BAG BOOKS

England & Wales · Charity number 1026432

Details

Status	Registered
Legal form	Charitable company
Company number	02846227
Registered	1993-09-24
Register	View on the Charity Commission register

Contact

Address	Bag Books 1 Stewarts Court 218-220 Stewarts Road London SW8 4UB
Phone	02076270444
Email	office@bagbooks.org
Website	www.bagbooks.org

Activities

Objects: 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 FOR THE OBJECT OF IMPROVING THEIR CONDITIONS OF LIFE

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

Classification

- **How:** Other Charitable Activities
- **What:** Education/training, Disability
- **Who:** Children/young People, People With Disabilities

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Geography

- Australia
- Belgium
- Canada
- Denmark
- Germany
- Japan
- Netherlands
- New Zealand
- Northern Ireland
- Portugal
- Scotland
- South Korea
- Sweden
- United States
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£241,141	£329,824	-	-
2023-12-31	£258,389	£319,000	-	-
2022-12-31	£246,989	£320,472	-	-
2021-12-31	£277,690	£271,498	-	-
2020-12-31	£404,382	£274,854	-	-

Trustees

Name	Role	Appointed
Catherine Pearson		2018-01-30
JONATHAN PATRICK JAMES WALSH		
Karl Massey		2017-10-31
NATASHA THEOBALD		
RACHEL ELIZABETH TYSON		2012-11-28

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BAG BOOKS

England & Wales - Charity number 1026432

Accounts

BAG BOOKS

REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2024

Charity No: 1026432
Company No: 2846227

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

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 are pleased to present their annual report together with the financial statements of Bag Books for the year ended 31 December 2024, which also serve as the Directors' Report for the purposes of company law.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and the Charities SORP (FRS 102) applicable in the UK and Republic of Ireland.

Further information about our work is available at **www.bagbooks.org**.

Bag Books exists to enrich the lives of children and adults with severe or profound learning disabilities through multi-sensory books and storytelling. We believe that everyone, regardless of ability, should have the opportunity to experience the joy, connection, and creativity that storytelling brings.

Our mission is to ensure that individuals with complex learning disabilities—many of whom are non-verbal, physically disabled, and cognitively impaired—can access meaningful, inclusive experiences that stimulate communication, social interaction, and emotional wellbeing.

We are the only organisation in the world solely dedicated to the design, production, and delivery of multi-sensory books for this audience. Our core activities include:

- Designing and handcrafting multi-sensory books that engage the senses of sight, sound, touch, smell, and motion.
- Delivering immersive storytelling sessions, led by trained specialists in special schools, day centres, libraries, and hospices across the UK.
- Training others—including teachers, carers, librarians, and families—in Multi-Sensory Storytelling Techniques (MSST) to extend the reach and sustainability of our work.

Each book is designed to be accessible regardless of comprehension level and is tailored to support a wide range of complex needs, including individuals with profound and multiple learning disabilities (PMLD), typically functioning at a developmental age below 18 months; those with severe learning disabilities (SLD), up to around the age of six; and people with severe autism spectrum disorder (ASD), as well as others who benefit from highly sensory, accessible storytelling experiences.

Our stories are experienced collaboratively. A large-print storyboard of 6–12 simple lines is paired with handcrafted sensory objects that bring the narrative to life. Storytellers use hand-over-hand support to guide participants through each element—ensuring full, active engagement.

At the heart of our work is a belief that storytelling builds bridges: between people, across communities, and between individuals and the world around them.

Executive Summary

2024 was a year of both challenge and progress for Bag Books. Like many small charities, we faced rising costs and an increasingly competitive funding environment, ending the year with a deficit largely driven by pressure on core costs and a decline in income from trusts and corporate donors. Despite this, demand for our work remained strong, and we took significant steps to strengthen our delivery and future resilience.

Our book sales held firm, even as special school budgets tightened, demonstrating the enduring value of our multi-sensory stories to frontline educators and care providers. Our Sensory Stories in Schools programme continued to grow, and we secured National Lottery Awards for All funding to develop a new range of wipe-clean stories for hospices and other clinical settings.

We also strengthened our national reach through long-standing and new partnerships. Our third year of collaboration with the World Book Day charity saw our sensory resources distributed to every school in the UK. We also developed a bespoke commissioned story, *Riley and the Magic River*, for the North York Moors National Park's *Ryevitalise* programme, accompanied by inclusive storytelling training for local staff.

Alongside programme delivery, we laid key foundations for long-term impact. We completed a brand refresh in 2024 and are preparing to launch a new website and digital resource hub in 2025, enabling easier access to our books, guidance, and training across the UK and beyond.

We are also pleased to formally acknowledge a grant of £20,000 from The Foyle Foundation, awarded in late 2023. This vital core funding made a significant contribution to our work in 2024.

Throughout the year, we prioritised financial stewardship and funder engagement. These efforts were rewarded in early 2025 with the confirmation of multi-year support from both the National Lottery Community Fund and the City Bridge Foundation, critical to sustaining and scaling our work.

While 2024 brought challenges, it also brought renewed momentum. With secured funding, a growing national profile, new stories, and a revitalised digital presence, Bag Books enters 2025 with confidence, ready to continue creating joyful, inclusive storytelling experiences for people with the most complex needs.

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. At the end of 2024, Bag Books had five Trustees in post:

   - **Jonathan Walsh** – A solicitor, Jonathan has served as a Trustee since 26 April 2006 and was appointed Chair in April 2022.
   - **Rachel Tyson** – A qualified accountant currently working for a private entrepreneur and philanthropist. Rachel has been a Trustee and Treasurer since 6 November 2012.
   - **Karl Massey** – With a career in financial markets since 1988, Karl is a Member of the Development Board of the Physics Department at the University of Oxford, a Member of the Institute of Physics, a Fellow of the Royal Society of Arts, and sits on the Investment Committee of the Athenaeum Club, London. He has been a Trustee since 31 October 2017.
   - **Catherine Pearson** – Formerly Team Leader of the Early Years Special Educational Needs Team for the Borough of Lambeth, Catherine is now Manager of Childcare Services at the University of Cambridge. She has worked with children with autism and other needs since 2007. Catherine has been a Trustee since 30 January 2018.
   - **Natasha Theobald** – A charity marketing professional with over 20 years' experience. Natasha has served as a Trustee since 20 July 2010.

6. While three Trustees have served for more than ten years, the Board has reviewed this and agreed that their experience continues to be of significant benefit to the charity. There is a reasonable balance of tenure across the Board, with the average time served currently standing at 10.4 years.

   We will be actively recruiting new Trustees in 2025 to support renewal and strengthen the Board's skills and diversity. We are pleased to welcome Michael Davis to the Board in early 2025 and continue to seek additional Trustees to further broaden our expertise and representation.

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 Storytelling Co-Ordinator, a Senior Craft Artist 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 5 freelance Storytellers who are based throughout the UK.

8. Volunteers remain vital to our work, contributing all knitted items and much of the hand sewing and woodwork involved in our multi-sensory books. We are also grateful to corporate teams who joined us for Craft Days, which were well attended throughout the year. In 2024, we hosted groups from Salesforce, Innocent Smoothies, and AND Digital.

   In total, volunteers donated 132 days to Bag Books during the year, with an estimated value of £11,083. While this figure is not included in the financial statements, their time and dedication are deeply appreciated.

9. Bag Books is a member of the PMLD Network, and the National Council of Voluntary Organisations (NCVO). The charity is also registered with the Fundraising Regulator. The Chief Executive is a member of the Association of Chief Executives of Voluntary Organisations (ACEVO). The Storytelling Manager is a member of the Epilepsy Society and the National Autistic Society.

10. **Risk management policy**

    The Trustees regularly review the major risks facing the charity. These are recorded in a central risk register, which is reviewed and updated at each Trustee meeting. Oversight is provided by the Board, with day-to-day monitoring and mitigation managed by the Senior Leadership Team.

    Key risks identified include:

    - Funding concentration – Over-reliance on a small number of funders remains a risk. We continue to monitor reserve levels and prioritise efforts to diversify income.

    - Staffing and key personnel – Recruitment and retention of skilled staff is essential to our work. We mitigate this by offering flexible working, a positive organisational culture, and ongoing review of pay benchmarking and wellbeing support.

    - Safeguarding – Safeguarding remains a core priority in our work with vulnerable children and adults. Our policy was updated in 2024, with annual reviews and mandatory training for all relevant staff and volunteers. Oversight is led by our Safeguarding Trustee, Catherine Pearson.

    - Premises – Our lease has been extended until 2026, giving short-term security, but we are actively seeking alternative premises to ensure future sustainability and space for growth.

We also maintain regular scenario planning, cash flow forecasting, and strong internal controls to monitor the impact of external pressures such as inflation and funding volatility.

11. **Objectives, activities, achievements, and performance.**

Bag Books is the only organisation in the world solely dedicated to publishing and delivering multi-sensory stories for people with severe or profound and multiple learning disabilities (PMLD and SLD). Our charitable objects are listed on page 2.

The Trustees' strategic aim is: **"To enhance the lives of children and adults with learning disabilities through the use of multi-sensory books."**

Our 2023–2028 Strategy builds on this aim, adapting our delivery to strengthen resilience, broaden reach, and improve access to our resources and training across the UK.

12. As part of their strategy, the Trustees have set out the following aims to drive Bag Books' mission:

- Use stories to spark curiosity, interaction, and connection through hands-on sensory engagement.
- Support communication, language, and motor development in a way that's accessible, meaningful, and enjoyable.
- Foster emotional expression and build confidence through creative, immersive storytelling.
- Equip carers, educators, and families with the tools and training to deliver multi-sensory stories effectively.
- Champion co-creation by involving people with learning disabilities in shaping the stories that represent and reflect their lives.

