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**NATIONAL NUMERACY**  
(A company limited by guarantee)

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**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**NATIONAL NUMERACY**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Trustees**

Belinda Vernon, Chair  
John Griffith-Jones, Vice-Chair  
Edward Brunel-Cohen, Honorary Treasurer (appointed 2 September 2016)  
Jill Cornish  
Andrew Haldene (appointed 26 October 2016)  
Professor Alison Halstead  
Diana Hatchett  
Wendy Jones  
Chris Rhodes

**Company registered number**

07886294

**Charity registered number**

1145669

**Registered office**

Phoenix House, 32-33 North Street, Lewes, East Sussex, BN27 2QJ

**Secretary**

Mike Ellicock

**Chief Executive**

Mike Ellicock

**Independent auditor**

Knill James, One Bell Lane, Lewes, East Sussex, BN7 1JU

**Bankers**

Clydesdale Bank, 5 Peveril Court, 6-8 London Road, Crawley, RH10 8JE

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The trustees are pleased to present their annual report together with the audited financial statements of National Numeracy for the year 1 January 2016 to 31 December 2016.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, the Companies Act 2006, the charity's Memorandum and Articles of Association 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 UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Since the company and group qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

**Structure, governance and management**

National Numeracy is a company limited by guarantee which was established on 19 December 2011. It was registered as a charity on 30 January 2012.

The trustees, who are also the directors for the purpose of company law, and who served during the period were:

Belinda Vernon, Chair  
John Griffith-Jones, Vice-Chair  
Edward Brunel-Cohen, Honorary Treasurer (appointed 2 September 2016)  
Jill Cornish  
Andrew Haldane (appointed 26 October 2016)  
Alison Halstead  
Diana Hatchett  
Wendy Jones  
Chris Rhodes

The trustees have full responsibility for all legal and financial matters. Any additions to the membership of the trustees follows invitation by the Board of Trustees after due consideration.

All the trustees give of their time freely and none of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up. Two of the named trustees, Wendy Jones and Diana Hatchett, also acted as paid specialist consultants to National Numeracy in 2016. In this aspect National Numeracy has acted fully within the terms of its constitution and the Charities Act in agreeing to pay these trustees, and the organisation has followed the Charity Reporting and Accounting Rules in its legal agreements with them.

Trustees are required to disclose all relevant interests. Details of trustee expenses and related party transactions are disclosed in a note to the accounts.

**a. Organisational matters**

The work of National Numeracy, including that of its subsidiary National Numeracy Solutions (NNS), is overseen by the Board of Trustees, which met four times during 2016.

The Nominations Committee (a sub-committee of the Board, comprising three trustees: Belinda Vernon, John Griffith-Jones and Wendy Jones) also met regularly to consider senior appointments and matters of succession and to review the composition of the Board. New trustees are proposed by the Committee for approval by the



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full Board. As a result of this process, two new trustees were appointed in 2016: in July, Edward Brunel-Cohen, who also serves as Honorary Treasurer, and, in October, Andrew Haldane. We greatly welcome the strengthening of the Board achieved by these new appointments.

New trustees receive a full and comprehensive briefing before their first meeting and receive a copy of National Numeracy's Trustee Handbook with full details of the induction process, plus the relevant Charity Commission guidelines for trustees. They are then invited to visit the offices to meet the team and learn first-hand about the projects and activities of the charity. In 2016 National Numeracy held two strategy days where trustees and staff were invited to take part in a series of activities and group meetings to discuss the aims and objectives of the charity within the wider strategy and establish priorities and direction for the upcoming period.

In line with the charity's remuneration policy and in accordance with the Statement of Recommended Practice (SORP), National Numeracy discloses:-

- 1) all payments to trustees (no trustees receive remuneration for the services as a trustee); and
- 2) the number of staff in receipt of remuneration of £60,000 and above (in bands of £10,000), together with their pension and other benefits.

The Chief Executive and trustees review the salaries of staff annually and approve an annual percentage increase in the payroll for all staff (which can be zero) taking into account RPI as at 31 December for the previous year. They also approve any staff salary increases outside of the annual review process as recommended from time to time by the Chief Executive. The trustees also determine pension arrangements. In addition, the Nominations Committee advises on the salary of the CEO for decision by the board.

There is a Strategy Group which meets every six weeks. Members of this group include Mike Ellicock, Wendy Jones, Belinda Vernon, Emily Kramers, Alison Plant and Paul Milner. This group decides on priority areas for action and makes decisions pertaining to the direction of the main projects and their progress.

There is also a Management Group, which meets monthly to discuss operational issues, cover specific project matters and decide on capacity priorities and staffing issues. In addition, the Lewes office staff meet every two weeks to discuss general office matters and ongoing project business.

Mike Ellicock is both Chief Executive and Company Secretary and is responsible for the day-to-day governance of the charity, including liaison with partner organisations.

National Numeracy Solutions (the trading subsidiary) (NNS) has a board consisting of Mike Ellicock and Alison Plant. Matters relating to NNS are discussed at the Strategy Group meetings of National Numeracy. The NNS Board of Directors met separately three times in 2016 and will continue to meet separately in 2017.

In 2016 NN conducted a complete update of its staff handbook and employment contracts to bring these in line with all current legislation.

## **b. Finance and funding**

This year presented a challenging and very competitive climate for charity funding and within this environment National Numeracy followed the strategy it had developed the previous year but with progress in some areas slower than originally anticipated.

Income in 2016 for the charity was down on the previous year at £546,451. Significant new funding from government was not available as it had been in previous years and no private-sector replacement was found for our original core funder, Nationwide Building Society. Specific project funding was not affected in the same way and all projects due for completion in 2016 did so within existing funding and without adverse impact on ongoing activities. New projects in the pipeline were delayed pending the availability of funds.

The outlook at the end of the year was better, with a major grant secured from the Money Advice Service for

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work in 2017, a new grant being secured for early 2017 work with the Nuffield Foundation plus several new contracts secured by NNS for work within the health sector.

Staffing levels remained similar to those of the previous year, with one redundancy. No new positions were created and recruitment was on a replacement basis.

During the year National Numeracy received new funding from the Garfield Weston Foundation and Aspect Capital Ltd. We also continued to receive funding from Ufi Charitable Trust, UBS AG, Man Charitable Trust, Google Ad Grants and the Department for Business, Innovation and Skills (under a grant agreed the previous year). We continued to work on a project with the Mayor's Fund for London. We are grateful to all our generous funders.

Overall the trading arm, National Numeracy Solutions (NNS), had a total turnover of £255,573, achieving a loss of £6,169.

We are continuing to deliver services and products to schools and businesses through NNS, but are no longer pursuing in-school educational consultancy contracts.

**c. Risk assessment**

The trustees have assessed the major risks to which the charity is exposed and maintained a detailed risk register during 2016. Key staff members have been allocated areas of responsibility and trustees are satisfied that systems are in place to mitigate exposure to the major risks. The register was regularly updated by senior management and reviewed by trustees at board meetings.

