

Charity No: 1026432
Company No: 2846227

**BAG BOOKS
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2017**

BAG BOOKS
Year ended 31 December 2017
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

BAG BOOKS
Year ended 31 December 2017
Reference and administrative information

Trustees and directors

Philip Wilson, Chair *to 30/01/18*
Jan Stogdon, Chair *from 30/01/18*
Rachel Tyson, Treasurer
Sandra Allon
Karl Massey *appointed 31/10/17*
Catherine Pearson *appointed 30/01/18*
Mandeep Rai *retired 24/04/18*
Chris Shaw *appointed 30/01/18*
Natasha Theobald
Jonathan Walsh

Patrons

Kay Hounsham MSc MBE
Sir Michael Morpurgo OBE FRSL FKC DL
Dr Alison Salt MBBS FRCPCH FRACP MSc

Senior Management Team

Dean Casswell, Chief Executive
Nina Martinez, Storytelling Manager
Sophie Baker, Craft Workshop Manager
Marion Mason, Finance Officer
Camilla John, Fundraising and Communications 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 2017
Trustees' Report

The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2017. The legal and administrative information set out on pages 2 and 3 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 July 2015): FRS 102.

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 handmade) 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

2017 was financially challenging. Our reliance on one-off donations from charitable trusts makes our income very unpredictable. Reserves were required at the start of the year to smooth out our unpredictable income so that we were able to continue our activities without having to cut back. However income picked up at the end of the year resulting in a small surplus of £536 and allowing us to partially replenish the reserves.

Our work is divided into objectives each measured by a Key Performance Indicator with targets set for the year. We met our green targets in six of our eight objectives and we aim to achieve green in all eight over the forthcoming year which will see our 25th Anniversary.

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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Trustees' Report

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. Following the AGM on 24/04/18 we had nine Trustees:
- Jan Stogdon, *our Chair, who was formerly the Headteacher of a special school. Jan has over 30 years' experience of teaching children with severe learning disabilities. Jan has been a Trustee since 01/05/12 and became Chair on 30/01/18.*
 - Rachel Tyson, *our Treasurer, a qualified accountant currently working for a private entrepreneur and philanthropist. Rachel has been a Trustee and Treasurer 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.*
 - Karl Massey, *the Investment Director for the Local Pensions Partnership. He has previously held senior positions in Bluecrest Capital, Barclays Bank Treasury and Deutsche Bank. Karl has been a Trustee since 31/10/17.*
 - Catherine Pearson, *the Team Leader of the Early Years Special Educational Needs Team for the Borough of Lambeth. She has been working with children with autism and other needs and their families since 2007. Catherine has been a Trustee since 30/01/18.*
 - Chris Shaw, *formerly the Chief Executive of the Disabled Living Foundation and Deputy Chief Executive of Help the Hospices. She has held senior posts in the voluntary sector for over 30 years. Chris has been a Trustee since 30/01/18.*
 - Natasha Theobald, *a charity marketing professional with 20 years' experience. Natasha has been a Trustee since 20/07/10.*
 - Jonathan Walsh, *a solicitor. Jonathan has been a Trustee since 26/04/06.*
 - Philip Wilson, *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 and was Chair from 13/11/07 to 30/01/18.*
6. Although two people have been Trustees for more than 9 years the other Trustees have considered this and concluded that their experience is beneficial to the charity and that there is a reasonable balance of time served as a Trustee across the Board as a whole. The average time served is now 5.9 years (2016: 7.0 years). In addition to the skills and experience listed above one of the Trustees is also the parent of a person with severe learning disabilities.

