BAG BOOKS

REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2023

Charity No: 1026432
Company No: 2846227

BAG BOOKS
Year ended 31 December 2023
Reference and administrative information

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

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

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

The charitable company is governed under its Articles of Association.

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

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

Business Address and Registered Office
1 Stewart's Court, 218-220 Stewart's Road, London SW8 4UB

Contact details
Tel: 020 7627 0444
email: office@bagbooks.org web: www.bagbooks.org

Charity Number
1026432

Company Number
02846227

VAT Number
GB 994 0287 86

BAG BOOKS
Year ended 31 December 2023
Reference and administrative information

Trustees and directors
Jonathan Walsh, Chair
Rachel Tyson, Treasurer
Karl Massey
Catherine Pearson
Natasha Theobald

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

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

Company Secretary
Lucy Barrett

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

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

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

The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2023. 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 enhances the lives of children and adults with complex learning disabilities through multi-sensory books and storytelling. We believe that individuals with severe and profound learning disabilities should be proactively included and welcomed into their communities. Our goal is to bring stories to life, creating positive and inclusive opportunities for everyone to enjoy the world of storytelling without barriers.

Our main activities include:

- Designing and producing a range of multi-sensory books
- Providing specialist multi-sensory storytellers
- Training others in multi-sensory storytelling techniques (MSST)

Our multi-sensory books are crafted for enjoyment regardless of comprehension. They cater to people with profound and multiple learning disabilities (PMLD, with a maximum developmental age of 18 months), severe learning disabilities (SLD, with a maximum developmental age of 6 years), and severe autistic spectrum disorders. Each book features a large-print storyboard with 6-12 lines of text, paired with specially selected objects, many of them handmade. Participants engage their senses of sight, sound, touch, smell, and motion through these objects, guided hand-over-hand by the storyteller.

Through our efforts, we open up a world of imagination and connection for those who need it most.

Executive Summary

The past year for Bag Books has been very busy, marked by the typical highs and lows encountered in the nonprofit sector amidst a post-pandemic landscape. Increased demand for our funded services coincided with a more competitive fundraising environment, presenting its challenges. Nevertheless, we are delighted to report significant achievements during the last twelve months.

Our primary challenge was a decrease in sales of our multi-sensory books compared to 2022, due to tightening budgets and rising costs. Economic disadvantage has always proven to be a substantial barrier to accessing sensory equipment and resources. With the cost-of-living crisis, school and council budgets being cut, and service recovery even harder to achieve, those with complex disabilities are more isolated and unsupported than ever. A survey by the National Network of Special Schools for School Business Professionals (NNoSS) revealed that 60% of special schools reduced spending on essential resources, redirecting funds to address escalating energy costs and inflation. Our user survey involving 267 SEND professionals

and parents/carers indicated that 92% experienced a significant decrease in available funds, emphasising the vital importance of Bag Books' mission.

During the year, we saw a massive increase in requests for our funded project work and a 276% increase in demand for our free resource packs and DIY stories, with over 8,346 downloads throughout the year. Additionally, there was a high demand for tailored, sensitive stories on topics such as adoption, fostering, and divorce, which we are dedicated to creating in 2024 and beyond.

2023 also saw the start of our partnership with the World Book Day charity, ensuring that all children, regardless of abilities, can partake in the celebration of literature. The Bag Books team developed sensory activities for each book title released for World Book Day, which the World Book Day Charity then distributed to every school and special education setting across the UK. Feedback was wholly positive, and we are thrilled to continue the partnership for World Book Day 2024.

We also launched our new Brand Strategy, including a comprehensive revamp of our brand identity and the upcoming release of a new website in mid-2024. This new website will feature a resource hub and training centre, providing accessible materials and guidance for educators, parents, and caregivers to better support our beneficiaries.

Despite an expected deficit due to the cost-of-living crisis and increased expenses, we have a clear plan to enhance fundraising, expand donor engagement, and diversify income streams, ensuring Bag Books' financial stability and continued support for our beneficiaries.

Looking ahead, we are excited about the future and remain committed to our mission of providing essential multi-sensory books and resources to those who need them most. Our innovative approaches, strengthened partnerships, and dedicated team position us well to meet the challenges and opportunities of the coming year.

