

Charity No: 1026432
Company No: 2846227

**BAG BOOKS
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2018**

BAG BOOKS
Year ended 31 December 2018
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 2018

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 *died 28/06/18*

Karl Massey

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, Four Brindleyplace, Birmingham B1 2JB

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 2018
Trustees' Report

The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2018. 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

As with the previous year, 2018 was financially challenging. Our reliance on one-off donations from charitable trusts makes our income very unpredictable. Reserves were once again required at the start of the year to smooth out our 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 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 seven of our eight objectives and achieved an all-time record in the number of volunteer days donated – volunteer hours now make up 35% of the total labour for our craft workshop. We also met our aim of reaching at least 25,000 people with learning disabilities during 2018.

Structure, governance and management

1. Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.
2. Trustees are elected by the Members at the Annual General Meeting and at each meeting a third retire by rotation. Trustees can be appointed during the year but must then be elected at the subsequent Annual General Meeting.
3. The Trustees meet quarterly and have been selected on the basis of experience and knowledge of severe and profound intellectual and physical disabilities and/or specialist skills in law, business and fundraising.

4. 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 30/04/19 there were eight 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.*
 - 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 nine 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 6.4 years (2016: 5.9 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.
7. The Trustees are sad to report that one of their number, Sandra Allon, passed away during the year. She was formerly the Merchandising Director for Europe for Aquascutum and a senior buyer at Harrods for 30 years. She had been a Trustee since 2009 and had helped to recruit many of the Storytellers together with advising of staffing issues. She will be greatly missed.

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 Salesforce.com (seven times), Standard Chartered (three times), CNBC News, DAC Beachcroft, NBC Universal and Singtel. Together, we estimate that our volunteers donated 667 days (2017: 581 days) to us during the year and the value to the charity of this work is around £56,000 (2017: £48,000) but this sum is not included in these accounts. Volunteer hours now make up 35% (2017: 32%) of the total labour for our craft workshop – an all-time record.
10. Bag Books is a member of the PMLD Network, the European Academy of Childhood Disability, 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>
The plan is due to be updated at an “Away Day” scheduled for July 2019.

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 2018 (as stated in our 2017 accounts), what we actually achieved during 2018 and what our plans are for 2019. 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:

- 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.

In 2018 this is what we did:

- We have identified 725 (2017: 715) special schools across the UK as catering for pupils with severe and/or profound & multiple learning disabilities. We have run storytelling sessions at 92% (2017: 92%) of those schools at some stage in the past. Our aim is to visit schools every five years to rekindle multi-sensory storytelling and promote it to new staff; we have now achieved that with 70% (2017: 76%) of the schools.
- We have also identified a further 137 (2017:143) special schools across the UK catering for pupils with severe autistic spectrum disorders. We have run storytelling sessions at 46% (2017: 34%) of those schools at some stage in the past and at 38% (2017: 27%) within the past five years.
- The training event in Portugal was so popular that it was extended from one day to three days and a total of 66 people were trained.
- The Starlight Children's Foundation are awaiting funding before they can give us the go-ahead to proceed with the "Captain Starlight" story.
- The national multi-sensory storytelling day took place as planned on 24th September 2018 and was publicised through our newsletter and website.
- Our Storytelling Manager gave a talk about our work and the "Build-a-Book" project at the PMLD National Conference in November.
- We hosted a two-day visit from the Director of the Touching Stories project in Colorado, USA.

Our Key Performance Indicator for this Objective is:

The number of page views on our website.

2018: 236,293
2017: 279,333
2016: 260,475
2015: 233,173
2014: 197,441

2018 Target Red: under 200k Amber: 200k-250k Green: over 250k

The Trustees judge this to be Amber on our traffic light system of targets. They have altered the targets for 2019 to Red: under 175k, Amber: 175k-225k, Green: over 225k.

In 2019 we plan to:

- Organise another national multi-sensory storytelling day which will take place on 23rd September 2019.

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 2018 this is what we did:

- We launched two new “classic” design books: “*Anna’s Allotment Bake*” about growing carrots and baking a carrot cake; and “*The Golden Book*” about searching for a book in a library. We also redesigned an old title “*The Uninvited Guests*” which had been withdrawn from production since 2012. The new DIY title was delayed.

