

Charity No: 1026432
Company No: 2846227

**BAG BOOKS
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2011**

BAG BOOKS
Year ended 31 December 2011
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.

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 2011
Reference and administrative information

Trustees and directors

Philip Wilson, Chair
James Roy, Treasurer
Sandra Allon
Mamta Gupta
Beth Murray
Wendy Parsons (resigned 01/10/11)
Jan Stogdon (appointed 01/05/12)
Natasha Theobald
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 (resigned 07/03/11)
Marion Mason, Finance Officer (appointed 15/04/11)
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 2011
Trustees' Report

The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2011.

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. In 2010, following an openly advertised recruitment process, four new Trustees were appointed. 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. Wendy Parsons moved away and resigned as a Trustee during the year. This prompted another openly advertised process to recruit additional Trustees. The process was ongoing at the time of the AGM.
6. At the time of the AGM there were seven 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 2011
Trustees' Report

- Beth Murray, a public relations consultant primarily dealing with clients in the retail and institutional finance markets. Beth has been a Trustee since 20/07/10.
 - Jan Stogdon, Headteacher of a Special School with over 30 years' experience of teaching children with severe learning disabilities. Jan has been a Trustee since 01/05/12.
 - 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 Chief Executive to manage the charity alongside a Director of Services, Craft Workshop Manager, Finance Officer and Corporate Fundraising Manager. The charity also employs four Craft Artists and a Storytelling-Training Co-ordinator. The charity has contracts with nine freelance Storytellers.
8. 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 Ashurst, Salesforce, Standard Chartered, BLP Law, HSBC Private Bank and White & Case. We have also benefitted from the services of several volunteers on the administrative side of our work. Together, we estimate that our volunteers donated 183 days (2010: 203 days) to us during the year and the value to the charity of this work is £14,000 (2010: £15,500) 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) and the National Autistic Society.
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. The Trustees have adopted the following mission statement:

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

As part of their strategy, the Trustees have also adopted 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 2011, what we actually achieved during the year and what our plans are for 2012. 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:**
- Specifically target those Special Schools we have not reached to date.
- In 2011 this is what we did:**
- Through the independently published UK Special Education Directory 2010, we identified a total of 638 (2010: 646) schools in the UK that had pupils with Severe and/or Profound & Multiple Learning Disabilities. We had reached 76% (2010: 65%) of these Special Schools with our books and/or storytelling by the end of the year. By the end of the year we had also received funding to visit 39 of the remaining 152 Special Schools during 2012.
 - In June we were visited by a Dutch charity, Voorlezen-Plus, who make bespoke multi-sensory books. In December we hosted two Australian visitors who were considering setting up a bespoke multi-sensory book charity in their country.
 - We developed our links with Mencap and began working with them on some joint funding proposals.

Our Key Performance Indicator for this Objective is:

- The number of websites linking to ours, which was 2,160 (2010: 590). The Trustees judge this to be green on our traffic light system.

In 2012 we plan to:

- Continue to target those Special Schools we have not reached.

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:

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

In 2011 this is what we did:

- Five new "classic" design books were launched: The Fairground, What Am I?, Zubair's Eid, The Christmas Story and Aladdin. The Fairground was launched in January and proved to be the most popular title during the year.
- Our new Bag Books "At Home" product was launched in November. "The Captain's Hat" is a much simpler book to produce than our "classic" range of books. This new product is aimed at parents and carers whereas the "classic" range is aimed at schools, libraries and day centres.

Our Key Performance Indicator for this Objective is:

- The number of new titles published, which was 6 (2010: 0). The Trustees judge this to be green on our traffic light system.

In 2012 we plan to:

- Obtain funding to launch three new books.

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

We said we would:

- 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.

In 2011 this is what we did:

- At the end of the year, the waiting time for orders to be made remained at 4 weeks (2010: 4 weeks) but 65 copies of our most popular titles were held in stock.
- An internet-based ordering and payment system was introduced in July and since then 29% of orders have been received via our website.

Our Key Performance Indicator for this Objective is:

- The number of books made, which was 1,141 (2010: 933). The Trustees judge this to be green on our traffic light system.