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:
   - 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 ofthe 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, former Team Leader of the Early Years Special Educational Needs Team for the Borough of Lambeth, is now the Manager of Childcare Services at Cambridge University. 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 10.4 years. We will be actively recruiting new trustees in 2024.

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 and two Craft Artists. 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 8 freelance Storytellers who are based throughout the UK.

8. Regular volunteers are invaluable to multi-sensory book production, supplying all knitted items and a significant amount of hand sewing and woodwork. We are also grateful to corporate volunteer teams who joined us for Craft Days throughout the year. After rebuilding post-pandemic, our Craft Days have been very popular, hosting groups including Salesforce, Innocent Smoothies, and AND Digital. We estimate that our volunteers donated a total of 124 days to us during 2023, contributing work valued at around £10,411, though 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 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 the end of 2024, and will actively pursue new premises during the year.

11. The Covid-19 global pandemic was added as a key risk to the charity in 2020, prompting a range of risk management activities. These included increased meetings between the Senior Leadership Team and trustees, scenario planning on strategy and priorities, regular reviews of cash flows and budgets, strengthening controls around expenditure and cash flow forecasting, comprehensive reviews of health and safety and HR policies and procedures, and a full review of IT systems to support remote working. Considering the continuing obstacles posed by Covid-19 (our beneficiaries are particularly vulnerable), Brexit and its impact on stock availability, and the cost-of-living crisis, all these areas remain 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 strategic aim:

"To enhance the lives of children and adults with learning disabilities through the use of multi-sensory books."

Our new Strategy and Business Plan 2023-2028 seeks to retain our current strategic aim while adapting our delivery for the current environment ensuring that we can take advantage of the opportunities available to the charity that will help to enhance our provision for 2023 and beyond.

13. As part of their strategy, the Trustees set out our key aims:

- To motivate children and adults with learning disabilities to engage with objects, materials, and their peers.
- To develop the language, communication, and motor skills of children and adults with learning disabilities.
- To enhance the emotional perception of children and adults with learning disabilities.
- To enable professional workers and parents/carers to use tactile and multi-sensory books with children and adults with learning disabilities.
- To involve children and adults with learning disabilities in story development and production.

14. The Trustees have also adopted four Charitable Objectives and two Organisational Objectives. Set out on pages 8 - 11 is a review of what we intended to do in 2023 (as stated in our 2022 accounts), and what we achieved during 2023.

15. **Charitable Objective 1:**
To promote multi-sensory storytelling within the academic, library, adult day centre, health and special educational fields, by organisng a programme of multi-sensory storytelling sessions across the UK

We said we would:

- Source funding to continue our storytelling work.
- Offer in-person storytelling sessions through our funded projects
- Renew our website to include an online hub of sensory resources.

In 2023, this is what we did:

- Our Sensory Stories project supports special schools in the UK catering to students with severe and profound learning disabilities. Each school received a day of multi-sensory storytelling from our Storytellers, along with specially crafted books and training resources. Over the year, 478 children participated in our project. Feedback collected from 196 teachers was overwhelmingly positive, with 79% rating the sessions as "Excellent" with a perfect score of 5/5, and the remaining 21% rating them as "Very Good" – 4/5.

"Bag Books are the most engaging, reading-focused format for our pupils, all of whom have severe learning difficulties. The storytelling was magical, and the props brought the story to life for our learners." –
Special Needs Teacher

- We continued to create digital content, including new DIY stories and specially recorded story sessions for teaching staff to use in schools and share with pupils'

families at home. This work received an overwhelmingly positive response, with over 8,346 downloads throughout the year—an increase of 276%.

- Funding was secured to improve our website, and we successfully launched a new Brand Strategy, refreshing the Bag Books identity. Although the website launch has been delayed to mid-2024, it will include a resource hub with free downloads and a refreshed library of storytelling videos.

- Our work with the World Book Day charity promotes sensory storytelling, with resources developed to support World Book Day titles downloaded over 29,000 times. The website update will coincide with the release of new book boxes and marketing materials, all designed to empower users.

In 2024, we plan to:
- Launch our new website
- Secure funding to continue our storytelling work
- Offer in-person storytelling sessions through our funded projects,
- Continue our partnership with the World Book Day charity
- Create a new range of free downloadable Sensitive Stories

16. **Charitable Objective 2**
To develop and produce 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 offerings, ensuring consistently high standards.

