

**Registered number: 03209411**  
**Charity number: 1056812**

**Seven Stories, The National Centre for Children's Books Limited**

**(A company limited by guarantee)**

**Annual report**

**31 March 2021**

# **Seven Stories, The National Centre for Children's Books Limited**

**(A company limited by guarantee)**

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## **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

### **Reference and administrative details**

**For the year ended 31 March 2021**

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<b>Trustees</b>	Mauricio Armellini Ben Butler Jill Coleman Jeremy Cripps Professor Matthew Grenby Nick Kemp, Interim Chair 30/03/2021 - 22/10/2021 Rachel Mary Lippe Matthew McWhinnie Sheena Ray Annie Rigby Edward Ripley Professor Ella Richie, Interim Chair 30/03/2021 - 22/10/2021 Amy Sergison Antony Pierce, Interim Chair 30/03/2021 - 22/10/2021 (Resigned 22 October 2021) Douglas Dodds (Resigned 22 October 2021) Christopher Pywell (Resigned 30 March 2021) Claire Riley, Chair (Appointed 22 October 2021)
<b>Company registered number</b>	03209411
<b>Charity registered number</b>	1056812
<b>Registered office</b>	30 Lime Street Ouseburn Valley Newcastle upon Tyne NE1 2PQ
<b>Company secretary</b>	Wendy Elliott
<b>Chief executive officer</b>	John Coburn - joint interim role (resigned 01/02/2021) Sarah Lawrance – joint interim role (resigned 01/02/2021) Mairi Kidd (appointed 01/02/2021, resigned 20/08/2021) Wendy Elliott (interim role from 20/08/2021)
<b>Independent auditor</b>	UNW LLP Chartered Accountants Citygate St James Boulevard Newcastle upon Tyne NE1 4JE

## **Seven Stories, The National Centre for Children's Books Limited**

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### **Reference and administrative details (continued)**

**For the year ended 31 March 2021**

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#### **Bankers**

NatWest  
4 Bridge Street  
Morpeth  
Northumberland  
NE61 1NG

CAF  
PO Box 289  
Kings Hill  
West Mailing  
Kent  
ME19 4TA

Unity Trust  
9 Brindleyplace  
Birmingham  
B1 2HB



# **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

## **Trustees' Report**

**For the year ended 31 March 2021**

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The trustees present their annual report together with the audited financial statements of the charity for the year 1 April 2020 to 31 March 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law. The trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

### **Objectives and activities**

#### **• Policies and objectives**

Seven Stories is the national centre for children's books. Our focus is the role of stories and the various ways they are shared, inspire and enable children to access stories, reading, and illustration. We aim to enhance lives through access to stories.

Our vision is to put stories at the heart of every childhood, empowering young people to understand their world and imagine their future.

We celebrate the exceptional achievements of British and international writers and illustrators for children, saving their work as part of our nation's heritage, for the enjoyment and inspiration of current and future generations.

The object of the charity, as set out in our governing document, is to advance the education of the public, in particular, children and young people, in the arts and literature through the promotion of Britain's literary heritage for children, and in particular, but not exclusively, by preserving, maintaining and adding to the Collection held by the Seven Stories Collection Trust and by the promotion of access to the Collection and associated items through arts and education programmes and activities.

In setting objectives and planning for activities, the trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

#### **• Main activities undertaken to further the charity's purposes for the public benefit**

The charity undertakes a variety of activities to deliver its objectives, including education and community centred engagement, the promotion of literacy and reading, running an attractive Visitor Centre with an active events programme, digital delivery to ensure accessibility and reach, and developing and maintaining a collection of books, manuscripts, illustrations and related materials.

Our Visitor Centre in Newcastle upon Tyne houses exhibition galleries as well as performance and creative learning spaces, a specialist bookshop and a café. We have a regular and engaging events programme including story telling, author and illustrator talks, and creativity development and learning. An extensive external programme supports talent development and brings creative activity into schools and communities to reach young people, helping to promote literacy and creativity, both via face to face engagement and our developing use of digital platforms.

The Collection is an internationally renowned archive comprising manuscripts, artwork, related papers and books, dating from the 1930s to the present day. We hold National styling through Arts Council England's accreditation scheme, acknowledging the singularity and significance of our work to protect and share our literary heritage for children. We use our Collection as an artistic, educational and research resource to celebrate the literary and visual arts through exhibitions, displays and learning programmes, both at our Visitor Centre, and in facilities across the UK through our touring programme.

## **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

### **Trustees' Report (continued) For the year ended 31 March 2021**

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#### **Objectives and activities (continued)**

We make access and admission charges to our audience, including to schools and members of the general public, for some activities and events, to help fund our work. Our admission charges are kept as low as possible in order to enable wider access, balanced with the need to earn income and ensure the charity's viability. Special admission packages are available to enable cheaper access to families and those on lower incomes. In addition, we offer reduced price admission to schools and other educational groups.

We work in communities, particular disadvantaged communities in our local area, and we receive financial support for such purposes.

At all of our trustee meetings we keep in mind the Charity Commission's guidance on public benefit. As trustees we see the benefits our audience, partners and communities gain from our organisation.

#### **• Staff and volunteers**

Seven Stories employed an average of 53.3 people (31.29 full time equivalent) in total during 2020/21; 39 on permanent contracts and 23 on casual contracts. 18 staff were full time staff and 44 on a part time basis.

Staff turnover was low, as expected due to the pandemic, with staff furloughed when appropriate. As such, during 2020/21 the number of vacancies was small with only the CEO post being advertised and fulfilled during the period.

The main focus throughout this period was staff wellbeing and we introduced various structures and approaches to ensure our workforce were supported and communicated with throughout the period.

#### **Strategic report**

##### **Achievements and performance**

#### **• Accreditation and awards**

Seven Stories is a National Portfolio Organisation (Band 2) supported by Arts Council England. It is also an Accredited Museum with National styling.

Seven Stories holds the accredited 'Investing In Children' award recognising the quality of its work with children and young people.

Seven Stories was awarded Best Project in Lockdown at the national Museum Association awards.

#### **• Review of activities**

The year was dominated by the impact of the Covid-19 pandemic and the various measures introduced in response to Government restrictions, related guidance and the policies of trustees. These policies were particularly concerned with ensuring the health, safety and wellbeing of staff, visitors and partners while continuing to deliver our charitable aims and objectives. UK wide lockdown commenced at the very end of FY 2019/20 and various measures were in place throughout the year reported here. Restrictions had a considerable impact on Seven Stories, necessitating significant management and operational changes, many of which built on the steps already being taken.

In overall terms, it is pleasing to report that Seven Stories completed 2020/21 in relatively good health, notwithstanding the impact of the pandemic and associated restrictions. It is particularly noteworthy to report that considerable diversification of activities occurred, there was increased digital activity, and that financial improvement occurred in key areas, including cash reserves. This was the second year of such improvements.

## **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

### **Trustees' Report (continued) For the year ended 31 March 2021**

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#### **Strategic report (continued)**

##### **Achievements and performance (continued)**

However, it was clearly the case that such developments needed to be consolidated and extended if performance improvements were to be maintained in future years.

Two major steps were taken at the beginning of the year, responding to the national lockdown: all offices and the Visitor Centre were closed, with no visitors attending, and working from home was introduced for all staff, with only necessary attendance for the purposes of ensuring the safety and security of the offices taking place. Staff unable to work at home were furloughed, and we utilised the Government's Coronavirus Job Retention Scheme, making up the additional unfunded 20% of salaries from our own funds. Our staff wellbeing support was stepped up. We were also able to take advantage of funding awards to replace obsolete office-based IT with newer mobile laptops, facilitating home working where appropriate.