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Trustees' Report

7. Philip Wilson stood down as Chair of Trustees in January 2018 having been in that position for ten years. During that time the charity had grown considerably and Philip was thanked by the Trustees for his wise advice and careful steering of the charity. He will be staying on as a Trustee for the time being and has been succeeded by Jan Stogdon.
8. The Trustees employ a Chief Executive to manage the charity alongside a Storytelling Manager, Craft Workshop Manager, Finance Officer and Fundraising & Communications Manager. The charity also employs a Senior Craft Artist, a Volunteer Co-ordinator, a Storytelling-Training Co-ordinator, a Production Assistant and a Craft Artist. Only one member of staff is full-time. The remuneration of all staff members is reviewed annually when the Trustees set the budget for the forthcoming year. In addition, the charity has contracts with 11 freelance Storytellers.
9. 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 Standard Chartered (twice), Annington, Clifford Chance, NBC News, NBC Universal, Salesforce.com, and Star Lizard. Together, we estimate that our volunteers donated 581 days (2016: 298 days) to us during the year and the value to the charity of this work is around £48,000 (2016: £24,000) but this sum is not included in these accounts. Volunteer hours now make up 32% (2016: 22%) of the total labour for our craft workshop.
10. Bag Books is a member of the PMLD Network, the European Academy of Childhood Disability, Nasen, the National Council of Voluntary Organisations, the Charity Finance Group and the Foundation for Social Improvement. The charity is also registered with the Fundraising Regulator. The Chief Executive is a Fellow of the Royal Society of Arts and a member of the Association of Chief Executives of Voluntary Organisations and the Institute of Fundraising. The Storytelling Manager is a member of the British Institute of Learning Disabilities (BILD), the Epilepsy Society and the National Autistic Society.

Risk management policy

11. The Trustees annually review the major risks to which the charity is exposed. The main risk has been identified as an over-reliance on a small pool of funders and this is mitigated by constantly monitoring reserve levels and attempting to widen the number of funders. The second risk is a loss of key personnel which is mitigated by ensuring we offer a flexible working environment. Our third main risk has been identified as a failure to protect children and/or vulnerable adults which is mitigated by ensuring we comply with Disclosure and Barring Service regulations.

Objectives, activities, achievements and performance

12. 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 2. 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 August 2017 the Trustees held a biennial “Away Day” at which they reviewed the Charity Commission document “Charity governance, finance and resilience: 15 questions trustees should ask” and “The Charity Governance Code.” They also adopted a “Strategic and Business Plan 2017-2021” which is available in full on our website <http://www.bagbooks.org/about-us/the-organisation/strategic-plan>

13. As part of their strategy, the Trustees 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.
14. The Trustees have also adopted six Charitable Objectives and two Organisational Objectives. Set out on pages 8 - 12 is a review of what we intended to do in 2017 (as stated in our 2016 accounts), what we actually achieved during 2017 and what our plans are for 2018. The Trustees have agreed an easily measurable Key Performance Indicator for each Objective and a traffic light system of Red, Amber and Green targets for each.

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

We said we would:

- Contribute to the NHS National Institute for Health Research programme on “Improving communication for adults with profound and multiple learning disabilities”.
- Organise another national multi-sensory storytelling day which will take place on 22nd September 2017.

In 2017 this is what we did:

- Our “Once Upon A Time” project aims to run storytelling sessions every five years with each of the 715 (2016: 702) special schools across the UK catering for pupils with severe learning disabilities. We have now achieved that with 76% (2016: 77%) of the schools.
- Fundraising to expand the “Autism Storytime” project proved difficult but we did manage to visit a further 20 (2016: 11) of the 143 (2016: 158) special schools we have identified across the UK catering solely for pupils with severe autism spectrum disorders. We have now visited 27% (2016: 14%) of these schools over the past five years.
- During the year we visited 20 (2016: 6) adult day centres and residential care homes, with our “Tall Stories” project introducing multi-sensory books to these settings and training their staff.
- Unfortunately, the funding bid to the NHS National Institute for Health Research programme we had agreed to contribute to was unsuccessful.
- The national multi-sensory storytelling day took place as planned on 22nd September 2017 and was publicised through our newsletter and website.

Our Key Performance Indicator for this Objective is:

The number of page views on our website.

2017: 279,333
2016: 260,475
2015: 233,173
2014: 197,441
2013: 118,423

2017 Target

Red: under 150k Amber: 150k-200k Green: over 200k

The Trustees judge this to be Green on our traffic light system of targets. They have increased the targets for 2018 to Red: under 200k, Amber: 200k-250k, Green: over 250k.

In 2018 we plan to:

- Train a group of professionals in Portugal at a conference organised by a Speech and Language Therapist who we trained during a two day visit to us in 2017.
- Produce a bespoke multi-sensory book about “Captain Starlight” commissioned by the Starlight Children’s Foundation in Australia and send twelve copies to them for distribution to Children’s Hospice facilities there.
- Organise another national multi-sensory storytelling day which will take place on 24th September 2018, 25 years since the charity was founded.

