

Charity No: 1026432
Company No: 2846227

**BAG BOOKS
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2010**

BAG BOOKS
Year ended 31 December 2010
Reference and administrative information

Status

The organisation is a charitable company limited by guarantee, incorporated on 19 August 1993 and registered as a charity on 24 September 1993

Governing Document

The company was established under a Memorandum of Association which established the objects and powers of the charitable company. The objects are:

“to promote the recreation and education of children and adults with special learning difficulties and/or physical disabilities in particular through the use of tactile books and related material in the interests of social welfare and with the object of improving their conditions of life.”

The charitable company is governed under its Articles of Association.

During the year, the Trustees have referred to the Charity Commission’s general guidance on public benefit and believe that the charity meets the requirements of public benefit with regard to its aims and objectives and in planning its future activities. In particular, the Trustees have considered how the planned activities will contribute to the aims and objectives they have set.

Summary of investment powers

The trustees may invest the moneys of the company not immediately required for its own purposes in or upon such investments, securities, or property as may be thought fit.

Business Address and Registered Office

1 Stewart’s Court, 218-220 Stewart’s Road, London SW8 4UB

Charity Number

1026432

Company Number

2846227

VAT Number

GB 994 0287 86

BAG BOOKS

Year ended 31 December 2010

Reference and administrative information

Trustees and directors

Philip Wilson, Chair

James Roy, Treasurer

Sandra Allon

Mamta Gupta

(appointed 20/07/10)

Beth Murray

(appointed 20/07/10)

Wendy Parsons

(appointed 20/07/10)

Natasha Theobald

(appointed 20/07/10)

Jonathan Walsh

Patrons

Prof. James Hogg BA(Hons) PhD FIASSID

Kay Hounsham MSc MBE

Michael Morpurgo

Dr Alison Salt MBBS MSc FRCPCH

Senior Management Team

Dean Casswell, Chief Executive

Stuart Cummings, Director of Services

Sophie Baker, Craft Workshop Manager

Francis Makuwaza, Finance Officer

Camilla John, Corporate Fundraising Manager

Company Secretary

Dean Casswell

Bankers

Lloyds TSB Bank plc, Clapham Branch, 2 South Side, London SW4 7AD

Unity Trust Bank plc, Nine Brindleyplace, Birmingham B1 2HB

Solicitors

Bates, Wells & Braithwaite, Cheapside House, 138 Cheapside, London EC2V 6BB

Auditors

Wyatts, Chartered Accountants, York House, 1 Seagrave Road, London SW6 1RP

BAG BOOKS
Year Ended 31 December 2010
Trustees' Report

The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2010.

The legal and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities (issued March 2005).

Structure, governance and management

1. Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.
2. Trustees are elected by the Members at the Annual General Meeting and at each meeting a third retire by rotation. Trustees can be appointed during the year but must then be elected at the subsequent Annual General Meeting.
3. The Trustees meet quarterly and have been selected on the basis of experience and knowledge of severe and profound intellectual and physical disabilities and/or specialist skills in law, business and fundraising.
4. Following an openly advertised recruitment process, four new Trustees were appointed during the year. The new Trustees were inducted into the workings of the charity through a tour of the workshop, informal discussions with staff and volunteers and the opportunity to observe storytelling sessions with beneficiaries. An induction pack was provided which included copies of the Memorandum and Articles of Association, the most recent Audited Accounts, minutes of the last two Board meetings and the Charity Commission's booklet "The Essential Trustee."
5. In addition, a special "Away Day" for the recently enlarged Trustee Board was organised. The agenda included a review of the Aims and Objectives, a review of the Strategy, a discussion about the Business Plan, a debate about how the charity met items outlined in the Charity Commission "Hallmarks of an Effective Charity" booklet, and a discussion about the Charity Commission guidance, "The Economic Downturn – 15 Questions Trustees Need To Ask".
6. We thus now have eight trustees:
 - Philip Wilson, *our Chair who is Director of Development at the British Science Association. Formerly the Director of Fundraising at The Prostate Cancer Charity. Philip has been a Trustee since 14/01/04.*
 - James Roy, *our Treasurer who is a retired Accountant with over 40 years' experience. James has been a Trustee since 27/01/09.*
 - Sandra Allon, *formerly the Merchandising Director for Europe for Aquascutum and a senior buyer at Harrods for 30 years. Sandra has been a Trustee since 27/01/09.*
 - Mamta Gupta, *a Barrister currently specialising in Personal Injury and Clinical Negligence work. She was formerly a Diplomat with the Foreign and Commonwealth Office. Mamta has been a Trustee since 20/07/10.*

