

Charity No: 1026432
Company No: 2846227

**BAG BOOKS
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2015**

BAG BOOKS
Year ended 31 December 2015
Reference and administrative information

Status

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

Governing Document

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

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

The charitable company is governed under its Articles of Association.

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

Summary of investment powers

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

Business Address and Registered Office

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

Contact details

Tel: 020 7627 0444 Fax: 020 7627 0999
email: office@bagbooks.org web: www.bagbooks.org

Charity Number

1026432

Company Number

2846227

VAT Number

GB 994 0287 86

BAG BOOKS
Year ended 31 December 2015
Reference and administrative information

Trustees and directors

Philip Wilson, Chair
Rachel Tyson, Treasurer
Sandra Allon
Mandeep Rai *appointed 27/01/15*
Jan Stogdon
Natasha Theobald
Jonathan Walsh

Patrons

Prof. James Hogg BA(Hons) PhD FIASSID
Kay Hounsham MSc MBE
Michael Morpurgo
Dr Alison Salt MBBS MSc FRCPCH

Senior Management Team

Dean Casswell, Chief Executive
Stuart Cummings, Director of Services
Sophie Baker, Craft Workshop Manager *on maternity leave from 12/07/15*
Karen Shand, Craft Workshop Manager (Maternity Cover) *appointed 06/07/15*
Marion Mason, Finance Officer
Camilla John, Fundraising Manager

Company Secretary

Dean Casswell

Bankers

Unity Trust Bank plc, Nine Brindleyplace, Birmingham B1 2HB

Solicitors

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

Auditors

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

BAG BOOKS
Year Ended 31 December 2015
Trustees' Report

The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2015. The legal and administrative information set out on pages 1 and 2 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 2014): 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 hand-made) 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

Although 2015 struggled to reach the heights of 2014 financially, it was another record-breaking year for the charity in terms of the number of people trained in multi-sensory storytelling and in the number of volunteer days donated. Our work is divided into objectives each measured by a Key Performance Indicator with targets set for the year. The system was established in 2009 and 2015 was the first year that we met all eight targets. Over the last five years our Storytellers have now visited 82% of all the Special Schools in the UK that cater specifically for pupils with Severe and/or Profound & Multiple Learning Disabilities. The year also saw the final year of our three year Big Lottery Fund project aiming to introduce multi-sensory books and storytelling to adult day centres and residential care homes. The ending of the Big Lottery Fund grant means that there will be some planned shrinkage in our work during 2016 but the Trustees and senior staff are confident that systems are in place to ensure the sustainability of the charity and its work.

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.

BAG BOOKS
Year Ended 31 December 2015
Trustees' Report

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. At the year-end we had seven Trustees:
 - Philip Wilson, *our Chair who was formerly the Director of Development at the British Science Association and the Director of Fundraising at The Prostate Cancer Charity. Philip has been a Trustee since 14/01/04.*
 - Rachel Tyson, *our Treasurer who is a qualified accountant currently working at Network Rail. Rachel has been a Trustee since 06/11/12.*
 - Sandra Allon, *formerly the Merchandising Director for Europe for Aquascutum and a senior buyer at Harrods for 30 years. Sandra has been a Trustee since 27/01/09.*
 - Mandeep Rai, *an Associate Director at HSBC Private Bank. Mandeep has been a Trustee since 27/01/15.*
 - Jan Stogdon, *formerly the Headteacher of a Special School with over 30 years' experience of teaching children with severe learning disabilities. Jan has been a Trustee since 01/05/12.*
 - Natasha Theobald, *a charity marketing professional with 19 years' experience. Natasha has been a Trustee since 20/07/10.*
 - Jonathan Walsh, *a solicitor. Jonathan has been a Trustee since 26/04/06.*
6. In addition to the skills and experience listed above one of the Trustees is also a parent of a person with severe learning disabilities and another Trustee is a sibling of a person with severe learning disabilities.
7. The Trustees employ a Chief Executive to manage the charity alongside a Director of Services, Craft Workshop Manager, Finance Officer and Fundraising Manager. The charity also employs a Senior Craft Artist, a Volunteer Co-ordinator, a Storytelling-Training Co-ordinator and two Craft Artists. The remuneration of all staff members is reviewed annually when the Trustees set the budget for the forthcoming year. In addition, the charity has contracts with 11 freelance Storytellers.
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 for Craft Days. During the year we were assisted by teams from Salesforce.com (four times), Standard Chartered, Moody's and Clifford Chance. We have also benefitted from the services of a volunteer on the administrative side of our work. Together, we estimate that our volunteers donated 413 days (2014: 396 days) to us during the year and the value to the charity of this work is £33,000 (2014: £31,000) 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, Nafen, the National Council of Voluntary Organisations, the Charity Finance Group and the Fundraising Standards Board. The Chief Executive is a member of the Association of Chief Executives of Voluntary Organisations and the Institute of Fundraising. The Director of Services is a member of the British Institute of Learning Disabilities (BILD) and the National Autistic Society.

