

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 2022

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

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Reference and administrative details For the year ended 31 March 2022

Trustees	<p>Professor Matthew Grenby Douglas Dodds (resigned 22 October 2021) Nick Kemp, (Interim Chair 30/03/2021 - 22/10/2021) Antony Pierce, (Interim Chair 30/03/2021 - 22/10/2021) (resigned 22 October 2021) Matthew McWhinnie Jeremy Cripps (resigned 30 November 2021) Ed Ripley (resigned 30 March 2022) Professor Ella Richie, (Interim Chair 30/03/2021 - 22/10/2021) (resigned 28 September 2022) Sheena Ray (resigned 23 February 2022) Mauricio Armellini (resigned 28 September 2022) Annie Rigby (resigned 29 June 2022) Ben Butler Jill Coleman (Resigned 30 March 2022) Rachel Mary Lippe Amy Sergison (resigned 29 June 2022) Claire Riley, Chair (appointed 22 October 2021)</p>
Company registered number	03209411
Charity registered number	1056812
Registered office	<p>30 Lime Street Ouseburn Valley Newcastle upon Tyne NE1 2PQ</p>
Company secretary	Wendy Elliott
Chief executive officer	<p>Mairi Kidd (resigned 20/08/2021) Wendy Elliott (interim role from 20/08/2021, appointed to permanent role 18/05/2022)</p>
Independent auditor	<p>UNW LLP Chartered Accountants Citygate St James Boulevard Newcastle upon Tyne NE1 4JE</p>

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Reference and administrative details (continued)

For the year ended 31 March 2022

Bankers

NatWest
4 Bridge Street
Morpeth
Northumberland
NE61 1NG

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

Unity Trust
9 Brindley Place
Birmingham
B1 2HB

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

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Trustees' Report For the year ended 31 March 2022

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Seven Stories, The National Centre for Children's Books Limited ("Seven Stories") (the company) for the year ended 31 March 2022. The Trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the 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 (FRS 102) (effective 1 January 2019).

Objectives and activities

• Policies and objectives

Seven Stories is the National Centre for Children's Books. Our focus is literature and associated illustrations and related material specifically created for children, and the various ways these are shared, collected, conserved, promoted, and disseminated. 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.

• 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 of 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.

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Trustees' Report (continued) For the year ended 31 March 2022

Objectives and activities (continued)

While entry to our Visitor Centre is free, we do make some 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.

We seek to 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 58 people (34 full time equivalent) in total during 2021/22; 35 on permanent contracts and 23 on casual contracts. 17 staff were full time staff and 41 on a part time basis. Staff turnover was, as expected, high as the previous year had been unusually low due to the pandemic, with staff furloughed when appropriate. A number of staff left as a result of changes to the business model described below. These changes afforded us the opportunity to recruit much needed skills to key roles in line with our business plan, including senior positions in communications and operations and systems roles as well as various community, education and digital roles which are key to our business development.

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.

• Review of activities

The year commenced with Seven Stories in a relatively strong position, with significant financial reserves, notwithstanding the previous impact of Covid related restrictions, a new senior management team, including a permanent Chief Executive, and the prospect of Covid restrictions being largely lifted, enabling new exhibitions at the Newcastle Visitor Centre. Indeed, the year saw a number of significant items of progress, although there were also some significant challenges.

Major areas of progress have included the formal acceptance into the Collection of the Judith Kerr archive, following a period of loan, which, along with other additions, has confirmed the status of the Collection as one of the most important in Britain; the development of a new online presentation of some of the Collection's content, improving accessibility; renewed focus on the Visitor Centre, and a new Business Model, introduced to improve accessibility further. Of particular importance, was the award of NPO extension funding from Arts Council England, establishing a strong potential basis for an application for the subsequent period 2023-2026.

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Trustees' Report (continued) For the year ended 31 March 2022

Strategic report (continued)

Achievements and performance (continued)

However, a bold and experimental investment in exhibition format and content did not deliver expectations in visitor numbers, and this had a significant impact on overall financial performance. As a vibrant, arts-based organisation, it is important that such experimentation continues where enabled by financial reserves. In addition, the renewed focus on the Visitor Centre, previously restricted by Covid, reduced the extent of some other activities with additional financial impacts.

The interim Board took steps to address these challenges and encouraged the introduction of a new business model, based on free general access to the Visitor Centre, with specific payments for particular events. In addition, changes took place to leadership and organisational capacity, including a new Chair of Trustees to replace an interim position and new Senior Leadership. These changes have significantly improved operational performance. Further development is ongoing.

