

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 2023

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 Year ended 31 March 2023

Trustees

Professor Matthew Grenby (resigned 2 February 2023)
 Annalei Bartlett (appointed 27 March 2023)
 Nick Kemp
 Louise Forster (appointed 29 March 2023)
 Matthew McWhinnie
 Emma Layfield (appointed 27 March 2023)
 Professor Ella Richie (resigned 28 September 2022)
 Mauricio Armellini (resigned 28 September 2022)
 Annie Rigby (resigned 29 June 2022)
 Ben Butler
 Rachel Mary Lippe
 Amy Sergison (resigned 29 June 2022)
 Claire Riley, Chair

Company registered number 03209411

Charity registered number 1056812

Registered office 30 Lime Street
 Ouseburn Valley
 Newcastle upon Tyne
 NE1 2PQ

Company secretary Wendy Elliott

Chief executive officer Wendy Elliott

Independent auditor UNW LLP
 Chartered Accountants
 Citygate
 St James Boulevard
 Newcastle upon Tyne
 NE1 4JE

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

Year ended 31 March 2023

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 2023. 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, 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) **Year ended 31 March 2023**

Objectives and activities (continued)

While entry to our Visitor Centre is free, we do make some charges to our audience for certain activities and events, including to schools and members of the general public. 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 also ensure community funded places are available for all of our programme.

We seek to work in communities, particular disadvantaged communities in our local area, and 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 54 people (30 full time equivalent) in total during 2022/23; 44 on permanent contracts and 10 on casual contracts. 12 staff were full time staff and 42 on a part time basis. We have strengthened skills in key areas including education and operational, and are now looking to recruit to strategic Collections and business development roles.

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 positive position, having consolidated our learning from the challenges of the preceding year. We embedded our free entry model and extended it to our digital offering further supporting our aspirations to improve access and inclusion. We were confident in this approach as the need for our work was greater evidenced by our consultation with teachers across the region and the associated impact of COVID on children, young people and their families. Organisationally we are committed to the overarching outcome of addressing diminished literacy and oracy levels across the region.

In this period we are delighted to confirm that our visitor numbers increased by 30,000 per annum including a very welcome increase in new visitors from less affluent communities.

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Trustees' report (continued) Year ended 31 March 2023

Strategic report (continued)

Achievements and performance (continued)

Major areas of progress have included the formal acceptance into the Collection of the David McKee archive, which we believe will have lots of opportunities to develop work to support and entertain children in the coming years. We also welcomed the work of Sita Brahmachari who is an exciting environmental talent and again we are confident use of this work will be important in our educational offer across the region and beyond. Our online presentation of some of the Collection's content has been improved and is widely used by the public including teachers, improving accessibility; renewed focus on the Visitor Centre, and embedding our new Business Model, introduced to improve accessibility further.

Of significant importance during this period was the award of NPO funding from Council England for the period 2023 - 2026, arguably a tough round of competition against ACE's revised strategy so this provided reassurance that we remain a nationally significant organisation and gives us the confidence to proceed with our educational and community aspirations across the region and nationally.

We were also delighted to be selected for support through the Bloomberg Philanthropies' Digital Accelerator for Arts and Culture, enabling us to start work on developing a new website and CRM.

We continued to trial and develop different programme strands that met the needs of our growing audiences and find the balance of successful commercially recognised events (to accommodate new audiences) whilst ensuring programme supports creative inclusive activities associated to reading and creative writing and illustration.

We learnt that post-COVID our audiences wanted to engage in experiences with us, so our storytelling capacity is key to delivering immersive experiences both within our venue and into communities and schools across our region. This work is underpinned by our key mission to increase access and participation in reading initiatives to support reading for pleasure. We continued our work widening access as both a National Centre but also a regional organisation with a national asset in our Collection.

We have also spent a considerable period listening to our key stakeholders, children and families and a consultation period with educational leads across our region to evaluate where we can make most impact to children, their families, teachers and early years practitioners enabling us to re-introduce our education offer, streamlining the number of activities previously offered and bringing it up to date with the renewed educational priorities and positive well-being.

Our main focus this year has been to welcome more communities into our building and across our community work following the impact of COVID through face to face delivery, engaging our most impacted communities and focusing on delivering support to children and families whose lives were worsened by COVID but also the emerging Cost of Living crisis. We continued to develop and maintain relationships with partner organisations to supplement support of the most in need local disadvantaged communities. Our touring programme continued with Judith Kerr's *The Tiger Who Came to Tea* facsimile tour and David McKee's *Elmer* and *Friends* original artwork both touring nationally.

Our exhibitions included celebrating our previous years acquisition of Judith Kerr's work; we hosted a beautiful *Mog* gallery at the visitor centre and developed an associated facsimile exhibition for national touring in collaboration with Judith's family and Harper Collins.

Our move to digital delivery, with the launch of our online platform showcasing the Collection and stories behind it, <https://sevenstories.online/> has been further developed to support not only access for children and young people but also much needed resource material for teachers. This strategic development of our Collection makes it available to all through very rich, entertaining and engaging online content for the first time. This remains a vital aspect of Seven Stories business model.

