

Charity No: 1026432  
Company No: 2846227

**BAG BOOKS  
REPORT AND ACCOUNTS  
FOR THE YEAR ENDED  
31 DECEMBER 2021**



**BAG BOOKS**  
**Year ended 31 December 2021**  
**Reference and administrative information**

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**Status**

The organisation is a charitable company limited by guarantee, incorporated on 19 August 1993 and registered as a charity on 24 September 1993.

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**Governing Document**

The company was established under a Memorandum of Association which established the objects and powers of the charitable company. The objects are:

*“to promote the recreation and education of children and adults with special learning difficulties and/or physical disabilities in particular through the use of tactile books and related material in the interests of social welfare and with the object of improving their conditions of life.”*

The charitable company is governed under its Articles of Association.

The Trustees have referred to the Charity Commission’s general guidance on public benefit and believe that the charity meets the requirements of public benefit with regard to its aims and objectives and in planning its future activities. In particular, the Trustees have considered how the planned activities will contribute to the aims and objectives they have set.

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**Summary of investment powers**

The trustees may invest the moneys of the company not immediately required for its own purposes in or upon such investments, securities, or property as may be thought fit.

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**Business Address and Registered Office**

1 Stewart’s Court, 218-220 Stewart’s Road, London SW8 4UB

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**Contact details**

Tel: 020 7627 0444 Fax: 020 7627 0999  
email: [office@bagbooks.org](mailto:office@bagbooks.org) web: [www.bagbooks.org](http://www.bagbooks.org)

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**Charity Number**

1026432

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**Company Number**

02846227

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**VAT Number**

GB 994 0287 86

**BAG BOOKS**  
**Year ended 31 December 2021**  
**Reference and administrative information**

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**Trustees and directors**

Jan Stogdon, Chair  
Rachel Tyson, Treasurer  
Karl Massey  
Catherine Pearson  
Natasha Theobald  
Jonathan Walsh

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**Patrons**

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

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**Senior Management Team**

Lucy Barrett, Chief Executive  
Nina Martinez, Storytelling Manager  
Sophie Baker, Craft Workshop Manager  
Marion Mason, Finance Officer

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**Company Secretary**

Lucy Barrett

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**Bankers**

Unity Trust Bank plc, Four Brindleyplace, Birmingham B1 2JB

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**Solicitors**

Bates, Wells & Braithwaite, Cheapside House, 138 Cheapside, London EC2V 6BB

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**Auditors**

Wyatts, Chartered Accountants, York House, 1 Seagrave Road, London SW6 1RP

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**BAG BOOKS**  
**Year Ended 31 December 2021**  
**Trustees' Report**

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The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2021. 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 expected, the ongoing effects of the pandemic with its lockdowns and restrictions had a negative impact on some of our plans for the year. We had hoped to be offering our regular in-person storytelling sessions again but due to covid restrictions within schools and other community settings, this was not often possible. However, our experiences over the previous year have shown us that flexibility is key, and so we continued to offer a hybrid provision; a mix of face-to-face and digital work to ensure that our beneficiaries were supported, and that Bag Books was able to continually offer a tangible and positive response to social inclusivity.

We are currently in the process of creating our organisational strategy for 2022-2027. We recognise that the pandemic gave us the opportunity to not only re-evaluate our own work and what we offer, but also to connect with other people and organisations to try new ways of working and create new conversations on how sensory work can evolve whilst ensuring our beneficiaries are kept at the centre of all we do. A priority of our strategy is to build on these strengths and opportunities so that we can continue to develop and grow as a charity. We enormously value the connections we have made over the last 29 years with the wider PMLD community, and we see a lot of potential to grow these connections further.

Part of our plans for 2022 onwards will be to create an advisory group of teachers, parents and carers which will help to guide the future development of our work. We proactively share methodology and learning with other organisations and through our training, we aim to create more opportunities to build connections with people living with PMLD.

**BAG BOOKS**  
**Year Ended 31 December 2021**  
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As the world reopens, we are excited to be back within the community offering face-to-face storytelling and training session and are looking forward to participating in several books festivals across the UK promoting truly accessible and inclusive literary experiences.