Our previously commenced external work in schools and communities was also impacted, with all face to face engagement stopped. However, as schools in particular, introduced new ways of working, we were able to change our own practices. For example, all contracts with schools were converted to digital delivery. Subsequently, as other community based operations became feasible, albeit with restrictions, we changed our portfolio of activities, working with partners, to provide a more holistic offer, meeting the needs of local disadvantaged communities, in particular. It is very pleasing to report that this work received national recognition, with the award of the Best Project in Lockdown at the national Museum Association awards.

We were restricted throughout the year in the extent to which we could open the Ouseburn Visitor Centre. The partial lifting of lockdown restrictions enabled an initial opening in the summer of the book shop and the café. These activities proved very popular and were made possible by excellent work to introduce new procedures to ensure safety and wellbeing. Story based events were also introduced with considerable success. Sadly, due to increased restrictions, it was not possible to go ahead fully with an exciting and much welcomed Christmas programme. Further, it was not possible to open the galleries for exhibitions throughout the year, although work to implement the much anticipated Where Stories Come From exhibition was possible later in the year, with a view to opening in 2021/22. Restrictions also curtailed our touring programme.

These changes to the offer led to a new approach to charging for access to the Visitor Centre. Because the offer was partial, without galleries to visit, the general entrance fee was dropped and replaced, where appropriate, by a charge for individual events and other items that were directly purchased.

Such restrictions also further accentuated the successful move to on-line digital delivery, with a number of well received activities, made particularly possible by the receipt of Arts Council England Cultural Recovery Funding. It is clear that digital and on-line production, including co-production, and delivery is a vital aspect of the future of Seven Stories.

An anticipated downturn in the receipt of funding from Trusts and Foundations did not occur. Rather, we experienced an upturn, in large part because the new activities and delivery methods aligned with the objectives of funders. Notable awards, in addition to that of ACE, included extensive support from Garfield Weston, particularly aimed at supporting digital development and delivery, and the Wolfson Foundation which supported unrestricted activity.

#### **Collection**

As with other areas of the organisation, the development of the Collection was restricted, due to constraints on working, particularly for activities not suitable to be undertaken remotely. Nevertheless, progress was possible with particularly noteworthy additions, and the achievement of the first formal Acceptance in Lieu, for the Pat Hutchins archive. Progress with the Vitality North Partnership with Newcastle University was also possible, with a reinforcement of the strategic focus and the achievement of dedicated capacity.

## **Seven Stories, The National Centre for Children's Books Limited**

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### **Trustees' Report (continued) For the year ended 31 March 2021**

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#### **Strategic report (continued)**

#### **Achievements and performance (continued)**

##### **Facilities**

Notable changes also occurred in respect of facilities. The move of the Collection to the Central Library was completed, despite it having to be stopped part way due to the initial national lockdown. The office arrangements were also significantly changed with the closure of the MX5 remote offices and consolidation at the Visitor Centre. This move was facilitated by working from home arrangements, and brings considerable benefits in respect of workforce team working, as well as cost reductions.

##### **Leadership**

The year also saw changes in leadership. Most notably, a full-time Chief Executive, was appointed post year end. The process of recruitment was slowed by Covid related restrictions, but the appointment was confirmed in the Autumn, with commencement at the end of the year. This was a key stage in the wider development of the workforce and organisational capacity. The Chair of Trustees, who had been particularly involved in the financial recovery of Seven Stories, also stood down early, due to long term health problems. A small group of trustees took over this role jointly, pending the appointment of a new permanent Chair which happened in October 2021.

#### **• Fundraising and development**

Seven Stories has a small development and relationship team that oversees our fundraising, marketing and communication activities and manages the grants and donations received from trusts and foundations. We aim to generate funds through a small number of fundraising events, in addition to working with corporate donors and sponsors. Relationships are also cultivated to encourage support and donations to the Collections' Trust, either direct gifts of artwork and manuscripts or financial support for the purchase thereof. Heritage assets with a value of £250,000 (£5,500 in 2019/20) were donated to The Collection Trust, principally comprising the Pat Hutchins archive.

The Vital North Partnership (VNP) will be supported by Arts Council England's National Portfolio Funding and Newcastle University for 2018-2022. This initiative aims to advance strategies that consolidate Newcastle's position as a centre of excellence for children's literature through research, teaching and public engagement.

#### **Financial review**

##### **• Financial review**

The financial position of the organisation showed considerable improvement throughout the year despite the restrictions in activity caused by the pandemic. This was particularly due to the diversification of activities to schools and the wider community, and alignment with the objectives of relevant Trusts and Foundations leading to successful funding awards, our usable reserves balance was particularly enhanced, achieving the Board's long standing objectives.

A surplus of £198,431 was achieved on unrestricted funds, compared with £85,251 in the prior year. Combined with surpluses on restricted funds and restricted capital funds, there was an overall surplus of £361,408 for the year compared with £95,258 in the preceding year.

## **Seven Stories, The National Centre for Children's Books Limited**

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### **Trustees' Report (continued) For the year ended 31 March 2021**

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2020/21 was the third year of delivery of our Arts Council England National Portfolio Organisation activity, which was granted originally to support our work from 2018/19 to 2021/22. The grant includes additional funding to support the development and growth of the Collection and to support the potential of the Vital North Partnership with Newcastle University. The overall annual grant was £588,230.

Other major grants awarded during the year were:

- £44,254 from the Enid Blyton Fund for Seven Stories managed by the Community Foundation.
- £50,000 from the Newcastle Culture Investment Fund managed by the Community Foundation.

We were successful in our applications for £204,000 Culture Recovery Fund grant income administered by Arts Council England, and £48,300 from the National Lottery Heritage Fund, both of which were used to introduce changes that enable ongoing resilience and sustainability:

- Modifications to Visitor Centre activities, including use of digital approaches
- Expansion of external work with schools and communities, primarily through on line activity
- Digitisation and online access to the Collection

We received a further £110,000 of unrestricted funding from the Wolfson Foundation to assist our responses to the pandemic, and £160,000 funding from the Weston Culture Fund for work in 2020/21 and 2021/22 for digital development and website improvements.

This work was to enable Trustees and Senior Leadership to develop a business model, with income streams and delivery methods, that can be adopted for various levels of Covid 19 restrictions. This model enables ongoing viability and sustainability.

We are grateful to the following organisations who supported our work during the financial year:

#### **Corporate Sponsors & Supporters:**

Hachette Children's Books  
Fusion PR Creative

#### **Revenue and Project Grants:**

Arts Council England  
ACE Culture Recovery Fund 1  
BBC Children in Need & BBC Children in Need Covid Booster  
British Council  
Community Foundation - Guy Readman Endowment Fund  
Community Foundation – Sowler Family Fund  
Community Foundation - Enid Blyton Fund for Seven Stories  
Community Foundation - Newcastle Culture Investment Fund  
Erasmus programme funded by the European Union  
Eyre Family Foundation  
Family Explorers  
Garfield Weston Foundation  
Gillian Dickinson Trust  
Guy Readman Endowment Fund  
Helen Bailey Trust  
Hobson Charity  
Holocaust Memorial  
ISN ERDF  
LNER  
National Lottery Heritage Fund  
Newcastle City Council  
Newcastle Culture Education Partnership  
NE Social Tech Fund  
Pilgrim Trust – Archives Revealed  
R W Mann Trust

## **Seven Stories, The National Centre for Children's Books Limited**

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### **Trustees' Report (continued) For the year ended 31 March 2021**

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Spirit of Christmas Appeal Newcastle Gateshead 2020  
St Nicholas Education Trust  
Tesco Bags of Help Community Fund  
The Shears Foundation  
The Sir Tom Cowie Charitable Trust  
Unwin Charitable Trust  
Well Newcastle Gateshead  
Wolfson Foundation  
and the Friends of Seven Stories and many other individual supporters

#### **In kind support of events programme:**

Newcastle University  
Hachette  
Fusion PR Creative  
Adsa, Byker  
Irwin Mitchell  
Nerds With Words  
Golden Egg Academy



## **Seven Stories, The National Centre for Children's Books Limited**

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### **Trustees' Report (continued) For the year ended 31 March 2021**

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#### **• Going concern**

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that Covid-19 might have some impact in relation to expected performance but that these can be mitigated through ongoing cost control and diversification of income and delivery methods.

