

REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2008
FOR
SHANNON TRUST

CBHC LLP
Chartered Accountants
Riverside House
1-5 Como Street
Romford
Essex
RM7 7DN

SATURDAY



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09/05/2009
COMPANIES HOUSE

SHANNON TRUST

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008

	Page
Report of the Trustees	1 to 6
Accountants' Report	7
Statement of Financial Activities	8
Balance Sheet	9 to 10
Notes to the Financial Statements	11 to 17

SHANNON TRUST

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST DECEMBER 2008

The trustees who are also directors of the charity for the purposes of the Companies Act 1985, present their report with the financial statements of the charity for the year ended 31st December 2008. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
5906258 (England and Wales)

Registered Charity number
1117249

Registered office
Suite 1
38 Ebury Street
London
SW1W 0LU

Trustees
B Duncan - Chairman
C Morgan
J MacGregor
E Allison
J Rowlandson
K Kamasa
T Robson
A Creighton

Company Secretary
K Kamasa

Accountants
CBHC LLP
Chartered Accountants
Riverside House
1-5 Como Street
Romford
Essex
RM7 7DN

Bankers
CAF Bank
25 Kings Hill
West Malling
Kent
ME19 4JQ

Chief Executive Officer
David Ahern

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Shannon Trust is a charitable company limited by guarantee, with no share capital, incorporated on 16th August 2006. Its directors are also its trustees and members of the association. The Memorandum of Association lays down the objects and powers of the Association, governed under its Articles of Association. In the event of the company being wound-up, its members are required to contribute an amount not exceeding £1.00.

SHANNON TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2008**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The Directors of the company (the charity) are also charity Trustees for the purpose of charity law and under the company's Memorandum and Articles are known as Trustees.

Under provision of the Articles:

- I. the number of trustees shall not be less than three but (unless determined by ordinary resolution) is not subject to any maximum.
- II. at every annual general meeting one-third of the trustees who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one third shall retire from office; but, if there is only one trustee who is subject to retirement by rotation, he shall retire.

Persons are invited to become trustees by the existing trustees board. The trustee board has reviewed the skills and experience of the existing trustees and the needs of the charity. As a result the trustees are actively engaged on the recruitment of additional trustees to strength the trustee Board

Admission of Members

Under the articles the members of the company comprise the subscribers to the memorandum and such other persons or organisations as are admitted to membership in accordance with the rules made by the trustees. Rules were made by the trustees on the 16 August 2006 and provide that the trustees may admit to membership any person over the age of eighteen who is not a paid worker of the charity or any of its subsidiary companies. Currently the charity has eight members.

Induction and training of new trustees

In the earlier part of the year Trustees received an induction briefing, given by the Chairman. Trustees also took part in a study day to consider and review the first draft of the trusts three year strategy. In future all new trustees will be given an induction pack about the work of the charity. Arrangements will also be made to visit a prison to see the Toe by Toe Reading Plan in operation.

Organisational structure

The trustees normally meet four times a year and are responsible for the strategic direction and policy of the charity. In 2008 the trustees met on four occasions.

Day to day responsibility for the provision of services to the charity is the responsibility of the Chief Executive Officer, assisted by paid staff and volunteers.

Risk management

The Trustees regularly review areas of risk across the whole range of the Charity's activities. The annual budget and business planning processes include reviews and assessment of the possible risks to the Charity, the consequences of those risks and plans to mitigate their effects on delivery of the charitable services. This framework of risk is then actively monitored across the organisation. Any significant changes in risk to the organisation are notified to the Trustees.

Procedures are in place to ensure compliance with health and safety of staff, volunteers and visitors while representing the charity.

SHANNON TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2008**

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Objects of the charity are: To promote advancement of education, the rehabilitation of offenders and the relief of financial hardship, sickness and distress of inmates or former inmates and their families of prisoners, young offenders' institutions, secure units in high security psychiatric or other hospital units and offenders or former offenders subject to non-custodial community orders in the United Kingdom, and to promote literacy schemes and similar educational initiatives

The vision of the charity is for the Toe by Toe Reading Plan to be available to prisoners with poor reading skills, on every wing, in every prison in the UK, so that they may learn to read and experience the positive engagement that brings lasting change into their lives.

