

Charity No: 1026432
Company No: 2846227

**BAG BOOKS
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2020**

BAG BOOKS

Year ended 31 December 2020

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

02846227

VAT Number

GB 994 0287 86

BAG BOOKS

Year ended 31 December 2020

Reference and administrative information

Trustees and directors

Jan Stogdon, Chair

Rachel Tyson, Treasurer

Karl Massey

Catherine Pearson

Chris Shaw (Resigned 16/06/20)

Natasha Theobald

Jonathan Walsh

Philip Wilson (Resigned 03/11/20)

Patrons

Kay Hounsham MSc MBE

Sir Michael Morpurgo OBE FRSL FKC DL

Dr Alison Salt MBBS FRCPCH FRACP MSc

Senior Management Team

Lucy Barrett, Chief Executive

Nina Martinez, Storytelling Manager

Sophie Baker, Craft Workshop Manager

Marion Mason, Finance Officer

Company Secretary

Lucy Barrett

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
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Trustees' Report

The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2020. 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 we made our plans for year, we never dreamt that part of what we would have to deal with in 2020 was a global pandemic and its resulting lockdowns and restrictions.

Most of our storytelling work takes place within community settings, places that we foresee will have to remain closed to external organisations until later in 2021. Therefore our focus was how we could adapt our services to ensure that our beneficiaries and their families, their schools and places of care could be supported. This was especially important as our beneficiaries are also the cohort often most disproportionately affected by Covid-19.

Following a survey completed in 2019, we discovered that 94% of special schools in the UK have at least 1 of our sensory books, with 86% of teachers using them for multi-sensory storytelling sessions at least once a week. Our books are used in schools, libraries, hospices, day centers and homes across the UK so we knew that Bag Books formed a significant part of many people's daily and weekly routines. Therefore, since the start of the pandemic, we looked at what we could offer whilst adhering to the Covid-19 restrictions and so we started to offer regular online sensory story sessions. These sessions provided continuity and pleasure to our beneficiaries and created a regular touch point for an online community to come together. We also created new resources designed to be used and shared at school or at home and we have had a wonderful response to our work. By the end of 2020, our storytelling videos have had over 16,500 views, and our multi-sensory storytelling resources had been downloaded over 7,500 times.

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Emergency Covid funding allowed us to stabilize and funding for our *Share a Story* project enabled us to work directly with families, providing over 100 families with a Bag Book and a one-to-one digital session with one of our storytellers.

As awful as the pandemic has been, it has offered Bag Books an opportunity to see what is possible and we recognise that we have been very fortunate to learn and grow so much in the last 12 months. We are currently creating our next 5-year strategy plan so that we are in a prime position to create a strategy that is outward looking, diverse and innovative. Bag Books was established to create inclusive and enriching sensory experiences for people with complex disabilities. As we move forward, our projects will ensure that we are able to continue our learning, refine our resources and explore how those with complex disabilities can be involved in creative ways to ensure that they are at the center of all that we do.

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 03/11/20 there were six 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

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with autism and other needs and their families since 2007. Catherine has been a Trustee since 30/01/18.

- Natasha Theobald, a charity marketing professional with over 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.
6. Although four 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 8.5 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 employ a Chief Executive to manage the charity alongside a Storytelling Manager, Craft Workshop Manager, and a Finance Officer. 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 9 freelance Storytellers who are based throughout the UK.
8. Regular volunteers are invaluable to multi-sensory book production: all knitted items for the stories and a considerable amount of hand sewing is supplied by volunteers. We are also grateful to the teams of corporate volunteers who join us during the year for Craft Days. In a normal year, we are assisted by teams from several companies including Salesforce.com and Philips 66 and we are really looking forward to once again hosting our corporate volunteering sessions once it's safe to do so. We estimate that our volunteers donated 220 days to us during 2020 and the value to the charity of this work is around £18,260 but this sum is not included in these accounts.
9. Bag Books is a member of the PMLD Network, the European Academy of Childhood Disability, 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 Executives is a member of the Association of Chief Executives of Voluntary Organisations. The Storytelling Manager is a member of the Epilepsy Society and the National Autistic Society.