In 2023, this is what we did:
- Produced 694 books during the year.

- Released our new At Home Series for general sale in the bookshop. The Friendly Caterpillar, the first of our smaller, more affordable story boxes, was our best seller for the year.

- Developed additional DIY stories for our sensory resource packs and website, free for anyone to download. New stories included His Majesty's Coronation, Logan's Visit to Hospital, and Barney's Big Idea. Our packs were downloaded 8,346 times, up from 2,227 times in 2022.

In 2024, we plan to:
- Develop three new titles for release in 2024
- Create additional DIY and sensitive stories for our new online resources hub.

17. **Charitable Objective 3**

To train parent/carers and professional workers in the learning disability field as multi-sensory storytellers.

We said we would:

- 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.

In 2023 this is what we did:

- We were pleased to provide training to 206 teachers and other SEND professionals, 15 parents and 51 libraries during 2023. 97% grading the training as Good/Very Good.

- We successfully piloted our online "Introduction to Multi-Sensory Storytelling Technique" course. Two sessions in the last quarter of 2023 saw 36 attendees and received positive feedback. Encouraged by this success, we will continue offering these sessions throughout 2024 and they will also form part of the extended training provision for schools participating in our Sensory Stories project.

- We continued to upload new videos to our YouTube Channel and have filmed new training and story videos that will accompany all of our titles and will be available on our new website.

In 2024 we plan to:

- Organise a series of face-to-face and online training sessions for parents/carers, teachers, librarians and other SEND professionals.
- Release a new and updated Bag Books training video that will be available to purchase.

18. **Charitable Objective 4**

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 2023 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 fully complete all of our funded Build-a-Book sessions.

In 2024 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.

19. **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 2023 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 2024 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.

20. **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 2023 this is what we did:

- We were delighted to increase the number of both in-house and remote volunteers assisting in our book production. Their combined efforts amounted to 124 days of volunteering.

- We were pleased to welcome corporate volunteer teams who joined us for Craft Days throughout the year. After rebuilding after pausing during the pandemic, our Craft Days have been very popular, hosting groups including Salesforce, Innocent Smoothies, and AND Digital.

- Recruit new trustees to the board.

In 2024 we plan to:

- Recruit and retain more volunteers to further assist book production and to assist our office operations.
- Hold more corporate volunteering sessions.

21. Overall, we aimed to reach over 20,000 people with learning disabilities during 2023. 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 1,100 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 20,000 people with learning disabilities in 2023.

Financial review

22. Income decreased by 5% to £258,389 (2022: £246,989). We were aware that 2023 was likely to be difficult, and like numerous charitable organisations in the UK, Bag Books has faced significant challenges this year. The cost-of-living crisis and escalating inflation have strained our production and operational expenses. Although we experienced a positive increase in corporate donations (up 266%) and individual contributions, 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 relationships, we managed to navigate these challenges and it was encouraging to see a slight increase in income compared to 2022.

23. Part of our risk management was to ensure tighter control over our expenditure to protect the charity during 2023, as we have done since the pandemic. We were able to attain this, and our expenditure for the year was £319,000. Our budget for the year had a predicted expenditure of £401,927, so actual expenditure was, in fact, 26% under budget.

24. This has resulted in our net resources sitting at -£60,611 (2022: £-73,483). Our Restricted Funds saw a decrease of £6,885, giving a total of £32,248, and our Unrestricted Funds increased to £226,141 (2022: £207,856). Our book sales decreased during 2023 to £42,327 (2022: 50,701).

Budget for 2024

25. The Trustees have approved a 2024 budget with an anticipated income of £360,540 (compared to £414,040 in 2023), of which £23,040 was secured at the start of the year. The projected expenditure for 2024 is £358,012 (down from £401,927 in 2023). The board acknowledges that this budget assumes a more 'normal' year for the charity, but as part of our financial risk analysis, we have adopted a conservative budget approach that we will continually review throughout the year.

Reserves policy

25. 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, 2024 is likely to still be a challenging year economically,

which consequently affects the broader fundraising landscape. As of the end of the year, our Unrestricted reserves (General Funds) amounted to £218,874 (2022: £239,052).

