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The National Literacy Trust

Report and financial statements

For the year ended 31 March 2026

SAYER | VINCENT

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The National Literacy Trust

Contents

For the year ended 31 March 2026

Trustees' annual report (including Reference and administrative information) 1
Independent auditor's report 29
Statement of financial activities (incorporating an income and expenditure account) 33
Balance sheet 34
Statement of cash flows 35
Notes to the financial statements 36

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

The National Literacy Trust

Trustees' annual report

For the year ended 31 March 2026

The trustees present their annual report, including the group strategic report and the audited financial statements for the year ended 31/03/26. Reference and administrative information set out on page x forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102. This trustees' annual report includes a directors' report as required by company law

Letter from the chair and CEO

The last year has been marked by massive steps forward in our mission and by exciting signs of the impact of our projects and campaigns. We started the year with a stark challenge: A year on year decline in children's reading enjoyment meant that only 32.7% were reading in their free time – the lowest level ever recorded. We finish the year three months into the National Year of Reading with the same data set revealing an increase for the first time in 5 years, and 36.1% of children reading for pleasure.

We believe that we are seeing the first tentative signs of the renewal of our national reading culture, which is key to unlocking literacy levels and fulfilling our mission.

I am incredibly proud of the role the National Literacy Trust is taking in leading the national response to the reading crisis. Working in partnership with government, charities, communities, businesses, schools, settings and libraries we have launched the Go All In National Year of Reading campaign which is capturing the nation's imagination and driving change.

The importance of primary school libraries for children's academic progress, wellbeing and creativity was underscored by the Chancellor's announcement in September 2025 that she will fund a library in every state primary school in England by the end of this Parliament. This major win for our Libraries for Primaries campaign has strengthened our confidence that we can lead change. In June we welcomed the Centre for Literacy in Primary Education into the National Literacy Trust, as a subsidiary charity, with a common strategy and mission, increasing our impact and securing the vital work of the Centre. This impact report describes our shared impact.

The National Literacy Trust's strategy is to achieve our mission through partnership – I am incredibly grateful to all our partners for their support over the past 12 months. In the past year, we have worked with 2,867,718 people in our Hubs and through our programmes in schools, settings and the justice sector, and we have supported more than 15,000 schools and early years settings. This has only been achieved because of the generous support of over 116 businesses, and trusts and foundations, including the Julia Rausing Trust, the Foyle Foundation and the support of Arts Council England.

We are all constantly inspired by the personal commitment of our Patron, Her Majesty The Queen. It was a privilege to welcome Her Majesty as we celebrated storytelling during Bradford 2025 City

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of Culture, launched the National Year of Reading in Scotland, and opened many of the total of 1,844 new libraries delivered through our Libraries for Primaries campaign.
At the heart of our work is a commitment to creating communities which nurture literacy. I would like to especially thank our 1,400+ volunteers – our front-line force of Literacy Champions – who take our work into homes, faith communities, refuges and health services.

The National Year of Reading is only the start of a multi-year commitment to the resurgence of our national reading culture. As we start the conversation about the national reading campaign, which must be the legacy of 2026, we are more confident than ever of our ability to address the UK's literacy challenges, changing the stories of disadvantaged communities and the people who live there.

Our mission

We empower people from disadvantaged communities with the literacy skills they need to succeed in life.

Literacy changes everything. It gives you power to shape your future. It's the key to knowledge, confidence and inspiration. It's better results at school and leads to better jobs. If you grow up without the tools to communicate, without books to read or the skills to write, it's harder to get where you want to go

We're a charity helping people overcome these challenges and change their life chances through the power of words – reading, writing, speaking and listening. From first words, through school days to training, jobs and beyond. This is a big issue – 1 in 6 adults have very low levels of literacy in the UK today. It is also concentrated in the poorest communities. We support these communities, where as many as one in three people have low levels of literacy.

As well as the foundation of personal success, literacy is also a national priority. It sits at the heart of our nation's economic success and sustainability, driving social mobility and the challenge of regional inequality. The National Literacy Trust leads the national campaign to raise awareness of the issue and find solutions. We aim to break the relationship between low literacy and poverty to give a new generation

The skills to fulfil their opportunities. We are proud to be a dynamic and fast-moving organisation, and we think creatively about how to inspire and engage people with literacy. Partnerships of all kinds are at the heart of our approach and they're how we have most impact.

We are proud to work in partnership with 9,015 schools, and over 110 businesses, and are grateful for the support of writers, illustrators, poets and the skilled teams of 48 publishers.

We base everything we do on sound evidence and we aim to provide cutting-edge research on all aspects of literacy. From exploring the relationship between technology and literacy, to

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investigating the impact of role models on reading, to understanding the impact of the pandemic on young children's language skills.

Our values and beliefs

The National Literacy Trust's values are well understood and embedded in the charity's culture, our induction, appraisals and staff development and are the guiding principles for the way in which we are effective

Our commitment to equity, equality, diversity and inclusion

The foundation of our strategy is our shared commitment to equity, equality, inclusion and diversity.

Our mission to increase literacy levels is fundamentally about addressing inequality. We know that becoming a more diverse and inclusive charity, better at listening to and working with communities, is key to increasing our impact and fulfilling our mission.

Our programmes and campaigns are focused on the needs of children, families, adults and groups who are most likely to experience injustice and exclusion. By working with community consultation groups in all our Hub areas, we develop approaches based on the many strengths and unique qualities each community has – languages, stories, experiences, skills and knowledge.

Our mission is to break the link between literacy and socio-economic inequality. Poverty is the major driver and effect of low literacy in the UK. But we know that other characteristics can make it harder for people from poorer communities to develop strong literacy skills.

We take this challenge seriously: We have an EDI action plan which is discussed by our trustees at each board meeting. We monitor and set targets to improve the diversity and inclusivity of staff and trustees. Our CEO chairs our EDI working group. There is regular training for staff in recognising and addressing unconscious bias.

Our commitment to the environment

We are passionate about sustainable development and the creation of communities that have the literacy skills to thrive, supporting both current and future generations. But a sustainable community is also defined by its relationship to the environment. So, it is essential that we operate in an environmentally responsible way. In 2022 we became a distributed organisation, allowing team members to live in their own communities, and conducting our meetings and management activities online. This supports communities across the UK and minimises travel requirements. We also aim to improve our contribution to environmental sustainability through our programmes and support the delivery of environmental messages and actions – for instance, through our Eco Literacy Champions project.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Our strategy

Poverty leads to low literacy: by the time a child is 10.5 months old communication delay linked to poverty can already be detected. This lays the foundation for a lifelong pattern of literacy inequality impacting on earnings, health and wellbeing. But this is not inevitable – with support for children, families, schools and prisons this pattern can be broken. But we need to act now. If we can respond promptly and at scale, we can stop childhood experiences of poverty from having a lifelong and even intergenerational impact. We can create new opportunities, allow individuals to fulfil their potential and create new dynamics of social mobility.

The pandemic exacerbated the challenge. Its impact on literacy was worst for disadvantaged pupils in deprived areas (with a secondary pupils learning loss of 2.7 months in reading) and on preschool children's early language development.

The Cost of Living Crisis and the legacy of the pandemic, increases the scale of need for the National Literacy Trust's work and its urgency. But it also increases our potential impact.

Achievements and Performance

How we made change happen in 2025/26

We know that the literacy challenge is complicated. Literacy is intergenerational; it is closely related to inequality; particular communities and particular characteristics make it more likely that you will have low levels of literacy. Our approach, therefore, is sophisticated and evidence-based. In the past year we have worked in four ways to empower people with literacy skills to succeed in life.

We directly supported literacy skills and building confidence.

From parents not sure how to talk to their baby, teenagers finding reading boring or adults facing life challenges without literacy skills, we supported people with information, digital content, classes, free books, encouragement and our knowledge and expertise.

In 2025/26 our programmes supported the literacy of 2,867,718 children, young people and adults.

We helped professionals increase the quality of literacy provision.

We supported and inspired early years practitioners, teachers, librarians, tutors and professionals on the frontline. They are our nation's literacy heroes and the greatest resource the UK has. We are proud to work with them and learn from them, offer them evidence-based approaches, free resources and celebrate their achievements.

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In the last year we trained 7,203 teachers, librarians and early years practitioners in supporting the literacy of learners.

We stood side by side with communities to tackle literacy inequality.

We lead 21 impactful Literacy Hubs – long term literacy action partnerships on the ground, driven by the communities themselves, in the places with the worst experiences of literacy and poverty in the UK. Our local teams worked in partnership with these communities to change stories.

We now have over 1,400 volunteer Literacy Champions – advocates and influencers who understand the power of literacy in changing life stories.

We influenced leadership and policy to create lasting change.

National and local government policy determines how education is delivered. We worked to ensure literacy is a priority and influence policy using our insights and experience. We also worked with leaders in the business community. As employers, through their markets and as corporate citizens, businesses have a key role to play in our mission.

In 2025 we launched the Literacy All Party Parliamentary Group.

Literacy champions

Volunteers sit at the heart of our strategy. Literacy Champions are advocates and influencers who understand the power of literacy to change lives and are passionate about making a difference in their community. They are trusted local voices and come from all walks of life. They might be child-minders, youth workers, midwives, sports coaches, electricians, students and parents.

The first Literacy Champions were recruited from the community in Bradford. Now they include corporate volunteers from partner businesses.

Eva is a Literacy Champion who works for Amazon, she explains what she does:

"One of my proudest moments was helping establish a community bookshelf at a local homeless charity and providing resources that could help people move towards a better future. We included books about writing a CV, cooking for yourself, learning English and preparing for interviews."

Leading a National Mission – 2026 National year of reading

In July 2025 at No10 Downing Street the Secretary of State for Education, Bridget Phillipson, announced that 2026 would be a National Year of Reading (NYR), a campaign to address the falling levels of reading enjoyment across ages and society. The National Year of a Reading is a once-in-a-generation opportunity to redefine reading repositioning it as an exciting activity of vital

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economic importance in the AI age, key to extending opportunities and unlocking social mobility. The DfE asked the National Literacy Trust to lead the campaign.

By the end of March 2026, the National Year of Reading is **breaking its own targets** prompted by the powerful campaign message to Go All In on the things you already love through reading. Put simply if you're into it, read into it. So far the campaign has achieved **a reach of over 20 million** through massive online partnerships with Meta, TikTok and Spotify, the support of the BBC, ITV and PR activity which has already secured over 900 pieces of media coverage. By the end of March, **the first upturn in the number of children reading for pleasure in 5 years** was reported in our Annual Literacy Survey 2026.

The Government's investment of £1.2m was matched by more than £4.6m of funding from businesses (publishers, booksellers, and companies including KPMG and Amazon) and philanthropic givers (including the Julia Rausing Trust and the Clore Foundation) and an additional £2m of inkind support from the business community.

With **backing from across Whitehall** and investment from the DfE, MoJ, DCMS and Arts Council the campaign is activating the public sector: Every UK library has been engaged in promoting the NYR; 11,000 teachers are enrolled in online training to promote reading; 140 Local Authorities have registered their commitment and activities; 6,500 schools have registered their programmes for the NYR.

We have discovered the power of working with communities from the evaluation of our Hubs where reading for pleasure is 22% higher than the national average. By April 2026, over 41,000 volunteers have been recruited to grow community reading activities as part of NYR activities. In November 2025, the Prime Minister invited 11-year-old Jayden from Stoke to No.10 Downing Street to explain why he is a Literacy Champion and the role of volunteers in the National Year of Reading:

"...It's important that I give out books...because people can't afford them, it helps my community, and I love to help people. I believe literacy is important because reading helps you get to places you want to in life." - Jayden

A national alliance of more than 50 charities is driving social impact through a shared theory of change. The largest 10 charities in the field have the key role of leading strategic delivery.

The brands, assets, and sustained support of the business community have been central to the Year's success in repositioning reading as relevant, exciting, and embedded in popular culture. Publisher investment has been especially critical, complemented by the backing of major organisations such as The Premier League, which – working with Arsenal FC – helped launch the National Year of Reading in England at the Emirates Stadium in January 2026.

British Land's contribution is extending the campaign's reach even further, bringing reading into the UK's largest retail destinations through high-visibility digital advertising.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Leicestershire
By the end of March 2026 over 170 local authorities were delivering programmes for the National Year of Reading, bringing the campaign alive in communities in exciting ways.

Leicestershire is a prime example of what's happening: Schools and libraries are leading the way with celebratory events including sensory stories and puppet shows. Adult Learning Service and partners including Family Hubs and Wellbeing cafes, church groups and Leicester Fire Service pulled out all the stops for the National Year of Reading World Book Night. Countless initiatives are happening across the county at community level, including Story Telling tent in Belgrave Easter family event with World Book Day books distributed to the Irish Centre for a St Brigid event. Leicestershire's Active Together, the local sports and activity agency, are promoting the National Year of Reading's Summer of Sport. Even the Melton Mowbray Pork Pie Festival is Going All In!

Breakthrough 1: Literacy to grow

Every child starts school with language and communication skills ready to grow and learn at school.

Early years speech, language and communication is the foundation of all literacy. Yet in September 2024, 30% of children started school without the early literacy, language and communication skills required. For children from more disadvantaged backgrounds the number increased to 47.5%.

Children who struggle with language at age 5 are five times more likely not to reach the expected level in reading and writing at age 11, they are much more likely to struggle with their GCSEs and be unemployed by their 30s.

In 2025, we surveyed 3,000 UK parents and carers of children aged 0-5 about the family activities that support early language and literacy.

