

Charity No: 1026432
Company No: 2846227

**BAG BOOKS
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2014**

BAG BOOKS
Year ended 31 December 2014
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

Contact details

Tel: 020 7627 0444 Fax: 020 7627 0999
email: office@bagbooks.org web: www.bagbooks.org

Charity Number

1026432

Company Number

2846227

VAT Number

GB 994 0287 86

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Reference and administrative information

Trustees and directors

Philip Wilson, Chair

Rachel Tyson, Treasurer

Jamal Ahmed

(resigned 31/07/14)

Sandra Allon

Mandeep Rai

(appointed 27/01/15)

Jan Stogdon

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

Marion Mason, Finance Officer

Camilla John, Fundraising Manager

Company Secretary

Dean Casswell

Bankers

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 2014
Trustees' Report

The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2014. 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

2014 was another 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. Over the last five years our Storytellers have visited 80% 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 second of our three year project aiming to introduce multi-sensory books and storytelling to adult day centres and residential care homes. Our work with adults was shortlisted for “The Supporting Older People with Learning Disabilities (Brian Rix) Award” at the National Learning Disability Awards 2014. In addition, Northampton University published a report into the benefits of multi-sensory storytelling which states, *“It is clear from our research that Bag Books are considered to be an important tool for making English and literacy – as well as a wide range of other curriculum topics – accessible and for bringing significant pleasure to a large number of students.”*

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.

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4. 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."
5. At the time of the AGM there were seven Trustees:
 - Philip Wilson, *our Chair who was formerly the Director of Development at the British Science Association and 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.*
 - 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.*
 - Mandeep Rai, *an Associate Director at HSBC Private Bank. Mandeep has been a Trustee since 27/01/15.*
 - 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 18 years' experience. Natasha has been a Trustee since 20/07/10.*
 - Jonathan Walsh, *a solicitor. Jonathan has been a Trustee since 26/04/06.*
6. In addition to the skills and experience listed above one of the Trustees is also a parent of a person with severe learning disabilities and another Trustee is a sibling of a person with severe learning disabilities.
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. In addition, the charity 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 Network Rail, Schroders, Salesforce.com, HSBC Private Bank, Standard Chartered and Clifford Chance. We have also benefitted from the services of volunteers on the administrative side of our work. Together, we estimate that our volunteers donated 396 days (2013: 367 days) to us during the year and the value to the charity of this work is £31,000 (2013: £28,000) 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.”

In 2013 the Trustees held a biennial “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 2014-2017” which is available in full on the charity’s website <http://www.bagbooks.org/about-us/strategic-plans-for-bag-books>

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 2014 (as stated in our 2013 accounts), what we actually achieved during the year and what our plans are for 2015. 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:

- 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.

In 2014 this is what we did:

- Our "Once Upon A Time" projects aims to run storytelling sessions every five years with each of the 698 Special Schools across the UK catering for pupils with severe learning disabilities. We have now achieved that with 80% (2013: 73%) of the schools.
- Through our "Tall Stories" project, we introduced multi-sensory books to 80 (2013: 90) adult day centres and residential care homes. Our work with adults was shortlisted for "The Supporting Older People with Learning Disabilities (Brian Rix) Award" at the National Learning Disability Awards 2014.
- We visited 21 (2013: 17) Children's Hospices during the year.
- We had information stands at several events attended mainly by parents: Kidz South, Kidz In The Middle and Kidz North.
- We commissioned research by Northampton University into the benefits of multi-sensory storytelling. The report was published in the summer. It states, "*It is clear from our research that Bag Books are considered to be an important tool for making English and literacy – as well as a wide range of other curriculum topics – accessible and for bringing significant pleasure to a large number of students.*" The full report can be downloaded from www.bagbooks.org/uploads/pdf/evaluation.pdf
- We hosted academic visitors from The Netherlands, South Korea and Japan.

