

Charity No: 1026432  
Company No: 2846227

**BAG BOOKS  
REPORT AND ACCOUNTS  
FOR THE YEAR ENDED  
31 DECEMBER 2013**

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**BAG BOOKS**  
**Year ended 31 December 2013**  
**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

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**BAG BOOKS**  
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**Trustees and directors**

Philip Wilson, Chair  
James Roy, Treasurer (resigned 05/02/13)  
Rachel Tyson, Treasurer  
Jamal Ahmed  
Sandra Allon  
Jan Stogdon  
Natasha Theobald  
Jonathan Walsh

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**Patrons**

Prof. James Hogg BA(Hons) PhD FFIASSID  
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 2013**  
**Trustees' Report**

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The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2013. 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).

### **Introduction**

Bag Books is a charity which works to help develop communication skills in children and adults with the most severe learning disabilities. We do this through:

- making multi-sensory books
- running specialist multi-sensory storytelling sessions
- training people in multi-sensory storytelling

Multi-sensory books can be enjoyed without being understood. They are designed for people with Profound & Multiple Learning Disabilities (PMLD – a maximum developmental age of 18 months), people with Severe Learning Disabilities (SLD – a maximum developmental age of 6 years) or people with severe Autistic Spectrum Disorders. The multi-sensory books comprise a large-print storyboard with 6-12 lines of text. Each line of the story is matched with a specially selected object (many of them hand-made) which participants are helped to access hand-over-hand with the Storyteller. These objects engage the senses of sight, sound, touch, smell and motion.

### **Executive Summary**

2013 was a record-breaking year for the charity, we made more multi-sensory books and had more participants with learning disabilities at our storytelling sessions than ever before. Through our multi-sensory books and/or storytelling we have now reached 94% of all the Special Schools in the UK that cater specifically for pupils with Severe and/or Profound & Multiple Learning Disabilities. The year also saw the start of our three year project aiming to introduce multi-sensory books and storytelling to adult day centres and residential care homes. In addition, we were Highly Commended in the Charity of the Year (under £1m) category at the Charity Times Charity Awards 2013. The judges' citation was *"A simple but highly effective approach with a huge reach."*

We hope to build on this success over the coming year and will be organising events to celebrate our 21<sup>st</sup> Birthday in September 2014.

### **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.

**BAG BOOKS**  
**Year Ended 31 December 2013**  
**Trustees' Report**

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4. After serving four years as our Treasurer, James Roy retired in February 2013 and Rachel Tyson was elected to replace him. The Trustees gave a vote of thanks to James for his tremendous contribution to the governance of the charity.
5. Any Trustee vacancies are openly advertised and new Trustees are inducted into the workings of the charity through a tour of the craft workshop, informal discussions with staff and volunteers and the opportunity to observe storytelling sessions with beneficiaries. An induction pack is provided which includes 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."
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 Tyson, *our Treasurer who is a qualified accountant currently working at Network Rail. 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.*
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 two Craft Artists. The charity also has contracts with 11 freelance Storytellers.
8. Regular volunteers are invaluable to multi-sensory 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 BP, Standard Chartered, Salesforce.com (twice), HSBC Private Bank and Deutsche Bank. We have also benefitted from the services of volunteers on the administrative side of our work. Together, we estimate that our volunteers donated 367 days (2012: 214 days) to us during the year and the value to the charity of this work is £28,000 (2012: £16,000) 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. Bag Books is still the only organisation in the world publishing multi-sensory stories for people with Severe or Profound & Multiple Learning Disabilities. 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.”*

During the year, the Trustees held an “Away Day” at which they reviewed the Charity Commission documents “The Hallmarks of an Effective Charity” and “The Economic Downturn – 15 Questions Trustees Need To Ask.” The Trustees also adopted a “Strategic and Business Plan 2013-2017”. The strategy documents are available in full on the charity’s website <http://www.bagbooks.org/strategy.html>

12. 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 children and adults with learning disabilities 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.
13. The Trustees have also adopted six Charitable Objectives and two Organisational Objectives. Set out below is a review of what we intended to do in 2013 (as stated in our 2012 accounts), what we actually achieved during the year and what our plans are for 2014. 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 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 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.