We found that:

- **Fewer than half (45.9%) of parents said they read with their child daily**, falling 30.6% since 2019
- **Just over half (51.6%) said they play with their child daily**, dropping 32.8% since 2019.
- **Chatting daily remained the most common home learning activity** parents engage in with their child (70.2%) but rates still declined 22% since 2019.
- Parents who said they don't engage in chatting, playing and reading with their child daily were **more likely to be from disadvantaged backgrounds** and report **lower levels of confidence** in taking part in the activities with their child and in **understanding** why the activities are important for supporting their child's language development.

We are now in the second year of our 5-year campaign, **Early Words Matter**, which is our response to this challenge. We will be supporting the early language and literacy development of 250,000 children and young people in 20 of the most disadvantaged areas with resources and support for

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parents and children, evidence-based intervention and training for early years settings and local partnership work to strengthen leadership and systems around early literacy.

The first step is always listening to parents and understanding what local data tells us about the nature of local challenges for families with young children. Parents and carers frequently tell us that local early years provision is inaccessible, or offered at the wrong time or in the wrong place. We are working with local service leaders and commissioners in places like Smethwick and Gorton to reshape local support. This approach to **changing local systems** means that the impact of our work goes well beyond the programmes and support we are directly offering.

In the first two years of the Early Words Matter campaign:

- 19,000 families directly took part in evidence-based programmes
- 39,000 families received online support
- 282,000 books and early learning resources were put into the hands of families

Support for Early Words Matter is coming from local authorities, trusts and foundations and businesses including publishers. We were thrilled when Julia Donaldson and Axel Scheffler announced with their publisher Macmillan Children's Books that there was going to be a new **Gruffalo** title, which would support our campaign:

"I actually had the basic idea for the story a long time ago but couldn't think how to develop it. It was only when the National Literacy Trust, whose work I'm very impressed by, used the first two books as part of their Early Words Matter programme that I was spurred on to get my idea out of the cupboard and see once and for all if I could turn it into a really satisfying story."

Julia Donaldson

In July 2025,we launched our new Hub in Liverpool which is focused on early years outcomes in some of the city's most disadvantaged wards, supported by the Very Group. The Gruffalo launched our work with a visit which thrilled local families. The Gruffalo will continue to front our early years work in the city.

In March 2026, we published the evaluation of the impact of the first two years of Early Words Matter. It shows our work is changing families and young children's lives and making a big difference in our target communities:

- Over 70% of **children** taking part in learning activities are showing stronger enjoyment of – and engagement with – early learning activities
- Over 70% of **parents** with children aged 0-2 and over 80% of those with children aged 3-4 are reporting increased confidence and knowledge to support early language and learning
- In Early Words Matter priority areas, **family access** of community support such as local libraries and family groups is on the rise, even as national figures decline
- Over 80% of **partners** are reporting stronger understanding of local literacy needs and how to support them, and over 75% are working more closely with families and local organisations
- Over 90% of **trained practitioners and community volunteers** are feeling prepared and equipped to support families

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

We are also supporting the Government's **Best Start in Life** campaign. In partnership with the DfE we are working with Family Hubs to support underserved families with resources, including neonatal resources developed with clinicians, therapists and parents with lived experience. Our **Early Words Together** (EWT) and **First Words Together** (FWT) programmes are now established across multiple areas, with programmes running through Family Hubs, early years settings and community partners. 604 families have been engaged this financial year through EWT in Family Hubs and childminder networks. 94% of parents who took part in First Words Together reported improved understanding of early interaction and all practitioners reporting increased confidence.

Families from disadvantaged backgrounds are a particular focus for **The National Year of Reading** and our early years team has used this opportunity to strengthen their support: 1,245 early years practitioners took part in National Year of Reading webinars in the first three months of the Year. A special **Stories With Me** booklet has been created and 35,000 copies printed for national distribution.

Through all of this, our Literacy Champion volunteers are key to delivering activities in their communities.

Hollie, a Literacy Champion in Blackpool, hosts a children's playgroup called Little Stars at a local community centre. The sessions run for two hours and are filled with literacy rich activities such as storytelling, rhyme time and age-appropriate activities for the parents to complete with their toddlers. All these activities are based around a children's story, and they encompass reading, fine/gross motor skills and speaking and listening.*[Pop out case study:]*

The Best Start in Life campaign, led by the National Literacy Trust and funded by the Department for Education, and the Department for Health and Social Care, encourages parents and carers to adopt positive behaviours to boost their children's early speech, language and communication skills.

From Doubt to Confidence: Purity's Journey with the National Literacy Trust in the Black Country
Originally from Kenya, now a mum in the Black Country, Purity grew up in a household where reading and writing weren't part of everyday life - her [i]parents were unable to read or write, and literacy wasn't something she engaged with as a child.

Purity's journey with the National Literacy Trust began when she and her child joined weekly Mini-Explorers sessions which were run by the National Literacy Trust in partnership with Brushstrokes—a community project that supports asylum seekers, refugees, and migrants across Sandwell and West Birmingham.

At first, Purity was drawn to the sessions by the offer of a free bus pass, provided courtesy of Transport for West Midlands. She wasn't sure the sessions would be relevant—her baby was still very young, and she didn't see how books or reading could play a role at that stage.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

"*We were not even interested… the babies were so young, they wouldn't even be able to recognise books.*"

But after attending that first session—and continuing to return—Purity began to realise the sessions were helping her address her own worries. She started to feel more confident about reading and singing to her baby at home and gradually embraced these activities as part of their everyday routine.

"Now I know to give her the books… I never used to do that, and we read together. Every day we do it. Every night, we share bedtime stories [and] we learned it through you people."

"Life has become more fun. Most of our free time we spend singing because we are taught at the sessions how to do expressions, how to handle the books and how to show our children the books. Now she's the one requesting for me to read a story."

The sessions have helped build her confidence as a parent, meet new people and make friends in the community which in turn, helped to boost her own mental health as a parent and try new things to support her daughter's literacy development too.

"Coming to this place, we do more dancing. I've met new friends from this place. That lonely circle is now over because I got to meet new people."

Additionally, Purity feels the sessions and events have boosted her child's confidence in singing, dancing, and choosing books to be read aloud—positively impacting her child's own mental health and wellbeing.

"She has developed courage, and it has been able to boost her self-esteem… Unlike when we were alone in the house all the time, now she's able to recognise books, stories and singing."

Breakthrough 2: Literacy to learn

Every young person, wherever they grow up, leaves school with literacy skills for life

Literacy is the key to education and is crucial in successfully navigating life. Literacy levels determine employment options, earnings, the ability to participate in democracy and even health outcomes. It's not just about acquiring literacy skills, it's also about personally engaging with them – enjoying reading at 15 has a greater impact on your school grades than your parents' social class. Yet reading enjoyment among young people is at an all-time low. This is creating inequality, limiting opportunities and undermining social mobility.

But this pattern is not inevitable. In some of the UK's most disadvantaged communities where we work most intensively, reading for pleasure levels are 15% than the national average. We can see how this happens through research into the impact of our reading and library programmes the latter -shows an increase in the reading enjoyment of 50% of all pupils.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

In many of the high priority wards in communities where we target our support and work most intensively with schools and community partners, **children and young people have shown significant improvements in reading skills and engagement.**

In these high priority areas, **the reading skills of pupils at the end of key stage 2 have risen three times faster than those of their peers across England between 2023-2025 - effectively closing the attainment gap.** The national average in England for pupils meeting the expected standard in reading increased from 73% in 2023 to 75% in 2025 (2 percentage points). Yet in the priority wards where we have been working, the proportion has increased from 66% in 2023 to 73% in 2025 (7 percentage points). In schools that participated in our evidence-based reading programmes over the last academic year, children and young people who were the **least engaged with reading at the start saw their reading confidence (84%), enjoyment (77%) and frequency (66%) increase significantly**.

We have used this evidence to win support for the National Year of Reading – a campaign which is taking evidence of what works in getting children reading and elevating it into a national mission.

By working in communities, schools, with parents, teachers and directly with young people we are making literacy relevant and exciting. Working with the Premier League we are transforming engagement in literacy amongst young football fans. Our Young Readers Programme was the UK's first reading for pleasure project and through our partnership with British Land is active across the UK.

All our work is underpinned by research. Welcoming the Centre for Literacy in Primary Education as our subsidiary charity in June 2025 meant that we could help secure the future of the ground break Reflecting Realities research which is responsible for challenging and transforming publishers' inclusion of racially minoritised characters in children's books.

Bradford 2025

Bradford was the 2025 City of Culture. We have worked in Bradford since 2014, supporting the literacy of over 50,000 young people. Imran Hafeez, who leads our work there was keen to use the unique opportunities offered by 2025 to strengthen community engagement in literacy and celebrate the exciting diversity of the city. He worked with local partners to develop Share Your Story, a campaign designed to inspire young people to write their stories and the stories of their families.

In May, our Patron, Her Majesty the Queen, visited Bradford to celebrate the city's rich storytelling heritage and its status as UK City of Culture. During the visit, The Queen met with our volunteers and the West Yorkshire Young Poet Laureates and climbed aboard our big yellow Bradford Stories Bus, which brings literacy activities to every district of the city, and joined hundreds of children as they performed a choral poem, the finale of *Share Your Story*, a project capturing and celebrating Bradford's unique identity.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Libraries for Primaries

Our campaign to ensure that every primary school has a school library, is directly addressing the cost-of-living crisis impacting on children's access to books at home and the fact that 1 in 7 schools don't have a library.

With over 1,500 new libraries in schools supporting over a third of a million children, in 2026 we published a report in which we returned to schools with a new library after a year. We knew that libraries were immediately impacting on children's reading but we wanted to find out whether the impact was sustained.

We discovered that the new library and Libraries for Primaries training had supported a cultural change in many schools with a renewed focus on reading across year groups. As a result, we saw greater reading enjoyment, frequency and confidence, all of which were reflected in the children's reading score. Children most in need of support made meaningful improvements, with nearly half progressing to a higher attainment band.

We were thrilled when the Chancellor announced at the Labour Party Conference that the Government will invest in the campaign to ensure that every primary school in England has a library by 2029.

"When I was at school, they turned our library into a classroom because there were more students than there was space, and I saw first-hand the negative impact that had. Now we are ensuring every primary school has a library, giving kids the chance to learn, grow, explore their interests and find quiet space to study. "Through our Plan for Change it is our mission to give every child the best start in life, regardless of their background or where they're from. This announcement is a key milestone in achieving that."

Chancellor Rachel Reeves, September 2025

"School libraries break down barriers to opportunity by giving every child, no matter their background, access to a treasure trove of stories that can feed their curiosity, put them in the shoes of others and help them understand more about the world and their place in it. Today's announcement ensures that every child in England can gain from the life-changing benefits of reading – a vital step toward boosting the futures of a generation."

- Richard Osman, Author

"It is very comfortable, and you have lots of choices of books to choose from. It is quiet and peaceful, and it feels like you disappear to another world. That's how concentrated people get when they read their books. It helps lots of people's vocab and reading skills. Every school should have a school library. It's amazing. I love it." (Girl, Year 6)

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

"*Libraries for Primaries has ignited a real passion for reading amongst our pupils and teachers. It has enabled us to create a brand-new library, make it an exciting and engaging space and fill it with hundreds of new and wonderfully diverse books and audiobooks which the children can see themselves in. The training for our staff and pupil librarians will also ensure everyone will benefit from the fantastic school library for many years to come. It has been a real catalyst for the school's reading for pleasure culture and has enabled us to strengthen connections with parents, public libraries and the whole school community.*"

- Sarah Smith, Headteacher at Sandford Hill Primary School in Stoke-on-Trent, a Libraries for Primaries participating school.

Connecting Stories

"It makes me think that I can do anything that I really want to do."

Across the National Literacy Trusts' 20 Hub areas we worked with school-aged children in their schools and communities to inspire them to read and write. Activities in each community are unique, building on the community's identity and shaped by community steering groups. These are the most disadvantaged places in the UK, where we know there is a strong link between poverty and literacy.

The largest programme supporting this work is Connecting Stories, supported by Arts Council England. In the last year, the programme has delivered intensive reading and writing support in 14 communities reaching over 215,000 children, powered by an alliance of 46 publishers, whose collective commitment has sustained high-quality literacy activity. Schools and teachers were offered training and resources. And over a quarter of a million books were distributed to support children's reading.

In the areas where we work where we would expect results to be worse than national average, Connecting Stories is tackling the link between literacy and disadvantage and giving children a head start. In these places **15%** more children than national enjoy reading in their free time. **17%** more read daily in their free time and **32.3%** used their public library, the national average is **26.3%**. **47.4** % of families are visiting the library regularly compared to 43.9% nationally and families are engaging more with cultural and literacy venues with **36%** more visiting community and cultural settings. And it is having an impact on KS2 results. Nationally the rate went up from 73% to 75%, in our hubs it went up from **66% to 73%** closing the gap with national

In these high priority areas, **the reading skills of pupils at the end of key stage 2 have risen three times faster than those of their peers across England between 2023-2025 - effectively closing the attainment gap.** T

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Our work in communities has not only seen improvements in attainment but also in cultural engagement:

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Activity	Six months ago	Now	Increase
Bookshop visits	37.9%	43.0%	13.5%
Theatre visits	29.5%	33.6%	13.9%
Visits to community and cultural settings	18.0%	24.4%	35.6%
Museum visits	30.5%	31.5%	3.3%
Gallery visits	17.1%	18.3%	7.0%
Regular library visits	43.9%	47.4%	8.0%

From a school librarian in Birmingham: *'One of our children who isn't the most confident of readers said that it had been the best trip they've ever been on with school.*'

From a parent in Bradford: "*Yara loved the Story Quest. She has been retelling all the facts from the trail at every opportunity with her dad, friends and cousins'*

The Middlesbrough Tamil Cultural Society added:

"Some kids don't even read books at home due to their circumstances. It means a lot for children to get a book of their own."