In 2012 we plan to:

- Increase the number of "held in stock" copies.

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

We said we would:

- 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.

In 2011 this is what we did:

- The Story-Go-Round projects in Northern Ireland, Wales and East Anglia went ahead as planned. We received feedback from 27 of the 48 schools involved (a 56% response rate). 35 Teachers responded and all of them judged the children in their class to have benefited from the storytelling session.
- Towards the end of the year, we received funding for storytelling in Hospital Schools and these sessions are being scheduled for 2012. No funding was received for storytelling in Children's Hospices.

Our Key Performance Indicator for this Objective is:

- The number of service users attending storytelling sessions which was 4,885 (2010: 4,061). The Trustees judge this to be green on our traffic light system.

In 2012 we plan to:

- Obtain funding to run storytelling sessions in Children's Hospices.

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

We said we would:

- 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.

In 2011 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 two-year project, funded by the Big Lottery Fund, finished in the summer and trained 296 librarians in 127 libraries across England.
- Funding for our Tall Stories project has proved hard to obtain. We have had a few local successes and several applications are outstanding.
- A new training pack, consisting of a DVD and a 16 page booklet, was launched early in the year and 99 copies were distributed.

Our Key Performance Indicator for this Objective is:

- The number of people attending training sessions which was 642 (2010: 991). The Trustees judge this to be green on our traffic light system.

In 2012 we plan to:

- Obtain funding to expand the Tall Stories project.
- Being a training project with Mencap staff.

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

We said we would:

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

In 2011 this is what we did:

- We obtained funding for five new Build-a-Book sessions which take our staff into local Special Schools and involve the children in creating a bespoke book. During the year one session took place and the remaining four are scheduled for early 2012.

Our Key Performance Indicator for this Objective is:

- The number of people attending a course which was 7 (2010: 0). The Trustees judge this to be amber on our traffic light system.

In 2012 we plan to:

- Complete the initial Build-a-Book sessions and obtain funding for additional ones.

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

We said we would:

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

In 2011 this is what we did:

- Income from corporate fundraising decreased to £54,378 (2010: £59,673).
- Income from individual donors increased to £20,069 (2010: £9,870).
- Expenditure decreased by 5%.

Our Key Performance Indicator for this Objective is:

- The level of reserves which was equivalent to just under 13 weeks (2010: 14 weeks) of budgeted expenditure for the forthcoming year. The Trustees judge this to be red on our traffic light system.

In 2012 we plan to:

- Further increase income from individual donors.
- Increase our level of reserves.

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

We said we would:

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

In 2011 this is what we did:

- Due to ill health, the Governance Review was postponed to 2012.
- Our self-assessed score measuring progress across all three levels of the PQASSO quality standard is now 88% (2010: 81%).

Our Key Performance Indicator for this Objective is:

- The number of volunteer days which was 183 days (2010: 203 days). The Trustees judge this to be amber on our traffic light system.

In 2012 we plan to:

- To expand the Trustee board following an openly advertised recruitment process.
- Conduct a Governance Review.
- Continue working towards the PQASSO quality standard.

22. Towards the end of the year we conducted an in-depth survey of Special Needs Teachers. The survey found that through using multi-sensory books:

- 99% had experienced children developing a reaction to stimuli;
- 98% had experienced children developing their participation in shared activities;
- 97% had experienced children developing an interest in people, events or objects;
- 96% had experienced children developing their focus of attention on people, events or objects;
- 95% had experienced children developing their acceptance and engagement in coactive or shared exploration;
- 93% had experienced children developing their awareness of activities and experiences; and
- 92% had experienced children developing their turn-taking.

In addition, we were very pleasantly surprised with the responses to the question of how often multi-sensory books were used in class: 86% said at least weekly including 36% who said daily.

23. Overall, our aim was to reach at least 18,000 people with stories. During the year, 4,885 (2010: 4,061) service users attended our storytelling sessions. In addition, over the past 5 years we have supplied our books to 801 (2010: 707) different clients, 92% (2010: 93%) of which are schools, libraries or day centres. Previous surveys have shown that in each location our books reach an average of 23 people with learning disabilities each year. We therefore estimate that this target was easily met. We aim to reach 19,000 people with stories during 2012.

