

Charity No: 1026432  
Company No: 2846227

**BAG BOOKS  
REPORT AND ACCOUNTS  
FOR THE YEAR ENDED  
31 DECEMBER 2012**

**BAG BOOKS**  
**Year ended 31 December 2012**  
**Reference and administrative information**

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**Status**

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

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**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.

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**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.

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**Business Address and Registered Office**

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

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**Charity Number**

1026432

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**Company Number**

2846227

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**VAT Number**

GB 994 0287 86

**BAG BOOKS**  
**Year ended 31 December 2012**  
**Reference and administrative information**

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**Trustees and directors**

Philip Wilson, Chair  
James Roy, Treasurer (resigned 05/02/13)  
Rachel Roy, Treasurer (appointed 06/11/12)  
Jamal Ahmed (appointed 31/07/12)  
Sandra Allon  
Mamta Gupta (resigned 07/11/12)  
Beth Murray (resigned 31/07/12)  
Jan Stogdon  
Natasha Theobald  
Jonathan Walsh

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**Patrons**

Prof. James Hogg BA(Hons) PhD FIASSID  
Kay Hounsham MSc MBE  
Michael Morpurgo  
Dr Alison Salt MBBS MSc FRCPCH

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**Senior Management Team**

Dean Casswell, Chief Executive  
Stuart Cummings, Director of Services  
Sophie Baker, Craft Workshop Manager  
Marion Mason, Finance Officer  
Camilla John, Fundraising Manager

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**Company Secretary**

Dean Casswell

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**Bankers**

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

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**Solicitors**

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

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**Auditors**

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

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**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Trustees' Report**

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The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2012. 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. During the year Mamta Gupta and Beth Murray resigned as Trustees due to work commitments. After serving four years as our Treasurer, James Roy retired in February 2013.
5. Following an openly advertised recruitment processes, two new Trustees, Jamal Ahmed and Rachel Roy 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." Rachel also took over as our Treasurer in February 2013.
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.*
  - Rachel Roy, *our Treasurer who is a qualified accountant currently working at BP Oil. Rachel has been a Trustee since 06/11/12.*
  - Jamal Ahmed, *formerly the Senior Day Centre Officer of a Day Centre for adults with learning disabilities. Jamal has been a Trustee since 31/07/12.*
  - 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.*
  - 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, *a charity marketing professional with 17 years' experience. Natasha has been a Trustee since 20/07/10.*
  - Jonathan Walsh, *a solicitor. Jonathan has been a Trustee since 26/04/06.*

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Trustees' Report**

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7. The Trustees employ a Chief Executive to manage the charity alongside a Director of Services, Craft Workshop Manager, Finance Officer and Fundraising Manager. The charity also employs a Senior Craft Artist, a Volunteer Co-ordinator, a Storytelling-Training Co-ordinator and a Craft Artist. The charity has contracts with 11 freelance Storytellers.
8. Regular volunteers are invaluable to book production: 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 Linklaters, Ashurst, BT, Standard Chartered, HSBC Private Bank, Credit Suisse, Moody's and Salesforce.com. We have also benefitted from the services of several volunteers on the administrative side of our work. Together, we estimate that our volunteers donated 214 days (2010: 183 days) to us during the year and the value to the charity of this work is £16,000 (2010: £14,000) 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, Nasen, the Society for Storytellers, the National Council of Voluntary Organisations and the Fundraising Standards Board. 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.

**Risk management policy**

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, activities, achievements and performance**

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 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 develop the emotional perception 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 children and adults with learning disabilities to be involved in story development and production.

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Trustees' Report**

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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 2012 (as stated in our 2011 accounts), what we actually achieved during the year and what our plans are for 2013. The Trustees have agreed an easily measurable Key Performance Indicator for each Objective and a traffic light system of targets - the R (Red), A (Amber) and G (Green) target for each is also reported on below.