Seven Stories finished the 2020/21 financial year in a relatively strong position; with a much more positive financial position and cash reserves than in recent years, diversified offers that were more aligned with funders and needs, and improved capacity with equipment and facilities.

This strong position has not been maintained in all areas of the organisation in the first half of the current year 2021/22. In particular, considerable investment in exhibitions in the galleries, and a reduction in some of the newly developed areas of activity, have proven largely unsuccessful and costly.

The newly developed financial strengths have proven vital, enabling the organisation to continue through this period. There has been timely intervention to restrict the impact of unsuccessful activities and recommence other, more promising and profitable areas. A detailed plan has been produced, and it is pleasing to report that at the time of writing financial recovery had firmly recommenced. These plans and funding provide confidence to trustees. A revised risk management process has been reintroduced, enabling trustees to have greater assurance.

The recent appointment of Claire Riley as our new Chair and Wendy Elliott as interim Chief Executive have put us on a strong footing for the future, with steps already being taken to ensure strong creative leadership and digital development to underpin our business model.

We will continue to develop our business model to ensure resilience to potential future restrictions and, at the same time, fully deliver our charitable objectives as a viable business and sustainable organisation.

Looking to next year, the most important issue is the continuation of ACE funding and support. Our business plan is clearly aligned to ACE's Let's Create strategy and its four investment principles. It is vital that Seven Stories prioritises the achievement of this support, while also having a contingency plan in the event of any reductions.

Further Covid-19 restrictions are possible, but there is confidence that Seven Stories understands how to operate within these. Future changes in Covid restrictions which might limit face to face contact or impact visitor confidence are expected to be managed through digital delivery, in which significant investment has been made, and the delivery model proven in previous lockdowns. Investment of some of the additional grant funding secured will continue to build a professional and fit for purpose digital infrastructure to enable the expansion of online activity and the development of new income streams.

Investment in management and data systems and processes will improve our ability to make more informed management decisions.

New external educational and community activity has been developed. We are expanding digital programming, products and services for families and schools, as well as our award winning community programmes.

## **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

### **Trustees' Report (continued) For the year ended 31 March 2021**

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#### **● Reserves policy**

Trustees reviewed the reserves policy in September 2015 following the completion of a capital refurbishment project. It was agreed that the minimum level of cash reserves should be equivalent to those that allow the charity to fulfil its statutory obligations arising on closure and provide sufficient working capital to enable arrangements to be made to rehouse the Collection. This minimum reserve requirement was estimated to be £175,000 at March 2021. The trustees also agreed that additional reserves should be set aside to enable the charity to respond to significant unplanned events, such as unexpected capital expenditure or the loss of a key funding stream. Including provision for these unplanned events, the reserves target is between £350,000 to £425,000.

At 31 March 2021, the group held total funds of £5,863,928 (£5,502,520 in 2019/20), including £403,272 (£204,841 in 2019/20) of unrestricted funds. Of these funds £327,915 (£116,694 in 2019/20) was cash available to meet the target for minimum reserves. Work has been undertaken to develop a financial strategy that will enable the level of reserves to be increased over the next four years.

#### **● Plans for future periods**

The relatively strong position at the end of the year creates a platform for future development, including the completion of the major organisational changes associated with the recovery programme commenced in 2019/20. Key to these plans in 2021/22 would be the new leadership team. Plans included:

- The development of a programme for the galleries, following the restrictions on these in 2020/2021
- A related re-introduction of the touring programme
- The extension of the diversification programmes, including education and community based activities
- Addressing the backlog with Collection management, further digitisation of the Collection and enhancing access
- The identification of the most appropriate commercial models, particularly to access the Visitor Centre
- The appointment of a substantive CEO to provide further stability in leadership
- The development of management and organisational capacity, including creative leadership
- The implementation of a new Governance model, including a refreshed main Board
- Further consolidation of finances, including reserves
- Further development of the digital and online offer
- Preparation for a potential further NPO application.

Our business plan for the next financial year builds on and continues our success in maintaining tight cost control; growing and diversifying income, notably through schools and communities and an enhanced Visitor Centre experience; and greater digital delivery.

Our capacity to continue our operations, even in case of restrictions, is built into this plan. We will prioritise an enhanced educational offer, and inspire and enable creativity in our audiences and partners. We will extend and deepen the book and story related activities we can undertake online.

Supported by grant funding, we will explore new approaches to exhibitions and similar activity, both in our Visitor Centre and with Touring venues. We will undertake development work with the Collection, enhancing its management and accessibility, including through the partnership with Newcastle University. We will be building new capacity through the development of our people, notably in creativity.



# **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

## **Trustees' Report (continued) For the year ended 31 March 2021**

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### **Structure, governance and management**

#### **• Constitution**

Seven Stories, The National Centre for Children's Books is a company limited by guarantee governed by its Articles of Association. It was first registered with the Charity Commission on 7 May 1996. The charity's governing documents, and those of its related parties, were reviewed and updated in October 2018.

#### **• Methods of appointment or election of trustees**

The management of the group and the charity is the responsibility of the trustees who are elected and co-opted under the terms of the Memorandum of Association.

#### **• Organisational structure and decision-making policies**

The Board of Trustees administers the charity. The Board meets between four and six times a year under usual circumstances, and there are three committees: Executive, Finance and Organisation Committee; Literature, Programme and Acquisitions Committee and the Strategy and Development Group. However, a full independent governance review is underway which will include a review of the current subcommittee structure and will be implemented early 2022.

During 2020-2021 an interim management team was in place pending the appointment of a new permanent Chief Executive. The management team consisted of an interim Chief Executive Team appointed by the trustees from April 2019 to manage the day to day operations of the charity. To facilitate effective operations the team have delegated authority, within the terms of delegation approved by the trustees, for operational matters including finance, employment and artistic activity.

To fulfil these responsibilities, the team worked with a senior management team comprised additionally of the Finance Director and Head of HR and Operations.

Mairi Kidd was appointed to the Chief Executive position, and started in post from 1 February 2021, Following Mairi's departure in August 2021, Wendy Elliott took up post as interim Chief Executive Officer. Further decisions regarding leadership will be made in line with governance review work.

#### **• Pay policy for key management personnel**

The rates of pay and remuneration of all staff, including the senior management team, are set by the Executive, Finance and Operation Committee using a pay review policy approved annually by the Board of Trustees. The annual pay review considers inflation, the affordability of a pay award in the context of financial performance, benchmarking to similar organisations and the outcomes of an individual appraisal process.

## **Seven Stories, The National Centre for Children's Books Limited**

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### **Trustees' Report (continued) For the year ended 31 March 2021**

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#### **Structure, governance and management (continued)**

##### **• Related party relationships**

Seven Stories has two related entities: Seven Stories Trading Company and Seven Stories Collection Trust. The accounts of these entities are consolidated with those of the main charity in these accounts.

Seven Stories Trading Limited is the charity's wholly owned subsidiary, a company limited by guarantee registered in England and Wales, number 04177830. It operates commercial activities including the bookshop, cafe and corporate events. The subsidiary company commenced trading on 19 August 2005. Profits of the subsidiary are gifted to the charity.

Seven Stories, The National Centre for Children's Books' Collection Trust is an independent charitable trust which was established by a Declaration of Trust dated 9 June 2005 and whose trustees are appointed by Seven Stories Board of Trustees. It is a separate charity, registered with the Charity Commission with charity number 1115167. The main object of the Collection Trust is to own and protect the archive. It is supported by Seven Stories staff through a management agreement dated 25 August 2006. These accounts are consolidated solely to comply with SORP and company law requirements and are not intended to affect the status of both charities as separate legal entities.