In the Black Country, Health Visitor Katrina: *"The children have been so pleased with the books… This has then shown parents the enjoyment children can have from reading."*

Cornwall, Literacy Champion Amy: *"We've seen a real increase in confidence and communication among the dads who come – and we're getting more independent in running the sessions ourselves."*

Young Poet Laureate programme

Created by the National Literacy Trust, with the National Poetry Centre and Arts Council England and supported by Poet Laureate Simon Armitage, the Young Poet Laureate programme provides children and young people with new opportunities to explore and discover poetry in their schools and communities.

"I wanted to be a poet laureate because the magic of words is often misunderstood and overlooked; lost in dusty old books that no one will ever try to read. I would like children and grown-ups to remember that Poetry is Powerful." – Maya, age 11, Young Poet Laureate for southwest London

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

ONE MORE STORY by Maya

One more story please ,
I say
Too soon I've slipped out
From the pocket of time
Woven by stories …
For when you spin a world for my dreams to grow
For when I hear the gentle hum of your voice
My racing heart slows
For when I listen my fists slowly unclench
And you give me
Hope to read for the new day dawning
Hope to write for the sunset falling
Hope to dream for the lost words never told.
One more story
I say
So my own can unfold.

Breakthrough 3

1 in 6 adults in England have very low levels of literacy, in Scotland this figure is as high as 1 in 4. This group is not equally spread across society but is focused on disadvantaged communities. The prison population has particularly low levels of literacy and around 90% of young people in custody have been excluded from school in the past. In the year 2024-25, 65% of people in prison were assessed at English Entry Level 1-3 which means they would likely struggle with tasks such as reading a court summons, completing forms or writing a letter.

By working in the criminal justice system, we can reach large numbers of people with low literacy who face significant challenges in other areas of their life, we can learn from them about how best to engage people in reading and writing and we can see how literacy really does change life stories.

In 2025/26, we have delivered 335 workshops across 16 settings, reaching 1,788 participants, with repeat engagement from 401 people across our prisons. We have reached a potential audience of 80,000 through our National Prison Radio audiobooks and have donated 8,446 books across the prison estate. We have recruited six lead Literacy Champions, who have recruited a total of 19 Literacy Champions in their prisons.

"It opened my mind to things – my physical body might be in prison, but my mind can be anywhere. My body might be locked up but my mind isn't. Thanks to your help, I've had the confidence to write a short story for my kids – I'm going home soon – and when I come out, I want to show them 'look, I wrote you something' to show them that I've been thinking about them while I've been in custody.

Readconnect participant, HMP Brixton

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

"Before I came to prison I didn't read at all and I wasn't able to express my feelings but after reading [the guest facilitator's] book and listening to his story I'm able to express how I feel with creative writing."

Literacy Innovation Fund participant, HMP Guys Marsh

- Across all our programmes, nearly 3 in 4 (72%) participants felt encouraged to read more and nearly 9 in 10 (86%) participants felt encouraged to write more
- 94% of people who attended storytelling sessions reported feeling more confident reading with their children and more confident supporting their child(ren)'s learning
- 49% of Literacy Innovation Fund participants had a literacy level below Level 1
- 9 in 10 (89%) Literacy Innovation Fund participants felt more confident or better able to express themselves in writing
- New data on repeat engagement shows that, of people attending two or more sessions, 31% reported increased confidence compared to their first session and 34% reported writing more frequently in their free time

The National Year of Reading in the Justice System

We are proud to be leading the National Year of Reading across prison and probation settings. We have brought together partner charities working to promote reading in prisons, and we are supporting the work of prison staff and librarians with strong support and funding from the MoJ and HMPPS. We are excited to have expanded our partnership with organisations like the British Library and Audible, as well as publishers including Jacaranda and Orion, and to have recruited new partners including the Royal Literary Fund. We are partnering with the Youth Custody Service to deliver the first ever literary festival across all four Young Offender Institutions.

Emma from Pan Macmillan volunteered her time to work with a prison reading group. Here's what she had to say:

"The most rewarding moments of volunteering with the National Literacy Trust were when a participant truly connected with a character, recognised the value of their own perspective or discussed the escapism that the book provided them. While the National Literacy Trust provides an excellent, structured framework, the honest, funny, and spontaneous conversations with the group members were the real highlight of the experience."

The Vision for Literacy Business Pledge

Co-founded by the National Literacy Trust and supported by KPMG, the Vision for Literacy Business Pledge brings the business community together with charities, schools and the government to prioritise literacy and improve the literacy skills of children and young people who need it most.

This year, 116 businesses committed to placing literacy at the heart of their social responsibility work to create lasting impact across the country.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Businesses have a vital role to play in supporting the literacy skills of the next generation, and the National Year of Reading offers even more opportunity to support the development of a future workforce that is inclusive and able to grow.

The inaugural in-person Vision for Literacy Business Pledge Awards recognised businesses demonstrating exceptional leadership, impact, and innovation through partnerships to support literacy across the UK.

London Luton Airport, winner of the Award for Partnership Impact:
"It's amazing to be part of London Luton Airport's partnership with the National Literacy Trust. As a charity champion, I love bringing so many brilliant ideas to life in ways that can make a genuine difference to local people. From volunteering and fundraising events, to working with local schools, and gifting children's books to families travelling through the airport, it's wonderful to be part of a like-minded group that is doing so much to promote literacy and deliver genuine benefits to our local community." – Member of the Charity Champion Committee at London Luton Airport

Nicki Woodhead, Director of Sustainability, WHSmith speaking at our Vision for Literacy Business Pledge event, April 2026:
"The National Literacy Trust is a great charity to work with. Everything they do is deep-rooted in research, which means that every penny spent is focused on those who need it most, and in a way which brings about real meaningful change". – Nicki Woodhead, Director of Sustainability at WHSmith

The foundations of our impact
We can only be effective as a charity if we are true to our values and build an effective organisational culture. We will:

Focus on our team, strengthening our workplace and culture. Our people are our most important asset.

Become a more diverse organisation, better at listening and responding to others. Our commitment to equity, equalities, diversity and inclusion is the foundation of our team culture and the effectiveness of our mission.

Increase our brand profile and build a deeper connection with our partners and supporters.

Grow alliances and communicating with impact and passion. By working with us, we believe everyone can change their story in a positive way.

Invest in technology and our digital platforms to enhance our reach and engagement. Technology is changing literacy, so we need to be confident with our engagement with AI and maximise opportunities offered by AI to improve our effectiveness.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Continue to lead research and innovation in the literacy and education sectors. We are an evidence-based organisation. All our work is built on insights, research and evaluation. It is the foundation of our credibility and our impact.

Recruit new supporters and manage our resources effectively. To deliver increased impact we need to grow our income and manage our resources effectively to maximise their impact.

Legal Information

The Trustees present their annual report including the group strategic report, together with the financial statements of the charity for the year ended 31 March 2026. The financial statements comply with the Companies Act 2006, the trust deed and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Reference and Administrative Details

The Trustees and advisers currently in office or who served during the year were as follows:

Trustees

Joanna Prior (Chair)
Matthew Bradbury
Louise Doughty
Gabrielle Huddart
Brad Keast (appointed 07 May 2025)
Catherine Rose (appointed 01 June 2025)
Kersten England
Hilary Ineomo-Marcus
Professor Michelle Money
Rachel Hopcroft
Jasmine Richards (appointed 12 October 2025)
Ben Fletcher (resigned 26 February 2026)

PATRON

Her Majesty The Queen

PRESIDENT

Baroness Prashar of Runnymede

VICE PRESIDENTS

Amanda Jordan OBE
Julia Cleverdon DCVO CBE

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

REGISTERED OFFICE
68 South Lambeth Road, London, SW8 1RL

CHARITY NUMBER (Registered in England and Wales)
1116260

SCOTTISH CHARITY NUMBER
SC042944

COMPANY NUMBER
05836486

COMPANY OF INCORPORATION
England and Wales

AUDITOR

SAYER VINCENT LLP, 110 GOLDEN LANE, LONDON, EC1Y 0TG

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

SOLICITORS
Stone King LLP

INVESTMENT ADVISERS
None

WEBSITE
www.literacytrust.org.uk

CHIEF EXECUTIVE
Jonathan Douglas CBE

SENIOR MANAGEMENT TEAM
Rosemary Thomas
Samantha Brookes
Ceri Berkovitch
Andrew Ettinger
Matthew Wilkley

COMPANY SECRETARY
Catherine Hardwick

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Policy on fundraising

The charity does not employ any external professional fundraisers or commercial participators and is very careful to comply with all proposed and enacted legislation in this space. We're committed to generating income in a way that protects individuals and has a positive impact on the communities in which we work. We also follow sector guidance, including the Fundraising Regulator's Code of Practice, to safeguard individuals who may lack capacity or require additional support to make informed decisions when engaging in fundraising activities.

Aiming for the highest standards, we:

- are registered with the Fundraising Regulator, and are committed to complying with the Fundraising Code of Practice. There has not been any instance of noncompliance with any code;
- give our supporters the opportunity to opt out of further contact, or to opt out of a specific method of communication as part of every approach for donations;
- do not share or sell data with, or undertake fundraising activities, with third parties for their marketing benefit;
- ensure that our teams are familiar with good practice standards and integrate them into ways of working;
- deal with complaints about our fundraising activities in a timely and transparent manner;
- received zero complaints during the financial year 2025/26 and did not receive any complaints during the 2024/25 year either.

The charity's work is funded primarily through donations from charitable trusts, foundations, businesses and individuals. Our core activities, including Literacy Hubs, education programmes, research and advocacy, are supported principally by a number of key funders.

The fundraising team continued to play a pivotal role in advancing our work, aligning their efforts with our strategic priorities. In the financial year 2025/26, a gross amount of £ 16.7m (excluding trading activity, legacy, bank interest and gift aid) was fundraised against a budget of £ 15.2m (excluding trading activity, legacy, bank interest and gift aid). No material expenditure has been incurred to raise income in the future.

Public Benefit

The trustees have had regard to the Charity Commission's guidance on public benefit when planning the charity's activities. The charity's purpose is to focus on transforming lives through literacy. It aims to improve reading, writing, speaking, and listening skills in communities where literacy levels are low and poverty is increasing

During the year, the charity delivered programmes, resources, research and support to schools, communities and families, helping to improve literacy skills and increase access to reading opportunities. These activities were available to individuals and communities in need and were designed to remove barriers to participation wherever possible.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

The trustees are satisfied that the charity's activities have directly furthered its charitable objectives and delivered clear public benefit through improved literacy, educational attainment and life opportunities for beneficiaries.

Plans for the future

The charity has exciting plans for 2026/27. We will continue to build on our success in 2025/26 to reach young people and adults who are most disadvantaged. We will work to deliver our strategy and are focussed on the three breakthroughs. At the same time, we will ensure that the partnership with Centre for Literacy in Primary Education continues to be integrated and thrive alongside the work of the NLT.

Additionally, we will build on the strength of the 2026 National Year of Reading (NYR) and secure the impact and legacy of NYR beyond 2026.

The Trustees have taken account of the challenges faced by the charity mainly in the areas of capacity and fundraising in the plans for the next year.

Principal risks and uncertainties

The Trustees are mindful of the need to identify and assess the major risks facing the charity and the group.

Appropriate procedures and systems have been implemented to ensure that risks and uncertainties are managed in ways to optimise the appropriate and effective use of all resources. A risk assessment has also been undertaken with regard to the current economic climate.

Strategic risks are identified on an annual basis as part of the annual delivery plan. Trustees receive a quarterly report on the management of these risks at the Finance, Audit and Risk Committee; these are then reported on to the full Board of Trustees.

The highest ranked risk for 2025/26 was a failure to secure sufficient core income to sustain the organisation and support growth. This risk is mitigated by the development and implementation of key strategies that have been presented to the Trustees and where progress is monitored monthly to the Finance Audit and Risk Committee and reported to the Trustees at each meeting. In addition, each project maintains its own risk register, and reports on them quarterly to the charity's senior management team through a quarterly reporting template.

The strategic risks the charity has identified are: income falls so that the charity may not be able to maintain its full strategic commitment to place-based working (mitigated by the strengthening of both relationships with funders and ongoing diversification of funding and of the integration between Hubs and programmes to ensure mutual sustainability); relevance of its work to schools and teachers (programmes are designed with teachers and respond to their priorities) and failure

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

to achieve impact (the charity responds by rigorously measuring impact on all its work and carrying out evaluation activity).

The trustees regularly review the group's financial risks and maintain policies designed to safeguard its financial sustainability. Credit risk is managed through the monitoring of debtor balances and banking relationships. Liquidity risk is managed through regular cash flow forecasting and the on-going maintenance of, and plans to grow, appropriate unrestricted reserves. The trustees review future funding requirements and commitments to ensure the group remains able to meet its obligations as they fall due for a period of twelve months from the date of signature of the balance sheet. The group does not hold material financial investments and is therefore not exposed to significant market or price risk

The acquisition of CLPE could be viewed as a risk but the integration into the National Literacy Trust group has happened smoothly as the aims and objectives of each charity are so well aligned.