14. **Charitable Objective 1** *To promote multi-sensory storytelling UK-wide within the academic, library, adult day centre, health and special educational fields.*

**We said we would:**

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

**In 2012 this is what we did:**

- Through the independently published UK Special Education Directory 2010 and government regulator websites, we have identified a total of 663 Special Schools in the UK that have pupils with Severe and/or Profound & Multiple Learning Disabilities. In just two years our "Spread The Word" project has increased the proportion of schools reached with our books and/or storytelling from 64% to 84%.
- We began a project introducing multi-sensory storytelling to Children's Hospital Schools.

**Our Key Performance Indicator for this Objective is:**

The number of websites linking to ours.

2012:	3,000	<i>Targets - R: under 999, A: 1,000-2,000, G: 2,001 or more</i>
2011:	2,160	
2010:	590	
2009:	248	
2008:	154	

The Trustees judge this to be Green on our traffic light system of targets and have increased the 2013 targets to R: under 1,999, A: 2,000-2,500, G: 2,501 or more.

**In 2013 we plan to:**

- Continue to target those Special Schools we have not reached and with our "Once Upon A Time" project to also prioritise storytelling visits to the 43% of Special Schools which have never had a visit or whose last visit was more than five years ago.
- Introduce multi-sensory storytelling to day centres and care homes for adults with learning disabilities with our "Tall Stories" project.
- Commence a programme of multi-sensory storytelling in Children's Hospices.
- Commence a programme of multi-sensory storytelling in museums.
- Commission academic research into the benefits of multi-sensory storytelling.

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Trustees' Report**

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15. **Charitable Objective 2** *To offer a range of appropriate literature for children and adults with Severe and Profound & Multiple Learning Disabilities.*

**We said we would:**

- Obtain funding to launch three new books.

**In 2012 this is what we did:**

- Four new "classic" (not the "At Home" range) design books were launched: Sleeping Beauty, Lost in London, Band Rehearsal and The Little Seed. Lost in London was launched in January and proved to be the most popular "classic" title during the year.

**Our Key Performance Indicator for this Objective is:**

The number of new titles published

2012:	4	<i>Targets - R: 0 or 1, A: 2, G: 3 or more</i>
2011:	6	
2010:	0	
2009:	2	
2008:	2	

The Trustees judge this to be Green on our traffic light system of targets.

**In 2013 we plan to:**

- Obtain funding to launch three new books.

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

**We said we would:**

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

**In 2012 this is what we did:**

- At the end of the year, the average waiting time for orders to be made remained at 4 weeks (2011: 4 weeks) but 121 copies (2011: 65) copies of our most popular titles were held in stock.
- We received our highest ever number of separate orders for books which is encouraging and shows that awareness of our services is growing although the average number of books per order decreased.

**Our Key Performance Indicator for this Objective is:**

The number of "classic" books made.

2012:	805	<i>Targets - R: under 799, A 800-1,000, G: 1,001 or more</i>
2011:	1,141	
2010:	933	
2009:	1,026	
2008:	934	

The Trustees judge this to be Amber on our traffic light system of targets. The craft workshop budget for 2012 had been reduced by 27% compared to the 2011 budget as a result of poor fundraising results and a consequential deficit in 2011. The reduction in the number of books made is a reflection of the reduced budget. In addition to the 805 "classic" design books we also made 171 "At Home" books.

**In 2013 we plan to:**

- Increase the number of books produced.

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

**We said we would:**

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

**In 2012 this is what we did:**

- We received funding late in the year to visit 26 of the 44 Children's Hospices in the UK over a two year period and the project will start in 2013.
- We piloted storytelling in Hospital Schools and received some very positive feedback.
- Despite our large Big Lottery Fund project "Telling Tales" finishing in 2011 we managed to maintain storytelling at almost the same level as 2011.

**Our Key Performance Indicator for this Objective is:**

The number of service users attending storytelling sessions.

2012:	4,782	Targets – R: under 1,499, A: 1,500-2,000, G: 2,001 or more
2011:	4,885	
2010:	4,061	
2009:	1,238	
2008:	1,715	

The Trustees judge this to be Green on our traffic light system of targets and have doubled the targets for 2013.