BAG BOOKS
Year Ended 31 December 2010
Trustees' Report

- Beth Murray, *a Consultant at leading public relations consultancy Lansons Communications. She primarily deals with clients in the retail and institutional finance markets. Beth has been a Trustee since 20/07/10.*
 - Wendy Parsons, *deputy head teacher of a Special School. Wendy has been teaching young people with learning difficulties for over 20 years. She worked with the founder of Bag Books early in her career and has been an enthusiastic supporter ever since. Wendy has been a Trustee since 20/07/10.*
 - Natasha Theobald *is a charity marketing professional with 16 years' experience. Natasha has been a Trustee since 20/07/10.*
 - Jonathan Walsh, *a solicitor. Jonathan has been a Trustee since 26/04/06.*
7. The trustees employ a full-time Chief Executive to manage the charity. The charity also employs a full-time Director of Services, Craft Workshop Manager, Deputy Workshop Manager and two Craft Artists. Part-time staff comprise a Finance Officer, Corporate Fundraising Manager, two Story-Telling/Training Co-ordinators and two more Craft Artists. The charity also has contracts with nine freelance Storytellers.
8. Our regular volunteers are invaluable to the production of story-packs: all knitted items for the stories and a considerable amount of hand sewing is supplied by volunteers. We are also grateful to the teams of corporate volunteers who join us for Craft Days. During the year we were assisted by teams from White & Case, City & Guilds, HSBC Group Risk, HSBC Private Bank (twice) and Standard Chartered. We have also benefitted from the services of several volunteers on the administrative side of our work. Together, we estimate that our volunteers donated 203 days (2009: 186 days) to us during the year and the value to the charity of this work is £15,500 (2009: £12,000) but this sum is not included in these accounts.
9. Bag Books is a member of the PMLD Network, the European Academy of Childhood Disability, the Society for Storytellers, the National Council of Voluntary Organisations, Lambeth Voluntary Action Council, the ImpACT Coalition and the Fundraising Standards Board. The charity is an Associate of Mencap. The Chief Executive is a member of the Association of Chief Executives of Voluntary Organisations and the Institute of Fundraising. The Director of Services is a member of the British Institute of Learning Disabilities (BILD).
10. The Trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity and its finances. The Trustees believe that by monitoring reserve levels, ensuring controls exist over key financial systems and by examining the operational and business risks faced by the charity, they have established systems to mitigate those risks.

Objectives and activities

11. The charitable objects are stated on page 1. As part of the "Away Day" described in para 5 above, the strategy was reviewed and the Trustees re-adopted the following mission statement:

"To enhance the lives of children and adults with learning disabilities through the use of multi-sensory books."

The Trustees also re-affirmed the following aims:

- To develop the emotional perception of children and adults with learning disabilities.
- To motivate children and adults with learning disabilities to engage with objects and materials, and their peers.
- To develop the language, communication and motor skills of children and adults with learning disabilities.
- To enable professional workers and parents/carers in contact with people who have a learning disability to make use of tactile and multi-sensory books.
- To enable service users to be involved in story development and production.