We have also improved our existing activities. We have learnt that performance and live elements substantially improve value. We have developed our audience from typically Early Years and Key Stage 1 to Key Stages 2 and 3. Our new business model includes different types of exhibitions in our galleries, delivering more access and engagement through less complex (and substantially lower cost) displays. Moreover, we have been able to utilise materials from our own Collection more extensively, and we have co-produced exhibits with children and young people, receiving Investing In Children accreditation as recognition of excellent participatory practice. We have recognised that a major barrier to experiencing our Visitor Centre activities and displays was a relatively high entry cost. After piloting different approaches, we recognised our responsibility in terms of widening access as both a National Centre but also a regional organisation with a national asset in our Collection. Therefore, we took the decision to implement our first ever free entry model, thereby removing the principal barrier to accessing culture. This resulted in a substantial increase in attendance numbers, including a very welcome increase in new visitors from less affluent communities. We have also re-introduced our education offer, streamlining the number of activities previously offered and bringing it up to date with the renewed educational priorities.

Our main focus following the lifting of COVID restrictions was on face to face delivery, engaging our most impacted communities and focusing on delivering support to children and families worsened in the aftermath of COVID, continuing our portfolio of activities with community-based organisations, working with partners to provide a more holistic offer and meeting the needs of local disadvantaged communities. Our touring programme gradually reopened with Judith Kerr's *The Tiger Who Came to Tea* facsimile tour and David McKee's *Elmer and Friends* original artwork both touring nationally.

We continued to capitalise on the move to digital delivery with the launch of our online platform showcasing the Collection and stories behind it, <https://sevenstories.online/>. This strategic development makes our Collection available to all through very rich, entertaining and engaging online content for the first time. This will become a vital new aspect of Seven Stories.

Collection

As noted above, major progress has been made with the Collection's content, as well as in access and presentation. There were particularly noteworthy additions, including the notable achievement of the formal Acceptance in Lieu of the Judith Kerr archive. This is a significant addition to our Collection and it allows us to further embark on our aspirations to diversify our audiences and improve access to culture across the region and beyond.

We were also able to take part in a Windrush project to highlight the contributions of Caribbean and British-Caribbean writers to British children's literature, exploring the ways they have transformed and deepened our understanding of history, culture and the story of the Windrush. This primarily drew on our archives for four writers; Grace Hallworth, Grace Nichols, John Agard and Valerie Bloom. We need to recognise further how our Collection has developed into a significant National Treasure, which we need to continue to expand, document and enhance accessibility.

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Trustees' Report (continued) For the year ended 31 March 2022

Strategic report (continued)

Achievements and performance (continued)

Facilities

We were able to consolidate the significant changes made in respect of facilities but previously interrupted by lockdown and other restrictions. The move of the Collection to the Central Library was completed with staff able to return to work on-site. The closure of the MX5 remote offices and consolidation at the Visitor Centre meant staff were able to work more closely and ensure a streamlined and efficient plan for reopening. Considerable benefits were delivered in respect of team working, as well as cost reductions.

Leadership

The year saw major changes in leadership. At the beginning of the year, a small group of Trustees took over the Chair role jointly following the departure of the previous Chair due to health reasons. Seven Stories recognised a vital need to reform its governance and, following the appointment of a new permanent Chair at the end of 2021, engaged the specialist law firm DAC Beachcrofts, on an honorary basis, to conduct a full independent review. They have now made a series of recommendations based on best practice and in line with charitable organisations operating in the Cultural sector. These included the responsibilities and duties of the Board and individual Trustees, the size and skills mix, its structure, decision-making processes, delegations, reporting and relationships with the permanent Executive. These recommendations have been considered by the Board, adopted as appropriate, and are now being implemented. Key ongoing developments now being taken forward include clarifying roles and duties, new appointments to improve diversity and competence, and greater focus. We are introducing a new sub-committee structure that will better enable the effective oversight of the organisation, enabling greater focus on specific issues. We will include our stakeholders in the design and implementation of these arrangements. Managing risk will also have a more formal focus, with particular Trustee input on identifying and mitigating emerging risks, safeguarding the security of the organisation and achieving environmental sustainability.

We envisage that the new fit-for-purpose Board led governance arrangements will be in place by the commencement of 2023.

In the course of the year, Wendy Elliott was appointed as Chief Executive, initially on an interim basis, to develop and implement the new business model. Wendy was subsequently confirmed as permanent Chief Executive Officer in May 2022. The current Leadership structure has been redesigned to take account of the changing nature of the organisation and its activities, and includes specific Programme management responsibilities. The Seven Stories Chief Executive has overall management responsibilities for the organisation, supported by a Finance Director, a Marketing and Business Development Head and an Organisation Systems Head. The Chief Executive has overall responsibility for the successful delivery of the business strategy, reporting to the Board.

● Fundraising and development

Seven Stories has a small development and relationship workforce 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 an estimated value of £940,395 (£250,000 in 2019/20) were donated to The Collection Trust, principally comprising the Judith Kerr archive, much of which was already held on a long-term loan.

