

COMPANY REGISTRATION No. 11116416 (England & Wales)

CHAPTER ONE (U.K.) Ltd

A company limited by shares

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

Charity registration No. 1179625

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

LEGAL AND ADMINISTRATIVE INFORMATION

Registered charity name	Chapter One (U.K.) Ltd (until March 2023, known as Innovations for Learning UK Ltd)
Charity number	1179625
Company registration number	11116416
Registered office	4 Torriano Cottages London NW5 2TA
Trustees	Seth Weinberger Jennifer Reindorp Sarah Bell Zoe Pierre Lucy Heady Alexander Green Lisa Hayes Marie Broad (appointed 14 August 2023)
Chief Executive	Emma Bell
Independent examiner	Godfrey Wilson Limited Chartered accountants and statutory auditors 5 th Floor, Mariner House 62 Prince Street Bristol BS1 4QD
Banker	CAF Bank 25 Kings Hill Ave Kings Hill West Malling ME19 4JQ United Trust Bank 1 Ropemaker Street London EC2Y 9AW

CHAPTER ONE (U.K.) LTD
A company limited by shares
COMPANY REGISTRATION No. 11116416 (England & Wales)

CONTENTS

	Page
Trustees' report	4-10
Independent examiner's report	11
Statement of financial activities	12
Balance sheet	13
Statement of cashflows	14
Notes to the accounts	15-25

CHAPTER ONE (U.K.) LTD
A company limited by shares
COMPANY REGISTRATION No. 11116416 (England & Wales)

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 JULY 2023

The Trustees, who are also directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 July 2023.

OBJECTIVES & ACTIVITIES

Aims and objectives

Chapter One has a vision of a world in which all children have the literacy skills needed to thrive. Our mission is to close the reading gap by providing children with one-to-one support at the time they need it the most. We innovatively combine corporate volunteering, expert staff and technology to enable the meaningful human interaction that improves reading outcomes for young children.

Note: until March 2023 Chapter One was known as Innovations for Learning. The charity was then rebranded and renamed as Chapter One, with a new website and identity, however its programmes remained the same.

Online Reading Volunteers: overview

Our flagship programme is an online volunteer reading support programme that helps 5 to 7 year-old children who are attending schools in disadvantaged communities and are struggling to read. We aim to set children up to succeed early in their educational journey.

In 2022, 38% of 11-year-olds from disadvantaged backgrounds in England left primary school not reading to the expected standard. This can throw their whole life off track and make it difficult for them to reach their full potential. This attainment gap between disadvantaged children and their more advantaged peers is seen early in a child's school journey; as early as 5 and 6 years of age, and Covid-19 and school closures had a devastating impact on these children, widening the gap between them and their more advantaged counterparts.

A recent study by the National Foundation for Educational Research on the impact of the pandemic on younger pupils' attainment showed that the age group that Chapter One targets is still three months behind in reading and that there has been an increase in the proportion of very low attaining pupils, particularly for reading. Families face various challenges which prevent them from reading with their children, including access to books, time and space. These challenges are now being exacerbated by the cost of living crisis, with engagement in learning likely to be further affected.

The Chapter One model supports these struggling readers by partnering with a range of local and national businesses and recruiting their employees as reading volunteers who provide sustained, weekly reading practice.

Volunteers use a sophisticated internet platform and a voice connection to link from their workplace to a dedicated classroom laptop for 30 minutes a week, during the school day, over one academic year. Up to 10 children in each Year 1, Year 2 or Year 3 class participate, giving the programme a reach and scale that schools are otherwise unable to achieve. The flexibility of the model makes it attractive to businesses who wish to give their employees a time-efficient way to volunteer.

The Chapter One programme has been proven to improve the reading enjoyment, ability and confidence of young children from disadvantaged backgrounds. We believe that this flexible, time-efficient model has the potential to galvanise significant numbers of adults to improve the life chances of children.

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

Online Reading Volunteers: Academic Year 2022-23

2022-23 was Chapter One's fifth year of operation in England, and until February 2023 its Online Reading Volunteer programme was known by its former name, TutorMate. The programme was implemented in 239 classrooms across 75 schools in 10 areas of the UK: Bradford, Doncaster, Edinburgh, East Sussex, Glasgow, Leeds, London, Middlesbrough, Peterborough and West Cumbria.

