
| Pension Costs         | <b>5,939</b>      | 4,560             |
| Redundancy costs      | <b>10,000</b>     | 0                 |
| <b>Total</b>          | <b>388,460</b>    | <b>313,910</b>    |

## Staff Numbers

The average number of staff employed during the year was 27, many of whom are part time. In 2021 the average number of staff was 26.

## Key Management Staff

Amounts paid to key management staff during the year was £150,087, of which £125,587 was paid through payroll and £24,500 was paid to freelance staff (£138,927 in 2021 of which £121,552 was paid through payroll and £17,375 was paid to freelance staff). This represents the salary of the CEO, Education Lead, Head of Fundraising and Head of Finance. No employee was paid more than £60,000 in 2021 or 2022.

## 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.

## 6. Fixed Assets

|                               | Office & General<br>Equipment | Fixtures<br>& Fittings | Total         |
|-------------------------------|-------------------------------|------------------------|---------------|
| Cost:                         | £                             | £                      | £             |
| At 1st September 2021         | 24,671                        | 428                    | 25,099        |
| Additions                     | 0                             | 0                      | 0             |
| Disposal                      | 0                             | 0                      | 0             |
| <b>As at 31st August 2022</b> | <b>24,671</b>                 | <b>428</b>             | <b>25,099</b> |
| <b>Depreciation:</b>          |                               |                        |               |
| At 1st September 2021         | 18,375                        | 428                    | 18,803        |
| Disposal                      | 0                             | 0                      | 0             |
| Charge for the period         | 3,384                         | 0                      | 3,384         |
| <b>As at 31st August 2022</b> | <b>21,759</b>                 | <b>428</b>             | <b>22,187</b> |
| <b>Net Book Value</b>         |                               |                        |               |
| At 1st September 2021         | 6,297                         | 0                      | 6,297         |
| <b>At 31st August 2022</b>    | <b>2,913</b>                  | <b>0</b>               | <b>2,913</b>  |

## 7. Debtors & Prepayments

|                                     | 2022          | 2021         |
|-------------------------------------|---------------|--------------|
|                                     | £             | £            |
| Tax reclaimed on gift aid donations | 2,244         | 2,080        |
| Debtors control account             | 3,280         | 500          |
| Other debtors                       | 5,033         | 460          |
| Prepayments                         | 3,552         | 1,071        |
| <b>Total</b>                        | <b>14,109</b> | <b>4,112</b> |

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

|   | Total 2022      | Total 2021     |
|---|-----------------|----------------|
|   | £               | £              |
| Net income for the reporting period (as per SOFA) | 12,197          | 60,600         |
| <b>Adjustments for:</b>                           |                 |                |
| Depreciation                                      | 3,384           | 3,066          |
| Interest  | (34)            | (17)           |
| (Increase)/Decrease in debtors                    | (9,998)         | 4,505          |
| Increase/(Decrease) in creditors                  | (37,681)        | 73,018         |
| <b>Net cash used by operating activities</b>      | <b>(32,133)</b> | <b>141,171</b> |

## 8b. Analysis of cash and cash equivalents

|                  | Total 2022     | Total 2021     |
|------------------|----------------|----------------|
|                  | £              | £              |
| Current Account  | 359,763        | 392,109        |
| Deposit Accounts | 39,954         | 39,920         |
| Petty Cash       | 219            | 6              |
|                  | <b>399,937</b> | <b>432,035</b> |

## 9a. Creditors

|                               | Total 2022     | Total 2021     |
|-------------------------------|----------------|----------------|
|                               | £              | £              |
| Tax and social security       | 4,933          | 4,278          |
| Accruals                      | 4,440          | 5,821          |
| Deferred income (see note 9b) | 89,919         | 128,385        |
| Pension                       | 1,199          | 1,063          |
| Other creditors               | 1,848          | 474            |
|                               | <b>102,340</b> | <b>140,021</b> |

## 9b. Deferred Income

|  | Total 2022      | Total 2021     |
|--|-----------------|----------------|
|  | £               | £              |
| <i>Brought Forward</i>                       | <b>128,385</b>  | 55,833         |
| <i>Transferred to income during the year</i> |                 |                |
| Grants                                       | <b>(83,385)</b> | (55,833)       |
| Schools fees paid in advance                 | <b>3,600</b>    | 3,600          |
| Grants deferred in year                      | <b>41,319</b>   | 124,785        |
| <b>Carried Forward</b>                       | <b>89,919</b>   | <b>128,385</b> |

Deferred grants are broken down as follows:

|   | Total 2022    | Total 2021     |
|---|---------------|----------------|
| St Giles & St George                    | <b>0</b>      | 5,833          |
| Charterhouse in Southwark               | <b>5,000</b>  | 5,000          |
| Houlihan Lokey                          | <b>45,000</b> | 90,000         |
| Masonic Charitable Foundation           | <b>7,152</b>  | 7,152          |
| Barings LLC                             | <b>29,167</b> | 16,800         |
| <b>Total Grants Received in advance</b> | <b>86,319</b> | <b>124,785</b> |