**d. Objectives and activities**

The objectives of the charity are to promote education for the public benefit in mathematics and numeracy. The policies and activities adopted in furtherance of these objects are set out below. The trustees have paid due regard to guidance on public benefit issued by the Charity Commission in deciding what activities the charity should undertake.

**e. Reserves**

The trustees have been looking to establish free reserves of up to one year of unrestricted level expenditure in order to ensure the uninterrupted continuation of what is inevitably a long-term programme of work vital to the UK economy. This policy allows the organisation to invest in developing significant long term areas of work as well as respond to unforeseen opportunities as they arise. The trustees regularly review the level of reserves and established designated funds of £190,000 to secure the continuation of the National Numeracy Challenge in 2017 in the event of no further specific funding becoming available. These funds are still available to continue to keep the Challenge free to access for any individual in 2017. This leaves a free reserves level of £96,729 after allowing for funds earmarked for current contract provision. Unrestricted expenditure for 2016, not including contract provision, was £153,812 but 2017 targets see our unrestricted expenditure reduce to around £100,000 due to more internal staff transferring from project development to project delivery, which means that year end free reserves are broadly in line with the policy.

**f. Investment Policy**

As well as operating accounts, National Numeracy also maintains both instant access deposit accounts and longer term deposit accounts in order to provide interest on funds received. National Numeracy owns no property and has no further capital investment plans.

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**Performance and achievements**

**a. Progress in 2016**

Five years after its beginning, National Numeracy remains committed to the aim it outlined at the outset – helping to improve the numeracy, or everyday maths skills, of adults, young people and children. It does this both through a range of practical projects, through activity to change negative attitudes to maths in society at large and through working with employers, the education sector, government and others to develop effective policies and practices.

This was a year in which we developed significant foundations for the future, most notably through building links with financial services, strengthening our products and services for employers including NHS trusts, showing the effectiveness of our work with parents and adapting our approach to improving numeracy in different settings. At the same time, we continued to enhance the ways in which we measure the impact of our work.

All this was in line with our strategy (drawn up the previous year) of focusing attention on those areas where we believe we can have the greatest impact – that is, our work mainly outside of formal education with adults and young people, together with support for children and families, underpinned by activity to help develop positive public attitudes and policies.

However, the funding climate in 2016 was very challenging and there were some disappointments, in particular the lack of further funding from government and complexities in the tender process for the European Social Fund. As a result, some planned developments were impeded by cash constraints. We look forward to achieving new funding and extending our impact in a number of key areas in 2017, building on the very considerable work of 2016.

Below is a summary of activity in 2016, followed by a look ahead to 2017.

**b. Numeracy for adults and young people (outside formal education)**

Supporting adults and young people outside the formal education system was our primary focus in 2016 and, in line with our strategy, an area where we believe we can have very significant impact, particularly through working with partners. It is a priority for us because poor adult numeracy is widespread, because it badly affects individuals' life chances and the UK's productivity, and because this is an issue which has received relatively little attention elsewhere.

Our aim therefore is to encourage people to improve their own numeracy and to provide the practical support for them to do that. At the heart of our work to achieve this is the National Numeracy Challenge, our UK-wide initiative to help adults with practical maths skills below Level 2 (the functional skills equivalent of an A\*-C pass at GCSE). Government figures have revealed three-quarters of working-age adults to be in this category, with half of adults below Level 1 (and therefore having skills equivalent to the level expected of children at primary school).

The initiative is based around the Challenge website, which people can access freely and confidentially to assess their numeracy level, be guided to online learning resources tailored to their particular needs and then re-assess their level to see how they have improved. The Challenge's assessment questions are based on our Essentials of Numeracy model, which sets out the skills and aptitudes needed for good numeracy.

During 2016, we built on earlier development work with the Challenge, trying out new routes to engage people and identifying further areas for improvement. The Challenge site was visited by 164,000 people, of whom 22,000 registered – taking us to over 90,000 registrations since the Challenge began in 2014. Of the 22,000 registered during the year, nearly 3,000 followed the whole journey through and demonstrated a measurable

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improvement in their skills.

These figures present a mixed picture. Although we attracted more people to the website in 2016 compared to 2015, we were less successful at converting these into registrations and missed the target of 100,000 that we set the previous year. Because of this, we reviewed the home page and registration process and started to plan modifications, in particular improving the experience for mobile users. We will implement these changes in 2017. On the other hand, we saw the number of 'improvers' increase in 2016, when three-quarters of those who took the re-assessment did improve their skills level (3,000 'improvers' compared to 1,800 in 2015). We believe this was largely due to the development work carried out at the end of the previous year to improve the clarity of the results and dashboard areas and to keep participants engaged.

We sought out new ways of encouraging people to engage – and remain engaged – with the Challenge. In particular, we devised new messages for the flow of 'nudge emails' to encourage people who had initially registered for the Challenge to return to it. We sent emails out six times a year to over 60,000 people, versioning the messages in groups according to progress made on the Challenge journey, and this led to increases in people re-visiting the Challenge site and the learning pages.

Partnership working is key to the successful scaling up of the Challenge and during 2016 we worked with organisations, particularly employers, to further develop and roll out a range of Challenge-related products and services. One of these is the Skills Check (initially known as the 'numeracy screener'), which offers a small sample of carefully designed questions to give a quick indication of numeracy levels. We believe it can provide the first step in the journey towards better numeracy for people who may be reluctant to go straight into the longer Challenge assessment, and it can also give organisations a means of easily identifying the numeracy levels of the people they work with. We tested this with Nationwide Building Society customers and Citizens Advice clients and with jobseekers in Jobcentres. As a result, we developed a clearer multiple choice Skills Check and created a digital version to be tested in 2017. Although we were unable to continue further trials with the Department for Work and Pensions (DWP) after the summer because no new funds were forthcoming from government, we did keep channels of communication open and are optimistic that the work will be resumed with new funding in 2017.

We made encouraging progress within the health sector in 2016: this is an important area for us because good numeracy is vital to health staff at all levels. Working through Health Education England in London, we conducted extensive research on attitudes to numeracy among staff in 10 NHS trusts (with surveys completed by 70 managers and 480 healthcare assistants), established a numeracy module within the mandated elements of the Higher Development Award for healthcare assistants and secured funding for a pilot to assess and help improve staff skills on recruitment. We also began a pilot to embed numeracy provision within the care certificate offered by Sussex Partnership NHS Trust.