Our Key Performance Indicator for this Objective is:

The number of websites linking to ours.

2014:	2,780	<i>Targets - R: under 1,999, A: 2,000-2,500, G: 2,501 or more</i>
2013:	3,110	
2012:	3,000	
2011:	2,160	
2010:	590	

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

In 2015 we plan to:

- Prioritise "Once Upon A Time" multi-sensory storytelling visits to the 20% of Special Schools whose last visit was more than five years ago.
- Fundraise for an "Autism Storytime" project introducing multi-sensory storytelling to Special Schools with pupils who have Autism Spectrum Disorder.
- Introduce multi-sensory storytelling to more adult day centres and residential care homes through our "Tall Stories" project.
- Continue our work with Children's Hospices.
- Work collaboratively with more overseas academics.
- Organise a national multi-sensory storytelling day on 23rd September 2015.

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

In 2014 this is what we did:

- Due to a lack of funding, no new “classic” design books were launched during the year. However, funding for a new title was obtained in November and it is expected to be launched in May 2015.
- A new range of five DIY stories aimed at parents and carers was launched in October and in ten weeks 136 people registered to download them.

Our Key Performance Indicator for this Objective is:

The number of new titles published

2014:	5	<i>Targets - R: 0 or 1, A: 2, G: 3 or more</i>
2013:	3	
2012:	4	
2011:	6	
2010:	0	

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

In 2015 we plan to:

- Obtain funding to launch three new books.
- Translate all out titles into Welsh language versions.

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

We said we would:

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

In 2014 this is what we did:

- The number of separate orders for our multi-sensory products increased by 607 (2013: 600) 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 27% to an all-time record number. The cost of making those books only increased by 11% to £214,595 (2013: £193,389) which reflects both efficiency savings and a further 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.

2014:	1,457	<i>Targets – R: under 799, A 800-1,000, G: 1,001 or more</i>
2013:	1,151	
2012:	805	
2011:	1,141	
2010:	933	

The Trustees judge this to be Green on our traffic light system of targets. In addition to the 1,457 “classic” design books we also made 123 (2013: 104 “At Home” books for parents.

In 2015 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:

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

In 2014 this is what we did:

- We told stories to 239 (2013: 98) children and their families in Children's Hospices
- Our "Once Upon A Time" sessions in Special Schools reached 4,852 (2013: 4,437) children.
- We received feedback from 555 (2013: 545) Special Needs teachers who collectively observed 4,259 (2013: 3,901) of their pupils participating in one of our storytelling sessions. Those teachers judged that 99.2% (2013: 98.9%) of the children in their class benefitted from a Bag Books multi-sensory storytelling session. The teachers also rated their overall satisfaction with our service at 97.1% (2013: 96.7%). Unedited feedback is posted on our website at www.bagbooks.org/in-your-area including:
 - *"I just wanted to say a huge thank you from all in Sperrinview for the wonderful story telling from [the Storyteller] on Monday. I have been inundated with staff telling me how great it was and how much the children got from it so thank you from us all."* Principal, Sperrinview Special School, Armagh
 - *"What a wonderful experience for our pupils. It's all the staff were talking about in the staff room after their sessions!"* St Duthus Special School, Tain, Ross-Shire.
 - *"The session was fantastic and the storyteller was able to engage every pupil in the class, all of which have varying needs. We would be happy to see the storyteller back again soon!"* Ysgol Tir Morfa, Rhyl
 - *We were particularly impressed with two of our pupils' responses to the storyteller. Both students (in different sessions) are difficult to engage and frequently opt out of sessions, especially when a stranger comes into school. In [the storyteller's] sessions, both participated fully, seeking out the stimuli and exploring them. [The storyteller] really engaged with them.* Sir Charles Parson School, Newcastle Upon Tyne
- Our "Tall Stories" project reached 1,182 (2013: 1,593) adults with severe learning disabilities.