## 10. Movement in Funds

|                                 | Balance at<br>01.09.21 | Incoming       | Outgoing         | Transfers | Balance at<br>31.08.22 |
|---------------------------------|------------------------|----------------|------------------|-----------|------------------------|
| <b>Unrestricted Funds</b>       | £                      | £              | £                | £         | £                      |
| Designated Fund                 | 120,000                | 0              | 0                | 0         | <b>120,000</b>         |
| General Funds                   | 182,423                | 250,285        | (238,088)        |           | <b>194,619</b>         |
| <b>Total Unrestricted Funds</b> | <b>302,423</b>         | <b>250,285</b> | <b>(238,088)</b> | <b>0</b>  | <b>314,619</b>         |
| <b>Restricted Funds</b>         |                        |                |                  |           |                        |
| Education                       | 0                      | 230,322        | (230,322)        |           | <b>0</b>               |
| <b>Total Restricted Funds</b>   | <b>0</b>               | <b>230,322</b> | <b>(230,322)</b> | <b>0</b>  | <b>0</b>               |
| <b>Total Funds</b>              | <b>302,423</b>         | <b>480,607</b> | <b>(468,410)</b> | <b>0</b>  | <b>314,619</b>         |

### 2021 Comparative

|                                 | Balance at<br>01.09.20 | Incoming       | Outgoing         | Transfers | Balance at<br>31.08.21 |
|---------------------------------|------------------------|----------------|------------------|-----------|------------------------|
| <b>Unrestricted Funds</b>       | £                      | £              | £                | £         | £                      |
| Designated Fund                 | 120,000                | 0              | 0                | 0         | 120,000                |
| General Funds                   | 121,823                | 201,307        | (140,707)        | 0         | 182,423                |
| <b>Total Unrestricted Funds</b> | <b>241,823</b>         | <b>201,307</b> | <b>(140,707)</b> | <b>0</b>  | <b>302,423</b>         |
| <b>Restricted Funds</b>         |                        |                |                  |           |                        |
| Education                       | 0                      | 231,084        | (231,084)        |           | <b>0</b>               |
| <b>Total Restricted Funds</b>   | <b>0</b>               | <b>231,084</b> | <b>(231,084)</b> | <b>0</b>  | <b>0</b>               |
| <b>Total Funds</b>              | <b>241,823</b>         | <b>432,391</b> | <b>(371,791)</b> | <b>0</b>  | <b>302,423</b>         |

### 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 2022       |
|---------------------|----------------|----------------|------------|------------------|
|                     | £              | £              | £          | £                |
| Fixed Assets        | 2,913          |                |            | <b>2,913</b>     |
| Current Assets      | 207,727        | 120,000        | 86,319     | <b>414,046</b>   |
| Current Liabilities | (16,021)       |                | (86,319)   | <b>(102,340)</b> |
|                     | <b>194,619</b> | <b>120,000</b> | <b>0</b>   | <b>314,619</b>   |

| 2021 Comparative    | General        | Designated     | Restricted | Total 2021       |
|---------------------|----------------|----------------|------------|------------------|
|                     | £              | £              | £          | £                |
| Fixed Assets        | 6,297          | 0              | 0          | <b>6,297</b>     |
| Current Assets      | 191,362        | 120,000        | 124,785    | <b>436,147</b>   |
| Current Liabilities | (15,236)       | 0              | (124,785)  | <b>(140,021)</b> |
|                     | <b>182,423</b> | <b>120,000</b> | <b>0</b>   | <b>302,423</b>   |

## 12. Future Commitments

As at 31st August 2022 The Children's Literacy Charity had total commitments under operating leases as follows:

|                                      |                 | Total 2022 | Total 2021 |
|--------------------------------------|-----------------|------------|------------|
|                                      |                 | £          | £          |
| Operating leases which expires:      |                 |            |            |
| Office Equipment (photocopier lease) | within one year | <b>0</b>   | 607        |
| Office Equipment (photocopier lease) | 2 - 5 Years     | <b>0</b>   | 0          |
|                                      |                 | <b>0</b>   | 607        |

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

## 13. Transactions with trustees and related party transactions

Donations from trustees totalled £2,775 (2021: £800).

No trustee received any remuneration in the year in 2022 or 2021.

No trustee was paid any travel expenses in the year in 2022 or 2021.

The trustees are covered under the general office insurance policy.

There were no other transactions with related parties requiring disclosure in 2022 or 2021.

## 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<br>£ | Restricted<br>£ | Total 2021<br>£ | Total 2020<br>£ |
|------------------------------------|-------------------|-----------------|-----------------|-----------------|
| <b>Income and endowments from:</b> |                   |                 |                 |                 |
| Donations & Legacies               | 86,413            | 3,400           | 89,813          | 88,185          |
| Charitable activities              | 114,877           | 207,287         | 322,164         | 328,709         |
| Other Income – CJRS grant          | 0                 | 20,397          | 20,397          | 68,723          |
| Investments (bank Interest)        | 17                | 0               | 17              | 202             |
| <b>Total Income</b>                | <b>201,307</b>    | <b>231,084</b>  | <b>432,391</b>  | <b>485,818</b>  |
| <b>Expenditure on:</b>             |                   |                 |                 |                 |
| Raising Funds                      | 57,102            | 0               | 57,102          | 69,172          |
| Charitable Activities              | 83,605            | 231,084         | 314,689         | 370,076         |
| <b>Total Expenditure</b>           | <b>140,707</b>    | <b>231,084</b>  | <b>371,791</b>  | <b>439,248</b>  |
| <b>Net Income/(Expenditure)</b>    | <b>60,600</b>     | <b>0</b>        | <b>60,600</b>   | <b>46,571</b>   |
| <b>Reconciliation in Funds</b>     |                   |                 |                 |                 |
| Net Movement in funds              | 60,600            | 0               | 60,600          | 46,571          |
| Total Funds brought Forward        | 241,823           | 0               | 241,823         | 195,252         |
| <b>Total Funds carried Forward</b> | <b>302,422</b>    | <b>0</b>        | <b>302,422</b>  | <b>241,823</b>  |