Numeracy reviews – the model developed by National Numeracy in 2015 to allow employers to assess staff's numeracy through the Challenge, compare the results with national or sector data and consider steps towards improvement – were completed for Blackpool Hospital Foundation NHS Trust (with further work commissioned), Learndirect, Sheffield City Council and Mid-Cheshire NHS Trust (as a pilot). Funding was secured for reviews in 21 trusts across Kent, Surrey and Sussex, and links were established with managers in 34 DWP districts across the UK, with the aim of interesting them in numeracy reviews for their staff. We also developed a numeracy review for a specialist training provider, Hospitality Industry Training, and this included a range of workplace resources to deliver positive messages about numeracy. The aim of all of this work is to increase awareness of the importance of numeracy in the workplace and to take practical steps to improve staff skills, while at the same time creating a revenue stream for National Numeracy. We believe that the work carried out in 2016 has helped to increase awareness and will lead to further collaboration to improve organisational numeracy.

We completed the development of a Challenge Tracker (building on the 'supervisor access' work started in 2015). This allows employers and others to track the progress of specific groups of people within their organisations. We secured contracts to provide the Tracker to six organisations. We also began work with City & Guilds to produce videos to promote the importance of 'value, belief and effort' in attitudes towards numeracy;

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when complete, these will be available for use within the Challenge website.

In the autumn we completed the project started in 2015 with the Workers' Educational Association (WEA), funded by the Man Charitable Trust. This aimed to trial various approaches to engaging adults with low numeracy in disadvantaged communities and helping them improve their skills. In particular, it aimed to draw out numeracy in non-maths adult learning curriculum areas. The work led to the creation of an online learning module for tutors to help them highlight the numeracy in non-maths courses. Approximately 40 tutors completed the module in 2016 and it has become a core element of WEA induction and training for new tutors. However, we also learnt a great deal about the practical challenges of engaging tutors and learners; the project encountered considerable problems in recruiting volunteers as Challenge Champions and registrations for the Challenge were disappointingly low. During the year, we withdrew from those elements of the project which were proving less successful and will be re-routing some of the outstanding funding into other areas of Challenge activity.

We continued to consider ways of helping those with the very lowest numeracy skills and for whom the Challenge is initially too great a stretch. Building on our earlier Firm Foundations for All project, we created a digital prototype to support the development of basic number sense. This uses gaming to improve identification of number patterns. We hope to secure funding to take this important project forward in 2017.

In 2016 we began new work with the Money Advice Service (MAS) to establish the links between numeracy and financial capability. This involved an analysis of data from various sources and demonstrated links between people's numeracy and their behaviour and attitudes in managing their money. At the end of the year, we won significant funding from MAS to work with the education, employment and training organisation, Prospects, and the consumer advisory service, Money Saving Expert, to establish ways of identifying and improving the numeracy of their customers and communities. The work with Prospects will build on the activity begun with unemployed people in job centres.

In October we launched Star Dash Studios, a smartphone app for 16-25-year-olds, developed with funding from the Ufi Charitable Trust and the joint expertise of BAFTA-winning game developers Plug-In Media and National Numeracy's education specialism. The app adopts a 'maths by stealth' approach, encouraging numerate thinking and skills among young people through the medium of gaming. Set in a virtual film studio, the game challenges users to solve problems requiring everyday maths skills, and its development drew on academic work showing a correlation between gaming and mathematical behaviour. By the end of the year, the app had achieved nearly 18,000 downloads.

### **c. Numeracy for children, families and students**

Alongside our work with adults, we continue to recognise the vital importance of supporting the development of numeracy in children and of finding new ways of ensuring that they build the solid mathematical understanding and confidence needed for all aspects of their future lives. We look for ways in which we can add particular value to children's learning and draw out the practical aspects of numeracy, in line with our strategy and complementing the work done by others in the education system.

The work we do with families is especially important in this respect. In 2016 we completed a major project with 6,500 children and 3,000 families in 28 London primary schools. Devised and developed with the Mayor's Fund for London as part of their Count on Us programme, this involved supporting the participating schools in drawing up their own parental engagement programme with a range of activities during the 2015/16 school year. In addition, the schools were provided with National Numeracy's Family Maths Scrapbooks and Activities for use in homework and free resources from our online Family Maths Toolkit.

Outcomes highlighted in a published end-of-project report, The Parent Factor, were that 79% of teachers reported increased parental engagement, 86% of parents said they felt more confident in helping their children, and 88% of children said their own maths confidence had improved. Most significantly, the proportion of pupils identified as doing better than expected in teacher assessments nearly doubled (from 24% to 45%) during the

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course of the year. The results of this project provide a solid platform for developing further work in this area, for which we are seeking funding.

Another way in which we encouraged parents to get involved in their children's appreciation and learning of maths was through two holiday-time campaigns. At Easter, we partnered with Rob Eastaway, co-author with Rob Askew of Maths on the Go, to encourage parents and children to share ideas for doing maths in everyday life. The idea was promoted through social media, with copies of Maths on the Go for the five best ideas. In the summer, we ran a drawing competition in collaboration with Maths on Toast; children were asked to design a number super-hero, displaying the qualities needed for good numeracy and problem-solving. Over 800 children entered from many different parts of the UK (with particular interest from Scotland) and prizes were donated by Maths on Toast and the maths writer, Alex Bellos.

During 2016, the overall number of unique visitors to our Family Maths Toolkit website reached 26,000, double the figure for the previous year and 14% above our target for the year. The site provides a range of resources, ideas and tips for families to help their children's numeracy and support for schools in engaging parents. We added material for 9-11 year-olds and 4-5 year-olds with funding from Aspect Capital, thus completing the suite of primary school resources. We introduced an online shop for schools and parents to buy downloadable Family Maths Activity packs, with funds going through our trading arm, National Numeracy Solutions (NNS), and profits supporting the overall charitable work of National Numeracy.

NNS also completed outstanding school improvement contracts (reaching 34 schools) and delivered training sessions to a further 13 schools; in line with our strategy, this area of work is not a priority going forward. But we continued to sell Passport Maths, our resource for students starting secondary school below the expected level. During the year, 70 schools used the programme, of which 29 were new schools. We contracted two companies, N2MP and Accomplish Education, as re-sellers and approved training providers for Passport Maths. We also began work within the further education sector, introducing the Challenge Tracker at MidKent College, with the aim of creating more positive attitudes to maths and numeracy among students and staff and improving GCSE and Functional Skills results.

In 2016 we completed the Becoming Numerate in Hackney project, funded by UBS AG. This involved working across two terms in eight primary schools in the north London borough to build numerate behaviour and understanding among children. The project reached over 1900 pupils and led to some changes in the types of maths activities used by teachers and parents as well as a shift towards a 'growth mindset' among teachers and pupils (i.e. a belief that maths ability is not fixed but can grow), although overall attitudes towards maths proved harder to shift. At the end of the project, work began on a good practice guide in order to disseminate findings.

One new and significant project begun in 2016 involved adapting our Essentials of Numeracy framework to establish the indispensable practical maths skills that all 14-year-olds need. Work on the Essentials at 14 was commissioned by Cambridge Mathematics and, as well as demonstrating the adaptability of the Essentials model, it supports the case for a complementary maths route at secondary school, as argued in our 2015 Manifesto for a Numerate UK. We believe that GCSE maths does not serve all children well and that a more practical course is also needed.