Our Key Performance Indicator for this Objective is:

The number of service users attending storytelling sessions.

2014:	7,076	Targets – R: under 3,999, A: 4,000-6,000, G: 6,001 or more
2013:	7,003	
2012:	4,782	
2011:	4,885	
2010:	4,061	

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

In 2015 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:

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

In 2014 this is what we did:

- 215 (2013: 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 fell but was still within our target.

Our Key Performance Indicator for this Objective is:

The number of people trained.

2014: 562 *Targets – R: under 299, A: 300-500, G: 501 or more*

2013: 738

2012: 363

2011: 642

2010: 991

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

In 2015 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 for children and adults.
- Apply for funding to widen the project beyond London.

In 2014 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 six (2013: three) more Special Schools and one (2013: five) adult day centre in London and South East England.

- An application for funding beyond London was made in January 2015.

Our Key Performance Indicator for this Objective is:

The number of people attending a course.

2014: 47 *Targets – R: under 9, A: 10-20, G: 21 or more*

2013: 63

2012: 32

2011: 7

2010: 0

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

In 2015 we plan to:

- Continue running London Build-a-Book sessions for children and adults.
- Widen the project beyond London if funding is granted.

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

We said we would:

- Increase reserves to hit our green target.

In 2014 this is what we did:

- Our funding base diversified further with a total of 118 non-individual donors (2013: 103).
- Although our reserves increased we did not hit our green target.

Our Key Performance Indicator for this Objective is:

The level of reserves.

2014: 29 weeks *Targets – R: under 20 or over 46, A: 21-29 or 41-45, G: 30-40*
2013: 27 weeks
2012: 18 weeks
2011: 29 weeks
2010: 26 weeks

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

In 2015 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:

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

In 2014 this is what we did:

- Two applications were made to fund the Volunteer Co-ordinator post but neither was successful.
- The number of days contributed by volunteers was an all-time record mainly due to the work of the Volunteer Co-ordinator.
- The website was redesigned and the number of page views increased by 67% to 197,441 (2013: 118,423).
- Our PC's had been purchased second-hand in 2008 and were running Windows XP and Office 2000 so we replaced them with new units running Windows 7 and Office 2013.
- To mark our 21st Birthday, our team of storytellers ran sessions in 21 venues throughout the UK. In the evening, over 80 guests attended a reception in the Grand Room of HSBC Private Bank in St James's Street, London where they were welcomed by Lord Janvrin, Deputy Chairman of HSBC Private Bank.

Our Key Performance Indicator for this Objective is:

The number of volunteer days.

2014: 396 *Targets – R: under 199, A: 200-300, G: 301 or more*
2013: 367
2012: 214
2011: 183
2010: 203

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

In 2015 we plan to:

- Again try to secure funding for our Volunteer Co-ordinator post.

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22. Overall, our aim was to reach at least 22,000 people with learning disabilities during 2014. We know that 7,076 (2014: 7,003) service users attended our storytelling sessions. Over the past five years we have also supplied our books to 1,092 (2013: 906) 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 279 (2013: 269) individuals. We therefore estimate that this target was easily met. We aim to reach 25,000 people with learning disabilities during 2015.

Financial review

23. Income grew by 3% to £517,736 (2013: £502,247). Our budget for the year had predicted income of £446,809 on a reasonable conservative basis. We therefore exceeded by budget by £70,927 chiefly due to better than expected fundraising from Charitable Trusts and Corporates together with an increase in income from book sales.
24. Expenditure increased by 2% to £476,137 (2013: £464,531). This was rather more than our budget of £445,301 mainly due to increased expenditure on storytelling and book production because of better than expected corresponding income.
25. This has resulted in a surplus of net resources of £41,599 (2013: surplus of £37,716).

Budget for 2015

26. The Trustees have agreed a budget for 2015 of income totaling £471,684 (2014: £446,809) of which £137,684 (2014: £137,809) had been secured by the start of the year. Budgeted expenditure is £469,642 (2014: £445,300). With several major grants expiring at the end of the year, we expect the fundraising task to be more difficult in the next 12 months.