Risk management policy

10. The Trustees annually review the major risks to which the charity is exposed. The main risk has been identified as an over-reliance on a small pool of funders and this is mitigated by constantly monitoring reserve levels and attempting to widen the number of funders. The second risk is a loss of key personnel which is mitigated by ensuring we offer a flexible working environment. Our third main risk has been identified as a failure to protect children and/or vulnerable adults which is mitigated by ensuring we comply with Disclosure and Barring Service regulations.

Objectives, activities, achievements and performance

11. 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 1. 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 2015 the Trustees held a biennial “Away Day” at which they reviewed the Charity Commission documents “The Hallmarks of an Effective Charity” and “Charity Trustee Meeting: 15 Questions Trustees Need To Ask.” The Trustees also adopted a “Strategic and Business Plan 2015-2019” which is available in full on the charity’s website <http://www.bagbooks.org/about-us/the-organisation/strategic-plan>

12. As part of their strategy, the Trustees have also adopted the following aims:
- To motivate children and adults with learning disabilities to engage with objects and materials, and their peers.
 - To develop the language, communication and motor skills of children and adults with learning disabilities.
 - To develop the emotional perception of children and adults with learning disabilities.
 - To enable professional workers and parents/carers in contact with children and adults with learning disabilities to make use of tactile and multi-sensory books.
 - To enable children and adults with learning disabilities to be involved in story development and production.
13. The Trustees have also adopted six Charitable Objectives and two Organisational Objectives. Set out below is a review of what we intended to do in 2015 (as stated in our 2014 accounts), what we actually achieved during 2015 and what our plans are for 2016. The Trustees have agreed an easily measurable Key Performance Indicator for each Objective and a traffic light system of targets - the Red, Amber and Green target for each is also reported on below.

14. **Charitable Objective 1** *To promote multi-sensory storytelling within the academic, library, adult day centre, health and special educational fields.*

We said we would:

- Prioritise “Once Upon A Time” multi-sensory storytelling visits to the 20% of Special Schools whose last visit was more than five years ago.
- Fundraise for an “Autism Storytime” project introducing multi-sensory storytelling to Special Schools with pupils who have Autism Spectrum Disorder.
- Introduce multi-sensory storytelling to more adult day centres and residential care homes through our “Tall Stories” project.
- Continue our work with Children’s Hospices.
- Work collaboratively with more overseas academics.
- Organise a national multi-sensory storytelling day on 23rd September 2015

In 2015 this is what we did:

- Our “Once Upon A Time” projects aims to run storytelling sessions every five years with each of the 710 (2014: 698) Special Schools across the UK catering for pupils with severe learning disabilities. We have now achieved that with 82% (2014: 80%) of the schools.
- We ran “Autism Storytime” sessions at 8 of the 180 Special Schools across the UK catering solely for pupils with autism spectrum disorders. We have visited 11% of these schools over the past five years.
- Through our “Tall Stories” project, we introduced multi-sensory books to 88 (2014: 80) adult day centres and residential care homes.
- We visited 13 (2014: 21) Children’s Hospices during the year. Over the past five years we have visited 44 of the 49 Children’s Hospices across the UK.
- We corresponded with academic contacts in Portugal.
- The national multi-sensory storytelling day on 23rd September 2015 was publicised through our newsletter and website.

Our Key Performance Indicator for this Objective is:

The number of page views on our website.

2015: 233,173
2014: 197,441
2013: 118,423
2012: 118,465
2011: 93,552

2015 Target Red: under 125k Amber: 125k-175k Green: over 175k

The Trustees judge this to be Green on our traffic light system of targets and have increased the 2016 targets to Red: under 150k; Amber: 150k-200k; Green over 200k. This KPI was previous the number of websites linking to ours as reported by Google but they changed their algorithm during 2015 and we were forced to change our measure.