13.` **Delivering on Our Purpose: Review of 2024**

Bag Books exists to bring joy, connection, and creativity to people with complex learning disabilities through multi-sensory storytelling. In 2024, our work continued to be driven by five key objectives, embedded across everything we do:

- Promote multi-sensory storytelling in schools, libraries, day centres, and community spaces.
- Design and produce inclusive books for people with profound and multiple learning disabilities.
- Train carers, educators, and families to become confident sensory storytellers.

- Involve people with learning disabilities in creating stories through accessible craft experiences.
- Build long-term organisational resilience through strong governance, partnerships, and infrastructure.

Each of the following sections shows how we put these objectives into action in 2024, and where we're heading next.

14. **Bringing Stories to Life, Nationwide**

Charitable Objective 1: To promote multi-sensory storytelling across education, health and community settings.

As part of our Sensory Stories project, our multi-sensory storytelling sessions took place in 62 special schools across the UK, reaching over 1,760 children with severe or profound learning disabilities. Every child experienced interactive storytelling with handcrafted objects and received a book to keep.

"The storytelling was magical. The props brought the story to life in a way nothing else could. The pupils were completely absorbed."
Special School Teacher, East Midlands

We also ran sessions in hospices, day centres, and libraries, with over 2,000 people reached in person. Our continued partnership with World Book Day ensured our sensory storytelling resources were distributed to every school in the UK.

Looking ahead, secured National Lottery funding for 2025 will allow us to expand our Lend A Story project, connecting libraries and adults with complex needs through inclusive storytelling experiences.

15. **Creating Stories That Matter**

Charitable Objective 2: To develop and produce appropriate multi-sensory literature for people with severe and profound learning disabilities.

In 2024, we handcrafted 677 books, ranging from bespoke commissions to new wipe-clean titles designed for hospice and healthcare environments. Fresh releases included *Yolande's Swim*, *The Magic Show*, and DIY stories like *Sam's First Day at School*, *Remembering Grandad*, and *Logan's Visit to Hospital*.

A standout project was our collaboration with the North York Moors National Park. As part of their Ryevitalise programme, we created and delivered a commissioned story, *Riley and the Magic River*, alongside tailored training for staff.

Meanwhile, demand for our free downloadable stories soared. With over 8,000 DIY story downloads - up 256% from 2023 - we're reaching more educators, families, and carers than ever before.

"I use Bag Books with children who have profound disabilities and can't access conventional books. These are the only books they can truly experience." Specialist SEN Teacher

16. **Training and Empowering Others**

Charitable Objective 3: To train carers, professionals and families in multi-sensory storytelling techniques.

In 2024, we trained over 370 people - teachers, carers, librarians, and parents- to deliver immersive storytelling sessions with confidence.

This included 62 special schools, 51 libraries, and a growing number of day centres and community settings. Our training helps build long-term impact by equipping others to use our books meaningfully every day.

We also piloted our online *Introduction to Multi-Sensory Storytelling* course, which received excellent feedback and will become part of our new video training hub launching in 2025.

"The training has transformed how I share books with my class. It's given me a new way to reach them." Early Years Educator, Newcastle

17. **Inclusive Creativity in Action**

Charitable Objective 4: To provide inclusive story production experiences for people with learning disabilities.

From craft sessions in schools and day centres to new collaborations with groups like Mencap Bexley, 2024 saw creative co-creation come to life.

In one of our proudest moments, we helped Kingston Libraries develop a sensory story collection for adults living with dementia – widening access beyond our traditional audience.

"Watching participants take pride in the story they helped make was incredibly powerful. Everyone felt included and valued." - Day Centre Manager

18. **Strengthening Our Foundation**

Organisational Objectives: To ensure long-term financial stability and strengthen governance, infrastructure and volunteer engagement.

2024 marked a pivotal year of recovery and consolidation. Book sales held strong, training income grew, and our funding pipeline was strengthened thanks to a range of new funders from the Foyle Foundation received at the end of 2023 and Arts Council England in 2024. These built momentum towards the confirmation of major multi-year awards from the National Lottery and City Bridge Foundation in early 2025. We continued to diversify income and reach through bespoke commissions, including a creative collaboration with the North York Moors National Park, combining story production and staff training.

We benefited from 132 days of volunteer support, valued at over £11,000, and hosted popular corporate Craft Days with teams from Salesforce, Innocent and AND Digital. Our year-long partnership with AND Digital also delivered strategic digital support, adding real value to our transformation journey.

Michael Davies was recruited to join our board at the end of year, and we extended our lease to May 2026 while actively searching for new premises. We also completed a full brand refresh. Our new visual identity and website – launching in 2025 – will make it easier for families, carers and professionals to access our stories, training and free resources.

- Expand storytelling delivery across the UK through our Sensory Stories and Lend A Story project
- Deepen community partnerships and co-creation work – piloting craft-based workshops in mainstream and special schools, as well as adult day centres, to

19. **Looking Ahead**

In 2025, we aim to:

- Launch our new website and training video hub
- Release new stories and free downloads for families and professionals
- Expand storytelling delivery across the UK through our Sensory Stories and Lend A Story project
- Deepen community partnerships and co-creation work – piloting craft-based workshops in mainstream and special schools, as well as adult day centres, to build connection through shared creativity
- Secure long-term premises to support future growth

Every story we tell opens a door to connection, joy, and inclusion. We remain proud to be the only organisation in the world solely dedicated to multi-sensory books for those with the most complex needs and determined to reach even more people in the years ahead.

20. Our goal in 2024 was to reach over 20,000 children and adults with learning disabilities through our stories and training. With in-person storytelling sessions delivered across 62 schools, as well as in hospices, day centres and libraries, and with thousands more engaging with our books, training, and free online resources, we are confident this target was met.

    Bag Books titles are designed to last, and we offer affordable replacement parts to extend their use. Over the past five years, our books have been used in more than 1,100 schools, libraries, hospices, and day centres across the UK. Based on historic survey data, each book reaches an average of 30-40 individuals per year, helping ensure our stories make a long-lasting impact.

Financial review

21. Income for 2024 totaled £241,142, representing a 7% decrease on the previous year (2023: £258,389). As forecast, it was a challenging year for many in the sector, with the cost-of-living crisis and inflation placing pressure on core costs. While income from trusts and foundations declined by 28%, we were heartened to see strong growth in individual donations (up 67%) and in-kind support. Careful financial management, combined with longstanding relationships with key funders, enabled us to maintain stability. Looking ahead, the confirmation of major multi-year grants in early 2025 has significantly strengthened our financial outlook.

22. Part of our risk management approach throughout 2024 was to maintain tight control over expenditure to protect the charity during what remained a challenging financial climate. Our total expenditure for the year was £329,824, a modest increase from £319,000 in 2023. We closely monitored spending throughout the year, ensuring that all costs remained proportionate to our delivery goals and aligned with our strategic priorities.

23. This resulted in our net resources standing at -£88,683 (2023: -£60,611). Our Restricted Funds increased to £109,424 (2023: £32,248), while Unrestricted Funds stood at £131,717 (2023: £226,141).

    Encouragingly, book sales rose to £58,338 (2023: £42,327), highlighting sustained demand for our stories. The most significant drop was in income from trusts and foundations, reflecting national trends and increased competition for limited funds.

Although 2024 closed with a deficit, we remained proactive in managing pressures. Careful oversight and timely decision-making helped us weather the year, and the confirmation of major multi-year grants in early 2025 has since substantially strengthened our position and outlook for the year ahead.

Budget for 2025

24. The Trustees have approved a 2025 budget with a projected income of £368,927 (2024: £360,540), of which £114,712 was secured at the start of the year. Forecasted expenditure stands at £361,720 (2024: £358,012).

In line with our ongoing financial risk management, we have adopted a prudent and flexible approach to budgeting, with regular review points built in to respond to the evolving funding landscape.

Reserves policy

25. In 2024, we made a planned and strategic use of reserves to sustain delivery and protect our team. This decision was underpinned by our financial risk assessment process, which regularly reviews projected income, expenditure, and reserve levels. As a result, unrestricted reserves at year-end stood at £70,864 (2023: £218,874). While lower, this remains within the parameters of our Reserves Policy.

We begin 2025 with multi-year funding secured, a balanced and carefully considered budget, and strong systems in place to monitor our financial performance and ensure continued resilience.

26. Given the volatility of much of our income, the Trustees will continue to monitor reserves closely throughout the year, ensuring any surplus is directed towards charitable activity.

Staff pension arrangements

27. 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

28. Our insurance policy automatically includes Trustee indemnity insurance.

Fundraising performance

29. Direct fundraising costs were £450 (2023: £300), representing just 0.14% of total expenditure. Including allocated support costs, we invested a total of £52,309 in fundraising (2023: £53,614), which equates to 15.9% of our total expenditure for the

year. This generated voluntary income of £167,606 (2023: £203,465), accounting for 70% of our total income.

Income from corporate partners reached £5,021 (2023: £17,859), a decrease of 72%. This reflects the wider economic climate, with many companies reducing or refocusing charitable contributions in line with tightened budgets, a pattern broadly consistent with national trends.

Income from individuals grew to £19,361 (2023: £11,557), an increase of 67%, demonstrating the strength of public support for our work. Gifts in Kind remained stable, with £9,531 received in 2024 (2023: £9,352).

While 2024 remained challenging, our strong pipeline, confirmed multi-year funding, and planned fundraising activity provide a positive outlook for 2025.

30. 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

31. 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;

32. 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.

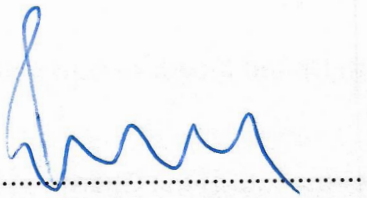
Statement of disclosure to auditors

33. 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

34. A resolution to confirm the reappointment of Wyatts as the company auditor will be proposed at the Annual General Meeting on 28th October 2025.

Approved by the Board of Trustees on 1st September and signed on its behalf:



.....

