

Charity No: 1026432  
Company No: 2846227

**BAG BOOKS  
REPORT AND ACCOUNTS  
FOR THE YEAR ENDED  
31 DECEMBER 2022**

## **BAG BOOKS**

**Year ended 31 December 2022**

### **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.

#### **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 2022**

### **Reference and administrative information**

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#### **Trustees and directors**

Jan Stogdon, Chair (retired November 2022)  
Jonathan Walsh, Chair (appointed April 2022)  
Rachel Tyson, Treasurer  
Karl Massey  
Catherine Pearson  
Natasha Theobald

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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 2022**

### **Trustees' Report**

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The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2022. 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**

During 2022 we took the opportunity to develop our new Strategy and Business Plan for 2023-2028. Despite the challenges of the past two years, Bag Books largely accomplished our goals under the previous strategy. Developing a new strategy has enabled us to rekindle the optimistic outlook that has always been a fundamental aspect of our organisational values, and to reflect on the adaptations made and lessons learned during the previous years.

Due to proficient financial planning and management, Bag Books was able to produce a surplus in both 2020 and 2021. However, due to the cost-of-living crisis, increased operating expenses and greater competition for funds, the organisation finished the year with an expected deficit. The more recent downturn, although concerning, has caused less disruption to our ongoing work thanks to maintaining an appropriate level of reserves.

Our new plan seeks to retain our current strategic aim while adapting our delivery for the current environment. By embracing greater income diversity, our charity can capitalise on the available opportunities to enhance our offerings beyond 2023. The global pandemic gave us the opportunity to not only re-evaluate our work and try new methods of working but also build stronger connections outside of the charity, and we look to build on these opportunities as we move forward. Plans for 2023 will include enhancing our fundraising and donor engagement, introducing new projects to our provision and, once funding has been secured, welcoming new members to the team.

## **BAG BOOKS**

### **Year Ended 31 December 2022**

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It is crucial to acknowledge that the pandemic and the recent economic downturn are still having adverse effects on the lives of those within our community. Economic disadvantage has proven to be a substantial barrier to accessing sensory equipment and resources. With the cost of living continuing to rise and inflation at an all-time high, school and council budgets being cut, and service recovery even harder to achieve, those with complex disabilities are more isolated and unsupported than ever. Despite these challenges, we recognise that our work supports the development of people with special educational needs and disabilities, and it is vital for Bag Books to continue our work. We will continue to adapt our delivery to meet the changing needs of our community and focus on building stronger connections outside of the charity to ensure that we can provide the best possible service to those who need it most. We remain committed to our mission and look forward to the next five years as we continue to make a positive impact on the lives of those we serve.

#### **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 finished the year with five Trustees in post:
  - Jan Stogdon, our Chair, was formerly the Headteacher of a special school and has over 30 years of experience teaching children with severe learning disabilities. Jan became a trustee on 01/05/12 and our Chair on 30/01/18. Due to ill health, Jan stepped down as Chair in April 2022 and formerly resigned from the board in November 2022.
  - Jonathan Walsh, a solicitor, has been a Trustee since 26/04/06 and was appointed as Chair in April 2022.
  - 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

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**Year Ended 31 December 2022**  
**Trustees' Report**

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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.

6. Although three 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 10 years. We will be actively recruiting new trustees in 2023.
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 Fundraising & Communications Executive, a Senior Craft Artist, 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. Due to Covid, our Craft Days had been on pause; however, we were very pleased to restart these with Salesforce and Experian during the later part of 2022. We estimate that our volunteers donated a total of 92 days to us during 2022, and the value to the charity of this work is around £7,636, 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 and the National Council of Voluntary Organisations. 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

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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 include annual training for relevant staff and volunteers. The end of our current office lease also features on our risk register. We have extended our lease until early 2024, knowing we will actively pursue new premises in 2023.

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; and a full review of IT systems to aid remote working. Considering the continuing obstacles caused by Covid (our beneficiaries are particularly vulnerable), Brexit and the cost-of-living crisis, all these areas are ongoing and subject to change. The risk register is presented and updated at each trustee meeting.