The strategy documents are available in full on the charity's website <http://www.bagbooks.org/strategy.html>

12. Bag Books is the only organisation in the world publishing multi-sensory stories for people with profound learning disabilities.
13. The Trustees have adopted six Charitable Objectives and two Organisational Objectives. Set out below is a review of what we intended to do in 2010, what we actually achieved and what our plans are for 2011. The Trustees have agreed an easily measurable Key Performance Indicator for each Objective and a traffic light system of targets for each which are also reported on below.
14. **Charitable Objective 1** *To promote Multi-Sensory Storytelling Technique within the academic, library and special educational fields.*

We said we would:

- Conduct research into the ongoing use of our books within schools and libraries.

In 2010 this is what we did:

- We were unable to obtain funding to commission large-scale independent research so we did an in-house project analysing the extent of our reach within the UK's Special Schools. Through an independently published Directory of Special Schools, we identified 646 schools that had pupils with Severe and/or Profound & Multiple Learning Disabilities. We had reached 418 (65%) of these Special Schools with our books and/or storytelling by the end of the year.
- We had stalls at the PMLD Conference at Penhurst School, Oxfordshire and at the Special Needs London Exhibition. We were represented at the PMLD Network Conference and our Director of Services wrote a two-page article which was published in the SLD Experience journal published by the British Institute of Learning Disabilities (BILD).

Our Key Performance Indicator for this Objective is:

- The number of websites linking to ours, which was 590 (2009: 248). The Trustees judge this to be green on our traffic light system.

In 2011 we plan to:

- Specifically target those Special Schools we have not reached to date.

15. **Charitable Objective 2** *To develop a range of developmentally appropriate literature for children and adults with severe and profound and multiple learning disabilities.*

We said we would:

- Develop a range of three new books for children linked to the National Curriculum.

In 2010 this is what we did:

- The funding for the new range of books took longer than anticipated to raise and the project was therefore delayed. In total, we obtained funding for five new titles (more than the three planned) and although preliminary work on all five began during the year, none were completed although one new book "The Fairground" was launched in early January 2011 just after the year end.
- We produced a prototype Bag Books "At Home" product which is a much simpler book to produce than our standard range. This new product is aimed at parents and carers whereas the standard range is aimed at schools and libraries. Field testing was ongoing at the end of the year.

Our Key Performance Indicator for this Objective is:

- The number of new titles published, which was 0 (2009: 1). The Trustees judge this to be red on our traffic light system.

In 2011 we plan to:

- Launch five new books for children linked to the National Curriculum.
- Obtain funding to cover the overheads of launching the new "At Home" product.

16. **Charitable Objective 3** *To produce multi-sensory books to a high standard.*

We said we would:

- Further increase book production.
- Reduce order waiting times.

In 2010 this is what we did:

- During the year we supplied 956 books, slightly fewer than the 996 we supplied in 2009. This fall was due in part to staff illness but also to a higher than anticipated number of orders for our "Matilda" book which takes over four times longer to make than some of our other titles.
- The number of orders received increased by 11% to 853.
- At the end of the year, the waiting time for orders to be made had been reduced to 4 weeks compared with 11 weeks a year earlier.
- During the year we produced our 10,000th book since the charity was formed in 1993. The book, a copy of *Charmaine's Bonfire Adventure*, was ordered by Hillingdon Library Services and presented to them following a storytelling session at Hedgewood School in nearby Hayes.

Our Key Performance Indicator for this Objective is:

- The number of books made, which was 933 (2009: 1,026). The Trustees judge this to be amber on our traffic light system.

In 2011 we plan to:

- Further reduce order waiting times and move to a "held in stock" system for some of our more popular titles.
- Introduce an internet-based ordering and payment system.

17. **Charitable Objective 4** *To organise a programme of storytelling sessions across the UK.*

We said we would:

- Deliver the Story-Go-Round project in the East Midlands and Scotland.
- Recruit five more storytellers.
- Achieve a three-fold increase in the number of storytelling sessions.