Towards the end of the year, we won funding from the Nuffield Foundation to begin work with 15 universities to help social science students develop essential quantitative skills. This is the first time we have worked with higher education in this way, but we believe the project demonstrates the value of practical maths skills for everyone, regardless of their level of education; it also recognises that GCSE maths does not by itself necessarily build the skills needed for life and further study.

#### **d. Supporting policy and better practice**

National Numeracy aims to ensure that the importance of good numeracy remains uppermost in the minds of the relevant policy-makers and that our ideas on how numeracy skills can be improved are clearly conveyed, not just to politicians and government officials but also to leaders in employment and education. Our aim is to win



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support from all these sectors in order to bring about a wide and lasting improvement in numeracy skills. This complements the project work we carry out ourselves and requires unrestricted core funding.

Throughout 2016 we continued to meet ministers and officials at the Department for Education and the Department for Work and Pensions, particularly in relation to the development of the National Numeracy Challenge. We presented our thinking and evidence and, even though no new government funding was available to support our work during the year, we are optimistic that these efforts will bear fruit in 2017.

We contributed substantially to the review of Functional Skills in England, setting out how the maths qualification could be improved through incorporating the Essentials of Numeracy model. We await publication of the final results with interest and will continue to argue for the need for a robust alternative to GCSE post-16. We were also invited to discuss our work and thinking with Sir Adrian Smith as he conducted his review of maths to 18 and we look forward to publication of his report by government. We contributed through the formal consultation process to a number of parliamentary enquiries – on the purpose of education, apprenticeships and universal credit.

In Scotland we contributed effectively to the work of the Making Maths Count group, which considered how to encourage greater enthusiasm for maths among children and adults. In particular, our ideas and activity around improving maths in the workplace – and the value of the National Numeracy Challenge – were strongly endorsed in the group's final report published by the Scottish government.

During the year we continued to spread the message that good numeracy is vital within the NHS, supporting the development of effective policies and practices alongside our practical projects described above. We did this through forging and developing relations with various NHS Trusts and Health Education England, and meeting senior staff at NHS England. One particular outcome was some strengthening of the numeracy content in qualifications for healthcare assistants.

We worked hard to press for greater recognition of the established connection between numeracy and financial literacy (see 'Research and evidence' below), and welcomed the new collaboration with the Money Advice Service which is set to continue strongly in 2017. Our chief executive addressed the British Bankers' Association's Vulnerable Customers Group and we started to consider ideas for supporting the financial sector in making its communication with customers appropriate to their levels of numeracy.

A key policy area that gained momentum in 2016 was workplace productivity and this became a significant focus for us as we contributed to the growing national debate. There is a vital link between good numeracy and economic prosperity – as revealed in our 2014 Pro Bono Economics report which put the cost of poor numeracy at £20 billion a year – and this is a major reason for our prioritising the National Numeracy Challenge at work. Towards the end of 2016 we established relations with 'How good is your business really?', a new movement backed by government and many leading industrialists, aimed at improving productivity. We are continuing this work in 2017 and are optimistic that it will lead to a wider appreciation of the importance of good numeracy in the workplace and more widespread take-up of the Challenge.

We continued to provide co-secretariat services for the All-Party Parliamentary Group on Maths and Numeracy. In October the group hosted a breakfast meeting on the links between financial capability and numeracy, at which research commissioned by the Money Advice Service was presented (see 'Research and evidence' below).

In April, there was a well-attended meeting of the National Numeracy Forum, the body set up by National Numeracy to bring together different perspectives on the numeracy issue. The meeting provided both a consultation session on the Functional Skills review, and a discussion of the importance of statistics in everyday life, the latter including a presentation by Sir David Spiegelhalter, Professor for the Public Understanding of Risk at Cambridge University.

National Numeracy is a member of the Fair Education Alliance and contributed both to the work of the 2016

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Report Card on the state of educational equality in the UK and more specifically to the development of recommendations for good practice in primary maths, due for publication in early 2017.

Throughout the year, National Numeracy continued to spread its message and win support through attending and speaking at a number of conferences and seminars, including an event with Pro Bono Economics at the Royal Institution and a Teach First conference.

**e. Influencing culture and attitudes**

As part of all of our work, we aim to promote the value of practical numeracy and create a positive 'can-do' attitude among adults and children. This is central to each of our practical projects, including the National Numeracy Challenge and our work with families. We also work on a wider canvas, seeking to drive home our messages to the public at large and so chip away at the anti-maths culture that is still so often prevalent in the UK. As with our work on policy, this essential activity requires unrestricted core funding.

We continued to maintain a high media profile, which has been a feature of our work since our beginning five years ago. We were proactive in drawing attention to our work with releases on a range of issues, in particular, public understanding of health data revealed by a numeracy question in our annual YouGov poll, the gap between school maths and practical everyday maths, and the effectiveness of parents supporting their children's numeracy. But we have also established National Numeracy as a credible and expert organisation and during the year we received many media requests for comment on topics such as changes in the National Lottery odds, government initiatives on maths and OECD data on numeracy levels.

We used whatever media we could to put across our message. Our views and activity were reported in national and regional press and we took part in discussions on radio and television, both national and local. This included appearances on; BBC Breakfast, BBC News at Six, Sky News and – in particular – an interview with our chief executive by John Humphrys on Radio 4's Today programme. We also wrote articles for Prospect magazine and specialist education journals and contributed blogs to a range of external sites. We used social media to campaign against negative messages about maths in advertising campaigns by EE and Aldi. Our chief executive delivered a TED talk on attitudes to maths, and we were shortlisted for the 2016 Learning Technology Awards. We received public endorsement for our work from the TV presenter Rachel Riley, the Bank of England's Chief Economist, Andy Haldane (who subsequently became a trustee of National Numeracy), and the Mayor of Liverpool.

In November, we exhibited at the three-day Skills Show which attracted over 78,000 visitors to the NEC in Birmingham. With support from the Ufi Charitable Trust, we were able to demonstrate our newly-launched gaming and maths app, Star Dash Studios, directly to many of our target audience. Our stand attracted considerable interest from young people trying out the app, and we were also able to talk to teachers and parents about the connection between gaming and maths. However, the event did not lead directly to an appreciable spike in downloads and we will take this into account in considering future marketing activity of this sort.

We carried out necessary updates of the National Numeracy website, following the major refreshment the previous year. We also added new case studies, showing how individuals are affected by our activity. The number of unique visitors to the site stood at nearly 169,000, down from 184,000 the previous year, and we started to consider further revisions that might increase traffic. The site is separate from the National Numeracy Challenge site where, as reported above, overall visits were up in 2016. We continued to benefit from the free Adwords advertising for the Challenge secured from Google in the previous year; this accounted for nearly half of new visitors to the Challenge site and 5% of registrations.