**In 2013 we plan to:**

- Begin new storytelling projects in Children's Hospices and Museums.
- Begin our new three-year Big Lottery Fund project "Tall Stories" at day centres and care homes for adults with learning disabilities throughout England.
- Target storytelling visits at the 43% of Special Schools which have never had a visit or whose last visit was more than five years ago.

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

**We said we would:**

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

**In 2012 this is what we did:**

- We obtained grants from a number of funders to expand the Tall Stories project.
- The funding that Mencap had been promised did not materialise. We began working with them to plan a smaller pilot project instead.

**Our Key Performance Indicator for this Objective is:**

The number of people trained.

2012:	363	Targets – R: under 249, A: 250-400, G: 401 or more
2011:	642	
2010:	991	
2009:	433	
2008:	687	

The Trustees judge this to be Amber on our traffic light system of targets. With the Big Lottery Fund grant expanding our Tall Stories project, the Trustees are confident of achieving the green target in 2013.

**In 2013 we plan to:**

- Begin our Big Lottery Fund "Tall Stories" project.

19. **Charitable Objective 6** *To provide story production craft experience opportunities to people with Severe or Profound & Multiple Learning Disabilities.*

**We said we would:**

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

**In 2012 this is what we did:**

- During the year we ran 7 Build-a-Book sessions where our staff spend a day at a London Special School and involve the children in creating a bespoke multi-sensory book. The feedback from the schools has been very positive.

**Our Key Performance Indicator for this Objective is:**

The number of people attending a course.

2012: 32                      *Targets – R: under 9, A: 10-20, G: 21 or more*

2011: 7

2010: 0

2009: 0

2008: 2

The Trustees judge this to be Green on our traffic light system of targets.

**In 2013 we plan to:**

- Continue running London Build-a-Book sessions and obtain funding for additional ones.
- Explore the possibility of widening the project beyond London.

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

**We said we would:**

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

**In 2012 this is what we did:**

- Income from individual donors increased by 13% to £22,659 (2011: £20,069) mainly due to a successful Radio 4 Appeal on our behalf by Baroness Tanni Grey-Thompson DBE.
- Reserves fell in both real terms and as a proportion of budgeted unsecured income. The Trustees will be closely monitoring the situation.

**Our Key Performance Indicator for this Objective is:**

The level of reserves.

2012: 13 weeks                      *Targets – R: under 13 or over 26, A: 14-19 or 25, G: 20-24*

2011: 22 weeks

2010: 21 weeks

2009: 24 weeks

2008: 16 weeks

The Trustees judge this to be Red on our traffic light system of targets.

**In 2013 we plan to:**

- Increase and diversify fundraising.
- Restore our level of reserves to hit our green target.

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

**We said we would:**

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

**In 2012 this is what we did:**

- Two new Trustees were appointed following openly advertised recruitment processes.
- A Governance and Strategic Review were finalised at a Trustees' Away Day in April 2013.
- The Trustees judge that the charity reached Level 1 of the PQASSO quality standard. Our self-assessed score measuring progress towards Level 2 is now 95% (2011: 92%).
- We obtained funding to employ a part-time Volunteer Co-ordinator part way through the year and are pleased to report that volunteering more than doubled during the second half of the year. In total we had more assistance from volunteers in 2012 than in any other year.

**Our Key Performance Indicator for this Objective is:**

The number of volunteer days.

2012:	214	<i>Targets – R: under 149, A: 150-200, G: 201 or more</i>
2011:	183	
2010:	203	
2009:	186	
2008:	80	

The Trustees judge this to be Green on our traffic light system of targets.

**In 2013 we plan to:**

- Further increase the number of volunteer days.
- Continue working towards the Level 2 PQASSO quality standard.