**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. We currently have 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, is a qualified accountant currently working for a private entrepreneur and philanthropist. Rachel has been a Trustee and Treasurer since 06/11/12.
  - Karl Massey has worked in financial markets since 1988. Karl is a Member of the Development Board of the Physics Department, University of Oxford. Member of the Institute of Physics, Fellow of the Royal Society for Arts. He is a Member of the Investment Committee of the Athenaeum Club, London. 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.
  - 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

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**Year Ended 31 December 2021**  
**Trustees' Report**

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6. Although four people have been Trustees for more than ten 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 9.5 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. We will be actively recruiting for new trustees in 2022.
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 116 days to us during 2021 and the value to the charity of this work is around £9,628 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, and the Foundation for Social Improvement. The charity is also registered with the Fundraising Regulator. The Chief Executive 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.
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 trustees, 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 2021 (as stated in our 2020 accounts), what we achieved during 2021 and what our plans are for 2022.

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 newsletter, web site and social media channels.
- Continue to develop our new digital strategy with an aim to connect with parents, carers and teachers to support those with SLD, PMLD and ASD and to promote multi-sensory storytelling.

**In 2021 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 and/or high Covid rates within the community, 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 has been 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 23 schools in this way during 2021. 98% of those involved graded the sessions '5/5 Excellent' and confirmed that they felt more able to create multi-sensory stories in class.
- Our weekly story sessions, through Facebook Live and YouTube continued throughout 2021. Our videos were viewed over 35,500 times, and our DIY resources were downloaded over 4,000 times. Funding was secured during the year to improve our web site. This work will be completed in 2022.
- The national multi-sensory storytelling day took place on 23<sup>rd</sup> September 2021 and was publicised through our website and social media channels.
- We successfully completed *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. Funded by the National Lottery, feedback was very positive with all the families involved saying that they continue to use their books on regular basis.

*'Thank you so much for giving my daughter this beautiful multi-sensory story. She loves it and engages with it so well. Bag Books are an excellent way to tell a story and the visual aids bring the whole story to life and thoroughly engage the child. Her brothers love getting involved as well, which is so lovely to see.'*

*(Family feedback from Share-A-Story project)*

**In 2022 we plan to:**

- Continue to grow social media channels and update our web site.
- Source funding to continue our storytelling work.
- Offer in-person storytelling sessions through our *Once Upon A Time* project

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 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.

**In 2021 this is what we did:**

- We developed additional DIY stories for our sensory resource packs and for our web site that are free for anyone to download. These packs were downloaded 4,327 times during 2021.
- We developed additional sensitive stories. Designed to help an individual with their learning and understanding of sensitive issues, topics included getting the vaccine, as well as a female health and wellbeing range.
- Our new Early Years title *Hide & Squeak* and 'At Home' title *The Friendly Caterpillar* were successfully trialled, and funding was secured in 2021 to put them into production during 2022.

**In 2022 we plan to:**

- Release our new Early Years title and 'At Home' title on our general sales list.
- Develop new titles for release in 2023.

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

**We said we would:**

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

**In 2021 this is what we did:**

- The number of "classic" books completed was 605. Due to the second national lockdown and having to continue the furloughing of some of our workshop team, our book shop was closed for short periods during 2021 to ensure we could meet demand. As each book is hand made to order, this meant we saw an approximately 50% decrease on our normal book production levels.
- We now have 8,213 (2020: 6,407) registered users on our website for our DIY range of stories.

**In 2022 we plan to:**

- Increase book production in line with our bookshop sales and funded work.
- Continue to 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 2021 this is what we did:**

- Due to Covid restrictions we were unable to do any face-to-face visits throughout 2021 however we are proud to have supported over 95 teaching staff throughout the year via our online multi-sensory storytelling sessions.
- We received feedback from 62 special needs teachers who collectively observed their pupils participating in one of our storytelling sessions (either in person or digitally). Those teachers judged that 92.6% (2020: 93.2%) of the children in their class benefited from the Bag Books multi-sensory storytelling session. 97% of teachers rated their overall satisfaction with our service as either 4/5 or 5/5 (2020: 97.5%).

**In 2022 we plan to:**

- Continue fundraising for multi-sensory storytelling visits.
- Offer in-person storytelling sessions at schools across the UK.

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 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.