Jonathan Walsh, Chair

10th September 2025

Opinion

We have audited the financial statements of BAG BOOKS (the 'charity') for the year ended 31 December 2024 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 2024 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

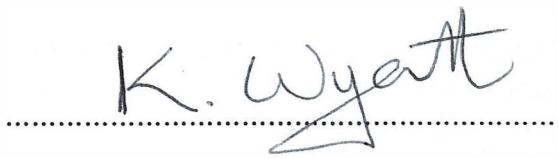
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If 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

10th September 2025

Statement of Financial Activities

	Notes	Unrestricted Funds £ 2024	Unrestricted Funds £ 2023	Restricted Funds £ 2024	Restricted Funds £ 2023	Total £ 2024	Total £ 2023
INCOME							
Donations & legacies		58,182	171,217	109,424	32,248	**167,606**	203,465
Charitable activities							
Book Production		58,338	42,328		0	**58,338**	42,328
Storytelling & Training		5,467	3,035		0	**5,467**	3,035
Investments		199	209		0	**199**	209
Other							
Gifts in kind		9,531	9,352		0	**9,531**	9,352
TOTAL INCOME		**131,717**	**226,141**	**109,424**	**32,248**	**241,141**	258,389
EXPENDITURE							
Raising funds		61,639	71,997		0	**61,639**	71,997
Charitable activities							
Book Production		147,471	127,603	33,876	48,423	**181,347**	176,026
Storytelling & Training		70,617	51,452	16,221	19,525	**86,838**	70,977
TOTAL EXPENDITURE	**2, 3**	279,727	251,052	50,097	67,948	**329,824**	319,000
OPERATING SURPLUS / (DEFICIT)		**(148,010)**	**(24,911)**	**59,327**	**0**	**(88,683)**	(60,611)
Net gains / (losses) on investments			4,733		0	**0**	4,733
Net income / (expenditure)		**(148,010)**	**(20,178)**	**59,327**	**(35,700)**	**(88,683)**	(55,878)
Reconciliation of funds							
Total funds brought forward		218,874	239,052	23,500	59,200	**242,374**	298,252
Total funds carried forward		70,864	218,874	82,827	23,500	**153,691**	242,374

All activities relate to continuing operations.

The notes on pages 21 to 26 form part of these financial statements.

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

Balance Sheet

	Notes	2024 Total £	2023 Total £
Fixed Assets			
Tangible assets	5	991	1,409
Current Assets			
Stock		31,237	32,787
Trade debtors		4,654	3,302
Prepayments		1,009	1,020
Other Debtors		29,933	5,200
VAT repayable		0	596
Cash at bank and in hand		99,040	210,634
Total Current Assets		165,873	253,539
Creditors due within one year:			
Trade creditors		130	653
Tax and social security		7,586	7,690
Other creditors		5,271	4,231
VAT Liability		186	0
Deferred income		0	0
Total Current Liabilities		13,173	12,574
Net current assets		152,700	240,965
Net assets		153,691	242,374
FUNDS			
General funds	7	70,864	218,874
Restricted funds	8	82,827	23,500
Total Funds		153,691	242,374

The financial statements were approved by the Board of Trustees on 10th September 2025 and signed on its behalf by

.....
Jonathan Walsh, Chair

The notes on pages 23 to 29 form part of these financial statements.

Cash Flow Statement

	Notes	2024 Total £	2023 Total £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	9	***(111,007)***	***33,493***
Cash flows from investing activities			
Dividends, interest and rents from investments		(199)	(209)
Proceeds from sale of property, plant and equipment		0	0
Purchase of property, plant and equipment		(388)	0
Proceeds from sale of investments		0	4,733
Net cash provided by (used in) investing activities		***(587)***	***4,524***
Cash flows from financing activities		**0**	**0**
Net cash provided by (used in) financing activities		***(111,594)***	***38,017***
Change in cash and cash equivalents in the reporting period		***(111,594)***	***38,017***
Cash and cash equivalents at the beginning of the reporting period		210,634	253,153
Cash and cash equivalents at the end of the reporting period		**99,040**	**210,634**

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**	**2024 Total**	**2023 Total**
	£	**£**	**£**	**£**
Wages and salaries	195,887	26,963	222,850	215,226
Materials and consumables	23,620	3,251	26,871	25,049
Storytelling and training	0	12,150	12,150	8,586
Craft Workers/Volunteer Expenses	1,054	145	1,199	462
Direct Fundraising Costs	396	54	450	300
Rent and services	28,696	3,950	32,646	32,634
Utility Bills	4,320	595	4,915	11,263
Repairs and renewals	1,108	153	1,261	963
Telephone, Broadband and Computers	4,503	620	5,123	4,855
Distribution costs	3,189	439	3,628	2,623
Insurance	2,914	401	3,315	3,246
Advertising and promotion	6,083	837	6,920	5,102
Governance (Audit)	4,045	0	4,045	3,990
General expenses	2,503	344	2,847	3,003
Bank charges	701	97	798	793
Depreciation	708	98	806	905
Total Resources expended	**279,727**	**50,097**	**329,824**	**319,000**

3. Allocation of Support Costs	Raising funds £	Charitable Activities £	2023 Total £	2023 Total £
Proportion				
Wages and salaries	30,999	60,174	91,173	90,934
Rent and services	11,100	21,546	32,646	32,634
Utility Bills	1,671	3,244	4,915	11,263
Repairs and renewals	429	832	1,261	963
Telephone, Broadband and Computers	1,742	3,381	5,123	4,855
Insurance	1,127	2,188	3,315	3,246
Advertising and promotion	2,353	4,567	6,920	5,102
Governance (Audit)	1,375	2,670	4,045	3,990
General expenses	968	1,879	2,847	3,003
Bank charges	271	527	798	793
Depreciation	274	532	806	905
Total Support Costs	**52,309**	**101,540**	**153,849**	**157,688**
Direct Costs	9,330	166,645	175,975	161,312
Total Costs	**61,639**	**268,185**	**329,824**	**319,000**

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 £	2023 £
Salaries	205,331	197,372
Social security costs	12,337	12,634
Employer's contribution to NEST pension scheme	5,182	5,220
Total costs	**222,850**	**215,226**
The average number of employees during the year	8	8
The average number of employees (full-time equivalent) during the year	5.18	5.5
Total employee benefits to the key management personnel listed on page 2	145,975	144,838
The average number of key management personnel (full-time equivalent)	2.6	2.6

No employees received remuneration exceeding £60,000 (2023: Nil)

5. Tangible Fixed Assets

	£
Cost	
At 1 January 2024	42,686
Additions	388
Disposals	0
At 31 December 2024	43,074
Depreciation	
At 1 January 2024	41,227
Disposals	0
Charge for the year	806
At 31 December 2024	42,083
Net Book Value	
At 31 December 2024	991
At 31 December 2023	1,409

6. Analysis of funds

Summary of fund movements are as follows

	1 Jan 2024	Income	Expenditure	31 December 2024
	£	£	£	£
Unrestricted Funds	218,874	131,717	(279,727)	70,864
Restricted Funds	23,500	109,424	(50,097)	82,827
Total all Funds	242,374	241,141	(329,824)	153,691

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 2024	31 December 2023
	£	£	£	£
General Funds				
Fixed assets	1,409	(418)	991	1,409
Net current assets	217,465	(147,592)	69,873	217,465
Total unrestricted funds	218,874	(148,010)	70,864	218,874

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 2024 £	31 December 2023 £
Restricted Funds				
Fixed assets	-	-	-	-
Net current assets	23,500	59,327	82,827	23,500
Total restricted funds	23,500	59,327	82,827	23,500

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 £
Pilkington	£5,000.00		£5,000.00	£0.00
The 29 May Charitable Trust	£2,000.00		£2,000.00	£0.00
The Barbara Ward Childrens Foundation	£5,000.00		£5,000.00	£0.00
The Clare Milne Trust	£5,000.00		£5,000.00	£0.00
Sir John Eastwood Foundation	£1,000.00		£1,000.00	£0.00
Harmoney Energy/Pillswood	£1,500.00		£1,500.00	£0.00
Worshipful Company of Makers of Playing Cards	£3,000.00		£3,000.00	£0.00
Millichope Foundation	£1,000.00	1,000	£1,000.00	£0.00
Barnwood Trust		£6,846.00	£6,846.00	£0.00
The Hugh Fraser Foundation		£5,000.00		£5,000.00
The Mulberry Trust		£2,222.00	£2,222.00	£0.00
The Austin Bailey Foundation		£1,140.00	£1,140.00	£0.00
Worshipful Company of Makers of Playing Cards		£3,000.00		£3,000.00
The Alchemy Foundation		£1,000.00		£1,000.00
The Barbara Ward Children's Foundation		£5,000.00	£1,000.00	£4,000.00
The 29 May 1961 Charitable Trust		£2,000.00		£2,000.00
National Lottery- Awards For All		£18,469.00	£9,825.00	£8,644.00
Sir John Eastwood Foundation		£1,000.00	£1,000.00	£0.00
Charities Aid Foundation - Clifford Chance		£6,840.00		£6,840.00
Charles French Charitable Trust		£4,564.00	£4,564.00	£0.00
North York Moors National Park Authority				
The Eveson Charitable Trust		£11,410.00		£11,410.00
Chalk Cliff Trust		£5,000.00		£5,000.00
The G C Gibson Charitable Trust		£5,000.00		£5,000.00
Arts Council		£29,933.00		£29,933.00
TOTALS	**£23,500.00**	**£109,424.00**	**£50,097.00**	**£82,827.00**

9. Reconciliation of net income/(expenditure) to net cash flow from operating activities	**2024**	**2023**
	£	**£**
Net income/(expenditure) for the reporting period	**(88,683)**	**(55,878)**
Adjustments for:		
Depreciation charges	806	905
(Gains)/losses on investments	0	(4,733)
Dividends, interest and rents from investments	199	209
Loss/(Profit) on the sale of fixed assets		
(Increase)/decrease in stocks	1,550	7,178
(Increase)/decrease in debtors	(25,478)	86,119
Increase/(decrease) in creditors	599	(307)
Net cash provided by (used in) operating activities	**(111,007)**	**33,493**

10. Capital

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

BAG BOOKS

England & Wales - Charity number 1026432

Accounts

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.