Twitter activity increased considerably, with our followers up from just over 5,100 to 6,900, and engagement (retweets, likes and replies) rising by around a third. Our Facebook likes went up by about 200 to over 850. We sent out newsletters three times a year to over 3,000 subscribers, with news versioned for different interest groups.



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**NATIONAL NUMERACY**  
(A company limited by guarantee)

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**f. Research and evidence**

We aim to inform all of our work with the best evidence, to disseminate useful research findings from our own work and that of others and to seek new ways of evaluating the effectiveness and impact of our activity so as to decide on future improvements.

One particular focus in 2016 was on the links between numeracy and financial capability, which we know can be a significant factor in encouraging people to improve their skills. As described above ('Numeracy for adults and young people'), we began work with the Money Advice Service, who commissioned an independent market research company, Critical Research, to gather and analyse data from a number of sources. This suggested a strong correlation and led to the planning of further work to identify the minimum level of numeracy needed for financial capability.

Our project with the Mayor's Fund for London described above ('Numeracy for children and families') produced valuable evidence for schools on the impact of engaging parents more closely in their children's learning and we have discussed with the Mayor's Fund the production of their good practice guide due to be published in 2017. The project also provides the basis for more work in this area by National Numeracy.

In April we commissioned our fifth annual YouGov survey; this provides a valuable snapshot of public attitudes to numeracy. Over a third (36%) of the 2,000 people questioned said that they would like to improve their numeracy, with the most popular reason being in order to manage their money better. But there remained lower levels of embarrassment about admitting being poor at maths compared with embarrassment at poor literacy. For the first time, we included a factual question in the survey, and only about a quarter (24%) of respondents were able to correctly answer a question about sugar content from data given on the wrapper of a chocolate bar. This compared with 60% rating their maths as good or excellent.

During the year, we tracked data on our 'scorecard', developed in 2015 and showing quantitative performance in key areas. This is part of our monitoring and assessment framework and allows trustees to see at-a-glance progress across different areas of activity, with further data available as required. Towards the end of the year, we considered ways of refining the measures for 2017, especially in relation to take-up of the National Numeracy Challenge. One of the most difficult areas for us to measure is changes in attitude to numeracy (an important element in the Challenge) and in 2016 we worked on the development of psychometric testing which we plan to put into practice in 2017.

However, we also decided to take a wider look at the way we measure our impact across all work so as to achieve greater consistency and ensure that we can assess the real contribution of different activities to our aims as a charity. We commissioned a review by external consultants and this led to National Numeracy's 'theory of change', which describes how each of our activities lead to outcomes that support our overall vision. As a result of this, we shall be implementing new measures of impact in the coming year.

**Aims for 2017**

In 2017, National Numeracy will continue to work in line with the priorities agreed more than a year ago, developing and extending existing areas of activity, implementing strong complementary initiatives and responding to new opportunities as they arise and as funding allows. We have a clear view of where we can be most effective in helping to eliminate low levels of numeracy and, although funding remains a major challenge, we are hopeful that efforts made in 2016 will yield results in the coming year.

Our strategy for 2017 envisages four main areas where we will be seeking to improve people's numeracy; the journey into work for job-seekers, in-work progression with employers and staff; financial capability and understanding, numeracy within the education system. These are in addition to our underpinning work on policy and public attitudes. Specific plans for the coming year include the following:

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**NATIONAL NUMERACY**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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*Adults and young people outside formal education*

We intend 2017 to be the year in which we begin to see a scaling-up of the National Numeracy Challenge, based on the work carried out in 2016 of improving Challenge products and services and raising awareness of their value. We will introduce changes, in particular to improve the experience of mobile users, with the aim of increasing rates of registration and encouraging more people to see the journey through, and will also introduce new motivational videos to the Challenge site.

We have set some demanding targets for the Challenge in 2017. These include: significantly expanding our programme to identify people with poor skills by completing 75,000 screenings or Skills Checks, more than doubling the number of completed full assessments to nearly 32,000, increasing the number of re-assessments to 6,300, increasing the number of 'improvers' to over 4,800 and undertaking 15 new numeracy reviews in organisations.

Our success in achieving these targets will of course depend on our ability to attract appropriate funding, to cover both specific projects and our core costs.

To support the **journey into work** as well as financial capability, we will be working with the education, employment and training organisation, Prospects, in a project backed by the Money Advice Service's What Works Fund, to help benefit claimants improve their numeracy and financial capability and so help equip them to find a job. We also hope to resume activity with the Department for Work and Pensions, rolling out a digital version of the Skills Check.

For **in-work progression**, we will continue to build relations with employers and other intermediaries, delivering numeracy reviews and encouraging them to incorporate Challenge tools into their practices with staff. The health sector will remain a particularly important area for us, with a number of commissions in the pipeline for 2017.

We will help to build **financial capability** among consumers by working with Money Saving Expert, again supported by the Money Advice Service's What Works Fund, to help identify and improve their customers' numeracy. We also plan to work with the financial services sector to help make their communication more appropriate to customers' levels of numeracy.

We will also develop new ways of increasing the reach of our app, Star Dash Studios, making use of funds left from the original budget. We hope to secure funding to deliver a digital tool that uses a gaming approach to help adults with very low-level skills recognise number patterns.

*Children, families and students*

Developing good numeracy and positive attitudes among children remains central to National Numeracy's work, and, although we aim to engage parents directly wherever possible, we recognise that we can often best achieve this in partnership with schools. Working within the **education system** therefore remains an important activity.

We aim to build on the work of the 2015/16 project with the Mayor's Fund for London, by seeking new opportunities to improve parental engagement in schools, and we will look for new ways of increasing usage of our Family Maths Toolkit. We will publicise the parental engagement good practice guide being produced by the Mayor's Fund and will also publish the final findings of the Becoming Numerate in Hackney project completed in 2016.

We will continue to sell Passport Maths, Family Maths Scrapbooks and Activities and Challenge-related services to schools and colleges.

We will complete the work on Essentials at 14 with Cambridge Mathematics and will also carry out the work on the essential quantitative skills needed by social science university students, funded by the Nuffield Foundation.

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**NATIONAL NUMERACY**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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We will disseminate the findings of both projects.

*Policy*

We see two areas where we can be particularly effective in 2017 in spreading high-level understanding of the importance of good numeracy.

One of these is in the financial services sector where we will build on our work with the Money Advice Service to spread recognition of the vital link between numeracy and financial capability. Our message will be that banks and other organisations in the sector can improve their customers' overall financial literacy only by first addressing their numeracy.

The other area is the workplace, where we will do more to persuade leaders in business and industry that improving employees' numeracy skills is key to raising productivity levels and making the UK globally competitive.

We will aim to keep dialogue open with government departments in order to support the development of effective national policies and practices. We will contribute to the debate after the publication of the results of the review of Functional Skills and of Sir Adrian Smith's report. In particular, we will continue to press for a more effective and practical approach to maths and numeracy for teenagers.