The trading company's Articles of Association and the Collection Trust's Deed of Trust and management agreement were updated in 2015. This reflected the change of name of the main Charity, and also aligned these documents with the changes made in the Charity's Articles and recent legislation. For the Collection Trust, these changes were agreed through a Deed of Variation at the Trustees meeting held on 25 February 2016. For the trading company, the changes were adopted by special resolution at a meeting of the trading company Directors on 18 November 2015.

##### **• Key risks and uncertainties**

The key risks facing Seven Stories in 2021/22 are associated with ensuring business viability and sustainability in a changing environment and an uncertain public and private funding landscape, with Covid-19 and related restrictions, while ensuring we continue to meet our charitable objectives.

A key aspect of these risks is ensuring the organisation develops in its portfolio of activities and delivery methods, its management and organisational capability and its financial reserves, to adapt to such changes.

While significant changes have been made in terms of controlling expenditure and investing in new income streams (in particular digital), uncertainty over how audiences will behave in the future, changing government policy, changes to our ways of working across the business and potential issues around the availability of funding will continue to be carefully monitored.

Other potential immediate risks might arise from the governance review as well as:

- Underperformance by staff team due to increased levels of anxiety or sickness absence;
- Poor digital infrastructure inhibiting transition to online activity and new business development;
- Lack of business continuity from key suppliers and contractors ceasing to trade;
- Failure to meet fundraising, donations and sponsorship income targets.

## Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

### Trustees' Report (continued) For the year ended 31 March 2021

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#### Structure, governance and management (continued)

##### • Risk mitigation

The priorities outlined in 'Plans for future periods' above have been identified specifically in order to address these concerns. Progress towards these strategic objectives is being very closely monitored by the Board and Arts Council England. Our risk schedule is reviewed and updated at each Board meeting and work is ongoing to ensure that risk management is embedded from governance of the organisation and throughout the management structure.

##### • Information on fundraising practises

Our general approach to fundraising is to work with existing networks and relationships, with general, non targeted appeals for specific projects. This includes our Friends, Chapter One founders, corporate and general visitors. We are mindful to ensure the protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate. Seven Stories does not work with any commercial participators or professional fundraisers, beyond using fundraising websites such as Crowdfunder.

Our fundraising conforms to recognised standards and, if there were any complaints about our approach, they would be handled using our formal Complaints Policy and Procedures. There were no complaints in the year under review.

#### Disclosure of information to auditor

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

#### Auditor

The auditor, UNW LLP, has indicated his willingness to continue in office. The designated trustees will propose a motion reappointing the auditor at a meeting of the trustees.

Approved by order of the members of the board of trustees on 15 December 2021 and signed on their behalf by:

DocuSigned by:  
  
4C36F5395CC54AE...

**Claire Riley, Chair**

## **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

### **Statement of trustees' responsibilities For the year ended 31 March 2021**

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The trustees (who are also the directors of the charity for the purposes of company law) are responsible for preparing the trustees' report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of trustees on 15 December 2021 and signed on its behalf by:

DocuSigned by:  
  
4C36F5395CC54AE  
**Claire Riley, Chair**



## **Independent auditor's report to the Members of Seven Stories, The National Centre for Children's Books Limited**

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### **Opinion**

We have audited the financial statements of Seven Stories, The National Centre for Children's Books Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated 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 Financial Reporting Standard 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 group's and of the parent charitable company's affairs as at 31 March 2021 and of the group's 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from 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.



## **Independent auditor's report to the Members of Seven Stories, The National Centre for Children's Books Limited (continued)**

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### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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 (who are also the directors of the charitable company for the purposes of company law) 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 group's and the parent charitable company'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 group





## **Independent auditor's report to the Members of Seven Stories, The National Centre for Children's Books Limited (continued)**

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or the parent charitable company 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:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We have communicated identified laws and regulations within our audit team and remained alert to any indications of non compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, safeguarding, data protection and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## **Independent auditor's report to the Members of Seven Stories, The National Centre for Children's Books Limited (continued)**

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### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Anne Hallowell*

**Anne Hallowell BSc DChA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne

15 December 2021



# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Consolidated Statement of financial activities (incorporating income and expenditure account)

For the year ended 31 March 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted capital funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>Income from:</b>						
Donations and legacies	3	128,833	-	250,000	378,833	17,730
Charitable activities	4	1,135,448	168,545	-	1,303,993	1,550,576
Other trading activities	5	133,534	-	-	133,534	305,594
Investments		-	605	195	800	530
Other income	6	33,380	-	-	33,380	22,737
<b>Total income and endowments</b>		<b>1,431,195</b>	<b>169,150</b>	<b>250,195</b>	<b>1,850,540</b>	<b>1,897,167</b>
<b>Expenditure on:</b>						
Raising funds		103,095	-	-	103,095	303,501
Charitable activities		1,112,410	126,264	148,791	1,387,465	1,495,896
<b>Total expenditure</b>		<b>1,215,505</b>	<b>126,264</b>	<b>148,791</b>	<b>1,490,560</b>	<b>1,799,397</b>
<b>Net income before net gains/(losses) on investments</b>		<b>215,690</b>	<b>42,886</b>	<b>101,404</b>	<b>359,980</b>	<b>97,770</b>
Net gains/(losses) on investments		1,428	-	-	1,428	(2,512)
<b>Net income</b>		<b>217,118</b>	<b>42,886</b>	<b>101,404</b>	<b>361,408</b>	<b>95,258</b>
Transfers between funds	16	(18,687)	16,225	2,462	-	-
<b>Net movement in funds</b>		<b>198,431</b>	<b>59,111</b>	<b>103,866</b>	<b>361,408</b>	<b>95,258</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		204,841	231,281	5,066,398	5,502,520	5,407,262
Net movement in funds		198,431	59,111	103,866	361,408	95,258
<b>Total funds carried forward</b>		<b>403,272</b>	<b>290,392</b>	<b>5,170,264</b>	<b>5,863,928</b>	<b>5,502,520</b>

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

The notes on pages 23 to 49 form part of these financial statements.

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Consolidated balance sheet As at 31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	10	1,815,398	1,863,044
Heritage assets	11	3,562,792	3,312,792
Investments	12	8,185	6,757
		<u>5,386,375</u>	<u>5,182,593</u>
<b>Current assets</b>			
Stocks	13	38,600	40,737
Debtors	14	153,400	336,153
Cash at bank and in hand		672,993	180,281
		<u>864,993</u>	<u>557,171</u>
Creditors: amounts falling due within one year	15	(387,440)	(237,244)
<b>Net current assets</b>		<u>477,553</u>	<u>319,927</u>
<b>Total assets less current liabilities</b>		<u>5,863,928</u>	<u>5,502,520</u>
<b>Total net assets</b>		<u><u>5,863,928</u></u>	<u><u>5,502,520</u></u>
<b>Charity funds</b>			
Endowment funds	16	5,170,264	5,066,398
Restricted funds	16	290,392	231,281
Unrestricted funds	16	403,272	204,841
<b>Total funds</b>		<u><u>5,863,928</u></u>	<u><u>5,502,520</u></u>

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 15 December 2021 and signed on their behalf by:

DocuSigned by:  
  
 4C36F5395CC54AE...  
**Claire Riley, Chair**

The notes on pages 23 to 49 form part of these financial statements.