The Main activity of the charity throughout the year has been to promote and deliver the Toe by Toe Reading Plan in prisons throughout the UK, which includes:

- o Provision of reading manuals to prisons
- o Appoint of volunteers representatives to support the Reading Plan in prisons
- o Development and support of our volunteers
- o Development and provision of Reading Plan promotional materials
- o Development of the West Midlands Reading Network for Young Offenders
- o Development of the Board of Trustees

History

Shannon Trust was founded in 1997 to help tackle the problem of poor literacy in prisons. Shannon Trust is devoted to running peer-led literacy programmes where prisoners teach non-reading prisoners to read. The Reading Plan is delivered using the Toe by Toe manual, a synthetic phonics learning system, which is specifically for people who struggle with traditional learning methods. The charity targets prisoners who are disaffected from formal educational. In 2004 the founder was awarded the Lord Longford Prize for his outstanding contribution to rehabilitating prisoners with poor reading skills.

The Reading Plan is particularly successful in the prison environment. Learners and mentors like the informal nature of the Reading Plan, that it is prisoner led and that the pace of learning is controlled by the learner. The principle of peer delivered learning is growing in acceptance throughout the Prison Service. This is a positive development for the charity. Whole prison support for the Reading Plan is essential to achieving our vision of Toe by Toe being available to prisoners of every wing, in every prison in the country.

At the 2008 Clink's AGM, Phil Wheatley, Director General for the National Offender Management Service stated that in the future Prison officers' must: "genuinely engage with offenders". He also made specific reference to Toe by Toe as an excellent example of a peer-delivered activity in prisons. Officers support for peer-delivered activities is an obvious area where they can positively engage and help prisoners. In 2009 we will be looking at ways this opportunity can be exploited to embed Toe by Toe as a prison-wide activity.

Reporting Year

2008 has been a year of consolidation and professional development for the charity. A great deal has been achieved in developing a clear understanding of roles and what staff and volunteers can expect of one another, to more effectively deliver the Reading Plan in prisons.

2008 has been a challenging year for Prison Service Governors who have had to respond to financial and operational constraints imposed upon them. In many institutions this has meant a reduction in the time available to officers to perform non-operational duties in favour of core functions. Toe by Toe has felt the impact of this in several prisons where time allocated to running the Reading Plan has been reduced or removed. In several prisons responsibility for the Reading Plan has been passed to education departments and libraries. Moving responsibility for the Reading Plan from officer-lead departments has resulted in extended lines of communication with prisoners and less direct access to individuals who are best engaged on the wings. Officer involvement in the Reading Plan is important to establishing Toe by Toe as a prison-wide activity. We will be working closely with Governors and staff to achieve this goal.

SHANNON TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST DECEMBER 2008**

OBJECTIVES AND ACTIVITIES

Significant activities

The Reading Plan

During 2008 over 6,100 manuals we distributed (2,200 full manuals and 3,900 short manuals). This is comparable to the figure for 2007. The short manual was developed in 2003. It consists of the first twenty pages of Toe by Toe, which are the most challenging for non-readers. When learners get to the end of the short manual they receive a full manual. The short manual is an invaluable introductory tool, being less daunting to a new learner.

While the figures above may indicate the programme has had a static year, this does not reflect the real successes of the Reading Plan during the reporting period. Control measures for the ordering of books have resulted in more realistic numbers of manuals being ordered. It should be noted that the number of requests submitted for books and materials increased by over thirty percent. Activity levels are higher than they have ever been. The Reading Plan is now accepted across the prison estate as a beneficial and effective means of delivering one to one literacy learning. We receive near unanimous support from Governors and departments for the Reading Plan. This presents us significant opportunities for the future.

The number of prisons running the Reading Plan has increased to 132. The remaining prisons do not currently have appointed Facilitators (member of the prison staff) or volunteers to support the programme. We are aware, however, of several instances where prisoners are independently supporting a learner to read in prisons where the Reading Plan is not formally established. The viral nature of the Reading Plan is a great source of encouragement to us. It is evidence that the delivery model is adaptable and popular with prisoners.

Our Staff

In 2008 we started the year with a completely new team, less the CEO. Julie Carthy took on the new appointment of Volunteers' Development Manager (Nov 07), Susie O'Hagan took on the new Post of Programme Manager for the West Midlands Reading Network and Yasmin Aktar was appointed as Office Supervisor in April, a post that had been vacant since January. They have proved to be an exceptionally able team, with the impact of their contribution being felt increasing during the year.