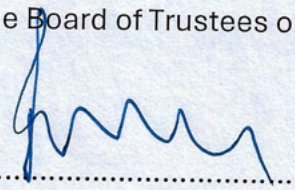
Statement of disclosure to auditors

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:



.....

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.

BAG BOOKS

England & Wales - Charity number 1026432

Accounts

Charity No: 1026432
Company No: 2846227

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

BAG BOOKS
Year ended 31 December 2022
Reference and administrative information

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

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

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

The charitable company is governed under its Articles of Association.

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

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

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

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

Charity Number
1026432

Company Number
02846227

VAT Number
GB 994 0287 86

BAG BOOKS
Year ended 31 December 2022
Reference and administrative information

Trustees and directors
Jan Stogdon, Chair (retired November 2022)
Jonathan Walsh, Chair (appointed April 2022)
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 2022. The legal and administrative information set out on pages 2 and 3 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities (issued July 2015): FRS 102.

Introduction

Bag Books is a charity which works to help develop communication skills in children and adults with the most severe learning disabilities. We do this through:

- making multi-sensory books
- running specialist multi-sensory storytelling sessions
- training people in multi-sensory storytelling

Multi-sensory books can be enjoyed without being understood. They are designed for people with profound & multiple learning disabilities (PMLD – a maximum developmental age of 18 months), people with severe learning disabilities (SLD – a maximum developmental age of 6 years) or people with severe autistic spectrum disorders. The multi-sensory books comprise a large-print storyboard with 6-12 lines of text. Each line of the story is matched with a specially selected object (many of them handmade) which participants are helped to access hand-over-hand with the storyteller. These objects engage the senses of sight, sound, touch, smell and motion.

Executive Summary

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

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

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

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

Structure, governance and management

1. Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

2. Trustees are elected by the Members at the Annual General Meeting, and at each meeting, a third retire by rotation. Trustees can be appointed during the year but must then be elected at the subsequent Annual General Meeting.

3. The Trustees meet quarterly and have been selected on the basis of experience and knowledge of severe and profound intellectual and physical disabilities and/or specialist skills in law, business and fundraising.

4. Any Trustee vacancies are openly advertised, and new Trustees are inducted into the workings of the charity through a tour of the craft workshop, informal discussions with staff and volunteers and the opportunity to observe storytelling sessions with beneficiaries. An induction pack is provided, which includes copies of the Memorandum and Articles of Association, the most recent Audited Accounts, minutes of the last two Board meetings and the Charity Commission's booklet "The Essential Trustee."

5. We finished the year with five Trustees in post:
   - Jan Stogdon, our Chair, was formerly the Headteacher of a special school and has over 30 years of experience teaching children with severe learning disabilities. Jan became a trustee on 01/05/12 and our Chair on 30/01/18. Due to ill health, Jan stepped down as Chair in April 2022 and formerly resigned from the board in November 2022.
   - Jonathan Walsh, a solicitor, has been a Trustee since 26/04/06 and was appointed as Chair in April 2022.
   - Rachel Tyson, our Treasurer, is a qualified accountant currently working for a private entrepreneur and philanthropist. Rachel has been a Trustee and Treasurer since 06/11/12.
   - Karl Massey has worked in financial markets since 1988. Karl is a Member of the Development Board of the Physics Department, University of Oxford. Member of

the Institute of Physics, Fellow of the Royal Society for Arts. He is a Member of the Investment Committee of the Athenaeum Club, London. Karl has been a Trustee since 31/10/17

- Catherine Pearson, the Team Leader of the Early Years Special Educational Needs Team for the Borough of Lambeth. She has been working with children with autism and other needs and their families since 2007. Catherine has been a Trustee since 30/01/18.
- Natasha Theobald, a charity marketing professional with over 20 years' experience. Natasha has been a Trustee since 20/07/10.

6. Although three people have been Trustees for more than ten years, the other Trustees have considered this and concluded that their experience is beneficial to the charity and that there is a reasonable balance of time served as a Trustee across the Board as a whole. The average time served is now 10 years. We will be actively recruiting new trustees in 2023.

7. The Trustees employ a Chief Executive to manage the charity alongside a Storytelling Manager, Craft Workshop Manager, and a Finance Officer. The charity also employs a Fundraising & Communications Executive, a Senior Craft Artist, a Production Assistant, and a Craft Artist. Only one member of staff is full-time. The remuneration of all staff members is reviewed annually when the Trustees set the budget for the forthcoming year. In addition, the charity has contracts with 9 freelance Storytellers who are based throughout the UK.

8. Regular volunteers are invaluable to multi-sensory book production: all knitted items for the stories and a considerable amount of hand sewing is supplied by volunteers. We are also grateful to the teams of corporate volunteers who join us during the year for Craft Days. Due to Covid, our Craft Days had been on pause; however, we were very pleased to restart these with Salesforce and Experian during the later part of 2022. We estimate that our volunteers donated a total of 92 days to us during 2022, and the value to the charity of this work is around £7,636, but this sum is not included in these accounts.

9. Bag Books is a member of the PMLD Network, the European Academy of Childhood Disability and the National Council of Voluntary Organisations. The charity is also registered with the Fundraising Regulator. The Chief Executive is a member of the Association of Chief Executives of Voluntary Organisations. The Storytelling Manager is a member of the Epilepsy Society and the National Autistic Society.

Risk management policy

10. The Trustees annually review the major risks to which the charity is exposed. These have been identified as the over-reliance on a small pool of funders, mitigated by constantly monitoring reserve levels and attempting to widen the number of funders The loss of key personnel, mitigated by ensuring we offer a flexible working

environment and the failure to protect children and/or vulnerable adults, which is mitigated by ensuring we comply with Disclosure and Barring Service regulations and having a robust Safeguarding Policy in place. Our Safeguarding Policy and Procedures are reviewed annually and include annual training for relevant staff and volunteers. The end of our current office lease also features on our risk register. We have extended our lease until early 2024, knowing we will actively pursue new premises in 2023.

11. The Covid-19 global pandemic was also added as a key risk to the charity in 2020, and a range of risk management activities were introduced. This included increased meetings between the Senior Leadership Team and trustees, scenario planning on strategy and priorities, the regular review of cashflows and budgets, the strengthening of controls around expenditure and cash flow forecasting, a full review of health and safety and HR policies and procedures; and a full review of IT systems to aid remote working. Considering the continuing obstacles caused by Covid (our beneficiaries are particularly vulnerable), Brexit and the cost-of-living crisis, all these areas are ongoing and subject to change. The risk register is presented and updated at each trustee meeting.

Objectives, activities, achievements, and performance

12. Bag Books is still the only organisation in the world publishing multi-sensory stories for people with severe or profound & multiple learning disabilities. The charitable objects are stated on page 2 of this report. The Trustees have adopted the following mission statement:

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

In August 2017, the Trustees held a biennial "Away Day" at which they reviewed the Charity Commission document "Charity governance, finance and resilience: 15 questions trustees should ask" and "The Charity Governance Code." The outcome was our "Strategic and Business Plan 2017-2022"

13. As part of their strategy, the Trustees adopted the following aims:
- To motivate children and adults with learning disabilities to engage with objects and materials, and their peers.
- To develop the language, communication and motor skills of children and adults with learning disabilities.
- To develop the emotional perception of children and adults with learning disabilities.
- To enable professional workers and parents/carers in contact with children and adults with learning disabilities to make use of tactile and multi-sensory books.
- To enable children and adults with learning disabilities to be involved in story development and production.

14. The Trustees have also adopted six Charitable Objectives and two Organisational Objectives. Set out on pages 8 - 11 is a review of what we intended to do in 2022 (as stated in our 2021 accounts), and what we achieved during 2022.

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

We said we would:

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

In 2022 this is what we did:

- Our Sensory Stories project collaborates with special schools in the UK that cater for students with severe and/or profound and multiple learning disabilities. As part of the project, each participating school receives a day of multi-sensory storytelling from one of our Storytellers, along with our specially crafted books and training resources. Due to high covid rates in the first part of 2022, we were not able to resume our face-to-face sessions until July 2022. During the year, we supported 20 schools.

- We have continued to create digital content (new stories and specially recorded live story sessions) for teaching staff to use within schools as well as sharing with pupils' families to access at home. This work has garnered an overwhelmingly positive response, and we were able to support 32 schools in this manner. An impressive 97% of those who participated rated the sessions as '5/5 Excellent' and confirmed that they now feel more empowered to create multi-sensory stories in their classrooms.

- Our weekly story sessions, through Facebook Live and YouTube continued throughout 2022. Our videos were viewed over 15,000 times, and our DIY resources were downloaded over 2,220 times. Funding was secured in 2022 to improve our website. A new organisational rebrand and website will be completed in 2023.

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

In 2023 we plan to:

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

16. **Charitable Objective 2** *To develop a range of appropriate literature for children and adults with Severe and Profound & Multiple Learning Disabilities.*

We said we would:

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

In 2022 this is what we did:

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

In 2023 we plan to:

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

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

We said we would:

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

In 2022 this is what we did:

- The number of "classic" books completed was 784.
- We now have 11,517 (2021: 9,213) registered users on our website for our DIY range of stories.

In 2022 we plan to:

- Increase book production in line with our bookshop sales and funded work.
- Continue to review and improve our current book offer, ensuring a consistently high standard of work.
- Source more capital funding to improve our workshop equipment, enabling us to create books to a consistently high standard.