BAG BOOKS
Year Ended 31 December 2011
Trustees' Report

Financial review

24. In common with many other charities, 2011 was a very difficult year financially. Income was £371,605 (2010: £428,395); a fall of 13%. This reduction was chiefly due to a fall of 13% in donations from Charitable Trusts and 9% from companies. After winning two national awards at the end of 2010 the fall was unfortunate but common to many charities.
25. Unfortunately, the financial position forced us to make two members of staff redundant reducing the total number of staff to ten. Most of the remaining staff volunteered to reduce their hours so the Full Time Equivalent staffing dropped from 8.7 at the start of the year to 5.9 at the end. This 32% reduction in staffing has enabled the Trustees to set a break-even budget for 2012 based on relatively pessimistic income levels. The Trustees wish to thank all the staff for their support during these difficult times.
26. The savings made through the staffing reductions did not take effect until the latter part of the year and so expenditure for the full year only reduced by 5%. This resulted in a deficit of net resources for the year of £56,179 (2010: £23,619).
27. The deficit has reduced our General Funds (reserves) to £79,108 (2010: £121,879). Our reserves policy states "Unrestricted Reserves should be equivalent to at least 13 weeks of budgeted future annual expenditure and ideally should be equivalent to 26 weeks." Our reserves now stand at just under 13 weeks and we will be keeping a close eye on them during 2012 to ensure our reserves cover is not further depleted.
28. The budget for 2012 is for expenditure to fall to £318,310 which is a reduction of 26% on 2011 actual expenditure. Any additional expenditure will only be authorised if funding for it has been received. The Trustees are pleased to report that our management accounts for the first quarter of 2012 show a modest surplus.

Fundraising performance

29. We invested £71,206 (2010: £66,914) in fundraising and this produced voluntary income of £305,921 (2010: £351,669) which is 82% (2010: 82%) of our total income. The fundraised income can be broken down as follows: 75% (2010: 73%) from Trusts and Foundations; 17% (2010: 18%) from corporate partners; 6% (2010: 2%) from individuals; 2% (2010: 4%) from Gifts in Kind and other income; and 0% (2010: 3%) from legacies.
30. Our two-year grant from The Big Lottery Fund for our England-wide Telling Tales project came to an end and we completed the second year of three-year grants from The Esmée Fairbairn Foundation and The Henry Smith Charity to employ a full-time Director of Services. At the end of the year we were delighted to be awarded grants of £60,000 over three years by John Lyon's Charity for work in their beneficial area and £36,980 over two years by The John Ellerman Foundation to employ a part-time Volunteer Co-ordinator.
31. The Trustees would like to thank all our donors for their support during these difficult times.

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;
 - d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation; and
 - 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.

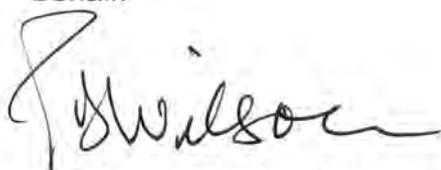
Statement of disclosure to auditors

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 1st May 2012.

Approved by the Board of Trustees at its meeting on 1st May 2012 and signed on its behalf:



.....
Philip Wilson
Chair of Trustees
1st May 2012

BAG BOOKS
Year Ended 31 December 2011
Auditors' Report

Independent Auditors Report to the members of Bag Books

We have audited the financial statements of Bag Books for the year ended 31 December 2011 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 2010) (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 2011 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.

BAG BOOKS
Year Ended 31 December 2011
Auditors' Report

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; or
- 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