In 2016 we plan to:

- Prioritise “Once Upon A Time” multi-sensory storytelling visits to the 18% of Special Schools whose last visit was more than five years ago.
- Fundraise for an expanded “Autism Storytime” project introducing multi-sensory storytelling to many more Special Schools with pupils who have autism spectrum disorder.
- Organise another national multi-sensory storytelling day which will take place on 23rd September 2016.

15. **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:

- Obtain funding to launch three new books.
- Translate all our titles into Welsh language versions.

In 2015 this is what we did:

- One new “classic” design book, “A Pirate Adventure” was launched during the year. Its development was funded by the Yorkshire Building Society who also paid for 47 copies to be sent free of charge to special schools in Yorkshire.
- Two new titles “The Three Little Pigs” and “The Secret Ingredient” were added to our DIY range of stories aimed at parents and carers.
- Over half of our titles now have Welsh language versions
- We were commissioned by the National Railway Museum in York to construct a bespoke multi-sensory book about The Mallard train.

Our Key Performance Indicator for this Objective is:

The number of new titles published

2015:	3
2014:	5
2013:	3
2012:	4
2011:	6

2015 Target
Red: 1 and under
Amber: 2
Green: 3 and over

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

In 2016 we plan to:

- Launch three new “classic” books.
- Translate the remaining titles into Welsh language versions.

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

We said we would:

- Maintain and, if possible, further increase the high level of book production.

In 2015 this is what we did:

- The number of “classic” books made was 1,105 which although substantially fewer than the 2014 figure is actually very close to the average amount over the past five years and 10% more than the green target set by the Trustees.

Our Key Performance Indicator for this Objective is:

The number of “classic” books made.

2015:	1,105
2014:	1,457
2013:	1,151
2012:	805
2011:	1,141

2015 Target
Red: under 800
Amber: 800-1,000
Green: over 1,000

The Trustees judge this to be Green on our traffic light system of targets. In addition to the 1,105 “classic” design books we also made 70 (2014: 123) “At Home” books for parents and 783 (2014: 505) new users registered on our website for our DIY range of stories, 3,922 (2014: 698) of which were downloaded.

In 2016 we plan to:

- Maintain the high level of book production.

17. **Charitable Objective 4** *To organise a programme of multi-sensory storytelling sessions across the UK.*

We said we would:

- Continue visiting Children's Hospices.
- Continue visiting Special Schools.
- Continue visiting day centres and adult care homes.

In 2015 this is what we did:

- We told stories to 122 (2014: 239) children and their families in Children's Hospices.
- Our "Once Upon A Time" sessions in Special Schools reached 4,888 (2014: 5,655) children.
- We received feedback from 461 (2014: 555) Special Needs teachers who collectively observed 3,467 (2014: 4,259) of their pupils participating in one of our storytelling sessions. Those teachers judged that 97.9% (2014: 99.2%) of the children in their class benefitted from a Bag Books multi-sensory storytelling session. The teachers also rated their overall satisfaction with our service at 96.0% (2014: 97.1%). Unedited feedback is posted on our website at <http://www.bagbooks.org/in-your-area> including:
 - *"[The Storyteller] interacted with all of the students, even the reluctant ones. He was sensitive to their reactions and didn't force participation but gradually drew them in. My class really enjoyed the stories and began to anticipate and repeat parts of the story."* Walton Hall Community Special School, Stafford.
 - *"We have some very challenging pupils at this school, but all the sessions went really well, which is a credit to [The Storyteller]. Many pupils joined for much longer than was normal for them, and all enjoyed the sessions."* Purbeck View School, Swanage.
 - *"It was very useful for me to see a Bag Books story presented as intended (i.e. in a very structured way) and to watch the reactions of the pupils in my class. Before the session took place I had fully expected that three of the pupils would have difficulty remaining with the group and engaging with the story pages."* KTS Academy, Saltburn-By-The-Sea.
 - *"The storyteller's performance was excellent. The lady was very animative, had a great voice projection, and used the appropriate and positive approach with all the pupils. The session benefited all of the children and was correctly tailored at their needs. Thank you!"* Calaiswood School, Dunfermline.
- Our "Tall Stories" project reached 1,408 (2014: 1,182) adults with severe learning disabilities.

Our Key Performance Indicator for this Objective is:

The number of service users attending storytelling sessions.