**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 2017-2022”

13. As part of their strategy, the Trustees adopted the following aims:
- To motivate children and adults with learning disabilities to engage with objects and materials, and their peers.
  - To develop the language, communication and motor skills of children and adults with learning disabilities.
  - To develop the emotional perception of children and adults with learning disabilities.
  - To enable professional workers and parents/carers in contact with children and adults with learning disabilities to make use of tactile and multi-sensory books.
  - To enable children and adults with learning disabilities to be involved in story development and production.
14. The Trustees have also adopted six Charitable Objectives and two Organisational Objectives. Set out on pages 8 - 11 is a review of what we intended to do in 2022 (as stated in our 2021 accounts), and what we achieved during 2022.

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**Year Ended 31 December 2022**  
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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:**

- Continue to grow our social media channels and update our website with new content.
- Source funding to continue our storytelling work.
- Offer in-person storytelling sessions through our *Sensory Stories* project.

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

- Our Sensory Stories project collaborates with special schools in the UK that cater for students with severe and/or profound and multiple learning disabilities. As part of the project, each participating school receives a day of multi-sensory storytelling from one of our Storytellers, along with our specially crafted books and training resources. Due to high covid rates in the first part of 2022, we were not able to resume our face-to-face sessions until July 2022. During the year, we supported 20 schools.
- We have continued to create digital content (new stories and specially recorded live story sessions) for teaching staff to use within schools as well as sharing with pupils' families to access at home. This work has garnered an overwhelmingly positive response, and we were able to support 32 schools in this manner. An impressive 97% of those who participated rated the sessions as '5/5 Excellent' and confirmed that they now feel more empowered to create multi-sensory stories in their classrooms.
- Our weekly story sessions, through Facebook Live and YouTube continued throughout 2022. Our videos were viewed over 15,000 times, and our DIY resources were downloaded over 2,220 times. Funding was secured in 2022 to improve our website. A new organisational rebrand and website will be completed in 2023.

*'The children in the sessions showed great focus & engagement. They really enjoyed the story and benefitted from the repetition of the story. Bag Books multisensory approach met the needs of pupils. We loved it!' (Teacher feedback for our Sensory Stories Project)*

**In 2023 we plan to:**

- Renew our website to include an online hub of sensory resources.
- Source funding to continue our storytelling work.
- Offer in-person storytelling sessions through our *Sensory Stories project*, Inside Out Project, and World of Wonder (WOW) series.

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:**

- 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.

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

- We developed additional DIY stories for our sensory resource packs and for our website that are free for anyone to download. New stories included Her Majesty Platinum Jubilee and A Christmas Story. Our packs were downloaded 2,227 times during 2022.
- We developed additional sensitive stories. Designed to help an individual with their learning and understanding of sensitive issues, recent topics have included going to hospital, as well as a female health and wellbeing range.

**In 2023 we plan to:**

- Develop new titles for release in 2023 and 2024.
- Develop additional DIY and sensitive stories for our new online resources hub.

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 2022 this is what we did:**

- The number of "classic" books completed was 784.
- We now have 11,517 (2021: 9,213) 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.
- Source more capital funding to improve our workshop equipment, enabling us to create books to a consistently high standard.

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.
- Offer in-person storytelling sessions at schools across the UK

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

- We supported over 85 teaching staff throughout the year via both our online and face-to-face multi-sensory storytelling sessions.
- We received feedback from 36 special needs teachers who collectively observed their pupils participating in one of our storytelling sessions (either in person or digitally). Those teachers judged that 93.8% (2021: 92.6%) of the children in their class benefited from the Bag Books multi-sensory storytelling session. 97.2% of teachers rated their overall satisfaction with our service as either 4/5 or 5/5 (2021: 97%).

**In 2023 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 review and renew our digital library of online training videos.
- Organise in-person training once it is safe to do so.

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

- We continued to offer our training online in 2022. By May 2022, 277 parents, carers and librarians had been trained as part of our *Lend-A-Story* project with 96.9% grading the training as Good/Very Good.
- We continued to upload new videos to our YouTube Channel and create new resource packs to send out to schools.

**In 2023 we plan to:**

- Organise a series of face-to-face and online training sessions for parents/carers, teachers, librarians and other SEND professionals.
- Update our digital library of online training videos that will form part of our new website's resource hub.

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 2022 this is what we did:**

- After having to pause our *Build-a-Book* project at schools and adult settings due to the pandemic, we were able to complete our funded Build-a-Book sessions.

**In 2023 we plan to:**

- We will source funding so that we can offer craft experiences through various projects at schools and adult settings within London and Southeast England.

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

**We said we would:**

- 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.

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

- In response to the impact of the cost of living crisis and soaring inflation, we took swift action to reinforce our controls regarding expenditure and cash flow forecasting.