Volunteer Field Force

Volunteers are an integral and essential part of a successful prison Reading Plan. They are the link between the prison and Shannon Trust, offering support and advice to prison staff on how to implement and sustain the Reading Plan. Supporting a prison can be a demanding and challenging task, we are indebted to our volunteers for the professional and determined way they promote literacy in prisons through Toe by Toe.

Volunteer Recruitment

Our volunteers' Development Manager has restructured the way in which we recruit and induct volunteers. This has had a major impact upon the number and quality of volunteers joining the charity. In 2008 the number of volunteers representing Shannon Trust in UK prisons increased by more than twenty percent to one hundred and forty. This is the highest number of volunteers the charity has ever had.

Volunteer Development

In the first three months of the year five volunteer seminars were held in Leeds, Rugby, Bristol, London and Scotland. The seminars provided an opportunity for volunteers and prison staff to meet with one another and attend briefing sessions on developing an effective Reading Plan. The seminars were well received and as a result a three year cycle of seminars, workshops and a conference will be introduced, starting in 2009.

Scotland & Northern Ireland

Considerable progress has been made to re-invigorate the Reading Plan in Scottish prisons. Within the UK there are three independent prison services (England & Wales, Scotland, and Northern Ireland). Each has their own management structure, all of which are independently funded. They also work with separate educational authorities. These differences demand a different approach to the establishment of the Reading Plan, particularly in Scotland. In October 2008 a Director for Scotland was appointed. The work done to date has highlighted the many differences and work that needs to be done to embed Toe by Toe in the Scottish prison system. Our Scotland Director, David Croft has made a considerable impact in the short time he has been with the charity. The Reading Plan is now running in more Scottish prisons than ever before. The three prisons operating in Northern Ireland all running excellent Toe by Toe Reading Plans.

West Midlands Reading Network

Funded by the Paul Hamlyn Foundation for three years, the Reading Network is a pilot scheme to engage Young Offenders (YOs) in learning to read using the Toe by Toe manual. The Programme Manager, Susie O'Hagan, based at HMYOI Brinsford, works with prison staff at five young offender institutions to increase engagement with YOs who need help with their reading. The relatively short period of time that YOs spend in custody demands rapid identification and engagement with learners, if they are to receive meaningful help during their time in custody. A methodology for identification, engagement and tracking of YOs, as they move through the system has been developed and is in operation. Relationships have also been developed with other key stakeholders to encourage YOs to continue learning while on licence. Initial results are most encouraging, with 124 YOs engaging in the network.

SHANNON TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2008

OBJECTIVES AND ACTIVITIES

Significant activities

The excellent groundwork done by Susie O'Hagan to establish the Reading Network is now paying real dividends. The latter part of the year saw a substantial increase in activity across the establishments supporting the Reading Network. In 2009 we will focus on growing the numbers of YO's in the programme and developing qualitative measures to evaluate the impact of the Reading Network.

Evaluation

Toe by Toe is run as an informal literacy programme in prisons, which is one of the main reasons that so many prisoners engage in the Reading Plan. This characteristic of the Reading Plan, however, makes the collection of statistics and qualitative information a particular challenge. Throughout the year a concerted effort was made to gather statistics and information about the conduct of the Reading Plan. Several prisons are now submitting monthly returns, which is enabling us to better assess the uptake of the Reading plan. Between 25 and 30 prisons regularly submit monthly statistical returns.

Based upon statistics received we estimate that between 5,000 and 6,000 prisoners engaged in the Reading Plan during the year. The exceptionally high level of prisoner moves between establishments and short sentences results in many learners not completing the manual. We estimate that between 600 and 700 learners became "graduates" in 2008.

In December 2008 New Philanthropy Capital (NPC) produced a report on the activities and the effectiveness of the Reading Plan in prisons. Their findings were highly favourable. In December NPC's Board of Trustees selected Shannon Trust as an official charity for funding in 2009.