**In 2021 this is what we did:**

- To adhere to Covid restrictions, we continued to offer our training online in 2021. By December 2021, 215 parents, carers and librarians had been trained as part of our *Lend-A-Story* project with 88% grading the training as Good/Very Good.
- By March 2021, 100 parents/carers were trained and supported in multi-sensory storytelling technique as part of our *Share-A-Story* project.
- We continued to upload new videos to our YouTube Channel and create new resource packs to send out to schools.
- Our first in person training session since March 2020 took place in November 2021.

**In 2022 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 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 2021 this is what we did:**

- We had to pause our *Build-a-Book* project at schools and adult's settings due to the pandemic. Having to adhere to ongoing Covid restrictions meant we could not safely access any settings during the year.

**In 2022 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 Southeast 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 2021 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.
- We introduced a Fundraising and Communication Executive to the team at the end of 2021.

**In 2022 we plan to:**

- Continue to act conservatively considering income levels are still impacted by the pandemic 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 2021 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 2022 we plan to:**

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

23. Overall, our aim was to reach at least 25,000 people with learning disabilities during 2021. 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 over 1,200 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 decreased by 30% to £277,690 (2020: £404,382). We had created a conservative budget for the year and had predicted income to be at £377,807. We were aware that 2021 would be difficult but we had been hopeful at the end of the 2020 (when the budget was set), that our activities would be back to normal during 2021. However, being met by a second national lockdown at the start of the year and continuing Covid restrictions, our plans were hindered somewhat. Due to our high level of reserves, we found ourselves (rightly) precluded from a lot of the emergency funding streams made available in the first half of 2021 which impacted our ability to secure the levels of funding we had hoped for during the year. Recognising the fundraising landscape will continue to be a challenging one, our fundraising capacity was addressed in 2021 and we added 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 2021 and we were able to attain this and our expenditure for the year was £271,498 (2020: £274,854). Our budget for the year had predicted expenditure of £377,523 so actual expenditure was in fact 28% under budget.

26. This has resulted in our net resources sitting at £6,192 (2020: £129,528). Our Restricted Funds saw a decrease of £58,938 giving a total of £94,783, and our Unrestricted Funds decreased to £182,907 (2010: £250,660). Although once again

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impacted by a second lockdown and having to close our book shop on two occasions during the year (March and October), our books sales increased during 2021 to £43,520 (2020: 32,914 2019: £65,173). This is likely to bounce back to closer to pre-pandemic levels in 2022.

**Budget for 2021**

27. The Trustees have agreed a budget for 2022 of income totaling £415,700 (2020: £387,807) of which £37,200 had been secured by the start of the year. Budgeted expenditure is £415,530 (2020: £377,523). It is recognized by the board that this budget supposes a more 'normal' 2022 for the charity but as part of our financial risk analysis we will continue to review throughout the year.

**Reserves policy**

28. 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 been to increase our reserves as much as possible to ensure our stability. 2022 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 6-12 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 £282,901 (2020: £228,400).
29. Our budgeted expenditure for 2022 is £415,300 of which £37,200 had already been secured and £94,783 was covered by Restricted Funds leaving a balance of £283,317 (2020: £132,294) to raise. Our Unrestricted Reserves are just about sufficient to cover this balance (-£416).
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 £620 (2020: £1,459) which represents just 0.06% (2020: 0.5%) of total expenditure. With Support Costs added, we invested a total of £42,454 (2020: £43,063) in fundraising and this produced voluntary income of £226,925 (2020: £361,135) which was 82% (2020: 89%) of our total income.

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- Income from corporate partners was £5,000 (2020: £4,070). Although a small increase on 2020, most of our corporate work has been on hold due to the pandemic.
- Income from individuals decreased to £13,9813 (2020: £28,863). However, 2020 had been a slightly anomaly due to a high level of donations being received following our BBC Lifeline Appeal in May 2020.
- Income from Gifts in Kind remained consistent with us receiving £6,196 (2020: £6,157)

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

**Statement of responsibilities of the trustees**

35. The Trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including the net income or expenditure, for the period. In preparing those financial statements the Trustees are required to:
- a) select suitable accounting policies and then apply them consistently;
  - b) make judgments and estimates that are reasonable and prudent;
  - c) state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
  - d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation; and
  - e) observe the methods and principles in the Charities SORP.
36. The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**Statement of disclosure to auditors**

37. As far as the Trustees are aware there is no relevant audit information of which charity's auditors are unaware. Additionally, the Trustees have taken all steps they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**Auditors**

38. A resolution to confirm the reappointment of Wyatts as the company auditor will be proposed at the Annual General Meeting on 27<sup>th</sup> October 2022.