**In 2013 this is what we did:**

- Through our multi-sensory books and/or storytelling we have now reached 94% (2012: 84%) of the 659 Special Schools in the UK that cater specifically for pupils with Severe and/or Profound & Multiple Learning Disabilities. Our "Once Upon A Time" projects aims to run storytelling sessions with each school every five years and we have now achieved that with 73% (2012: 57%) of the schools.
- Through our "Tall Stories" project, we introduced multi-sensory books to 90 (2012: 22) adult day centres and residential care homes during the year.
- We visited 17 of the 45 Children's Hospices in the UK during the year.
- We commenced a project of multi-sensory storytelling in Museums and other public places and visited 20 locations ranging from the Science Museum to Abergavenny Castle and Tottenham Hotspur Football Club.
- We had information stands and/or demonstration multi-sensory storytelling sessions at several events attended mainly by parents: Kidz South, Kidz North and London Zoo's Special Children's Day.
- We commissioned research by Northampton University into the benefits of multi-sensory storytelling. Their report should be available in May 2014.
- We hosted academic visitors from Portugal and Japan.

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

The number of websites linking to ours.

2013:	3,110	<i>Targets - R: under 1,999, A: 2,000-2,500, G: 2,501 or more</i>
2012:	3,000	
2011:	2,160	
2010:	590	
2009:	248	

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

**In 2014 we plan to:**

- Prioritise "Once Upon A Time" multi-sensory storytelling visits to the 27% of Special Schools whose last visit was more than five years ago.
- Introduce multi-sensory storytelling to more adult day centres and residential care homes through our "Tall Stories" project.
- Visit new (to us) Children's Hospices.
- Disseminate the academic research into the benefits of multi-sensory storytelling.
- Host more academic visitors.

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15. **Charitable Objective 2** *To develop 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 2013 this is what we did:**

- Three new “classic” design books were launched: “Museum Mystery”, “The Best Time To Live” and “A Day At The Seaside”. The first two titles were developed to complement our new project of storytelling in museums and other public places.

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

The number of new titles published

2013:	3	<i>Targets - R: 0 or 1, A: 2, G: 3 or more</i>
2012	4	
2011:	6	
2010:	0	
2009:	2	

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

**In 2014 we plan to:**

- Obtain funding to launch three new books.
- Obtain funding to launch a series of story ideas for parents that can be freely downloaded from our website.

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

**We said we would:**

- Increase the number of books produced.

**In 2013 this is what we did:**

- The number of separate orders for our multi-sensory products increased by 37% to 600 (2012: 438) which is our highest ever number. We are encouraged by this as we feel it reflects a growing awareness of our services.
- The number of “classic” books made increased by 43% to an all-time record number. The cost of making those books only increased by 16% to £193,389 (2012: £166,563) which reflects both efficiency savings and a large increase in the number of volunteers assisting our staff in book production.

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

The number of “classic” books made.

2013:	1,151	<i>Targets – R: under 799, A 800-1,000, G: 1,001 or more</i>
2012	805	
2011:	1,141	
2010:	933	
2009:	1,026	

The Trustees judge this to be Green on our traffic light system of targets. In addition to the 1,151 “classic” design books we also made 104 (2012: 171) “At Home” books for parents.

**In 2014 we plan to:**

- Maintain and, if possible, further increase the high level of book production.

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

**We said we would:**

- 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.