Despite the challenging economic environment, we were encouraged that many new partners decided to join us in 2022-23, particularly to support West Cumbrian children. The leadership of the Programme and Project Partners team at Sellafeld was instrumental in recruiting over 100 volunteers who read with children in Cumbria from January 2023.

It was also the first year of Chapter One in Scotland – Glasgow and Edinburgh, which was made possible through the support of a consortium of businesses, including Ashurst, CMS, McLaughlin & Harvey and Royal London.

Overall, 2,151 children were supported by volunteer readers from 113 corporate partners, who provided 37,230 reading sessions (or 14,382 hours of reading) from September 2022 to July 2023. The corporate partners who provided volunteers and associated financial sponsorship to sustain the Chapter One programme are listed below. We are very grateful to them all for their support.

ABN Amro	Lotus
Allen & Overy	Macquarie Investment Management
Amazon Customer Services	Marsh
Apple	McLaughlin & Harvey
Arena	MetLife
Ashurst	Mishcon de Reya
Atalian Servest	MITIE
Azets	Morgan Stanley
Balfour Beatty	NCR
BCLP	NG Bailey
BE Offices	NVIDIA
BEP	NWEC
Blackbaud	Ocado
Bupa	Optum
CACI	Orano
Capita	Paramount
Cavendish Nuclear	Pega
Cisco	Phoenix Group
Clyde & Co	Reed Smith
CMS	Rothschild & Co
Costain	Royal London

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

CPC Project Services	RTC
CTM	Sage
Daisy	Salesforce
Deloitte	Samsara
Dentons	Sellafield
Draeger	Serco
Enerveo	Sir Robert McAlpine
Euromonitor	SISK
FactSet	Skanska
Faithful+Gould	Slaughter and May
Fidelity International	Smart DCC
Fidelity Investments	Smiths Group
Fitch Group	Social Value Portal
Foresters	Sodexo
GE Renewable Energy	Sunbelt Rentals
Google	SUSE
Graham	T. Rowe Price
Hachette	Taylor & Francis
Hanson	Thakeham
Hogan Lovells	The Body Shop
Hymans Robertson	Turner and Townsend
IEMA	Tutorfair Foundation
ISG Ltd	UNUM
Jacobs	UPS
Janus Henderson Investors	Vanquis Banking Group
JPMorgan Chase	VAT IT
Kier	Wates
KPMG	White & Case
Liberty Global	

Several partners worked closely with us throughout the year to support school communities in a myriad of ways which were additional to their Chapter One volunteers. Janus Henderson Investors donated school supplies and books to all children at their partner school and many other businesses, like Ashurst, organised book drives and donations for the children and classes they supported. A number of companies, including Ocado, worked with

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

Chapter One to sponsor bespoke stories to be used on the platform – and often engaged their own staff as story authors.

Our founding UK partner, Janus Henderson Investors, generously sponsored a celebration event in June 2023 to mark 5 years of Chapter One in the UK. We used this as an opportunity to celebrate the achievements of our volunteers, and present awards to many volunteers and organisations who have supported children's literacy since 2018.

During the latter part of the year we were successful in gaining the support of a group of our partner organisations to expand Chapter One's programme into Manchester in 2023-24. We are also delighted that we have now entered into substantial multi-year partnerships with two companies – Marsh and Sodexo – from 2023-24 onwards.

Early Literacy Intervention

In addition to the Online Reading Volunteer programme, Chapter One also ran its first full year of a new Early Literacy Intervention (ELI) programme, which has been developed to address the needs of disadvantaged children who don't have the basic phonics knowledge to allow them to begin to read. Using a bespoke technology tool on a touch-screen tablet, a trained Early Literacy Interventionist worked in two schools, providing target children with daily, face-to-face, one-to-one, tailored seven minute phonics sessions. Results for the programme were strong (with 100% and 92% of children in the two schools passing the National phonics screening check) and an ELI will continue in one of the schools in 2023-24. We are seeking other schools to join us.

The programme was implemented in two Warwickshire schools and supported Reception and Year 1 children that have struggled to achieve good phonics screening and/or Key Stage 1 SATs (Standard Assessment Tests) results.

A story of growth

Overall, our partner retention rate from 2021-22 to 2022-23 was 86% with our volunteer growth rate at 36%. As we look ahead to 2023-24, our partner retention rate from 2022-23 is forecast to be 90%, with a volunteer growth rate of 35%.