Our Key Performance Indicator for this Objective is:

The number of new titles published

2018:	3
2017:	2
2016:	3
2015:	3
2014:	5

2018 Target
Red: 1 and under
Amber: 2
Green: 3 and over

The Trustees judge this to be Green on our traffic light system of targets. They have altered the targets for 2019 to Red: 0, Amber: 1, Green: 2 and over.

In 2019 we plan to:

- Launch two new “classic” design books.
- Add a second title in our “Build-a-Book” range.

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

We said we would:

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

In 2018 this is what we did:

- The number of “classic” books completed was 1,109, a 3% decrease on the previous year but still well above our Green target.
- On average each book took 10.4 hours (2017: 9.9 hours) to construct with volunteers contributing 35% (2017: 32%) of the total production time.
- In addition to the “classic” design books we also made 58 (2017: 65) “At Home” books for parents.
- We now have 3,715 (2017: 2,915) registered users on our website for our DIY range of stories, 7,371 (2017: 5,985) copies of which were downloaded.
- We received some replacement benches and purchased a wad punch.

Our Key Performance Indicator for this Objective is:

The number of “classic” books made.

2018:	1,109
2017:	1,149
2016:	935
2015:	1,105
2014:	1,457

2018 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. They have altered the targets for 2019 to Red: under 900, Amber: 900-1,100, Green: over 1,100.

In 2019 we plan to:

- Maintain book production at a similar level.

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 2018 this is what we did:

- We received feedback from 763 (2017: 671) special needs teachers who collectively observed 4,595 (2017: 4,154) of their pupils participating in one of our storytelling sessions. Those teachers judged that 96.3% (2017: 96.5%) of the children in their class benefited from the Bag Books multi-sensory storytelling session. The teachers also rated their overall satisfaction with our service at 97.0% (2017: 96.2%). Unedited feedback is posted on our website at <http://www.bagbooks.org/in-your-area> including:
 - *“The two stories were both very appropriate for our class of PMLD pupils (aged 3-8). The content was fun and interactive, at a perfectly pitched level for our class. All seven pupils sat and were engaged for the whole 30 minutes (one of these rarely sits for more than 15 minutes normally). Wow! It encouraged focus and attention. Staff could see the level of engagement and motivation. It was perfect.”* **Portfield School, Haverfordwest.**
 - *“It was clear from the interest and anticipation shown by the children that they were totally involved and enjoying the Bag Book experience. The chatterbox in the group calmed right down to wait his turn. All pupils were fascinated and no one distracted the group. I think some pupils would benefit daily. It would definitely improve listening and attention skills.”* **Marjorie McClure School, Bromley.**
 - *“The storyteller was fantastic, delivering the stories in an enthusiastic way and with perfect pace. All children were really engaged with the great variety of multi-sensory resources. They clearly enjoyed both of the stories as they were really focused and smiling/vocalising throughout. Two of the children, who are particularly tactile defensive, responded wonderfully. They explored all of the resources without hesitation. Super responses. Our more tactile defensive children will be more likely to experiment/explore the resources in future sensory stories. Fantastic! Thank you :)”* **Old Hall School, Walsall**
 - *“We run Bag Books sessions every day. Our students have developed their group attention, their focus and they really enjoy the stories.”* **TreeHouse - The Pears National Centre for Autism Education, Haringey.**

Our Key Performance Indicator for this Objective is:

The number of service users attending storytelling sessions.

2018:	5,232
2017:	4,818
2016:	5,047
2015:	6,418
2014:	7,076

2018 Target
Red: under 3k
Amber: 3k-5k
Green: over 5k

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

In 2019 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:

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

In 2018 this is what we did:

- We held three “open” training days.
- As outlined in para 15 above, the training in Portugal was a great success.

Our Key Performance Indicator for this Objective is:

The number of people trained.

2018:	477
2017:	466
2016:	310
2015:	744
2014:	562

2018 Target
Red: under 200
Amber: 200-400
Green: over 400

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

In 2019 we plan to:

- Organise a series of training sessions for parents and library staff as part of our new “Lend a Story” project.