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

We said we would:
- Continue fundraising for multi-sensory storytelling visits.
- Offer in-person storytelling sessions at schools across the UK

In 2022 this is what we did:
- We supported over 85 teaching staff throughout the year via both our online and face-to-face multi-sensory storytelling sessions.
- We received feedback from 36 special needs teachers who collectively observed their pupils participating in one of our storytelling sessions (either in person or digitally). Those teachers judged that 93.8% (2021: 92.6%) of the children in their class benefited from the Bag Books multi-sensory storytelling session. 97.2% of teachers rated their overall satisfaction with our service as either 4/5 or 5/5 (2021: 97%).

In 2023 we plan to:
- Continue fundraising for multi-sensory storytelling visits.
- Offer in-person storytelling sessions at schools across the UK.

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

We said we would:
- Continue to organise a series of digital training sessions for parents and library staff as part of our *Lend-A-Story* project.
- Continue to review and renew our digital library of online training videos.
- Organise in-person training once it is safe to do so.

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

In 2023 we plan to:
- Organise a series of face-to-face and online training sessions for parents/carers, teachers, librarians and other SEND professionals.
- Update our digital library of online training videos that will form part of our new website's resource hub.

20. **Charitable Objective 6** *To provide story production craft experience opportunities to people with severe or profound & multiple learning disabilities.*

We said we would:

- Continue running the *Build-a-Book* project at schools and adult settings within London and South East England if funding becomes available.

In 2022 this is what we did:

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

In 2023 we plan to:

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

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

We said we would:

- Continue to act conservatively, considering income levels are still impacted by the pandemic and the fundraising landscape is competitive.
- Apply for some multi-year grants to give us more predictable income in the future.

In 2022 this is what we did:

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

In 2023 we plan to:

- Continue to act conservatively, considering income levels are still impacted by the pandemic and the fundraising landscape is competitive.
- Apply for some multi-year grants to give us a more predictable income in the future.

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

We said we would:

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

In 2022 this is what we did:

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

In 2023 we plan to:

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

23. Overall, we aimed to reach at least 25,000 people with learning disabilities during 2022. Our books tend to last for at least five years as we offer an at-cost replacement parts service. Over the past five years, we have supplied our classic books to over 1,150 different schools, libraries, hospices, and day centres. Previous surveys have shown that in these locations, our books reach an average of 22 people with learning disabilities each year. We therefore estimate that this target was easily met. We will aim to reach 25,000 people with learning disabilities in 2023.

Financial review

24. Income decreased by 12% to £246,989 (2021: £277,690). We were aware that 2022 was likely to be difficult, but we had been hopeful at the end of 2021, when the budget was set, that our activities would be back to normal during 2022. However, like numerous charitable organisations in the UK, Bag Books faced significant challenges in 2022. The cost-of-living crisis and escalating inflation put a strain on our production and operational expenses. Additionally, we experienced a decline in corporate and individual donations, while the competition for funding from trusts and foundations intensified considerably. Fortunately, due to the invaluable support from several key funders and our dedicated efforts in previous years to establish robust reserves, we were able to stabilise the charity's financial situation.

25. Part of our risk management was to ensure tighter control over our expenditure to protect the charity during 2022, as we did during the pandemic. We were able to attain this, and our expenditure for the year was £320,472. Our budget for the year had a predicted expenditure of £415,530, so actual expenditure was, in fact, 30% under budget.

26. This has resulted in our net resources sitting at -£73,483 (2021: £6,192). Our Restricted Funds saw a decrease of £55,650, giving a total of £39,133, and our Unrestricted Funds increased to £207,856 (2021: £182,907). Our book sales increased during 2022 to £50,701 (2021: 43,520).

Budget for 2023

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

Reserves policy

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

29. Our budgeted expenditure for 2023 is £401,927, of which £56,040 had already been secured, and £39,133 was covered by Restricted Funds, leaving a balance of £306,754 (2021: £283,317) to raise. It is worth noting that our expenditure includes additional members of staff that will not be recruited until funding is secured. Our Unrestricted Reserves are £239,052. Our Unrestricted Reserves are sufficient to cover 78% of this balance.

30. Given the volatile nature of much of our income, the Trustees will continue to closely monitor the reserves position throughout the forthcoming year, spending any surplus funds on charitable activities.

Staff pension arrangements

31. We joined the National Employment Savings Trust (NEST) pension scheme, and the charity has agreed to match employees' contributions up to 3% of their salary. A breakdown of staffing costs, including pension payments, appears in Note 4.

Trustee indemnity insurance

32. Our insurance policy automatically includes Trustee indemnity insurance.

Fundraising performance

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

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

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

Statement of responsibilities of the trustees

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

expenditure, for the period. In preparing those financial statements the Trustees are required to:

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

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

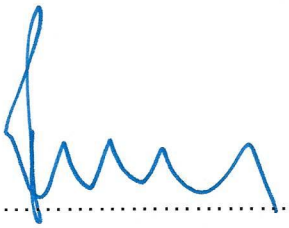
Statement of disclosure to auditors

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

Auditors

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

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



.....

Jonathan Walsh
Chair

16th August 2023

Opinion

We have audited the financial statements of BAG BOOKS (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

- Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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

16th August 2023

Statement of Financial Activities

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

All activities relate to continuing operations.

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

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

Balance Sheet

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

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

.....
Jonathan Walsh, Chair

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

Cash Flow Statement

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

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

3. Allocation of Support Costs	Raising funds £	Charitable Activities £	2022 Total £	2021 Total £
Proportion				
Wages and salaries	30,953	60,085	91,038	74,112
Rent and services	11,299	21,934	33,233	32,317
Utility Bills	1,069	2,074	3,143	2,410
Repairs and renewals	1,308	2,538	3,846	1,572
Telephone, Broadband and Computers	1,227	2,382	3,609	1,755
Postage and stationery	110	214	324	116
Insurance	1,136	2,205	3,341	2,218
Advertising and promotion	944	1,832	2,776	2,956
Governance (Audit)	1,349	2,620	3,969	3,655
General expenses	761	1,477	2,238	1,613
Bank charges	207	403	610	793
Depreciation	356	690	1,046	790
Total Support Costs	**50,719**	**98,454**	**149,173**	**124,307**
Direct Costs	30,156	141,143	171,299	147,191
Total Costs	**80,875**	**239,595**	**320,472**	**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:	2022 £	2021 £
Salaries	219,182	186,878
Social security costs	16,617	12,227
Employer's contribution to NEST pension scheme	5,833	4,908
Total costs	**241,632**	**204,013**
The average number of employees during the year	8.5	8.5
The average number of employees (full-time equivalent) during the year	6.2	6.2
Total employee benefits to the key management personnel listed on page 2	155,625	130,972
The average number of key management personnel (full-time equivalent)	2.8	2.8

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

5. Tangible Fixed Assets

	£
Cost	
At 1 January 2022	41,386
Additions	1,300
Disposals	0
At 31 December 2022	42,686
Depreciation	
At 1 January 2022	39,326
Disposals	0
Charge for the year	1,046
At 31 December 2022	40,372
Net Book Value	
At 31 December 2022	2,314
At 31 December 2021	2,060

6. Analysis of funds

Summary of fund movements are as follows

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

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

8. Restricted Funds

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

	Opening Balance £	Net Movement £	31 December 2022 £	31 December 2021 £
Restricted Funds				
Fixed assets	-	-	-	-
Net current assets	88,242	(29,042)	59,200	88,242
Total restricted funds	88,242	(29,042)	59,200	88,242

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

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

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

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

10. Capital

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

BAG BOOKS

England & Wales - Charity number 1026432

Accounts

Charity No: 1026432
Company No: 2846227

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

BAG BOOKS
Year ended 31 December 2021
Reference and administrative information

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

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

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

The charitable company is governed under its Articles of Association.

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

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

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

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

Charity Number
1026432

Company Number
02846227

VAT Number
GB 994 0287 86

BAG BOOKS
Year ended 31 December 2021
Reference and administrative information

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

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 2021. The legal and administrative information set out on pages 2 and 3 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities (issued July 2015): FRS 102.

Introduction

Bag Books is a charity which works to help develop communication skills in children and adults with the most severe learning disabilities. We do this through:

- making multi-sensory books
- running specialist multi-sensory storytelling sessions
- training people in multi-sensory storytelling

Multi-sensory books can be enjoyed without being understood. They are designed for people with profound & multiple learning disabilities (PMLD – a maximum developmental age of 18 months), people with severe learning disabilities (SLD – a maximum developmental age of 6 years) or people with severe autistic spectrum disorders. The multi-sensory books comprise a large-print storyboard with 6-12 lines of text. Each line of the story is matched with a specially selected object (many of them handmade) which participants are helped to access hand-over-hand with the storyteller. These objects engage the senses of sight, sound, touch, smell and motion.

Executive Summary

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

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

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

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

Structure, governance and management

1. Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

2. Trustees are elected by the Members at the Annual General Meeting and at each meeting a third retire by rotation. Trustees can be appointed during the year but must then be elected at the subsequent Annual General Meeting.

3. The Trustees meet quarterly and have been selected on the basis of experience and knowledge of severe and profound intellectual and physical disabilities and/or specialist skills in law, business and fundraising.

4. Any Trustee vacancies are openly advertised, and new Trustees are inducted into the workings of the charity through a tour of the craft workshop, informal discussions with staff and volunteers and the opportunity to observe storytelling sessions with beneficiaries. An induction pack is provided which includes copies of the Memorandum and Articles of Association, the most recent Audited Accounts, minutes of the last two Board meetings and the Charity Commission's booklet "The Essential Trustee."