2015:	6,418
2014:	7,076
2013:	7,003
2012:	4,782
2011:	4,885

2015 Target
Red: under 4k
Amber: 4k-6k
Green: over 6k

The Trustees judge this to be Green on our traffic light system of targets. Due to the Big Lottery Fund "Tall Stories" grant ending they have reduced the 2016 targets to Red: under 3k, Amber: 3k-5k, Green: over 5k.

In 2016 we plan to:

- Continue fundraising for multi-sensory storytelling visits.

18. **Charitable Objective 5** *To train parent/carers and professional workers in the learning disability field as multi-sensory storytellers.*

We said we would:

- Maintain the number of people trained at a high level.

In 2015 this is what we did:

- The overall number of people trained was an all-time record. 247 (2014: 215) people working with adults were trained as part of our "Tall Stories" project.
- We updated our training pack and the accompanying DVD now has over 100 minutes of demonstration storytelling sessions covering a wide range of users.

Our Key Performance Indicator for this Objective is:

The number of people trained.

2015:	744
2014:	562
2013:	738
2012:	363
2011:	642

2015 Target
Red: under 300
Amber: 300-500
Green: over 500

The Trustees judge this to be Green on our traffic light system of targets. Due to the Big Lottery Fund "Tall Stories" grant ending they have reduced the 2016 targets to Red: under 150, Amber: 150-350, Green: over 350.

In 2016 we plan to:

- Enhance our training using the updated training pack.

19. **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 London Build-a-Book sessions for children and adults.
- Widen the project beyond London if funding is granted.

In 2015 this is what we did:

- We continued to run London Build-a-Book sessions where our staff spend a day assisting people with severe learning disabilities to make a bespoke multi-sensory book. We visited five (2014: six) more Special Schools and four (2014: one) more adult day centres. Feedback from teachers and staff included:
- *"The pupils were fully engaged in building their Bag Book. The sounds and sensory side of the various processes, such as the hammering, were stimulating, and they enjoyed them immensely."* The Village School, Brent
- *"A real eye-opener into what our service users could do for themselves. One person used the equipment as good as anyone which is something I need to feed back to other staff."* The Landmark, Lambeth.
- The application for funding beyond London was not successful.

Our Key Performance Indicator for this Objective is:

The number of people attending a course.

2015:	61
2014:	47
2013:	63
2012:	32
2011:	7

2015 Target
Red: under 10
Amber: 10-20
Green: over 20

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

In 2016 we plan to:

- Obtain funding to expand the Build-a-Book project beyond London.

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

We said we would:

- Increase reserves to hit our green target.

In 2015 this is what we did:

- Our reserves increased and just met our green target.

Our Key Performance Indicator for this Objective is:

The level of reserves.

2015: 30 weeks

2014: 29 weeks

2013: 27 weeks

2012: 18 weeks

2011: 29 weeks

2015 Target

Red: under 20 or over 40

Amber: 21-29 or 41-45

Green: 30-40

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

In 2016 we plan to:

- Maintain our level of reserves.

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

We said we would:

- Again try to secure funding for our Volunteer Co-ordinator post.

In 2015 this is what we did:

- We secured a three year grant covering around one day of the Volunteer Co-ordinator's salary.
- The number of days contributed by volunteers was an all-time record.

Our Key Performance Indicator for this Objective is:

The number of volunteer days.

2015: 413

2014: 396

2013: 367

2012: 214

2011: 183

2015 Target

Red: under 200

Amber: 200-300

Green: over 300k

The Trustees judge this to be Green on our traffic light system of targets. They have increased the 2016 targets to Red: under 250, Amber: 250-350, Green: over 350.

In 2016 we plan to:

- The post of Volunteer Co-ordinator became vacant in January 2016 and we will be recruiting a replacement member of staff.
- We will continue to fundraise for support.

22. Overall, our aim was to reach at least 25,000 people with learning disabilities during 2015. We know that 6,418 (2014: 7,076) service users attended our storytelling sessions. Over the past five years we have also supplied our books to 1,241 (2014: 1,092) different schools, libraries, children's hospices or day centres. Previous surveys have shown that in each location our books reach an average of 23 people with learning disabilities each year. In addition, over the past five years we have supplied books to 239 (2014: 279) individuals. We therefore estimate that this target was easily met. We aim to reach 25,000 people with learning disabilities during 2016.