27. Our budgeted expenditure for 2024 is £360,540, of which £23,040 had already been secured, and £32,248 was covered by Restricted Funds, leaving a balance of £251,466 (2022: £306,754) to raise. It is worth noting that our expenditure includes additional members of staff who will not be recruited until funding is secured. Our Unrestricted Reserves are £218,874. Our Unrestricted Reserves are sufficient to cover 87% of this balance.

28. 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

29. 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

30. Our insurance policy automatically includes Trustee indemnity insurance.

Fundraising performance

31. Direct fundraising costs were £300 (2022: £268), which represents just 0.09% of total expenditure. With Support Costs added, we invested a total of £53,614 (2022: £50,719) in fundraising, and this produced voluntary income of £203,465 (2022: £186,106) which was 75% (2022: 75%) of our total income.

- Income from corporate partners reached £17,859 in 2023, a significant increase of 266% compared to £4,885 in 2022. This positive growth marks a strong recovery in corporate contributions after the decline experienced during the pandemic.
- Income from individuals decreased to £11,557 (2022: £10,298). 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 increased, with us receiving £9,352 in 2023, compared to £6,810 in 2022.

32. 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

33. 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.

34. 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.

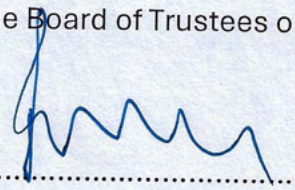
Statement of disclosure to auditors

35. 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

36. A resolution to confirm the reappointment of Wyatts as the company auditor will be proposed at the Annual General Meeting on 29th October 2024.

Approved by the Board of Trustees on 23rd September and signed on its behalf:



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Jonathan Walsh
Chair

23rd September 2024

Opinion

We have audited the financial statements of BAG BOOKS (the 'charity') for the year ended 31 December 2023 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 2023 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.

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.

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.

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

23rd September 2024

Statement of Financial Activities

	Notes	Unrestricted Funds £ 2023	Unrestricted Funds £ 2022	Restricted Funds £ 2023	Restricted Funds £ 2022	Total £ 2023	Total £ 2022
INCOME							
Donations & legacies		171,217	146,973	32,248	39,133	**203,465**	**186,106**
Charitable activities							
Book Production		42,328	50,701	0	0	**42,328**	**50,701**
Storytelling & Training		3,035	3,165	0	0	**3,035**	**3,165**
Investments		209	207	0	0	**209**	**207**
Other							
Gifts in kind		9,352	6,810	0	0	**9,352**	**6,810**
TOTAL INCOME		**226,141**	**207,856**	**32,248**	**39,133**	258,389	**246,989**
EXPENDITURE							
Raising funds		71,997	80,875	0	0	**71,997**	**80,875**
Charitable activities							
Book Production		127,603	118,804	48,423	47,249	**176,026**	**166,053**
Storytelling & Training		51,452	52,618	19,525	20,926	**70,977**	**73,544**
TOTAL EXPENDITURE	**2, 3**	251,052	252,297	67,948	68,175	**319,000**	**320,472**
OPERATING SURPLUS / (DEFICIT)		**(24,911)**	**(44,441)**	**0**	**0**	**(60,611)**	**(73,483)**
Net gains / (losses) on investments		4,733	592	0	0	**4,733**	**592**
Net income / (expenditure)		**(20,178)**	**(43,849)**	**(35,700)**	**(29,042)**	(55,878)	(72,891)
Reconciliation of funds							
Total funds brought forward		239,052	282,901	59,200	88,242	**298,252**	**371,143**
Total funds carried forward		218,874	239,052	23,500	59,200	**242,374**	**298,252**

All activities relate to continuing operations.

The notes on pages 20 to 28 form part of these financial statements.

The statement of financial activities includes all gains and losses recognised in the year.

Balance Sheet

	Notes	2023 Total £	2022 Total £
Fixed Assets			
Tangible assets	5	1,409	2,314
Current Assets			
Stock		32,787	39,965
Trade debtors		3,302	5,284
Prepayments		1,020	1,124
Other Debtors		5,200	2,520
VAT repayable		596	273
Deposits – Investment Account		0	87,036
Cash at bank and in hand		210,634	172,617
Total Current Assets		253,539	308,819
Creditors due within one year:			
Trade creditors		653	229
Tax and social security		7,690	8,380
Other creditors		4,231	4,272
VAT Liability		0	0
Deferred income		0	833
Total Current Liabilities		12,574	12,881
Net current assets		240,965	295,938
Net assets		242,374	298,252
FUNDS			
General funds	7	218,874	239,052
Restricted funds	8	23,500	59,200
Total Funds		242,374	298,252

The financial statements were approved by the Board of Trustees on 23rd July 2024 and signed on its behalf by

.....
Jonathan Walsh, Chair

The notes on pages 23 to 28 form part of these financial statements.