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 our Reserves Policy is relatively conservative.
28. Our 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 £116,561 (2013: £117,977). Our budgeted expenditure for 2015 is £469,642 of which £137,684 had already been secured and £119,793 was covered by Restricted Funds leaving a balance of £212,165 (2013: £231,160) to raise. Our Unrestricted Reserves were sufficient to cover 55% (29 weeks) of this balance.

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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 then 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. The Pensions Regulator are using our experiences as a case study for small employers on their website and made a short film about us. In addition the Department of Work and Pensions invited us to brief the Secretary of State for Work and Pensions and address a meeting of MPs in January 2015. 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 £80,064 (2013: £86,529) in fundraising and this produced voluntary income of £427,437 (2013: £435,400) which was 83% (2013: 87%) of our total income. The fundraised income can be broken down as follows:
- Income from Charitable Trusts and Foundations decreased 8% to £234,370 (2013: £255,609)
 - Income from The Big Lottery Fund increased 3% to £95,773 (2013: £93,157)
 - Income from corporate partners increased 60% to £80,462 (2013: £50,154)
 - Income from individuals decreased 34% to £13,875 (2013: £21,147)
 - Income from legacies decreased 81% to £2,957 (2013: £15,333)
 - Income from Gifts In Kind increased 50% to £13,193 (2013: £8,777)
33. By the end of the year the following grants of £2,500 and over had been secured for 2015:
- £98,384 from The Big Lottery as the third year of a three year grant for our "Tall Stories" project with adults.
 - £16,800 from The Henry Smith Charity as the third year of a three year grant towards the salary of the Director of Services.
 - £15,000 from The Pears Foundation as the second year of a two year unrestricted grant.
 - £4,000 from The Barbara Ward Children's Foundation as the second year of a two year grant towards book production.
 - £2,500 from The Philip & Marjorie Robinson as the second of a three year unrestricted grant.

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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 28th April 2015.

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 28th April 2015 and signed on its behalf:



.....
Philip Wilson, Chair of Trustees. 28th April 2015

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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 2014 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 2014 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.

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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 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

K. Wyatt (Senior Statutory Auditor)

For and on behalf of

WYATTS Statutory Auditors

York House

1 Seagrave Road

London

SW6 1RP

28 April 2015

BAG BOOKS
Year Ended 31 December 2014
Statement of Financial Activities

	Notes	Unrestricted Funds £	Restricted Funds £	2014 Total £	2013 Total £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income		75,879	351,558	427,437	435,400
Gifts in kind		13,193	0	13,193	8,777
Bank interest		613	0	613	416
Incoming resources from charitable activities					
Book Production		68,885	0	68,885	47,005
Storytelling & Training		<u>7,608</u>	<u>0</u>	<u>7,608</u>	<u>10,649</u>
Total Incoming Resources		<u>166,178</u>	<u>351,558</u>	<u>517,736</u>	<u>502,247</u>
RESOURCES EXPENDED					
Cost of generating funds		80,064	0	80,064	86,529
Charitable activities					
Book Production		41,823	171,349	213,172	193,389
Storytelling & Training		33,377	136,747	170,124	173,815
Governance costs		<u>12,777</u>	<u>0</u>	<u>12,777</u>	<u>10,798</u>
Total resources expended	2, 3	<u>168,041</u>	<u>308,096</u>	<u>476,137</u>	<u>464,531</u>
Net incoming/(outgoing) resources before other recognised gains/(losses)					
		(1,863)	43,462	41,599	37,716
Other recognised gains/(losses)					
Gain/(loss) on revaluation of investments		447	0	447	12,171
Net movement in funds		(1,416)	43,462	42,046	49,887
Reconciliation of funds					
Funds at the start of the year		<u>117,977</u>	<u>76,331</u>	<u>194,308</u>	<u>144,421</u>
Funds at the end of the year		<u>116,561</u>	<u>119,793</u>	<u>236,354</u>	<u>194,308</u>

All activities relate to continuing operations.