The Vital North Partnership (VNP) is supported by Arts Council England's National Portfolio Funding and Newcastle University for 2018 - 2023. 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.

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Trustees' Report (continued) For the year ended 31 March 2022

Strategic report (continued)

• Financial review

The financial position of the organisation and performance during the year reflects the ongoing pressures highlighted above.

A loss of £191,712 was made on unrestricted funds, compared with a surplus of £201,813 in the prior year. Combined with surpluses on restricted funds and restricted capital funds, there was an overall surplus of £593,483 for the year compared with £348,565 in the preceding year.

2021/22 was the fourth 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. Due to the pandemic, an additional year of funding for 2022/23 was made available which we were successful in our application for.

Other grants awarded during the year included:

- £47,742 from the Enid Blyton Fund for Seven Stories managed by the Community Foundation.
- £20,000 from the Newcastle Culture Investment Fund managed by the Community Foundation.
- £16,400 from the Helen Bailey Trust.
- £55,594 from The Esmée Fairbairn Collections Fund – delivered by the Museums Association.

We had received £160,000 from the Weston Culture Fund for work in 2020/21 and 2021/22 for digital development and website improvements.

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

Corporate Sponsors & Supporters:

Belsay Hall Educational Partnership
Durham Cathedral
Durham University
North East Social Tech Fund
Oxford University Press
Reach PLC/ Mirror Group Pride of Britain
Stowe Family Law

Revenue and Project Grants:

Arts Council England
ACE Culture Recovery Fund 1
BBC Children in Need
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
The Esmée Fairbairn Collections Fund – delivered by the Museums Association
Eyre Family Foundation
Family Explorers
Garfield Weston Foundation
Gillian Dickinson Trust
Helen Bailey Trust
Ministry of Housing, Communities & Local Government
Jeremy Beecham Fund at the Community Foundation
Newcastle City Council
Newcastle Culture Education Partnership

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Trustees' Report (continued) For the year ended 31 March 2022

Sir James Knott Trust
St Nicholas Education Trust
The Shears Foundation
The Sir Tom Cowie Charitable Trust
Unwin Charitable Trust
WA Handley 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

• 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 the cost of living pressures 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. Our charitable objectives already mean we deliver activities that align with the aims of many Trusts and Foundations.

It is vital that the development of the new business model and the introduction of expanded activities, supported by organisational development, is achieved. Timely action was taken to restrict the impact of unsuccessful activities and recommence other, more promising and profitable, areas in the year. While the turnaround took some months to be evident, the first four months of 2022/23 were profitable and while spend has increased in subsequent months, this has been in a controlled way and in line with our income generation plans.

A revised risk management process has been introduced, enabling Trustees to have greater assurance. Implementation of recommendations from the Governance review mean we will have a Board which is equipped to take us through upcoming challenges.

The appointment of Claire Riley as our new Chair and Wendy Elliott as permanent 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 support for the NPO 2023-26 funding period. Our business plan is clearly aligned to ACE's Let's Create strategy and its four investment principles. We were delighted to receive an offer for the full amount of our application in October 2022 with final submission of our business plan due in January 2023.

Investment in management and data systems and processes will improve our ability to make more informed management decisions. Seven Stories is proud to participate in Bloomberg Philanthropies' Digital Accelerator for Arts and Culture, which supports arts organizations through strategic improvements to technology infrastructure.

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.

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Trustees' Report (continued) For the year ended 31 March 2022

• 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 re house the Collection. This minimum reserve requirement was estimated to be £175,000 at March 2022. 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 2022, the group held free reserves of £95,260 in deficit (£174,816 surplus in 2020/21), being £211,560 unrestricted funds less £25,795 intangible fixed assets and less £281,025 of tangible fixed assets as a decision was made to invest in new Gallery spaces during the year. 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

We will build on the changes implemented in the second half of the year ended 31 March 2022 to create a platform for future development and growth. Plans include:

- Substantially increasing our audience and, in particular, substantially improving access and participation by individuals and communities, notably children and young people and disadvantaged communities. We will target, in particular, people and communities that are facing difficulties in engaging with us.
- Expanding our portfolio of activities to enable the greater achievement of our objectives, and enhanced financial sustainability.
- Continue to invest in refreshing our Gallery spaces.
- Invest and develop touring programme, in particular facsimile tours, to ensure we remove barriers to access by touring to a wider range of accessible venues.
- 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 development of management and organisational capacity, including creative leadership.
- Embedding our new Governance model, including a refreshed main Board.
- Consolidation of finances, including reserves.
- Further development of the digital and online offer.

Our business plan for the next financial year builds on our previous 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. 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

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Trustees' Report (continued) For the year ended 31 March 2022

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, the implementation of the Governance Review will introduce significant changes to the sub-committee structure, particularly to align with the new NPO programme, and the underpinning Arts Council England's Lets Create Strategy.