**In 2013 this is what we did:**

- We told stories to 98 children and their families in Children's Hospices. We received very positive feedback from the hospice staff including:  
*"The stories were fun and every child was able to take an active part. One of the children who finds it difficult to concentrate managed to sit and listen to four stories."* Bluebell Wood, Sheffield.  
*"It included children with severe learning difficulties in a way they could participate and enjoy. The children smiled, laughed and were relaxed throughout the session."* Hope House, Oswestry.  
*"The storyteller got everyone involved. He captivated the audience, treating everyone with respect and responding to them. He engaged all the children, was spontaneous, fun and sensitive to their needs. A lovely interactive activity."* Charlton Farm, Bristol.
- 156 pupils attended storytelling sessions in Museums and other public places.
- Our "Once Upon A Time" sessions in Special Schools reached 4,437 children. All our freelance storytellers now have a supply of stickers that they give to the teachers after each storytelling session to put in the pupil's contact books. The stickers inform the parents that their child has participated in a Bag Books multi-sensory storytelling session and include our logo and website address.
- Our "Tall Stories" project reached 1,593 adults with severe learning disabilities.
- Overall numbers attending storytelling grew by 46% to a record high but within this the number of adults increased to 1,609 (2012: 305).

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

The number of service users attending storytelling sessions.

2013:	7,003	Targets – R: under 2,999, A: 3,000-4,000, G: 4,001 or more
2012:	4,782	
2011:	4,885	
2010:	4,061	
2009:	1,238	

The Trustees judge this to be Green on our traffic light system of targets and have increased the 2014 targets to R: under 3,999, A: 4,000-6,000, G: 6,001 or more

**In 2014 we plan to:**

- Continue visiting Children's Hospices.
- Continue visiting Special Schools.
- Continue visiting day centres and adult care homes.

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

**We said we would:**

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

**In 2013 this is what we did:**

- 269 people working in day centres and adult care homes were trained as part of our "Tall Stories" project.
- The overall number of people trained more than doubled.

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

The number of people trained.

2013: 738 *Targets – R: under 249, A: 250-400, G: 401 or more*

2012 363

2011: 642

2010: 991

2009: 433

The Trustees judge this to be Green on our traffic light system of targets and have increased the 2014 targets to R: under 299, A: 300-500, G: 501 or more

**In 2014 we plan to:**

- Maintain the number of people trained at a high level.

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

**We said we would:**

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

**In 2013 this is what we did:**

- We continued to run Build-a-Book sessions where our staff spend a day involving people with severe learning disabilities in creating a bespoke multi-sensory book. During the year we visited three more Special Schools in London and then obtained funding to widen the remit of the project by visiting five adult day centres in London. This proved to be particularly popular and productive.

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

The number of people attending a course.

2013: 63 *Targets – R: under 9, A: 10-20, G: 21 or more*

2012 32

2011: 7

2010: 0

2009: 0

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

**In 2014 we plan to:**

- Continue running London Build-a-Book sessions for children and adults.
- Apply for funding to widen the project beyond London.

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

**We said we would:**

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

**In 2013 this is what we did:**

- The number of non-individual donors increased to 103 (2012: 89).
- Although our reserves increased we did not hit our green target.
- During the year, the Trustees updated our reserves policy, how our level of reserves is calculated and our targets for the year. The new policy and calculation is reported in Paras 27 to 29 below. The figures below are restated to reflect the new calculation.

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

The level of reserves.

2013:	27 weeks	<i>Targets – R: under 20 or over 46, A: 21-29 or 41-45, G: 30-40</i>
2012:	18 weeks	
2011:	29 weeks	
2010:	26 weeks	
2009:	27 weeks	

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

**In 2014 we plan to:**

- Increase reserves to hit our green target.

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

**We said we would:**

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

**In 2013 this is what we did:**

- The number of days contributed by volunteers increased by 71% largely due to funding enabling us to employ a part-time Volunteer Co-ordinator.
- We maintained our Level 1 PQASSO score and moved closer to Level 2.
- We were Highly Commended in the Charity of the Year (under £1m) category at the Charity Times Charity Awards 2013. The judges' citation was "A simple but highly effective approach with a huge reach."

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

The number of volunteer days.

2013:	367	<i>Targets – R: under 149, A: 150-200, G: 201 or more</i>
2012:	214	
2011:	183	
2010:	203	
2009:	186	

The Trustees judge this to be Green on our traffic light system of targets and have increased the 2014 targets to R: under 199, A: 200-300, G: 301 or more.