22. Overall, our aim was to reach at least 19,000 people with stories. During the year, 4,782 (2011: 4,885) service users attended our storytelling sessions. Over the past five years we have also supplied our books to 770 (2011: 737) different 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. In addition, over the past five years we have supplied books to 232 (2011: 64) individuals. We therefore estimate that this target was easily met. We aim to reach 20,000 people with stories during 2013.

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Trustees' Report**

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**Financial review**

23. As reported last year, poor fundraising results in the first half of 2011 had resulted in staffing cuts. It is therefore pleasing to report that our fundraising in 2012 has been much more successful and that those staff who had voluntarily reduced their hours have been given the opportunity to reinstate them.
24. In total our income was £371,324 (2011: £371,605). The 2011 figures included a final payment of £72,540 from a Big Lottery Fund grant so our budget for 2012 was for income to fall to £319,417. Actual income was therefore £51,907 better than budget which allowed the staffing to be gradually reinstated.
25. Our expenditure was £351,625 (2011: £427,784). This was a fall of 18% on 2011 but with the better than expected fundraising results it was not as severe a cut as the £318,320 in our budget for 2012.
26. This has resulted in a surplus of net resources of £19,699 (2011: deficit of £56,179) which again is much better than the surplus of £1,097 we had budgeted for. However, our Unrestricted Funds show a deficit of net resources of £20,165 for the year and this is a situation that the Trustees are keen to reverse during the coming year.

**Reserves policy**

27. The deficit on Unrestricted Funds was mitigated to some extent by investment revaluation but still reduced our General Funds (reserves) to £65,693 (2011: £79,105). Our reserves policy states "Unrestricted Reserves should be equivalent to at least 13 weeks of budgeted future annual unsecured expenditure and ideally should be equivalent to 26 weeks." On this basis, our reserves now stand at fractionally over 13 weeks and we will be keeping a close eye on them during 2013.
28. By the end of the year we had already secured several large grants for 2013 totaling £173,326; a record amount for us. The budget for 2013 is for total income to increase to £452,485 which is an increase of 22%. Budgeted expenditure is £435,811 which is an increase of 24%.

**Fundraising performance**

29. We invested £66,271 (2011: £71,206) in fundraising and this produced voluntary income of £309,327 (2011: £305,921) which was 83% (2011: 82%) of our total income. The fundraised income can be broken down as follows:
- Income from Charitable Trusts and Foundations increased 34% to £212,652 (2011: £158,935)
  - Income from corporate partners increased 36% to £73,813 (2011: £54,378)
  - Income from individuals increased 13% to £22,659 (2011: £20,069)
  - Income from Gifts In Kind was £5,864 (2011: £5,845)
  - Income from The Big Lottery Fund was £0 (2011: £72,540)

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Trustees' Report**

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30. Our three-year grants from The Esmée Fairbairn Foundation and The Henry Smith Charity to employ a full-time Director of Services finished at the end of the year. A further grant of £52,600 over three years was offered by The Henry Smith Charity and The Esmée Fairbairn Foundation subsequently awarded a grant of £30,000 over two years. By the end of the year the following grants of £2,000 and over had been secured for 2013:
- £93,157 from The Big Lottery as the first year of a three year grant for our "Tall Stories" project with adults.
  - £20,000 from John Lyon's Charity as the second year of a three year grant for multi-sensory storytelling in their beneficial area.
  - £18,569 from The John Ellerman Foundation as the second year of a two year grant to employ a part-time Volunteer Co-ordinator.
  - £15,000 from The Pears Foundation as the second year of a two year unrestricted grant.
  - £12,750 from the Stanley Thomas Johnson Foundation as the second year of a two year grant for our "Spread The Word" reach new Special Schools project.
  - £10,850 from The Lloyds TSB Foundation for England and Wales as the second year of a two year grant for our "Tall Stories" project with adults.
  - £2,500 from The Odin Charitable Trust as the second year of a three year unrestricted grant.
  - £2,000 from The Sobell Foundation as the third year of a three year grant towards production of a new title.
31. The Trustees are grateful to all the companies and organisations which provide goods and services free of charge. This support is recognised under "Gifts in Kind". The principal item within this is the audit which has been kindly provided on a pro-bono basis by Wyatts for several years.
32. The Trustees would like to thank all our donors for their support and would also like to thank Baroness Tanni Grey-Thompson who recorded a Radio 4 Appeal for us during the year.