Approved by the Board of Trustees at its meeting on 9<sup>th</sup> September 2022 and signed on its behalf:

*Rachel Tyson*  
.....  
Rachel Tyson  
Treasurer  
9<sup>th</sup> September 2022

## **Opinion**

We have audited the financial statements of BAG BOOKS (the 'charity') for the year ended 31 December 2021 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 2020 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.
- Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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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

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 2021**  
**Auditors' Report**

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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 20201**  
**Auditors' Report**

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**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.



.....

K WYATT (Senior Statutory Auditor)

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

9<sup>th</sup> September 2022

**BAG BOOKS**  
**Year Ended 31 December 2021**  
**Financial Statements**

**Statement of Financial Activities**

	Notes	Unrestricted Funds		Restricted Funds		Total	
		£ 2021	2020	£ 2021	2020	£ 2021	2020
<b>INCOME</b>							
Donations & legacies		132,143	207,414	94,783	153,722	226,926	361,135
<b>Charitable activities</b>							
Book Production		43,520	32,915	0	0	43,520	32,915
Storytelling & Training		725	4,175	0	0	725	4,175
Investments		323		0	0	323	0
<b>Other</b>							
Gifts in kind		6,196	6,157	0	0	6,196	6,157
<b>TOTAL INCOME</b>		<b><u>182,907</u></b>	<b><u>250,660</u></b>	<b><u>94,873</u></b>	<b><u>153,722</u></b>	<b><u>277,690</u></b>	<b><u>404,382</u></b>
<b>EXPENDITURE</b>							
Raising funds		42,454	43,063	0	0	42,454	43,063
<b>Charitable activities</b>							
Book Production		71,250	56,216	94,040	102,415	165,290	158,631
Storytelling & Training		27,482	25,926	36,272	47,234	63,754	73,160
<b>TOTAL EXPENDITURE</b>	<b>2, 3</b>	<b><u>141,186</u></b>	<b><u>125,205</u></b>	<b><u>130,312</u></b>	<b><u>149,649</u></b>	<b><u>271,498</u></b>	<b><u>274,854</u></b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>41,721</b>	<b>125,455</b>	<b>(35,529)</b>	<b>4,073</b>	<b>6,192</b>	<b>129,528</b>
Net gains / (losses) on investments		12,780	(7,692)	0	0	12,780	(7,692)
<b>Net income / (expenditure)</b>		<b>54,501</b>	<b>117,763</b>	<b>(35,529)</b>	<b>4,073</b>	<b>18,972</b>	<b>121,836</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		228,400	110,637	123,771	119,698	352,171	230,355
<b>Total funds carried forward</b>		<b><u>282,901</u></b>	<b><u>228,400</u></b>	<b><u>88,242</u></b>	<b><u>123,771</u></b>	<b><u>371,143</u></b>	<b><u>352,171</u></b>

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 2021**  
**Financial Statements**

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**Balance Sheet**

	Notes	2021 Total £	2020 Total £
<b>Fixed Assets</b>			
Tangible assets	5	<u>2,060</u>	<u>1,499</u>
<b>Current Assets</b>			
Stock		28,491	32,121
Trade debtors		4,979	6,282
Prepayments		8,232	2,145
VAT repayable			
Deposits – Investment Account		86,444	73,664
Cash at bank and in hand		<u>253,153</u>	<u>249,006</u>
<b>Total Current Assets</b>		<u><b>381,299</b></u>	<u><b>363,218</b></u>
<b>Creditors due within one year:</b>			
Trade creditors		176	172
Tax and social security		6,517	5,905
Other creditors		4,472	5,140
VAT Liability		218	496
Deferred income		<u>833</u>	<u>833</u>
<b>Total Current Liabilities</b>		<u><b>12,216</b></u>	<u><b>12,546</b></u>
<b>Net current assets</b>		<u><b>369,083</b></u>	<u><b>350,672</b></u>
<b>Net assets</b>		<u><b>371,143</b></u>	<u><b>352,171</b></u>
<b>FUNDS</b>			
General funds	7	282,901	228,400
Restricted funds	8	<u>88,242</u>	<u>123,771</u>
<b>Total Funds</b>		<u><b>371,143</b></u>	<u><b>352,171</b></u>