We will organise further meetings of the All-Party Parliamentary Group on Maths and Numeracy with our new co-secretariat partner, the Money Advice Service, and of the Numeracy Forum. We will contribute to the 2017 Report Card from the Fair Education Alliance, drawing attention to the way in which too many children are allowed to 'fail' in maths.

*Culture*

We will continue to take up relevant opportunities to publicise our work and views, making use of all media to increase public awareness of the importance of numeracy, to challenge negative messages and stereotypes and to encourage people's interest in improving their own everyday maths skills, in particular through the Challenge. We will look to increase our stock of people's personal stories of their own journeys towards numeracy, and will invite a range of contributors to blog on the National Numeracy website.

*Research*

We will carry out our annual opinion poll to track public views on numeracy and we will publish the results. We will also particularly seek to deepen understanding of the links between numeracy and financial capability. We will disseminate relevant new evidence on numeracy, resulting both from our work and that of others.

*Organisation, funding and impact*

National Numeracy remains a small charity and in 2017 we will aim to scale up our activity with similar staffing levels as team-members move from development to delivery.

Securing new sources of funding – both for specific projects and for our core activities – will remain crucial and further growth in our activities will be entirely dependent on this. Scaling up the Challenge will remain our first priority, but we will also seek funding for other practical work, including parental engagement, and for our core activity in changing public attitudes and supporting policy development. We anticipate that external grants will continue to be necessary and, in a challenging climate for all charities, we will continue to improve our fundraising processes, learning from unsuccessful bids in order to achieve better outcomes with future approaches.

We will continue to refine and improve our impact measurement, using our 'theory of change' to identify key metrics where we can set targets and monitor progress against our charitable aims. One particular aim is to introduce new ways of measuring attitudinal changes among users of the Challenge.

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**NATIONAL NUMERACY**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of National Numeracy for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

In preparing this report, the Trustees have taken advantage of the companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 12 April 2017 and signed on their behalf by:



**Belinda Vernon, Chair**

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**NATIONAL NUMERACY**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF NATIONAL NUMERACY**

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We have audited the financial statements of National Numeracy for the year ended 31 December 2016 set out on pages 17 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with section 151 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 151 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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**NATIONAL NUMERACY**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF NATIONAL NUMERACY**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Group strategic report.

*Knill James*

**Knill James**

Chartered Accountants  
Statutory Auditor

One Bell Lane  
Lewes  
East Sussex  
BN7 1JU  
12 April 2017

Knill James is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**NATIONAL NUMERACY**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account)  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>					
Donations and legacies	2	1,042	107,773	108,815	78,728
Charitable activities	3	35,853	355,063	390,916	649,940
Other trading activities:					
Commercial trading operations		255,573	-	255,573	500,684
Investments	4	2,990	-	2,990	4,113
<b>TOTAL INCOME</b>		<b>295,458</b>	<b>462,836</b>	<b>758,294</b>	<b>1,233,465</b>
<b>EXPENDITURE ON:</b>					
Raising funds:					
Commercial trading operations		217,810	-	217,810	473,940
Charitable activities		214,246	644,673	858,919	932,103
<b>TOTAL EXPENDITURE</b>	7	<b>432,056</b>	<b>644,673</b>	<b>1,076,729</b>	<b>1,406,043</b>
<b>NET EXPENDITURE BEFORE TRANSFERS</b>		<b>(136,598)</b>	<b>(181,837)</b>	<b>(318,435)</b>	<b>(172,578)</b>
Transfers between Funds	15	(20,806)	20,806	-	-
<b>NET EXPENDITURE BEFORE OTHER     RECOGNISED GAINS AND LOSSES</b>		<b>(157,404)</b>	<b>(161,031)</b>	<b>(318,435)</b>	<b>(172,578)</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>(157,404)</b>	<b>(161,031)</b>	<b>(318,435)</b>	<b>(172,578)</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		444,133	312,861	756,994	929,572
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>286,729</b>	<b>151,830</b>	<b>438,559</b>	<b>756,994</b>

All activities relate to continuing operations.

The notes on pages 21 to 35 form part of these financial statements.

**NATIONAL NUMERACY**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07886294

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Intangible assets	10		-		21,000
<b>CURRENT ASSETS</b>					
Debtors	12	30,667		159,254	
Cash at bank and in hand		518,956		796,790	
		<u>549,623</u>		<u>956,044</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	(111,064)		(220,050)	
<b>NET CURRENT ASSETS</b>			<u>438,559</u>		<u>735,994</u>
<b>NET ASSETS</b>			<u>438,559</u>		<u>756,994</u>
<b>CHARITY FUNDS</b>					
Restricted funds	15		151,830		312,861
Unrestricted funds	15		286,729		444,133
<b>TOTAL FUNDS</b>			<u>438,559</u>		<u>756,994</u>

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit has been undertaken at the request of the trustees in accordance with section 151 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

The financial statements were approved by the Trustees on 12 April 2017 and signed on their behalf, by:



**Belinda Vernon, Chair**

The notes on pages 21 to 35 form part of these financial statements.



**NATIONAL NUMERACY**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07886294

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Investments	11		1		1
<b>CURRENT ASSETS</b>					
Debtors	12	43,966		103,419	
Cash at bank and in hand		441,447		735,004	
		<u>485,413</u>		<u>838,423</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	(40,687)		(81,430)	
<b>NET CURRENT ASSETS</b>			<u>444,726</u>		<u>756,993</u>
<b>NET ASSETS</b>			<u>444,727</u>		<u>756,994</u>
<b>CHARITY FUNDS</b>					
Restricted funds	15		151,830		312,861
Unrestricted funds	15		292,897		444,133
<b>TOTAL FUNDS</b>			<u>444,727</u>		<u>756,994</u>

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit has been undertaken at the request of the trustees in accordance with section 151 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the Trustees on 12 April 2017 and signed on their behalf, by:



**Belinda Vernon, Chair**

The notes on pages 21 to 35 form part of these financial statements.

**NATIONAL NUMERACY**  
(A company limited by guarantee)

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	17	<b>(277,834)</b>	<b>(214,966)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(277,834)</b>	<b>(214,966)</b>
Cash and cash equivalents brought forward		<b>796,790</b>	<b>1,011,756</b>
<b>Cash and cash equivalents carried forward</b>	18	<b>518,956</b>	<b>796,790</b>

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**NATIONAL NUMERACY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006

National Numeracy meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

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

**1.2 Company status**

The charity is a private company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

**1.3 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Income**

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Costs of raising funds comprise the costs of commercial trading and their associated support costs. Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

**1.6 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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**NATIONAL NUMERACY**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Basis of consolidation**

The financial statements consolidate the accounts of National Numeracy and all of its subsidiary undertakings ('subsidiaries').

The charity has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the charity was a deficit of £312,267 (2015 deficit - £199,322).