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Trustees' report (continued) Year ended 31 March 2023

Strategic report (continued)

Achievements and performance (continued)

Collection

As referenced 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 arrival of the David McKee and Sita Brahmachari archives. These are significant additions to our Collection and they allow us to further embark on our aspirations to diversify our audiences and improve access to culture across the region and beyond.

Leadership

After a period of leadership change, this year saw leadership stability with an interim executive conversion to a permanent executive appointment following an external recruitment process in May 2022. A new Chair led the independent Governance review undertaken by DAC Beachcrofts. The new chief executive led on implementation of best practice recommendations, which included the responsibilities of the Board and individual Trustees, the size and skills mix, its structure, decision making processes, delegations, reporting and relationships with the permanent Executive. Key ongoing developments have now taken place including clarifying roles and duties, new appointments to improve diversity and competence, and greater focus. Our new sub committee structure that will better enable the effective oversight of the organisation, enabling greater focus on specific issues. 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.

The Seven Stories Chief Executive has overall management responsibilities for the organisation, supported by a Finance Director, a Director of Systems and Operations and our exciting new Creative Lead in Residence. It is recognised that further work to strengthen the leadership team is required in the following areas of business development and a new proposed Collections strategy lead role in order to meet the aspirations of the business model. 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 campaigns, 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 £813,750 (£940,395 in 2021/22) were donated to The Collection Trust, principally comprising the David McKee archive.

Financial review

The financial position of the organisation and performance during the year reflects improvements as a result of the revised business model implemented and reported during 2021/22, in spite of pressures arising from the cost of living situation and from increases in food and utility costs.

A surplus of £7,044 was made on unrestricted funds, compared with a loss of £191,712 in the prior year. Combined with a loss on restricted funds and surplus on restricted capital funds, there was an overall surplus of £600,811 for the year compared with £593,483 in the preceding year.

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Trustees' report (continued) Year ended 31 March 2023

2022/23 was the fifth 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 overall annual grant was £588,230. During the year we were delighted to be successful in our application to be a National Portfolio Organisation for 2023/24 to 2025/26.

Other grants awarded during the year included:

- £125,000 from Bloomberg Philanthropies
- £45,597 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.
- £17,540 from the Helen Bailey Trust.
- £34,221 from The Esmée Fairbairn Collections Fund – delivered by the Museums Association.
- £18,140 from StreetGames UK

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

Corporate Sponsors & Supporters:

Fenwick

Revenue and Project Grants:

Arts Council England

BBC Children in Need

Bloomberg Philanthropies

Community Foundation Enid Blyton Fund for Seven Stories

Community Foundation Newcastle Culture Investment Fund

The Esmée Fairbairn Collections Fund – delivered by the Museums Association

Garfield Weston Foundation

Helen Bailey Trust

The Joicey Trust

The Shears Foundation

Sir James Knott Trust

StreetGames UK

St Nicholas Education Trust

and the Friends of Seven Stories and many other individual supporters

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 continue 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.

Our risk management process enables trustees to have greater assurance and complies with the latest Charity Commission recommendations.

The appointment of Claire Riley as our new Chair and Wendy Elliott as permanent Chief Executive as well as a skills audit and recruitment of our Trustees 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.

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Trustees' report (continued) Year ended 31 March 2023

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

Looking to next year, a key area is to continue to develop robust income lines alongside careful control of costs. 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 is being implemented successfully. We are expanding digital programming, products and services for families and schools, as well as our award winning community programmes.

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 2023.

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 2023, the group held free reserves of £53,138 in deficit (£95,260 deficit in 2021/22), being £218,604 unrestricted funds less £29,110 intangible fixed assets and less £242,632 of tangible fixed assets as a decision was made to invest in new Gallery spaces during the previous year. Our financial strategy will enable the level of reserves to be increased over the next four years as the charity returns to a surplus position on unrestricted funds.

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Trustees' report (continued) **Year ended 31 March 2023**

Plans for future periods

We will build on the changes implemented during the last year, 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.
- Investment in business development capacity to achieve earned income generation for future sustainability, harnessing corporate support for our educational and community impact work
- Continue to invest in innovation in our Gallery spaces forming partnerships to explore new ways of showcasing our Collection .
- 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.
- Our work to diversify programmes including education and community based activities will be focussed on improving literacy and oracy. The extension of the diversification programmes, including education and community based activities.
- The identification of the most appropriate commercial models, particularly to access the Visitor Centre introducing extended use of our visitor centre and extension of our audiences to include new initiatives to attract students and professionals
- The development of management and organisational capacity.
- 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 cost control; with significant focus on growing and diversifying income, notably through schools and communities and an enhanced Visitor Centre experience. We will prioritise implementation of our enhanced educational offer to support literacy and oracy challenges in our region, using our IP to deliver best practice across educational and community settings. We will develop new educational products using the IP of our team and our collection which will be accompanied by a sales plan to maximise income streams. We will optimise the asset of our venue to ensure we are hosting and trading longer and through adult initiatives like our late shows programme. We will extend and deepen the book and story related activities we deliver.

We will seek support from grant funding to enhance our core community impact activities. We will develop robust and modern donations and profile raising initiative using our enhanced data capacity. Our Bloomberg support will enable us to improve membership and fundraising campaigns. We will undertake significant development work with our Collection, developing an aspirational strategy to support an exciting, modern asset that maintains national and international significance. We will continue to enhance its management and accessibility, including through the partnerships with our key 5 regional universities. We will build new capacity through the continuation of our workforce development initiatives empowering a workforce that represents the region and broadens on our creative communities aspirations where local children can imagine a creative career.