The financial statements were approved by the Board of Trustees on 9<sup>th</sup> September and signed on its behalf by

*Rachel Tyson*  
 Rachel Tyson, Treasurer

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

**BAG BOOKS**  
**Year Ended 31 December 2021**  
**Financial Statements**

**Cash Flow Statement**

	Notes	2021 Total £	2020 Total £
<b>Cash flows from operating activities</b>			
<i>Net cash provided by (used in) operating activities</i>	9	(8,310)	151,421
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		(323)	0
Proceeds from sale of property, plant and equipment		0	0
Purchase of property, plant and equipment		0	0
Proceeds from sale of investments		<u>12,780</u>	<u>(7,692)</u>
<i>Net cash provided by (used in) investing activities</i>		<u>12,457</u>	<u>(7,692)</u>
<b>Cash flows from financing activities</b>		0	0
<i>Net cash provided by (used in) financing activities</i>		<u>4,147</u>	<u>143,729</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>4,147</b>	<b>143,729</b>
Cash and cash equivalents at the beginning of the reporting period		<u>249,006</u>	<u>105,277</u>
Cash and cash equivalents at the end of the reporting period		<u>253,153</u>	<u>249,006</u>

**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 1<sup>st</sup> 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 2021**  
**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 £	2021 Total £	2020 Total £
Wages and salaries	103,885	100,128	204,013	196,139
Materials and consumables	7,431	6,368	13,709	17,064
Storytelling and training	0	993	993	7,795
Craft Workers/Volunteer Expenses	0	80	80	620
Direct Fundraising Costs	102	88	190	1,459
Rent and services	17,304	15,013	32,317	31,942
Utility Bills	1,290	1,120	2,410	1,723
Repairs and renewals	842	730	1,572	1,346
Telephone, Broadband and Computers	940	815	1,755	1,241
Postage and stationery	61	55	116	1,498
Distribution costs	1,193	1,035	2,228	1,930
Insurance	1,188	1,030	2,218	2,256
Advertising and promotion	1,583	1,373	2,956	3,229
Governance (Audit)	3,655	0	3,655	3,213
General expenses	864	749	1,613	2,024
Bank charges	425	368	793	606
Depreciation	423	367	790	769
<b>Total Resources expended</b>	<b><u>141,186</u></b>	<b><u>130,312</u></b>	<b><u>271,498</u></b>	<b><u>274,854</u></b>

**BAG BOOKS**  
**Year Ended 31 December 2021**  
**Notes to the financial statements**

3. Allocation of Support Costs	Raising funds £	Charitable Activities £	2021 Total £	2020 Total £
<b>Proportion</b>				
Wages and salaries	25,198	48,914	74,112	72,519
Rent and services	10,988	21,329	32,317	31,942
Utility Bills	819	1,591	2,410	1,723
Repairs and renewals	534	1,038	1,572	1,346
Telephone, Broadband and Computers	597	1,158	1,755	1,241
Postage and stationery	39	77	116	1,498
Insurance	754	1,464	2,218	2,256
Advertising and promotion	1,005	1,951	2,956	3,229
Governance (Audit)	1,243	2,412	3,655	3,213
General expenses	548	1,065	1,613	2,024
Bank charges	270	523	793	606
Depreciation	<u>269</u>	<u>521</u>	<u>790</u>	<u>769</u>
<b>Total Support Costs</b>	<b><u>42,264</u></b>	<b><u>82,043</u></b>	<b><u>124,307</u></b>	<b><u>122,366</u></b>
Direct Costs	<u>190</u>	<u>147,001</u>	<u>147,191</u>	<u>152,488</u>
<b>Total Costs</b>	<b><u>42,454</u></b>	<b><u>229,044</u></b>	<b><u>271,498</u></b>	<b><u>274,854</u></b>

**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 (2020: Nil). The insurance package for the charity automatically includes Trustee Indemnity Insurance.