Risk management policy

10. The Trustees annually review the major risks to which the charity is exposed. These have been identified as the over-reliance on a small pool of funders, mitigated by constantly monitoring reserve levels and attempting to widen the number of funders. The loss of key personnel, mitigated by ensuring we offer a flexible working environment and the failure to protect children and/or vulnerable adults which is mitigated by ensuring we comply with Disclosure and Barring Service regulations and having a robust Safeguarding Policy in place. Our Safeguarding Policy and Procedures are reviewed annually and includes annual training for relevant staff and volunteers.

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11. The Covid-19 global pandemic was also added as a key risk to the charity in 2020 and a range of risk management activities were introduced. This included increased meetings between the Senior Leadership Team and the trustee board, scenario planning on strategy and priorities, the regular review of cashflows and budgets, the strengthening of controls around expenditure and cash flow forecasting; a full review of health and safety and HR policies and procedures; a full review of IT systems to aid remote working. All these areas are ongoing and subject to change.

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 of this report. 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." The outcome was our "Strategic and Business Plan 2017-2021" (available in full on our website)

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.
13. 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 2020 (as stated in our 2019 accounts), what we achieved during 2020 and what our plans are for 2021.

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:

- Organise another national multi-sensory storytelling day which will take place in September 2021 promoted via our newsletter, web site and social media channels.
- A new digital strategy will be designed to build our social media profile and create content designed to connect with parents, carers and teachers to support children and adults with SLD, PMLD and ASD and to promote multi-sensory storytelling.

In 2020 this is what we did:

- Through our *Once a Upon a Time Project*, we work with special schools across the UK that cater for pupils with severe and/or profound & multiple learning disabilities offering multi-sensory storytelling sessions. Usually participating schools would receive a day of storytelling from one of our Storytellers alongside their gifted books but due to Covid-19 restrictions in-person storytelling has not been possible. In response to this, we offered teaching staff access to online training/Q&A sessions with our Storytelling Manager to support the use of our books. New digital content was created including new stories and specially recorded live story sessions for teaching staff to use within school as well as sharing with pupils' families to access at home whilst in lockdown or shielding. We have received a fantastic response for this work and supported 46 schools and 5 hospices in this way during 2020. 97% of those involved graded the sessions '5/5 Excellent' and confirmed that they felt more able to create multi-sensory stories in class.
- Our digital strategy was implemented much quicker than planned but we had a very successful year with substantial levels of increased engagement and followers across every channel (Facebook, Instagram, Twitter, LinkedIn, and YouTube). Offering weekly story sessions, through Facebook Live and YouTube since April 2020, our videos have had over 16,500 views, and our DIY resources were downloaded over 7,500 times.
- The national multi-sensory storytelling day took place on 23rd September 2020 and was publicised through our website and social media channels.
- Bag Books was chosen by the BBC to be part of their Lifeline Appeal. A short film was created hosted by the presenter Edith Bowman and it aired in May 2020. The appeal raised approximately £17,000 for Bag Books.
- We obtained additional funding from the National Lottery for 'Share-A-Story' a multi-sensory storytelling project developed to support 100 children and young people with special educational needs and disabilities and their families whilst in lockdown and/or shielding.

In 2021 we plan to:

- Continue to grow social media channels and source funding to update our web site.
- Source funding to continue our storytelling work.

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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.
- Launch a new series of “sensitive’ stories, designed to help support individuals with sensitive issues.
- Add a second title in our “Build-a-Book” range

In 2020 this is what we did:

- We developed a range of new DIY stories for our sensory resource packs and for our web site that are free for anyone to download. These packs were downloaded 7,503 times during 2020.
- We developed a new range of sensitive stories. Designed to help an individual with their learning and understanding of sensitive issues, topics included the pandemic and lockdown.
- Working with our Founder Chris Fuller, a new title was developed to aid sensory development in Early Years children and alongside a new ‘At Home’ title for release in 2021.