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

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Trustees' report (continued) **Year ended 31 March 2023**

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 four times a year under usual circumstances, and there is one committee at present, the Finance, Risk and Governance Committee. 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.

Wendy Elliott was appointed to the role of permanent Chief Executive from May 2022 having previously held the post on an interim basis since August 2021. The Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations the Chief Executive has 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 Chief Executive worked with a senior management team comprised of the Finance Director and Director of Systems and Operations.

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) Year ended 31 March 2023

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 education), uncertainty over how audiences will behave in the future, the impact of inflation, 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 could arise from the impact of the cost of living crisis on our own cost increases and on reductions in the visitor income. Other risks associated with this include:

- Underperformance by staff team due to increased levels of anxiety or sickness absence;
- 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) Year ended 31 March 2023

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 the trustees are aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- the trustees have 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 18 December 2023 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 Year ended 31 March 2023

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 18 December 2023 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 2023 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 2023 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.



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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group 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 group'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 group 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 group 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 group'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.



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

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.

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.

DocuSigned by:

Anne Hallowell

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

18 December 2023

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)

Year ended 31 March 2023

| | Note | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Restricted capital funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|--|------|---------------------------------|-------------------------------|---------------------------------------|--------------------------|--------------------------|
| Income from: | | | | | | |
| Donations and legacies | 4 | 15,099 | - | 813,750 | 828,849 | 982,417 |
| Charitable activities | 5 | 1,002,994 | 90,451 | - | 1,093,445 | 1,104,474 |
| Other trading activities | 6 | 284,260 | - | - | 284,260 | 274,571 |
| Investments | | - | 381 | 12 | 393 | 576 |
| Other income | 7 | 12,486 | - | - | 12,486 | 35,382 |
| Total income and endowments | | 1,314,839 | 90,832 | 813,762 | 2,219,433 | 2,397,420 |
| Expenditure on: | | | | | | |
| Raising funds | 8 | 243,585 | - | - | 243,585 | 204,344 |
| Charitable activities | 9 | 1,125,410 | 103,119 | 145,357 | 1,373,886 | 1,601,437 |
| Total expenditure | | 1,368,995 | 103,119 | 145,357 | 1,617,471 | 1,805,781 |
| Net (expenditure)/income before net (losses)/gains on investments | | | | | | |
| | | (54,156) | (12,287) | 668,405 | 601,962 | 591,639 |
| Net (losses)/gains on investments | | (1,151) | - | - | (1,151) | 1,844 |
| Net (expenditure)/income | | (55,307) | (12,287) | 668,405 | 600,811 | 593,483 |
| Transfers between funds | 19 | 62,351 | (14,830) | (47,521) | - | - |
| Net movement in funds | | 7,044 | (27,117) | 620,884 | 600,811 | 593,483 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 211,560 | 251,338 | 5,994,513 | 6,457,411 | 5,863,928 |
| Net movement in funds | | 7,044 | (27,117) | 620,884 | 600,811 | 593,483 |
| Total funds carried forward | | 218,604 | 224,221 | 6,615,397 | 7,058,222 | 6,457,411 |

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

The notes on pages 22 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 At 31 March 2023

| | Note | 2023 £ | 2022 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 29,110 | 25,795 |
| Tangible assets | 13 | 1,533,034 | 1,762,633 |
| Heritage assets | 14 | 5,346,937 | 4,513,187 |
| Investments | 15 | 8,877 | 10,029 |
| | | <u>6,917,958</u> | <u>6,311,644</u> |
| Current assets | | | |
| Stocks | 16 | 38,049 | 46,969 |
| Debtors | 17 | 75,195 | 111,849 |
| Cash at bank and in hand | 23 | 210,722 | 225,394 |
| | | <u>323,966</u> | <u>384,212</u> |
| Creditors: amounts falling due within one year | 18 | (183,702) | (238,445) |
| Net current assets | | <u>140,264</u> | <u>145,767</u> |
| Total assets less current liabilities | | <u>7,058,222</u> | <u>6,457,411</u> |
| Total net assets | | <u>7,058,222</u> | <u>6,457,411</u> |
| Charity funds | | | |
| Restricted capital funds | 19 | 6,615,397 | 5,994,513 |
| Restricted funds | 19 | 224,221 | 251,338 |
| Unrestricted funds | 19 | 218,604 | 211,560 |
| Total funds | | <u>7,058,222</u> | <u>6,457,411</u> |

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

The financial statements were approved and authorised for issue by the trustees on 18 December 2023 and signed on their behalf by:

DocuSigned by:

 B8A4CC9658F24FE...
Claire Riley, Chair

The notes on pages 22 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 At 31 March 2023

| | Note | 2023 £ | 2022 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 29,110 | 25,795 |
| Tangible assets | 13 | 1,533,034 | 1,762,633 |
| Heritage assets | 14 | 30,000 | 10,000 |
| Investments | 15 | 8,878 | 10,030 |
| | | <u>1,601,022</u> | <u>1,808,458</u> |
| Current assets | | | |
| Stocks | 16 | - | 20,000 |
| Debtors | 17 | 75,068 | 108,046 |
| Cash at bank and in hand | | 181,595 | 167,025 |
| | | <u>256,663</u> | <u>295,071</u> |
| Creditors: amounts falling due within one year | 18 | (165,133) | (230,308) |
| Net current assets | | <u>91,530</u> | <u>64,763</u> |
| Total assets less current liabilities | | <u>1,692,552</u> | <u>1,873,221</u> |
| Total net assets | | <u>1,692,552</u> | <u>1,873,221</u> |
| Charity funds | | | |
| Restricted capital funds | 19 | 1,290,402 | 1,442,983 |
| Restricted funds | 19 | 224,221 | 251,338 |
| Unrestricted funds | 19 | 177,929 | 178,900 |
| Total funds | | <u>1,692,552</u> | <u>1,873,221</u> |

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

(A company limited by guarantee)

Balance sheet (continued)

At 31 March 2023

The charity's net movement in funds for the year was £(180,669) (2022 - £(368,943)).

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 18 December 2023 and signed on their behalf by:

DocuSigned by:

B8A4CC9658F24FE...

Claire Riley, Chair

Company registered number: 03209411

The notes on pages 22 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 Year ended 31 March 2023

| | Note | 2023 £ | 2022 £ |
|---|------|-----------------|------------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 22 | 29,153 | (249,089) |
| Cash flows from investing activities | | | |
| Purchase of intangible assets | | (14,000) | (28,557) |
| Purchase of tangible fixed assets | | (9,825) | (169,053) |
| Purchase of heritage assets | | - | (900) |
| Transfer from stock | | (20,000) | - |
| Net cash used in investing activities | | (43,825) | (198,510) |
| Change in cash and cash equivalents in the year | | (14,672) | (447,599) |
| Cash and cash equivalents at the beginning of the year | | 225,394 | 672,993 |
| Cash and cash equivalents at the end of the year | 23 | 210,722 | 225,394 |

The notes on pages 22 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 Year ended 31 March 2023

1. General information

Seven Stories, The National Centre for Children's Books ('the charity') is a charity incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is given in the reference and administrative details page of these financial statements and the principle activities of the charity are given in the trustees' report.

2. Accounting policies

2.1 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.

2.2 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. Whilst the board expects that the cost of living pressures might have some impact in relation to expected performance, this can be mitigated through ongoing cost control and diversification of income and delivery methods. Further details are given in the trustees report.

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

The charity utilises a rigorous risk analysis and management approach and continue to undertake horizon scanning. Risks are considered by the Board at 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, ensures a strong leadership platform and flexible and diverse organisation able to respond to challenges going forward.

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 Year ended 31 March 2023

2. Accounting policies (continued)

2.3 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.

2.4 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 Year ended 31 March 2023

2. Accounting policies (continued)

2.4 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.

2.5 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.

2.6 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 % |
|-------------------|--------|

2.7 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 Year ended 31 March 2023

2. Accounting policies (continued)

2.7 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 |

2.8 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 14 of the accounts for further information on the heritage assets held by the group.

2.9 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.

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

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2023

2. Accounting policies (continued)

2.10 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and cash and bank balances.

All such instruments are due within one year and are measured, initially and subsequently, at the transaction price.

At the end of each reporting period, financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

2.11 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.

2.12 Employee benefits

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

2.13 Fund accounting

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

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

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

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

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

(A company limited by guarantee)

Notes to the financial statements **Year ended 31 March 2023**

3. 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 group 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 Year ended 31 March 2023

4. Income from donations and legacies

| | Unrestricted funds 2023 £ | Restricted capital funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|-------------------|------------------------------------|---|-----------------------------|-----------------------------|
| Donations | 15,099 | 813,750 | 828,849 | 980,712 |
| Government grants | - | - | - | 1,705 |
| | <u>15,099</u> | <u>813,750</u> | <u>828,849</u> | <u>982,417</u> |
| Total 2022 | <u>42,922</u> | <u>939,495</u> | <u>982,417</u> | |

5. Income from charitable activities

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|----------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Visitor centre | 668,301 | - | 668,301 | 462,615 |
| Programme | 85,005 | 16,833 | 101,838 | 101,839 |
| Learning | 34,316 | 73,618 | 107,934 | 289,345 |
| Collections | 155,006 | - | 155,006 | 151,934 |
| Exhibitions | 60,366 | - | 60,366 | 98,741 |
| | <u>1,002,994</u> | <u>90,451</u> | <u>1,093,445</u> | <u>1,104,474</u> |
| Total 2022 | <u>1,030,961</u> | <u>73,513</u> | <u>1,104,474</u> | |

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

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2023

6. Income from other trading activities

Income from non charitable trading activities

| | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|-------------------------|------------------------------------|-----------------------------|-----------------------------|
| Cafe and bookshop sales | 284,260 | 284,260 | 274,571 |
| | <u>284,260</u> | <u>284,260</u> | <u>274,571</u> |
| | <u>274,571</u> | <u>274,571</u> | |
| Total 2022 | <u>274,571</u> | <u>274,571</u> | |