16. **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:

- Launch two new “classic” design books and one new story in our “DIY” range.

In 2017 this is what we did:

- We launched two new “classic” design books: “*Home for Christmas*” about preparing and decorating a house for Christmas and a bespoke book for Arsenal FC. The new DIY title was delayed.

Our Key Performance Indicator for this Objective is:

The number of new titles published

2017:	2
2016:	3
2015:	3
2014:	5
2013:	3

2017 Target
Red: 1 and under
Amber: 2
Green: 3 and over

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

In 2018 we plan to:

- Launch two new “classic” design books and one new story in our “DIY” range.

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

We said we would:

- Increase book production to achieve the green target.

In 2017 this is what we did:

- The number of “classic” books completed was 1,149, a 23% increase on the previous year, mainly due to a substantial increase in volunteer hours (see para 22).
- On average each book took 9.9 hours (2016: 8.8 hours) to construct with volunteers contributing 32% (2016: 22%) of the total production time.
- In addition to the “classic” design books we also made 65 (2016: 79) “At Home” books for parents.
- We now have 2,915 (2016: 1,988) registered users on our website for our DIY range of stories, 5,985 (2016: 6,064) copies of which were downloaded.

Our Key Performance Indicator for this Objective is:

The number of “classic” books made.

2017:	1,149
2016:	935
2015:	1,105
2014:	1,457
2013:	1,151

2017 Target
Red: under 800
Amber: 800-1,000
Green: over 1,000

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

In 2018 we plan to:

- Maintain book production at a similar level.
- Fundraise to replace some of our ageing craft workshop tools.

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

We said we would:

- Continue fundraising for multi-sensory storytelling visits.

In 2017 this is what we did:

- We received feedback from 671 (2016: 583) special needs teachers who collectively observed 4,154 (2016: 3,887) of their pupils participating in one of our storytelling sessions. Those teachers judged that 96.5% (2016: 97.9%) of the children in their class benefited from a Bag Books multi-sensory storytelling session. The teachers also rated their overall satisfaction with our service at 96.2% (2016: 96.4%). Unedited feedback is posted on our website at <http://www.bagbooks.org/in-your-area> including:
 - *"All of the students were engaged and explored the props. They were all very interested and expressed enjoyment through vocalising, laughing and clapping in reaction to props and interaction. All interacted better than I expected. It will have benefited the students because staff have seen how interactive and interested they are and will now use sensory storytelling in lessons. It was perfect and [the Storyteller] was brilliant!"* **Baginton Fields School, Coventry.**
 - *"The storyteller was highly skilled and her delivery of the stories was very well differentiated for the needs of the pupils. The resources brought the stories to life really well. [I was surprised that] some children with difficult behaviour relaxed and smiled throughout. Children who rarely speak or join in activities took part really well. It was a wonderful day and the resources have real value as an inclusive activity."* **Cromer Junior School, Cromer.**
 - *"The students were interested in the storyteller and the props. One young man never responds but he was proactively reaching out to take equipment offered by the storyteller. The students will benefit from this learning situation with a new adult. We will also benefit from the exchange of ideas between the storyteller and the school staff to help us develop."* **St Giles' School, South Croydon.**
 - *"The Storyteller was super and really honed in on each of the children's abilities and differentiated each part of the story very well without having met these complex participants before - this is very impressive. I know that we were given a DVD and booklet but as a teacher I found it very useful to see how to deliver a Bag Books story - tips like having the boards in boxes and how to say the storyline once to each child. I would like to thank Bag Books for this amazing session. I am using "Gran's Visit" in class and will do it differently/better now I have seen it done by a pro."* **Hampden School, Glasgow.**

Our Key Performance Indicator for this Objective is:

The number of service users attending storytelling sessions.

2017:	4,818
2016:	5,047
2015:	6,418
2014:	7,076
2013:	7,003

2017 Target
Red: under 3k
Amber: 3k-5k
Green: over 5k

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

In 2018 we plan to:

- Continue fundraising for multi-sensory storytelling visits.

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

We said we would:

- Advertise an “open” training day at a special school in London.

In 2017 this is what we did:

- The “open” training day attracted a trainee who travelled from Portugal to attend.
- We managed to increase the number of trainees by 50% on the previous year.