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.

An interim Board structure was introduced in March 2021, following the retirement of the previous Chair of Trustees due to ill health. Claire Riley was appointed as Chair of Trustees in October 2021.

During the second half of 2021/22 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 October 2021 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, a Director of Marketing and Communications and an Operations Director.

• Pay policy for senior staff

The rates of pay and remuneration of all staff, including the senior management team, are set by the Board of Trustees. The annual pay review considers statutory changes, 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.

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Trustees' Report (continued) For the year ended 31 March 2022

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 shares, 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 2022/23 are associated with ensuring business viability and sustainability in a changing environment and an uncertain public and private funding landscape, while ensuring we continue to meet our charitable objectives.

A key aspect of these risks is ensuring the organisation develops its governance, 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 impact of the cost of living crisis both in terms of our own costs increases and of reductions in the visitor income, 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.

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Trustees' Report (continued) For the year ended 31 March 2022

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 30 November 2022 and signed on their behalf by:

DocuSigned by:

B8A4CC9658F24FE...

Claire Riley, Chair

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

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Statement of Trustees' responsibilities For the year ended 31 March 2022

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 . 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 30 November 2022 and signed on its behalf by:

DocuSigned by:

B8A4CC9658F24FE...
Claire Riley, Chair



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

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 2022 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 2022 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)

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.



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

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 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. 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)

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

30 November 2022

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 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted capital funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:						
Donations and legacies	3	42,922	-	939,495	982,417	364,900
Charitable activities	4	1,030,961	73,513	-	1,104,474	1,303,993
Other trading activities	5	274,571	-	-	274,571	133,534
Investments		-	561	15	576	800
Other income	6	35,382	-	-	35,382	47,313
Total income and endowments		1,383,836	74,074	939,510	2,397,420	1,850,540
Expenditure on:						
Raising funds		204,344	-	-	204,344	103,095
Charitable activities		1,312,100	113,128	176,209	1,601,437	1,387,465
Total expenditure		1,516,444	113,128	176,209	1,805,781	1,490,560
Net (expenditure)/income before net gains on investments		(132,608)	(39,054)	763,301	591,639	359,980
Net gains on investments		1,844	-	-	1,844	1,428
Net (expenditure)/income		(130,764)	(39,054)	763,301	593,483	361,408
Transfers between funds	17	(60,948)	-	60,948	-	-
Net movement in funds		(191,712)	(39,054)	824,249	593,483	361,408
Reconciliation of funds:						
Total funds brought forward		403,272	290,392	5,170,264	5,863,928	5,502,520
Net movement in funds		(191,712)	(39,054)	824,249	593,483	361,408
Total funds carried forward		211,560	251,338	5,994,513	6,457,411	5,863,928

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

The notes on pages 23 to 51 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 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	10	25,795	-
Tangible assets	11	1,762,633	1,815,398
Heritage assets	12	4,513,187	3,562,792
Investments	13	10,029	8,185
		6,311,644	5,386,375
Current assets			
Stocks	14	46,969	38,600
Debtors	15	111,849	153,400
Cash at bank and in hand		225,394	672,993
		384,212	864,993
Creditors: amounts falling due within one year	16	(238,445)	(387,440)
Net current assets		145,767	477,553
Total assets less current liabilities		6,457,411	5,863,928
Total net assets		6,457,411	5,863,928
Charity funds			
Restricted capital funds	17	5,994,513	5,170,264
Restricted funds	17	251,338	290,392
Unrestricted funds	17	211,560	403,272
Total funds		6,457,411	5,863,928

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 30 November 2022 and signed on their behalf by:

DocuSigned by:

 B8A4CC9658F24FE...
Claire Riley, Chair

The notes on pages 23 to 51 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 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	10	25,795	-
Tangible assets	11	1,762,633	1,815,398
Heritage assets	12	10,000	-
Investments	13	10,030	8,186
		<u>1,808,458</u>	<u>1,823,584</u>
Current assets			
Stocks	14	20,000	-
Debtors	15	108,046	181,629
Cash at bank and in hand		167,025	613,305
		<u>295,071</u>	<u>794,934</u>
Creditors: amounts falling due within one year	16	(230,308)	(376,354)
Net current assets		<u>64,763</u>	<u>418,580</u>
Total assets less current liabilities		<u>1,873,221</u>	<u>2,242,164</u>
Total net assets		<u><u>1,873,221</u></u>	<u><u>2,242,164</u></u>
Charity funds			
Restricted capital funds		1,442,983	1,595,127
Restricted funds		251,338	290,392
Unrestricted funds		178,900	356,645
Total funds		<u><u>1,873,221</u></u>	<u><u>2,242,164</u></u>

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

(A company limited by guarantee)

BALANCE SHEET (CONTINUED)

As at 31 March 2022

The charity's net movement in funds for the year was £(368,943) (2021 - £67,849).