Financial review

23. Income decreased by 12% to £457,948 (2014: £517,736). Our budget for the year had predicted income of £471,684 so we had expected some decrease but we were still 3% below the budget. This was chiefly due to worse than expected fundraising from Charitable Trusts.
24. Expenditure decreased by 11% to £424,715 (2014: £476,137). Our budget for the year had predicted expenditure of £469,642 but the disappointing fundraising results meant that expenditure, chiefly on book production, was cut back to match income and was therefore 10% below the budget.
25. This has resulted in a surplus of net resources of £33,233 (2014: surplus of £41,599).

Budget for 2016

26. The Trustees have agreed a budget for 2016 of income totaling £399,822 (2015: £471,684) of which £37,000 (2015: £137,684) had been secured by the start of the year. Budgeted expenditure is £399,800 (2015: £469,642). This reduction in income and expenditure is mainly due to the ending of the Big Lottery Fund "Tall Stories" grant.

Reserves policy

27. Over the course of the first six months of 2011 our reserves fell by 64% which forced us to cut back on our activities and make some redundancies. Our reliance on one-off donations from Charitable Trusts makes our income very unpredictable so our Reserves Policy is relatively conservative.
28. Our policy is that "Unrestricted Reserves should be equivalent to between 30 and 40 weeks of budgeted future annual unsecured expenditure." At the end of the year our Unrestricted Reserves (General Funds) were £121,898 (2014: £116,561). Our budgeted expenditure for 2016 is £399,800 of which £37,000 had already been secured and £148,410 was covered by Restricted Funds leaving a balance of £214,390 (2014: £212,165) to raise. Our Unrestricted Reserves were sufficient to cover 57% (2014: 55%) of this balance which equates to 30 weeks (2014: 29 weeks).
29. Given the volatile nature of much of our income, the Trustees will continue to closely monitor the reserves position throughout the forthcoming year.

Staff pension arrangements

30. Because of our small size, the staging date set by The Pensions Regulator for our workplace pension obligations to begin was 01/02/17. We successfully applied to them to bring the date forward to 01/07/13. We joined the National Employment Savings Trust (NEST) pension scheme and the charity has agreed to match employees' contributions up to 3% of salary. A breakdown of staffing costs including pension payments appears as Note 4. We were chosen by the Department for Work and Pensions and the Pensions Regulator to illustrate the new small employer Workplace Pensions Auto Enrolment campaign. Our Chief Executive helped to launch the campaign in Piccadilly Circus with Baroness Ros Altmann, Minister of State for Pensions. The film on <http://www.workplacepensions.gov.uk> was shot at our craft workshop and includes a clip of former Dragon's Den star, Theo Paphitis <http://tinyurl.com/bbpension>

Trustee indemnity insurance

31. Our insurance policy automatically includes Trustee indemnity insurance.

Fundraising performance

32. We invested £73,976 (2014: £80,439) in fundraising and this produced voluntary income of £374,992 (2014: £427,437) which was 82% (2014: 83%) of our total income. The fundraised income can be broken down as follows:

- Income from Charitable Trusts and Foundations decreased 20% to £188,396 (2014: £234,370)
- Income from The Big Lottery Fund increased 3% to £98,384 (2014: £95,773)
- Income from corporate partners decreased 9% to £72,904 (2014: £80,462)
- Income from individuals increased 10% to £15,307 (2014: £13,875)
- Income from Gifts In Kind decreased 49% to £6,751 (2014: £13,193)
- Income from legacies was £0 (2014: £2,957)

33. By the end of the year the following grants and pledges of £2,500 and over had been secured for 2016:

- £25,000 from Annington as the second year of a three year pledge towards storytelling sessions in Special Schools.
- £5,000 from The Sobell Foundation as the second year of a three year grant towards the costs of our Volunteer Co-ordinator.
- £3,000 from The Odin Charitable Trust as the second year of a three year unrestricted pledge.

34. We have also been granted a Radio 4 Appeal which is due to be broadcast on Sunday 23rd October 2016. Our Radio 4 Appeal by Baroness Tanni Grey-Thompson DBE in 2012 raised over £8,000.

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

Statement of responsibilities of the trustees

36. The Trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including the net income or expenditure, for the period. In preparing those financial statements the Trustees are required to:

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

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


Statement of disclosure to auditors

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

Auditors

39. A resolution to confirm the reappointment of Wyatts as the company auditor will be proposed at the Annual General Meeting on 26th April 2016.