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

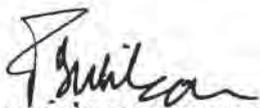
The statement of financial activities includes all gains and losses recognised in the year.

BAG BOOKS
Year Ended 31 December 2014
Balance Sheet

	Notes	2014 Total £	2013 Total £
Fixed Assets			
Tangible assets	5	<u>4,048</u>	<u>1,067</u>
Current Assets			
Stock		25,911	19,666
Trade debtors		12,219	5,128
Prepayments		12,079	11,820
VAT repayable		0	292
Deposits – Investment Account		73,478	73,031
Cash at bank and in hand		<u>137,953</u>	<u>174,671</u>
Total Current Assets		<u>261,640</u>	<u>284,608</u>
Creditors due within one year:			
Trade creditors		3,279	4,523
Tax and social security		5,665	4,948
Other creditors		3,590	14,264
Deferred income		<u>16,800</u>	<u>67,632</u>
Total Current Liabilities		<u>29,334</u>	<u>91,367</u>
Net current assets		<u>232,306</u>	<u>193,241</u>
Net assets		<u>236,354</u>	<u>194,308</u>
FUNDS			
General funds	6	116,561	117,977
Restricted funds	7	<u>119,793</u>	<u>76,331</u>
Total Funds		<u>236,354</u>	<u>194,308</u>

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 28th April 2015 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 2014
Notes to the financial statements

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.

BAG BOOKS
Year Ended 31 December 2014
Notes to the financial statements

2. Total resources expended

	Unrestricted Funds £	Restricted Funds £	2014 Total £	2013 Total £
Wages and salaries	99,199	156,642	255,841	252,536
Materials and consumables	26,350	32,216	58,566	49,148
Storytelling and training	0	73,911	73,911	67,018
Craft Workers/Volunteer Expenses	3,087	3,774	6,861	11,188
Direct Fundraising Costs	912	1,112	2,024	3,221
Rent and services	15,511	18,964	34,475	34,406
Utility Bills	1,182	1,446	2,628	3,379
Repairs and renewals	368	450	818	954
Telephone, Broadband and Computers	2,375	2,903	5,278	4,235
Postage and stationery	1,500	1,835	3,335	3,248
Distribution costs	3,016	3,688	6,704	4,609
Insurance	1,004	1,228	2,232	2,500
Advertising and promotion	5,036	6,158	11,194	7,306
Audit and accountancy	5,419	0	5,419	3,720
General expenses	2,283	2,792	5,075	2,935
Research Project costs	0	0	0	12,123
Bank charges	268	327	595	368
Depreciation	531	650	1,181	1,637
Total Resources expended	<u>168,041</u>	<u>308,096</u>	<u>476,137</u>	<u>464,531</u>

3. Allocation of Support Costs

	Cost of Generating funds £	Charitable Activities £	Governance Costs £	2014 Total £
Proportion				
Wages and salaries	28,114	48,196	4,016	80,326
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	12,066	20,685	1,724	34,475
Utility Bills	920	1,577	131	2,628
Repairs and renewals	286	491	41	818
Telephone, Broadband and Computers	1,847	3,167	264	5,278
Postage and stationery	1,167	2,001	167	3,335
Distribution costs	0	0	0	0
Insurance	781	1,339	112	2,232
Advertising and promotion	3,918	6,716	560	11,194
Audit and accountancy	0	0	5,419	5,419
General expenses	1,776	3,045	254	5,075
Research Project costs	0	0	0	0
Bank charges	208	357	30	595
Depreciation	413	709	59	1,181
Total Support Costs	<u>51,496</u>	<u>88,283</u>	<u>12,777</u>	<u>152,556</u>
Direct Costs	<u>28,568</u>	<u>295,013</u>	<u>0</u>	<u>323,581</u>
Total Costs	<u>80,064</u>	<u>383,296</u>	<u>12,777</u>	<u>476,137</u>