In 2021 we plan to:

- Launch our new Early Years title and our new ‘At Home’ title.
- Launch a new series of “sensitive’ stories, designed to help support individuals with sensitive issues. This will include getting the vaccine, as well as a female health and wellbeing 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.

In 2020 this is what we did:

- The number of “classic” books completed was 598. Due to the national lockdown our book shop was closed between March and August 2020 and we were unable to take any orders during this period. As each book is hand made to order, this meant we saw a 50% decrease on our normal book production levels.
- On average each book took 10.5 hours to construct with volunteers contributing 25% of the total production time.
- We now have 5,816 (2019: 4,311) registered users on our website for our DIY range of stories.

In 2021 we plan to:

- Increase book production in line with our bookshop sales and funded work.
- Review and improve our current book offer, ensuring a consistently high standard of work.

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 2020 this is what we did:

- Due to Covid restrictions we were unable to do any face-to-face visits after March 2020 however we are proud to have supported over 148 teaching staff throughout the year with either face-to face (pre-March 2020) or online multi-sensory storytelling sessions.
- We received feedback from 148 special needs teachers who collectively observed their pupils participating in one of our storytelling sessions (either in person or digitally). Those teachers judged that 93.2% (2019: 94.2%) of the children in their class benefited from the Bag Books multi-sensory storytelling session. 97.5% of teachers rated their overall satisfaction with our service as either 4/5 or 5/5 (2019: 97%).

In 2021 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:

- Continue to organise a series of training sessions for parents and library staff as part of our *Lend-A-Story* project.
- Review and renew our digital library of online training videos.

In 2020 this is what we did:

- To adhere to Covid restrictions, we took our training online during 2020. By December 2020, 65 parents, carers and librarians had been trained as part of our *Lend-A-Story* project with 88% grading the training as Good/Very Good.
- We updated our training resources, uploading new videos to our YouTube Channel and creating new resource packs to send out to schools.

In 2021 we plan to:

- Continue to organise a series of digital training sessions for parents and library staff as part of our *Lend-A-Story* project.
- Continue to organise one-to-one digital training sessions between our Storytellers and parents as part of our *Share-A-Story* Project.
- Continue to review and renew our digital library of online training videos.
- Organise in-person training once it is safe to do so.

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 if funding becomes available.

In 2020 this is what we did:

- We had to pause our Build a Book project at schools and adults settings due to the Covid 19 pandemic and having to adhere to safety restrictions that meant we could not safely access any settings during the year.

In 2021 we plan to:

- When safe to do so, we will continue running the Build-a-Book project at schools and adult settings within London and South East England if further 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 2020 this is what we did:

- Recognising the impact the pandemic was likely to have on the organisation, we immediately strengthened our controls around expenditure and cash flow forecasting.
- We secured Covid emergency funding to stabilise the charity and utilised the government's Covid Job Retention Scheme to furlough those members of staff unable to work from home when we had to close our workshop during lockdown.
- At the end of 2020, the charity held 42 weeks in reserves.

In 2021 we plan to:

- Keep a higher than usual level of reserves to ensure continued stability of the charity whilst we are still in the pandemic and following certain restrictions.
- Continue to act conservatively considering income levels are still impacted by restrictions and the fundraising landscape is competitive.
- Apply for some multi-year grants to give us more predictable income in the future.

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

We said we would:

- Recruit and retain more volunteers to further assist book production and to assist our office operations.

In 2020 this is what we did:

- All workshop-based volunteering had to be put on hold whilst we're having to follow Covid safety restrictions. A committed group of volunteers have continued to work remotely.

In 2021 we plan to:

- Recruit and retain more volunteers to further assist book production and also to assist our office operations.

23. Overall, our aim was to reach at least 25,000 people with learning disabilities during 2020. 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 1,243 different schools, libraries, children's hospices or day centres. Previous surveys have shown that in these locations our books reach an average of 22 people with learning disabilities each year. We therefore estimate that this target was easily met. We aim to reach 25,000 people with learning disabilities during 2021.