The National Year of Reading is a large project but is aligned to our other work and strengthens our position and our narrative. It is only delivering the scope of work that funding has been secured for

Structure, governance and remuneration

Structure

The National Literacy Trust was established by Trust Deed dated 19 November 1992 and subsequently registered with the Charity Commission. The status of the Trust was changed with the registration of a new charity incorporated in England and Wales in June 2006 and re-registered with the Charity Commission. These are the full accounts of the incorporated charity. The accounts comply with the Companies Act 2006. The National Literacy Trust is a registered charity (no. 1116260), a Scottish registered charity (SC042944) and a company (no. 05836486) limited by guarantee up to a maximum of £1 each, per member. The articles of association were last updated in 2025, when the National Literacy Trust merged with the Centre for Literacy in Primary Education.

Governance

Trustee recruitment

The Board of Trustees keeps under regular review the skills, experience and diversity required to govern the charity effectively. When vacancies arise, the Board undertakes a recruitment process designed to attract candidates with the knowledge, skills and lived experience needed to support the charity's strategic objectives.

Potential trustees may be identified through existing networks, professional contacts, sector bodies and public advertisement where appropriate. All appointments are made in accordance with the charity's governing document and are subject to eligibility checks. The Board seeks to maintain

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

an appropriate balance of skills, backgrounds and perspectives to ensure effective governance and oversight of the charity's activities.

Trustee Induction and Development

All newly appointed trustees receive a structured induction programme to support them in understanding the charity, its governance arrangements and their legal responsibilities as trustees. This typically includes access to the charity's governing documents, strategic plans, recent board papers, financial information, key policies and guidance issued by the Charity Commission. This also includes an early meeting with the Chair of Trustees, the Chief Executive and key management personnel to greater understand the work and context of the charity.

Trustees are encouraged to participate in ongoing training and development to ensure they remain up to date with developments in charity law, governance, safeguarding, financial management and other matters relevant to their roles. The Board periodically reviews its collective skills and knowledge and identifies any development requirements to support effective decision-making and good governance. This approach helps ensure that trustees continue to discharge their duties effectively and in the best interests of the charity

Remuneration Policy

The Board of Trustees is responsible for setting and reviewing the charity's remuneration policy. The policy aims to ensure that remuneration is fair, reasonable and appropriate to attract, retain and motivate employees with the skills and experience required to deliver the charity's objectives, whilst ensuring that charitable funds are used responsibly and in furtherance of the charity's purpose.

In determining remuneration levels, the Trustees consider a range of factors including organisational performance, individual responsibilities, market conditions, benchmarking data where available, and the charity's financial position. The charity seeks to maintain a balanced approach that reflects both affordability and the need to recruit and retain appropriately qualified staff.

The remuneration of senior staff is subject to oversight and approval by the Trustees, who ensure that any decisions are made in accordance with the charity's governing document, relevant legislation and Charity Commission guidance. Trustees manage any conflicts of interest arising from remuneration decisions in accordance with the charity's conflict of interest policy.

Trustees serve on a voluntary basis and receive no remuneration for their services as trustees, other than the reimbursement of reasonable expenses incurred in the performance of their duties, where applicable. Any payment to a trustee, or to a person connected with a trustee, is permitted only where authorised by the charity's governing document, complies with the requirements of charity law and relevant Charity Commission guidance, and is approved in accordance with the charity's conflict of interest procedures. Any such payments are disclosed in the financial statements as related party transaction. During the year, no trustees received remuneration for their services as trustees.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Governance arrangements with CLPE

CLPE continues to operate as an independent legal entity, preserving its charitable aims, programming output and services and governed by a board of trustees. There has been a change in the composition of the Board with the aim of ensuring stability in a time of change. During the period to 31 March 2026, the trustees of CLPE met 3 times as an entire board. The Trustees are committed to ensuring that they have the full range of skills and knowledge on the board and work to ensure they are implementing the principles of good governance and working as an effective board. CLPE maintains its own risk register which identifies the main risks and mitigations facing the charity and which is reviewed regularly by its board of trustees.

Financial Review

The financial activities of the year are set out in detail on the attached pages. The net movement of funds for the year was an increase of £590,076 (2025: decrease of £126,206). This comprised of an increase in restricted funds of £928,310 (2025: increase of £9,511), and a decrease in unrestricted funds of £338,235 (2025: decrease of £135,717). Overall, the charity's funds increased from £3,704,462 at the beginning of the year to £4,294,538 at the year end, of which £190,711 was in unrestricted funds and £4,103,827 was in restricted funds. The fund balances include funds acquired from the acquisition of CLPE of £42,880. The position with respect to restricted funds is entirely to be expected as it depends on where projects are in their cycle against the grants.

Books are not included on the balance sheet because they are received as a gift-in-kind with a view to being distributed quickly, they are not (and are not intended to be) held for an extended period of time for the use of the charity as would be implied by treating them as fixed assets. The treatment also reflects the fact that the primary activity of the charity is not to trade in books. Donated books are recognised at the market value the charity would have paid with any discounts offered for the equivalent books. The value of the books received in the period is included in the accounts as income with a matching amount recognised as expenditure.

Total income has increased by £3.4m over last year. The main reason for the higher level of incoming resources was the income generated from our charitable activities was much higher than the previous year, especially with respect to our National Year of Reading campaign, We anticipate increasing our income by 44% in 2026/27. This is 13% in Business as Usual National Literacy Trust and 31% in Libraries for Primaries as a result of an award of Dormant Asset fund money to put a library in every primary school that does not have one. We are looking to strengthen our combined training offer and build on the success of the National Year of Reading. We will also continue to implement our strategy to generate increased levels of unrestricted income and have new bids in place to maintain income, as well as maintaining or growing existing funder relationships.

Total expenditure for the year increased by £2.7m from £14.4m in 2024/25 to £17.1m in 2025/26. This year was a very difficult year with some incredible successes – raising £3.5m for the National Year of Reading against other areas where income struggled particularly unrestricted income and income for Breakthrough 2 which reduced by £1.3m down to £6.4m from £7.7m. The

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

result for the year reflects the on-going strategies around income aimed at covering core costs: ensuring that funding bids carry the right level of cost allocation; and ensuring as much charitable activity as possible is funded through unrestricted sources, however this proved very challenging and new plans are in place for growing unrestricted income, including reviewing our financial model.

Although in terms of impact 25/26 was a very successful year as a result of the financial performance for the year, the charity is in a weaker total reserves position than the previous year. The Trustees recognise that the charity incurred a loss on unrestricted activities in the year. Through the National Year of Reading and the award of Dormant Asset Fund money for Libraries for Primaries the charity has a window of opportunity to strengthen its position. As a result, there will be an increased focus through both the budget and the strategy for 2026/27 and beyond on the growth of a steady pipeline of unrestricted income.

POLICY ON RESERVES

Total funds for the group at 31 March 2026 were £4,294,538 (2025: £3,704,462). Restricted funds not available for the general purposes of the group amounted to £4,103,827 (2025: £3,175,517). There were no designated funds held.

The Trustees aim to maintain free reserves in unrestricted funds at a level which equates to approximately three months of unrestricted expenditure (adjusted for expenditure which would not be incurred should the charity be wound up) which roughly equates to £660,055.

The charity holds free reserves in order to:

- provide working capital;
- allow the organisation to provide continuity of service if income levels fluctuate, thereby giving time to seek new sources of revenue;
- allow the organisation to provide continuity of service if it had to cope with increases in expenditure that could not be accurately forecast;
- ensure that in the worst possible circumstances it would be able to pay all creditors and wind up the organisation.

The balance held as unrestricted funds at 31 March 2026 was £190,711 (2025: £528,945) which was comprised of unrestricted fixed assets fund of £31,333 (2025: £15,970) and unrestricted free reserves £159,378 (2025: £512,975). The unrestricted free reserves represent 1 month of unrestricted expenditure rather than the three that is the policy. The Trustees are aware of the need to increase reserves to reach the 3 month level in line with the growing size of the organisation and have adopted a budget for 2026/27 which puts an even sharper focus on generating more unrestricted reserves.

The financial statements contain further details on the basis of using the going concern assumption which are included in the accounting policies to these financial statements.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

In making grants to or working with other organisations, we will comply with Charity Commission guidance by carrying out relevant due diligence and having a written agreement that sets out:

- Our relationship.
- The role of each organisation.
- Monitoring and reporting arrangements.

Going concern

The group's total funds increased from £3,704,462 at the beginning of the year to £4,294,538 at the year end, of which £190,711 was in unrestricted funds and £4,103,827 was in restricted funds. The cash position at the year-end was £4,523,569 compared to £2,807,165 at the beginning of the year.

The Trustees continue to believe that the National Literacy Trust is in a reasonably balanced position with a robust income and expenditure strategy in place notwithstanding the relatively low level of unrestricted reserves at year-end. The Trustees ensure that general operating costs are covered by reviewing the charity's financial results and development activity on an on-going monthly basis. In this regard, it is noted that, as at 31 August 2026, approximately 64% of the reforecast of unrestricted income, and 86% of reforecast restricted income, for the financial year ending 31 March 2027 is considered to be reasonably secure or secure (including pipeline funding). The trustees have also noted that a total of £12.5m is to be received under a three-year agreement from the Dormant Asset Funding until 2029.

The Trustees have assessed that there are no material uncertainties that cast significant doubt on the group's and charity's ability to continue as a going concern ie. that there is a reasonable expectation that the debts and obligations of the charity and the group will be met in the period of at least 12 months from the date of approval of the annual report and accounts.

In reaching the conclusion that it is appropriate to prepare the accounts to 31 March 2026 on a going concern basis, the Trustees have considered:

- management accounts and cashflow covering activity in the period since the year end which are reviewed by the Finance, Audit and Risk Committee on a monthly basis;
- a reforecast of the original budget for the financial year ending 31 March 2027 based on results for the first quarter of the financial ending 31 March 2027;
- a financial plan of growth covering the period ending 31 March 2028, based on signed agreements, and which uses the legacy of activity on both the NYR and the Dormant Asset Fund – Libraries for Primaries project to contribute towards meeting overhead costs, support the growth of unrestricted reserves in line with the reserves policy and increase liquidity;
- current risk register.

The Trustees are confident that the target of 3 months reserves can be achieved over the next two years and are taking the necessary approach to achieve this.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

The Trustees of the charity in their risk register have also noted, and are mindful of, the impact of external financial pressures on the charity and group arising from the current difficult macro-economic environment, including inflation and political uncertainty, in framing the future growth of the charity and the group. In this respect, the trustees have considered the effect of adverse scenarios such as reduced levels of fundraising or the loss of key contracts (amounting to up to 10% of total funding) and the mitigations that would be necessary (such as a recruitment freeze) to ensure that only fixed costs are incurred if programme funding is no longer received. Senior management has also used the opportunity presented by the existing economic climate and longer-term project funding to embark on a group-wide review of systems and processes with a view to reducing costs and identifying efficiencies. The aim of the review will be to increase the unrestricted reserves of the charity and the group (eg by strengthening integration between Hubs and programmes to ensure mutual sustainability with a proposition which emphasises the effectiveness of evidence-based programmes delivered in a place-based context and which increase efficiency). Developing cross-cutting hub campaigns will encourage large scale investment in the Hubs - Early Words. The review is scheduled to conclude with a presentation to, and approval by, the Board by January 2027 of the changes in the way that the charity and group will operate from 1 April 2027.

Statement of responsibilities of the trustees / directors

The trustees (who are also directors of charity name for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic report (only for medium and large companies) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group 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 and statements of recommended practice 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 charity will continue in operation

The Trustees are responsible for keeping adequate 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that they ought to have taken to make themselves 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at year end date was 11 (2025: 10). The Trustees are members of the charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

Approval of Trustees annual report

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware.

Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report was approved by the board of Trustees and signed on its behalf by

Signed by:
5E9F0989BB01425...
Trustee: Joanna Prior
Date: 24 September 2026

This report was approved by the board of Trustees and signed on its behalf by

Signed by:
637438D812A0480...
Trustee: Bradley Keast
Date: 24 September 2026

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Independent auditor's report

To the members of

The National Literacy Trust

Opinion

We have audited the financial statements of National Literacy Trust (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2026 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2026 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

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 group financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 National Literacy Trust '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.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Other Information

The other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the group financial statements themselves. 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' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their 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 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charites Act 2011 and report in accordance with those Acts.

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.

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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, internal audit and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's/ group's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity/ group operates in, focusing on those laws and regulations that had a material

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

effect on the financial statements or that had a fundamental effect on the operations of the charity/group from our professional and sector experience.

- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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 charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)
Date 19-Oct-2026

for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

The National Literacy Trust

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2026

	Note	Unrestricted £	Restricted £	2026 Total £	Unrestricted £	Restricted £	2025 Total £
Income from:							
Donations and legacies	2	4,117,095	142,560	**4,259,655**	4,012,442	149,469	4,161,911
Charitable activities							
Breakthrough 1 – Early Years	3	–	1,606,274	**1,606,274**	32,935	936,012	968,947
Breakthrough 2 – Communities and Education	3	527,553	5,921,149	**6,448,702**	733,193	6,921,562	7,654,755
Breakthrough 3 – Criminal Justice and Adult Literacy	3	271,186	619,250	**890,436**	271,186	518,897	790,084
National Year of Reading	3	–	3,542,601	**3,542,601**	–	16,949	16,949
Dormant Asset Fund	3	–	–	**–**	–	–	–
Other trading activities	4	825,745	–	**825,745**	528,092	90,775	618,867
Investments	5	34,908	–	**34,908**	51,633	–	51,633
Other		37,824	19,000	**56,824**	7,507	–	7,507
Total income		5,814,311	11,850,835	**17,665,146**	5,636,988	8,633,665	14,270,653
Expenditure on:							
Raising funds	6	1,584,784	–	**1,584,784**	1,445,774	–	1,445,774
Charitable activities							
Breakthrough 1 – Early Years	6	299,524	1,200,295	**1,499,819**	307,928	1,162,569	1,470,497
Breakthrough 2 – Communities and Education	6	3,897,144	6,544,122	**10,441,265**	3,609,124	7,004,865	10,613,989
Breakthrough 3 – Criminal Justice and Adult Literacy	6	369,412	547,970	**917,382**	421,006	445,593	866,599
National Year of Reading	6	1,682	2,582,426	**2,584,108**	(11,128)	11,128	–
Dormant Asset Fund	6		47,712	**47,712**	–	–	–
Total expenditure		6,152,545	10,922,525	**17,075,070**	5,772,704	8,624,155	14,396,859
Net income / (expenditure) for the year	9	(338,235)	928,310	**590,076**	(135,716)	9,510	(126,206)
Transfers between funds		–	–	**–**	200,000	(200,000)	–
Net movement in funds		(338,235)	928,310	**590,076**	64,284	(190,490)	(126,206)
Reconciliation of funds:							
Total funds brought forward		528,945	3,175,517	**3,704,462**	464,661	3,366,007	3,830,668
Total funds carried forward		190,711	4,103,827	**4,294,538**	528,945	3,175,517	3,704,462

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 29a to the financial statements.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

The National Literacy Trust

Consolidated Balance sheets

Company no. 05836486

As at 31 March 2026

	Note	The group 2026 £	The group 2025 £	The charity 2026 £	The charity 2025 £
Fixed assets:					
Tangible assets	13	**31,333**	15,970	**4,328**	15,970
		31,333	15,970	**4,328**	15,970
Current assets:					
Stock	16	**10,629**	5,346	**5,346**	5,346
Debtors	17	**1,505,514**	1,307,258	**1,675,739**	1,307,258
Short term deposits		**-**	1,029,183	**-**	1,029,183
Cash at bank and in hand		**4,523,569**	2,807,165	**4,188,315**	2,807,165
		6,039,712	5,148,951	**5,869,400**	5,148,951
Liabilities:					
Creditors: amounts falling due within one year	18	**(1,750,067)**	(1,415,115)	**(1,558,592)**	(1,415,115)
Net current assets		**4,289,645**	3,733,836	**4,310,808**	3,733,836
Total assets less current liabilities		**4,320,978**	3,749,806	**4,315,136**	3,749,806
Creditors: amounts falling due after one year	20	**(26,440)**	(45,344)	**(26,440)**	(45,344)
Total net assets		**4,294,538**	3,704,462	**4,288,696**	3,704,462
Funds:	22a				
Restricted funds		**4,103,827**	3,175,517	4,105,976	3,175,517
Unrestricted funds		**190,711**	528,945	**182,720**	528,945
Total funds		**4,294,538**	3,704,462	**4,288,696**	3,704,462

The surplus of the Charity for the year ended 31 March 2026 was £584,232 (31 March 2025: deficit - £126,206).

Approved by the trustees on 24 September 2026 and signed on their behalf by

Signed by:
5E9F0989BB01425...
Joanna Prior
Trustee

Signed by:
637438D812A0480...
Bradley Keast
Trustee

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

The National Literacy Trust

Consolidated statement of cash flows

For the year ended 31 March 2026

	Note	2026		2025	
		£	£	£	£
Cash flows from operating activities					
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		**590,076**		(126,206)	
Depreciation charges		51,783		13,916	
Investment income		(34,908)		(51,633)	
Interest paid		1,664		2,245	
(Increase)/decrease in stocks		(5,283)		945	
(Increase)/decrease in debtors		(198,256)		592,678	
Increase/(decrease) in creditors		316,048		(126,530)	
Net cash provided by operating activities			**721,123**		305,414
Cash flows from investing activities:					
Dividends, interest and rents from investments		(1,664)		(2,245)	
Purchase of fixed assets		(67,146)		–	
(Increase)/draw down of cash from investments		1,029,183		(1,029,183)	
Purchase of investments		34,908		51,633	
Net cash provided by / (used in) investing activities			995,281		(979,794)
Change in cash and cash equivalents in the year			1,716,404		(674,381)
Cash and cash equivalents at the beginning of the year			2,807,165		3,481,546
Change in cash and cash equivalents due to exchange rate movements			–		–
Cash and cash equivalents at the end of the year	a		4,523,569		2,807,165

Analysis of cash and cash equivalents and of net debt

	At 1 April 2025	Cash flows	Other non-cash changes	**At 31 March 2026**
	£	£	£	**£**
Cash at bank and in hand	2,807,165	1,716,405		**4,523,569**
a **Total cash and cash equivalents**	2,807,165	1,716,405		**4,523,569**
Loans falling due within one year	–	2,463	–	**2,463**
Total	**2,807,165**	**1,718,868**	**–**	**4,526,032**

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

1 Accounting policies

a) Statutory information

National Literacy Trust is a charitable company limited by guarantee, incoporated in England and Wales (company no. 05836486). National Literacy Trust is an incorporated charity registered with the Charity Commission of England and Wales (charity no. 1116260) and with the Office of the Scottish Charity Regulator (no. SC042944). The registered office address and principal place of business is 68 South Lambeth Road, London SW8 1RL.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The financial statements are presented in sterling, which is the functional currency of the charitable company. Monetary financial amounts in these financial statements are rounded to the nearest £1.

These financial statements consolidate the results of the charitable company – National Literacy Trust (NLT), its wholly owned subsidiary registered in England and Wales – The Centre for Literacy in Primary Education (CLPE) on a line by line basis. Transactions and balances between the NLT and its subsidiary have been eliminated from the consolidated financial statements. Balances with the subsidiary are disclosed in the notes of the NLT's balance sheet. A separate statement of financial activities, or income and expenditure account, for the NLT itself is not presented because the NLT has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

c) Public benefit entity

The charity constitutes a public benefit entity as defined by FRS 102. It is incorporated in England, Wales, and Scotland. In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

d) Going concern

The financial statements have been prepared on a going concern basis. The trustees have undertaken a rigorous process preparing budgets tp 12 months from signing and rolling cashflows and are satisfied on the basis of that work that the Group and Charity have adequate resources to continue to operate in the period of 12 months after the date of approval of these accounts, in addtion there is a robust income and expenditure stratgey in place to ensure low reserves position is addressed, additional disclosure on the work completed on the assessment of going concern is set out in Trustees Annual Report. On the basis of this analysis, the Trustees consider that it is appropriate to prepare the accounts on a going concern basis.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

1 Accounting policies (continued)

e) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the income have been met. It is probable that the income will be received and the amount can be measured reliably.

Income from Gift Aid tax reclaims is recognised for any donations with relevant Gift Aid certificates recognised in income for the year. Any amounts of Gift Aid not received by the year-end are accounted for in income and accrued income in debtors.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Legacy income is recognised when the Charity has entitlement to the income, receipt is probable and the income can be reliably measured.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income is accounted for on a receivable basis and is reported gross of related expenditure. The specific bases used are as follows:

- Voluntary income includes grants and donations from companies, trusts and individuals.
- Grants and sponsorships receivable consists of Government Grant Income relating to website development, publications, policy and research and sponsorship of specific projects as well as grants from corporate supporters.
- Literacy training courses income is generated from delegate fees charged to attendees of literacy courses and seminars.
- Fundraising income consists of sponsorship in respect of events held and donations in return for promotional materials.
- Membership subscriptions for online networks are treated as payment for services, and are recognised over the period of membership, i.e. equally over 12 months.
- Interest receivable is included when receivable.

f) Donations of gifts, services and facilities

Donated goods and services are recognised as income when the Charity has control over the item or received the goods and services, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the Charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated goods and services are recognised on the basis of the value of the gift to the Charity which is the amount the Charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

A total of £1,319,443 has been recognised in donations and legacies in this year (2025: £1,693,122) in relation to books that have been donated to the charity. An equal amount of expenditure has been fully recognised in charitable activities in the amount of £1,319,443 (2025: £1,693,122). In line with the accounting policy noted above, donated books are recognised at the market value the Charity would have paid with any discounts offered for the equivalent books. The value of the books received in the period is included in the accounts as income with a matching amount recognised as expenditure. The value of the books has not been recognised on the balance sheet as at 31 March 2026 because the books are not (and are intended to be) held for an extended period time for the use of the charity.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

1 Accounting policies (continued)

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

The unrestricted funds comprise general funds, which are available for use by the Charity for its general objectives. The restricted funds are subject to restrictive conditions made by the grant-making body or donor. Transfers between funds are explained in Note 29a.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

Charitable Activities: All expenditure directly relating to the compilation and production of literacy publications, maintenance of the extensive literacy website and database, and specific literacy projects including grants. Grants are made in order to allow institutions to run community literacy projects. Analysis of grants made in the year have been disclosed in Note 16.

Costs of Raising Funds: All expenditure for the purpose of promoting the charity's activities and encouraging voluntary contributions.

Support Costs: Costs incurred indirectly in support of expenditure on the objects of the charity and include functions such as Human Resources and Information Technology. All costs are allocated between the expense categories of the SOFA on a basis designed to reflect the use of the resource. See Note 3b Analysis of support costs.

Governance Costs: Costs related to the management of the Charity organisational administration and compliance with constitutional and statutory requirements.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

k) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

1 Accounting policies (continued)

k) Allocation of support costs

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

- Raising funds 7%
- Breakthrough 1 - Early Years 6%
- Breakthrough 2 - Communities and Education 48%
- Breakthrough 3 - Criminal Justice and Adult Literacy 4%
- National Year of Reading 14%
- Support costs 1%
- Governance costs 21%

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

- Raising funds 9%
- Breakthrough 1 - Early Years 9%
- Breakthrough 2 - Communities and Education 61%
- Breakthrough 3 - Criminal Justice and Adult Literacy 5%
- National Year of Reading 15%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

l) Operating leases

The rentals payable under Operating Leases are charged to the SOFA on a straight line basis over the terms of the leases. Further information on operating leases can be found in Note 32.

m) Tangible fixed assets

Fixed Assets are capitalised and included at cost. The costs of any assets with a value below £500 are taken to the SOFA when incurred.

Depreciation is provided on a straight line basis so as to write off the cost of tangible fixed assets over their estimated useful lives. The rates of depreciation employed are as follows:

	Per Year
Leasehold improvements	20%
Library	12.5%
Furniture and fittings	20%
CRM system	25%
Office equipment	25%

n) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the statement of financial activities. The valuation method used to determine fair value will be stated in the notes to the accounts.

Investments in subsidiaries

Investments in subsidiaries are at cost.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

1 Accounting policies (continued)

o) Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

s) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

t) Financial instruments

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

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

Basic financial assets

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

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

u) Pensions

The charity operates an auto enrolment defined contribution pension scheme, although the scheme does have a guaranteed element of pension benefits. The pension costs charge represents the amounts payable by the charity to the fund in respect of the year. The assets of the scheme are held separately from those of the charity in an independently administered fund. Additional disclosures in respect of the guaranteed element of the pension scheme benefits are given in the notes to the financial statements.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

1 Accounting policies (continued)

v) Taxation

The charity is a registered charity and as such its income and gains falling with Sections 371 to 489 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from Corporation Tax to extent that they are applied to its Charitable Objectives.

Expenditure is recorded at gross including VAT within the expense items to which they relate, as the Charity is only able to reclaim a small proportion of VAT paid, because of its trading activities, using the partial exemption method.

w) Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Donated books are recognised on market value the Charity would have paid with any discounts offered for the equivalent books.

The provision for bad debts is estimated based on a review of the recovery of receivables on a line by line basis.