**1.8 Intangible fixed assets and amortisation**

Intangible assets are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment

Amortisation is provided at the following rates:

Goodwill	- 3 years
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**1.9 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

**1.10 Interest receivable**

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

**1.11 Debtors**

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

**1.12 Cash at bank and in hand**

Cash at bank and 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (continued)**

**1.13 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.14 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**1.15 Pensions**

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

**1.16 Critical accounting estimates and areas of judgement**

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.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement:

The charity exercises judgement to determine the rate of amortisation of goodwill. The goodwill on the balance sheet is amortised over the period that future economic benefits are probable.

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**2. INCOME FROM DONATIONS AND LEGACIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations & gifts	1,042	107,773	108,815	78,728

In 2015, of the total income from donations and legacies, £3,520 was to unrestricted funds and £75,208 was to restricted funds

**3. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Grants	26,083	267,500	293,583	572,500
Fee and other income	9,770	87,563	97,333	77,440
	<b>35,853</b>	<b>355,063</b>	<b>390,916</b>	<b>649,940</b>

In 2015, of the total income from charitable activities, £231,023 was to unrestricted funds and £418,917 was to restricted funds.

**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Interest receivable	2,990	-	2,990	4,113

In 2015, of the total investment income, £4,113 was to unrestricted funds and £ NIL was to restricted funds.

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**5. DIRECT COSTS**

	Advancement of numeracy £	Total 2016 £	Total 2015 £
Consultants	160,164	160,164	212,518
Research	960	960	1,183
Website & marketing	51,398	51,398	88,905
Travelling & meeting costs	14,631	14,631	14,510
Stationery & office	1,620	1,620	1,628
General expenses	2,441	2,441	446
Telephone & computer	118,790	118,790	2,572
Staff costs	-	-	926
Google adwords	87,563	87,563	44,385
Support costs recharged	50,128	50,128	67,845
Wages and salaries	181,470	181,470	246,321
National insurance	16,895	16,895	22,396
Pension cost	9,590	9,590	8,944
	<u>695,650</u>	<u>695,650</u>	<u>712,579</u>

**6. SUPPORT COSTS**

	Advancement of numeracy £	Total 2016 £	Total 2015 £
Education consultants	3,089	3,089	93,415
Staff costs	3,183	3,183	3,292
Website & marketing	9,752	9,752	40,568
Travelling expenses	4,953	4,953	10,546
Rent & rates	6,538	6,538	4,568
Stationery & office expenses	4,246	4,246	2,515
General expenses	4,099	4,099	4,925
Legal & professional	14,217	14,217	12,307
Telephone & computer	17,236	17,236	16,739
Bank costs	60	60	38
Support costs recharged	(50,128)	(50,128)	(67,845)
Wages and salaries	129,262	129,262	85,387
National insurance	11,113	11,113	8,612
Pension cost	5,649	5,649	4,458
	<u>163,269</u>	<u>163,269</u>	<u>219,525</u>



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**6. SUPPORT COSTS (continued)**

During the year ended 31 December 2016, the company incurred the following Governance costs:

£24,703 (2015 - £20,737) included within the table above in respect of Advancement of numeracy.

During the year ended 31 December 2016, the company incurred staff costs related to time spent on researching, preparing and submitting funding bids amounting to £10,074 (these costs were not separately monitored in 2015).

**7. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	<b>Staff costs 2016 £</b>	<b>Other costs 2016 £</b>	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Trading activities	43,106	174,704	217,810	473,940
	<u>43,106</u>	<u>174,704</u>	<u>217,810</u>	<u>473,940</u>
Advancement of numeracy	353,979	504,940	858,919	932,103
	<u>397,085</u>	<u>679,644</u>	<u>1,076,729</u>	<u>1,406,043</u>

**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	<b>2016 £</b>	<i>2015 £</i>
Amortisation - intangible fixed assets	7,000	75,000
Auditor's remuneration - audit	9,150	8,700
Auditor's remuneration - other services	950	600
	<u>17,100</u>	<u>84,300</u>

During the year, no Trustees received any remuneration (2015 - £NIL).

During the year, no Trustees received any benefits in kind (2015 - £NIL).

3 Trustees received reimbursement of expenses amounting to £904 in the current year, (2015 - 1 Trustee - £415).

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**9. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b>	<i>2015</i>
	<b>£</b>	<i>£</i>
Wages and salaries	<b>348,248</b>	<i>368,842</i>
Social security costs	<b>31,493</b>	<i>33,680</i>
Other pension costs	<b>17,344</b>	<i>14,652</i>
	<u><b>397,085</b></u>	<u><i>417,174</i></u>

The average number of persons employed by the group during the year was as follows:

	<b>2016</b>	<i>2015</i>
	<b>No.</b>	<i>No.</i>
Finance and administration	<b>3</b>	<i>4</i>
Charitable activities	<b>9</b>	<i>9</i>
	<u><b>12</b></u>	<u><i>13</i></u>

The number of higher paid employees was:

	<b>2016</b>	<i>2015</i>
	<b>No.</b>	<i>No.</i>
In the band £80,001 - £90,000	<b>1</b>	<i>1</i>

The total amount of employee benefits received by key management personnel is £176,804. The group considers its key management personnel to comprise of those sitting on the Strategy Group.

During the year ended 31 December 2016 employer's pension contributions for higher paid employees amounted to £5,292.

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**10. INTANGIBLE FIXED ASSETS**

	<b>Goodwill</b>
<b>Group</b>	<b>£</b>
<b>Cost</b>	
At 1 January 2016 and 31 December 2016	<b>120,000</b>
<b>Amortisation</b>	
At 1 January 2016	<b>99,000</b>
Charge for the year	<b>7,000</b>
Impairment charge	<b>14,000</b>
At 31 December 2016	<b>120,000</b>
<b>Carrying amount</b>	
At 31 December 2016	<b>-</b>
<i>At 31 December 2015</i>	<i>21,000</i>

National Numeracy Solutions Limited, a wholly owned subsidiary of the charity, purchased the business of NM Partnership Limited as a going concern on September 2013 for an agreed price of £120,000.

As of the year end there are no new income streams arising from this goodwill, and consequently the trustees have agreed that it should be impaired to a carrying value of £nil.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. FIXED ASSET INVESTMENTS**

Further details of the subsidiary company are provided in note 22.

Company Market value	Shares in group undertakings £
At 1 January 2016 and 31 December 2016	1

**12. DEBTORS**

	<u>Group</u>		<u>Company</u>	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	23,150	149,299	31,941	99,319
Amounts owed by group undertakings	-	-	7,873	-
Other debtors	192	88	192	88
Prepayments and accrued income	7,325	9,867	3,960	4,012
	<u>30,667</u>	<u>159,254</u>	<u>43,966</u>	<u>103,419</u>

**13. CREDITORS:  
Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	11,758	70,639	4,570	47,302
Amounts owed to group undertakings	-	-	-	13,761
Other taxation and social security	35,443	11,118	25,271	8,851
Other creditors	43,529	47,182	3,488	2,372
Accruals and deferred income	20,334	91,111	7,358	9,144
	<u>111,064</u>	<u>220,050</u>	<u>40,687</u>	<u>81,430</u>

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**14. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
Financial assets measured at amortised cost	<u>542,298</u>	<u>946,177</u>
Financial liabilities measured at amortised cost	<u>90,730</u>	<u>128,939</u>

Financial assets measured at amortised cost comprise cash and debtors, excluding prepayments and accrued income.