**In 2014 we plan to:**

- Secure new funding for our Volunteer Co-ordinator post.
- Redesign our Website to make it more user-friendly.
- Organise events to celebrate our 21<sup>st</sup> Birthday in September 2014.

**BAG BOOKS**  
**Year Ended 31 December 2013**  
**Trustees' Report**

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22. Overall, our aim was to reach at least 20,000 people with learning disabilities during 2013. We know that 7,003 (2012: 4,782) service users attended our storytelling sessions. Over the past five years we have also supplied our books to 906 (2012: 770) different schools, libraries, children's hospices 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 269 (2012: 232) individuals. We therefore estimate that this target was easily met. We aim to reach 22,000 people with learning disabilities during 2014.

**Financial review**

23. Income grew by 35% to £502,247 (2012: 371,324). This was mainly due to the start of our three year grant from the Big Lottery Fund for our "Tall Stories" project which contributed £93,157 towards this total. Our budget for the year included this grant and had predicted income to grow to £452,485 on a reasonable conservative basis. We therefore exceeded by budget by £49,761 chiefly due to better than expected fundraising from Charitable Trusts and a legacy of £15,333 from our former volunteer, Mary Atkinson.
24. Expenditure increased by 32% to £464,531 (2012: £351,625). This was slightly more than our budget of £444,011 partly due to increased expenditure on storytelling because of better than expected fundraising from Charitable Trusts.
25. This has resulted in a surplus of net resources of £37,716 (2012: surplus of £19,699).

**Budget for 2014**

26. The Trustees have agreed a budget for 2014 of income totaling £446,809 (2013: £452,485) of which £137,809 (2013: £173,326) had been secured by the start of the year. Budgeted expenditure is £445,300 (2013: £444,011). With fewer grants secured at the start of the year, we expect the fundraising task to be more difficult in the coming year.

**Reserves policy**

27. Over the course of the first six months of 2011 our reserves fell by 64% which forced us to cut back on our activities and make some redundancies. Our reliance on one-off donations from Charitable Trusts makes our income very unpredictable so given the possibility of such a sharp decline the Trustees reviewed our Reserves Policy during the year.
28. Our new policy is that "Unrestricted Reserves should be equivalent to between 30 and 40 weeks of budgeted future annual unsecured expenditure." At the end of the year our Unrestricted Reserves (General Funds) were £117,977 (2012: £65,693). Our budgeted expenditure for 2014 is £445,300 of which £137,809 had already been secured and £76,331 was covered by Restricted Funds leaving a balance of £231,160 to raise. Our Unrestricted Reserves were sufficient to cover 51% (27 weeks) of this balance.

29. Given the volatile nature of much of our income, the Trustees will continue to closely monitor the reserves position throughout the forthcoming year.

#### **Staff pension arrangements**

30. Because of our small size, the staging date set by The Pensions Regulator for our workplace pension obligations to begin was 01/02/17. We successfully applied to them to bring the date forward and our new staging date was 01/07/13. We joined the National Employment Savings Trust (NEST) pension scheme. 8 of our 10 staff were eligible for auto-enrollment on the staging date and 1 person has since opted-out. The charity has agreed to match employees' contributions up to 3% of salary. A breakdown of staffing costs appears as Note 4.

#### **Trustee indemnity insurance**

31. The Trustees had previously debated whether to obtain Trustee indemnity insurance and had decided not to. However, when our insurance became due for renewal we obtained a quotation which was much cheaper than our previous policy and which automatically included Trustee indemnity insurance so we now have that cover.