Feedback from schools was also very positive, with our school retention rate averaging 85% and many schools increasing the numbers of participating classes. Again, as we look ahead to 2023-24, our school retention rate is forecast to be high at 88%.

The Chief Executive led a growing team of staff (26 by July 2023) to ensure Chapter One's programmes ran effectively for UK volunteers and schools and that participating children received maximum benefit. We are focused on achieving the goal set in our 2021 – 2024 Strategic Plan to support 3,000 children in the 2023-24 academic year. Additional staff were recruited in the summer of 2023 to increase organisational capacity. We also benefited from the appointment of a Marketing and Communications manager, who has grown our social media presence and commissioned a new film to showcase our work.

One of our key strategic goals for 2022-23 was to diversify our income, and the appointment of our first fundraiser has allowed us to increase the number of Trusts and Foundations that support our work all over the country. A list of those who have provided us with the generous support can be found in the accounts.

Impact and Evaluation

During 2022-23 we carried out an impact evaluation of our work with ImpactEd, our independent evaluation partner. At the time of writing, the full results of this study are not available, but will be accessible on the impact page of our website. Previous impact reports are also available on this page.

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

Data from our 2021-22 Impact report (published in January 2023) showed that, with statistical significance, the more Chapter One reading sessions a child had, the better their reading became. On average children's reading progress increased by 3.9 levels. 95% of teachers judged the programme to be beneficial/very beneficial for their pupils and 97% of teachers AND volunteers would recommend the programme to a friend.

In June 2023 we appointed our first in-house Evidence and Impact Manager, who will be instrumental in developing our evaluation approach as we grow.

FINANCES

Financial Review

During the year, Chapter One UK's income was £958,586 (2022: £691,595) and expenditure of £834,823 (2022: £467,291). The net surplus for the year was £123,763 (2022: £224,304).

Fundraising

Chapter One UK is registered with the Fundraising Regulator (June 2023). The charity's principal funding source is corporate partners. In 2022-23, for each team of 10 volunteers fielded by a business, we asked for financial sponsorship of £3,120. Additional income was also raised from Trusts and Foundations and Individual Donors. All fundraising has been carried out by in-house fundraisers employed directly by the charity. A complaints policy is included on our website. The relevant fundraising standards have been complied with and no complaints were made concerning fundraising activities during the year.

Reserves Policy

The level of unrestricted funding received in year has allowed the Trustees to act on their plans to build up reserves to provide financial stability. We intend to maintain our reserves at a level which is equivalent to four months' worth of current expenditure/running costs, currently £394k (as per 2023-24 budget, which includes significant growth in staff and delivery). Note: our reserves at year end are in excess of the Board's target of 4 months. As the bulk of our income is generated between November and July in each financial year, we therefore need a buffer at the end of July to support cash flow at the start of our financial year – August to October. This reserve is naturally depleted by the end of October each year.

It is the policy of Chapter One to continue to fundraise from corporate partners and from Trusts and Foundations to generate sufficient unrestricted income to allow us to further build up our level of reserves in line with current operations.

The Board regularly (twice-yearly) reviews the amount of reserves that are required to ensure that they are adequate to fulfil our continuing obligations.

RISK MANAGEMENT POLICY

Financial

Chapter One operates in a challenging and demanding area where there are very few certainties over funding, particularly with the economic pressures the UK is facing. This is inherently risky and as an organisation we operate strict financial controls and continually review the situation, including regular forecasting. The annual budgets, reforecasts and management accounts are regularly reviewed. Key controls used by the charity are:

- Formal agendas and minutes for board Trustees
- Annual budget and regular monthly accounts
- An annual business plan with key targets
- A risk management framework and risk register.

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

Operational

The nature of our work presents operational risks. These are managed through the implementation of suitable policies, procedures and processes including staff training, supervision and reporting structures as well as through the maintenance of the risk register and Business Continuity Plan which is regularly reviewed. The Board of Trustees is satisfied that all major risks have been identified and adequately minimised.

Plans for future periods

As indicated above, Chapter One's programmes will expand in 2023-24. We anticipate that online reading volunteers will support 3,000 children and operate in: Bradford, Doncaster, East Sussex, Edinburgh, Glasgow, Leeds, London, Manchester, Middlesbrough, Peterborough and West Cumbria.