In 2010 this is what we did:

- The Story-Go-Round projects in the East Midlands and Scotland went ahead as planned. We received feedback from 43 of the 65 schools involved (a 66% response rate) and all 43 of the respondents judged the children in their class to have benefited from the storytelling session.
- We recruited five more storytellers, bringing the total to nine. This enabled us to broaden the Big Lottery Fund funded Telling Tales project to cover the whole of England for its second and final year. Feedback was received from a further 80 schools and 99% of the respondents judged the children in their class to have benefited from the storytelling session.
- During the year we ran 584 storytelling sessions (2009: 288 sessions) for a total of 4,061 people with learning disabilities (2009: 1,238 people) – we therefore more than tripled the number of people attending a storytelling session.

Our Key Performance Indicator for this Objective is:

- The number of service users attending storytelling sessions which was 4,061 (2009: 1,238). The Trustees judge this to be green on our traffic light system.

In 2011 we plan to:

- Visit Northern Ireland, Wales and East Anglia with our Story-Go-Round project.
- Obtain funding to run storytelling sessions in Children's Hospices and Hospitals.

18. **Charitable Objective 5** *To train professional workers and parent/carers in the learning disability field as storytellers.*

We said we would:

- Deliver our Big Lottery Fund funded Telling Tales project.

In 2010 this is what we did:

- The Telling Tales project offered library staff one of our storytellers to act as a mentor as they honed their multi-sensory storytelling skills over the course of six sessions. The first year of the project involved four of the nine English regions and finished in July 2010. In the first year, 73 trainees were mentored and from the feedback received across all their six sessions 28% rated the overall experience as "good" with a further 70% rating it as "very good". The second and final year of the project is now underway and sees it expanding to cover all nine regions of England.
- In addition to the in-depth training and mentoring offered by the Telling Tales project, we also continued to run our popular 90-minute long training sessions as part of our Story-Go-Round project and other storytelling days.

Our Key Performance Indicator for this Objective is:

- The number of people attending training sessions which was 991 (2009: 433). The Trustees judge this to be green on our traffic light system.

In 2011 we plan to:

- Complete our Telling Tales project.
- Obtain funding for a new Tall Stories project which will offer training and mentoring to staff in Adult Day Centres.
- Launch a new training DVD which has been filmed but needs editing.

19. **Charitable Objective 6** *To provide story production work experience or craft day opportunities to people with learning disabilities.*

We said we would:

- Develop a new project once our Director of Services was in-post.

In 2010 this is what we did:

- In previous years the charity has run a work-experience project for adults in our craft workshop. We have developed a new Build-a-Book project which will take our staff into local Special Schools and will involve the children in creating a bespoke book.

Our Key Performance Indicator for this Objective is:

- The number of people attending a course which was 0 (2009: 0). The Trustees judge this to be red on our traffic light system.

In 2011 we plan to:

- Obtain funding to start our Build-a-Book project.

20. **Organisational Objective A** *To have long term financial security.*

We said we would:

- Further develop our corporate fundraising.
- Increase expenditure by 39%.
- Reduce reserves from 25 to 17 weeks.

In 2010 this is what we did:

- Income from corporate fundraising increased to £59,673 (2009: £35,644). £45,217 of this came from first time donors.
- Expenditure on charitable activities increased by 55%; overall expenditure increased by 42% in line with our plans.

Our Key Performance Indicator for this Objective is:

- The level of reserves which was 14 weeks (2009: 25 weeks). The Trustees judge this to be amber on our traffic light system.

In 2011 we plan to:

- Further increase corporate fundraising.
- Increase income from individual donors.
- Maintain expenditure at current levels unless specific funding for new projects is obtained.

21. **Organisational Objective B** *To continually improve our Governance, Management and infrastructure.*

We said we would:

- Further increase the use of volunteers within the charity.
- Begin working towards the PQASSO quality standard.

In 2010 this is what we did:

- As noted in paras 4-6, we expanded the trustee board following an openly advertised recruitment process and held our first ever Trustees' Away Day.
- As noted in para 8, the use of volunteers grew both in terms of the total number of hours and their estimated value to the charity.
- We began monitoring our progress towards the PQASSO quality standard.