**Statement of responsibilities of the trustees**

33. 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.

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Trustees' Report**

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34. 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.

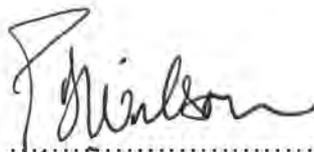
**Statement of disclosure to auditors**

35. 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**

36. A resolution to confirm the reappointment of Wyatts as the company auditor will be proposed at the Annual General Meeting on 30<sup>th</sup> April 2013.

Approved by the Board of Trustees at its meeting on 30<sup>th</sup> April 2013 and signed on its behalf:



.....  
Philip Wilson  
Chair of Trustees  
30<sup>th</sup> April 2013

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Auditors' Report**

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**Independent Auditors Report to the members of Bag Books**

We have audited the financial statements of Bag Books for the year ended 31 December 2012 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of Trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement on page 4, the trustees (who are also the directors of the charitable company for the purpose of company law) 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standard for Auditors.

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Auditors' Report**

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**Matters on which we are required to report by exception**

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

- the information given in the Trustees Report is inconsistent in any material respect with financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



**K. Wyatt (Senior Statutory Auditor)**  
**For and on behalf of**  
**WYATTS Statutory Auditors**  
York House  
1 Seagrave Road  
London  
SW6 1RP

30 April 2013

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Statement of Financial Activities**

	Notes	Unrestricted Funds £	Restricted Funds £	2012 Total £	2011 Total £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		70,320	239,007	<b>309,327</b>	305,921
Gifts in kind		5,864	0	<b>5,864</b>	5,845
Bank interest		106	0	<b>106</b>	96
<b>Incoming resources from charitable activities</b>					
Sale of books and training		<u>56,027</u>	<u>0</u>	<b><u>56,027</u></b>	<u>59,743</u>
<b>Total Incoming Resources</b>		<u>132,317</u>	<u>239,007</u>	<b><u>371,324</u></b>	<u>371,605</u>
<b>RESOURCES EXPENDED</b>					
Cost of generating funds		66,271	0	<b>66,271</b>	71,206
Charitable activities		76,035	199,143	<b>275,178</b>	345,931
Governance costs		<u>10,176</u>	<u>0</u>	<b><u>10,176</u></b>	<u>10,647</u>
<b>Total resources expended</b>	<b>2, 3</b>	<u>152,482</u>	<u>199,143</u>	<b><u>351,625</u></b>	<u>427,784</u>
<b>Net incoming/outgoing resources before other recognised gains/losses</b>					
		-20,165	39,864	<b>19,699</b>	-56,179
<b>Other recognised gains/losses</b>					
Gain/loss on revaluation of investments		<u>6,753</u>	<u>0</u>	<b><u>6,753</u></b>	<u>-2,701</u>
<b>Net movement in funds</b>		-13,412	39,864	<b>26,452</b>	-58,880
<b>Reconciliation of funds</b>					
Funds at the start of the year		<u>79,105</u>	<u>38,864</u>	<b><u>117,969</u></b>	<u>176,849</u>
<b>Funds at the end of the year</b>		<u>65,693</u>	<u>78,728</u>	<b><u>144,421</u></b>	<u>117,969</u>

All activities relate to continuing operations.

The notes on pages 17 to 20 form part of these financial statements.

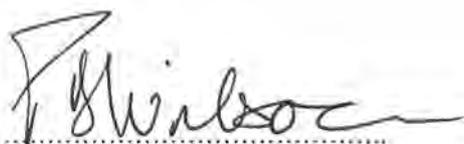
The statement of financial activities includes all gains and losses recognised in the year.