Financial liabilities measured at amortised cost comprise creditors, excluding accruals and deferred income.

**15. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Carried Forward £
<b>Designated funds</b>					
Designated funds	<u>190,000</u>	-	-	-	<u>190,000</u>
<b>General funds</b>					
General unrestricted funds	<u>254,133</u>	<u>295,458</u>	<u>(432,056)</u>	<u>(20,806)</u>	<u>96,729</u>
Total Unrestricted funds	<u>444,133</u>	<u>295,458</u>	<u>(432,056)</u>	<u>(20,806)</u>	<u>286,729</u>
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Carried Forward £
<b>Restricted funds</b>					
Google Grants	-	87,563	(87,563)	-	-
Aspect Capital 2	-	20,000	(13,491)	-	6,509
Garfield Weston	-	50,000	(50,000)	-	-
Behavioural Insights Team	130,840	-	(28,660)	-	102,180
UBS AG	25,890	87,773	(84,288)	-	29,375
Department for Business Innovation & Skills	133,044	62,500	(195,544)	-	-
Man Charitable Trust 2	18,443	-	(4,677)	-	13,766
Ufi Charitable Trust	4,644	155,000	(180,450)	20,806	-
	<u>312,861</u>	<u>462,836</u>	<u>(644,673)</u>	<u>20,806</u>	<u>151,830</u>
Total of funds	<u>756,994</u>	<u>758,294</u>	<u>(1,076,729)</u>	<u>-</u>	<u>438,559</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**SUMMARY OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Carried Forward £
Designated funds	190,000	-	-	-	190,000
General funds	254,133	295,458	(432,056)	(20,806)	96,729
	444,133	295,458	(432,056)	(20,806)	286,729
Restricted funds	312,861	462,836	(644,673)	20,806	151,830
	756,994	758,294	(1,076,729)	-	438,559

Designated funds have been set aside to secure the continuation of the National Numeracy Challenge in 2017.

**Google Grants**

Funding for PCC (pay per click) advertising on Google to be spent in attracting people to the National Numeracy Challenge.

**Aspect Capital 2**

Funding to extend the Family Maths Toolkit scrapbook resources.

**Garfield Weston**

Grant toward core attitudes and influencing work.

**Behavioural Insights Team**

Funding toward working with the Behavioural Centre for Adult Skills and Knowledge (ASK) to evaluate data from the National Numeracy Challenge, to run trials and to cover the costs of partner engagement for the project.

**UBS AG**

Funding to develop approaches to building numerate behaviour in primary schools in Hackney, focusing on numeracy beyond the maths lesson.

**Department for Business Innovation & Skills**

Grant funding to enable National Numeracy to support and sustain the Challenge.

**Man Charitable Trust 2**

Funding towards developing and trialling approaches to engage adults with low numeracy skills in disadvantaged communities and encourage them to routes that help them improve their numeracy, including the creation of an e-learning course on how to draw out the numeracy in non-maths classes for WEA tutors.

**Ufi Charitable Trust**

Funding to develop an app aimed at engaging 16-25 year olds in developing numerate understanding and behaviour.

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**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Intangible fixed assets	-	-	-	21,000
Current assets	397,792	151,830	549,622	956,044
Creditors due within one year	(111,063)	-	(111,063)	(220,050)
	<u>286,729</u>	<u>151,830</u>	<u>438,559</u>	<u>756,994</u>

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

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(318,435)	(172,578)
<b>Adjustment for:</b>		
Amortisation	21,000	75,000
Decrease/(increase) in debtors	128,588	(68,360)
Decrease in creditors	(108,987)	(49,028)
<b>Net cash used in operating activities</b>	<u>(277,834)</u>	<u>(214,966)</u>

**18. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	518,956	796,790
<b>Total</b>	<u>518,956</u>	<u>796,790</u>

**19. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. Contributions totalling £1,866 were payable to the fund at the year end (2015 - £1,336).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. RELATED PARTY TRANSACTIONS**

During the year, the charity purchased design services from Tacon Design, a company run by relations of the Chief Executive, amounting to £5,575 (2015 £8,641). Tacon Design also provided services to National Numeracy Solutions totaling £194.

Wendy Jones, a trustee, is also a paid consultant under contract to National Numeracy and supplied services totaling £33,750 (2015 £33,975) in the year. An amount of £2,700 (2015 £2,925) was owed at the year end.

Di Hatchett, a trustee, has provided consultancy services to National Numeracy for projects, totaling £2,000 (2015 £2,500).

Jill Cornish, a trustee, is an employee of Oxford University Press (OUP), which has commercial arrangements with National Numeracy Solutions Ltd. OUP supplied products totaling £80 (2015 £9,544) during the year and £Nil was owed at year end (2015 £673). National Numeracy Solutions supplied OUP with consultancy services totaling £10,940 (2015 £60,349) during the year and £1,547 was owed to National Numeracy Solutions at the year end.

Alison Plant, a director of National Numeracy Solutions, has acted as a paid consultant to National Numeracy and has provided services totaling £4,050 (2015 £Nil) with related expenses totaling £88 (2015 £Nil). She has also provided consultancy services to National Numeracy Solutions in 2016 totaling £10,800 (2015 £Nil) with related expenses totaling £346 (2015 £Nil).

In addition, the Transfer Agreement contract entered into with NMP in 2013 was continued. No repayments were made during the year so the creditor balance at the year-end of £40,000 (2015 £40,000) remains.

Trustee expense reimbursements for trustee-related duties totaled £904 for the year.

(All figures include VAT where appropriate)

The company has taken advantage of the exemption available in section 33 of FRS 102 "Related Party Disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

**21. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the company has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 December 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 January 2015. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the company's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.



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**22. PRINCIPAL SUBSIDIARIES**

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Class</b>
National Numeracy Solutions Ltd	UK - 08700221	100	Ordinary

The aggregate of the share capital and reserves as at the year end and the turnover and expenditure of the subsidiary for the year ended 31 December 2016 was:-

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Aggregate of assets, liabilities and funds	<b>(6,168)</b>	<b>1</b>
Turnover	<b>255,753</b>	<b>724,705</b>
Expenditure	<b>261,742</b>	<b>724,705</b>
Loss	<b>(6,169)</b>	<b>-</b>

The trading subsidiary incurred a loss in the year due to impairment of a goodwill asset. The trustees expect the subsidiary to return to profit next year.