Our Key Performance Indicator for this Objective is:

- The number of volunteer days which was 203 days (2009: 186 days). The Trustees judge this to be green on our traffic light system.

In 2011 we plan to:

- Conduct a Governance Review
- Continue working towards the PQASSO quality standard.

22. Overall, our aim was to reach at least 15,000 people with stories. During the year, 4,061 (2009: 1,238) service users attended our storytelling sessions. In addition, over the past 5 years we have supplied our books to 707 (2009: 688) different clients, 93% (2009: 90%) of which are schools or libraries. Previous surveys have shown that in each location our books reach an average of 23 people with learning disabilities each year. The Trustees therefore estimate that this target was easily met.

23. We were delighted to win not just one but two awards during the year. In November, following a public vote, we won the Everyday Impact Award (Long-term Enterprises) at the DSC Social Change Awards 2010. A few weeks later we also won The Guardian Charity Awards 2010. The Guardian made a film about our work and the Award which can be viewed at <http://tinyurl.com/bbfilm>

Financial review

24. In the last quarter of 2009 we received a large legacy and a large, unexpected, corporate donation. The charity thus finished 2009 with a surplus of £78,783 and with reserves at a record high of 25 weeks. With funding secured from the Big Lottery Fund for the first full year of our Telling Tales project, the Trustees agreed a budget for 2010 which aimed to increase expenditure by 39% and reduce reserves to 17 weeks. Expenditure actually increased by 42% and, due mainly to disappointing fundraising from Charitable Trusts in the final quarter of the year, reserves fell to 14 weeks. Our reserves policy states "unrestricted reserves should be equivalent to at least 13 weeks of annual expenditure and ideally should be equivalent to 26 weeks."
25. The budget for 2011 is for expenditure to remain at 2010 levels unless specific funding for new work is received. The Trustees will be closely monitoring income levels, particularly from Charitable Trusts, in case the poor final quarter of 2010 results continue and force a rethink on expenditure plans.

Fundraising performance

26. We invested £66,914 (2009: £74,185) in fundraising and this produced voluntary income of £357,679 (2009: £333,136) which is 82% (2009: 84%) of our total income. The fundraised income can be broken down as follows: 73% (2009: 56%) from Trusts and Foundations; 18% (2009: 11%) from corporate partners; 4% (2009: 0%) from Gifts in Kind and other income; 3% (2009: 27%) from legacies; and 2% (2009: 6%) from individuals.
27. We received two discretionary legacies from the executors of Mr G H Warburton (the main part of the legacy was received in 2009) and from the executors of Muriel Walker. Together the legacies amounted to £9,389 far less than the £91,000 received in 2009 which supports the Trustees' cautious statements last year.
28. The appointment of a part-time Corporate Fundraising Manager began to reap rewards and corporate fundraising increased to £59,673 (2009: £35,644). In addition, the value of Gifts in Kind became material, ranging from £200 worth of zips to over £500 worth of batteries. For 2011, we have been notified of a Google Grant giving us a free AdWords account worth up to \$329 per day of Gifts in Kind advertising.
29. We are now in the second year of our two-year grant from The Big Lottery Fund for our England-wide Telling Tales project. This aims to build on our Story-Go-Round work and offers library staff a much more in-depth storytelling training and mentoring scheme.
30. We completed the first year of three-year grants from The Esmée Fairbairn Foundation and The Henry Smith Charity to employ a full-time Director of Services.
31. The Trustees would like to thank all our donors including: The Hilton in the Community Foundation, Clifford Chance LLP, The Baily Thomas Charitable Fund and The Equitable Charitable Trust.