Our Key Performance Indicator for this Objective is:

The number of people trained.

2017:	466
2016:	310
2015:	744
2014:	562
2013:	738

2017 Target
Red: under 150
Amber: 150-350
Green: over 350

The Trustees judge this to be Green on our traffic light system of targets. They have increased the targets for 2018 to Red: under 200, Amber: 200-400, Green: over 400.

In 2018 we plan to:

- Organise another “open” training day.
- Run a training session at a conference for professionals in Portugal.

20. **Charitable Objective 6** *To provide story production craft experience opportunities to people with severe or profound & multiple learning disabilities.*

We said we would:

Obtain funding to expand the Build-a-Book project beyond London.

In 2017 this is what we did:

- We did not manage to obtain funding to expand the project nationally but we did obtain funding to include adult venues within London and the South East.
- In total we visited 21 venues (2016: 40). Feedback from staff included:
 - “The clients really benefited from using all the equipment and we saw the fun in the clients’ eyes. It was a great experience and when we were read the story it was good to see all their expressions.” **Eastway Care - Silvertown, Newham.**
 - “Those pupils who possess challenging behaviours tried lots of the tasks involved. All had fun and observed their peers. One pupil managed to stay on task for most of the day and allowed peers to share resources with him. This particular student finds it difficult to concentrate on the same activity for more than 30 mins.” **Abbey Court School, Rochester.**

Our Key Performance Indicator for this Objective is:

The number of people attending a course.

2017:	156
2016:	283
2015:	61
2014:	47
2013:	63

2017 Target
Red: under 10
Amber: 10-20
Green: over 20

The Trustees judge this to be Green on our traffic light system of targets. They have increased the targets for 2018 to Red: under 20, Amber: 20-40, Green: over 40.

In 2018 we plan to:

- Continue running the Build-a-Book project at schools and adult settings within London and South East England.

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

We said we would:

- Carefully monitor reserve levels and spend any surplus funds on charitable activities.

In 2017 this is what we did:

- Some of our reserves were needed during the first part of the year to smooth out our erratic income. It meant that we were able to continue our activities without having to cut back. By the end of the year we had been able to partially replenish the reserve funds.

Our Key Performance Indicator for this Objective is:

The level of reserves.

2017: 33 weeks

2016: 39 weeks

2015: 30 weeks

2014: 29 weeks

2013: 27 weeks

2017 Target

Red: under 20 or over 40

Amber: 21-29 or 41-45

Green: 30-40

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

In 2018 we plan to:

- Apply for some multi-year grants to give us more predictable income in the future.
- Keep a close eye on reserve levels.

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

We said we would:

- Put renewed effort into recruiting and retaining volunteers to enable us to regain our green target.

In 2017 this is what we did:

- Although the post of Volunteer Co-ordinator was vacant for the first 11 weeks of the year, the new staff member was soon able to make their mark and we have finished the year with an all-time record number of volunteer days which has made a big difference to book production (see Para 17).
- The Trustees held a biennial "Away Day" at which they reviewed the charity's governance and adopted a "Strategic and Business Plan 2017-2021".

Our Key Performance Indicator for this Objective is:

The number of volunteer days.

2017: 581

2016: 298

2015: 413

2014: 396

2013: 367

2017 Target

Red: under 250

Amber: 250-350

Green: over 350

The Trustees judge this to be Green on our traffic light system of targets. They have increased the targets for 2018 to Red: under 350, Amber: 350-500, Green: over 500.

In 2018 we plan to:

- Recruit and retain even more volunteers to further assist book production.
- Plan an induction programme for our three new Trustees and our new Chair of Trustees.
- Organise celebrations to mark our 25th Anniversary.

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Year Ended 31 December 2017
Trustees' Report

23. Overall, our aim was to reach at least 25,000 people with learning disabilities during 2017. We know that 4,818 (2016: 5,047) service users attended our storytelling sessions and that 5,985 (2016: 6,064) of our DIY range of stories were downloaded. Our books tend to last for at least five years as we offer an at-cost replacements parts service. Over the past five years we have supplied our classic books to 1,410 (2016: 1,228) different schools, libraries, children's hospices or day centres. Previous surveys have shown that in these locations 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 154 (2016: 195) individuals. We therefore estimate that this target was easily met. We aim to reach 25,000 people with learning disabilities during 2018.

