

Report and Financial Statements

for the year ending 31 March 2023

City Catering Southampton
(A charitable company limited by guarantee)

Charity number: 1160776
Company number: 09331784

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Reference and administration details

Charity number: 1160776

Company number: 09331784

Trading Subsidiary Company number: 09414709

Registered Office: 2nd Floor, Latimer House, 5-7 Cumberland Place, Southampton SO15 2BH

Our advisors

Auditors: Ward Goodman 4 Cedar Park, Cobham Road, Ferndown Ind. Est.
Audit Services Ltd Wimborne, Dorset, BH21 7SF

Bankers: Lloyds Bank Plc 63 London Road, Southampton SO15 2US

Solicitors: Paris Smith LLP 1 London Road, Southampton, SO15 2AE

Directors and Trustees

The directors of the charitable company (the charity) are its Trustees for the purposes of charity and company law. The Trustees and officers serving since the company's incorporation are as follows:

City Catering Southampton Board of Trustees

| | |
|---------------------------|---|
| Interim Chair: | Tom Watmough |
| Primary School nominee: | Peter Howard |
| Special School nominee: | Vacant |
| Secondary School nominee: | Vacant |
| Co-opted Trustees: | Kim Romero (resigned 9 th Oct 2023) |
| | Debbie Burns |
| | Caroline Durant (appointed 14 th Aug 2023) |
| | Heather Bennett (appointed 9 th Oct 2023) |
| | Ex officio Trustee: Gary McMahon |
| PA to the Board: | Kelly Young |

Senior Management of City Catering Southampton:

Chief Executive Officer: Gary McMahon

Chief Operating Officer: Martin Orman

Financial Controller: Samantha Taite

Head of Menu Development: Sarah Doling

Head of People & Culture: Alex McTaggart

The directors of City Catering Southampton (Trading) Ltd. are the directors for the purposes of company law. The directors and officers serving since the company's incorporation are as follows:

City Catering Southampton (Trading) Ltd. Board of Directors

Directors: Gary McMahon

Martin Orman

PA to the Board: Kelly Young

Senior Management of City Catering Southampton (Trading) Ltd.

Chief Executive Officer Gary McMahon

Chief Operating Officer: Martin Orman

Chair's Report

The year started with the COVID-19 pandemic still present and impacting our workforce and thereby the delivery of our daily operations, particularly across our school network. As its impact waned, we might have anticipated an opportunity to breathe a little easier for a while and regroup, but the cost-of-living crisis exacerbated by the war in Ukraine has been a new and significant challenge for our charity.

Our delivery of educational catering across many of Southampton's Schools continues to be hampered by government underfunding of free school meals and school budgets in general. This puts pressure on schools who in turn and understandably apply pressure on us to cut costs at a time when our biggest monthly outgoings (provisions and food bills) have risen by more than 17% on average over the course of this year.

As a result of the above and a culmination of factors midway through the year we projected a sizable loss, and our executive were tasked to formulate a mitigation plan to push back against an unpalatable loss. I'm happy to report that through a lot of hard work and by delivering on these plans we have ended the year with a surplus. The plans that were implemented included a restructuring of our head office and management team, a difficult but necessary price increase on our school meals and a cost cutting exercise across the entire charity.

The delivery of any surplus in such circumstances has reassured the Board of Trustees that good controls are in place to tackle unforeseen risk. Regrettably, we have been unable to make any positive impact on restoring our reserves, but we can see that there is some opportunity ahead of us, as we continue to push hard on cost savings and influence uptake of school meals.

The re-structure triggered in October 2022, reduced head office headcount but created opportunities to better define and align remaining positions with an "every role counts" attitude applied encouraging efficiencies and productivity in every aspect of our activity.

Our work has continued without change – our meals on wheels service has delivered more than 33,000 hot meals to elderly and infirm customers across the city over the year. A further 99,000 meals were despatched via our Cooking at Home programme to families in need, via our school network. Furthermore, we have continued to support the Holiday Activities and Food (HAF) programme funded by Southampton City Council, by supplying catered lunches to many of the HAF providers.

During the pandemic we adopted a Strategic Plan for the period 2021-2024 outlining six strategic priorities that the Board agreed should be the focus of the organisation's attention. Our performance against those six priorities is documented elsewhere in this report. We are now working on the next iteration of our strategic objectives for publication later this year.

Overall, on behalf of my fellow Trustees, I would like to report that the charity is in good shape. Despite the many external challenges, we continue to operate robustly and most importantly, as a going concern. The board has confidence in the executive and the workforce to continue to deliver and improve upon our overall performance, both financially and by other key metrics.