#### **Fundraising performance**

32. We invested £86,529 (2012: £66,271) in fundraising and this produced voluntary income of £435,400 (2012: £309,327) which was 87% (2012: 83%) of our total income. The fundraised income can be broken down as follows:
- Income from Charitable Trusts and Foundations increased 20% to £255,609 (2012: £212,652)
  - Income from The Big Lottery Fund was £93,157 (2012: £0)
  - Income from corporate partners decreased 32% to £50,154 (2012: £73,813)
  - Income from individuals decreased 7% to £21,147 (2012: £22,659)
  - Income from legacies was £15,333 (2012: £0)
  - Income from Gifts In Kind increased 50% to £8,777 (2012: £5,864)
33. By the end of the year the following grants of £2,500 and over had been secured for 2014:
- £95,773 from The Big Lottery as the second year of a three year grant for our "Tall Stories" project with adults.
  - £20,000 from John Lyon's Charity as the third year of a three year grant for multi-sensory storytelling in their beneficial area.
  - £17,500 from The Henry Smith Charity as the second year of a three year grant towards the salary of the Director of Services.
  - £11,670 from The Esmée Fairbairn Foundation as the second year of a two year grant towards the salary of the Director of Services.
  - £8,860 from BBC Children in Need as the second year of a two year grant for multi-sensory storytelling in children's hospices.
  - £2,500 from The Odin Charitable Trust as the third year of a three year unrestricted grant.

34. The Trustees would like to thank all our donors for their support. The Trustees are also grateful to all the companies and organisations which provide goods and services free of charge. This support is recognised under "Gifts in Kind". One of the main items within this is the audit which has been kindly provided on a pro-bono basis by Wyatts for several years.

**Statement of responsibilities of the trustees**

35. 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.
36. 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 2006. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure to auditors**

37. 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**

38. A resolution to confirm the reappointment of Wyatts as the company auditor will be proposed at the Annual General Meeting on 29<sup>th</sup> April 2014.

**Small Companies Exemptions**

39. This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the Board of Trustees at its meeting on 29<sup>th</sup> April 2014 and signed on its behalf:

.....  
Philip Wilson, Chair of Trustees. 29<sup>th</sup> April 2014

**BAG BOOKS**  
**Year Ended 31 December 2013**  
**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 2013 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 2013 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.

**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:

- 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

**BAG BOOKS**  
**Year Ended 31 December 2013**  
**Statement of Financial Activities**

	Notes	Unrestricted Funds £	Restricted Funds £	2013 Total £	2012 Total £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		87,259	348,141	<b>435,400</b>	309,327
Gifts in kind		8,777	0	<b>8,777</b>	5,864
Bank interest		416	0	<b>416</b>	106
<b>Incoming resources from charitable activities</b>					
Book Production		47,005	0	<b>47,005</b>	50,510
Storytelling & Training		<u>10,649</u>	<u>0</u>	<b><u>10,649</u></b>	<u>5,517</u>
<b>Total Incoming Resources</b>		<u>154,106</u>	<u>348,141</u>	<b><u>502,247</u></b>	<u>371,324</u>
<b>RESOURCES EXPENDED</b>					
Cost of generating funds		86,529	0	<b>86,529</b>	66,271
Charitable activities					
Book Production		8,777	184,612	<b>193,389</b>	166,563
Storytelling & Training		7,889	165,926	<b>173,815</b>	108,615
Governance costs		<u>10,798</u>	<u>0</u>	<b><u>10,798</u></b>	<u>10,176</u>
<b>Total resources expended</b>	<b>2, 3</b>	<u>113,993</u>	<u>350,538</u>	<b><u>464,531</u></b>	<u>351,625</u>
<b>Net incoming/outgoing resources before other recognised gains/losses</b>		40,113	-2,397	<b>37,716</b>	19,699
<b>Other recognised gains/losses</b>					
Gain/loss on revaluation of investments		12,171		<b>12,171</b>	6,753
<b>Net movement in funds</b>		52,284	-2,397	<b>49,887</b>	26,452
<b>Reconciliation of funds</b>					
Funds at the start of the year		<u>65,693</u>	<u>78,728</u>	<b><u>144,421</u></b>	<u>117,969</u>
<b>Funds at the end of the year</b>		<u>117,977</u>	<u>76,331</u>	<b><u>194,308</u></b>	<u>144,421</u>

All activities relate to continuing operations.