Financial review

24. Income increased by 8% to £390,748 (2016: £361,698). Our budget for the year had predicted income to increase to £384,000 so actual income was therefore 2% over budget.
25. Expenditure increased by 1% to £390,212 (2016: £386,173). Our budget for the year had predicted expenditure of £378,800 so actual expenditure was 3% over budget.
26. This has resulted in a surplus of net resources of £536 (2016: deficit of £24,475).

Budget for 2018

27. The Trustees have agreed a budget for 2018 of income totaling £370,600 (2017: £384,000) of which £42,600 (2017: £84,000) had been secured by the start of the year. Budgeted expenditure is £370,460 (2017: £378,800).

Reserves policy

28. Over the course of the first six months of 2017 the value of our reserves fell by 64% which forced us to cut back on our activities and make some redundancies. During 2017 we have again experienced erratic income. We were running a year-to-date deficit for the first 11 months of the year and it was only narrowly turned into a surplus when December saw the same income as the first 20 weeks of the year added together. Our reserves had been at a record high level at the start of the year and this enabled us to cushion the fall in income and continue our work as planned and without cutting back. Our reserves were partially replenished by the end of the year.
29. Our reliance on one-off donations from Charitable Trusts makes our income very unpredictable so our Reserves Policy is relatively conservative. 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 £101,998 (2016: £114,826). Our budgeted expenditure for 2018 is £370,460 of which £42,600 had already been secured and £165,669 was covered by Restricted Funds leaving a balance of £162,191 (2016: £152,125) to raise. Our Unrestricted Reserves were sufficient to cover 63% (2016: 75%) of this balance which equates to 33 weeks (2016: 39 weeks).
30. Given the volatile nature of much of our income, the Trustees will continue to closely monitor the reserves position throughout the forthcoming year, spending any surplus funds on charitable activities.

Staff pension arrangements

31. 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 to 01/07/13. We joined the National Employment Savings Trust (NEST) pension scheme and the charity has agreed to match employees' contributions up to 3% of salary. A breakdown of staffing costs including pension payments appears as Note 4.

Trustee indemnity insurance

32. Our insurance policy automatically includes Trustee indemnity insurance.

Fundraising performance

33. Direct fundraising costs were £25,234 (2016: £26,049) which represents just 6% (2016: 7%) of total expenditure. With Support Costs added, we invested a total of £70,250 (2016: £70,991) in fundraising and this produced voluntary income of £319,415 (2016: £301,938) which was 82% (2016: 83%) of our total income. The fundraised income can be broken down as follows:
- Income from Charitable Trusts and Foundations increased 20% to £230,817 (2016: £192,816)
 - Income from corporate partners decreased 9% to £70,655 (2016: £77,664)
 - Income from individuals decreased 45% to £17,442 (2016: £31,457). This was expected as the 2016 figures were boosted by a Radio 4 on our behalf by our patron Sir Michael Morpurgo.
 - Income from Gifts In Kind decreased 6% to £9,341 (2016: £9,926)
34. By the end of the year the following grants and pledges of £2,500 and over had been secured for 2018:
- £20,000 from John Lyon's Charity as the third year of a three year grant towards storytelling sessions.
 - £12,000 from The Stavros Niarchos Foundation as the third year of a three year grant towards the costs of our Volunteer Co-ordinator.
 - £5,000 from The Odin Charitable Trust as the second year of a three year unrestricted pledge.
 - £4,600 from The Barbara Ward Children's Foundation as the second year of a two year grant towards storytelling sessions.
35. 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

36. 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.
37. 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

38. 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

39. A resolution to confirm the reappointment of Wyatts as the company auditor will be proposed at the Annual General Meeting on 24th April 2018.