The trustees do not consider any of the judgements or estimations to have any significant effect on the financial statements.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

2 Income from donations and legacies

	Unrestricted £	Restricted £	2026 Total £	Unrestricted £	Restricted £	2025 Total £
Donations from individuals	345,610	16,525	**362,135**	434,797	99,469	534,266
Donations from companies and corporates	602,122	126,035	**728,157**	119,484	50,000	169,484
Donations from trusts and foundations	74,223	–	**74,223**	29,763	–	29,763
Gifts in kind	1,319,443	–	**1,319,443**	1,573,638	–	1,573,638
Legacies	–	–	**–**	310,270	–	310,270
Other donations	1,775,697	–	**1,775,697**	1,544,491	–	1,544,491
	4,117,095	142,560	**4,259,655**	4,012,442	149,469	4,161,911

3 Income from charitable activities

	Unrestricted £	Restricted £	2026 Total £	Unrestricted £	Restricted £	2025 Total £
Department for Education	–	557,131	**557,131**	–	455,826	455,826
Other Income from Breakthrough 1	–	1,049,143	**1,049,143**	32,934	480,187	513,121
Sub-total for Breakthrough 1 - Early Years	–	1,606,274	**1,606,274**	32,934	936,013	968,947
Arts Council England	–	618,257	**618,257**	–	1,369,109	1,369,109
The Julia Rausing Trust	–	1,028,381	**1,028,381**	–	1,178,145	1,178,145
The Foyle Foundation	–	343,220	**343,220**	–	731,558	731,558
Other income from Breakthrough 2	527,553	3,931,291	**4,458,843**	733,193	3,642,750	4,375,943
Sub-total for Breakthrough 2 - Communities and Education	527,553	5,921,149	**6,448,702**	733,193	6,921,562	7,654,755
Arts Council England	–	26,300	**26,300**	–	–	–
Ministry of Justice	271,186	–	**271,186**	271,186	–	271,186
Youth Endowment Fund	–	349,171	**349,171**	–	165,024	165,024
Other income from Breakthrough 3	–	243,779	**243,779**	–	353,873	353,873
Sub-total for Breakthrough 3 - Criminal Justice and Adult Literacy	271,186	619,250	**890,436**	271,186	518,897	790,084
Arts Council England	–	90,000	**90,000**	–	–	–
The Julia Rausing Trust	–	1,833,302	**1,833,302**	–	–	–
Department for Education	–	522,400	**522,400**	–	–	–
Other income from National Year of Reading	–	1,096,899	**1,096,899**	–	16,949	16,949
Sub-total for National Year of Reading	–	3,542,601	**3,542,601**	–	16,949	16,949
Total income from charitable activities	798,739	11,689,275	**12,488,014**	1,037,314	8,393,421	9,430,735

Grants of £2,148,774 (2025: £1,528,041) were received from the government. There are no unfulfilled conditions or other contingencies attached to these funds.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

4 Income from other trading activities

	Unrestricted £	Restricted £	2026 Total £	Unrestricted £	Restricted £	2025 Total £
Memberships	333,010	–	**333,010**	172,633	–	172,633
Training and workshops	391,021	–	**391,021**	333,234	90,275	423,509
Venue hires	101,222	–	**101,222**	–	–	–
Other trading income	492	–	**492**	22,225	500	22,725
	825,745	–	**825,745**	528,092	90,775	618,867

5 Income from investments

	Unrestricted £	Restricted £	2026 Total £	Unrestricted £	Restricted £	2025 Total £
Bank interest	34,908	–	**34,908**	51,633	–	51,633
	34,908	–	**34,908**	51,633	–	51,633

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

7 Analysis of expenditure (prior year)

		Charitable activities							
	Raising funds	Breakthrough 1 – Early Years	Breakthrough 2 – Communities and Education	Breakthrough 3 – Criminal Justice and Adult Literacy	National Year of Reading	Dormant Asset Fund	Governance costs	Support costs	**2025 Total**
	£	£	£	£	£	£	£	£	**£**
Staff costs (Note 10)	994,697	827,131	3,765,875	452,539	–	–	54,395	2,146,154	**8,240,791**
Grant Making (Note 8)	–	23,270	40,695	58,892	–	–	–	–	**122,857**
Marketing communications	35,366	70,440	581,747	4,060	–	–	–	2,053	**693,666**
Author fees	457	–	162,281	64,792	–	–	–	–	**227,530**
Professional and consultancy fee	19,815	–	195,041	–	–	–	–	9,838	**224,693**
Books cost	250	56,981	2,490,518	8,802	–	–	–	235	**2,556,786**
Storage fees	1,584	–	74,199	–	–	–	–	–	**75,783**
Library enhancements and renov	–	–	650,207	–	–	–	–	–	**650,207**
Travel and subsistence	8,419	15,883	173,575	27,090	–	–	–	5,338	**230,304**
IT costs	–	624	15,322	676	–	–	–	272,816	**289,438**
Premises cost	272	–	6,068	(42)	–	–	–	218,944	**225,241**
Audit fees	–	6,732	–	–	–	–	52,160	–	**58,892**
Depreciation	–	–	–	–	–	–	–	13,916	**13,916**
Other operating costs	12,301	78,191	576,760	26,222	–	–	–	93,282	**786,756**
	1,073,160	1,079,252	8,732,287	643,030	–	–	106,555	2,762,575	**14,396,859**
Support costs	358,776	376,715	1,811,818	215,266	–	–	–	(2,762,575)	**–**
Governance costs	13,838	14,530	69,883	8,303	–	–	(106,555)	–	**–**
Total expenditure 2025	**1,445,774**	**1,470,497**	**10,613,989**	**866,599**	**–**	**–**	**–**		**14,396,859**
Total expenditure 2024	**1,220,834**	**1,565,536**	**9,224,063**	**554,685**	**–**	**–**	**–**	**–**	**12,565,119**

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

6 Analysis of expenditure (current year)

		Charitable activities								
	Raising funds	Breakthrough 1 – Early Years	Breakthrough 2 – Communities and Education	Breakthrough 3 – Criminal Justice and Adult Literacy	National Year of Reading	Dormant Asset Fund	Governance costs	Support costs	**2026 Total**	2025 Total
	£	£	£	£	£	£	£	£	**£**	£
Staff costs (Note 10)	1,051,236	913,142	4,363,401	510,900	561,800	–	59,698	2,730,795	**10,190,972**	8,240,791
Grant Making (Note 8)	–	–	22,263	27,485	19,094	–	–	–	**68,842**	122,857
Marketing communications	46,373	74,316	270,807	1,771	581,274	–	–	41,547	**1,016,088**	693,666
Author fees	–	–	220,508	66,559	–	–	–	809	**287,876**	227,530
Professional and consultancy fees	38,438	300	206,668	–	565,943	–	–	61,283	**872,632**	224,693
Books cost	14,507	43,987	2,503,358	11,532	48,202	12,562	–	10	**2,634,158**	2,556,786
Storage fees	1,728	–	90,106	–	–	–	–	2,139	**93,973**	75,783
Library enhancements and renovations	–	386	195,605	–	–	5,150	–	–	**201,141**	650,207
Travel and subsistence	6,454	15,132	178,314	34,146	12,894	–	–	5,526	**252,466**	230,304
IT costs	46	75	69,077	–	18,876	–	–	345,945	**434,019**	289,438
Premises cost	–	–	681	354	102	–	–	279,982	**281,119**	225,241
Audit fees	–	5,520	6,000	–	–	–	39,490	–	**51,010**	58,892
Depreciation	–	–	–	–	–	–	–	51,783	**51,783**	13,916
Other operating costs	16,519	17,004	898	18,945	550,707	30,000	500	4,418	**638,991**	786,756
	1,175,301	1,069,862	8,127,686	671,692	2,358,892	47,712	99,688	3,524,237	**17,075,070**	14,396,859
Support costs	398,219	418,130	2,249,937	238,931	219,020	–	–	(3,524,237)	**–**	–
Governance costs	11,264	11,827	63,643	6,759	6,195	–	(99,688)	–		–
Total expenditure 2026	**1,584,784**	**1,499,819**	**10,441,265**	**917,382**	**2,584,108**	**47,712**	**–**	**–**	**17,075,070**	
Total expenditure 2025	1,445,774	1,470,497	10,613,989	866,599	–	–	–	–		14,396,859

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

8 Grant making

	Grants to institutions £	2026 £	2025 £
Cost			
Breakthrough 1 - Early Years	-	-	23,270
Breakthrough 2 - Communities and Education	22,263	22,263	40,695
Breakthrough 3 - Criminal Justice and Adult Literacy	27,485	27,485	58,892
National Year of Reading	19,094	19,094	-
Dormant Asset Fund	-	-	
At the end of the year	68,842	68,842	122,857

There were no support costs allocated to grant making activities in both years 2026 or 2027.

Institutions received material grants	2026	2025
Birmingham Community Healthcare NHS Foundation Trust	-	7,499
Derby County Community Trust	-	7,500
Fair Education Alliance	19,094	-
Foundation 92 (F92)	12,500	22,500
Prison Radio Association	25,325	-
South Tyneside & Sunderland NHS Foundation Trust	-	4,902
The Reader Organisation	-	4,200

8b Grant making (prior year)

	Grants to institutions £	2025 £	2024 £
Cost			
Breakthrough 1 - Early Years	23,270	23,270	-
Breakthrough 2 - Communities and Education	40,695	40,695	61,950
Breakthrough 3 - Criminal Justice and Adult Literacy	58,892	58,892	4,800
National Year of Reading	-	-	32,300
Dormant Asset Fund	-	-	-
At the end of the year	122,857	122,857	99,049

There were no support costs allocated to grant making activities in both years 2026 or 2025.

Institutions received material grants	2025	2024
Derby County Community Trust	7,500	-
Foundation 92 (F92)	22,500	-
The Reader Organisation	4,200	-
Birmingham Community Healthcare NHS Foundation Trust	7,499	24,062
South Tyneside & Sunderland NHS Foundation Trust	4,902	11,831
Black Country Healthcare NHS FT	-	8,630
Early Years Alliance Central England Service Hub	-	3,800
Sandwell & West Birmingham Hospitals NHS Trust	-	5,148

9 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2026 £	2025 £
Depreciation	51,783	13,916
Interest payable	-	2,245
Operating lease rentals:		
Property	238,192	122,276
Equipment	3,948	7,311
Auditor's remuneration (including VAT):	-	-
Statutory audit	31,840	52,160
Grant audit	11,520	6,732
Due diligence	7,650	-

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

10 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2026	2025
	£	£
Salaries and wages	8,252,794	6,824,928
Redundancy and termination costs	5,002	1,849
Social security costs	1,098,042	726,434
Employer's contribution to defined contribution pension schemes	661,051	555,862
Temporary staff	3,900	7,944
Recruitments	141,686	103,299
Trainings	28,497	20,475
	10,190,972	8,240,791

The redundancy and termination costs were settled and paid at the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2026	2025
	No.	No.
£60,001 - £70,000	6	5
£70,001 - £80,000	3	4
£80,001 - £90,000	3	1
£90,001 - £100,000	1	2
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	1	1
	14	13

Alongside the trustees, the charity considers its key management personnel to comprise the members of the senior management team. Remuneration including employer's pension contributions and employer's national insurance contributions incurred in the year by key management personnel were £675,983 (2025: £613,420).

11 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 226 (2025: 202).

Staff are split across the activities of the charity as follows (average head count):

	2026	2025
	No.	No.
Raising funds	20	20
Breakthrough 1 - Early Years	21	21
Breakthrough 2 - Communities and Education	113	101
Breakthrough 3 - Criminal Justice and Adult Literacy	12	12
National Year of Reading	11	-
Dormant Asset Fund	-	-
Support	47	46
Governance	2	2
	226	202

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

12 Related party transactions

The Trustees were not entitled to and did not receive any emoluments from the charity during the year (2025: £Nil).

Expenses amounting to £500.17 were incurred by one trustee during the year (2025: £136, one trustee).

The charity received donations of £nil from trustees during the year (2025: £nil from trustees)

13 Tangible fixed assets

The group

Cost	Leasehold improvements £	Library £	Website & CRM system £	Office equipment £	Total £
At the start of the year	–	–	–	115,691	**115,691**
Additions in year from subsidiary	138,362	254,121	36,971	63,992	**493,446**
At the end of the year	138,362	254,121	36,971	179,683	**609,137**
Depreciation					
At the start of the year	–	–	–	99,721	**99,721**
Charge for the year	614	26,470	12,284	12,415	**51,783**
Additions for the year from subsidiary	136,066	210,624	17,458	62,154	**426,301**
At the end of the year	136,680	237,094	29,742	174,290	**577,805**
Net book value					
At the end of the year	1,683	17,028	7,230	5,392	**31,333**
At the start of the year	–	–	–	15,970	15,970

All of the above assets are used for charitable purposes. The total depreciation increased by £478,084 during the year, this comprises the depreciation charge of £51,783 for the year and the additional depreciation of £426,301 arising from the acquisition of subsidiary.

The charity

Cost	Freehold property £	Fixtures and fittings £	Computer equipment £	Office equipment £	Total £
At the start of the year	–	–	–	115,691	**115,691**
Additions in year	–	–	–	–	**–**
Disposals in year	–	–	–	–	**–**
At the end of the year	–	–	–	115,691	**115,691**
Depreciation					
At the start of the year	–	–	–	99,721	**99,721**
Charge for the year	–	–	–	11,642	**11,642**
Eliminated on disposal	–	–	–	–	**–**
At the end of the year	–	–	–	111,363	**111,363**
Net book value					
At the end of the year	–	–	–	4,328	**4,328**
At the start of the year	–	–	–	15,970	15,970

All of the above assets are used for charitable purposes.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

14 Subsidiary undertaking

The charity owns the whole of the issued ordinary share capital of the Centre for Literacy in Primary Education Limited (CLPE), a company registered in England. The company number is 04385537 and charity number is 1092698. The registered office address is Webber Street, London, SE1 8QW.

The charity acquired total funds of £42,880 from the subsidiary charity on 30 June 2025, the unrestricted funds were £23,880 and the restricted funds were £19,000.

All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are distrbuted under Gift Aid to the parent charity.

The parent charity trustees Matthew Bradbury, Michelle Money and Catherine Rose, together with the Senior Management Team are also directors of the subsidiary.