7. Other incoming resources

| | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|------------------------|------------------------------------|-----------------------------|-----------------------------|
| Other operating income | - | - | 1,184 |
| Other income | 12,486 | 12,486 | 34,198 |
| | <u>12,486</u> | <u>12,486</u> | <u>35,382</u> |
| | <u>35,382</u> | <u>35,382</u> | |
| Total 2022 | <u>35,382</u> | <u>35,382</u> | |

8. Expenditure on raising funds

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

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2023

8. Expenditure on raising funds (continued)

Fundraising trading expenses

| | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|-----------------------------|------------------------------------|-----------------------------|-----------------------------|
| Subsidiary trading expenses | 142,262 | 142,262 | 131,457 |
| Wages and salaries | 93,563 | 93,563 | 67,584 |
| Social security taxation | 5,206 | 5,206 | 3,211 |
| Pension costs | 2,554 | 2,554 | 2,092 |
| | <u>243,585</u> | <u>243,585</u> | <u>204,344</u> |

9. Analysis of expenditure by activities

| | Activities undertaken directly 2023 £ | Support costs 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|----------------|---|-------------------------------|-----------------------------|-----------------------------|
| Visitor centre | 729,529 | 288,943 | 1,018,472 | 1,043,829 |
| Programme | 32,966 | 14,775 | 47,741 | 56,479 |
| Learning | 45,396 | 44,326 | 89,722 | 196,553 |
| Collections | 72,639 | 50,893 | 123,532 | 122,992 |
| Exhibitions | 82,927 | 11,492 | 94,419 | 163,322 |
| Development | - | - | - | 18,262 |
| | <u>963,457</u> | <u>410,429</u> | <u>1,373,886</u> | <u>1,601,437</u> |
| Total 2022 | <u>1,194,458</u> | <u>406,979</u> | <u>1,601,437</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 Year ended 31 March 2023

9. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Total funds 2023 £ | Total funds 2022 £ |
|----------------------------|---------------------------------------|---------------------------------------|
| General office costs | 83,150 | 56,363 |
| IT support | 6,630 | 4,966 |
| Travel and accommodation | 2,972 | 1,462 |
| Subscriptions and licenses | 5,293 | 4,602 |
| Bank charges | 4,460 | 4,309 |
| Wages and salaries | 257,833 | 270,640 |
| Professional fees | 50,091 | 64,637 |
| | 410,429 | 406,979 |

10. Auditor's remuneration

| | 2023 £ | 2022 £ |
|---|-------------------|-------------------|
| Fees payable to the charity's auditor for the audit of the charity's annual accounts | 18,750 | 15,000 |
| Fees payable to the charity's auditor in respect of: All non-audit services not included above | 1,600 | 900 |

11. Staff costs

| | Group 2023 £ | Group 2022 £ | Charity 2023 £ | Charity 2022 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wages and salaries | 723,460 | 889,536 | 629,897 | 821,952 |
| Social security costs | 55,478 | 59,375 | 50,272 | 56,164 |
| Contribution to defined contribution pension schemes | 22,197 | 28,021 | 19,643 | 25,929 |
| | 801,135 | 976,932 | 699,812 | 904,045 |

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

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2023

11. Staff costs (continued)

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

| | Group 2023 No. | Group 2022 No. |
|---------------|-------------------------------|----------------------|
| All employees | 54 | 58 |

The average headcount expressed as full-time equivalents was:

| | Group 2023 No. | Group 2022 No. |
|-----------------------------|-------------------------------|----------------------|
| Visitor centre and learning | 15 | 18 |
| Collections | 4 | 5 |
| Trading | 3 | 3 |
| Management | 8 | 8 |
| | 30 | 34 |

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 2022/23 they were:

Chief Executive – Wendy Elliott
Director of Systems and Operations - Mandy Baines
Finance Director - Lucy Smyth

The total employee benefits of the key management personnel of the group were £132,181 (2022: £178,326).

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

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Notes to the financial statements Year ended 31 March 2023

12. Intangible assets

Group and charity

| | Computer software £ |
|-----------------------|---------------------------|
| Cost | |
| At 1 April 2022 | 28,557 |
| Additions | 14,000 |
| At 31 March 2023 | 42,557 |
| Amortisation | |
| At 1 April 2022 | 2,762 |
| Charge for the year | 10,685 |
| At 31 March 2023 | 13,447 |
| Net book value | |
| At 31 March 2023 | 29,110 |
| At 31 March 2022 | 25,795 |

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Notes to the financial statements Year ended 31 March 2023

13. Tangible fixed assets

Group and charity

| | Freehold property £ | Long-term leasehold property £ | Fixtures and fittings £ | Exhibitions £ | Total £ |
|--------------------------|---------------------------|---|-------------------------------|------------------|------------|
| Cost or valuation | | | | | |
| At 1 April 2022 | 3,552,626 | 21,419 | 3,269,129 | 608,360 | 7,451,534 |
| Additions | - | - | 7,825 | 2,000 | 9,825 |
| At 31 March 2023 | 3,552,626 | 21,419 | 3,276,954 | 610,360 | 7,461,359 |
| Depreciation | | | | | |
| At 1 April 2022 | 2,552,626 | 14,565 | 2,742,647 | 379,063 | 5,688,901 |
| Charge for the year | - | 857 | 177,901 | 60,666 | 239,424 |
| At 31 March 2023 | 2,552,626 | 15,422 | 2,920,548 | 439,729 | 5,928,325 |
| Net book value | | | | | |
| At 31 March 2023 | 1,000,000 | 5,997 | 356,406 | 170,631 | 1,533,034 |
| At 31 March 2022 | 1,000,000 | 6,854 | 526,482 | 229,297 | 1,762,633 |

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

As detailed in note 25, Newcastle City Council and Arts Council England have a legal charge over the land and buildings.