5. We currently have six Trustees:
   - Jan Stogdon, our Chair, who was formerly the Headteacher of a special school. Jan has over 30 years' experience of teaching children with severe learning disabilities. Jan has been a Trustee since 01/05/12 and became Chair on 30/01/18.
   - Rachel Tyson, our Treasurer, is a qualified accountant currently working for a private entrepreneur and philanthropist. Rachel has been a Trustee and Treasurer since 06/11/12.
   - Karl Massey has worked in financial markets since 1988. Karl is a Member of the Development Board of the Physics Department, University of Oxford. Member of the Institute of Physics, Fellow of the Royal Society for Arts. He is a Member of the Investment Committee of the Athenaeum Club, London. Karl has been a Trustee since 31/10/17
   - Catherine Pearson, the Team Leader of the Early Years Special Educational Needs Team for the Borough of Lambeth. She has been working with children with autism and other needs and their families since 2007. Catherine has been a Trustee since 30/01/18.
   - Natasha Theobald, a charity marketing professional with over 20 years' experience. Natasha has been a Trustee since 20/07/10.
   - Jonathan Walsh, a solicitor. Jonathan has been a Trustee since 26/04/06

6. Although four people have been Trustees for more than ten years the other Trustees have considered this and concluded that their experience is beneficial to the charity and that there is a reasonable balance of time served as a Trustee across the Board as a whole. The average time served is now 9.5 years. In addition to the skills and experience listed above one of the Trustees is also the parent of a person with severe learning disabilities. We will be actively recruiting for new trustees in 2022.

7. The Trustees employ a Chief Executive to manage the charity alongside a Storytelling Manager, Craft Workshop Manager, and a Finance Officer. The charity also employs a Senior Craft Artist, a Volunteer Co-Ordinator, a Storytelling-Training Co-Ordinator, a Production Assistant, and a Craft Artist. Only one member of staff is full-time. The remuneration of all staff members is reviewed annually when the Trustees set the budget for the forthcoming year. In addition, the charity has contracts with 9 freelance Storytellers who are based throughout the UK.

8. Regular volunteers are invaluable to multi-sensory book production: all knitted items for the stories and a considerable amount of hand sewing is supplied by volunteers. We are also grateful to the teams of corporate volunteers who join us during the year for Craft Days. In a normal year, we are assisted by teams from several companies including Salesforce.com and Philips 66 and we are really looking forward to once again hosting our corporate volunteering sessions once it's safe to do so. We estimate that our volunteers donated 116 days to us during 2021 and the value to the charity of this work is around £9,628 but this sum is not included in these accounts.

9. Bag Books is a member of the PMLD Network, the European Academy of Childhood Disability, the National Council of Voluntary Organisations, and the Foundation for Social Improvement. The charity is also registered with the Fundraising Regulator. The Chief Executive is a member of the Association of Chief Executives of Voluntary Organisations. The Storytelling Manager is a member of the Epilepsy Society and the National Autistic Society.

Risk management policy

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

11. The Covid-19 global pandemic was also added as a key risk to the charity in 2020 and a range of risk management activities were introduced. This included increased meetings between the Senior Leadership Team and trustees, scenario planning on strategy and priorities, the regular review of cashflows and budgets, the strengthening of controls around expenditure and cash flow forecasting, a full review of health and

safety and HR policies and procedures; a full review of IT systems to aid remote working. All these areas are ongoing and subject to change.

Objectives, activities, achievements, and performance

12. Bag Books is still the only organisation in the world publishing multi-sensory stories for people with severe or profound & multiple learning disabilities. The charitable objects are stated on page 2 of this report. The Trustees have adopted the following mission statement:

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

    In August 2017, the Trustees held a biennial "Away Day" at which they reviewed the Charity Commission document "Charity governance, finance and resilience: 15 questions trustees should ask" and "The Charity Governance Code." The outcome was our "Strategic and Business Plan 2017-2021" (available in full on our website)

13. As part of their strategy, the Trustees adopted the following aims:
    - To motivate children and adults with learning disabilities to engage with objects and materials, and their peers.
    - To develop the language, communication and motor skills of children and adults with learning disabilities.
    - To develop the emotional perception of children and adults with learning disabilities.
    - To enable professional workers and parents/carers in contact with children and adults with learning disabilities to make use of tactile and multi-sensory books.
    - To enable children and adults with learning disabilities to be involved in story development and production.

13. The Trustees have also adopted six Charitable Objectives and two Organisational Objectives. Set out on pages 8 - 12 is a review of what we intended to do in 2021 (as stated in our 2020 accounts), what we achieved during 2021 and what our plans are for 2022.

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

We said we would:

- Organise another national multi-sensory storytelling day which will take place in September 2021 promoted via newsletter, web site and social media channels.
- Continue to develop our new digital strategy with an aim to connect with parents, carers and teachers to support those with SLD, PMLD and ASD and to promote multi-sensory storytelling.

In 2021 this is what we did:

- Through our *Once a Upon a Time* project, we work with special schools across the UK that cater for pupils with severe and/or profound & multiple learning disabilities offering multi-sensory storytelling sessions. Usually participating schools would receive a day of storytelling from one of our Storytellers alongside their gifted books but due to Covid-19 restrictions and/or high Covid rates within the community, in-person storytelling has not been possible. In response to this, we offered teaching staff access to online training/Q&A sessions with our Storytelling Manager to support the use of our books. New digital content has been created including new stories and specially recorded live story sessions for teaching staff to use within school as well as sharing with pupils' families to access at home whilst in lockdown or shielding. We have received a fantastic response for this work and supported 23 schools in this way during 2021. 98% of those involved graded the sessions '5/5 Excellent' and confirmed that they felt more able to create multi-sensory stories in class.
- Our weekly story sessions, through Facebook Live and YouTube continued throughout 2021. Our videos were viewed over 35,500 times, and our DIY resources were downloaded over 4,000 times. Funding was secured during the year to improve our web site. This work will be completed in 2022.
- The national multi-sensory storytelling day took place on 23rd September 2021 and was publicised through our website and social media channels.
- We successfully completed *Share-A-Story* a multi-sensory storytelling project developed to support 100 children and young people with special educational needs and disabilities and their families whilst in lockdown and/or shielding. Funded by the National Lottery, feedback was very positive with all the families involved saying that they continue to use their books on regular basis.

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

In 2022 we plan to:

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

16. **Charitable Objective 2** *To develop a range of appropriate literature for children and adults with Severe and Profound & Multiple Learning Disabilities.*

We said we would:

- Launch our new Early Years title and our new 'At Home' title.
- Launch a new series of sensitive stories, designed to help support individuals with sensitive issues.

In 2021 this is what we did:

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

In 2022 we plan to:

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

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

We said we would:

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

In 2021 this is what we did:

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

In 2022 we plan to:

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

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

We said we would:
- Continue fundraising for multi-sensory storytelling visits.

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

In 2022 we plan to:
- Continue fundraising for multi-sensory storytelling visits.
- Offer in-person storytelling sessions at schools across the UK.

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

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

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

In 2022 we plan to:
- Continue to organise a series of digital training sessions for parents and library staff as part of our *Lend-A-Story* project.
- Continue to review and renew our digital library of online training videos.
- Organise in-person training once it is safe to do so.

20. **Charitable Objective 6** *To provide story production craft experience opportunities to people with severe or profound & multiple learning disabilities.*

We said we would:

- Continue running the *Build-a-Book* project at schools and adult settings within London and South East England if funding becomes available.

In 2021 this is what we did:

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

In 2022 we plan to:

- When safe to do so, we will continue running the *Build-a-Book* project at schools and adult settings within London and Southeast England if further funding becomes available.

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

We said we would:

- Apply for some multi-year grants to give us more predictable income in the future.
- Keep a close eye on reserve levels.

In 2021 this is what we did:

- Recognising the impact, the pandemic was likely to have on the organisation, we immediately strengthened our controls around expenditure and cash flow forecasting.
- We secured Covid emergency funding to stabilise the charity and utilised the government's Covid Job Retention Scheme to furlough those members of staff unable to work from home.
- We introduced a Fundraising and Communication Executive to the team at the end of 2021.

In 2022 we plan to:

- Continue to act conservatively considering income levels are still impacted by the pandemic and the fundraising landscape is competitive.
- Apply for some multi-year grants to give us more predictable income in the future.

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

We said we would:

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

In 2021 this is what we did:

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

In 2022 we plan to:

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

23. Overall, our aim was to reach at least 25,000 people with learning disabilities during 2021. Our books tend to last for at least five years as we offer an at-cost replacements parts service. Over the past five years we have supplied our classic books to over 1,200 different schools, libraries, children's hospices or day centres. Previous surveys have shown that in these locations our books reach an average of 22 people with learning disabilities each year. We therefore estimate that this target was easily met. We aim to reach 25,000 people with learning disabilities during 2021.

Financial review

24. Income decreased by 30% to £277,690 (2020: £404,382). We had created a conservative budget for the year and had predicted income to be at £377,807. We were aware that 2021 would be difficult but we had been hopeful at the end of the 2020 (when the budget was set), that our activities would be back to normal during 2021. However, being met by a second national lockdown at the start of the year and continuing Covid restrictions, our plans were hindered somewhat. Due to our high level of reserves, we found ourselves (rightly) precluded from a lot of the emergency funding streams made available in the first half of 2021 which impacted our ability to secure the levels of funding we had hoped for during the year. Recognising the fundraising landscape will continue to be a challenging one, our fundraising capacity was addressed in 2021 and we added a fundraiser to the staff team to assist the CEO.

25. Part of our risk management was to ensure tighter control over our expenditure to protect the charity during 2021 and we were able to attain this and our expenditure for the year was £271,498 (2020: £274,854). Our budget for the year had predicted expenditure of £377,523 so actual expenditure was in fact 28% under budget.

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

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

Budget for 2021

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

Reserves policy

28. Our reliance on one-off donations from Charitable Trusts can make our income very unpredictable so our Reserves Policy is relatively conservative however part of our risk management for managing the impact of the pandemic on the charity has been to increase our reserves as much as possible to ensure our stability. 2022 looks likely to be a difficult year economically which in turn impacts the wider fundraising landscape and we are expecting that we will be moving premises in the next 6-12 months which means our expenditure in the short term is likely to be higher than usual. At the end of the year our Unrestricted Reserves (General Funds) were £282,901 (2020: £228,400).