Cash Flow Statement

	Notes	2023 Total £	2022 Total £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	**9**	***33,493***	***(79,621)***
Cash flows from investing activities			
Dividends, interest and rents from investments		(209)	(207)
Proceeds from sale of property, plant and equipment		0	0
Purchase of property, plant and equipment		0	(1,300)
Proceeds from sale of investments		4,733	592
Net cash provided by (used in) investing activities		***4,524***	***(915)***
Cash flows from financing activities		**0**	**0**
Net cash provided by (used in) financing activities		***38,017***	***(80,524)***
Change in cash and cash equivalents in the reporting period		***38,017***	***(80,524)***
Cash and cash equivalents at the beginning of the reporting period		172,617	253,153
Cash and cash equivalents at the end of the reporting period		**210,634**	**172,617**

1. Accounting policies

a) **Accounting convention.** The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2016) and Financial Reporting Standard 102 and the Companies Act 2006.

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

c) **Incoming Resources.** These are included in the Statement of Financial Activities (SoFA) when:

- The charity becomes entitled to the resources;
- The trustees think it probable or more likely than not that they will receive the resources; and
- The monetary value can be measured with sufficient reliability.

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

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

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

Investment income is included in the accounts when receivable.

d) **Resources expended.** Resources expended are accounted for on an accruals basis, inclusive of any VAT which cannot be recovered. The charity became registered for VAT on 1st October 2010 and is able to partially recover VAT.

e) **Tangible fixed assets and depreciation.** Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

- Furniture, fittings and office equipment - 25% straight line.

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

g) **Fund accounting.** Funds held by the charity are either:

- *Unrestricted funds*. These are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- *Restricted funds*. These are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

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**	**2023 Total**	**2022 Total**
	£	**£**	**£**	**£**
Wages and salaries	173,531	41,695	215,226	241,632
Materials and consumables	20,197	4,852	25,049	13,836
Storytelling and training	0	8,586	8,586	2,389
Craft Workers/Volunteer Expenses	372	90	462	1,375
Direct Fundraising Costs	242	58	300	268
Rent and services	26,313	6,321	32,634	33,233
Utility Bills	9,082	2,181	11,263	3,143
Repairs and renewals	776	187	963	3,846
Telephone, Broadband and Computers	3,914	941	4,855	3,609
Postage and stationery	0	0	0	324
Distribution costs	2,115	508	2,623	2,837
Insurance	2,617	629	3,246	3,341
Advertising and promotion	4,113	989	5,102	2,776
Governance (Audit)	3,990	0	3,990	3,969
General expenses	2,421	582	3,003	2,238
Bank charges	639	154	793	610
Depreciation	730	175	905	1,046
Total Resources expended	**251,052**	**67,948**	**319,000**	**320,472**

3. Allocation of Support Costs

	Raising funds	Charitable Activities	2023 Total	2022 Total
	£	£	£	£
Proportion				
Wages and salaries	30,918	60,016	90,934	91,038
Rent and services	11,096	21,538	32,634	33,233
Utility Bills	3,829	7,434	11,263	3,143
Repairs and renewals	327	636	963	3,846
Telephone, Broadband and Computers	1,651	3,204	4,855	3,609
Postage and stationery	0	0	0	324
Insurance	1,104	2,142	3,246	3,341
Advertising and promotion	1,735	3,367	5,102	2,776
Governance (Audit)	1,357	2,633	3,990	3,969
General expenses	1,021	1,982	3,003	2,238
Bank charges	270	523	793	610
Depreciation	307	598	905	1,046
Total Support Costs	**53,614**	**104,074**	**157,688**	**149,173**
Direct Costs	18,383	142,929	161,312	147,191
Total Costs	**71,997**	**247,003**	**319,000**	**271,498**

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:

	2023	2022
	£	£
Salaries	197,372	219,182
Social security costs	12,634	16,617
Employer's contribution to NEST pension scheme	5,220	5,833
Total costs	**215,226**	**241,632**
The average number of employees during the year	8	8.5
The average number of employees (full-time equivalent) during the year	5.5	6.2
Total employee benefits to the key management personnel listed on page 2	144,838	155,625
The average number of key management personnel (full-time equivalent)	2.6	2.8

No employees received remuneration exceeding £60,000 (2022: Nil)

5. Tangible Fixed Assets

	£
Cost	
At 1 January 2023	42,686
Additions	0
Disposals	0
At 31 December 2023	42,686
Depreciation	
At 1 January 2023	40,372
Disposals	0
Charge for the year	905
At 31 December 2023	41,277
Net Book Value	
At 31 December 2023	1,409
At 31 December 2022	2,314

6. Analysis of funds

Summary of fund movements are as follows

	1 Jan 2023	Income	Expenditure	31 December 2023
	£	£	£	£
Unrestricted Funds	239,052	230,874	(251,052)	218,874
Restricted Funds	59,200	32,248	(67,948)	23,500
Total all Funds	298,252	263,122	(319,000)	242,374

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 2023	31 December 2022
	£	£	£	£
General Funds				
Fixed assets	2,314	(905)	1,409	2,314
Net current assets	236,738	(19,273)	217,465	236,738
Total unrestricted funds	239,052	(20,178)	218,874	239,052

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 2023 £	31 December 2022 £
Restricted Funds				
Fixed assets	-	-	-	-
Net current assets	59,200	(35,700)	23,500	59,200
Total restricted funds	59,200	(35,700)	23,500	59,200

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 Stanley Grundy Foundation	£3,000.00		£3,000.00	£0.00
The Robertson Trust	£5,000.00		£5000.00	£0.00
An Anonymous Trust	£3,000.00		£3,000.00	£0.00
Jack Lane	£1,000.00		£1,000.00	£0.00
Blackwood Engineering	£2,000.00		£2,000.00	£0.00
The Boshier-Hinton Foundation	£2,000.00		£2,000.00	£0.00
Pilkington	£5,000.00		£0.00	£5,000.00
Arnold Clark	£1,000.00		£1,000.00	£0.00
The Hedley Foundation	£4,500.00		£4,500.00	£0.00
The Mulberry Trust	£6,600.00		£6,600.00	£0.00
Calleva Foundation - Production	£2,500.00		£2,500.00	£0.00
Calleva Foundation - Storytelling	£6,840.00		£6,840.00	£0.00
The True Colours Trust	£6,840.00		£6,840.00	£0.00
D'Oyly Carte Charitable Trust	£3,420.00		£3,420.00	£0.00
The Lord Barnby's Foundation	£2,500.00		£2,500.00	£0.00
Baily Thomas Charitable Fund		£10,000.00	£10,000.00	£0.00
Chapman Charitable Trust		£2,000.00	£2,000.00	£0.00
Newcommen Collett Foundation		£998.00	£998.00	£0.00
The 29 May Charitable Trust		£2,000.00		£2,000.00
The David Solomans Charitable Trust		£750.00	£750.00	£0.00
The Barbara Ward Childrens Foundation		£5,000.00		£5,000.00
The Clare Milne Trust		£5,000.00		£5,000.00
Sir John Eastwood Foundation	£2,000.00	£1,000.00	£2,000.00	£1,000.00
Harmony Energy		£1,500.00		£1,500.00
WC of Makers of Playing Cards		£3,000.00		£3,000.00
Millichope Foundation	£2,000.00	£1,000.00	£2,000.00	£1,000.00
TOTALS	**£59,200.00**	**£32,248.00**	**£67,948.00**	**£23,500.00**

9. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2023	2022
	£	£
Net income/(expenditure) for the reporting period	**(55,878)**	**(72,891)**
Adjustments for:		
Depreciation charges	905	1,046
(Gains)/losses on investments	(4,733)	(592)
Dividends, interest and rents from investments	209	207
Loss/(Profit) on the sale of fixed assets		
(Increase)/decrease in stocks	7,178	(11,474)
(Increase)/decrease in debtors	86,119	2,904
Increase/(decrease) in creditors	(307)	1,179
Net cash provided by (used in) operating activities	**33,493**	**(79,621)**

10. Capital

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