Approved by the Board of Trustees at its meeting on 26th April 2016 and signed on its behalf:



.....
Philip Wilson
Chair of Trustees
26th April 2016

Independent Auditors Report to the members of Bag Books

We have audited the financial statements of Bag Books for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement on page 4, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standard for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Matters on which we are required to report by exception

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

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



K. Wyatt (Senior Statutory Auditor)
For and on behalf of
WYATTS Statutory Auditors
York House, 1 Seagrave Road, London SW6 1RP

26 April 2016

BAG BOOKS
Year Ended 31 December 2015
Financial Statements

Statement of Financial Activities

	Notes	Unrestricted Funds		Restricted Funds		Total	
		2015	2014	2015	2014	2015	2014
INCOME							
Donations & legacies		72,159	75,879	302,833	351,558	374,992	427,437
Charitable activities							
Book Production		54,511	68,885	0	0	54,511	68,885
Storytelling & Training		21,088	7,608	0	0	21,088	7,608
Investments		606	613	0	0	606	613
Other							
Gifts in kind		6,751	13,193	0	0	6,751	13,193
TOTAL INCOME		<u>155,115</u>	<u>166,178</u>	<u>302,833</u>	<u>351,558</u>	<u>457,948</u>	<u>517,736</u>
EXPENDITURE							
Raising funds		73,976	80,439	0	0	73,976	80,439
Charitable activities							
Book Production		39,530	48,841	141,655	171,773	181,185	220,614
Storytelling & Training		36,993	38,761	132,561	136,323	169,554	175,084
TOTAL EXPENDITURE	2, 3	<u>150,499</u>	<u>168,041</u>	<u>274,216</u>	<u>308,096</u>	<u>424,715</u>	<u>476,137</u>
OPERATING SURPLUS / (DEFICIT)		4,616	(1,863)	28,617	43,462	33,233	41,599
Net gains / (losses) on investments		721	447	0	0	721	447
Net income / (expenditure)		5,337	(1,416)	28,617	43,462	33,954	42,046
Reconciliation of funds							
Total funds brought forward		116,561	117,977	119,793	76,331	236,354	194,308
Total funds carried forward		121,898	116,561	148,410	119,793	270,308	236,354

All activities relate to continuing operations.

The notes on pages 18 to 22 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 2015
Financial Statements

Balance Sheet

	Notes	2015 Total £	2014 Total £
Fixed Assets			
Tangible assets	5	<u>2,757</u>	<u>4,048</u>
Current Assets			
Stock		28,015	25,911
Trade debtors		6,680	12,219
Prepayments		15,321	12,079
VAT repayable		368	0
Deposits – Investment Account		74,199	73,478
Cash at bank and in hand		<u>156,846</u>	<u>137,953</u>
Total Current Assets		<u>281,429</u>	<u>261,640</u>
Creditors due within one year:			
Trade creditors		4,988	3,279
Tax and social security		4,565	5,665
Other creditors		2,242	3,590
Deferred income		<u>2,083</u>	<u>16,800</u>
Total Current Liabilities		<u>13,878</u>	<u>29,334</u>
Net current assets		<u>267,551</u>	<u>232,306</u>
Net assets		<u>270,308</u>	<u>236,354</u>
FUNDS			
General funds	6	121,898	116,561
Restricted funds	7	<u>148,410</u>	<u>119,793</u>
Total Funds		<u>270,308</u>	<u>236,354</u>

BAG BOOKS
Year Ended 31 December 2015
Financial Statements

Cash Flow Statement

	2015 Total £	2014 Total £
Cash flows from operating activities		
<i>Net cash provided by (used in) operating activities</i>	18,778	(32,413)
Cash flows from investing activities		
Dividends, interest and rents from investments	(606)	(613)
Proceeds from sale of property, plant and equipment	0	22
Purchase of property, plant and equipment	0	(4,161)
Proceeds from sale of investments	<u>721</u>	<u>447</u>
<i>Net cash provided by (used in) investing activities</i>	<u>115</u>	<u>(4,305)</u>
Cash flows from financing activities	0	0
<i>Net cash provided by (used in) financing activities</i>	<u>18,893</u>	<u>(36,718)</u>
<i>Change in cash and cash equivalents in the reporting period</i>	18,893	(36,718)
Cash and cash equivalents at the beginning of the reporting period	<u>137,953</u>	<u>174,671</u>
Cash and cash equivalents at the end of the reporting period	<u>156,846</u>	<u>137,953</u>

The financial statements were approved by the Board of Trustees on 26th April 2016 and signed on its behalf by

.....

Philip Wilson, Chair of Trustees

The notes on pages 19 to 23 form part of these financial statements.