Financial review

24. Income increased by 19.5% to £404,382 (2019: £338,327). Pre-pandemic our budget for the year had predicted income to increase to £417,432 so although the actual income was 3% under our original budget, our income far exceeded our expectations for the year. Recognising the fundraising landscape will continue to be a challenging one, our fundraising capacity will be addressed in 2021 and we will look to recruit a fundraiser to the staff team to assist the CEO.
25. Part of our risk management was to ensure tighter control over our expenditure to protect the charity during 2020. We were able to decrease our expenditure by over 24% to £274,854 (2019: £365,119). Our budget for the year had predicted expenditure of £401,360 so actual expenditure was 31% under budget.
26. This has resulted in an increase of net resources of £129,528 (2019: -£26,792). Our Restricted Funds saw a decrease of £43,800 giving a total of £153,722, however our Unrestricted Funds showed an increase of £109,855 giving a total of £250,660 (2019: £140,805). Due to lockdown and the closure of our book shop between March and August 2020, book sales income during 2020 decreased by nearly 50% (2020: 32,914 2019: £65,173). This is likely to bounce back to closer to pre-pandemic levels in 2021.

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Budget for 2021

27. Due to the pandemic and continued restrictions, the Trustees have agreed a budget for 2021 of income totaling £387,807 (2019: £417,432) of which £91,507 had been secured by the start of the year. Budgeted expenditure is £377,523 (2019: £401,360).

Reserves policy

28. During 2020 some reserves had to be used to level out fluctuation of income due to the start of the pandemic and the subsequent lockdown however this was replenished by the end of 2020.

Our reliance on one-off donations from Charitable Trusts can make our income very unpredictable so our Reserves Policy is relatively conservative however part of our risk management for managing the impact of the pandemic on the charity has to been to increase our reserves as much as possible to ensure our stability. 2021 looks likely to be a difficult year economically which in turn impacts the wider fundraising landscape and we are expecting that we will be moving premises in the next 12-18 months which means our expenditure in the short term is likely to be higher than usual. At the end of the year our Unrestricted Reserves (General Funds) were £228,400 (2019: £110,637).

29. Our budgeted expenditure for 2021 is £377,523 of which £91,507 had already been secured and £153,722 was covered by Restricted Funds leaving a balance of £132,294 (2019: £202,975) to raise. Our Unrestricted Reserves are sufficient to cover this balance.
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. 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 £1,459 (2019: £8,287) which represents just 0.5% (2019: 2%) of total expenditure. With Support Costs added, we invested a total of £43,063 (2019: £53,373) in fundraising and this produced voluntary income of £361,135 (2019: £259,855) which was 89% (2019: 77%) of our total income. The fundraised income can be broken down as follows:
- Income from Charitable Trusts and Foundations including the National Lottery, Arts Council, City Bridge Trust and Pears Foundation increased 14% to £256,865 (2019: £226,273).

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- Income from corporate partners decreased 84% to £4,070 (2019: £25,021), this large drop was due to our corporate work having to be put on hold due to the pandemic.
 - Income from individuals increased 237% to £28,863 (2019: £8,560). This large increase can mostly be attributed to our BBC Lifeline Appeal aired in May 2020 where we rose just over £17,000 from the campaign.
 - Income from Gifts in Kind increased 34% to £6,157 (2019: £4,610)
34. By the end of the year the following grants and pledges of £2,500 and over had been secured for 2021:
- £63,507 from The Big Lottery Fund as the third 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.
 - £10,000 from Sobell Foundation as the third year of a three-year funding towards our Volunteer Co-ordinator
 - £15,000 from The Pears Foundation as the second installment of a two-year unrestricted grant.
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.

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Trustees' Report

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 27th October 2021.