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Notes to the financial statements Year ended 31 March 2023

14. Heritage assets

Group

Assets recognised at cost or valuation

| | Antiquarian books and manuscripts 2023 £ | Total 2023 £ |
|--|--|--------------------|
| Carrying value at 1 April 2022 | 4,513,187 | 4,513,187 |
| Additions | 813,750 | 813,750 |
| Transfer from stock | 20,000 | 20,000 |
| Carrying value at 31 March 2023 | 5,346,937 | 5,346,937 |

Charity

Assets recognised at cost or valuation

| | Antiquarian books and manuscripts 2023 £ | Total 2023 £ |
|--|--|--------------------|
| Carrying value at 1 April 2022 | 10,000 | 10,000 |
| Transfer from stock | 20,000 | 20,000 |
| Carrying value at 31 March 2023 | 30,000 | 30,000 |

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Notes to the financial statements Year ended 31 March 2023

14. Heritage assets (continued)

5 year summary of heritage asset transactions

Group

| | 2023 £ | 2022 £ | 2021 £ | 2020 £ | 2019 £ |
|-----------------------------|----------------|----------------|----------------|--------------|---------------|
| Purchases | | | | | |
| Purchases | - | 900 | - | - | 7,500 |
| Donated assets at valuation | 813,750 | 949,495 | 250,000 | 5,500 | 16,450 |
| Total additions | <u>813,750</u> | <u>950,395</u> | <u>250,000</u> | <u>5,500</u> | <u>23,950</u> |

Charity

| | 2023 £ | 2022 £ | 2021 £ | 2020 £ | 2019 £ |
|-----------------------------|-----------|---------------|-----------|-----------|-----------|
| Purchases | | | | | |
| Donated assets at valuation | - | 10,000 | - | - | - |
| Total additions | <u>-</u> | <u>10,000</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 Year ended 31 March 2023

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.

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

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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.

15. Fixed asset investments

| Group | Listed securities £ |
|--------------------------|---------------------------|
| Cost or valuation | |
| At 1 April 2022 | 10,029 |
| Revaluations | (1,152) |
| | 8,877 |
| At 31 March 2023 | 8,877 |
| Net book value | |
| At 31 March 2023 | 8,877 |
| At 31 March 2022 | 10,029 |

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

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Notes to the financial statements Year ended 31 March 2023

15. Fixed asset investments (continued)

| Charity | Investments in subsidiary companies £ | Listed securities £ | Total £ |
|-----------------------|---|---------------------------|---------------|
| Valuation | | | |
| At 1 April 2022 | 1 | 10,029 | 10,030 |
| Revaluations | - | (1,152) | (1,152) |
| | <u>1</u> | <u>8,877</u> | <u>8,878</u> |
| At 31 March 2023 | <u>1</u> | <u>8,877</u> | <u>8,878</u> |
| Net book value | | | |
| At 31 March 2023 | 1 | 8,877 | 8,878 |
| | <u>1</u> | <u>10,029</u> | <u>10,030</u> |
| At 31 March 2022 | <u>1</u> | <u>10,029</u> | <u>10,030</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/ Surplus for the year £ | Net assets £ |
|--|-------------|------------------|---|-----------------|
| Seven Stories Trading Limited | 284,260 | (235,761) | 40,675 | 40,676 |
| Seven Stories, The National Centre for Children's Books Collections Trust | 813,762 | (1,672) | 812,090 | 5,324,995 |

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Notes to the financial statements Year ended 31 March 2023

16. Stocks

| | Group 2023 £ | Group 2022 £ | Charity 2023 £ | Charity 2022 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Books and merchandise | 33,193 | 24,616 | - | - |
| Cafe food and drink stock | 4,856 | 2,353 | - | - |
| Excess donated Collection assets held for resale | - | 20,000 | - | 20,000 |
| | 38,049 | 46,969 | - | 20,000 |

The carrying value of stocks are stated net of impairment losses totalling £nil (2022: £nil) . Impairment losses totalling £nil (2022: £nil) were recognised in cost of sales during the year.

17. Debtors

| | Group 2023 £ | Group 2022 £ | Charity 2023 £ | Charity 2022 £ |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors | 15,407 | 48,257 | 8,264 | 40,556 |
| Amounts owed by group undertakings | - | - | 7,300 | 5,700 |
| Other debtors | 427 | 1,463 | 427 | 1,463 |
| Prepayments and accrued income | 59,361 | 62,129 | 59,077 | 60,327 |
| | 75,195 | 111,849 | 75,068 | 108,046 |

Trade debtors are stated after provisions for impairment of £nil (2022: £nil).

Amounts owed by group undertaking are unsecured, interest free and repayable on demand.