My own tenure as Interim Chair of City Catering, came about unexpectedly as Martin de Sousa, our Chair was compelled to reluctantly stand down earlier this year for personal reasons. I would like to take the opportunity to thank Martin for his contributions as well as thank the entire workforce at City Catering for their continued support of the charity and for their hard work and dedication. The Board recognises your contribution to our success and is grateful to you all for your loyalty and commitment.

I also acknowledge the work of the senior management team over the last year and thank all head office staff for their significant contributions. Finally, I would like to thank my fellow Trustees, all of whom are volunteers giving their time so freely in pursuit of supporting the excellent work of City Catering.

Tom Watmough, Interim Chair

The Report of the Trustees for the period ending 31 March 2023

- The Trustees present their annual director's report together with the consolidated financial statements of the charity and its subsidiary for the period ending 31 March 2023, which is also prepared to meet the requirements of a director's report and accounts for Companies Act purposes.
- The financial statements comply with the Charities Act 2011, The Companies Act 2006, the Memorandum and Articles of Association, the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our Purpose

- We believe everyone deserves great quality food, served with kindness and care; therefore, we exist to make a tangible nutritional difference in people's lives.

Vision

- By April 2024, we will deliver 6 million nutritious hot meals for children and vulnerable adults.

Our charitable objects

- Promote the advancement of health.
- Promote the advancement of education; and
- Provide services for the relief of those in need by reason of their age, disability, ill-health, financial hardship or other disadvantage.

Our core revenue-earning services

1. School Meals

Our school meals business remains our prime revenue-generating activity and in the year 2022-2023 we have seen a slow but steady return of trading conditions and meal uptake numbers to pre-pandemic levels. We delivered more than 1.44 million meals to 47 school units comprising of nurseries, infant, junior, primary, special, and secondary schools. We employ 218 staff to service our school-meal customers. All of our service locations are currently within Southampton City boundaries.

We continue to procure our supplies in partnership with Hampshire County Council, benefitting from economies of scale and low unit prices. We procure as many of our supplies as possible from local, sustainable food manufacturers and producers. We work in partnership with two main suppliers, one very local to us and the other within a reasonable distance. Our meat and meat products are Red Tractor Farm Assured, and our fish products are sustainably caught and accredited by the Marine Stewardship Council.

Our menus comply with the Government's statutory standards for school food, and with the exacting standards of 'Food for Life' accreditation, which has recently been reviewed and renewed. We are very proud to maintain our standards to the extent that we are able to maintain this award for the benefit of all of our schools. We offer compliant allergy-adjusted menus, for individual children with medically proven requirements and are in the process of introducing a new system for managing and maintaining special diets with high levels of security to minimise the potential for allergen incident occurring.

2. Meals on Wheels

City Catering continues to provide a Meals on Wheels services to Southampton City Council care-package recipients, under an ongoing agreement, at subsidised rates. This service delivers hot two-course meals, afternoon tea and evening snacks, every weekday. We also deliver frozen meals for consumption over the weekend and bank holidays. We operate our Meals on Wheels service from a commercial kitchen located in Southampton City Council's Civic Centre, and employ 18 people who manage, produce and deliver the meals via 14 delivery rounds.

Trustees' responsibilities in relation to the financial statements

The charitable company's Trustees (who are also directors of City Catering Southampton for the purposes of company law) are responsible for preparing a Trustees annual report and 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 year that give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and applicable resources, including the income and expenditure of the charitable group for the period. In preparing the financial statements the Trustees are required to;

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards 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 charity will continue in business.

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as the Trustees are aware at the time of approving our Trustees report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- The Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

Structure, Governance and Management

City Catering Southampton (the charity) is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 11 December 2014. It is registered as a company with Companies House and as a charity with the Charity Commission.

City Catering Southampton (Trading) Ltd. is the trading subsidiary of the charity. It is a registered company with Companies House and is governed by its Memorandum and Articles of Association dated 13 January 2015. It has one share which is wholly owned by the charity. The Board of Directors of the trading subsidiary are elected to office by the Board of Trustees of the Charity.

The Charity Board of Trustees, which currently has 5 members including the CEO as Ex-Officio Trustee, administers the charitable company. The Board normally meets bi-monthly. There are also four sub-committees which report back to the main Board:

1. Finance Committee
2. Charitable Impact Committee
3. Pay & Remuneration Committee
4. Audit & Risk Committee

The CEO is appointed by the Trustees to manage the day-to-day operations of the company and its trading subsidiary. To facilitate effective business operations, the Chief Executive Officer has delegated authority, within the terms of delegation approved by the Trustees for operational matters, including finance, employment, and all business-related activities.