The notes on pages 18 to 22 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 2013**  
**Balance Sheet**

	Notes	2013 Total £	2012 Total £
<b>Fixed Assets</b>			
Tangible assets	5	<u>1,067</u>	<u>2,029</u>
<b>Current Assets</b>			
Stock		19,666	21,497
Trade debtors		5,128	3,582
Prepayments		11,820	12,410
VAT repayable		292	1,297
Deposits – Investment Account		73,031	60,860
Cash at bank and in hand		<u>174,671</u>	<u>76,272</u>
<b>Total Current Assets</b>		<b><u>284,608</u></b>	<b><u>175,918</u></b>
<b>Creditors due within one year:</b>			
Trade creditors		4,523	3,426
Tax and social security		4,948	5,233
Other creditors		14,264	284
Deferred income		<u>67,632</u>	<u>24,583</u>
<b>Total Current Liabilities</b>		<b><u>91,367</u></b>	<b><u>33,526</u></b>
<b>Net current assets</b>		<b><u>193,241</u></b>	<b><u>142,392</u></b>
<b>Net assets</b>		<b><u>194,308</u></b>	<b><u>144,421</u></b>
<b>FUNDS</b>			
General funds	6	117,977	65,693
Restricted funds	7	<u>76,331</u>	<u>78,728</u>
<b>Total Funds</b>		<b><u>194,308</u></b>	<b><u>144,421</u></b>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 29<sup>th</sup> April 2014 and signed on its behalf by

.....  
Philip Wilson, Chair of Trustees

The notes on pages 18 to 22 form part of these financial statements.



**BAG BOOKS**  
**Year Ended 31 December 2013**  
**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.

j) **Pension costs**

The charity has joined the National Employment Savings Trust (NEST) pension scheme and has agreed to match employees' contributions into that scheme up to 3% of salary. The costs to the charity are recognised as they are incurred.

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**BAG BOOKS**  
**Year Ended 31 December 2013**  
**Notes to the financial statements**

**2. Total resources expended**

	Unrestricted Funds £	Restricted Funds £	2013 Total £	2012 Total £
Wages and salaries	58,433	194,103	252,536	214,444
Materials and consumables	15,116	34,032	49,148	40,930
Storytelling and training	0	67,018	67,018	28,801
Craft Workers/Volunteer Expenses	3,441	7,747	11,188	3,557
Direct Fundraising Costs	991	2,230	3,221	2,074
Rent and services	10,582	23,824	34,406	34,385
Utility Bills	1,039	2,340	3,379	940
Repairs and renewals	293	661	954	1,305
Telephone, Broadband and Computers	1,303	2,932	4,235	1,428
Postage and stationery	999	2,249	3,248	3,520
Distribution costs	1,418	3,191	4,609	3,552
Insurance	769	1,731	2,500	2,870
Advertising and promotion	2,247	5,059	7,306	1,133
Audit and accountancy	3,720	0	3,720	3,888
General expenses	903	2,032	2,935	3,446
Research Project costs	12,123	0	12,123	0
Bank charges	113	255	368	371
Depreciation	503	1,134	1,637	4,981
<b>Total Resources expended</b>	<b><u>113,993</u></b>	<b><u>350,538</u></b>	<b><u>464,531</u></b>	<b><u>351,625</u></b>

**3. Allocation of Support Costs**

	Cost of Generating funds £	Charitable Activities £	Governance Costs £	2013 Total £
<b>Proportion</b>				
Wages and salaries	28,210	48,359	4,030	80,599
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	12,042	20,644	1,720	34,406
Utility Bills	1,183	2,027	169	3,379
Repairs and renewals	334	572	48	954
Telephone, Broadband and Computers	1,482	2,541	212	4,235
Postage and stationery	1,137	1,949	162	3,248
Distribution costs	0	0	0	0
Insurance	875	1,500	125	2,500
Advertising and promotion	2,557	4,384	365	7,306
Audit and accountancy	0	0	3,720	3,720
General expenses	1,027	1,761	147	2,935
Research Project costs	0	0	0	0
Bank charges	129	221	18	368
Depreciation	573	982	82	1,637
<b>Total Support Costs</b>	<b><u>49,549</u></b>	<b><u>84,940</u></b>	<b><u>10,798</u></b>	<b><u>145,287</u></b>
Direct Costs	<u>36,980</u>	<u>282,264</u>	<u>0</u>	<u>319,244</u>
<b>Total Costs</b>	<b><u>86,529</u></b>	<b><u>367,204</u></b>	<b><u>10,798</u></b>	<b><u>464,531</u></b>

**BAG BOOKS**  
**Year Ended 31 December 2013**  
**Notes to the financial statements**

**4. Trustees 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 insurance package for the charity automatically includes Trustee Indemnity Insurance.