Statement of responsibilities of the trustees

32. The Trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including the net income or expenditure, for the period. In preparing those financial statements the Trustees are required to:
- a) select suitable accounting policies and then apply them consistently;
 - b) make judgments and estimates that are reasonable and prudent;
 - c) state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
 - d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.
 - e) Observe the methods and principles in the Charities SORP.
33. The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

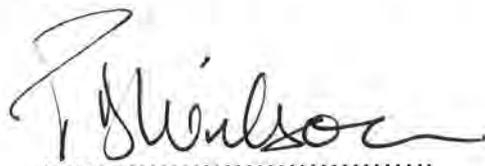
Statement of disclosure to auditors

34. As far as the Trustees are aware there is no relevant audit information of which charity's auditors are unaware. Additionally, the Trustees have taken all steps they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

35. A resolution to confirm the reappointment of Wyatts as the company auditor will be proposed at the Annual General Meeting on 3rd May 2011.

Approved by the Board of Trustees at its meeting on 3rd May 2011 and signed on its behalf:



Philip Wilson
Chair of Trustees
3rd May 2011

Independent Auditors Report to the members of Bag Books

We have audited the financial statements of Bag Books for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2009) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charity's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described more fully in the Trustees' responsibilities statement on page 4, trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Practice Board's Ethical Standard for Auditors.

Scope for 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 charity'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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its incoming resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the trustees were not entitled to prepare the financial statements and the directors report in accordance with the small companies regime.



K. Wyatt (Senior Statutory Auditor)

For and on behalf of

WYATTS Statutory Auditors

York House

1 Seagrave Road

London

SW6 1RP

BAG BOOKS
Year Ended 31 December 2010
Statement of Financial Activities

	Notes	Unrestricted Funds £	Restricted Funds £	2010 Total £	2009 Total £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income		65,126	286,542	351,669	329,136
Gifts in kind		5,980	0	5,980	4,000
Investment income		6,936	0	6,936	27
Incoming resources from charitable activities					
Sale of books and training		<u>70,618</u>	<u>0</u>	<u>70,618</u>	<u>64,575</u>
Total Incoming Resources		<u>148,661</u>	<u>286,542</u>	<u>435,203</u>	<u>397,738</u>
RESOURCES EXPENDED					
Cost of generating funds		66,914	0	66,914	74,185
Charitable activities		101,695	271,223	372,918	237,933
Governance costs		<u>12,182</u>	<u>0</u>	<u>12,182</u>	<u>6,837</u>
Total resources expended	2, 3	<u>180,791</u>	<u>271,223</u>	<u>452,014</u>	<u>318,955</u>
Net incoming/(outgoing) resources for the year		-32,130	15,319	-16,811	78,783
Reconciliation of funds					
Funds at the start of the year		<u>154,009</u>	<u>39,654</u>	<u>193,663</u>	<u>114,296</u>
Funds at the end of the year		<u>121,879</u>	<u>54,973</u>	<u>176,852</u>	<u>193,079</u>

All activities relate to continuing operations.

The notes on pages 16 to 19 form part of these financial statements.

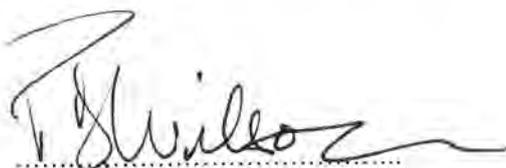
The statement of financial activities includes all gains and losses recognised in the year.