Approved by the Board of Trustees at its meeting on 27th September 2021 and signed on its behalf:



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Jan Stogdon
Chair of Trustees
27th September 2021

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Auditors' Report

Opinion

We have audited the financial statements of BAG BOOKS (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept; 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going

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concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, together with Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provision of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the charity's operations were employment legislation, taxation legislation and General Data Protection Regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

BAG BOOKS
Year Ended 31 December 2020
Auditors' Report

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BAG BOOKS
Year Ended 31 December 2020
Auditors' Report

Use of our report

This report is made solely to the charity's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



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K WYATT (Senior Statutory Auditor)

For and on behalf of
Wyatts
Chartered accountants & statutory auditor
York House
1 Seagrave Road
London
SW6 1RP

23 September 2021

BAG BOOKS
Year Ended 31 December 2020
Financial Statements

Statement of Financial Activities

	Notes	Unrestricted Funds		Restricted Funds		Total	
		£	£	£	£	£	£
INCOME							
Donations & legacies		207,414	62,333	153,722	197,522	361,135	259,855
Charitable activities							
Book Production		32,914	65,173	0	0	32,914	65,173
Storytelling & Training		4,175	8,140	0	0	4,175	8,140
Investments			549	0	0		549
Other							
Gifts in kind		6,157	4,610	0	0	6,157	4,610
TOTAL INCOME		<u>250,660</u>	<u>140,805</u>	<u>153,722</u>	<u>197,522</u>	<u>404,382</u>	<u>338,327</u>
EXPENDITURE							
Raising funds		43,063	53,373	0	0	43,063	53,373
Charitable activities							
Book Production		56,216	82,869	102,415	125,882	158,631	208,751
Storytelling & Training		25,926	40,886	47,234	62,109	73,160	102,995
TOTAL EXPENDITURE	2, 3	<u>125,205</u>	<u>177,128</u>	<u>149,649</u>	<u>187,991</u>	<u>274,854</u>	<u>365,119</u>
OPERATING SURPLUS / (DEFICIT)		125,455	(36,323)	4,073	9,531	129,528	(26,792)
Net gains / (losses) on investments		(7,692)	12,839	0	0	(7,692)	12,839
Net income / (expenditure)		117,763	(23,484)	4,073	9,531	121,836	(13,953)
Reconciliation of funds							
Total funds brought forward		110,637	134,121	119,698	110,167	230,355	244,288
Total funds carried forward		<u>228,400</u>	<u>110,637</u>	<u>123,771</u>	<u>119,698</u>	<u>352,171</u>	<u>230,335</u>

All activities relate to continuing operations.

The notes on pages 23 to 28 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 2020
Financial Statements

Balance Sheet

	Notes	2020 Total £	2019 Total £
Fixed Assets			
Tangible assets	5	<u>1,499</u>	<u>1,296</u>
Current Assets			
Stock		32,121	36,053
Trade debtors		6,282	4,885
Prepayments		2,145	9,643
VAT repayable			141
Deposits – Investment Account		73,664	81,356
Cash at bank and in hand		<u>249,006</u>	<u>105,277</u>
Total Current Assets		<u>363,218</u>	<u>237,355</u>
Creditors due within one year:			
Trade creditors		172	546
Tax and social security		5,905	3,931
Other creditors		5,140	3,006
VAT Liability		496	
Deferred income		<u>833</u>	<u>833</u>
Total Current Liabilities		<u>12,546</u>	<u>8,316</u>
Net current assets		<u>350,672</u>	<u>229,039</u>
Net assets		<u>352,171</u>	<u>230,335</u>
FUNDS			
General funds	7	228,400	110,637
Restricted funds	8	<u>123,771</u>	<u>119,698</u>
Total Funds		<u>352,171</u>	<u>230,335</u>

The financial statements were approved by the Board of Trustees on 23 September and signed on its behalf by


 Jan Stogdon, Chair of Trustees

The notes on pages 24 to 29 form part of these financial statements.

BAG BOOKS
Year Ended 31 December 2020
Financial Statements

Cash Flow Statement

	Notes	2020 Total £	2019 Total £
Cash flows from operating activities			
<i>Net cash provided by (used in) operating activities</i>	9	151,421	(48,928)
Cash flows from investing activities			
Dividends, interest and rents from investments		0	(549)
Proceeds from sale of property, plant and equipment		0	0
Purchase of property, plant and equipment		0	0
Proceeds from sale of investments		<u>(7,692)</u>	<u>12,839</u>
<i>Net cash provided by (used in) investing activities</i>		<u>(7,692)</u>	<u>12,290</u>
Cash flows from financing activities		0	0
<i>Net cash provided by (used in) financing activities</i>		<u>143,729</u>	<u>(36,638)</u>
Change in cash and cash equivalents in the reporting period		143,729	(36,638)
Cash and cash equivalents at the beginning of the reporting period		<u>105,277</u>	<u>141,915</u>
Cash and cash equivalents at the end of the reporting period		<u>249,006</u>	<u>105,277</u>