**In 2023 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 a 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 2022 this is what we did:**

- We were very pleased to welcome back workshop-based volunteering to the office in 2022. A committed group of volunteers have continued to work remotely.

**In 2023 we plan to:**

- Recruit and retain more volunteers to further assist book production and to assist our office operations.
- Recruit new trustees to the board.

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**Year Ended 31 December 2022**  
**Trustees' Report**

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23. Overall, we aimed to reach at least 25,000 people with learning disabilities during 2022. Our books tend to last for at least five years as we offer an at-cost replacement parts service. Over the past five years, we have supplied our classic books to over 1,150 different schools, libraries, hospices, and 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 will aim to reach 25,000 people with learning disabilities in 2023.

**Financial review**

24. Income decreased by 12% to £246,989 (2021: £277,690). We were aware that 2022 was likely to be difficult, but we had been hopeful at the end of 2021, when the budget was set, that our activities would be back to normal during 2022. However, like numerous charitable organisations in the UK, Bag Books faced significant challenges in 2022. The cost-of-living crisis and escalating inflation put a strain on our production and operational expenses. Additionally, we experienced a decline in corporate and individual donations, while the competition for funding from trusts and foundations intensified considerably. Fortunately, due to the invaluable support from several key funders and our dedicated efforts in previous years to establish robust reserves, we were able to stabilise the charity's financial situation.
25. Part of our risk management was to ensure tighter control over our expenditure to protect the charity during 2022, as we did during the pandemic. We were able to attain this, and our expenditure for the year was £320,472. Our budget for the year had a predicted expenditure of £415,530, so actual expenditure was, in fact, 30% under budget.
26. This has resulted in our net resources sitting at -£73,483 (2021: £6,192). Our Restricted Funds saw a decrease of £55,650, giving a total of £39,133, and our Unrestricted Funds increased to £207,856 (2021: £182,907). Our book sales increased during 2022 to £50,701 (2021: 43,520).

**Budget for 2023**

27. The Trustees have agreed to a budget for 2023 of income totalling £414,040 (2021: £415,700), of which £56,040 had been secured by the start of the year. The budgeted expenditure is £401,927 (2021: £415,530). It is recognised by the board that this budget supposes a more 'normal' 2023 for the charity, but as part of our financial risk analysis, we will continue to review throughout the year.

**Reserves policy**

28. Our historic reliance on one-off donations from Charitable Trusts can make our income unpredictable, so our Reserves Policy had always been relatively conservative. However, as part of our risk management strategy to mitigate the impact of the pandemic on the charity, we made efforts in previous years to increase our reserves to ensure stability. Looking ahead, 2023 appears to be a challenging year economically, which consequently affects the broader fundraising landscape. We are also anticipating a premises relocation in early 2024 and will actively seek capital funding to support this transition. As of the end of the year, our Unrestricted reserves (General Funds) amounted to £239,052 (2021: £282,901).

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**Year Ended 31 December 2022**  
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29. Our budgeted expenditure for 2023 is £401,927, of which £56,040 had already been secured, and £39,133 was covered by Restricted Funds, leaving a balance of £306,754 (2021: £283,317) to raise. It is worth noting that our expenditure includes additional members of staff that will not be recruited until funding is secured. Our Unrestricted Reserves are £239,052. Our Unrestricted Reserves are sufficient to cover 78% of 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 their salary. A breakdown of staffing costs, including pension payments, appears in Note 4.

**Trustee indemnity insurance**

32. Our insurance policy automatically includes Trustee indemnity insurance.

**Fundraising performance**

33. Direct fundraising costs were £268 (2021: £190), which represents just 0.08% of total expenditure. With Support Costs added, we invested a total of £50,719 (2021: £42,264) in fundraising, and this produced voluntary income of £186,117 (2021: £226,925,) which was 75% (2021: 82%) of our total income.

- Income from corporate partners was £4,885 (2021: £5,000). Although this is a small decrease on 2021, most of our corporate work did not fully restart until the end of 2022 so we expect to see an increase in 2023.
- Income from individuals decreased to £10,298 (2021: £13,981). The impact of the cost-of-living crisis has meant that we have seen a slight decrease in individual donations. We will look to see how we can address this in 2023.
- Income from Gifts in Kind remained consistent with us receiving £6,810 (2021: £6,196)

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

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**Year Ended 31 December 2022**  
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expenditure, for the period. In preparing those financial statements the Trustees are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgments and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation; and
- e) observe the methods and principles in the Charities SORP.