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Balance sheet As at 31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	10	1,815,398	1,863,044
Investments	12	8,186	6,758
		<u>1,823,584</u>	<u>1,869,802</u>
<b>Current assets</b>			
Debtors	14	181,629	392,684
Cash at bank and in hand		613,305	116,694
		<u>794,934</u>	<u>509,378</u>
Creditors: amounts falling due within one year	15	(376,354)	(204,865)
<b>Net current assets</b>		<u>418,580</u>	<u>304,513</u>
<b>Total assets less current liabilities</b>		<u>2,242,164</u>	<u>2,174,315</u>
<b>Total net assets</b>		<u>2,242,164</u>	<u>2,174,315</u>
<b>Charity funds</b>			
Restricted capital funds		1,595,127	1,739,749
Restricted funds		290,392	263,569
Unrestricted funds		356,645	170,997
<b>Total funds</b>		<u>2,242,164</u>	<u>2,174,315</u>

The charity's net movement in funds for the year was £67,849 (2020 - £87,957).

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 15 December 2021 and signed on their behalf by:

DocuSigned by:  
  
 4C36F5395CC54AE...

**Claire Riley, Chair**

Company registered number: 03209411

The notes on pages 23 to 49 form part of these financial statements.

## Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

### Consolidated statement of cash flows For the year ended 31 March 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	610,318	167,726
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(117,606)	(92,815)
<b>Net cash used in investing activities</b>	(117,606)	(92,815)
<b>Change in cash and cash equivalents in the year</b>	<b>492,712</b>	<b>74,911</b>
Cash and cash equivalents at the beginning of the year	180,281	105,370
<b>Cash and cash equivalents at the end of the year</b>	<b>672,993</b>	<b>180,281</b>

The notes on pages 23 to 49 form part of these financial statements

## **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

### **Notes to the financial statements For the year ended 31 March 2021**

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#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Seven Stories, The National Centre for Children's Books Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

##### **1.2 Going concern**

Due to the continuing impact of Covid, ongoing business viability continues to be under close review by management and the Board. We are confident based on our experience during the pandemic to date that we can continue to deliver income generating activity (whether earned or funded) while remaining Covid compliant, ranging from digital delivery of activity in particular to schools and communities, to "Click & Collect" sales via the bookshop and café, to online book sales. Staff are able to work flexibly which has been facilitated by investment in IT equipment and software. Investment in communication means we can continue to keep our existing audience engaged as well as being able to reach new audiences.

Despite a number of changes to the management team and Board during 2020/21 and 2021/22, we have worked hard to keep staff and stakeholders engaged. Our cash reserves and flexible business model have enabled us to respond quickly to challenges and reinstate previously successful models when analysis of performance indicated this was required.

We continue to update a scenario-based cash flow forecast weekly, and our cash reserves remain strong.

We utilise a rigorous risk analysis and management approach and continue to undertake horizon scanning. Risks are considered by the Board at our regular meetings, with mitigations implemented and monitored.

The governance review and appointment of a substantive CEO, as well as investment in creative and digital capability, will ensure a strong leadership platform and flexible and diverse organisation able to respond to challenges.

Having considered all the steps taken as described above, and taking into account the strong cash position of the organisation, alongside the revised business model now in place, the trustees consider that the going concern basis of preparation remains appropriate.

## **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

### **Notes to the financial statements For the year ended 31 March 2021**

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#### **1. Accounting policies (continued)**

##### **1.3 Income**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and the Trustees' report should be referred to for more information about their contribution.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the charity which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Grants, including government grants, are included in the consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

##### **1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Costs of raising funds are those incurred by Seven Stories Trading Limited. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at the head office.

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

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### 1. Accounting policies (continued)

#### 1.4 Expenditure (continued)

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

#### 1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £100 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Exhibition costs, where the exhibition will be toured for in excess of one year, are capitalised at the cost of building the exhibition.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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 bases:

Land	- Not depreciated
Freehold property	- 2% straight line down to residual value
Long-term leasehold property	- 4% straight line
Fixtures and fittings	- 5-33% straight line
Exhibitions	- Over the lifetime of the exhibition

## **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

### **Notes to the financial statements For the year ended 31 March 2021**

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#### **1. Accounting policies (continued)**

##### **1.7 Heritage assets**

The group has a collection of heritage assets which are held in support of their objectives and are used as a unique and inspiring resource to create exhibitions, artistic and learning and research programmes dedicated to celebrating children's books.

Acquisitions are made by purchase or donation. The heritage assets are included on the balance sheet on the basis of either:

- purchase price where material has been purchased on the open market;
- independent valuations by professional experts;
- valuations by Seven Stories staff using knowledge of the current market and the value of comparable works in the collection; or
- information provided by the National Audit Office for England and the acceptance in lieu panel.

It is not the intention of the trustees to dispose of any of the assets within the Collection. Any disposals would be subject to the approval of the trustees, although this would only happen in exceptional circumstances, and there must be sound curatorial reasons for disposal.

The items included within the Collection are deemed to have indeterminate lives and a high residual value; hence the trustees do not consider it appropriate to charge depreciation.

Please refer to Note 11 of the accounts for further information on the heritage assets held by the group.

##### **1.8 Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Stock includes books, merchandise and cafe food and drink stocks.

##### **1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

##### **1.10 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.



# **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

## **Notes to the financial statements For the year ended 31 March 2021**

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### **1. Accounting policies (continued)**

#### **1.11 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the consolidated statement of financial activities as a finance cost.

#### **1.12 Financial instruments**

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

#### **1.13 Operating leases**

Rentals paid under operating leases are charged to the consolidated statement of financial activities on a straight line basis over the lease term.

#### **1.14 Pensions**

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

#### **1.15 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the group and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

## Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 March 2021

#### 2. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgment:

The key source of judgment within the financial statements is the valuation of heritage assets, as there is often no readily available open market valuation available. Valuation is assessed based upon other comparable items coming to the market periodically and is reviewed annually by Collections staff. It is not the intention of the Trustees of Seven Stories, The National Centre for Children's Books Collection Trust to dispose of any of the assets within the collection.

Other key estimates used within the preparation of the financial statements are the useful lives of the fixed assets of the charity, which are used to set depreciation rates.

#### 3. Income from donations and legacies

	Unrestricted funds 2021 £	Restricted capital funds 2021 £	Total funds 2021 £
Donations	17,007	250,000	267,007
Government grants	111,826	-	111,826
	<u>128,833</u>	<u>250,000</u>	<u>378,833</u>
	Unrestricted funds 2020 £	Restricted capital funds 2020 £	Total funds 2020 £
Donations	10,268	7,462	17,730
	<u>10,268</u>	<u>7,462</u>	<u>17,730</u>

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 4. Income from charitable activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Visitor centre	472,088	48,300	520,388
Programme	66,939	43,531	110,470
Learning	473,088	63,475	536,563
Collections	102,308	2,014	104,322
Exhibitions	21,025	11,225	32,250
	<u>1,135,448</u>	<u>168,545</u>	<u>1,303,993</u>
	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Visitor centre	498,043	-	498,043
Programme	277,900	83,111	361,011
Learning	192,874	57,511	250,385
Collections	131,000	18,180	149,180
Exhibitions	108,337	183,620	291,957
	<u>1,208,154</u>	<u>342,422</u>	<u>1,550,576</u>

### 5. Income from other trading activities

#### Income from fundraising events

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Corporate sponsorship	<u>370</u>	<u>370</u>	<u>17,200</u>

## Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 March 2021

#### 5. Income from other trading activities (continued)

##### Income from non charitable trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Charity trading income	133,164	133,164	288,394

#### 6. Other incoming resources

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Other income	33,380	33,380	22,737

Other income in the year relates to receipts relating to the Value North Partnership and community funding receipts.