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

In 2018 this is what we did:

- We visited 3 schools (2017:13) and 20 adult venues (2017: 8). Feedback from staff included:
 - *"One resident held onto the saw hand-on-hand and her facial expression showed that she was really engaged in the new sensory experience. This was an expression that I haven't seen before – it was concentration. It made me realise that we could be supporting more hand-on-hand and hand-between-hand work. This will be included in people's support plans and especially encouraged when people attend their college sessions in arts and crafts, cooking and woodwork. This can only develop people's sensory experiences and increase engagement in their lives. The day was lovely! A really good experience for both residents and staff – with lots of good humour! Thank you." The Willows, Bexhill.*

Our Key Performance Indicator for this Objective is:

The number of people attending a course.

2018:	197
2017:	156
2016:	283
2015:	61
2014:	47

2018 Target
Red: under 20
Amber: 20-40
Green: over 40

The Trustees judge this to be Green on our traffic light system of targets. They have altered the targets for 2019 to Red: under 30, Amber: 30-60, Green: over 60.

In 2019 we plan to:

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

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

We said we would:

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

In 2018 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 and had been notified of a three-year grant from the Big Lottery Fund.

Our Key Performance Indicator for this Objective is:

The level of reserves.

2018: 31 weeks

2017: 33 weeks

2016: 39 weeks

2015: 30 weeks

2014: 29 weeks

2018 Target

Red: under 20 or over 46

Amber: 21-29 or 41-45

Green: 30-40

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

In 2019 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:

- 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.

In 2018 this is what we did:

- The number of volunteer days has now more than doubled in two years. Our long-standing volunteer, Tony Robinson, was shortlisted for a Marsh Heritage Crafts Volunteer Award. One of our funders, John Lyon's Charity, commissioned a film about volunteering for Bag Books which can be seen at tinyurl.com/BagBooksVolunteers
- The induction programme went ahead as planned.
- Our Patron, author Sir Michael Morpurgo, hosted a party in our craft workshop to celebrate of 25th Anniversary. He said, *"There can be no more difficult task than to reach people who have difficulty in reaching you. What this extraordinary organisation has done is to reach across the gap and to do it through stories."* You can watch his speech in full at tinyurl.com/BBMorpurgo

Our Key Performance Indicator for this Objective is:

The number of volunteer days.

2018: 667

2017: 581

2016: 298

2015: 413

2014: 396

2018 Target

Red: under 350

Amber: 350-500

Green: over 500

The Trustees judge this to be Green on our traffic light system of targets. They have altered the targets for 2019 to Red: under 500, Amber: 500-700, Green: over 700.

In 2019 we plan to:

- Recruit and retain even more volunteers to further assist book production.

BAG BOOKS
Year Ended 31 December 2018
Trustees' Report

23. Overall, our aim was to reach at least 25,000 people with learning disabilities during 2018. We know that 5,232 (2017: 4,818) service users attended our storytelling sessions and that 7,371 (2017: 5,985) 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 1,172 (2017: 1,410) 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 176 (2017: 154) individuals. We therefore estimate that this target was easily met. We aim to reach 25,000 people with learning disabilities during 2019.

Financial review

24. Income decreased by 4% to £376,342 (2017: £390,748). Our budget for the year had predicted income to decrease to £370,600 so actual income was therefore 2% over budget.
25. Expenditure increased by 1% to £392,740 (2017: £390,212). Our budget for the year had predicted expenditure of £370,460 so actual expenditure was 6% over budget.
26. This has resulted in a deficit of net resources of £16,398 (2017: surplus of £536). Our Restricted Funds decreased by £55,502 (2017: increase of £22,994) with grants that had been received in the previous year being spent. Our Unrestricted Funds showed an increase of £39,104 (2017: decrease of £22,458).

Budget for 2019

27. The Trustees have agreed a budget for 2019 of income totaling £411,603 (2018: £370,600) of which £74,103 (2018: £42,600) had been secured by the start of the year. Budgeted expenditure is £407,161 (2018: £370,460).

Reserves policy

28. Over the course of the first six months of 2011 the value of our reserves fell by 64% which forced us to cut back on our activities and make some redundancies. During 2018 we have again experienced erratic income from fundraising with December bringing in the same amount as the first 16 weeks of the year. Our reserves have once again enabled us to level out the fluctuating 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 £134,121 (2017: £101,998). Our budgeted expenditure for 2019 is £411,603 of which £74,103 had already been secured and £110,167 was covered by Restricted Funds leaving a balance of £227,333 (2017: £162,191) to raise. Our Unrestricted Reserves were sufficient to cover 59% (2017: 63%) of this balance which equates to 31 weeks (2017: 33 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 £25,695 (2017: £25,234) which represents just 7% (2017: 6%) of total expenditure. With Support Costs added, we invested a total of £70,891 (2017: £70,250) in fundraising and this produced voluntary income of £303,555 (2017: £319,415) which was 81% (2017: 82%) of our total income. The fundraised income can be broken down as follows:

- Income from Charitable Trusts and Foundations decreased 10% to £207,485 (2017: £230,817)
- Income from corporate partners decreased 12% to £62,095 (2017: £70,655)
- Income from individuals increased 95% to £33,974 (2017: £17,442). This was mainly due to donations from a one-off pop concert, BSFest, organised on our behalf.
- Income from Gifts In Kind decreased 45% to £5,114 (2017: £9,341)

34. By the end of the year the following grants and pledges of £2,500 and over had been secured for 2019:

- £47,103 from The Big Lottery Fund as the first payments of a three year grant towards our "Lend a Story" project in England training parents and library staff and supporting libraries in setting up multi-sensory book lending schemes.
- £15,000 from The Pears Foundation as the second year of a two year unrestricted grant.
- £5,000 from The Odin Charitable Trust as the third year of a three year unrestricted pledge.
- £5,000 from The Robertson Trust as the second year of a three year grant towards our "Sensory Storytime" project in Scotland.

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.

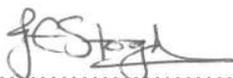
Statement of disclosure to auditors

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 30th April 2019.

Approved by the Board of Trustees at its meeting on 30th April 2019 and signed on its behalf:



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Jan Stogdon
Chair of Trustees
30th April 2019

BAG BOOKS
Year Ended 31 December 2018
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 2018 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 15, 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

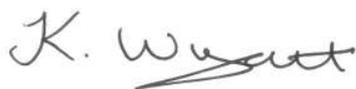
In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



K. Wyatt (Senior Statutory Auditor)

For and on behalf of

WYATTS Statutory Auditors

York House, 1 Seagrave Road, London SW6 1RP

BAG BOOKS
Year Ended 31 December 2018
Financial Statements

Statement of Financial Activities

	Notes	Unrestricted Funds		Restricted Funds		Total	
		£	£	£	£	£	£
		2018	2017	2018	2017	2018	2017
INCOME							
Donations & legacies		110,122	99,023	193,433	220,392	303,555	319,415
Charitable activities							
Book Production		61,709	56,463	0	0	61,709	56,463
Storytelling & Training		5,565	5,285	0	0	5,565	5,285
Investments		399	244	0	0	399	244
Other							
Gifts in kind		5,114	9,341	0	0	5,114	9,341
TOTAL INCOME		182,909	170,356	193,433	220,392	376,342	390,748
EXPENDITURE							
Raising funds		70,891	70,250	0	0	70,891	70,250
Charitable activities							
Book Production		47,309	80,679	161,517	129,938	208,826	210,617
Storytelling & Training		25,605	41,885	87,418	67,460	113,023	109,345
TOTAL EXPENDITURE	2, 3	143,805	192,814	248,935	197,398	392,740	390,212
OPERATING SURPLUS / (DEFICIT)		39,104	(22,458)	(55,502)	22,994	(16,398)	536
Net gains / (losses) on investments		(6,981)	9,630	0	0	(6,981)	9,630
Net income / (expenditure)		32,123	(12,828)	(55,502)	22,994	(23,379)	10,166
Reconciliation of funds							
Total funds brought forward		101,998	114,826	165,669	142,675	267,667	257,501
Total funds carried forward		134,121	101,998	110,167	165,669	244,288	267,667

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 2018
Financial Statements

Balance Sheet

	Notes	2018 Total £	2017 Total £
Fixed Assets			
Tangible assets	5	<u>1,993</u>	<u>1,197</u>
Current Assets			
Stock		34,289	35,991
Trade debtors		1,592	2,532
Prepayments		14,493	60,369
VAT repayable		246	1,008
Deposits – Investment Account		68,516	75,498
Cash at bank and in hand		<u>141,915</u>	<u>123,739</u>
Total Current Assets		<u>261,051</u>	<u>299,137</u>
Creditors due within one year:			
Trade creditors		1,266	13,035
Tax and social security		3,978	4,936
Other creditors		4,512	3,613
Deferred income		<u>9,000</u>	<u>11,083</u>
Total Current Liabilities		<u>18,756</u>	<u>32,667</u>
Net current assets		<u>242,295</u>	<u>266,470</u>
Net assets		<u>244,288</u>	<u>267,667</u>
FUNDS			
General funds	6	134,121	101,998
Restricted funds	7	<u>110,167</u>	<u>165,669</u>
Total Funds		<u>244,288</u>	<u>267,667</u>