1. Accounting policies

- a) **Accounting convention.** The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2015) and Financial Reporting Standard 102 and the Companies Act 2006.
- b) **Incoming Resources.** These are included in the Statement of Financial Activities (SoFA) when:
- The charity becomes entitled to the resources;
 - The trustees think it probable or more likely than not that they will receive the resources; and
 - The monetary value can be measured with sufficient reliability.

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

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

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

Investment income is included in the accounts when receivable.

- c) **Resources expended.** Resources expended are accounted for on an accruals basis, inclusive of any VAT which cannot be recovered. The charity became registered for VAT on 1st October 2010 and is able to partially recover VAT.
- d) **Tangible fixed assets and depreciation.** Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:
- Furniture, fittings and office equipment - 25% straight line.
- e) **Stocks.** Stocks are valued at lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.
- f) **Fund accounting.** Funds held by the charity are either:
- *Unrestricted funds.* These are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
 - *Restricted funds.* These are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.
- g) **Investments.** Investments are included at market value at the balance sheet date.
- h) **Investment income.** This includes any gains or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.
- i) **Taxation.** Bag Books is a registered charity which renders its income exempt from UK income tax.
- j) **Pension costs.** The charity has joined the National Employment Savings Trust (NEST) pension scheme and has agreed to match employees' contributions into that scheme up to 3% of salary. The costs to the charity are recognised as they are incurred.

BAG BOOKS
Year Ended 31 December 2015
Notes to the financial statements

2. Total resources expended	Unrestricted Funds £	Restricted Funds £	2015 Total £	2014 Total £
Wages and salaries	100,527	144,827	245,354	255,841
Materials and consumables	14,646	18,227	32,873	58,566
Storytelling and training	0	71,171	71,171	73,911
Craft Workers/Volunteer Expenses	2,477	3,082	5,559	6,861
Direct Fundraising Costs	969	1,205	2,174	2,024
Rent and services	15,458	19,237	34,695	34,475
Utility Bills	1,178	1,467	2,645	2,628
Repairs and renewals	426	530	956	818
Telephone, Broadband and Computers	314	391	705	5,278
Postage and stationery	1,427	1,776	3,203	3,335
Distribution costs	2,417	3,008	5,425	6,704
Insurance	1,102	1,372	2,474	2,232
Advertising and promotion	3,615	4,500	8,115	11,194
Governance	3,192	0	3,192	5,419
General expenses	1,971	2,453	4,424	5,075
Bank charges	204	254	458	595
Depreciation	576	716	1,292	1,181
Total Resources expended	<u>150,499</u>	<u>274,216</u>	<u>424,715</u>	<u>476,137</u>
3. Allocation of Support Costs	Raising funds £	Charitable Activities £	2015 Total £	2014 Total £
Proportion				
Wages and salaries	26,013	50,495	76,508	80,326
Materials and consumables	0	0	0	0
Storytelling and training	0	0	0	0
Craft Workers/Volunteer Expenses	0	0	0	0
Direct Fundraising Costs	0	0	0	0
Rent and services	11,796	22,899	34,695	34,475
Utility Bills	899	1,746	2,645	2,628
Repairs and renewals	325	631	956	818
Telephone, Broadband and Computers	240	465	705	5,278
Postage and stationery	1,089	2,114	3,203	3,335
Distribution costs	0	0	0	0
Insurance	841	1,633	2,474	2,232
Advertising and promotion	2,759	5,356	8,115	11,194
Governance	1,085	2,107	3,192	5,419
General expenses	1,504	2,920	4,424	5,075
Bank charges	156	302	458	595
Depreciation	439	853	1,292	1,181
Total Support Costs	<u>47,146</u>	<u>91,521</u>	<u>138,667</u>	<u>152,556</u>
Direct Costs	<u>26,830</u>	<u>259,218</u>	<u>286,048</u>	<u>323,581</u>
Total Costs	<u>73,976</u>	<u>350,739</u>	<u>424,715</u>	<u>476,137</u>

BAG BOOKS
Year Ended 31 December 2015
Notes to the financial statements

4. Trustees and employees information

None of the Trustees (nor any other persons connected with them) received any remuneration, benefits or reimbursement of expenses from the charity during the year (2014: Nil). The insurance package for the charity automatically includes Trustee Indemnity Insurance.