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Balance Sheet**

	Notes	2012 Total £	2011 Total £
<b>Fixed Assets</b>			
Tangible assets	5	<u>2,029</u>	<u>7,009</u>
<b>Current Assets</b>			
Stock		21,497	25,689
Trade debtors		3,582	3,721
Prepayments		12,410	16,832
VAT repayable		1,297	96
Deposits – Investment Account		60,860	54,107
Cash at bank and in hand		<u>76,272</u>	<u>108,507</u>
<b>Total Current Assets</b>		<b><u>175,918</u></b>	<b><u>208,952</u></b>
<b>Creditors due within one year:</b>			
Trade creditors		3,426	3,702
Tax and social security		5,233	5,034
Other creditors		284	1,006
Deferred income		<u>24,583</u>	<u>88,250</u>
<b>Total Current Liabilities</b>		<b><u>33,526</u></b>	<b><u>97,992</u></b>
<b>Net current assets</b>		<b><u>142,392</u></b>	<b><u>110,960</u></b>
<b>Net assets</b>		<b><u>144,421</u></b>	<b><u>117,969</u></b>
<b>FUNDS</b>			
General funds	6	65,693	79,105
Restricted funds	7	<u>78,728</u>	<u>38,864</u>
<b>Total Funds</b>		<b><u>144,421</u></b>	<b><u>117,969</u></b>

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 30<sup>th</sup> April 2013 and signed on its behalf by



Philip Wilson  
 Chair of Trustees

The notes on pages 17 to 20 form part of these financial statements.



**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Notes to the financial statements**

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g) **Investments**

Investments are included at market value at the balance sheet date.

h) **Investment income**

This includes any gains or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.

i) **Taxation**

Bag Books is a registered charity which renders its income exempt from UK income tax.

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Notes to the financial statements**

**2. Total resources expended**

	Unrestricted Funds £	Restricted Funds £	2012 Total £	2011 Total £
Wages and salaries	89,835	124,609	214,444	266,105
Materials and consumables	23,016	17,914	40,930	25,593
Storytelling and training	0	28,801	28,801	66,411
Craft Workers/Volunteer Expenses	2,000	1,557	3,557	561
Direct Fundraising Costs	1,166	908	2,074	1,374
Rent and services	19,336	15,049	34,385	35,101
Utility Bills	529	411	940	3,327
Repairs and renewals	734	571	1,305	2,290
Telephone, Broadband and Computers	803	625	1,428	1,078
Postage and stationery	1,979	1,541	3,520	4,272
Distribution costs	1,997	1,555	3,552	3,532
Insurance	1,614	1,256	2,870	2,686
Advertising and promotion	637	496	1,133	1,490
Audit and accountancy	3,888	0	3,888	4,000
General expenses	1,938	1,508	3,446	4,230
Bank charges	209	162	371	350
Depreciation	2,801	2,180	4,981	5,384
<b>Total Resources expended</b>	<b><u>152,482</u></b>	<b><u>199,143</u></b>	<b><u>351,625</u></b>	<b><u>427,784</u></b>

**3. Allocation of Support Costs**

	Cost of Generating funds £	Charitable Activities £	Governance Costs £	2012 Total £
<b>Proportion</b>				
Wages and salaries	25,383	43,514	3,626	72,523
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	12,035	20,631	1,719	34,385
Utility Bills	329	564	47	940
Repairs and renewals	457	783	65	1,305
Telephone, Broadband and Computers	500	857	71	1,428
Postage and stationery	1,232	2,112	176	3,520
Distribution costs	0	0	0	0
Insurance	1,005	1,722	144	2,871
Advertising and promotion	0	0	0	0
Audit and accountancy			3,888	3,888
General expenses	1,206	2,068	172	3,446
Bank charges	130	223	19	372
Depreciation	1,743	2,988	249	4,980
<b>Total Support Costs</b>	<b><u>44,020</u></b>	<b><u>75,462</u></b>	<b><u>10,176</u></b>	<b><u>129,658</u></b>
Direct Costs	<u>22,251</u>	<u>199,716</u>	<u>0</u>	<u>221,967</u>
<b>Total Costs</b>	<b><u>66,271</u></b>	<b><u>275,178</u></b>	<b><u>10,176</u></b>	<b><u>351,625</u></b>