Acknowledgements

The Trustees would like to express great thanks to Chapter One's funders, as well as to individuals and groups who donated to us throughout the period.

THE TRUSTEES

The Trustees who served the charity during the period were as follows:

Seth Weinberger

Jennifer Reindorp

Sarah Bell

Lucy Heady

Zoe Pierre

Alexander Green

Lisa Hayes

STRUCTURE, GOVERNANCE AND MANAGEMENT

Emma Bell is the CEO of the charity and leads a senior management team consisting of the following staff: Business Development Manager, Senior Programme Manager, Performance and Data Manager, Chat Team Leader.

Governing Document

Chapter One (U.K.) Ltd (Chapter One) is a registered charity (1179625) and company limited by shares (11116416). Our governing document consists of a Memorandum and Articles of Association which incorporated the organisation on 18th December 2017. The company was registered as a charity (originally in its former name of Innovations for Learning) on 21st August 2018.

Organisational Structure

Chapter One (U.K.) Ltd has a Board of Trustees and one Member under Company Law, which is Chapter One NFP (a 501c3 non-profit).

Appointment of Trustees

Trustees are recruited by a process of co-option and election. The Board consists of at least three and not more than twelve individuals.

Public Benefit

As laid out in our objects, Chapter One aims to advance education for the benefit of the public in particular (but without limitation) in the field of literacy. The Trustees confirm that Chapter One operates for the public benefit and that we have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and planning future activities. Our summary of activities above lay out the ways in which we have worked to further our charitable aims for the public benefit throughout the period.

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

Risk Management

Chapter One's Board of Trustees is aware of its responsibility to identify and review the major risks to which the organisation is exposed and implement systems to mitigate those risks. Internal risks are minimised by the implementation of appropriate financial management policies and procedures.

RELATED PARTIES

Refer to note 16 in the financial statements.

Statement of responsibilities of the Trustees

The Trustees (who are also directors of the charity 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, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 charity and of the income and expenditure of the charity for that period. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgements and accounting 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; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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 sole member of the charity is Chapter One NFP (US). The Trustees have no beneficial interest in the charity.

Independent examiners

Godfrey Wilson Limited were re-appointed as independent examiners to the charitable company during the year and have expressed their willingness to continue in that capacity.

On behalf of the board of Trustees

Seth Weinberger

Seth Weinberger
Chair

30 October 2023

Dated

CHAPTER ONE (U.K.) LTD
A company limited by shares
COMPANY REGISTRATION No. 11116416 (England & Wales)

**INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 JULY 2023**

I report to the Trustees on my examination of the accounts of Chapter One (U.K.) Ltd (the charitable company) for the year ended 31 July 2023, which are set out on pages 12 to 25.

Responsibilities and basis of report

As the Trustees of the charitable company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the charitable company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charitable company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

Independent examiner's statement

Since the charitable company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales (ICAEW), which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- (1) accounting records were not kept in respect of the charitable company as required by section 386 of the 2006 Act; or
- (2) the accounts do not accord with those records; or
- (3) the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- (4) the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Alison Godfrey

Date: 31 October 2023

Alison Godfrey FCA

Member of the ICAEW

For and on behalf of:

Godfrey Wilson Limited

Chartered accountants and statutory auditors

5th Floor Mariner House

62 Prince Street

Bristol

BS1 4QD

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an income and expenditure account)

FOR THE YEAR ENDED 31 JULY 2023

		General	Restricted	Total	General	Restricted	Total
		Funds	Funds	Funds	Funds	Funds	Funds
		2023	2023	2023	2022	2022	2022
	Note	£	£	£	£	£	£
<u>Income from:</u>							
Donations and legacies	2	844,315	112,487	956,802	529,706	161,847	691,553
Investment income		1,784	-	1,784	42	-	42
Total income		846,099	112,487	958,586	529,748	161,847	691,595
<u>Expenditure on:</u>							
Raising funds	3	33,924	-	33,924	8,321	-	8,321
Charitable activities	4	674,344	126,555	800,899	321,558	137,412	458,970
Total expenditure		708,268	126,555	834,823	329,879	137,412	467,291
Transfers between funds	13	9,126	(9,126)	-	800	(800)	-
Net movement in funds		146,957	(23,194)	123,763	200,669	23,635	224,304
Reconciliation of funds:							
Total funds brought forward		418,397	78,324	496,721	217,728	54,689	272,417
Total funds carried forward		565,354	55,130	620,484	418,397	78,324	496,721