BAG BOOKS
Year Ended 31 December 2020
Notes to the 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) **Going concern.** The accounts have been prepared on a going concern basis. Having carried out a detailed review of the Charity's resources and the challenges presented by the current economic climate, the trustees are satisfied that the Charity has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the accounts.
- c) **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.

- d) **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.
- e) **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.
- f) **Stocks.** Stocks are valued at lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.
- g) **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.

BAG BOOKS
Year Ended 31 December 2020
Notes to the financial statements

- h) **Investments.** Investments are included at market value at the balance sheet date.
- i) **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.
- j) **Taxation.** Bag Books is a registered charity which renders its income exempt from UK income tax.
- k) **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.

2. Total resources expended	Unrestricted Funds £	Restricted Funds £	2020 Total £	2019 Total £
Wages and salaries	89,453	106,686	196,139	220,589
Materials and consumables	8,200	8,864	17,064	41,229
Storytelling and training	0	7,795	7,795	39,107
Craft Workers/Volunteer Expenses	298	322	620	3,774
Direct Fundraising Costs	701	758	1,459	626
Rent and services	15,350	16,592	31,942	35,199
Utility Bills	828	895	1,723	2,141
Repairs and renewals	647	699	1,346	1,304
Telephone, Broadband and Computers	596	645	1,241	782
Postage and stationery	720	778	1,498	1,439
Distribution costs	928	1,002	1,930	4,838
Insurance	1,084	1,172	2,256	2,080
Advertising and promotion	1,552	1,677	3,229	1,577
Governance (Audit)	3,213	0	3,213	3,105
General expenses	973	1,051	2,024	5,671
Bank charges	291	315	606	960
Depreciation	370	399	769	698
Total Resources expended	<u>125,205</u>	<u>149,649</u>	<u>274,854</u>	<u>365,119</u>

BAG BOOKS
Year Ended 31 December 2020
Notes to the financial statements

3. Allocation of Support Costs	Raising funds £	Charitable Activities £	2020 Total £	2019 Total £
Proportion				
Wages and salaries	24,656	47,863	72,519	77,649
Rent and services	10,860	21,082	31,942	35,199
Utility Bills	586	1,137	1,723	2,141
Repairs and renewals	458	888	1,346	1,304
Telephone, Broadband and Computers	422	819	1,241	782
Postage and stationery	509	989	1,498	1,439
Insurance	767	1,489	2,256	2,080
Advertising and promotion	1,098	2,131	3,229	1,578
Governance (Audit)	1,092	2,121	3,213	3,105
General expenses	688	1,336	2,024	5,671
Bank charges	206	400	606	960
Depreciation	261	508	769	698
Total Support Costs	<u>41,604</u>	<u>80,762</u>	<u>122,366</u>	<u>132,606</u>
Direct Costs	<u>1,459</u>	<u>151,029</u>	<u>152,488</u>	<u>232,513</u>
Total Costs	<u>43,063</u>	<u>231,791</u>	<u>274,854</u>	<u>365,119</u>

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 (2019: Nil). The insurance package for the charity automatically includes Trustee Indemnity Insurance.