Employee costs during the year were:	2021 £	2020 £
Salaries	186,878	180,111
Social security costs	12,227	111,204
Employer's contribution to NEST pension scheme	4,908	4,824
<b>Total costs</b>	<b><u>204,013</u></b>	<b><u>196,139</u></b>

The average number of employees during the year	8.5	8.5
The average number of employees (full-time equivalent) during the year	6.2	6.2
Total employee benefits to the key management personnel listed on page 2	130,972	135,528
The average number of key management personnel (full-time equivalent)	2.8	2.8

No employees received remuneration exceeding £60,000 (2020: Nil)

**BAG BOOKS**  
**Year Ended 31 December 2021**  
**Notes to the financial statements**

5. Tangible Fixed Assets	£
<b>Cost</b>	
At 1 January 2021	40,035
Additions	1,351
Disposals	<u>0</u>
At 31 December 2021	<u>41,386</u>
<b>Depreciation</b>	
At 1 January 2021	38,536
Disposals	0
Charge for the year	<u>790</u>
At 31 December 2021	<u>39,326</u>
<b>Net Book Value</b>	
At 31 December 2021	<u>2,060</u>
At 31 December 2020	<u>1,499</u>

**6. Analysis of funds**

Summary of fund movements are as follows

	1 Jan 2021	Income	Expenditure	31 December 2021
	£	£	£	£
Unrestricted Funds	228,400	195,687	(141,186)	282,901
Restricted Funds	123,771	94,783	(130,312)	88,242
<b>Total all Funds</b>	<u>352,171</u>	<u>290,470</u>	<u>(271,498)</u>	<u>371,143</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 2021	31 December 2020
	£	£	£	£
<b>General Funds</b>				
Fixed assets	1,499	(769)	1,499	1,499
Net current assets	226,901	(116,994)	226,901	226,901
<b>Total unrestricted funds</b>	<u>228,400</u>	<u>(54,401)</u>	<u>282,901</u>	<u>228,400</u>

**BAG BOOKS**  
**Year Ended 31 December 2021**  
**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 2021 £	31 December 2020 £
<b>Restricted Funds</b>				
Fixed assets	-	-	-	-
Net current assets	123,771	(35,529)	88,242	123,771
<b>Total restricted funds</b>	123,771	(35,529)	88,242	123,771

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	26,223	64,083	63,605	26,701
National Lottery Covid Response	47,028		47,028	0
The Aubrey Orchard-Lisle Charitable Trust	600		600	0
Garfield Weston	5,333			5,333
The Daniell Trust	3,833			3,833
The Sir James Reckitt	2,000			2,000
The Linmardon Trust	1,000		1,000	0
The Thomas Sivewright Catto Charitable Settlement	750			750
Simmons and Simmons	2,920		1,947	977
The D.C. Moncrieff Charitable Trust	750			750
The Stanley Grundy Foundation	5,000			5,000
The Robertson Trust	5,000			5,000
St James Place Foundation	7,167			7,167
The Schuh Trust	1,000		1,000	0
The Toy Trust	4,133	1,000	4,133	1,000
Millichope Foundation	2,000	2,000		4,000
The Sobell Foundation	833	10,000	10,000	833
The Sir John Eastwood Foundation	2,000	1,000	1,000	2,000
An Anonymous Trust	2,000	2,000		4,000
The Mulberry Trust	2,200	2,200		4,400
Calleva Foundation	4,000	2,500		6,500
An Anonymous Trust		10,000		10,000
<b>TOTALS</b>		<b>123,771</b>	<b>94,783</b>	<b>130,312</b>
				<b>88,242</b>

**BAG BOOKS**  
**Year Ended 31 December 2021**  
**Notes to the financial statements**

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9. Reconciliation of net income/(expenditure) to net cash flow from operating activities	2021 £	2020 £
<b>Net income/(expenditure) for the reporting period</b>	<b>18,972</b>	<b>121,836</b>
<b>Adjustments for:</b>		
Depreciation charges	790	769
(Gains)/losses on investments	(12,780)	7,692
Dividends, interest and rents from investments	323	0
Loss/(Profit) on the sale of fixed assets	(1,351)	(972)
(Increase)/decrease in stocks	3,630	3,932
(Increase)/decrease in debtors	(17,050)	13,934
Increase/(decrease) in creditors	<u>(844)</u>	<u>4,230</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>(8,310)</u></b>	<b><u>151,421</u></b>

**10. Capital**

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