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 30 November 2022 and signed on their behalf by:

DocuSigned by:

B8A4CC9658F24FE...

Claire Riley, Chair

Company registered number: 03209411

The notes on pages 23 to 51 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 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	20	(249,089)	610,318
Cash flows from investing activities			
Purchase of intangible assets		(28,557)	-
Purchase of tangible fixed assets		(169,053)	(117,606)
Purchase of heritage assets		(900)	-
Net cash used in investing activities		(198,510)	(117,606)
Change in cash and cash equivalents in the year		(447,599)	492,712
Cash and cash equivalents at the beginning of the year		672,993	180,281
Cash and cash equivalents at the end of the year	21	225,394	672,993

The notes on pages 23 to 51 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 2022

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

Trustees have determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that the cost of living pressures 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. Our charitable objectives already mean we deliver activities that align with the aims of many Trusts and Foundations. We have confirmed funding from Bloomberg Philanthropies to support with implementation of digital technology including a new CRM and website over the next 2 years to better inform future business decisions, and have been successful in the application process to date for ACE NPO funding and support for 2023-26.

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 2021/22 and 2022/23, 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 positive.

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.

Implementation of the governance review recommendations and appointment of a permanent 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 2022

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.

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.

Museum and galleries tax relief income is recognised based on a prudent estimate of the amount of qualifying expenditure and applying the repayment rates set out in current HMRC legislation.

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 2022

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 Intangible assets and amortisation

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following basis:

Computer software	- 33 %
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1.7 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.

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 2022

1. Accounting policies (continued)

1.7 Tangible fixed assets and depreciation (continued)

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

1.8 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 12 of the accounts for further information on the heritage assets held by the group.

1.9 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.

1.10 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.

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 2022

1. Accounting policies (continued)

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

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 2022

1. Accounting policies (continued)

1.16 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.

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.

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 2022

3. Income from donations and legacies

	Unrestricted funds 2022 £	Restricted capital funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	41,217	939,495	980,712	267,007
Government grants	1,705	-	1,705	97,893
	<u>42,922</u>	<u>939,495</u>	<u>982,417</u>	<u>364,900</u>
Total 2021	<u>114,900</u>	<u>250,000</u>	<u>364,900</u>	

4. Income from charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Visitor centre	462,615	-	462,615	520,388
Programme	85,762	16,077	101,839	110,470
Learning	240,314	49,031	289,345	536,563
Collections	143,529	8,405	151,934	104,322
Exhibitions	98,741	-	98,741	32,250
	<u>1,030,961</u>	<u>73,513</u>	<u>1,104,474</u>	<u>1,303,993</u>
Total 2021	<u>1,135,448</u>	<u>168,545</u>	<u>1,303,993</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 2022

5. Income from other trading activities

Income from fundraising events

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Corporate sponsorship	-	-	370
	<u> </u>	<u> </u>	<u> </u>
Total 2021	<u>370</u>	<u>370</u>	

Income from non charitable trading activities

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Charity trading income	274,571	274,571	133,164
	<u>274,571</u>	<u>274,571</u>	<u>133,164</u>
Total 2021	<u>133,164</u>	<u>133,164</u>	

6. Other incoming resources

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Other operating income	1,184	1,184	13,933
Other income	34,198	34,198	33,380
	<u>35,382</u>	<u>35,382</u>	<u>47,313</u>
Total 2021	<u>47,313</u>	<u>47,313</u>	

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

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 2022

7. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Visitor centre	825,023	218,806	1,043,829	644,663
Programme	41,892	14,587	56,479	69,658
Learning	113,407	83,146	196,553	379,639
Collections	82,878	40,114	122,992	153,233
Exhibitions	120,290	43,032	163,322	103,591
Development	10,968	7,294	18,262	36,681
	<u>1,194,458</u>	<u>406,979</u>	<u>1,601,437</u>	<u>1,387,465</u>
Total 2021	<u>1,076,037</u>	<u>311,428</u>	<u>1,387,465</u>	

Analysis of support costs

	Total funds 2022 £	Total funds 2021 £
General office costs	56,363	63,499
IT support	4,966	8,007
Travel and accomodation	1,462	152
Subscriptions and licenses	4,602	1,744
Bank charges	4,309	1,646
Wages and salaries	270,640	184,288
Professional fees	64,637	52,092
	<u>406,979</u>	<u>311,428</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 2022

8. Auditor's remuneration

	2022 £	2021 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	15,000	15,000
Fees payable to the charity's auditor in respect of:		
All non-audit services not included above	900	900
	<u><u> </u></u>	<u><u> </u></u>