BAG BOOKS
Year Ended 31 December 2010
Balance Sheet

	Notes	Unrestricted Funds £	Restricted Funds £	2010 Total £	2009 Total £
Fixed Assets					
Tangible assets	5	<u>10,839</u>	<u>0</u>	<u>10,839</u>	<u>11,303</u>
Current Assets					
Stock		14,235	0	14,235	11,934
Trade debtors		5,278	0	5,278	8,180
Prepayments		18,167	0	18,167	11,193
Deposits – Savings Account		56,808	0	56,808	8,813
Cash at bank and in hand		<u>76,325</u>	<u>54,973</u>	<u>131,299</u>	<u>208,267</u>
Total Current Assets		<u>170,813</u>	<u>54,973</u>	<u>225,787</u>	<u>248,386</u>
Creditors due within one year:					
Trade creditors		2,910	0	2,910	2,573
Tax and social security		6,945	0	6,945	0
Other creditors		0	0	0	1,406
Deferred income		<u>49,920</u>	<u>0</u>	<u>49,920</u>	<u>62,632</u>
Total Current Liabilities		<u>59,774</u>	<u>0</u>	<u>59,774</u>	<u>66,611</u>
Net current assets		<u>111,039</u>	<u>54,973</u>	<u>166,012</u>	<u>181,775</u>
Net assets		<u>121,879</u>	<u>54,973</u>	<u>176,852</u>	<u>193,079</u>
FUNDS					
General funds	6	212,879	0	121,879	153,425
Restricted funds	7	<u>0</u>	<u>54,973</u>	<u>54,973</u>	<u>39,654</u>
Total Funds		<u>121,879</u>	<u>54,973</u>	<u>176,852</u>	<u>193,079</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees on 3rd May 2011 and signed on its behalf by



Philip Wilson
Chair of Trustees

The notes on pages 16 to 19 form part of these financial statements.

BAG BOOKS
Year Ended 31 December 2010
Notes to the financial statements

2. Total resources expended

	Unrestricted Funds £	Restricted Funds £	2010 Total £	2009 Total £
Wages and salaries	117,080	154,597	271,677	200,082
Materials and consumables	20,217	23,693	43,910	27,219
Story Telling and training	0	63,797	63,797	16,407
Craft Workers/Volunteer Expenses	2,214	813	3,028	2,962
Direct Fundraising Costs	1,061	716	1,777	228
Rent and services	20,893	14,519	35,413	36,491
Utility Bills	1,844	1,281	3,126	3,078
Repairs and renewals	1,213	824	2,037	690
Telephone, Broadband and Computers	721	486	1,207	2,070
Postage and stationery	2,569	1,734	4,304	4,445
Distribution costs	2,843	1,919	4,761	4,178
Insurance	1,549	1,045	2,594	3,992
Advertising and promotion	1,061	716	1,777	2,953
Audit and accountancy	3,470	2,343	5,813	0
General expenses	1,827	1,233	3,060	9,635
Bank charges	291	196	487	758
Depreciation	<u>1,938</u>	<u>1,308</u>	<u>3,247</u>	<u>3,768</u>
Total Resources expended	<u>180,792</u>	<u>271,223</u>	<u>452,014</u>	<u>318,955</u>

3. Allocation of Support Costs

	Cost of Generating funds £	Charitable Activities £	Governance Costs £	2010 Total £
Proportion				
Wages and salaries	25,417	43,571	3,631	72,619
Materials and consumables	0	0	0	0
Story Telling and training	0	0	0	0
Craft Workers/Volunteer Expenses	0	0	0	0
Direct Fundraising Costs	0	0	0	0
Rent and services	12,395	21,248	1,771	35,413
Utility Bills	1,094	1,875	156	3,126
Repairs and renewals	649	1,112	93	1,854
Telephone, Broadband and Computers	422	724	60	1,207
Postage and stationery	1,506	2,582	215	4,304
Distribution costs	0	0	0	0
Insurance	908	1,556	130	2,594
Advertising and promotion	0	0	0	0
Audit and accountancy	81	138	12	231
General expenses	808	1,386	115	2,311
Bank charges	170	292	24	487
Depreciation	<u>1,136</u>	<u>1,948</u>	<u>162</u>	<u>3,247</u>
Total Support Costs	<u>44,587</u>	<u>76,434</u>	<u>6,370</u>	<u>127,391</u>
Direct Costs	<u>22,327</u>	<u>296,484</u>	<u>5,812</u>	<u>324,623</u>
Total Costs	<u>66,914</u>	<u>372,918</u>	<u>12,182</u>	<u>452,014</u>

BAG BOOKS
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Notes to the financial statements

4. Trustee and employees information

Neither the Trustees nor any other persons connected with them received any remuneration or reimbursement of expenses from the charity during the year.

The Trustees have decided not to take out indemnity insurance for the present time.