Employee costs during the year were:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Salaries	228,712	196,465
Social security costs	21,357	17,979
Employer's contribution to NEST pension scheme	<u>2,467</u>	<u>0</u>
<b>Total costs</b>	<b><u>252,536</u></b>	<b><u>214,444</u></b>
The average number of employees during the year	10	10
The average number of employees (full-time equivalent) during the year	6.3	6.1

**5. Tangible Fixed Assets**

**Furniture Fittings and Equipment**

**Cost**

At 1 January 2013	31,706
Additions	675
Disposals	<u>-168</u>
At 31 December 2013	<u>32,213</u>

**Depreciation**

At 1 January 2013	29,676
Disposals	-105
Charge for the year	<u>1,574</u>
At 31 December 2013	<u>31,145</u>

**Net Book Value**

At 31 December 2013	<u>1,068</u>
At 31 December 2012	<u>2,030</u>

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

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Opening general funds	65,693	79,105
Surplus/(Deficit) for the year	<u>52,284</u>	<u>-13,412</u>
<b>Closing general funds</b>	<b><u>117,977</u></b>	<b><u>65,693</u></b>

**BAG BOOKS**  
**Year Ended 31 December 2013**  
**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>
The Garfield Weston Foundation	13,000	0	13,000	0
The Lloyds TSB Foundation for England and Wales	9,488	10,850	9,488	10,850
The St James's Place Foundation	7,114	0	7,114	0
The Foyle Foundation	6,500	0	6,500	0
The Crerar Hotels Trust	5,000	0	4,000	1,000
The Stanley Thomas Johnson Foundation	4,918	12,750	16,871	797
The Toy Trust	4,635	0	4,635	0
Buckinghamshire Community Foundation	4,124	0	4,124	0
The Adint Charitable Trust	3,500	0	3,500	0
The B A N D Trust	3,500	0	3,500	0
The Hugh Fraser Foundation	2,500	0	2,500	0
The Big Lottery Fund	0	93,157	93,157	0
The John Ellerman Foundation	0	23,230	18,568	4,662
John Lyon's Charity	0	20,000	20,000	0
The Esmée Fairbairn Foundation	0	18,330	16,803	1,527
The Henry Smith Charity	0	18,300	18,300	0
The Whalley White Charitable Trust	0	15,000	15,000	0
An Anonymous Company	0	12,500	12,500	0
BBC Children in Need - England	0	11,131	8,914	2,217
The Baily Thomas Charitable Fund	0	8,000	6,400	1,600
The Greendale Foundation	0	5,000	2,000	3,000
The Liz and Terry Bramall Charitable Trust	0	5,000	5,000	0
The Evan Cornish Foundation	0	4,512	3,610	902
The Eveson Charitable Trust	0	4,512	1,805	2,707
The Merchant Taylors' Company Charities Fund	0	4,512	3,610	902
The Robertson Trust	0	4,500	2,700	1,800
The QBE Foundation	0	3,250	3,250	0
Land Securities	0	3,000	1,500	1,500
The James Weir Foundation	0	3,000	0	3,000
The Peter Minet Trust	0	3,000	0	3,000
The Miss Agnes H Hunter's Trust	0	2,709	0	2,709
The Francis C Scott Charitable Trust	0	2,700	900	1,800
63 other donations of under £2,500 each	<u>14,449</u>	<u>59,198</u>	<u>41,289</u>	<u>32,358</u>
	<b><u>78,728</u></b>	<b><u>348,141</u></b>	<b><u>350,538</u></b>	<b><u>76,331</u></b>

**8. Capital**

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