RESOURCE DEVELOPMENT

Website

In May 2008 we launched our new website. Apart from restyling the site, it has significantly enhanced functionality, allowing volunteers to access, on-line reports, forms and information useful to running the Reading Plan in prisons. In October a volunteers' forum was added, allowing volunteers to post questions and discuss topical issues related to running the Reading Plan. Julie Carthy is to be congratulated for the excellent work she did in developing the site.

In March 2008 a DVD to recruit mentors and learners was made available to all prisons. The DVD was produced and filmed in HMP Garth in Lancashire. We are most grateful to Maria Radice, a Shannon Trust volunteer, who raised all the funds to produce the film.

PROMOTION & PR

Conferences

During the year we were invited to attend conferences run by The Prison Officers' Association, the Independent Monitoring Board and the Prison Officers Association in Scotland. At each of the conferences stands were displayed to promote awareness and support for the Reading Plan. We were greatly encouraged by how aware the delegates were of the Reading Plan and their willingness to support our work.

Promotional Items

During the year a number of new promotional items were developed and made available to prisons:

Certificates: Certificates to recognise the achievement of learners and the contribution made by mentors were made available to prisons. They are very popular with prisoners. Many learners have never received formal recognition for learning or training. They are an excellent motivational tool.

Prison Officer Poster: A poster to encourage prison officers to support the Reading Plan was produced and made available to all prisons.

Pencils: Toe by Toe branded pencils were produced and are very popular with learners.

JK Rowling

In March Harry Potter author, JK Rowling, visited HMP Edinburgh to promote the Toe by Toe Reading Plan. Both learners and mentors found the visit inspirational. The event received comprehensive coverage in the Scottish press. JK Rowling described the Toe by Toe manual as:

"One of the most important books I have ever signed".

Prison Officers Association

Throughout the year we have received the unqualified support of the POA. In May we were invited to address their annual conference in Portsmouth. Throughout the year the National Executive has actively promoted the Reading Plan by writing to their members, on several occasions, encouraging officers to support the Reading Plan.

SHANNON TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2008

OBJECTIVES AND ACTIVITIES

Volunteers

The Chairman would like to express his thanks to his fellow trustees for their commitment, hard work and support for the Trust during the year. We have been impressed by the energy, enthusiasm and dedication of the full time staff in taking the Trust's work forward. The Board would also like to note the hard work put in by our part-time financial adviser, Mike Slade, who has ensured tight financial control and sound budget planning.

The Trust's founder, Christopher Morgan remains a Trustee, and there is no doubt that his personal drive, enthusiasm and charisma remains an inspiration to many of our volunteers. I would wish to thank him for the constant advice and support he has offered me during the year. There is no doubt that the Trust is in good heart, committed to its objectives, and ably led by its Chief Executive.

Finally, I would like to thank our volunteer field force for the work they have done throughout the year in developing the Reading Plan in prisons up and down the country. I am aware of how challenging it can be working in prisons and I am always impressed with the determination and good humour they show in challenging circumstances. Our volunteers are the backbone of the charity and we are greatly indebted to them.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The Trust's achievements in 2008 were consistent with the CEO's objectives and Work Plan - 2008.

The charity was fully funded to undertake all activities planned for the year. Costs were £4,000 below the budgeted figure. The charity has sufficient funds for operational and administrative activities for 2009.

Fundraising activities

We have been particularly fortunate to receive sufficient funding to support all of our key projects and activities during the year. A total of £246,742 was raised during the reporting year. This included; £49,000 from The Esmée Fairbairn Foundation, for the Chief Executive's post and £47,000 from The Paul Hamlyn Foundation, for the first year of three years of funding for the West Midlands Reading Network. We also received significant donations from Lloyds TSB Foundation, JJ Charitable Trust, Rank Foundation, The Maurice and Hilda Laing Foundation, The Fuserna Charitable Trust, Tuixen Trust, Man Group, The Tudor Trust and The Bromley Trust.

Investment performance

Incoming resources in 2008 were £246,742 compared with £358,993 in 2007. This reduction was largely attributable to the success in initially attracting substantial committed funds in the first year in which the Trust was active as an incorporated charity. Outgoings were £244,084 compared to £194,261 in 2007, the rise being attributable to the charity building its core staff, recruiting volunteers and progressively expanding its presence in UK prisons. The financial outcome was thus a modest £2,480.

Reserves as of 31 December 2008 were £219,429 (£216,771: 2007) of which £50,172 were restricted funds carried forward into 2009.