Approved by the Board of Trustees at its meeting on 24th April 2018 and signed on its behalf:

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Jan Stogdon
Chair of Trustees
24th April 2018

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Year Ended 31 December 2017
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 2017 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2017 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

24 April 2018

BAG BOOKS
Year Ended 31 December 2017
Financial Statements

Statement of Financial Activities

	Notes	Unrestricted Funds		Restricted Funds		Total	
		2017	2016	2017	2016	2017	2016
INCOME							
Donations & legacies		99,023	80,589	220,392	221,349	319,415	301,938
Charitable activities							
Book Production		56,463	40,757	0	0	56,463	40,757
Storytelling & Training		5,285	8,571	0	0	5,285	8,571
Investments		244	506	0	0	244	506
Other							
Gifts in kind		9,341	9,926	0	0	9,341	9,926
TOTAL INCOME		<u>170,356</u>	<u>140,349</u>	<u>220,392</u>	<u>221,349</u>	<u>390,748</u>	<u>361,698</u>
EXPENDITURE							
Raising funds		70,250	70,991	0	0	70,250	70,991
Charitable activities							
Book Production		80,679	52,424	129,938	135,129	210,617	187,553
Storytelling & Training		41,885	35,674	67,460	91,955	109,345	127,629
TOTAL EXPENDITURE	2, 3	<u>192,814</u>	<u>159,089</u>	<u>197,398</u>	<u>227,084</u>	<u>390,212</u>	<u>386,173</u>
OPERATING SURPLUS / (DEFICIT)		(22,458)	(18,740)	22,994	(5,735)	536	(24,475)
Net gains / (losses) on investments		9,630	11,668	0	0	9,630	11,668
Net income / (expenditure)		(12,828)	(7,072)	22,994	(5,735)	10,166	(12,807)
Reconciliation of funds							
Total funds brought forward		114,826	121,898	142,675	148,410	257,501	270,308
Total funds carried forward		101,998	114,826	165,669	142,675	267,667	257,501

All activities relate to continuing operations.

The notes on pages 20 to 24 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 2017
Financial Statements

Balance Sheet

	Notes	2017 Total £	2016 Total £
Fixed Assets			
Tangible assets	5	<u>1,197</u>	<u>1,919</u>
Current Assets			
Stock		35,991	32,715
Trade debtors		2,532	2,875
Prepayments		60,369	13,581
VAT repayable		1,008	574
Deposits – Investment Account		75,498	85,868
Cash at bank and in hand		<u>123,739</u>	<u>138,717</u>
Total Current Assets		<u>299,137</u>	<u>274,330</u>
Creditors due within one year:			
Trade creditors		13,035	2,856
Tax and social security		4,936	4,640
Other creditors		3,613	3,169
Deferred income		<u>11,083</u>	<u>8,083</u>
Total Current Liabilities		<u>32,667</u>	<u>18,748</u>
Net current assets		<u>266,470</u>	<u>255,582</u>
Net assets		<u>267,667</u>	<u>257,501</u>
FUNDS			
General funds	6	101,998	114,826
Restricted funds	7	<u>165,669</u>	<u>142,675</u>
Total Funds		<u>267,667</u>	<u>257,501</u>

BAG BOOKS
Year Ended 31 December 2017
Financial Statements

Cash Flow Statement

	2017 Total £	2016 Total £
Cash flows from operating activities		
<i>Net cash provided by (used in) operating activities</i>	(23,699)	(28,828)
Cash flows from investing activities		
Dividends, interest and rents from investments	(244)	(507)
Proceeds from sale of property, plant and equipment	0	0
Purchase of property, plant and equipment	(665)	(463)
Proceeds from sale of investments	9,630	11,668
<i>Net cash provided by (used in) investing activities</i>	<u>8,721</u>	<u>10,698</u>
Cash flows from financing activities	0	0
<i>Net cash provided by (used in) financing activities</i>	<u>(14,978)</u>	<u>(18,130)</u>
Change in cash and cash equivalents in the reporting period	(14,978)	(18,130)
Cash and cash equivalents at the beginning of the reporting period	<u>138,717</u>	<u>156,846</u>
Cash and cash equivalents at the end of the reporting period	<u>123,739</u>	<u>138,716</u>

The financial statements were approved by the Board of Trustees on 24th April 2018 and signed on its behalf by



 Jan Stogdon, Chair of Trustees

The notes on pages 20 to 24 form part of these financial statements.

1. Accounting policies

- a) **Accounting convention.** The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2016) and Financial Reporting Standard 102 and the Companies Act 2006.
- b) **Incoming Resources.** These are included in the Statement of Financial Activities (SoFA) when:
- The charity becomes entitled to the resources;
 - The trustees think it probable or more likely than not that they will receive the resources; and
 - The monetary value can be measured with sufficient reliability.