36. The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

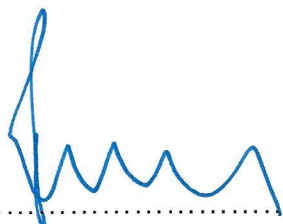
**Statement of disclosure to auditors**

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

**Auditors**

38. A resolution to confirm the reappointment of Wyatts as the company auditor will be proposed at the Annual General Meeting on 26<sup>th</sup> October 2023.

Approved by the Board of Trustees at its meeting on 16<sup>th</sup> August 2023 and signed on its behalf:



Jonathan Walsh  
Chair

16<sup>th</sup> August 2023

**BAG BOOKS**  
**Year Ended 31 December 2022**  
**Auditors' Report**

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**Opinion**

We have audited the financial statements of BAG BOOKS (the 'charity') for the year ended 31 December 2022 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 2022 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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**Year Ended 31 December 2022**  
**Auditors' 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 2022**  
**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 2022**  
**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

16<sup>th</sup> August 2023

**BAG BOOKS**  
**Year Ended 31 December 2022**  
**Financial Statements**

**Statement of Financial Activities**

	Notes	Unrestricted Funds		Restricted Funds		Total	
		£	2021	£	2021	£	2021
<b>INCOME</b>							
<b>Donations &amp; legacies</b>		146,973	132,143	39,133	94,783	186,106	226,926
<b>Charitable activities</b>							
Book Production		50,701	43,520	0	0	50,701	43,520
Storytelling & Training		3,165	725	0	0	3,165	725
<b>Investments</b>		207	323	0	0	207	323
<b>Other</b>							
Gifts in kind		6,810	6,196	0	0	6,810	6,196
<b>TOTAL INCOME</b>		<b>207,856</b>	<b>182,907</b>	<b>39,133</b>	<b>94,873</b>	<b>246,989</b>	<b>277,690</b>
<b>EXPENDITURE</b>							
<b>Raising funds</b>		80,875	42,454	0	0	80,875	42,454
<b>Charitable activities</b>							
Book Production		118,804	71,250	47,249	94,040	166,053	165,290
Storytelling & Training		52,618	27,482	20,926	36,272	73,544	63,754
<b>TOTAL EXPENDITURE</b>	<b>2, 3</b>	<b>252,297</b>	<b>141,186</b>	<b>68,175</b>	<b>130,312</b>	<b>320,472</b>	<b>271,498</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>(44,441)</b>	<b>41,721</b>	<b>0</b>	<b>(35,529)</b>	<b>(73,483)</b>	<b>6,192</b>
Net gains / (losses) on investments		592	12,780	0	0	592	12,780
<b>Net income / (expenditure)</b>		<b>(43,849)</b>	<b>54,501</b>	<b>(29,042)</b>	<b>(35,529)</b>	<b>(72,891)</b>	<b>18,972</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		282,901	228,400	88,242	123,771	371,143	352,171
<b>Total funds carried forward</b>		<b>239,052</b>	<b>282,901</b>	<b>59,200</b>	<b>88,242</b>	<b>298,252</b>	<b>371,143</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 2022**  
**Financial Statements**

**Balance Sheet**

	Notes	2022 Total £	2021 Total £
<b>Fixed Assets</b>			
Tangible assets	5	<u>2,314</u>	<u>2,060</u>
<b>Current Assets</b>			
Stock		39,965	28,491
Trade debtors		5,284	4,979
Prepayments		1,124	8,232
Other Debtors		2,520	
VAT repayable		273	
Deposits – Investment Account		87,036	86,444
Cash at bank and in hand		<u>172,617</u>	<u>253,153</u>
<b>Total Current Assets</b>		<b><u>308,819</u></b>	<b><u>381,299</u></b>
<b>Creditors due within one year:</b>			
Trade creditors		229	176
Tax and social security		8,380	6,517
Other creditors		4,272	4,472
VAT Liability		0	218
Deferred income		833	833
<b>Total Current Liabilities</b>		<b><u>12,881</u></b>	<b><u>12,216</u></b>
<b>Net current assets</b>		<b><u>295,938</u></b>	<b><u>369,083</u></b>
<b>Net assets</b>		<b><u>298,252</u></b>	<b><u>371,143</u></b>
<b>FUNDS</b>			
General funds	7	239,052	282,901
Restricted funds	8	<u>59,200</u>	<u>88,242</u>
<b>Total Funds</b>		<b><u>298,252</u></b>	<b><u>371,143</u></b>