BAG BOOKS
Year Ended 31 December 2014
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:

	2014	2013
	£	£
Salaries	230,642	228,712
Social security costs	20,025	21,357
Employer's contribution to NEST pension scheme	<u>5,173</u>	<u>2,467</u>
Total costs	<u>255,840</u>	<u>252,536</u>
The average number of employees during the year	10.5	10.0
The average number of employees (full-time equivalent) during the year	6.5	6.3

0 (2013: 0) employees received remuneration exceeding £60,000

5. Tangible Fixed Assets

Furniture Fittings and Equipment

£

Cost

At 1 January 2014	32,213
Additions	4,161
Disposals	<u>(103)</u>
At 31 December 2014	<u>36,271</u>

Depreciation

At 1 January 2014	31,145
Disposals	(81)
Charge for the year	<u>1,159</u>
At 31 December 2014	<u>32,223</u>

Net Book Value

At 31 December 2014	<u>4,048</u>
At 31 December 2013	<u>1,068</u>

6. Reconciliation of movements in general funds

	2014	2013
	£	£
Opening general funds	117,977	65,693
Surplus/(Deficit) for the year	<u>(1,416)</u>	<u>52,284</u>
Closing general funds	<u>116,561</u>	<u>117,977</u>

BAG BOOKS
Year Ended 31 December 2014
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.

	At the start of the year	Incoming Resources	Outgoing Resources	At the end of the year
Donor				
The Lloyds TSB Foundation for England and Wales	10,850		10,850	0
The John Ellerman Foundation	4,662		4,662	0
The James Weir Foundation	3,000		3,000	0
The Greendale Foundation	3,000		3,000	0
The Peter Minet Trust	3,000		3,000	0
The Miss Agnes H Hunter's Trust	2,709		2,709	0
The Eveson Charitable Trust	2,707		2,707	0
The Big Lottery Fund		95,773	90,451	5,322
John Lyon's Charity		20,000	20,000	0
The Equitable Charitable Trust		19,000	8,261	10,739
The Henry Smith Charity		17,500	17,500	0
The Whalley White Charitable Trust		16,545	15,718	827
An Anonymous Company		13,000	13,000	0
The Esmée Fairbairn Foundation	1,527	11,670	13,197	0
The Garfield Weston Foundation		10,000	0	10,000
Yorkshire Building Society		10,000	0	10,000
Newman's Own Foundation		9,084	0	9,084
The Childwick Trust		7,000	808	6,192
BBC Children in Need - England	2,217	6,649	8,866	0
The Crerar Hotels Trust		5,173	5,173	0
The David and Claudia Harding Foundation		5,000	4,167	833
The D'Oyly Carte Charitable Trust		5,000	909	4,091
The Valentine Charitable Trust		5,000	0	5,000
The Mulberry Trust		5,000	0	5,000
The Ironmongers' Company		4,512	1,805	2,707
The Barbara Ward Children's Foundation		4,000	1,600	2,400
The Charles and Elsie Sykes Trust		4,000	1,600	2,400
QBE Foundation		3,250	650	2,600
The Ernest Cook Trust		3,200	3,200	0
The Pixel Fund		3,130	2,895	235
The Arsenal Foundation		3,030	3,030	0
The Ulster Garden Villages Limited		3,000	3,000	0
The Hugh Fraser Foundation		3,000	0	3,000
The Thomas Farr Charity		2,500	0	2,500
85 other donations of under 2,500 each	42,659	56,542	62,338	36,863
	<u>76,331</u>	<u>351,558</u>	<u>308,096</u>	<u>119,793</u>

8. Capital

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