BAG BOOKS
Year Ended 31 December 2018
Financial Statements

Cash Flow Statement

	2018 Total £	2017 Total £
Cash flows from operating activities		
<i>Net cash provided by (used in) operating activities</i>	27,220	(23,699)
Cash flows from investing activities		
Dividends, interest and rents from investments	(399)	(244)
Proceeds from sale of property, plant and equipment	0	0
Purchase of property, plant and equipment	(1,664)	(665)
Proceeds from sale of investments	<u>(6,981)</u>	<u>9,630</u>
<i>Net cash provided by (used in) investing activities</i>	<u>(9,044)</u>	<u>8,721</u>
Cash flows from financing activities	0	0
<i>Net cash provided by (used in) financing activities</i>	<u>18,176</u>	<u>(14,978)</u>
Change in cash and cash equivalents in the reporting period	18,176	(14,978)
Cash and cash equivalents at the beginning of the reporting period	<u>(21,235)</u>	<u>138,717</u>
Cash and cash equivalents at the end of the reporting period	<u>(3,059)</u>	<u>123,739</u>

The financial statements were approved by the Board of Trustees on 30th April 2019 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 2018
Notes to the financial statements

2. Total resources expended	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
Wages and salaries	89,923	134,889	224,812	224,429
Materials and consumables	20,805	27,951	48,756	47,684
Storytelling and training	0	46,685	46,685	42,486
Craft Workers/Volunteer Expenses	1,289	1,731	3,020	3,470
Direct Fundraising Costs	3,065	4,118	7,183	2,970
Rent and services	15,057	20,228	35,285	34,983
Utility Bills	1,049	1,410	2,459	2,194
Repairs and renewals	605	812	1,417	1,755
Telephone, Broadband and Computers	610	820	1,430	927
Postage and stationery	1,272	1,707	2,979	2,592
Distribution costs	1,796	2,413	4,209	4,372
Insurance	1,208	1,624	2,832	2,695
Advertising and promotion	1,218	1,636	2,854	6,003
Governance (Audit)	3,740	0	3,740	3,740
General expenses	1,438	1,930	3,368	7,718
Bank charges	360	483	843	807
Depreciation	370	498	868	1,387
Total Resources expended	<u>143,805</u>	<u>248,935</u>	<u>392,740</u>	<u>390,212</u>
3. Allocation of Support Costs	Raising funds £	Charitable Activities £	2018 Total £	2017 Total £
Proportion				
Wages and salaries	25,450	49,404	74,854	67,598
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	11,997	23,288	35,285	34,983
Utility Bills	836	1,623	2,459	2,194
Repairs and renewals	482	935	1,417	1,755
Telephone, Broadband and Computers	486	944	1,430	927
Postage and stationery	1,013	1,966	2,979	2,592
Distribution costs	0	0	0	0
Insurance	963	1,869	2,832	2,695
Advertising and promotion	970	1,884	2,854	6,003
Governance (Audit)	1,272	2,468	3,740	3,740
General expenses	1,145	2,223	3,368	7,718
Bank charges	287	556	843	807
Depreciation	295	573	868	1,387
Total Support Costs	<u>45,196</u>	<u>87,733</u>	<u>132,929</u>	<u>132,399</u>
Direct Costs	<u>25,695</u>	<u>234,116</u>	<u>259,811</u>	<u>257,813</u>
Total Costs	<u>70,891</u>	<u>321,849</u>	<u>392,740</u>	<u>390,212</u>

BAG BOOKS
Year Ended 31 December 2018
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 (2017: Nil). The insurance package for the charity automatically includes Trustee Indemnity Insurance.