FINANCIAL REVIEW

Reserves policy

The Trustees consider they should adopt a reserves policy based on six months running costs. This would permit the Trust to sustain the quality and reach of work throughout the prison estate for some months should the flow of new funds reduce significantly, thus allowing time for changes in strategy.

FUTURE DEVELOPMENTS

These are covered in the three year strategic plan and the CEO's Work Plan. The main objectives are:

- o Improve the training and development of our volunteer field force
- o To deliver mentor training
- o To embed and develop the West Midlands Reading Network
- o To improve communication with stakeholders to better promote the Reading Plan
- o To take steps to assure the long term viability of the trust and the on-going availability of Toe by Toe manuals.

ON BEHALF OF THE BOARD:


.....
Trustee

Date: 1/5/2009

REPORT OF THE ACCOUNTANTS TO THE TRUSTEES OF
SHANNON TRUST

We report on the financial statements for the year ended 31st December 2008 set out on pages eight to seventeen.

Respective responsibilities of trustees and reporting accountants

As described on pages nine to ten the charitable company's trustees are responsible for the preparation of the financial statements, and considers that the charitable company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the charitable company, and making such limited enquires of the officers of the charitable company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the financial statements are in agreement with the accounting records kept by the charitable company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the charitable company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).

CBHC LLP

CBHC LLP
Chartered Accountants
Riverside House
1-5 Como Street
Romford
Essex
RM7 7DN

Date: *1 May 2009*

SHANNON TRUST

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2008

				Year Ended 31.12.08	Period 15.8.06 to 31.12.07
	Notes	Unrestricted funds £	Restricted funds £	Total funds £	Total funds as restated £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income		117,028	-	117,028	133,164
Investment income	2	9,984	-	9,984	3,914
Incoming resources from charitable activities					
Literacy programme		-	119,730	119,730	221,915
Total incoming resources		127,012	119,730	246,742	358,993
RESOURCES EXPENDED					
Charitable activities	3				
Literacy programme		71,614	170,253	241,867	190,105
Governance costs		2,217	-	2,217	4,156
Total resources expended		73,831	170,253	244,084	194,261
NET INCOMING/(OUTGOING) RESOURCES					
before transfers		53,181	(50,523)	2,658	164,732
Gross transfers between funds	13	2,900	(2,900)	-	-
Net incoming/(outgoing) resources		56,081	(53,423)	2,658	164,732
RECONCILIATION OF FUNDS					
Total funds brought forward		113,176	103,595	216,771	52,039
TOTAL FUNDS CARRIED FORWARD		169,257	50,172	219,429	216,771

The notes form part of these financial statements

SHANNON TRUST
BALANCE SHEET
AT 31ST DECEMBER 2008

		Unrestricted funds	Restricted funds	31.12.08 Total funds	31.12.07 Total funds as restated
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	9	1	-	1	1
CURRENT ASSETS					
Debtors: amounts falling due within one year	10	1,921	-	1,921	1,653
Cash at bank		177,946	50,172	228,118	224,095
		<u>179,867</u>	<u>50,172</u>	<u>230,039</u>	<u>225,748</u>
CREDITORS					
Amounts falling due within one year	11	(10,611)	-	(10,611)	(8,978)
NET CURRENT ASSETS		<u>169,256</u>	<u>50,172</u>	<u>219,428</u>	<u>216,770</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>169,257</u>	<u>50,172</u>	<u>219,429</u>	<u>216,771</u>
NET ASSETS		<u>169,257</u>	<u>50,172</u>	<u>219,429</u>	<u>216,771</u>
FUNDS	13				
Unrestricted funds				169,257	113,176
Restricted funds				<u>50,172</u>	<u>103,595</u>
TOTAL FUNDS				<u>219,429</u>	<u>216,771</u>

The notes form part of these financial statements

SHANNON TRUST

BALANCE SHEET - CONTINUED
AT 31ST DECEMBER 2008

The charitable company is entitled to exemption from audit under Section 249A(2) of the Companies Act 1985 for the year ended 31st December 2008.


The trustees have not required the charitable company to obtain an audit of its financial statements for the year ended 31st December 2008 in accordance with Section 249B(2) of the Companies Act 1985.