#### 7. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Visitor centre	512,468	132,195	644,663
Programme	57,928	11,730	69,658
Learning	285,800	93,839	379,639
Collections	123,556	29,677	153,233
Exhibitions	68,988	34,603	103,591
Development	27,297	9,384	36,681
	1,076,037	311,428	1,387,465

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 7. Analysis of expenditure by activities (continued)

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Visitor centre	474,703	152,851	627,554
Programme	70,147	9,977	80,124
Learning	248,217	56,740	304,957
Collections	204,616	39,009	243,625
Exhibitions	161,588	35,969	197,557
Development	33,973	8,106	42,079
	<u>1,193,244</u>	<u>302,652</u>	<u>1,495,896</u>

### Analysis of support costs

	Total funds 2021 £	Total funds 2020 £
General office costs	63,499	58,035
IT support	8,007	6,099
Travel and accommodation	152	4,844
Subscriptions and licenses	1,744	4,022
Bank charges	1,646	2,667
Wages and salaries	184,288	159,927
Professional fees	52,092	67,058
	<u>311,428</u>	<u>302,652</u>

The support costs have been allocated to each activity on the basis of headcount.

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 8. Auditor's remuneration

	2021 £	2020 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	15,000	10,000
Fees payable to the charity's auditor in respect of: All non-audit services not included above	900	900

### 9. Staff costs

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Wages and salaries	786,016	548,240	748,467	548,240
Social security costs	57,123	55,978	55,466	50,681
Contribution to defined contribution pension schemes	29,142	32,080	27,910	28,300
	<u>872,281</u>	<u>636,298</u>	<u>831,843</u>	<u>627,221</u>

The average number of persons employed by the charity during the year was as follows:

	Group 2021 No.	Group 2020 No.
All employees	60	60

The average headcount expressed as full-time equivalents was:

	Group 2021 No.	Group 2020 No.
Visitor centre and learning	15	17
Collections	4	6
Trading	4	7
Management	9	9
	<u>32</u>	<u>39</u>

## **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

### **Notes to the financial statements For the year ended 31 March 2021**

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#### **9. Staff costs (continued)**

No employee received remuneration amounting to more than £60,000 in either year.

#### **Remuneration and benefits received by key management personnel**

The key management personnel of the group comprise those of the charity and the key management personnel of its trading subsidiary, Seven Stories Trading Limited.

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees for planning, directing and controlling the activities of the charity. During 2020/21 they were:

Chief Executive – Mairi Kidd  
Collections Director and Acting Co-Chief Executive – Sarah Lawrance  
Creative Director and Acting Co-Chief Executive – John Coburn  
Head of HR and Operations - Wendy Elliott  
Finance Director - Lucy Smyth

The total employee benefits of the key management personnel of the group were £247,888 (2020: £199,036).

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 10. Tangible fixed assets

#### Group and charity

	Freehold property £	Long-term leasehold property £	Fixtures and fittings £	Exhibitions £	Assets under construction £	Total £
<b>Cost or valuation</b>						
At 1 April 2020	3,552,626	21,419	3,157,656	344,059	89,115	7,164,875
Additions	-	-	93,311	-	24,295	117,606
At 31 March 2021	3,552,626	21,419	3,250,967	344,059	113,410	7,282,481
<b>Depreciation</b>						
At 1 April 2020	2,552,626	12,853	2,402,293	334,059	-	5,301,831
Charge for the year	-	856	163,284	1,112	-	165,252
At 31 March 2021	2,552,626	13,709	2,565,577	335,171	-	5,467,083
<b>Net book value</b>						
At 31 March 2021	1,000,000	7,710	685,390	8,888	113,410	1,815,398
At 31 March 2020	1,000,000	8,566	755,363	10,000	89,115	1,863,044

Included in land and buildings is freehold land of £504,208 which has not been depreciated.

As detailed in note 22, Newcastle City Council and Arts Council England have a legal charge over the land and buildings.



# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 11. Heritage assets

#### Group

#### Assets recognised at cost

	Acquarian books and manuscripts 2021 £	Total 2021 £
Market value at 1 April 2020	3,312,792	3,312,792
Additions	250,000	250,000
	<u>3,562,792</u>	<u>3,562,792</u>

#### 5 year summary of heritage asset transactions

#### Group

	2021 £	2020 £	2019 £	2018 £	2017 £
<b>Purchases</b>					
Purchases	-	-	7,500	142,350	20,555
Donated assets at valuation	250,000	5,500	16,450	347,180	137,605
<b>Total additions</b>	<u>250,000</u>	<u>5,500</u>	<u>23,950</u>	<u>489,530</u>	<u>158,160</u>

#### Management of heritage assets

Seven Stories complies fully with the standards required by the Museum Accreditation scheme, having first become an Accredited museum in 2008. Accreditation was renewed with National Styling in 2016.

The prime instrument of collection management is the Collection Management Policy, which Seven Stories executes on behalf of Seven Stories, The National Centre for Children's Books Collection Trust. Seven Stories and the Collection Trust have also approved the following related policies, covering all areas of collection management:

- Collection Development Policy
- Collection Information Policy
- Collection Access Policy
- Collection Care and Conservation Policy.

## Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 March 2021

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#### **Nature and scale of heritage assets**

Seven Stories is the only institution in the UK actively working to collect, preserve, conserve, exhibit and make available original manuscripts, artwork and related pre- and post- publication materials by the creators of modern and contemporary British books for children from the 1930s to the present day. The charity began collecting in 1996 and the Collection now comprises over 140 individual collections representing (to varying extents) the work of over 250 different authors, illustrators, editors and publishers and an estimated 35,000 books. Much of the work has been donated by the creators of the work or their families, though an acquisition budget coupled with external fundraising from sources including the Heritage Lottery Fund, the Art Fund, the ACE/V&A Purchase Grant Fund and the Friends of the National Libraries, has enabled a number of significant purchases.

The nature and extent of the holdings of original material varies from work relating to a single title to substantial collections which document an entire career, and may include business records and correspondence with publishers, as well as manuscripts and artwork in various stages. A wide range of genres and formats is covered. Fantasy, historical fiction, picture books and drama are particularly well represented.

Among the most extensive writers' archives are those of Elisabeth Beresford, Peter Dickinson, Berlie Doherty, Diana Wynne Jones, Jan Mark, Michael Morpurgo, Beverley Naidoo, Martin Waddell, Robert Westall, Ursula Moray Williams and David Wood. Many others are also represented by significant bodies of work – for example Leila Berg, Lucy Boston, Leon Garfield, Eva Ibbotson, Clive King, Philip Pullman, Michael Rosen, Catherine Storr and Geoffrey Trease. The Collection also includes the largest Enid Blyton archive in public ownership (though sadly only a small proportion of her enormous output survives in manuscript or typescript form).

Around 120 illustrators are currently represented by original work, in a wide variety of techniques – from wood engraving (John Lawrence) to digital art (Chris Haughton) – and formats, from illustrated fiction to pop-ups. The most extensive collections include the Judith Kerr archive, comprising artwork for 24 titles, including *The Tiger who Came to Tea* (1968) and all of the *Mog* series (1970-2002) and the Helen Craig archive, which contains complete preparatory and finished artwork for 18 titles in the popular *Angelina Ballerina* series. Other extensive and/or highly significant holdings include work by – among others – Edward Ardizzone, Judy Brook, Faith Jaques, Harold Jones and Kim Lewis.

#### **Acquisition of assets**

Seven Stories, on behalf of the Collection Trust, is continuing to collect the following types of material dating from c. 1930 to the present day. Representative examples of work by seminal figures from earlier periods may be collected from time to time, where these provide a context for more recent work:

- Original artwork and manuscripts by British writers and illustrators for children, in whatever format they were created, including new media

- Pre- and post-publication materials

- Related materials: e.g. correspondence, reviews, articles

- Books in all their forms – including fiction and non-fiction, picture books, poetry, drama and prose, published work in new media formats, including audio and video tape, CD and DVD, and e-books.

Acquisition decisions are made with reference to a Collection Development Policy (updated 2015).

Current priorities include:

- Work by or representing groups of people outside the mainstream of publishing for children, in particular work by authors and illustrators of non-white British origin.