29. Our budgeted expenditure for 2022 is £415,300 of which £37,200 had already been secured and £94,783 was covered by Restricted Funds leaving a balance of £283,317 (2020: £132,294) to raise. Our Unrestricted Reserves are just about sufficient to cover this balance (-£416).

30. Given the volatile nature of much of our income, the Trustees will continue to closely monitor the reserves position throughout the forthcoming year, spending any surplus funds on charitable activities.

Staff pension arrangements

31. We joined the National Employment Savings Trust (NEST) pension scheme and the charity has agreed to match employees' contributions up to 3% of salary. A breakdown of staffing costs including pension payments appears as Note 4.

Trustee indemnity insurance

32. Our insurance policy automatically includes Trustee indemnity insurance.

Fundraising performance

33. Direct fundraising costs were £620 (2020: £1,459) which represents just 0.06% (2020: 0.5%) of total expenditure. With Support Costs added, we invested a total of £42,454 (2020: £43,063) in fundraising and this produced voluntary income of £226,925 (2020: £361,135) which was 82% (2020: 89%) of our total income.

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

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

Statement of responsibilities of the trustees

35. The Trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including the net income or expenditure, for the period. In preparing those financial statements the Trustees are required to:
    a) select suitable accounting policies and then apply them consistently;
    b) make judgments and estimates that are reasonable and prudent;
    c) state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
    d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation; and
    e) observe the methods and principles in the Charities SORP.

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

Statement of disclosure to auditors

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

Auditors

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

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

Rachel Tyson
.....

Rachel Tyson
Treasurer
9th September 2022

Opinion

We have audited the financial statements of BAG BOOKS (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

9th September 2022

Statement of Financial Activities

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

All activities relate to continuing operations.

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

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

Balance Sheet

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

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

Rachel Tyson
.....
Rachel Tyson, Treasurer

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

Cash Flow Statement

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

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

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

4. Trustees and employees information

None of the Trustees (nor any other persons connected with them) received any remuneration, benefits or reimbursement of expenses from the charity during the year (2020: Nil). The insurance package for the charity automatically includes Trustee Indemnity Insurance.

Employee costs during the year were:	2021 £	2020 £
Salaries	186,878	180,111
Social security costs	12,227	111,204
Employer's contribution to NEST pension scheme	4,908	4,824
Total costs	**204,013**	**196,139**
The average number of employees during the year	8.5	8.5
The average number of employees (full-time equivalent) during the year	6.2	6.2
Total employee benefits to the key management personnel listed on page 2	130,972	135,528
The average number of key management personnel (full-time equivalent)	2.8	2.8

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

5. Tangible Fixed Assets

	£
Cost	
At 1 January 2021	40,035
Additions	1,351
Disposals	0
At 31 December 2021	41,386
Depreciation	
At 1 January 2021	38,536
Disposals	0
Charge for the year	790
At 31 December 2021	39,326
Net Book Value	
At 31 December 2021	2,060
At 31 December 2020	1,499

6. Analysis of funds

Summary of fund movements are as follows

	1 Jan 2021 £	Income £	Expenditure £	31 December 2021 £
Unrestricted Funds	228,400	195,687	(141,186)	282,901
Restricted Funds	123,771	94,783	(130,312)	88,242
Total all Funds	352,171	290,470	(271,498)	371,143

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

7. Unrestricted Funds

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

	Opening Balance £	Net Movement £	31 December 2021 £	31 December 2020 £
General Funds				
Fixed assets	1,499	(769)	1,499	1,499
Net current assets	226,901	(116,994)	226,901	226,901
Total unrestricted funds	228,400	(54,401)	282,901	228,400

8. Restricted Funds

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

	Opening Balance £	Net Movement £	31 December 2021 £	31 December 2020 £
Restricted Funds				
Fixed assets	-	-	-	-
Net current assets	123,771	(35,529)	88,242	123,771
Total restricted funds	123,771	(35,529)	88,242	123,771

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

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

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

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

10. Capital

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

BAG BOOKS

England & Wales - Charity number 1026432

Accounts

Charity No: 1026432
Company No: 2846227

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

BAG BOOKS
Year ended 31 December 2020
Reference and administrative information

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

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

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

The charitable company is governed under its Articles of Association.

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

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

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

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

Charity Number
1026432

Company Number
02846227

VAT Number
GB 994 0287 86

BAG BOOKS
Year ended 31 December 2020
Reference and administrative information

Trustees and directors
Jan Stogdon, Chair
Rachel Tyson, Treasurer
Karl Massey
Catherine Pearson
Chris Shaw (Resigned 16/06/20)
Natasha Theobald
Jonathan Walsh
Philip Wilson (Resigned 03/11/20)

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

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

Company Secretary
Lucy Barrett

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

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

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

The Trustees and Directors present their report and the audited financial statements for the year ended 31 December 2020. The legal and administrative information set out on pages 2 and 3 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities (issued July 2015): FRS 102.

Introduction

Bag Books is a charity which works to help develop communication skills in children and adults with the most severe learning disabilities. We do this through:

- making multi-sensory books
- running specialist multi-sensory storytelling sessions
- training people in multi-sensory storytelling

Multi-sensory books can be enjoyed without being understood. They are designed for people with profound & multiple learning disabilities (PMLD – a maximum developmental age of 18 months), people with severe learning disabilities (SLD – a maximum developmental age of 6 years) or people with severe autistic spectrum disorders. The multi-sensory books comprise a large-print storyboard with 6-12 lines of text. Each line of the story is matched with a specially selected object (many of them handmade) which participants are helped to access hand-over-hand with the storyteller. These objects engage the senses of sight, sound, touch, smell and motion.

Executive Summary

As we made our plans for year, we never dreamt that part of what we would have to deal with in 2020 was a global pandemic and its resulting lockdowns and restrictions.

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

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

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

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

Structure, governance and management

1. Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

2. Trustees are elected by the Members at the Annual General Meeting and at each meeting a third retire by rotation. Trustees can be appointed during the year but must then be elected at the subsequent Annual General Meeting.

3. The Trustees meet quarterly and have been selected on the basis of experience and knowledge of severe and profound intellectual and physical disabilities and/or specialist skills in law, business and fundraising.

4. Any Trustee vacancies are openly advertised, and new Trustees are inducted into the workings of the charity through a tour of the craft workshop, informal discussions with staff and volunteers and the opportunity to observe storytelling sessions with beneficiaries. An induction pack is provided which includes copies of the Memorandum and Articles of Association, the most recent Audited Accounts, minutes of the last two Board meetings and the Charity Commission's booklet "The Essential Trustee."

5. Following the AGM on 03/11/20 there were six Trustees:
   - Jan Stogdon, our Chair, who was formerly the Headteacher of a special school. Jan has over 30 years' experience of teaching children with severe learning disabilities. Jan has been a Trustee since 01/05/12 and became Chair on 30/01/18.
   - Rachel Tyson, our Treasurer, a qualified accountant currently working for a private entrepreneur and philanthropist. Rachel has been a Trustee and Treasurer since 06/11/12.
   - Karl Massey, the Investment Director for the Local Pensions Partnership. He has previously held senior positions in Bluecrest Capital, Barclays Bank Treasury and Deutsche Bank. Karl has been a Trustee since 31/10/17.
   - Catherine Pearson, the Team Leader of the Early Years Special Educational Needs Team for the Borough of Lambeth. She has been working with children

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

- Natasha Theobald, a charity marketing professional with over 20 years' experience. Natasha has been a Trustee since 20/07/10.
- Jonathan Walsh, a solicitor. Jonathan has been a Trustee since 26/04/06.

6. Although four people have been Trustees for more than nine years the other Trustees have considered this and concluded that their experience is beneficial to the charity and that there is a reasonable balance of time served as a Trustee across the Board as a whole. The average time served is now 8.5 years. In addition to the skills and experience listed above one of the Trustees is also the parent of a person with severe learning disabilities.

7. The Trustees employ a Chief Executive to manage the charity alongside a Storytelling Manager, Craft Workshop Manager, and a Finance Officer. The charity also employs a Senior Craft Artist, a Volunteer Co-Ordinator, a Storytelling-Training Co-Ordinator, a Production Assistant and a Craft Artist. Only one member of staff is full-time. The remuneration of all staff members is reviewed annually when the Trustees set the budget for the forthcoming year. In addition, the charity has contracts with 9 freelance Storytellers who are based throughout the UK.

8. Regular volunteers are invaluable to multi-sensory book production: all knitted items for the stories and a considerable amount of hand sewing is supplied by volunteers. We are also grateful to the teams of corporate volunteers who join us during the year for Craft Days. In a normal year, we are assisted by teams from several companies including Salesforce.com and Philips 66 and we are really looking forward to once again hosting our corporate volunteering sessions once it's safe to do so. We estimate that our volunteers donated 220 days to us during 2020 and the value to the charity of this work is around £18,260 but this sum is not included in these accounts.

9. Bag Books is a member of the PMLD Network, the European Academy of Childhood Disability, the National Council of Voluntary Organisations, the Charity Finance Group and the Foundation for Social Improvement. The charity is also registered with the Fundraising Regulator. The Chief Executives is a member of the Association of Chief Executives of Voluntary Organisations. The Storytelling Manager is a member of the Epilepsy Society and the National Autistic Society.

Risk management policy

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

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

Objectives, activities, achievements, and performance

12. Bag Books is still the only organisation in the world publishing multi-sensory stories for people with severe or profound & multiple learning disabilities. The charitable objects are stated on page 2 of this report. The Trustees have adopted the following mission statement:

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

    In August 2017, the Trustees held a biennial "Away Day" at which they reviewed the Charity Commission document "Charity governance, finance and resilience: 15 questions trustees should ask" and "The Charity Governance Code." The outcome was our "Strategic and Business Plan 2017-2021" (available in full on our website)

13. As part of their strategy, the Trustees adopted the following aims:
    - To motivate children and adults with learning disabilities to engage with objects and materials, and their peers.
    - To develop the language, communication and motor skills of children and adults with learning disabilities.
    - To develop the emotional perception of children and adults with learning disabilities.
    - To enable professional workers and parents/carers in contact with children and adults with learning disabilities to make use of tactile and multi-sensory books.
    - To enable children and adults with learning disabilities to be involved in story development and production.