9. Staff costs

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Wages and salaries	889,536	786,016	821,952	748,467
Social security costs	59,375	57,123	56,164	55,466
Contribution to defined contribution pension schemes	28,021	29,142	25,929	27,910
	<u><u>976,932</u></u>	<u><u>872,281</u></u>	<u><u>904,045</u></u>	<u><u>831,843</u></u>

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

	Group 2022 No.	Group 2021 No.
All employees	58	60
	<u><u> </u></u>	<u><u> </u></u>

The average headcount expressed as full-time equivalents was:

	Group 2022 No.	Group 2021 No.
Visitor centre and learning	18	15
Collections	5	4
Trading	3	4
Management	8	9
	<u><u>34</u></u>	<u><u>32</u></u>

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

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Notes to the financial statements For the year ended 31 March 2022

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 2021/22 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 £178,326 (2021: £204,778).

10. Intangible assets

Group and charity

	Computer software £
Cost	
Additions	28,557
At 31 March 2022	28,557
Amortisation	
Charge for the year	2,762
At 31 March 2022	2,762
Net book value	
At 31 March 2022	25,795
At 31 March 2021	-

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Notes to the financial statements For the year ended 31 March 2022

11. Tangible fixed assets

Group and charity

	Freehold property £	Long-term leasehold property £	Fixtures and fittings £	Exhibitions £	Assets under construction £	Total £
Cost or valuation						
At 1 April 2021	3,552,626	21,419	3,250,967	344,059	113,410	7,282,481
Additions	-	-	18,162	10,391	140,500	169,053
Transfers between classes	-	-	-	253,910	(253,910)	-
At 31 March 2022	3,552,626	21,419	3,269,129	608,360	-	7,451,534
Depreciation						
At 1 April 2021	2,552,626	13,709	2,565,577	335,171	-	5,467,083
Charge for the year	-	856	177,070	43,892	-	221,818
At 31 March 2022	2,552,626	14,565	2,742,647	379,063	-	5,688,901
Net book value						
At 31 March 2022	1,000,000	6,854	526,482	229,297	-	1,762,633
At 31 March 2021	1,000,000	7,710	685,390	8,888	113,410	1,815,398

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

As detailed in note 23, 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

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Notes to the financial statements For the year ended 31 March 2022

12. Heritage assets

Group

Assets recognised at cost/valuation

	Antiquarian books and manuscripts 2022 £	Total 2022 £
Carrying value at 1 April 2021	3,562,792	3,562,792
Additions	950,395	950,395
Carrying value at 31 March 2022	4,513,187	4,513,187

Charity

Assets recognised at cost/valuation

	Antiquarian books and manuscripts 2022 £	Total 2022 £
Additions	10,000	10,000
Carrying value at 31 March 2022	10,000	10,000

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

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Notes to the financial statements For the year ended 31 March 2022

12. Heritage assets (continued)

5 year summary of heritage asset transactions

Group

	2022 £	2021 £	2020 £	2019 £	2018 £
Purchases					
Purchases	900	-	-	7,500	142,350
Donated assets at valuation	949,495	250,000	5,500	16,450	347,180
Total additions	<u>950,395</u>	<u>250,000</u>	<u>5,500</u>	<u>23,950</u>	<u>489,530</u>

Charity

	2022 £	2021 £	2020 £	2019 £	2018 £
Purchases					
Donated assets at valuation	10,000	-	-	-	-
Total additions	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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.

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.

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Notes to the financial statements For the year ended 31 March 2022

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.

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.

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Notes to the financial statements For the year ended 31 March 2022

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.

13. Fixed asset investments

Group	Listed securities £
Cost or valuation	
At 1 April 2021	8,185
Revaluations	1,844
	<hr/>
At 31 March 2022	10,029
	<hr/>
Net book value	
At 31 March 2022	10,029
	<hr/>
At 31 March 2021	8,185
	<hr/>

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

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Notes to the financial statements For the year ended 31 March 2022

13. Fixed asset investments (continued)

Charity	Investments in subsidiary companies £	Listed securities £	Total £
Cost or valuation			
At 1 April 2021	1	8,185	8,186
Revaluations	-	1,844	1,844
At 31 March 2022	<u>1</u>	<u>10,029</u>	<u>10,030</u>
Net book value			
At 31 March 2022	<u>1</u>	<u>10,029</u>	<u>10,030</u>
At 31 March 2021	<u>1</u>	<u>8,185</u>	<u>8,186</u>

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	274,571	(200,031)	91,285	91,286
Seven Stories, The National Centre for Children's Books Collections Trust	939,510	(1,742)	937,768	4,512,905

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

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Notes to the financial statements For the year ended 31 March 2022