Legacies are included in the SoFA as an incoming resource in the year in which the charity is notified and when the entitlement, measurement and their receipt is probable.

Incoming resources from tax reclaims are included in the SoFA at the same time as the gift to which they relate.

Gifts in kind are accounted for at a reasonable estimate of their value to the charity or the amount actually realised. Gifts in kind for sale or distribution are included in the accounts as gifts only when sold or distributed by the charity. Gifts in kind for use by the charity are included in the SoFA as incoming resources when receivable. The value of any voluntary help received is not included in the accounts but is described in the trustees' annual report.

Investment income is included in the accounts when receivable.

- c) **Resources expended.** Resources expended are accounted for on an accruals basis, inclusive of any VAT which cannot be recovered. The charity became registered for VAT on 1st October 2010 and is able to partially recover VAT.
- d) **Tangible fixed assets and depreciation.** Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:
- Furniture, fittings and office equipment - 25% straight line.
- e) **Stocks.** Stocks are valued at lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.
- f) **Fund accounting.** Funds held by the charity are either:
- *Unrestricted funds.* These are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
 - *Restricted funds.* These are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.
- 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 2017
Notes to the financial statements

2. Total resources expended	Unrestricted Funds £	Restricted Funds £	2017 Total £	2016 Total £
Wages and salaries	120,571	103,858	224,429	233,254
Materials and consumables	27,322	20,362	47,684	37,591
Storytelling and training	0	42,486	42,486	44,881
Craft Workers/Volunteer Expenses	1,988	1,482	3,470	1,048
Direct Fundraising Costs	1,702	1,268	2,970	3,213
Rent and services	20,044	14,939	34,983	34,731
Utility Bills	1,257	937	2,194	2,491
Repairs and renewals	1,006	749	1,755	1,806
Telephone, Broadband and Computers	531	396	927	1,092
Postage and stationery	1,485	1,107	2,592	2,746
Distribution costs	2,505	1,867	4,372	3,474
Insurance	1,544	1,151	2,695	2,665
Advertising and promotion	3,440	2,563	6,003	7,515
Governance	3,740	0	3,740	4,000
General expenses	4,422	3,296	7,718	3,828
Bank charges	462	345	807	538
Depreciation	795	592	1,387	1,300
Total Resources expended	<u>192,814</u>	<u>197,398</u>	<u>390,212</u>	<u>386,173</u>
3. Allocation of Support Costs	Raising funds £	Charitable Activities £	2017 Total £	2016 Total £
Proportion				
Wages and salaries	22,983	44,615	67,598	69,471
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	11,894	23,089	34,983	34,731
Utility Bills	746	1,448	2,194	2,491
Repairs and renewals	597	1,158	1,755	1,806
Telephone, Broadband and Computers	315	612	927	1,092
Postage and stationery	881	1,711	2,592	2,746
Distribution costs	0	0	0	0
Insurance	916	1,1779	2,695	2,665
Advertising and promotion	2,041	3,962	6,003	7,515
Governance	1,272	2,468	3,740	4,000
General expenses	2,624	5,094	7,718	3,828
Bank charges	274	533	807	538
Depreciation	472	915	1,387	1,300
Total Support Costs	<u>45,016</u>	<u>87,383</u>	<u>132,399</u>	<u>132,183</u>
 Direct Costs	 <u>25,234</u>	 <u>232,579</u>	 <u>257,813</u>	 <u>253,990</u>
 Total Costs	 <u>70,250</u>	 <u>319,962</u>	 <u>390,212</u>	 <u>386,173</u>

BAG BOOKS
Year Ended 31 December 2017
Notes to the financial statements

4. Trustees and employees information

None of the Trustees (nor any other persons connected with them) received any remuneration, benefits or reimbursement of expenses from the charity during the year (2016: Nil). The insurance package for the charity automatically includes Trustee Indemnity Insurance.