Appointment of Trustees

As set out in the Articles of Association, the Chair of the Board of Trustees is elected by the trustees themselves. Up to three trustees are nominated by the primary-, special- and secondary-school sectors. These Trustees are elected for a three-year term and their term of office commences at the AGM following their election; none may serve more than three consecutive terms of office.

The Trustees have the power to co-opt up to six individuals as Co-opted Trustees. A Co-Opted Trustee shall be appointed by the Trustees for an initial term of three years (to expire on the third anniversary of the AGM following their appointment) and are eligible for reappointment for a further two three-year terms. All members are sent invitations to nominate Trustees prior to future AGMs, advising them of retiring Trustees and requesting nominations for the AGM. When co-opting Trustees to the Board, the Board considers the specialist skills it needs.

The ex-officio Trustee is also on the Board of Directors of the trading subsidiary.

Trustee induction and training

Trustees are provided with:

- training opportunities, information, and guidance on their legal obligations under company and charity law.
- Charity Commission guidance on public benefit.
- information on the content and obligations of the Memorandum and Articles of Association.
- information on the decision-making processes, the strategic business plan and financial performance of the company.

Related parties and conflicts of interest

None of our Trustees receive remuneration or other benefits from their work with the company, with the exception of the Ex-Officio Trustee in their role as CEO.

All Trustees are required to declare conflicts of interest as becomes necessary. No Trustee or associate of any Trustee may benefit financially or materially from their association, in relation to the company's business.

Public Benefit Disclosure

The charity undertakes its main activities to further the charity's purposes for the public benefit in the following areas.

- **School Meals.** The charity provides nutritious and affordable school meals that comply with school food regulations to promote the health and education of school pupils, in order that they may be supported to achieve their academic and wellbeing potential.
- **Meals on Wheels.** The charity provides subsidised meals on wheels services to those people who are in receipt of a local-authority care package, and in doing so offers support to those in the community who may be vulnerable and/or elderly.
- **Care Home Kitchen Management.** The charity manages a number of kitchen teams in care home settings on behalf of Southampton City Council.

The Trustees can confirm that they have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011.

Pricing Policy

Service charges to client schools are governed by the needs of the business with a focus on cost effectiveness over the long term. Increases in the cost of services must be justified and are only sanctioned after consultation with the Board. These costs are commercially sensitive and are not disclosed in this report.

The prices charged to school-meal customers are subject to annual review by the Board. At the time of writing, the price of a primary paid school meal was £2.90.

The price charged for Meals on Wheels is currently subject to subsidy and stands at £5.90 for dinner and pudding or £4.82 dinner only. The price charged to commercial Meals on Wheels clients is £7.30 for dinner and pudding or £ 5.93 for dinner only.

Investment powers and policy

The Trustees, having regard to the liquidity requirements of operating the company, and having considered the depressed rates achievable through deposit accounts in relation to the retail price index, have kept all reserves in the company's current account over the past year. This policy will continue to be reviewed depending on cash flow and interest rates, on a quarterly basis.

As part of our financial planning relating to the impact of coronavirus, the company secured a Coronavirus Business Interruption Loan from Lloyds Bank, of £385,000 in July 2020. The loan was interest free for 12 months, with repayments due from July 2021. The loan capital was initially kept in a Lloyds Bank 32-day account since the funds were received, generating interest at 0.03%. The funds are being repaid as per the agreed monthly schedule. The funds have been required over the last year, but as trading overall continue to steadily improve, we anticipate that by the time of full repayment we will be trading at a level that accommodates our year cashflow profile fully and independent of any external funding requirement.

Pay policy for senior staff.

The pay of senior staff is reviewed annually; if increased, pay rises are applied in accordance with average earnings. The remuneration package for senior staff is usually benchmarked against the mid-point of the range paid for similar roles, after taking into account factors such as performance, productivity and other relevant factors. If recruitment to a senior role has proven difficult to achieve, a market addition may be paid with the maximum pay no greater than the highest benchmarked salary for a comparable role. The company does not operate a bonus scheme.

Volunteers Policy

During this last year the charity has not used the services of volunteers in any significant way.

In recruiting and working with volunteers as part of our service, we have and will continue to employ the same recruitment, induction, employment processes and service standards as are applicable to all other employees of the charity.