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Notes to the financial statements Year ended 31 March 2023

18. Creditors: amounts falling due within one year

| | Group 2023 £ | Group 2022 £ | Charity 2023 £ | Charity 2022 £ |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade creditors | 38,888 | 40,354 | 22,605 | 26,443 |
| Amounts owed to group undertakings | - | - | 2,042 | 14,834 |
| Other taxation and social security | 13,316 | 11,693 | 13,316 | 11,693 |
| Other creditors | 16,716 | 11,325 | 16,716 | 11,325 |
| Accruals and deferred income | 114,782 | 175,073 | 110,454 | 166,013 |
| | 183,702 | 238,445 | 165,133 | 230,308 |

Amounts owed to group undertaking are unsecured, interest free and repayable on demand.

| | Group 2023 £ | Group 2022 £ | Charity 2023 £ | Charity 2022 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Deferred income at 1 April 2022 | 77,820 | 171,005 | 76,631 | 169,619 |
| Resources deferred during the year | 55,752 | 670,972 | 55,752 | 670,972 |
| Amounts released from previous periods | (77,820) | (764,157) | (76,631) | (763,960) |
| | 55,752 | 77,820 | 55,752 | 76,631 |

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Notes to the financial statements Year ended 31 March 2023

19. Statement of funds

Statement of funds - current year

| | Balance at 1 April 2022 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2023 £ |
|--|---------------------------------|------------------|--------------------|--------------------------|-------------------------|-------------------------------------|
| Unrestricted funds | | | | | | |
| Designated funds | | | | | | |
| Designated funds | 10,249 | - | - | - | - | 10,249 |
| General funds | | | | | | |
| General funds | 201,311 | 1,314,839 | (1,368,995) | 62,351 | (1,151) | 208,355 |
| Total Unrestricted funds | 211,560 | 1,314,839 | (1,368,995) | 62,351 | (1,151) | 218,604 |
| Restricted capital funds | | | | | | |
| Building purchase | 750,156 | - | - | - | - | 750,156 |
| Building improvements and purchase of other assets | 731,452 | - | (143,685) | (47,521) | - | 540,246 |
| Historic collections | 4,512,905 | 813,762 | (1,672) | - | - | 5,324,995 |
| | 5,994,513 | 813,762 | (145,357) | (47,521) | - | 6,615,397 |

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Notes to the financial statements Year ended 31 March 2023

19. Statement of funds (continued)

| | Balance at 1 April 2022 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2023 £ |
|---|---------------------------------|------------------|--------------------|--------------------------|-------------------------|-------------------------------------|
| Restricted funds | | | | | | |
| Collecting Cultures | 5,778 | - | - | (5,778) | - | - |
| Unwin Charitable Trust | 6,000 | - | (1,000) | - | - | 5,000 |
| British Council | 2,639 | - | - | - | - | 2,639 |
| Helen Bailey | 1,371 | 15,530 | (15,201) | - | - | 1,700 |
| Heritage Lottery Fund - WSCF | 19,000 | - | (8,237) | (6,290) | - | 4,473 |
| Gillian Dickinson | 45,473 | - | - | - | - | 45,473 |
| BBC Children in Need | 7,240 | 12,853 | (9,293) | - | - | 10,800 |
| Foyle - WSCF | 9,900 | - | - | - | - | 9,900 |
| Garfield Weston | 50,000 | - | (9,519) | (2,762) | - | 37,719 |
| St Nicholas' Education Trust | 2,190 | 5,778 | (4,140) | - | - | 3,828 |
| Wolfson | 57,763 | - | (22,544) | - | - | 35,219 |
| Well Newcastle Gateshead | 767 | 1,303 | - | - | - | 2,070 |
| National Lottery Heritage Fund - Covid-19 | 10,799 | - | (8,237) | - | - | 2,562 |
| LNER - On Board With Stories | 3,246 | - | - | - | - | 3,246 |
| Guy Readman | 1,520 | - | (313) | - | - | 1,207 |
| Community Family Hub East | 5,821 | - | (407) | - | - | 5,414 |
| Shears Foundation | - | 5,000 | (5,000) | - | - | - |
| Esmee Fairbairn | 13,898 | 49,987 | (18,458) | - | - | 45,427 |
| Other Funds | 7,933 | 381 | (770) | - | - | 7,544 |
| | 251,338 | 90,832 | (103,119) | (14,830) | - | 224,221 |
| Total of funds | 6,457,411 | 2,219,433 | (1,617,471) | - | (1,151) | 7,058,222 |

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

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Notes to the financial statements Year ended 31 March 2023

19. Statement of funds (continued)

Statement of funds - prior 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 Year ended 31 March 2023

19. 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) | - | - | - |
| Esmee Fairbairn | - | 13,898 | - | - | - | 13,898 |
| Other Funds | 4,920 | 7,076 | (4,063) | - | - | 7,933 |
| | <u>290,392</u> | <u>74,074</u> | <u>(113,128)</u> | <u>-</u> | <u>-</u> | <u>251,338</u> |
| Total of funds | <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> |

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Notes to the financial statements Year ended 31 March 2023

19. 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 and 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:

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.

Shears Foundation - to support Seven Stories learning and participation work.

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Notes to the financial statements Year ended 31 March 2023

19. Statement of funds (continued)

Esmee Fairbairn - to work with young people to develop new ways to access and engage with the Collection.