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**Notes to the financial statements**

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**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:

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Salaries	196,465	243,270
Social security costs	<u>17,979</u>	<u>22,835</u>
<b>Total costs</b>	<b><u>214,444</u></b>	<b><u>266,105</u></b>

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

6.1                      7.3

**5. Tangible Fixed Assets**

**Furniture Fittings and Equipment**

**Cost**

At 1 January 2012	31,706
Additions	0
Disposals	<u>0</u>
At 31 December 2012	<u>31,706</u>

**Depreciation**

At 1 January 2012	24,696
Disposals	0
Charge for the year	<u>4,980</u>
At 31 December 2012	<u>29,676</u>

**Net Book Value**

At 31 December 2012	<u>2,030</u>
At 31 December 2011	<u>7,009</u>

**6. Reconciliation of movements in general funds**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Opening general funds	79,105	121,876
Surplus/(Deficit) for the year	<u>-13,412</u>	<u>-42,771</u>
<b>Closing general funds</b>	<b><u>65,693</u></b>	<b><u>79,105</u></b>

**BAG BOOKS**  
**Year Ended 31 December 2012**  
**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.

<b>Donor</b>	<b>At the start of the year</b>	<b>Incoming Resources</b>	<b>Outgoing Resources</b>	<b>At the end of the year</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
An Anonymous Company	£6,000		£6,000	£0
Clifford Chance LLP	£4,623		£4,623	£0
The Valentine Charitable Trust	£3,000		£3,000	£0
The Santander Foundation	£2,500		£2,500	£0
The Henry Smith Charity		£26,000	£26,000	£0
The Esmée Fairbairn Foundation		£25,917	£25,917	£0
John Lyon's Charity		£18,000	£18,000	£0
The Garfield Weston Foundation		£15,000	£2,000	£13,000
The John Ellerman Foundation		£13,750	£13,750	£0
The Stanley Thomas Johnson Foundation		£12,750	£7,832	£4,918
The Lloyds TSB Foundation for England and Wales		£12,650	£3,162	£9,488
The Foyle Foundation		£10,000	£3,500	£6,500
The B A N D Trust		£10,000	£6,500	£3,500
The Herbert and Peter Blagrove Charitable Trust		£9,000	£8,000	£1,000
The St James's Place Foundation		£8,284	£1,170	£7,114
The Adint Charitable Trust		£5,000	£1,500	£3,500
The Crerar Hotels Trust		£5,000	£0	£5,000
The Toy Trust		£4,828	£193	£4,635
The Drapers' Charitable Fund		£4,216	£4,216	£0
The Milton Keynes Community Foundation		£4,124	£4,124	£0
Buckinghamshire Community Foundation		£4,124	£0	£4,124
QBE Foundation		£3,125	£1,250	£1,875
The Sylvia Adams Charitable Trust		£3,000	£2,500	£500
The Hugh Fraser Foundation		£3,000	£500	£2,500
The Tanner Trust		£2,500	£2,500	£0
The Fuserna Foundation		£2,500	£2,250	£250
Community Foundation North East		£2,062	£0	£2,062
The Sheldon Trust		£2,000	£2,000	£0
The Woodroffe Benton Foundation		£2,000	£750	£1,250
The Sir James Reckitt Charity		£2,000	£2,000	£0
The Sobell Foundation		£2,000	£2,000	£0
62 other donations of under £2,000 each	<u>£22,741</u>	<u>£26,177</u>	<u>£41,406</u>	<u>£7,512</u>
	<b><u>£38,864</u></b>	<b><u>£239,007</u></b>	<b><u>£199,143</u></b>	<b><u>£78,728</u></b>

**8. Capital**

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