A summary of the results of the subsidiary is shown below:

	31 March 2026			31 August 2025		
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£	£	£	£
Income from:						
Donations	1,771	–	1,771	113,702	–	113,702
Charitable activities	340,836	76,000	416,836	747,641	23,000	770,641
Other trading activities	76,806	–	76,806	134,587	–	134,587
Investments	–	–	–	4,054	–	4,054
Total income	**419,413**	**76,000**	**495,413**	999,984	23,000	1,022,984
Expenditure on:						
Raising Funds	6,049		6,049	100,052		100,052
Charitable activities	333,628	77,869	411,497	766,183	12,535	778,718
Other trading activities	112,948		112,948	128,953		128,953
Total expenditure	**452,624**	**77,869**	**530,493**	995,188	12,535	1,007,723
Net income/(expenditure) for the year	**(33,211)**	**(1,869)**	**(35,080)**	4,796	10,465	15,261
Transfers between funds	–	–	–	10,774	(10,774)	–
Net movement in funds	**(33,211)**	**(1,869)**	**(35,080)**	15,570	(309)	15,261
Reconciliation of funds:						
Total funds brought forward	**30,455**	**10,465**	**40,920**	14,885	10,774	25,659
Total funds carried forward	(2,756)	8,596	**5,840**	30,455	10,465	40,920
The aggregate of the assets, liabilities and reserves was:						
Assets	488,317	8,596	**496,913**	283,728	10,465	294,193
Liabilities	(491,073)	–	**(491,073)**	(253,273)	–	(253,273)
Reserves	(2,756)	8,596	**5,840**	30,455	10,465	40,920

Included within expenditure above is a management charge of £299,600 (2025: £nil) from the parent entity relating to staffing costs, professional fees and expense reimburstments.

15 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2026	2025
	£	£
Gross income	**17,263,530**	14,270,653
Result for the year	**584,232**	(126,206)

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

16 Stock

	The group		The charity	
	2026	2025	2026	2025
	£	£	£	£
Where's Wally costumes	5,346	5,346	5,346	5,346
Books stock	5,283	–	–	–
	–	–	–	–
	10,629	5,346	5,346	5,346

17 Debtors

	The group		The charity	
	2026	2025	2026	2025
	£	£	£	£
Trade debtors	1,183,099	739,230	1,148,397	739,230
Other debtors	32,429	32,429	32,429	32,429
Amounts due from associated undertakings	–	–	–	–
Amounts due from group undertakings	–	–	299,600	–
Prepayments	136,760	62,972	91,554	62,972
Accrued income	153,226	472,627	103,759	472,627
	1,505,514	1,307,258	1,675,739	1,307,258

18 Creditors: amounts falling due within one year

	The group		The charity	
	2026	2025	2026	2025
	£	£	£	£
Bank loans	2,463	–	–	–
Trade creditors	821,672	763,571	809,085	763,571
Taxation and social security	294,406	188,175	284,767	188,175
Other creditors	108,938	102,433	108,938	102,433
Accruals	309,607	314,242	292,019	314,242
Deferred income (note 19)	212,980	46,694	63,782	46,694
	1,750,067	1,415,115	1,558,592	1,415,115

19 Deferred income

Deferred income comprises of membership subscription income and literacy training income for courses which will be take place in the next financial year as well as deferred programme income.

	The group		The charity	
	2026	2025	2026	2025
	£	£	£	£
Balance at the beginning of the year	46,694	88,122	46,694	88,122
Amount released to income in the year	(823,781)	(791,646)	(316,951)	(791,646)
Amount deferred in the year	990,068	750,218	334,040	750,218
Balance at the end of the year	212,981	46,694	63,783	46,694

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

20 Creditors: amounts falling due after one year

	The group		The charity	
	2026	2025	**2026**	2025
	£	£	**£**	£
Pension Trust Scheme	**26,440**	45,344	**26,440**	45,344
Bank loan	**–**	–	**–**	–
Amounts due under finance leases	**–**	–	**–**	–
	26,440	45,344	**26,440**	45,344

Included within Creditors: amounts falling due after one year is an amount of £26,440 (2024: £45,344) relating to the Section 75 debt on withdrawal from the Pension Trust Scheme, following the reclassification of some short term liabilities.

21 Pension scheme

The Charity operates an auto enrolment defined contribution pension scheme, employees are offered the opportunity to contribute from 1% of their basic salary. There is no obligation to make a personal contribution. The charity contributes 8% of basic salary and Royal London is our pension provider.

Besides, the total unpaid pension contributions relating to Section 75 debt on withdrawal from the Pension Trust Scheme at financial year ending 31 March 2026 were £44,776 (2025: £63,111). These amounts are within Other Creditors due within one year of £18,336 (2025: £17,768) and Other Creditors due after one year of £26,440 (2025: £45,343).

22a Analysis of group net assets between funds (current year)

	General unrestricted funds	Designated funds	Restricted funds	**Total funds**
	£	£	£	**£**
Tangible fixed assets	31,333	–	–	**31,333**
Net current assets	185,818	–	4,103,827	**4,289,645**
Long term liabilities	(26,440)	–	–	**(26,440)**
Net assets at 31 March 2026	**190,711**	**–**	**4,103,827**	**4,294,538**

22b Analysis of group net assets between funds (prior year)

	General unrestricted	Designated funds	Restricted funds	**Total funds**
	£	£	£	**£**
Tangible fixed assets	15,970	–	–	**15,970**
Net current assets	558,319	–	3,175,517	**3,733,836**
Long term liabilities	(45,344)	–	–	**(45,344)**
Net assets at 31 March 2025	**528,945**	**–**	**3,175,517**	**3,704,462**

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

23a Movements in funds (current year)

	At 1 April 2025 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2026 £
Restricted funds:					
Early Years	82,580	958,042	(631,455)	–	**409,167**
Home Learning Environment	(168,548)	557,131	(561,999)	–	**(173,416)**
Restricted - Early Words Matter Campaign	(310)	91,102	(6,840)	–	**83,951**
Sub-total for Breakthrough 1	**(86,278)**	**1,606,274**	**(1,200,295)**	**–**	**319,702**
Birmingham Hub	(25,795)	111,364	(86,781)	–	**(1,212)**
Black Country Hub	519	–	(853)	–	**(334)**
Blackpool Hub	63,907	5,681	(45,675)	–	**23,913**
Bradford Hub	29,380	63,914	(96,055)	–	**(2,762)**
Competitions	43,124	84,931	(74,143)	–	**53,912**
Connecting Stories	(397,757)	219,075	178,682	–	
Connecting Stories 2	414,942	317,254	(826,181)	–	**(93,985)**
Cornwall Hub	(24,714)	38,582	(15,970)	–	**(2,102)**
Doncaster Hub	26,768	33,963	(46,363)	–	**14,368**
Dundee Hub	44,127	69,308	(83,102)	–	**30,334**
Fidelity Foundation	71,622	107,283	(107,994)	–	**70,911**
Foyle LfP	236,502	343,220	(304,860)	–	**274,863**
Hastings Hub	87,166	44,492	(72,986)	–	**58,672**
Inclusion	–	–	(3,077)	–	**(3,077)**
Libraries for Primaries	1,147,274	1,904,079	(1,861,456)	–	**1,189,897**
Literacy Champions	14,049	–	(496)	–	**13,553**
Literacy For Learning	10,129	15,000	(25,129)	–	**–**
Literacy Hubs	84,885	168,905	(207,588)	–	**46,202**
Liverpool Hub	1,458	138,806	(100,056)	–	**40,208**
Manchester Hub	11,776	500	(14,370)	–	**(2,094)**
Middlesbrough Hub	2,523	2,305	(5,739)	–	**(911)**
Newswise	4,137	–	–	–	**4,137**
Nottingham & Peterborough Big Lottery	(52)	–	52	–	**–**
Nottingham Big Lottery	(792)	–	792	–	**–**
Nottingham Hub	22,415	116,920	(80,636)	–	**58,699**
Other Restricted Projects	263,877	–	(258,250)	–	**5,627**
Peterborough Big Lottery	22,803	46,347	(37,279)	–	**31,871**
Peterborough Hub	5,498	–	(6,352)	–	**(854)**
Read North East - Restricted	(77)	110	18,628	–	**18,661**
Redcar Hub	2,843	–	(2,843)	–	**–**
Rural Hubs	(52)	–	52	–	**–**
Salford Hub	68,902	207,627	(177,286)	–	**99,243**
Satellite Hubs	11,774	–	(11,774)	–	**–**
Scarborough Hub	25,879	846	(17,677)	–	**9,048**
South Coast Campaign	(84)	–	55	–	**(29)**
Sport and Literacy	210,025	394,331	(482,764)	–	**121,592**
Stoke Hub	(335)	27,872	(26,280)	–	**1,257**
Story Quest	(69)	–	(51)	–	**(120)**
Suffolk Campaign	85,086	122,240	(127,512)	–	**79,814**
Swindon Hub	21,181	22,411	(44,578)	–	**(987)**
Wales Hub	62,340	13,510	(68,593)	–	**7,257**
Words For Work	102,658	168,702	(279,167)	–	**(7,807)**
Young Readers Programme	365,492	703,342	(619,965)	–	**448,870**
Young Writers Programme	(651)	417,253	(432,096)	–	**(15,495)**
Power of Reading EEF (subsidiary fund)	–	84,000	(75,404)	–	**8,596**
CLIPPA ALCS (subsidiary fund)	–	15,000	(15,000)	–	**–**
Sub-total for Breakthrough 2	**3,114,685**	**6,009,174**	**(6,544,122)**	**–**	**2,579,737**
Adult Literacy	5,986	–	(5,986)	–	**–**
Audible Project	24,924	70,119	(69,754)	–	**25,289**
Books Unlocked	112,405	42,373	(42,035)	–	**112,743**
Criminal Justice Employability	17,433	57,458	(40,881)	–	**34,009**
Criminal Justice Restricted General	–	94,521	(15,565)	–	**78,956**
New Chapters	(19,458)	428,314	(373,749)	–	**35,107**
Sub-total for Breakthrough 3	**141,290**	**692,786**	**(547,970)**	**–**	**286,105**

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

23a Movements in funds (current year) continued

	At 1 April 2025 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2026 £
National Year of Reading - Central	5,821	1,417,594	(1,059,594)	-	**363,821**
National Year of Reading - The Julia Rausing Trust	-	1,833,302	(1,312,001)	-	**521,301**
National Year of Reading - Community Activations	-	100,000	(129,485)	-	**(29,485)**
National Year of Reading - School Programmes	-	191,705	(81,345)	-	**110,360**
Sub-total National Year of Reading	**5,821**	**3,542,601**	**(2,582,426)**	**-**	**965,996**
Dormant Asset Fund	**-**	**-**	**(47,712)**	**-**	**(47,712)**
		-		-	-
Total restricted funds	3,175,517	11,850,835	(10,922,525)	-	**4,103,827**
General funds	528,945	5,749,311	(6,087,545)	-	**190,711**
Total funds	3,704,461	17,600,146	(17,010,070)	-	**4,294,538**

Included under Restricted Funds are any donations or grants received which are subject to a restriction imposed by the donors to the purpose for which the funds should be spent. The associated expenditure against income is included under restricted funds expenditure. Income which has not yet been expended is carried forward as restricted funds.

Total of £nil (2024: £nil) was transferred from Unrestricted Funds to Restricted Funds for complete programmes.

23b Movements in funds (prior year)

	At 1 April 2024 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2025 £
Restricted funds:					
Early Years	327,286	480,187	(724,893)	-	**82,580**
Home Learning Environment	(187,008)	455,826	(437,366)	-	**(168,548)**
Restricted - Early Words Matter Campaign	-	-	(310)	-	**(310)**
Sub-total for Breakthrough 1	**140,278**	**936,013**	**(1,162,569)**	**-**	**(86,278)**
Birmingham Hub	(11,068)	102,370	(117,097)	-	**(25,795)**
Black Country Hub	6,415	-	(5,896)	-	**519**
Blackpool Hub	7,368	75,499	(18,960)	-	**63,907**
Bradford Hub	908	130,582	(102,110)	-	**29,380**
Competitions	12,678	122,020	(91,574)	-	**43,124**
Connecting Stories	(138,306)	709,212	(968,663)	-	**(397,757)**
Connecting Stories 2	111,079	415,254	(111,391)	-	**414,942**
Cornwall Hub	(31,601)	35,971	(29,084)	-	**(24,714)**
Doncaster Hub	(1,375)	60,822	(32,678)	-	**26,768**
Dundee Hub	17,463	87,634	(60,970)	-	**44,127**
Fidelity Foundation	-	71,674	(52)	-	**71,622**
Foyle LfP	-	731,558	(495,056)	-	**236,502**
Hastings Hub	75,233	42,373	(30,440)	-	**87,166**
Literacy Champions	(934)	25,424	(10,441)	-	**14,049**
Literacy For Learning	(1,810)	16,428	(4,489)	-	**10,129**
Literacy Hubs	312,885	110,022	(338,023)	-	**84,885**
Liverpool Hub	-	2,730	(1,272)	-	**1,458**
Libraries for Primaries	1,024,078	2,183,607	(2,060,411)	-	**1,147,274**
Manchester Hub	(5,920)	33,997	(16,301)	-	**11,776**
Middlesbrough Hub	2,136	4,937	(4,550)	-	**2,523**
Newswise	4,237	-	(100)	-	**4,137**
Nottingham & Peterborough Big Lottery	-	-	(52)	-	**(52)**
Nottingham Big Lottery	(733)	-	(59)	-	**(792)**
Nottingham Hub	37,829	115,508	(130,922)	-	**22,415**
Other Restricted Projects	617,000	-	(153,123)	(200,000)	**263,877**
Peterborough Big Lottery	6,278	63,511	(46,986)	-	**22,803**
Peterborough Hub	(16,761)	3,406	18,853	-	**5,498**
Read North East - Restricted	-	-	(77)	-	**(77)**
Redcar Hub	2,895	-	(52)	-	**2,843**
Rural Hubs	17,639	-	(17,691)	-	**(52)**