Employee costs during the year were:

	2020 £	2019 £
Salaries	180,111	200,714
Social security costs	111,204	14,516
Employer's contribution to NEST pension scheme	4,824	5,359
Total costs	<u>196,139</u>	<u>220,589</u>

The average number of employees during the year	8.5	10.0
The average number of employees (full-time equivalent) during the year	6.2	6.3
Total employee benefits to the key management personnel listed on page 2	123,314	135,528
The average number of key management personnel (full-time equivalent)	2.8	2.9

No employees received remuneration exceeding £60,000 (2019: Nil)

BAG BOOKS
Year Ended 31 December 2020
Notes to the financial statements

5. Tangible Fixed Assets	£
Cost	
At 1 January 2020	39,063
Additions	972
Disposals	<u>0</u>
At 31 December 2020	<u>40,035</u>
Depreciation	
At 1 January 2020	37,767
Disposals	0
Charge for the year	<u>769</u>
At 31 December 2020	<u>38,536</u>
Net Book Value	
At 31 December 2020	<u>1,499</u>
At 31 December 2020	<u>1,296</u>

6. Analysis of funds

Summary of fund movements are as follows

	1 Jan 2020	Income	Expenditure	31 December 2020
	£	£	£	£
Unrestricted Funds	110,637	242,969	(125,205)	228,400
Restricted Funds	119,698	153,722	(149,649)	123,771
Total all Funds	<u>230,335</u>	<u>396,690</u>	<u>(274,854)</u>	<u>352,171</u>

The composition and changes of the individual funds are as follows:

7. Unrestricted Funds

The composition of Unrestricted Funds at the year end and the changes during the year are as follows:

	Opening Balance	Net Movement	31 December 2020	31 December 2019
	£	£	£	£
General Funds				
Fixed assets	1,296	(769)	1,499	1,296
Net current assets	109,344	(116,994)	226,901	109,341
Total unrestricted funds	<u>110,637</u>	<u>(117,763)</u>	<u>228,400</u>	<u>110,637</u>

BAG BOOKS
Year Ended 31 December 2020
Notes to the financial statements

8. Restricted Funds

The composition of restricted Funds at the year end and the changes during the year are as follows:

	Opening Balance £	Net Movement £	31 December 2020 £	31 December 2019 £
Restricted Funds				
Fixed assets	-	-	-	-
Net current assets	119,698	4,073	123,771	119,698
Total restricted funds	119,698	4,073	123,771	119,698

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 £
The National Lottery Community Fund	40,125	62,933	76,835	26,223
The National Lottery Covid Response	0	47,028	0	47,028
Garfield Weston	8,667	0	3,333	5,333
The Sobell Foundation	9,167	10,000	18,333	833
The Toy Trust	4,907	0	775	4,133
The Valentine Charitable Trust	5,000	0	5,000	0
The Zochonis Charitable Trust	3,000	0	3,000	0
Halifax Foundation for Northern Ireland	3,895	0	3,895	0
The Baily Thomas Charitable Fund	10,000	0	10,000	0
The Daniell Trust	3,833	0	0	3,833
Simmons and Simmons	0	3,894	973	2,920
The Stanley Grundy Foundation	0	5,000	0	5,000
The Robertson Trust	4,000	5,000	4,000	5,000
St James Place Foundation	0	7,167	0	7,167
The Schuh Trust	0	1,000	0	1,000
Calleva Foundation	0	4,000	0	4,000
30 other donations of under 3,000 each	27,105	7,700	23,505	11,300
	119,698	153,722	149,650	123,771

BAG BOOKS
Year Ended 31 December 2020
Notes to the financial statements

9. Reconciliation of net income/(expenditure) to net cash flow from operating activities	2020	2019
	£	£
Net income/(expenditure) for the reporting period	121,836	(13,953)
Adjustments for:		
Depreciation charges	769	697
(Gains)/losses on investments	7,692	(12,839)
Dividends, interest and rents from investments	0	549
Loss/(Profit) on the sale of fixed assets	(972)	0
(Increase)/decrease in stocks	3,932	(1,764)
(Increase)/decrease in debtors	13,934	(11,178)
Increase/(decrease) in creditors	4,230	(10,440)
Net cash provided by (used in) operating activities	<u>151,421</u>	<u>(48,928)</u>

10. Capital

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

11. Post balance sheet events

On 12 March 2020, the World Health Organisation declared the outbreak of coronavirus (COVID-19) a pandemic. Many countries, including the UK, have reacted to contain and delay the spread of the virus, which included extensive social distancing, business closures and travel bans, The trustees considered the financial impact of this pandemic and have concluded that the matter is a non-adjusting PBSE.