14. Stocks

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Books and merchandise	24,616	34,362	-	-
Cafe food and drink stock	2,353	4,238	-	-
Excess donated Collection assets held for resale	20,000	-	20,000	-
	46,969	38,600	20,000	-

15. Debtors

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Due within one year				
Trade debtors	48,257	29,985	40,556	11,324
Amounts owed by group undertakings	-	-	5,700	47,834
Other debtors	1,463	13,324	1,463	13,324
Prepayments and accrued income	62,129	110,091	60,327	109,147
	111,849	153,400	108,046	181,629

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Notes to the financial statements For the year ended 31 March 2022

16. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Trade creditors	40,354	106,165	26,443	101,518
Amounts owed to group undertakings	-	-	14,834	-
Other taxation and social security	11,693	19,637	11,693	18,931
Other creditors	11,325	18,383	11,325	18,383
Accruals and deferred income	175,073	243,255	166,013	237,522
	238,445	387,440	230,308	376,354
	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Deferred income at 1 April 2021	171,005	61,001	169,619	61,001
Resources deferred during the year	670,972	150,022	670,972	148,636
Amounts released from previous periods	(764,157)	(40,018)	(763,960)	(40,018)
	77,820	171,005	76,631	169,619

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

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Notes to the financial statements For the year ended 31 March 2022

17. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Unrestricted funds						
Designated funds						
Designated funds	10,249	-	-	-	-	10,249
General funds						
General funds	393,023	1,383,836	(1,516,444)	(60,948)	1,844	201,311
Total Unrestricted funds	403,272	1,383,836	(1,516,444)	(60,948)	1,844	211,560
Restricted capital funds						
Building purchase	750,156	-	-	-	-	750,156
Building improvements and purchase of other assets	844,971	-	(174,467)	60,948	-	731,452
Historic collections	3,575,137	939,510	(1,742)	-	-	4,512,905
	5,170,264	939,510	(176,209)	60,948	-	5,994,513

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Notes to the financial statements For the year ended 31 March 2022

17. Statement of funds (continued)

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Restricted funds						
Collecting Cultures	-	6,000	(222)	-	-	5,778
Unwin Charitable Trust	15,000	-	(9,000)	-	-	6,000
British Council	2,639	-	-	-	-	2,639
Helen Bailey	1,600	13,400	(13,629)	-	-	1,371
Heritage Lottery Fund - WSCF	19,000	-	-	-	-	19,000
Gillian Dickinson	45,473	-	-	-	-	45,473
BBC Children in Need	6,235	16,317	(15,312)	-	-	7,240
Foyle - WSCF	9,900	-	-	-	-	9,900
Garfield Weston	50,000	-	-	-	-	50,000
St Nicholas' Education Trust	5,254	11,489	(14,553)	-	-	2,190
Wolfson	76,550	-	(18,787)	-	-	57,763
Well Newcastle Gateshead	1,293	1,727	(2,253)	-	-	767
National Lottery Heritage Fund - Covid-19	19,036	-	(8,237)	-	-	10,799
LNER - On Board With Stories	8,868	-	(5,622)	-	-	3,246
Guy Readman	15,000	-	(13,480)	-	-	1,520
Community Family Hub East	8,791	-	(2,970)	-	-	5,821
Shears Foundation	833	4,167	(5,000)	-	-	-
Esme Fairbairn	-	13,898	-	-	-	13,898
Other Funds	4,920	7,076	(4,063)	-	-	7,933
	290,392	74,074	(113,128)	-	-	251,338
Total of funds	5,863,928	2,397,420	(1,805,781)	-	1,844	6,457,411

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

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Notes to the financial statements For the year ended 31 March 2022

17. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Unrestricted funds						
Designated funds						
Designated funds	10,249	-	-	-	-	10,249
General funds						
General funds	194,592	1,431,195	(1,215,505)	(18,687)	1,428	393,023
Total Unrestricted funds	204,841	1,431,195	(1,215,505)	(18,687)	1,428	403,272
Restricted capital funds						
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
	5,066,398	250,195	(148,791)	2,462	-	5,170,264

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Notes to the financial statements For the year ended 31 March 2022

17. Statement of funds (continued)

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Restricted funds						
Collecting Cultures	(7,500)	-	(716)	8,216	-	-
Eyre Family Foundation	(4,330)	16,041	(13,820)	2,109	-	-
Unwin Charitable Trust	7,500	-	(7,500)	-	-	-
British Council	5,000	10,000	-	-	-	15,000
Helen Bailey	8,670	1,225	(7,256)	-	-	2,639
Heritage Lottery Fund - WSCF	6,275	5,200	(9,875)	-	-	1,600
Gillian Dickinson	19,000	-	-	-	-	19,000
BBC Children in Need	(5,900)	-	-	5,900	-	-
Foyle - WSCF	45,903	-	(430)	-	-	45,473
Garfield Weston	5,284	19,388	(18,437)	-	-	6,235
St Nicholas' Education Trust	9,900	-	-	-	-	9,900
Wolfson	50,000	-	-	-	-	50,000
Well Newcastle Gateshead	-	13,254	(8,000)	-	-	5,254
National Lottery Heritage Fund - Covid-19	76,550	-	-	-	-	76,550
LNER - On Board With Stories	10,500	4,500	(13,707)	-	-	1,293
Guy Readman	-	48,300	(29,264)	-	-	19,036
Community Family Hub East	-	14,600	(5,732)	-	-	8,868
Shears Foundation	-	15,000	-	-	-	15,000
Esme Fairbairn	-	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>
Total of funds	<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>