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

23b Movements in funds (prior year) continued

	At 1 April 2024 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2025 £
Salford Hub	–	155,870	(86,969)	–	**68,902**
Satellite Hubs	35,733	–	(23,959)	–	**11,774**
Scarborough Hub	17,230	13,856	(5,207)	–	**25,879**
South Coast Campaign	(32)	–	(52)	–	**(84)**
Sport and Literacy	196,699	559,520	(546,194)	–	**210,025**
Stoke Hub	9,956	45,862	(56,153)	–	**(335)**
Story Quest	(69)	–	–	–	**(69)**
Suffolk Campaign	205,629	11,116	(131,659)	–	**85,086**
Swindon Hub	16,886	322	3,973	–	**21,181**
Wales Hub	1,226	124,849	(63,735)	–	**62,340**
Words For Work	46,792	267,300	(211,434)	–	**102,658**
Young Readers Programme	335,078	676,135	(645,721)	–	**365,492**
Young Writers Programme	79,979	327,459	(408,090)	–	**(651)**
Sub-total for Breakthrough 2	**2,992,720**	**7,326,830**	**(7,004,865)**	**(200,000)**	**3,114,684**
Adult Literacy	2,028	2,966	992	–	**5,986**
Audible Project	49,468	50,184	(74,728)	–	**24,924**
Books Unlocked	105,871	42,373	(35,839)	–	**112,405**
Criminal Justice Employability	9,625	37,788	(29,981)	–	**17,433**
New Chapters	66,017	220,562	(306,037)	–	**(19,458)**
Sub-total for Breakthrough 3	**233,009**	**353,873**	**(445,593)**	**–**	**141,290**
National Year of Reading	**–**	**16,949**	**(11,128)**		**5,821**
Total restricted funds	3,366,007	8,633,665	(8,624,155)	(200,000)	**3,175,517**
General funds	464,661	5,636,988	(5,772,704)	200,000	**528,945**
Total funds	3,830,668	14,270,653	(14,396,859)	–	**3,704,462**

In the financial year ended 31 March 2025, and following legal advice, the Trustees of the charity contacted the Charity Commission with respect to the potential transfer of £200k of restricted funds held as 'other restricted funds' on the charity's balance sheet as at 31 March 2024 to the charity's unrestricted funds.

The Charity Commission advised that "It is for the trustees to determine whether the funds are freely expendable or actually formally restricted" and that "[t]he trustees will need to consider whether this applies to any of the funds in question".

The Trustees of the charity reviewed the correspondence with the Charity Commission relating to the release of £200k of 'other restricted funds'. The Trustees also noted that the original transfer of £200k to the 'other restricted funds' was approved and recognised in the signed audited accounts to 31 March 2020 where it was noted that the funds would be held until the Senior Management Team decided on a suitable use for the excess funds. The funds transferred have been disclosed in the notes to each subsequent set of signed audited accounts since the original transfer took place.

The Trustees of the NLT confirmed at a Board meeting that they believed that the funds could be transferred to unrestricted funds, were freely expendable and could be used by the Senior Management Team ('SMT') for such purposes as the SMT saw fit. The transfer between funds of £200k disclosed in these accounts reflects that decision and was considered by the Trustees to be the most effective use of those funds.

Purposes of restricted funds

Our programmes and their funding sources:

Breakthrough 1 - Early Years

Early Years - training practitioners and volunteers to work with parents and children, building parents' confidence so that they can support their children's communication, language and literacy skills at home. Funded by the Department for Education (Ipswich Opportunity Area), Glasgow Local Authority, Manchester Local Authority, The Nuffield Foundation and Trusts and Foundations including Dulverton and Mercers. Our Early Years programmes include Early Words Together, Early Words Together@2, HELLO and Everyone Ready for School. In 2022-23, we received £148,167 from Department of Health and Social Care for The Health and Wellbeing Fund: Starting Well as part of Early Words Together programme. Expenditure in the year to 31 March 2023 was £149,094 so all funds received for this programme have been spent and this project has been completed.

Home Learning Environment - funded by the Department for Education to harness the power of businesses and business volunteers to work with disadvantaged families to improve the home learning environment. Funding for this work will be received in the coming financial year.

Restricted - Early Words Matter Campaign - early language development programme supporting 250,000 children in 20 communities.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Purposes of restricted funds

Breakthrough 2 - Communities and Education

Birmingham Hub - funded by Birmingham University. The charity has a realistic expectation that the deficit will be covered in the coming financial year as funds are anticipated to come in after the year end.

Black Country Hub - EY funded hub across the area- funded by ACE

Blackpool Hub - a literacy campaign funded by Blackpool OA and LA.

Books About Town (Schools) - a creative literacy project focused on raising levels of reading for enjoyment through the use of whole text.

Boots Optician School Challenge - a programme in partnership with Boots Opticians to highlight the importance links between literacy and eye health.

Bradford Hub - a literacy hub established in Bradford.

Connecting Stories - a cross hub campaign funded by Arts Council. This project is to promote creative writing and reading for enjoyment across 14 hubs and with the aim of engaging 70,000 people. The deficit in the accounts represents the final claim for payment in arrears submitted to the Arts Council, and will be cleared once the final payment is received in financial year 2025/26

Cornwall Hub - a literacy hub established in Cornwall funded by a private individual. The charity has received assurances from the funder that the funding will continue and has plans in place to fundraise in 2025/26 for this Hub. The Trustees of the charity have a realistic expectation that the deficit will be covered in the coming financial year.

Doncaster Hub - a literacy hub funded by the Doncaster OA.

Dundee Hub - starting to bring together funders to create a hub in Scotland.

Fidelity Foundation - this grant supports toward a new post Head of Effective Delivery and technology upgrades. This new post will enhance quality, develop different delivery mechanisms and ensure that all delivery is rooted in evidence-based practice which support behaviour change and long-term better outcomes. This grant is also to fund new software to manage volunteers and support the development of our website including CRM integration.

Foyle Foundation - this grant supports toward Libraries for Primaries campaign and is to specifically fund the Foyle Foundation Primary School Library Programme targeting 300 schools with no library across the UK.

Game Changers - funded by Department for Digital, Culture, Media and Sport to motivate and equip young people to read through special designed programme using relatable texts and highly-scaffolded resources.

Hastings Hub - a literacy hub established in Hastings.

Literacy Champions - promoting social engagements to improve literacy with disadvantaged communities.

Literacy for Learning - a revolutionary approach to improving secondary school language and literacy. Funding from JJ Charitable Trust received to scale up the previous programme.

Literacy Hubs - funding for cross-hub working.

Libraries for Primaries - transforming primary school libraries and reading for pleasure across the whole school with the gift of a new and diverse book collection and by developing the skills and book knowledge of teachers, enabling them to become reading for pleasure champions and library coordinators. Our libraries programmes include Love our Libraries, Puffin World of Stories, Get Islington Reading. Funded by Penguin Random House (Puffin World of Stories) JP Morgan Chase (rewarding futures) Arts Council together with Trusts and Foundations including Mercers and NYC Opportunity Area.

Liverpool Hub - a literacy hub established in Liverpool.

Manchester Hub - funded by Manchester City Council.

Middlesbrough Hub - funded by Middleborough Public Health.

Nottingham & Peterborough Big Lottery - funding from Big Lottery to deliver a Doorstep to Digital project.

Nottingham Big Lottery - funding from the Big Lottery Fund to support the hub for the next three years with a focus on community consultation and literacy champions. The charity has a realistic expectation that the deficit will be cleared in the coming financial year given the nature of the funding in place to support this activity.

Nottingham Hub - funded by Nottingham City Council and Small Steps Big Changes.

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

Peterborough Big Lottery - funding from the Big Lottery Fund to support the hub for the next three years with a focus on community consultation and literacy champions.

Peterborough Hub - funded by Peterborough City Council.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Purposes of restricted funds

Premier League Reading Stars, Sport and Literacy - working with high-profile partners such as the Premier League and England Rugby, we deliver literacy programmes, competitions and events using sport and role models to engage and inspire pupils to read and write more. Funded by Premier League, Football Association, BT Supporters Club, Comic Relief (Try for Change), Clarks and Trusts and Foundations. Our Sport and Literacy Programmes include Premier League Primary Stars, Rugby Reading Champions, Skills Academy and Gamechangers – our programmes in Alternative Provision.

Read North East – funding to help improve literacy across the North East. The charity has a realistic expectation that the deficit will be cleared in the coming financial year

Redcar Hub - funded by Public Health NE.

Rural Hubs – a new area of work starting with some transition work funded by Dorset Council. The charity has a realistic expectation that the deficit will be cleared in the coming financial year

Salford Hub - a literacy hub established in Salford

Satellite Hubs - literacy hub establisheds in Yorkshire including Rotherham

Scarborough Hub - funded by Scarborough Borough Council.

Stoke Hub - a literacy hub established in Stoke. The charity has a realistic expectation that the deficit will be cleared in the coming financial year given the nature of the funding in place to support this activity.

Story Quest - an innovative project around walk and talk trails in Stoke, funded by Sport England. The charity has a realistic expectation that the deficit will be cleared in the coming financial year given the nature of the funding in place to support this activity.

South Coast Campaign - literacy campaign across South Coast

Suffolk Campaign - a campaign across Suffolk funded by Suffolk County Council.

Swindon Hub - originally funded WH Smith Plc.

Teachers Wellbeing Campaign - supporting with partner Wesleyan to improve all education professionals' mental wellbeing.

Wales Hub – a literacy hub established in Wales

Words for Work - joining schools and businesses together to give young people from disadvantaged backgrounds authentic opportunities to practise the communication and literacy skills they will need to be successful in the workplace. Funded by the Careers Enterprise Foundation and Corporates including Provident, Cleary Gottlieb and Lancome. Our Words for Work programmes include Words for Work Key Stage 3, Words for Work Post 16, Words for Work: Women in Leadership and Words for Work: Dream Big (Key Stage 1).

Young Readers Programme - motivating children from disadvantaged backgrounds to read for enjoyment and giving them the chance to choose new books to keep through a series of fun events. Funded by Corporates including British Land, WH Smith Plc, Slaughter & May, Goldman Sachs and Trusts and Foundations including John Laing Charitable Trust, The Unwin Charitable Trust and the Philip and Marjorie Trust.

Young Writers Programme and Newswise - providing memorable experiences, a real purpose and audience, access to professional writers and structured writing strategies to inspire and improve students' writing. Funded by Trusts and Foundations including Alasol, Paul Hamlyn Foundation and Corporates including Audible, Google (via Guardian Foundation), Royal British Legion. Our Young Writers programmes include NewsWise, Young City Poets and IPEEL. The charity has a realistic expectation that the deficit will be cleared in the coming financial year given the nature of the funding in place to support this activity.

Inclusion - a literacy programme to support children and young people who are at risk of exclusion from mainstream education.

Power of Reading EEF (subsidiary fund) - The Education Endowment Fund grant supports toward Year 5 teachers through the Power of Reading research trial programme. The programme is on-going - it is to run from 1 January 2025 to 31 August 2027. The deficit noted above is a timing issue and will be resolved in the coming financial year.

CLIPPA ALCS (subsidiary fund) - The CLIPPA is an award for published poetry for children in the UK supported by the Arts Council England and the Authors Licensing and Collection Society. For 2026, the fund was remaining balance received from 2025 and has been fully spent in this year.

Breakthrough 3 - Criminal Justice and Adult Literacy

Adult Literacy – a programme to support adults to improve their reading and writing.

Audible Project - inspiring Young Offenders through audible books and making a podcast.

Books Unlocked – a reading initiative targeting enjoyment of reading and access to quality literature, working through prison and young offender institution library reading groups, school, college, public library and community reading groups.

Criminal Justice Employability - a YOI version of Words for Work.

New Chapters - funded by Rothschild Foundation to work in Aylesbury Youth Offending Institute (YOI) to develop a YOI Reading for Pleasure programme. On the basis of the existing funding plans and agreements, the charity has a realistic expectation that the deficit will be covered in the coming financial year.

Docusign Envelope ID: 633BEE93-839C-851E-805A-B79C9F8EA826

Purposes of restricted funds

National Year of Reading – a commissioned programme to enhance awareness of reading, delivered by multi-sector partners, coordinated by the National Literacy Trust as a lead, backbone organisation.

Dormant Asset Fund – The National Literacy Trust has been awarded up to £12,500,000 by the National Lottery Community Fund, over the period to 31 August 2029, to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the ambition that every primary school in the UK has a library or dedicated reading space

24 Operating lease commitments payable as a lessee

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2026	2025	**2026**	2025
	£	£	**£**	£
Less than one year	**238,192**	122,276	**3,948**	7,311
One to five years	**494,233**	152,845	**2,961**	10,272
Over five years	**1,130,181**	–	**–**	–
	1,862,606	275,121	**6,909**	17,583

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2026	2025	**2026**	2025
	£	£	**£**	£
Less than one year	**122,276**	122,276	**3,948**	7,311
One to five years	**30,569**	152,845	**2,961**	10,272
Over five years	**–**	–	**–**	–
	152,845	275,121	**6,909**	17,583

25 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

26 Funds received as an agent

The charity has agreed to administer a bank account on behalf of Annington Management Ltd for a campaign to show the benefits of using subtitles in children's television programmes. At the balance sheet date funds of -£9,654 (2024: -£9,654 in restricted funds) were held in the account. During the year funds of £nil (2024: £21,375) were received into the account and £nil were paid out (2024: £92,377). An admin fee of £nil was received (2024: £1,125).