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

CHAPTER ONE (U.K.) LTD
A company limited by shares
COMPANY REGISTRATION No. 11116416 (England & Wales)

BALANCE SHEET
FOR THE YEAR ENDED 31 JULY 2023

		2023	2022	
	Note	£	£	£
Fixed assets	9	51,261		41,094
Current assets				
Debtors	10	52,557	35,623	
Current asset investment		150,000	-	
Cash at bank and in hand		383,491	429,539	
		586,048	465,162	
Creditors: amounts falling due within one year	11	(16,825)	(9,535)	
Net current assets		569,223		455,627
Net assets	14	620,484		496,721
Income funds				
General funds		565,354		418,397
Designated funds		-		-
Restricted funds		55,130		78,324
Total funds	13	620,484		496,721

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 July 2023. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The Trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The accounts were approved by the Trustees and signed on their behalf by:

Seth Weinberger

Seth Weinberger
Trustee

30 October 2023

Dated

CHAPTER ONE (U.K.) LTD
A company limited by shares
COMPANY REGISTRATION No. 11116416 (England & Wales)

CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2023

		2023	2022
	Note	£	£
Cashflows from operating activities			
Net cash provided by operating activities	15	147,527	213,435
Cashflows from investing activities			
Purchase of tangible fixed assets		(45,359)	(30,756)
Interest received		1,784	42
Change in cash and cash equivalents in the reporting period		103,952	182,721
Cash and cash equivalents at beginning of year		429,539	246,818
Cash and cash equivalents at end of year		533,491	429,539
Analysed as:			
Cash at bank and in hand		383,491	429,539
Cash held in current asset investments		150,000	-
		533,491	429,539

The charity has not provided an analysis of changes in net debt as it does not have any long-term financing arrangements.

CHAPTER ONE (U.K.) LTD
A company limited by shares
COMPANY REGISTRATION No. 11116416 (England & Wales)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

1 Accounting policies

1.1 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) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The Charity 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 note.

1.2 Income

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

Income from the government and other grants, whether 'capital' grants or 'revenue' 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.

Income received in advance of provision of a specific project is deferred until criteria for income recognition are met.

1.3 Tangible fixed assets

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

<i>Computer equipment</i>	<i>33.33% straight line method</i>
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All items of equipment are capitalised that relate specifically to equipment supplied to volunteers to deliver the TutorMate programme.

1.4 Pension costs

The company operates a defined contribution pension scheme for its employees. There are no further liabilities other than that already recognised in the SOFA.

1.5 Funds accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

1.6 Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern, which the Trustees consider appropriate having regard to the current level of unrestricted reserves. There are no material uncertainties about the charity's ability to continue as a going concern.

1.7 Financial instruments

The charitable company 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 with the exception of bank loans which are subsequently recognised at amortised cost using the effective interest method.

1.8 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.

1.9 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.

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

1.11 Support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity's activities. In the prior year, support and governance costs were allocated in full to expenditure on charitable activities, based on the minimal time spent on raising funds. This year, these costs have been allocated between the cost of raising funds and expenditure on charitable activities based on the proportion of staff time as follows:

	2023	2022
Raising funds	5%	0%
Charitable activities	95%	100%

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

1.12 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.

1.13 Creditors

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.

1.14 Foreign currency transactions

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the year end.

1.15 Accounting estimates and key judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the Trustees' opinion, there are no critical accounting estimates.

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2 Donations and legacies	Unrestricted Funds £	Restricted Funds £	Total 2023 £
Chapter One US	58,474	-	58,474
Janus Henderson	21,840	-	21,840
Charitable Trusts	41,665	112,487	154,152
Individual donors	28,513	-	28,513
Corporate donations	646,065	-	646,065
Grants and Gift Aid	11,993	-	11,993
School contributions	35,765	-	35,765
	844,315	112,487	956,802

Prior period comparative:	Unrestricted Funds £	Restricted Funds £	Total 2022 £
Chapter One US	1,458	3,677	5,135
Janus Henderson	-	41,000	41,000
Charitable Trusts	-	69,950	69,950
Individual donors	2,021	-	2,021
Corporate donations	464,558	38,720	503,278
Grants and Gift Aid	38,064	8,500	46,564
School contributions	23,605	-	23,605
	529,706	161,847	691,553