13. The Trustees have also adopted six Charitable Objectives and two Organisational Objectives. Set out on pages 8 - 12 is a review of what we intended to do in 2020 (as stated in our 2019 accounts), what we achieved during 2020 and what our plans are for 2021.

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

We said we would:

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

In 2020 this is what we did:

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

In 2021 we plan to:

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

16. **Charitable Objective 2** *To develop a range of appropriate literature for children and adults with Severe and Profound & Multiple Learning Disabilities.*

We said we would:

- Launch two new "classic" design books.
- Launch a new series of "sensitive' stories, designed to help support individuals with sensitive issues.
- Add a second title in our "Build-a-Book" range

In 2020 this is what we did:

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

In 2021 we plan to:

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

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

We said we would:

- Maintain book production at a similar level.

In 2020 this is what we did:

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

In 2021 we plan to:

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

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

We said we would:
- Continue fundraising for multi-sensory storytelling visits.

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

In 2021 we plan to:
- Continue fundraising for multi-sensory storytelling visits.

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

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

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

In 2021 we plan to:
- Continue to organise a series of digital training sessions for parents and library staff as part of our *Lend-A-Story* project.
- Continue to organise one-to-one digital training sessions between our Storytellers and parents as part of our *Share-A-Story* Project.
- Continue to review and renew our digital library of online training videos.
- Organise in-person training once it is safe to do so.

20. **Charitable Objective 6** *To provide story production craft experience opportunities to people with severe or profound & multiple learning disabilities.*

We said we would:

- Continue running the Build-a-Book project at schools and adult settings within London and South East England if funding becomes available.

In 2020 this is what we did:

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

In 2021 we plan to:

- When safe to do so, we will continue running the Build-a-Book project at schools and adult settings within London and South East England if further funding becomes available.

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

We said we would:

- Apply for some multi-year grants to give us more predictable income in the future.
- Keep a close eye on reserve levels.

In 2020 this is what we did:

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

In 2021 we plan to:

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

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

We said we would:

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

In 2020 this is what we did:

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

In 2021 we plan to:

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

23. Overall, our aim was to reach at least 25,000 people with learning disabilities during 2020. Our books tend to last for at least five years as we offer an at-cost replacements parts service. Over the past five years we have supplied our classic books to 1,243 different schools, libraries, children's hospices or day centres. Previous surveys have shown that in these locations our books reach an average of 22 people with learning disabilities each year. We therefore estimate that this target was easily met. We aim to reach 25,000 people with learning disabilities during 2021.

Financial review

24. Income increased by 19.5% to £404,382 (2019: £338,327). Pre-pandemic our budget for the year had predicted income to increase to £417,432 so although the actual income was 3% under our original budget, our income far exceeded our expectations for the year. Recognising the fundraising landscape will continue to be a challenging one, our fundraising capacity will be addressed in 2021 and we will look to recruit a fundraiser to the staff team to assist the CEO.

25. Part of our risk management was to ensure tighter control over our expenditure to protect the charity during 2020. We were able to decrease our expenditure by over 24% to £274,854 (2019: £365,119). Our budget for the year had predicted expenditure of £401,360 so actual expenditure was 31% under budget.

26. This has resulted in an increase of net resources of £129,528 (2019: -£26,792). Our Restricted Funds saw a decrease of £43,800 giving a total of £153,722, however our Unrestricted Funds showed an increase of £109,855 giving a total of £250,660 (2019: £140,805). Due to lockdown and the closure of our book shop between March and August 2020, book sales income during 2020 decreased by nearly 50% (2020: 32,914 2019: £65,173). This is likely to bounce back to closer to pre-pandemic levels in 2021.

Budget for 2021

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

Reserves policy

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

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

29. Our budgeted expenditure for 2021 is £377,523 of which £91,507 had already been secured and £153,722 was covered by Restricted Funds leaving a balance of £132,294 (2019: £202,975) to raise. Our Unrestricted Reserves are sufficient to cover this balance.

30. Given the volatile nature of much of our income, the Trustees will continue to closely monitor the reserves position throughout the forthcoming year, spending any surplus funds on charitable activities.

Staff pension arrangements

31. We joined the National Employment Savings Trust (NEST) pension scheme and the charity has agreed to match employees' contributions up to 3% of salary. A breakdown of staffing costs including pension payments appears as Note 4.

Trustee indemnity insurance

32. Our insurance policy automatically includes Trustee indemnity insurance.

Fundraising performance

33. Direct fundraising costs were £1,459 (2019: £8,287) which represents just 0.5% (2019: 2%) of total expenditure. With Support Costs added, we invested a total of £43,063 (2019: £53,373) in fundraising and this produced voluntary income of £361,135 (2019: £259,855) which was 89% (2019: 77%) of our total income. The fundraised income can be broken down as follows:
    - Income from Charitable Trusts and Foundations including the National Lottery, Arts Council, City Bridge Trust and Pears Foundation increased 14% to £256,865 (2019: £226,273).

- Income from corporate partners decreased 84% to £4,070 (2019: £25,021), this large drop was due to our corporate work having to be put on hold due to the pandemic.
- Income from individuals increased 237% to £28,863 (2019: £8,560). This large increase can mostly be attributed to our BBC Lifeline Appeal aired in May 2020 where we rose just over £17,000 from the campaign.

- Income from Gifts in Kind increased 34% to £6,157 (2019: £4,610)

34. By the end of the year the following grants and pledges of £2,500 and over had been secured for 2021:
    - £63,507 from The Big Lottery Fund as the third payments of a three-year grant towards our "Lend a Story" project in England training parents and library staff and supporting libraries in setting up multi-sensory book lending schemes.
    - £10,000 from Sobell Foundation as the third year of a three-year funding towards our Volunteer Co-ordinator
    - £15,000 from The Pears Foundation as the second installment of a two-year unrestricted grant.

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

Statement of responsibilities of the trustees

36. The Trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including the net income or expenditure, for the period. In preparing those financial statements the Trustees are required to:
    a) select suitable accounting policies and then apply them consistently;
    b) make judgments and estimates that are reasonable and prudent;
    c) state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
    d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation; and
    e) observe the methods and principles in the Charities SORP.

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

Statement of disclosure to auditors

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

Auditors

39. A resolution to confirm the reappointment of Wyatts as the company auditor will be proposed at the Annual General Meeting on 27th October 2021.

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

.....

Jan Stogdon
Chair of Trustees
27th September 2021

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

23 September 2021

Statement of Financial Activities

	Notes	Unrestricted Funds £		Restricted Funds £		Total £	
		2020	2019	2020	2019	2020	2019
INCOME							
Donations & legacies		207,414	62,333	153,722	197,522	**361,135**	**259,855**
Charitable activities							
Book Production		32,914	65,173	0	0	**32,914**	**65,173**
Storytelling & Training		4,175	8,140	0	0	**4,175**	**8,140**
Investments			549	0	0		**549**
Other							
Gifts in kind		6,157	4,610	0	0	**6,157**	**4,610**
TOTAL INCOME		**250,660**	**140,805**	**153,722**	**197,522**	**404,382**	**338,327**
EXPENDITURE							
Raising funds		43,063	53,373	0	0	**43,063**	**53,373**
Charitable activities							
Book Production		56,216	82,869	102,415	125,882	**158,631**	**208,751**
Storytelling & Training		25,926	40,886	47,234	62,109	**73,160**	**102,995**
TOTAL EXPENDITURE	**2, 3**	125,205	177,128	149,649	187,991	**274,854**	**365,119**
OPERATING SURPLUS / (DEFICIT)		**125,455**	**(36,323)**	**4,073**	**9,531**	129,528	**(26,792)**
Net gains / (losses) on investments		(7,692)	12,839	0	0	**(7,692)**	**12,839**
Net income / (expenditure)		**117,763**	**(23,484)**	**4,073**	**9,531**	121,836	**(13,953)**
Reconciliation of funds							
Total funds brought forward		110,637	134,121	119,698	110,167	**230,355**	**244,288**
Total funds carried forward		228,400	110,637	123,771	119,698	**352,171**	**230,335**

All activities relate to continuing operations.

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

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

Balance Sheet

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

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

.....
Jan Stogdon, Chair of Trustees

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

Cash Flow Statement

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

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

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

4. Trustees and employees information

None of the Trustees (nor any other persons connected with them) received any remuneration, benefits or reimbursement of expenses from the charity during the year (2019: Nil). The insurance package for the charity automatically includes Trustee Indemnity Insurance.

Employee costs during the year were:	2020 £	2019 £
Salaries	180,111	200,714
Social security costs	111,204	14,516
Employer's contribution to NEST pension scheme	4,824	5,359
Total costs	**196,139**	**220,589**
The average number of employees during the year	8.5	10.0
The average number of employees (full-time equivalent) during the year	6.2	6.3
Total employee benefits to the key management personnel listed on page 2	123,314	135,528
The average number of key management personnel (full-time equivalent)	2.8	2.9

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

5. Tangible Fixed Assets

	£
Cost	
At 1 January 2020	39,063
Additions	972
Disposals	0
At 31 December 2020	40,035
Depreciation	
At 1 January 2020	37,767
Disposals	0
Charge for the year	769
At 31 December 2020	38,536
Net Book Value	
At 31 December 2020	1,499
At 31 December 2020	1,296

6. Analysis of funds

Summary of fund movements are as follows

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

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

7. Unrestricted Funds

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

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

8. Restricted Funds

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

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

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

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

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

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

10. Capital

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

11. Post balance sheet events

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