- Poetry – currently a significant weakness

- Illustration – building on the strengths of the existing holdings

- Young fiction – work aimed at children aged 7-11, in particular by more popular authors

- First edition copies (where available) of texts represented by artwork and archival material in the Collection.

## **Seven Stories, The National Centre for Children's Books Limited**

(A company limited by guarantee)

### **Notes to the financial statements For the year ended 31 March 2021**

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#### **Preservation of assets**

The charity is responsible for the care and conservation of the Collection under the terms of the management agreement with the Collection Trust. The collection care policy covers all aspects of preservation and conservation, from the moment an object enters the Collection, through storage, handling, display, loan, etc.

The policy is designed to ensure that Collection care at Seven Stories complies as far as possible with widely established standards and practices within the museums and archives community in Britain, for example BS5454, the ACE Accreditation Scheme, and Benchmarks for Collection Care.

It sets standards and expectations in the following areas:

- Collection Content and Condition Monitoring

- Premises, Storage and Housekeeping

- Preventive conservation, including environmental monitoring and control, and integrated pest management

- Handling and Repackaging

- Remedial Conservation

- Disaster Planning.

It also covers best practice in digitisation, exhibitions, and transport of collections.

#### **Disposal of assets**

By definition, the Collection Trust has a long-term purpose and holds collections in trust for society in relation to its stated objectives. The Board of Trustees therefore accepts the principle that sound curatorial reasons for disposal must be established before consideration is given to the disposal of any items in the Collection. Full details of the procedures to be followed in the event of a decision to dispose are given in the Collection Development Policy.

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 12. Fixed asset investments

Group	Listed securities £		
<b>Cost or valuation</b>			
At 1 April 2020			6,757
Revaluations			1,428
			<u>8,185</u>
At 31 March 2021			<u>8,185</u>
<b>Net book value</b>			
At 31 March 2021			8,185
At 31 March 2020			<u>6,757</u>
			<u>6,757</u>
Charity	Investments in subsidiary companies £	Listed securities £	Total £
<b>Cost or valuation</b>			
At 1 April 2020	1	6,757	6,758
Revaluations	-	1,428	1,428
	<u>1</u>	<u>8,185</u>	<u>8,186</u>
At 31 March 2021	<u>1</u>	<u>8,185</u>	<u>8,186</u>
<b>Net book value</b>			
At 31 March 2021	1	8,185	8,186
At 31 March 2020	<u>1</u>	<u>6,757</u>	<u>6,758</u>
	<u>1</u>	<u>6,757</u>	<u>6,758</u>

## Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 March 2021

#### 12. Fixed asset investments (continued)

##### Principal subsidiaries

The following were subsidiary undertakings of the charity:

Names	Company number	Charity registration number	Holding	Included in consolidation
Seven Stories Trading Limited	04177830	n/a	100%	Yes
Seven Stories, The National Centre for Children's Books Collections Trust	n/a	1115167	100%	Yes

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net assets £
Seven Stories Trading Limited	147,097	(100,469)	46,628	46,628
Seven Stories, The National Centre for Children's Books Collections Trust	250,195	(1,707)	248,488	3,575,137

#### 13. Stocks

	Group 2021 £	Group 2020 £
Books and merchandise	34,362	39,579
Cafe food and drink stock	4,238	1,158
	<b>38,600</b>	<b>40,737</b>

## Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 March 2021

#### 14. Debtors

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
<b>Due within one year</b>				
Trade debtors	29,985	48,981	11,324	41,329
Amounts owed by group undertakings	-	-	47,834	49,600
Other debtors	13,324	121,150	13,324	121,150
Prepayments and accrued income	110,091	166,022	109,147	180,605
	<b>153,400</b>	<b>336,153</b>	<b>181,629</b>	<b>392,684</b>

#### 15. Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade creditors	106,165	100,057	101,518	76,419
Other taxation and social security	19,637	18,695	18,931	18,695
Other creditors	18,383	6,780	18,383	6,780
Accruals and deferred income	243,255	111,712	237,522	102,971
	<b>387,440</b>	<b>237,244</b>	<b>376,354</b>	<b>204,865</b>

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 16. Statement of funds

#### Statement of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Designated funds	10,249	-	-	-	-	10,249
<b>General funds</b>						
General funds	194,592	1,431,195	(1,215,505)	(18,687)	1,428	393,023
<b>Total Unrestricted funds</b>	<b>204,841</b>	<b>1,431,195</b>	<b>(1,215,505)</b>	<b>(18,687)</b>	<b>1,428</b>	<b>403,272</b>
<b>Restricted capital funds</b>						
Building purchase	750,156	-	-	-	-	750,156
Building improvements and purchase of other assets	992,055	-	(147,084)	-	-	844,971
Historic collections	3,324,187	250,195	(1,707)	2,462	-	3,575,137
	<b>5,066,398</b>	<b>250,195</b>	<b>(148,791)</b>	<b>2,462</b>	<b>-</b>	<b>5,170,264</b>

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 16. Statement of funds (continued)

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
<b>Restricted funds</b>						
Collecting Cultures	(7,500)	-	(716)	8,216	-	-
NGCV Family Explorers	(4,330)	16,041	(13,820)	2,109	-	-
Eyre Family Foundation	7,500	-	(7,500)	-	-	-
Unwin Charitable Trust	5,000	10,000	-	-	-	15,000
British Council	8,670	1,225	(7,256)	-	-	2,639
Helen Bailey	6,275	5,200	(9,875)	-	-	1,600
Heritage Lottery Fund - WSCF	19,000	-	-	-	-	19,000
Business Model	(5,900)	-	-	5,900	-	-
Gillian Dickinson	45,903	-	(430)	-	-	45,473
BBC Children in Need	5,284	19,388	(18,437)	-	-	6,235
Foyle - WSCF	9,900	-	-	-	-	9,900
Garfield Weston	50,000	-	-	-	-	50,000
St Nicholas' Education Trust	-	13,254	(8,000)	-	-	5,254
Wolfson	76,550	-	-	-	-	76,550
Well Newcastle Gateshead	10,500	4,500	(13,707)	-	-	1,293
National Lottery Heritage Fund - Covid-19	-	48,300	(29,264)	-	-	19,036
LNER - On Board With Stories	-	14,600	(5,732)	-	-	8,868
Guy Readman	-	15,000	-	-	-	15,000
Community Family Hub East	-	10,000	(1,209)	-	-	8,791
Other Funds	4,429	11,642	(10,318)	-	-	5,753
	<u>231,281</u>	<u>169,150</u>	<u>(126,264)</u>	<u>16,225</u>	<u>-</u>	<u>290,392</u>
<b>Total of funds</b>	<u>5,502,520</u>	<u>1,850,540</u>	<u>(1,490,560)</u>	<u>-</u>	<u>1,428</u>	<u>5,863,928</u>



# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 16. Statement of funds (continued)

#### Statement of funds - prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2020 £
<b>Unrestricted funds</b>					
<b>Designated funds</b>					
Designated funds	10,249	-	-	-	10,249
<b>General funds</b>					
General funds	109,341	1,546,753	(1,458,990)	(2,512)	194,592
<b>Total Unrestricted funds</b>	119,590	1,546,753	(1,458,990)	(2,512)	204,841
<b>Restricted capital funds</b>					
Building purchase	750,156	-	-	-	750,156
Building improvements and purchase of other assets	1,130,327	-	(138,272)	-	992,055
Historic collections	3,316,725	7,462	-	-	3,324,187
	5,197,208	7,462	(138,272)	-	5,066,398

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 16. Statement of funds (continued)