The financial statements were approved by the Board of Trustees on 16<sup>th</sup> August 2023 and signed on its behalf by

.....  
 Jonathan Walsh, Chair

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

**BAG BOOKS**  
**Year Ended 31 December 2022**  
**Financial Statements**

**Cash Flow Statement**

	Notes	2022 Total £	2021 Total £
<b>Cash flows from operating activities</b>			
<b>Net cash provided by (used in) operating activities</b>	9	(79,621)	(8,310)
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		(207)	(323)
Proceeds from sale of property, plant and equipment		0	0
Purchase of property, plant and equipment		(1,300)	0
Proceeds from sale of investments		592	12,780
<b>Net cash provided by (used in) investing activities</b>		<u>(915)</u>	<u>12,457</u>
<b>Cash flows from financing activities</b>		0	0
<b>Net cash provided by (used in) financing activities</b>		<u>(80,524)</u>	<u>4,147</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(80,524)</u>	<u>4,147</u>
Cash and cash equivalents at the beginning of the reporting period		253,153	249,006
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>172,617</u>	<u>253,153</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 2022**  
**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.

<b>2. Total resources expended</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2022 Total £</b>	<b>2021 Total £</b>
Wages and salaries	190,874	50,758	241,632	204,013
Materials and consumables	10,967	2,869	13,836	13,709
Storytelling and training	0	2,389	2,389	993
Craft Workers/Volunteer Expenses	1,090	285	1,375	170
Direct Fundraising Costs	212	56	268	190
Rent and services	26,342	6,890	33,233	32,317
Utility Bills	2,491	652	3,143	2,410
Repairs and renewals	3,049	797	3,846	1,572
Telephone, Broadband and Computers	2,861	748	3,609	1,755
Postage and stationery	257	67	324	116
Distribution costs	2,249	588	2,837	2,228
Insurance	2,648	693	3,341	2,218
Advertising and promotion	2,200	576	2,776	2,956
Governance (Audit)	3,969	0	3,969	3,655
General expenses	1,775	464	2,238	1,613
Bank charges	484	126	610	793
Depreciation	829	217	1,046	790
<b>Total Resources expended</b>	<b><u>252,297</u></b>	<b><u>68,175</u></b>	<b><u>320,472</u></b>	<b><u>271,498</u></b>

**BAG BOOKS**  
**Year Ended 31 December 2022**  
**Notes to the financial statements**

3. Allocation of Support Costs	Raising funds £	Charitable Activities £	2022 Total £	2021 Total £
<b>Proportion</b>				
Wages and salaries	30,953	60,085	91,038	74,112
Rent and services	11,299	21,934	33,233	32,317
Utility Bills	1,069	2,074	3,143	2,410
Repairs and renewals	1,308	2,538	3,846	1,572
Telephone, Broadband and Computers	1,227	2,382	3,609	1,755
Postage and stationery	110	214	324	116
Insurance	1,136	2,205	3,341	2,218
Advertising and promotion	944	1,832	2,776	2,956
Governance (Audit)	1,349	2,620	3,969	3,655
General expenses	761	1,477	2,238	1,613
Bank charges	207	403	610	793
Depreciation	<u>356</u>	<u>690</u>	<u>1,046</u>	<u>790</u>
<b>Total Support Costs</b>	<b><u>50,719</u></b>	<b><u>98,454</u></b>	<b><u>149,173</u></b>	<b><u>124,307</u></b>
Direct Costs	<u>30,156</u>	<u>141,143</u>	<u>171,299</u>	<u>147,191</u>
<b>Total Costs</b>	<b><u>80,875</u></b>	<b><u>239,595</u></b>	<b><u>320,472</u></b>	<b><u>271,498</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 (2022: Nil). The insurance package for the charity automatically includes Trustee Indemnity Insurance.