Government grants	2023	2022
	£	£
DWP	-	1,500
Kickstart	-	6,064
	-	7,564

CHAPTER ONE (U.K.) LTD
A company limited by shares
COMPANY REGISTRATION No. 11116416 (England & Wales)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

3 Fundraising Costs	2023	2022
	£	£
Staff costs	27,013	2,677
Direct fundraising costs	1,908	5,644
	28,921	8,321
Share of support costs (see note 5)	4,428	-
Share of governance costs (see note 5)	575	-
	33,924	-
4 Charitable activities	2023	2022
	£	£
Staff costs	548,205	292,452
Consultancy costs	3,452	7,514
Other project costs	147,710	79,332
	699,367	379,298
Share of support costs (see note 5)	89,862	67,679
Share of governance costs (see note 5)	11,670	11,993
	800,899	458,970
<u>Analysis by fund</u>		
Restricted funds	126,555	137,412
Unrestricted funds	674,344	321,558

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

5 Support and governance costs

	Support costs 2023	Governance costs 2023	Total Support and Governance costs 2023	Total Support and Governance costs 2022
	£	£	£	£
Staff costs	80,029	9,137	89,166	66,400
Administration costs	14,261	-	14,261	10,203
Accountancy fees	-	3,000	3,000	3,069
Trustee costs	-	108	108	-
	94,290	12,245	106,535	79,672

Support and governance costs are apportioned based on estimated staff time.

Governance cost includes £3,000 (2022: £3,069) for independent examination fees.

6 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the year, and no Trustees were reimbursed for expenses (2022: £Nil).

7 Employees

The average monthly number of employees during the period was 25 (2022: 13).

8 Employment costs

	2023	2022
	£	£
Salaries	601,731	329,629
Social security costs	48,563	25,326
Pension contributions	14,090	6,574
	664,384	361,529

The total amount of employee remuneration benefits received by the senior management team was £91,373 (2022: £89,242). There was one employee whose annual emolument was between £70,001 and £80,000 (2022: one employee earned between £70,001-£80,000).

CHAPTER ONE (U.K.) LTD

A company limited by shares

COMPANY REGISTRATION No. 11116416 (England & Wales)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

9 Tangible fixed assets

Computer equipment £

Cost

At 1 August 2022	71,206
Additions	45,359
At 31 July 2023	<u>116,565</u>

Depreciation

At 1 August 2022	30,112
Depreciation charged in the year	35,192
At 31 July 2023	<u>65,304</u>

Carrying amount

At 31 July 2023	<u>51,261</u>
At 31 July 2022	<u>41,094</u>

10 Debtors

	2023	2022
	£	£
Prepayments and accrued income	2,317	1,663
Debtors	<u>50,240</u>	<u>33,960</u>
	<u>52,557</u>	<u>35,623</u>

11 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	1,330	7,135
Accruals and deferred income	<u>15,495</u>	<u>2,400</u>
	<u>16,825</u>	<u>9,535</u>

12 Share Capital

	2023	2022
	£	£
Ordinary share capital (issued, fully paid)		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

Share capital is included within general funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

13 Movement in funds

	At 1 August 2021	Incoming resources	Outgoing resources	Transfers	At 1 August 2022	Incoming resources	Outgoing resources	Transfers	At 31 July 2023
	£	£	£	£	£	£	£	£	£
Restricted funds									
Research	5,000	5,000	-	-	10,000	-	(10,000)	-	-
Marketing & Communications	-	30,000	(19,963)	-	10,037	-	(10,037)	-	-
Evidence, Impact & Research	-	-	-	-	-	11,670	-	-	11,670
Storytelling	-	6,000	-	-	6,000	-	-	(6,000)	-
Books	1,800	-	(1,800)	-	-	-	-	-	-
Early Literacy Intervention	-	17,677	(11,529)	-	6,148	-	(5,039)	-	1,109
Parent Involvement	-	36,000	(24,474)	(400)	11,126	-	(11,126)	-	-
Earlsmead	-	9,360	-	-	9,360	-	(3,120)	-	6,240
Bradford	3,000	11,450	(8,121)	-	6,329	15,017	(16,217)	-	5,129
Cumbria	-	-	-	-	-	10,000	(10,000)	-	-
East Sussex	-	25,000	(16,619)	(400)	7,981	18,000	(14,315)	-	11,666
Glasgow	-	9,360	-	-	9,360	-	(9,360)	-	-
London	-	12,000	(12,000)	-	-	30,800	(16,334)	(2,800)	11,666
Manchester	-	-	-	-	-	7,000	(2,100)	-	4,900
Middlesbrough	14,690	-	(12,707)	-	1,983	-	(1,983)	-	-
North East	30,199	-	(30,199)	-	-	-	-	-	-
Peterborough	-	-	-	-	-	19,000	(16,924)	(326)	1,750