Employee costs during the year were:

	2010	2009
	£	£
Salaries	248,296	181,181
Social security costs	<u>23,381</u>	<u>15,901</u>
Closing general funds	<u>271,677</u>	<u>200,082</u>

The average number of employees (full-time equivalent) during the year:

<u>7.6</u>	<u>7.2</u>
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5. Tangible Fixed Assets

Furniture Fittings and Equipment

£

Cost

At 1 January 2010	27,644
Additions	2,858
Disposals	<u>350</u>
At 31 December 2010	<u>30,125</u>

Depreciation

At 1 January 2010	16,341
Disposals	275
Charge for the year	<u>3,247</u>
At 31 December 2010	<u>19,313</u>

Net Book Value

At 31 December 2010	<u>10,839</u>
At 31 December 2009	<u>12,871</u>

6. Reconciliation of movements in general funds

	2010	2009
	£	£
Opening general funds	154,009	86,800
Surplus/(Deficit) for the year	<u>-32,130</u>	<u>66,625</u>
Closing general funds	<u>121,879</u>	<u>153,425</u>

BAG BOOKS
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Notes to the financial statements

7. Restricted funds

Restricted funds represent amounts received from donors who have specified the use of those funds as a condition for making the donation.

Donor	At the start of the year	Incoming Resources	Outgoing Resources	At the end of the year
	£	£	£	£
The Wates Foundation	8,750	0	8,750	0
The Adint Charitable Trust	5,000	0	5,000	0
The John Lyon's Charity	5,000	0	5,000	0
The D'Oyly Carte Charitable Trust	4,880	0	4,880	0
The Valentine Charitable Trust	3,750	0	1,645	2,105
The 29th May 1961 Charitable Trust	3,000	0	3,000	0
The Xerox (UK) Trust	2,874	0	2,874	0
The Sobell Foundation	2,000	0	2,000	0
The Big Lottery Fund "Telling Tales"	0	74,706	74,706	0
The Esmée Fairbairn Foundation	0	24,000	24,000	0
The Henry Smith Charity	0	24,000	24,000	0
The Greendale Charitable Foundation	0	14,985	14,985	0
Clifford Chance LLP	0	10,000	2,000	8,000
The Baily Thomas Charitable Fund	0	10,000	9,000	1,000
The Equitable Charitable Trust	0	10,000	5,000	5,000
The Tesco Charity Trust	0	8,950	4,475	4,475
The St James's Place Foundation	0	8,922	4,461	4,461
The Hilton in the Community Foundation	0	7,500	6,000	1,500
The Wates Foundation	0	7,500	7,500	0
The Rix Thompson Rothenburg Foundation	0	6,000	6,000	0
The Goldsmiths' Company Charity	0	5,000	2,000	3,000
The True Colours Trust	0	5,000	5,000	0
The Vintners' Gifts Charity	0	4,000	1,000	3,000
An Anonymous Trust	0	3,180	1,491	1,690
Land Securities	0	3,000	2,000	1,000
The Childwick Trust	0	3,000	2,727	273
The James Weir Foundation	0	3,000	0	3,000
The Ernest Cook Trust	0	2,953	2,250	703
The N and P Hartley Memorial Trust	0	2,500	2,500	0
The Eastern Counties Educational Trust Ltd	0	2,500	2,500	0
The Goldmark Trust	0	2,500	0	2,500
The Mulberry Trust	0	2,355	785	1,570
The Fence Club Trust Fund	0	2,162	1,338	824
The Birmingham Hospital Saturday Fund Medical Charity and Welfare Trust	0	2,076	2,076	0
Help a London Child	0	2,005	1,003	1,003
The Millichope Foundation	0	2,000	1,000	1,000
22 other donations of under £2,000 each	4,400	32,748	28,277	8,871
	<u>39,654</u>	<u>286,542</u>	<u>271,223</u>	<u>54,974</u>

8. Capital

The company is limited by guarantee and has no issued share capital.