Employee costs during the year were:

	2022 £	2021 £
Salaries	219,182	186,878
Social security costs	16,617	12,227
Employer's contribution to NEST pension scheme	5,833	4,908
<b>Total costs</b>	<b><u>241,632</u></b>	<b><u>204,013</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	155,625	130,972
The average number of key management personnel (full-time equivalent)	2.8	2.8

No employees received remuneration exceeding £60,000 (2021: Nil)

**BAG BOOKS**  
**Year Ended 31 December 2022**  
**Notes to the financial statements**

<b>5. Tangible Fixed Assets</b>	<b>£</b>
<b>Cost</b>	
At 1 January 2022	41,386
Additions	1,300
Disposals	<u>0</u>
At 31 December 2022	<u>42,686</u>
<b>Depreciation</b>	
At 1 January 2022	39,326
Disposals	0
Charge for the year	<u>1,046</u>
At 31 December 2022	<u>40,372</u>
<b>Net Book Value</b>	
At 31 December 2022	<u>2,314</u>
At 31 December 2021	<u>2,060</u>

**6. Analysis of funds**

Summary of fund movements are as follows

	<b>1 Jan 2022</b>	<b>Income</b>	<b>Expenditure</b>	<b>31 December 2022</b>
	£	£	£	£
Unrestricted Funds	282,901	208,448	(252,297)	239,052
Restricted Funds	88,242	39,133	(68,175)	59,200
<b>Total all Funds</b>	<b>371,143</b>	<b>247,581</b>	<b>(320,472)</b>	<b>298,252</b>

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:

	<b>Opening</b>	<b>Net</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
	Balance	Movement	£	£
	£	£	£	£
<b>General Funds</b>				
Fixed assets	2,060	254	2,314	2,060
Net current assets	280,841	(44,101)	236,738	280,841
<b>Total unrestricted funds</b>	<b>282,901</b>	<b>(43,849)</b>	<b>239,052</b>	<b>282,901</b>

**BAG BOOKS**  
**Year Ended 31 December 2022**  
**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 2022 £	31 December 2021 £
<b>Restricted Funds</b>				
Fixed assets	-	-	-	-
Net current assets	88,242	(29,042)	59,200	88,242
<b>Total restricted funds</b>	<b>88,242</b>	<b>(29,042)</b>	<b>59,200</b>	<b>88,242</b>

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	£26,702		£26,702	£0.00
Garfield Weston	£5,333		£5,333.34	£0.00
The Sir James Reckitt	£2,000		£2,000	£0.00
The Daniell Trust	£3,833		£3,833	£0.00
The Thomas Sivewright Catto Charitable Settlement	£750		£750	£0.00
Simmons and Simmons	£973		£973	£0.00
The D.C. Moncrieff Charitable Trust	£750		£750	£0.00
The Stanley Grundy Foundation	£5,000		£2,000	£3,000
The Robertson Trust	£5,000			£5,000
St James Place Foundation	£7,167		£7,167	£0.00
The Toy Trust	£1,000		£1,000	£0.00
The Sobell Foundation	£833	£833	£1,667	£0.00
Millichope Foundation	£2,000	£1,000	£1,000	£2,000
The Sir John Eastwood Foundation	£2,000			£2,000
An Anonymous Trust	£4,000		£1,000	£3,000
The Greendale Foundation	£10,000		£10,000	£0.00
Pilkington Charities Fund		£5,000		£5,000
The Mulberry Trust	£4,400	£2,200		£6,600
Calleva Foundation (Production)	£6,500		£4,000	£2,500
Calleva Foundation (Storytelling)		£6,840		6840
The Hedley Foundation		£4,500		£4,500.00
The True Colours Trust		6,6840		£6,840
D'Oyly Carte		£3,420		£3,420
5 Donations under £3,000 each		£8,500		£8,500
<b>TOTALS</b>	<b>£88,242</b>	<b>39,133</b>	<b>£68,175</b>	<b>59,200</b>

**BAG BOOKS**  
**Year Ended 31 December 2022**  
**Notes to the financial statements**

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9. Reconciliation of net income/(expenditure) to net cash flow from operating activities	2022	2021
	£	£
<b>Net income/(expenditure) for the reporting period</b>	<b>(72,891)</b>	<b>18,972</b>
<b>Adjustments for:</b>		
Depreciation charges	1,046	790
(Gains)/losses on investments	(592)	(12,780)
Dividends, interest and rents from investments	207	323
Loss/(Profit) on the sale of fixed assets		(1,351)
(Increase)/decrease in stocks	(11,474)	3,630
(Increase)/decrease in debtors	2,904	(17,050)
Increase/(decrease) in creditors	1,179	(844)
<b>Net cash provided by (used in) operating activities</b>	<b><u>(79,621)</u></b>	<b><u>(8,310)</u></b>

**10. Capital**

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