The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Board of Trustees on 1 May 2009 and were signed on its behalf by:


.....
Trustee

1/5/2009 
.....
Trustee

SHANNON TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2008

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2007), the Companies Act 1985 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the charitable company qualifies as a small charitable company.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary income

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Charitable activities

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Capital grants

Grants received as a contribution towards the purchase of capital equipment are now taken to the Statement of Financial Activities in the period in which they are received as per the requirements of the revised Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP).

Interest receivable and investment income

Interest receivable is credited to the Statement of Financial Activities when it is receivable. Dividends and interest from investments, including associated tax credits, are credited to the Statement of Financial Activities when they are receivable.

Investments are included in the accounts at mid-market value at the end of the financial year. Realised and unrealised gains and losses are credited or debited to the statement of financial activities in the year in which they arise.

Income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods;
- The donor has imposed conditions which must be met before the charity has unconditional entitlement; or
- Performance related grants are received in advance of the performances or event to which they relate.

SHANNON TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2008

1. ACCOUNTING POLICIES - continued

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Costs of generating funds

Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in raising funds.

Charitable activities

Charitable activities include expenditure associated with the main objectives of the charity and include both the direct costs and support costs relating to these activities.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Volunteers

The value of services provided without charge other than expenses is not incorporated in these financial statements. Details of the significant contribution made by volunteers to the work of the Trust are contained in the Trustees Annual Report.

Value Added Tax

Value Added Tax is not recoverable by the charity, and, as such, is included in the relevant cost in the Statement of Financial Activities.

Tangible fixed assets

Tangible fixed assets (excluding investments) are stated at cost less depreciation. The cost of minor additions or those costing less than £1000 are not capitalised. Other fixed assets with an expected life of more than one year are included at cost and depreciated over three years.

Taxation

As a charity, Shannon Trust is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Designated funds are unrestricted funds 'ring fenced' by the Management Committee for particular purposes.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

2. INVESTMENT INCOME

	Year Ended 31.12.08	Period 15.8.06 to 31.12.07 as restated
	£	£
Deposit account interest	<u>9,984</u>	<u>3,914</u>

3. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 4)	Totals
	£	£
Literacy programme	<u>241,867</u>	<u>241,867</u>

SHANNON TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2008

4. DIRECT COSTS OF CHARITABLE ACTIVITIES

	Year Ended 31.12.08	Period 15.8.06 to 31.12.07 as restated
	£	£
Staff costs	135,419	62,799
Operational costs	79,818	105,814
Administrative costs	16,192	10,729
Premises costs	10,438	10,763
	<u>241,867</u>	<u>190,105</u>

5. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	Year Ended 31.12.08	Period 15.8.06 to 31.12.07 as restated
	£	£
Auditors' remuneration	<u>-</u>	<u>3,299</u>

6. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st December 2008 nor for the period ended 31st December 2007.

Trustees' Expenses

During the year the trustees were reimbursed expenses amounting to:

	Year Ended 31.3.08	Period 15.8.06 to 31.12.07 as restated
	£	£
	<u>190</u>	<u>397</u>

SHANNON TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2008

7. STAFF COSTS

	Year Ended 31.12.08	Period 15.8.06 to 31.12.07 as restated
	£	£
Wages and salaries	122,941	55,309
Social security costs	12,478	7,490
	<u>135,419</u>	<u>62,799</u>

The average monthly number of employees during the year was as follows:

	Year Ended 31.12.08	Period 15.8.06 to 31.12.07
Direct charitable work	<u>4</u>	<u>3</u>

During the year there were no employees whose annual emoluments exceeded £60,000, nor for the period ended 31st December 2007.

8. PRIOR YEAR ADJUSTMENT

It has been decided that funds transferred into the charity from the previous, unincorporated, charity were not accurately disclosed within the last reported accounts. It is considered more appropriate for the monies to be shown as a movement on reserves as apposed to incoming resources. Income for the period ending 31st December 2007 has therefore been reduced by £52,039 and reserves have been adjusted accordingly, resulting in a net effect on the balance sheet of £nil.

9. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1st January 2008 and 31st December 2008	<u>4,533</u>
DEPRECIATION	
At 1st January 2008 and 31st December 2008	<u>4,532</u>
NET BOOK VALUE	
At 31st December 2008	<u>1</u>
At 31st December 2007	<u>1</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.08	31.12.07 as restated
	£	£
Prepayments and accrued income	<u>1,921</u>	<u>1,653</u>

SHANNON TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2008

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.08	31.12.07 as restated
	£	£
Social security and other taxes	3,640	5,218
Other creditors	4,959	-
Accruals and deferred income	2,012	3,760
	<u>10,611</u>	<u>8,978</u>

12. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year for land and buildings:

	31.12.08	31.12.07 as restated
	£	£
Expiring:		
Within one year	9,396	-
Between one and five years	-	9,396
	<u>9,396</u>	<u>9,396</u>

13. MOVEMENT IN FUNDS

	At 1.1.08 £	Net movement in funds £	Transfers between funds £	At 31.12.08 £
Unrestricted funds				
General fund	113,176	38,181	2,900	154,257
Designated reading materials	-	15,000	-	15,000
	<u>113,176</u>	<u>53,181</u>	<u>2,900</u>	<u>169,257</u>
Restricted funds				
Management support fund	5,250	(1,190)	-	4,060
Administrative support fund	(7,096)	9,996	(2,900)	-
Volunteer support fund	58,386	(18,757)	-	39,629
West Midland Reading Network fund	41,250	(34,767)	-	6,483
Funds transferred from unincorporated charity	5,805	(5,805)	-	-
	<u>103,595</u>	<u>(50,523)</u>	<u>(2,900)</u>	<u>50,172</u>
TOTAL FUNDS	<u>216,771</u>	<u>2,658</u>	<u>-</u>	<u>219,429</u>

SHANNON TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER 2008

13. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	112,012	(73,831)	38,181
Designated reading materials	15,000	-	15,000
	<u>127,012</u>	<u>(73,831)</u>	<u>53,181</u>
Restricted funds			
Management support fund	49,500	(50,690)	(1,190)
Administrative support fund	25,000	(15,004)	9,996
Volunteer support fund	45,230	(63,987)	(18,757)
West Midland Reading Network fund	-	(34,767)	(34,767)
Funds transferred from unincorporated charity	-	(5,805)	(5,805)
	<u>119,730</u>	<u>(170,253)</u>	<u>(50,523)</u>
TOTAL FUNDS	<u>246,742</u>	<u>(244,084)</u>	<u>2,658</u>

SHANNON TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31ST DECEMBER 2008

13. MOVEMENT IN FUNDS - continued

Management support fund

Provides for the efficient administration of the organisation's activities and finances, services the Board of Trustees and supervision of staff. Ensures quality control methods are in place, user-feedback is collected and reports are made to major funders. Ensures that policies and procedures are reviewed regularly and organises the production of the Annual Report. The sole grant donor of this fund was the Esmee Foundation.

Administrative support fund

Ensures efficient secretarial and administrative support to the Trustees, Chief Executive, staff and the many volunteers throughout the UK.

During there year there were two grant donors contributing towards this fund. The specific movements for each were as follows;

Tudor Trust

Brought forward £9,996, received £25,000, expended £15,004, carried forward £Nil.

Westminster Foundation

Brought forward £2,900, received £Nil, expended £Nil, transferred -£2,900, carried forward £Nil.

Volunteer support fund

Ensures the efficient recruitment, management and support of the large network of volunteers sustaining the reading programme in the majority of prisons in the UK.

During there year there were three grant donors contributing towards this fund. The specific movements for each were as follows;

Derwent Trust

Brought forward £15,000, received £Nil, expended £15,000, carried forward £Nil.

JJ Charitable Trust

Brought forward £25,000, received £20,000, expended £25,000, carried forward £20,000.

Lloyds TSB Foundation

Brought forward £18,386, received £25,230, expended £23,987, carried forward £19,629.

West Midlands Reading Network fund

Support for a reading network project in the West Midlands aimed specifically at Young Offenders' "stitutions". The sole grant donor of this fund was the Hamlyn Trust.

Designated reading material fund

The Trustees have decided to set aside a sum of £15,000 in order to hold a stock of reading manuals to augment funds flowing to the Trust for this purpose.

Transfers between funds

Administrative support fund

An amount of £2,900 was transferred from this fund on 1st January 2008. This transfer represents costs allocated to General fund during the period to 31 December 2007, which should have been incurred by the administrative support fund.