1 May 2012

BAG BOOKS
Year Ended 31 December 2011
Statement of Financial Activities

	Notes	Unrestricted Funds £	Restricted Funds £	2011 Total £	2010 Total £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income		52,793	253,128	305,921	351,669
Gifts in kind		5,845	0	5,845	5,980
Bank interest		96	0	96	128
Incoming resources from charitable activities					
Sale of books and training		<u>59,743</u>	<u>0</u>	<u>59,743</u>	<u>70,618</u>
Total Incoming Resources		<u>118,477</u>	<u>253,128</u>	<u>371,605</u>	<u>428,395</u>
RESOURCES EXPENDED					
Cost of generating funds		71,206	0	71,206	66,914
Charitable activities		76,694	269,237	345,931	372,918
Governance costs		<u>10,647</u>	<u>0</u>	<u>10,647</u>	<u>12,182</u>
Total resources expended	2, 3	<u>158,547</u>	<u>269,237</u>	<u>427,784</u>	<u>452,014</u>
Net incoming/outgoing resources before other recognised gains/losses					
		-40,070	-16,109	-56,179	-23,619
Other recognised gains/losses					
Gain/loss on revaluation of investments		<u>-2,701</u>	<u>0</u>	<u>-2,701</u>	<u>6,808</u>
Net movement in funds		-42,771	-16,109	-58,880	-16,811
Reconciliation of funds					
Funds at the start of the year		<u>121,879</u>	<u>54,973</u>	<u>176,852</u>	<u>193,663</u>
Funds at the end of the year		<u>79,108</u>	<u>38,864</u>	<u>117,972</u>	<u>176,852</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 2011
Balance Sheet

	Notes	2011 Total £	2010 Total £
Fixed Assets			
Tangible assets	5	<u>7,010</u>	<u>10,839</u>
Current Assets			
Stock		25,689	14,235
Trade debtors		3,721	5,278
Prepayments		16,834	14,325
VAT repayable		96	3,843
Deposits – Investment Account		54,107	56,808
Cash at bank and in hand		<u>108,507</u>	<u>131,299</u>
Total Current Assets		<u>208,954</u>	<u>225,787</u>
Creditors due within one year:			
Trade creditors		3,702	2,910
Tax and social security		5,034	6,945
Other creditors		1,006	0
Deferred income		<u>88,250</u>	<u>49,920</u>
Total Current Liabilities		<u>97,992</u>	<u>59,775</u>
Net current assets		<u>110,962</u>	<u>166,012</u>
Net assets		<u>117,972</u>	<u>176,852</u>
FUNDS			
General funds	6	79,108	121,879
Restricted funds	7	<u>38,864</u>	<u>54,973</u>
Total Funds		<u>117,972</u>	<u>176,852</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 1st May 2012 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 2011
Notes to the financial statements

2. Total resources expended

	Unrestricted Funds £	Restricted Funds £	2011 Total £	2010 Total £
Wages and salaries	109,436	156,669	266,105	271,677
Materials and consumables	12,650	12,943	25,593	43,910
Storytelling and training	0	66,411	66,411	63,797
Craft Workers/Volunteer Expenses	277	284	561	3,028
Direct Fundraising Costs	679	695	1,374	1,777
Rent and services	17,350	17,751	35,101	35,413
Utility Bills	1,644	1,683	3,327	3,126
Repairs and renewals	1,132	1,158	2,290	2,037
Telephone, Broadband and Computers	533	545	1,078	1,207
Postage and stationery	2,112	2,160	4,272	4,304
Distribution costs	1,746	1,786	3,532	4,761
Insurance	1,328	1,358	2,686	2,594
Advertising and promotion	736	754	1,490	1,777
Audit and accountancy	4,000	0	4,000	5,813
General expenses	2,091	2,139	4,230	3,060
Bank charges	172	178	350	487
Depreciation	2,661	2,723	5,384	3,247
Total Resources expended	<u>158,547</u>	<u>269,237</u>	<u>427,784</u>	<u>452,014</u>

3. Allocation of Support Costs

	Cost of Generating funds £	Charitable Activities £	Governance Costs £	2011 Total £
Proportion				
Wages and salaries	25,973	44,526	3,710	74,209
Materials and consumables	0	0	0	0
Storytelling and training	0	0	0	0
Craft Workers/Volunteer Expenses	0	0	0	0
Direct Fundraising Costs	0	0	0	0
Rent and services	12,286	21,060	1,755	35,101
Utility Bills	1,165	1,996	166	3,327
Repairs and renewals	802	1,373	115	2,290
Telephone, Broadband and Computers	378	646	54	1,078
Postage and stationery	1,495	2,563	214	4,272
Distribution costs	0	0	0	0
Insurance	940	1,612	134	2,686
Advertising and promotion	0	0	0	0
Audit and accountancy	0	0	4,000	4,000
General expenses	1,481	2,537	212	4,230
Bank charges	123	209	18	350
Depreciation	1,884	3,231	269	5,384
Total Support Costs	<u>46,527</u>	<u>79,753</u>	<u>10,647</u>	<u>136,927</u>
Direct Costs	24,679	266,178	0	290,857
Total Costs	<u>71,206</u>	<u>345,931</u>	<u>10,647</u>	<u>427,784</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:

	2011	2010
	£	£
Salaries	243,270	248,296
Social security costs	<u>22,835</u>	<u>23,381</u>
Closing general funds	<u>266,105</u>	<u>271,677</u>

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

<u>7.3</u>	<u>7.6</u>
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5. Tangible Fixed Assets

Furniture Fittings and Equipment

£

Cost

At 1 January 2011	30,152
Additions	1,554
Disposals	<u>0</u>
At 31 December 2011	<u>31,706</u>

Depreciation

At 1 January 2011	19,312
Disposals	0
Charge for the year	<u>5,384</u>
At 31 December 2011	<u>24,696</u>

Net Book Value

At 31 December 2011	<u>7,010</u>
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At 31 December 2010

10,839

6. Reconciliation of movements in general funds

	2011	2010
	£	£
Opening general funds	121,879	154,009
Surplus/(Deficit) for the year	<u>-42,771</u>	<u>-32,130</u>
Closing general funds	<u>79,108</u>	<u>121,879</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 Equitable Charitable Trust	5,000	0	5,000	0
The Tesco Charity Trust	4,475	0	4,475	0
The St James's Place Foundation	4,461	0	4,461	0
The Goldsmiths' Company Charity	3,000	0	3,000	0
The Vintners' Gifts Charity	3,000	0	3,000	0
The James Weir Foundation	3,000	0	3,000	0
The Goldmark Trust	2,500	0	2,500	0
The Valentine Charitable Trust	2,105	0	2,105	0
The Big Lottery Fund "Telling Tales"	0	72,540	72,540	0
The Henry Smith Charity	0	25,000	25,000	0
The Esmée Fairbairn Foundation	0	24,920	24,920	0
An Anonymous Company	0	17,500	11,500	6,000
The Santander Foundation	0	6,650	4,150	2,500
The Boltini Trust	0	6,000	4,500	1,500
Ashley Family Foundation	0	5,430	4,215	1,215
The Hedley Foundation	0	5,000	5,000	0
The Valentine Charitable Trust	0	5,000	2,000	3,000
The Clare Milne Trust	0	4,727	2,945	1,782
The Liz and Terry Bramall Charitable Trust	0	4,726	3,390	1,336
The D'Oyly Carte Charitable Trust	0	4,726	4,201	525
Clifford Chance LLP	8,000	4,623	8,000	4,623
The Mulberry Trust	1,570	4,000	5,570	0
The Evan Cornish Foundation	0	3,781	3,336	445
The Mrs Smith and Mount Trust	0	3,279	3,279	0
The Eveson Charitable Trust	0	3,000	3,000	0
The Ellerdale Trust	0	3,000	1,500	1,500
The Sandra Charitable Trust	0	3,000	2,350	650
The Alison Hillman Charitable Trust	0	2,836	2,391	445
The Ulster Garden Villages Limited	0	2,500	2,500	0
The Harold Hyam Wingate Foundation	0	2,300	1,150	1,150
The Tudor Trust	0	2,000	2,000	0
The Sir John Priestman Charity Trust	0	2,000	1,500	500
The 29th May 1961 Charitable Trust	0	2,000	1,500	500
The Sobell Foundation	0	2,000	2,000	0
The Ernest Kleinwort Charitable Trust	0	2,000	800	1,200
The Zurich Community Trust UK Ltd	0	2,000	1,000	1,000
John Lyon's Charity	0	2,000	2,000	0
51 other donations of under £2,000 each	<u>17,862</u>	<u>24,590</u>	<u>33,459</u>	<u>8,993</u>
	<u>54,973</u>	<u>253,128</u>	<u>269,237</u>	<u>38,864</u>

8. Capital

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