Employee costs during the year were:	2017	2016
	£	£
Salaries	203,927	212,146
Social security costs	14,897	15,465
Employer's contribution to NEST pension scheme	<u>5,606</u>	<u>5,643</u>
Total costs	<u>224,430</u>	<u>233,254</u>
The average number of employees during the year	10.0	9.5
The average number of employees (full-time equivalent) during the year	6.3	6.2
Total employee benefits to the key management personnel listed on page 2	137,692	143,372
The average number of key management personnel (full-time equivalent)	2.9	3.3

No employees received remuneration exceeding £60,000 (2016: Nil)

No holiday pay is accrued as staff are only able to carry forward a maximum of three days.

5. Tangible Fixed Assets

£

Cost

At 1 January 2017	36,734
Additions	665
Disposals	<u>0</u>
At 31 December 2017	<u>37,399</u>

Depreciation

At 1 January 2017	34,815
Disposals	0
Charge for the year	<u>1,387</u>
At 31 December 2017	<u>36,202</u>

Net Book Value

At 31 December 2017	<u>1,197</u>
At 31 December 2016	<u>1,919</u>

BAG BOOKS
Year Ended 31 December 2017
Notes to the financial statements

6. Reconciliation of movements in general funds	2017	2016
	£	£
Opening general funds	114,826	121,898
Surplus/(Deficit) for the year	<u>(12,828)</u>	<u>(7,072)</u>
Closing general funds	<u>101,998</u>	<u>114,826</u>
7. Reconciliation of net income/(expenditure) to net cash flow from operating activities	2017	2016
	£	£
Net income/(expenditure) for the reporting period	10,166	(12,807)
Adjustments for:		
Depreciation charges	1,387	1,300
(Gains)/losses on investments	(9,630)	(11,668)
Dividends, interest and rents from investments	244	507
(Increase)/decrease in stocks	(3,276)	(4,700)
(Increase)/decrease in debtors	(36,509)	(6,330)
Increase/(decrease) in creditors	<u>13,919</u>	<u>4,870</u>
Net cash provided by (used in) operating activities	<u>(23,699)</u>	<u>(28,828)</u>

BAG BOOKS
Year Ended 31 December 2017
Notes to the financial statements

8. Restricted funds

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

Donor	At the start of the year £	Incoming Resources £	Outgoing Resources £	At the end of the year £
Annington Homes	25,667	25,000	25,667	25,000
John Lyon's Charity	20,000	20,000	16,000	24,000
The Foyle Foundation	10,080		7,840	2,240
The BAND Trust	9,375		9,375	
The Stavros Niarchos Foundation		9,000	9,000	
Simply Health	839	7,760	4,719	3,880
The Arsenal Foundation		7,995	4,000	3,995
The Greendale Foundation	7,444		3,000	4,444
Simmons & Simmons	2,424	3,030	2,424	3,030
An Anonymous Trust		5,000	2,625	2,375
The D'Oyly Carte Charitable Trust		5,000	1,054	3,946
The George & Esme Pollitzer Charitable Settlement		5,000	763	4,237
The Sobell Foundation		5,000	5,000	
The Valentine Charitable Trust		5,000		5,000
The Barbara Ward Children's Foundation		4,600		4,600
The Clare Milne Trust		4,600	920	3,680
The Eveson Charitable Trust		4,600	1,840	2,760
The Liz and Terry Bramall Charitable Trust		4,600	0	4,600
The Robertson Trust	4,500		4,500	
The Merchant Taylors' Consolidated Charities for the Poor		4,480	0	4,480
The Ironmongers' Company	4,386		4,386	
The Mrs Smith and Mount Trust	4,260		4,260	
The Mulberry Trust	2,193	1,840	2,193	1,840
The Zochonis Charitable Trust	2,000	2,000	2,000	2,000
The QBE Foundation		3,810	3,810	
The February Foundation		3,750	3,750	
The Hugh Fraser Foundation		3,685	1,843	1,842
The Berkeley Foundation		3,680	3,680	
The Peter Harrison Foundation	3,500		3,500	
The A C T Foundation		3,000	750	2,250
The Aubrey Orchard-Lisle Charitable Trust		3,000		3,000
The Leathersellers' Company Charitable Fund	3,000		3,000	
The Pixel Fund		3,000	250	2,750
82 other donations of under £3,000 each	<u>43,006</u>	<u>71,961</u>	<u>65,249</u>	<u>49,718</u>
	<u>142,674</u>	<u>220,391</u>	<u>197,398</u>	<u>165,667</u>

9. Capital

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