Other funds relates to grants from:

Holocaust Memorial Fund; Jeremy Beecham Fund; Family Explorers; Friends of the National Lottery; Sebastian Walker Fund for Collection; Friends of British Library; The Pilgrim Trust; and James Knott Trust.

Transfers between funds largely represent a reallocation of depreciation charged on restricted assets.

20. Summary of funds

Summary of funds - current year

| | Balance at 1 April 2022 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2023 £ |
|--------------------------|---------------------------------|------------------|--------------------|--------------------------|-------------------------|-------------------------------------|
| Designated funds | 10,249 | - | - | - | - | 10,249 |
| General funds | 201,311 | 1,314,839 | (1,368,995) | 62,351 | (1,151) | 208,355 |
| Restricted capital funds | 5,994,513 | 813,762 | (145,357) | (47,521) | - | 6,615,397 |
| Restricted funds | 251,338 | 90,832 | (103,119) | (14,830) | - | 224,221 |
| | <u>6,457,411</u> | <u>2,219,433</u> | <u>(1,617,471)</u> | <u>-</u> | <u>(1,151)</u> | <u>7,058,222</u> |

Summary of funds - prior 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> |

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Notes to the financial statements Year ended 31 March 2023

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Restricted capital funds 2023 £ | Total funds 2023 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | 242,632 | - | 1,290,402 | 1,533,034 |
| Intangible fixed assets | 29,110 | - | - | 29,110 |
| Fixed asset investments | 8,877 | - | - | 8,877 |
| Heritage assets | 30,000 | - | 5,316,937 | 5,346,937 |
| Current assets | 82,787 | 224,221 | 16,958 | 323,966 |
| Creditors due within one year | (174,802) | - | (8,900) | (183,702) |
| Total | 218,604 | 224,221 | 6,615,397 | 7,058,222 |

Analysis of net assets between funds - prior 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 | 10,029 | - | - | 10,029 |
| 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 | (231,145) | - | (7,300) | (238,445) |
| Total | 211,560 | 251,338 | 5,994,513 | 6,457,411 |

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Notes to the financial statements Year ended 31 March 2023

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

| | Group 2023 £ | Group 2022 £ |
|--|--------------------|--------------------|
| Net income for the year (as per Statement of Financial Activities) | 600,811 | 593,483 |
| Adjustments for: | | |
| Depreciation charges | 239,424 | 221,818 |
| Amortisation charges | 10,685 | 2,762 |
| Losses/(gains) on investments | 1,151 | (1,844) |
| Donation of assets acquired | (813,750) | (949,495) |
| (Decrease)/Increase in stocks | 8,920 | (8,369) |
| Decrease in debtors | 36,654 | 41,551 |
| Decrease in creditors | (54,742) | (148,995) |
| Net cash provided by/(used in) operating activities | 29,153 | (249,089) |

23. Analysis of cash and cash equivalents

| | Group 2023 £ | Group 2022 £ |
|--------------|--------------------|--------------------|
| Cash in hand | 210,722 | 225,394 |

24. Analysis of changes in net debt

| | At 1 April 2022 £ | Cash flows £ | At 31 March 2023 £ |
|--------------------------|-------------------------|-----------------|--------------------------|
| Cash at bank and in hand | 225,394 | (14,672) | 210,722 |
| | 225,394 | (14,672) | 210,722 |

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

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2023

25. 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.

26. 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 £22,197 (2022: £28,021). Contributions totalling £3,867 (2022: £4,951) were payable to the fund at the balance sheet date and are included within creditors.

27. Operating lease commitments

At 31 March 2023 the group and the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2023 £ | Group 2022 £ |
|--|-----------------------------|--------------------|
| Not later than 1 year | 32,793 | 31,550 |
| Later than 1 year and not later than 5 years | 32,585 | 64,631 |
| | <u>65,378</u> | <u>96,181</u> |

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

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2023

28. Related party transactions

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

During the year, one trustee (2022: 0) received reimbursed expenses of £230 (2022: £nil) in respect of travel and subsistence costs. The amount owed at the year end, included in the charitable company's creditors, totalled £230 (2022: £nil).

During the course of the year, the charitable company made payments on behalf of the subsidiary, Seven Stories, The National Centre for Children's Books Collection Trust, totalling £1,600 (2022: £2,500). The amount owed at the year end, included in the charitable company's debtors, totalled £7,300 (2022: £5,700).

During the year the charitable company made net recharges of £229,481 (2022: £144,089) to its subsidiary Seven Stories Trading Limited. The charitable company recorded sales on behalf of its subsidiary of £215,989 (2022: £192,608) and the Trading Company made sales to the charitable company of £700 (2022: £10,949). The amount owed at the year end, included in the charitable company's creditors, totalled £2,042 (2022: £14,834).

The charitable company has received donations of £71,285 (2022: £46,628) 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.

One of the trustees, Nick Kemp, is leader of Newcastle City Council. All transactions with Newcastle City Council have been on an arm's length basis and therefore no additional disclosures are required.

One of our trustees, Matt McWhinnie, is Brand and Activity Manager at Fenwick. All transactions with Fenwick have been on an arm's length basis and therefore no additional disclosures are required.

29. Controlling party

The charity is controlled by the Board of Trustees.