CHAPTER ONE (U.K.) LTD
A company limited by shares
COMPANY REGISTRATION No. 11116416 (England & Wales)

	At 1 August 2021	Incoming resources	Outgoing resources	Transfers	At 1 August 2022	Incoming resources	Outgoing resources	Transfers	At 31 July 2023
	£	£	£	£	£	£	£	£	£
Warwickshire	-	-	-	-	-	1,000	-	-	1,000
Total restricted funds	54,689	161,847	(137,412)	(800)	78,324	112,487	(126,555)	(9,126)	55,130
Unrestricted funds									
General funds	217,728	529,748	(329,879)	800	418,397	846,099	(708,268)	9,126	565,354
Total funds	272,417	691,595	(467,291)	-	496,721	958,586	(834,823)	-	620,484

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

Restricted funds in year constituted the following, and any unspent funds will be fully expended in 2023-24 financial year:

Factset Europe	Evidence, Impact & Research
Chapter One US	Early literacy intervention
Provident Financial	London, Earlsmead
Sir Ken and Lady Morrison Fund	Bradford programme delivery
The Shears Foundation	Bradford programme delivery
Ernest Kleinwort Charitable Trust	East Sussex programme delivery
The Lawson Trust	East Sussex programme delivery
Drapers Charitable Fund	London – core costs
Allen & Overy Foundation	London programme delivery
DWF Foundation	Manchester – setup costs
KPMG	Manchester – setup costs
The W O Street Charitable Foundation	Manchester – setup costs
Earl Fitzwilliam Charitable Trust	Peterborough programme delivery
William A Cadbury Charitable Trust	Warwickshire ELI project
Research	Impact evaluation – external report
Marketing and Communications	Updated marketing film
Parental Involvement	Chapter One Home programme costs
Cumbria	Cumbria programme delivery
Glasgow	Glasgow programme delivery
Middlesbrough	Middlesbrough programme delivery

The transfer of funds represents funds used to purchase fixed assets on which the restriction is now completed. In year a restricted grant of £6,000 from KPMG for storytelling was moved from restricted to unrestricted to support volunteer costs.

14 Analysis of net assets between funds

Fund balances at 31 July 2023 are represented by:

	General Funds	Restricted Funds	Total 2023	General Funds	Restricted Funds	Total 2022
	£	£	£	£	£	£
Tangible assets	51,261	-	51,261	41,094	-	41,094
Current assets	526,752	59,296	586,048	386,838	78,324	465,162
Creditors: amounts falling due within one year	(12,659)	(4,166)	(16,825)	(9,535)	-	(9,535)
	565,354	55,130	620,484	418,397	78,324	496,721

CHAPTER ONE (U.K.) LTD
A company limited by shares
COMPANY REGISTRATION No. 11116416 (England & Wales)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

15 Net cash provided by operating activities

	2023	2022
	£	£
Surplus/(deficit) for the year	123,763	224,304
Adjustments for:		
Investment income recognised in profit or loss	(1,784)	(42)
Depreciation and impairment of tangible fixed assets	35,192	17,008
Movements in working capital:		
Decrease/(increase) in debtors	(16,934)	(34,813)
(Decrease)/increase in creditors	7,290	6,978
Cash generated from operations	147,527	213,435

16 Related party transactions

Controlling party

The company is a wholly owned subsidiary of Chapter One US (NFP), a 501c3 non-profit in the US. During the year, a grant of £58,474 was received from Chapter One US (2022: £5,135). No amounts were outstanding at year end.

Sarah Bell (Trustee) is the sister-in-law of Emma Bell, Chief Executive, however the Board are satisfied that any potential conflict has been mitigated, and Sarah has not been involved in any decisions relating to Emma's remuneration.