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Notes to the financial statements For the year ended 31 March 2022

17. 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.

Building improvements and purchase of other assets - funds allocated for the improvement of the buildings at 30 - 34 Lime Street, which were converted into the Seven Stories Visitor Centre and the purchase of fixtures & fittings within the building.

Historic collections relate to the heritage assets held within Seven Stories, The National Centre for Children's Books Collection Trust.

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

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Notes to the financial statements For the year ended 31 March 2022

17. Statement of funds (continued)

Fund for Collection; The Shears Foundation; The Pilgrim Trust; and ISN.

Transfers between funds largely represent amounts spent on restricted capital assets in the year.

18. Summary of funds

Summary of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Designated funds	10,249	-	-	-	-	10,249
General funds	393,023	1,383,836	(1,516,444)	(60,948)	1,844	201,311
Restricted capital funds	5,170,264	939,510	(176,209)	60,948	-	5,994,513
Restricted funds	290,392	74,074	(113,128)	-	-	251,338
	<u>5,863,928</u>	<u>2,397,420</u>	<u>(1,805,781)</u>	<u>-</u>	<u>1,844</u>	<u>6,457,411</u>

Summary of funds - prior 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>

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

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Notes to the financial statements For the year ended 31 March 2022

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted capital funds 2022 £	Total funds 2022 £
Tangible fixed assets	281,025	-	1,481,608	1,762,633
Intangible fixed assets	25,795	-	-	25,795
Fixed asset investments	10,028	-	-	10,028
Heritage assets	10,000	-	4,503,187	4,513,187
Current assets	115,856	251,338	17,018	384,212
Creditors due within one year	(231,144)	-	(7,300)	(238,444)
Total	211,560	251,338	5,994,513	6,457,411

Analysis of net assets between funds - prior 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)
Total	403,272	290,392	5,170,264	5,863,928

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Notes to the financial statements For the year ended 31 March 2022

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

	Group 2022 £	Group 2021 £
Net income for the year (as per Statement of Financial Activities)	593,483	361,408
Adjustments for:		
Depreciation charges	221,818	165,252
Amortisation charges	2,762	-
(Gains)/losses on investments	(1,844)	(1,428)
Donation of assets acquired	(949,495)	(250,000)
(Increase)/decrease in stocks	(8,369)	2,137
Decrease in debtors	41,551	182,753
(Decrease)/increase in creditors	(148,995)	150,196
Net cash provided by/(used in) operating activities	(249,089)	610,318

21. Analysis of cash and cash equivalents

	Group 2022 £	Group 2021 £
Cash in hand	225,394	672,993

22. Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	672,993	(447,599)	225,394
	672,993	(447,599)	225,394

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Notes to the financial statements For the year ended 31 March 2022

23. 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.

24. 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 £28,021 (2021: £29,142). Contributions totalling £4,951 (2021: £6,440) were payable to the fund at the balance sheet date and are included within creditors.

25. Operating lease commitments

At 31 March 2022 the group and the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £
Not later than 1 year	31,550	28,110
Later than 1 year and not later than 5 years	64,631	88,000
	96,181	116,110

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 2022

26. Related party transactions

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

During the year, no Trustees (2021: 0) received reimbursed expenses (2021: £nil) in respect of travel and subsistence costs.

During the course of the year, the charity made payments on behalf of the subsidiary, Seven Stories, The National Centre for Children's Books Collection Trust, totalling £2,500 (2021: £3,200). The amount owed at the year end, included in the charity's debtors, totalled £5,700 (2021: £3,200). During the year the charity made recharges of £144,089 (2021: £197,091) to its subsidiary, Seven Stories Trading Limited, and the subsidiary made purchases totalling £203,557 (2021: £187,996) from the charity. The amount owed at the year end, included in the charity's creditors, totalled £14,834 (2021: £47,834 debtor).

The charitable company has received donations of £46,628 (2021: £nil) from its subsidiary undertaking, Seven Stories Trading Limited, in the year. No amounts remain outstanding in respect of these donations at the balance sheet date.

27. Controlling party

The charity is controlled by the Board of Trustees.