	Balance at 1 April 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2020 £
<b>Restricted funds</b>					
Collecting Cultures	(7,500)	-	-	-	(7,500)
NGCV Family Explorers	1,052	18,530	(23,912)	-	(4,330)
Eyre Family Foundation	7,500	10,000	(10,000)	-	7,500
Unwin Charitable Trust	5,000	-	-	-	5,000
British Council	5,000	3,670	-	-	8,670
Pilgrim Trust	9,633	18,180	(26,311)	-	1,502
Helen Bailey	3,850	5,200	(2,775)	-	6,275
Heritage Lottery Fund - WSCF	30,000	24,000	(35,000)	-	19,000
Business Model	399	1,000	(7,299)	-	(5,900)
Gillian Dickinson	34,820	47,881	(36,798)	-	45,903
Shears Foundation	-	10,000	(10,000)	-	-
BBC Children in Need	-	5,284	-	-	5,284
Foyle - WSCF	-	20,000	(10,100)	-	9,900
Garfield Weston	-	50,000	-	-	50,000
ISN	-	15,647	(16,500)	-	(853)
Austin & Hope Pilkington Trust	-	5,000	(5,000)	-	-
St Nicholas' Education Trust	-	9,280	(9,280)	-	-
Wolfson	-	85,000	(8,450)	-	76,550
Well Newcastle Gateshead	-	10,500	-	-	10,500
Other Funds	710	3,780	(710)	-	3,780
	<u>90,464</u>	<u>342,952</u>	<u>(202,135)</u>	<u>-</u>	<u>231,281</u>
<b>Total of funds</b>	<u>5,407,262</u>	<u>1,897,167</u>	<u>(1,799,397)</u>	<u>(2,512)</u>	<u>5,502,520</u>

## Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 March 2021

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#### 16. Statement of funds (continued)

**Restricted capital funds:**

Building purchase - funds allocated solely for the purchase of the buildings at 30 - 34 Lime Street, which were converted into the Seven Stories Visitor Centre.

**Restricted funds:**

Eyre Family Foundation – support for our learning and participation work.

Unwin Charitable Trust - towards the direct costs of preparing collection items for use in our exhibition and learning programmes for 12 months.

British Council – grant to fund an artist in residence event at Seven Stories with a Polish illustrator.

Helen Bailey - to support a new creative writing project for schools.

Heritage Lottery Fund WSCF - to provide funding for development of new exhibition space.

Gillian Dickinson - to support the young people's talent development programme.

BBC Children in Need - to deliver community activity with educational and well-being outcomes in the East End of Newcastle.

Foyle Foundation - to provide funding for development of our new exhibition space.

Garfield Weston Foundation - for exhibition co-curation and touring programme.

St Nicholas Education Trust – to support Reader in Residence programme at Byker and St Lawrence Primary

Wolfson Foundation - to provide funding for development of our new exhibition space.

Well Newcastle Gateshead – to deliver Food Stories multigenerational project in the East End.

National Lottery Heritage Fund re Covid-19 - Covid 19 Emergency Funding to cover working from home adaptations and Covid safety changes to Visitors Centre and City Library.

LNER - On Board with Stories - a programme of creative learning activities using books to support babies born during lockdown and their parents/carers.

Guy Readman - reader in Residence programme with Central Walker Primary School and West Walker Primary School.

Community Family Hub East - to provide Welcome to the World story packs 1) for pregnant mums and new babies born in East Newcastle; 2) for families participating in the Books for Babies courses; and 3) to families across East Newcastle to celebrate World Book Day.

Other funds relates to grants from:

Holocaust Memorial Fund; Jeremy Beecham Fund; Friends of the National Lottery; Sebastian Walker Fund for Collection; The Shears Foundation; The Pilgrim Trust; and ISN.

Transfers between funds represent monies previously spent from unrestricted funds in order to complete restricted projects, and have been made to clear the deficit on historic restricted funds.

## Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 March 2021

#### 17. Summary of funds

##### Summary of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Designated funds	10,249	-	-	-	-	10,249
General funds	194,592	1,431,195	(1,215,505)	(18,687)	1,428	393,023
Restricted capital funds	5,066,398	250,195	(148,791)	2,462	-	5,170,264
Restricted funds	231,281	169,150	(126,264)	16,225	-	290,392
	<u>5,502,520</u>	<u>1,850,540</u>	<u>(1,490,560)</u>	<u>-</u>	<u>1,428</u>	<u>5,863,928</u>

##### Summary of funds - prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2020 £
Designated funds	10,249	-	-	-	10,249
General funds	109,341	1,546,753	(1,458,990)	(2,512)	194,592
Restricted capital funds	5,197,208	7,462	(138,272)	-	5,066,398
Restricted funds	90,464	342,952	(202,135)	-	231,281
	<u>5,407,262</u>	<u>1,897,167</u>	<u>(1,799,397)</u>	<u>(2,512)</u>	<u>5,502,520</u>

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 18. Analysis of net assets between funds

#### Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted capital funds 2021 £	Total funds 2021 £
Tangible fixed assets	220,271	-	1,595,127	1,815,398
Fixed asset investments	8,185	-	-	8,185
Heritage assets	-	-	3,562,792	3,562,792
Current assets	557,456	290,392	17,145	864,993
Creditors due within one year	(382,640)	-	(4,800)	(387,440)
<b>Total</b>	<b>403,272</b>	<b>290,392</b>	<b>5,170,264</b>	<b>5,863,928</b>

#### Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted capital funds 2020 £	Total funds 2020 £
Tangible fixed assets	123,295	-	1,739,749	1,863,044
Fixed asset investments	6,757	-	-	6,757
Heritage assets	-	-	3,312,792	3,312,792
Current assets	308,833	231,281	17,057	557,171
Creditors due within one year	(234,044)	-	(3,200)	(237,244)
<b>Total</b>	<b>204,841</b>	<b>231,281</b>	<b>5,066,398</b>	<b>5,502,520</b>

# Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

## Notes to the financial statements For the year ended 31 March 2021

### 19. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2021 £	Group 2020 £
Net income for the year (as per Statement of Financial Activities)	361,408	95,258
<b>Adjustments for:</b>		
Depreciation charges	165,252	182,252
(Gains)/losses on investments	(1,428)	2,512
Donation of assets acquired	(250,000)	(5,500)
Decrease in stocks	2,137	10,055
Decrease/(increase) in debtors	182,753	(109,742)
Increase/(decrease) in creditors	150,196	(7,109)
<b>Net cash provided by operating activities</b>	<b>610,318</b>	<b>167,726</b>

### 20. Analysis of cash and cash equivalents

	Group 2021 £	Group 2020 £
Cash in hand	672,993	180,281
<b>Total cash and cash equivalents</b>	<b>672,993</b>	<b>180,281</b>

### 21. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	180,281	492,712	672,993
	<b>180,281</b>	<b>492,712</b>	<b>672,993</b>

## Seven Stories, The National Centre for Children's Books Limited

(A company limited by guarantee)

### Notes to the financial statements For the year ended 31 March 2021

#### 22. Contingent liabilities

There are legal charges over the land and buildings at 30-34 Lime Street, Newcastle upon Tyne, in favour of Newcastle City Council and the Arts Council England, which arose from capital grants awarded to the charity.

The grants are non-repayable provided that the property is not disposed of or used for purposes other than non-profit making culturally related activities, or the charity ceases to operate. The security given by the charges will be released after 25 years in 2029 by Arts Council England and 60 years in 2064 by Newcastle City Council.

#### 23. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £29,142 (2020: £32,080). Contributions totalling £6,440 (2020: £5,399) were payable to the fund at the balance sheet date and are included within creditors.

#### 24. Operating lease commitments

At 31 March 2021 the group and the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group 2020 £
Not later than 1 year	28,110	34,660
Later than 1 year and not later than 5 years	88,000	116,110
	<u>116,110</u>	<u>150,770</u>

#### 25. Related party transactions

No member of the board received any remuneration during the current or prior year.

During the year, no trustees (2020: 1) received reimbursed expenses (2020: £318) in respect of travel and subsistence costs.

#### 26. Controlling party

The charity is controlled by the Board of Trustees.