Employee costs during the year were:	2015 £	2014 £
Salaries	221,130	230,642
Social security costs	18,712	20,025
Employer's contribution to NEST pension scheme	<u>5,512</u>	<u>5,173</u>
Total costs	<u>245,354</u>	<u>255,840</u>
The average number of employees during the year	10.0	10.5
The average number of employees (full-time equivalent) during the year	6.4	6.5
Total employee benefits to the key management personnel listed on page 2	175,431	186,201
No employees received remuneration exceeding £60,000 (2014: Nil)		
No holiday pay is accrued as staff are only able to carry forward a maximum of three days.		

5. Tangible Fixed Assets

£

Cost

At 1 January 2015	36,271
Additions	0
Disposals	<u>0</u>
At 31 December 2015	<u>36,271</u>

Depreciation

At 1 January 2015	32,223
Disposals	0
Charge for the year	<u>1,292</u>
At 31 December 2015	<u>33,515</u>

Net Book Value

At 31 December 2015	<u>2,756</u>
At 31 December 2014	<u>4,048</u>

BAG BOOKS
Year Ended 31 December 2015
Notes to the financial statements

6. Reconciliation of movements in general funds	2015	2014
	£	£
Opening general funds	116,561	117,977
Surplus/(Deficit) for the year	<u>5,337</u>	<u>(1,416)</u>
Closing general funds	<u>121,898</u>	<u>116,561</u>
7. Reconciliation of net income/(expenditure) to net cash flow from operating activities	2015	2014
	£	£
Net income/(expenditure) for the reporting period	33,954	42,046
Adjustments for:		
Depreciation charges	1,292	1,159
(Gains)/losses on investments	(721)	(447)
Dividends, interest and rents from investments	606	613
(Increase)/decrease in stocks	(2,104)	(6,245)
(Increase)/decrease in debtors	1,208	(7,506)
Increase/(decrease) in creditors	<u>(15,457)</u>	<u>(62,033)</u>
Net cash provided by (used in) operating activities	<u>18,778</u>	<u>(32,413)</u>

BAG BOOKS
Year Ended 31 December 2015
Notes to the financial statements

8. Restricted funds

Restricted funds represent amounts received from donors who have specified the use of those funds as a condition for making the donation.

Donor	At the start of the year £	Incoming Resources £	Outgoing Resources £	At the end of the year £
The Big Lottery Fund	5,322	98,384	103,706	0
Annington		25,000	1,667	23,333
The Henry Smith Charity		16,800	16,800	0
The Foyle Foundation		12,000	0	12,000
The Equitable Charitable Trust	10,739		10,739	0
The Garfield Weston Foundation	10,000		10,000	0
Yorkshire Building Society	10,000		10,000	0
The St James's Place Foundation		9,758	0	9,758
Newman's Own Foundation	9,084		9,084	0
Simply Health		6,714	0	6,714
The Barbara Ward Children's Foundation	2,400	4,000	3,600	2,800
The Childwick Trust	6,192		2,827	3,365
The Boshier-Hinton Foundation		6,160	0	6,160
QBE Foundation	2,600	3,250	2,600	3,250
The Hilary Awdry Charitable Trust		5,252	0	5,252
The Crerar Hotels Trust		5,100	0	5,100
The Valentine Charitable Trust	5,000		5,000	0
The Mulberry Trust	5,000		5,000	0
The Clare Milne Trust		5,000	3,750	1,250
The Adint Charitable Trust		5,000	2,161	2,839
An Anonymous Trust		5,000	0	5,000
The Mulberry Trust		5,000	364	4,636
The Pixel Fund		4,300	1,518	2,782
Clifford Chance LLP		4,270	2,562	1,708
The Eveson Charitable Trust		4,269	0	4,269
The D'Oyly Carte Charitable Trust	4,091		1,704	2,387
The Berkeley Foundation		3,750	3,125	625
The Hugh Fraser Foundation	3,000		3,000	0
The Lake House Charitable Foundation	2,000	1,000	1,127	1,873
The Ernest Kleinwort Charitable Trust		3,000	0	3,000
The Sobell Foundation		2,917	2,917	0
The Ironmongers' Company	2,707		2,707	0
M&G Group		2,552	851	1,701
The Thomas Farr Charity	2,500		2,500	0
The February Foundation		2,500	2,500	0
The Whalley White Charitable Trust		2,500	2,000	500
The Fowler Smith and Jones Trust		2,500	0	2,500
88 other donations of under £2,500 each	39,158	56,857	60,407	35,608
	<u>119,793</u>	<u>302,833</u>	<u>274,216</u>	<u>148,410</u>

9. Capital

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