Employee costs during the year were:	2018	2017
	£	£
Salaries	205,608	203,927
Social security costs	13,718	14,897
Employer's contribution to NEST pension scheme	<u>5,486</u>	<u>5,606</u>
Total costs	<u>224,812</u>	<u>224,430</u>
The average number of employees during the year	10.0	10.0
The average number of employees (full-time equivalent) during the year	6.3	6.3
Total employee benefits to the key management personnel listed on page 2	139,156	137,692
The average number of key management personnel (full-time equivalent)	2.9	2.9

No employees received remuneration exceeding £60,000 (2017: 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 2018	37,399
Additions	1,664
Disposals	<u>0</u>
At 31 December 2018	<u>39,063</u>

Depreciation

At 1 January 2018	36,202
Disposals	0
Charge for the year	<u>868</u>
At 31 December 2018	<u>37,070</u>

Net Book Value

At 31 December 2018	<u>1,993</u>
At 31 December 2017	<u>1,197</u>

BAG BOOKS
Year Ended 31 December 2018
Notes to the financial statements

6. Reconciliation of movements in general funds	2018	2017
	£	£
Opening general funds	101,998	114,826
Surplus/(Deficit) for the year	<u>32,123</u>	<u>(12,828)</u>
Closing general funds	<u>134,121</u>	<u>101,998</u>

7. Reconciliation of net income/(expenditure) to net cash flow from operating activities	2018	2017
	£	£
Net income/(expenditure) for the reporting period	(23,379)	10,166
Adjustments for:		
Depreciation charges	868	1,387
(Gains)/losses on investments	6,981	(9,630)
Dividends, interest and rents from investments	399	244
(Increase)/decrease in stocks	1,702	(3,276)
(Increase)/decrease in debtors	54,560	(36,509)
Increase/(decrease) in creditors	<u>(13,911)</u>	<u>13,919</u>
Net cash provided by (used in) operating activities	<u>27,220</u>	<u>(23,699)</u>

BAG BOOKS
Year Ended 31 December 2018
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 £
John Lyon's Charity	24,000	20,000	23,200	20,800
Annington Homes	25,000		24,167	833
The Stavros Niarchos Foundation		12,000	12,000	0
Morrisons Foundation		11,780	11,780	0
Garfield Weston Foundation		10,000	10,000	0
The Doris Pacey Charitable Foundation		10,000	10,000	0
The St James's Place Foundation		9,557	9,557	0
The Barbara Ward Children's Foundation	4,600	4,600	6,440	2,760
The Eveson Charitable Trust	2,760	4,765	2,760	4,765
The Aubrey Orchard-Lisle Charitable Trust	3,000	3,000	3,300	2,700
The MacRobert Trust		5,857	976	4,881
The Crerar Hotels Trust		5,718	3,812	1,906
The Robertson Trust		5,000	2,000	3,000
The Valentine Charitable Trust	5,000		5,000	0
The Shears Foundation		4,770	1,908	2,862
The Liz and Terry Bramall Charitable Trust	4,600		4,600	0
The Merchant Taylors' Consolidated Charities for the Poor	4,480		4,480	0
The Greendale Foundation	4,444		4,444	0
The George and Esme Pollitzer Charitable Settlement	4,237		3,404	833
An Anonymous Trust		4,000	1,548	2,452
An Anonymous Trust		4,000	973	3,027
The Hedley Foundation		4,000	1,116	2,884
The Pilkington Charities Fund		4,000	1,000	3,000
The Zochonis Charitable Trust	2,000	2,000	1,000	3,000
The Arsenal Foundation	3,995		3,995	0
The D'Oyly Carte Charitable Trust	3,946		2,696	1,250
Simply Health	3,880		3,880	0
The Mrs Smith and Mount Trust		3,800	0	3,800
Manchester United Foundation		3,765	1,000	2,765
The Mulberry Trust	1,840	1,900	1,840	1,900
QBE Foundation		3,695	1,000	2,695
The Clare Milne Trust	3,680		3,680	0
M&G Group	635	2,500	2,510	625
Simmons & Simmons	3,030		3,030	0
The Charles & Elsie Sykes Trust		3,000	1,000	2,000
The Evelyn May Trust		3,000	0	3,000
The James Weir Foundation		3,000	2,000	1,000
The Siobhan Dowd Trust		3,000	240	2,760
The Calleva Foundation	1,500	1,500	1,500	1,500
71 other donations of under £3,000 each	<u>59,040</u>	<u>39,226</u>	<u>71,099</u>	<u>27,167</u>
	<u>165,667</u>	<u>193,433</u>	<u>248,935</u>	<u>110,165</u>

9. Capital

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