Risk Management

At the time of writing the Audit and Risk Committee and the Senior Management Team have recently completed a comprehensive review of the Risk Register, adopting a new assessment process which is currently before the Board for approval.

The Trustees have developed a risk management strategy which comprises:

- An Audit & Risk Committee
- A Risk Register, with an annual review of the principal risks and uncertainties that the charity and its subsidiary trading company face
- Policies, systems and procedures to mitigate those risks identified in the Risk Register and its annual review.
- The implementation of procedures designed to minimise or manage the potential impact on the charity and/or its trading subsidiary, should those risks materialise.

The Risk Register addresses the following potential areas of risk:

- Financial position / cash flow
- Operational – food supply chain disruption
- Operational – Operating costs (food only)
- Food safety
- Technology – IT disruption
- Financial - wage costs
- Financial – Changes to our funding model
- Financial – Clients financial position
- Health & Safety
- Operational -single point of failure
- People – Employment related issues
- People – safeguarding
- Operational- Sustained business interruption
- People – Attracting & retaining staff.
- Operational – loss of key clients
- People – GDPR
- Strategic – Failure to deliver.
- Financial – Service charges.

For each area of risk, the Risk & Audit Committee – in detailed consultation with the Senior Management Team – scores organisational risk using a severity /likelihood / risk matrix. The resulting scores are reviewed by the Audit & Risk Committee, with relevant actions being assigned to SMT members for deadlined implementation.

As in previous years, financial stability for the whole organisation is a key area of risk, given (a) our low operating margins; (b) the level of subsidy required to operate our Meals on Wheels service; (c) the potential for losing Member schools, where they academise or choose a cheaper/lower-quality provider (NB: the impact on surplus from the latter is highly variable, from school to school).

The tail-end impact of the Coronavirus pandemic coupled with the ensuing cost-of-living crisis has exacerbated this risk, continuing to impact trading and reserves and medium-term stability; this risk has been kept under monthly review by the Senior Management Team and reported to the Board at all bi-monthly meetings.

Reserves Policy

To mitigate financial risk, the Trustees agreed the following reserves policy in 2023:

It is City Catering Southampton's intention to obtain and maintain cash reserves at or above the 'Net Expenditure' experienced during the three calendar months of July to September. This has been calculated as the three months when Net expenditure is at its highest (est. £500,000 Oct 23). This level of reserves would enable the company to continue to financially function, including paying wages and contractual obligations, should we suffer a limited period of no income due to weather/pandemic/major incident.

This reserves policy will be monitored and reviewed with regards to increasing costs, on an annual basis by the Finance Committee – or when triggered by an average unrestricted expenditure increase of more than £20,000/month (4% of reserves), calculated on rolling quarterly basis.

At 31 March 2023 our consolidated cash balance was £755,282 and the level of reserves was £533,205, of which £45,743 was tangible fixed assets.

Free reserves for the year ended 31 March 2023 consolidated entity is £486,523 (2022: £465,338) whilst the charity holds free reserves of £486,521 (2022: £465,337). Free reserves are calculated by deducting the fixed asset carrying value from the unrestricted general reserves.

Achievements and performance in 2022-23

In April 2021 the Board adopted six strategic priorities to deliver the charity's three-year vision for the period 2021-2024. These goals were developed amid the pandemic and the challenges of maintaining our service delivery and productivity were our key focus. Performance against those objectives is outlined below:

■ Rebuild our reserves

The continued impact of the pandemic and our subdued trading conditions, particularly considering the subsequent cost of living crisis triggered by BREXIT and the war in Ukraine have drawn our attention away from the goal of rebuilding our reserves and caused us to focus on more immediate concerns. We also needed to accommodate a national minimum wage increase from April 2023 which added £115,000 to our wage bill.

As pressure on the charity's finance increased and to maintain our viability as a going concern, we have needed to implement cost cutting reviews across all functions. In a year of tough trading, we delivered a small surplus, against a significant projected loss.

The chronic underfunding of school meals remains a significant issue for us in terms of improving profitability (and thereby cash for reserve allocation), but on a positive note there was a small improvement during the year with the biggest ever increase in funding for Universal Infant Free School Meals (UIFSM) at £0.12 pence per meal (4.9%) to £2.53. Building up reserves, whilst a key priority, will always come at the expense of other very worthwhile activity elsewhere in the charity.

■ Safeguard our charity's Impact

Maintaining our charitable activities over the course of this last year was challenging but we achieved a reasonable level of activity.

- Lunch Crowd our catering service to Holiday, Activity, and food (HAF) providers delivered more than 16,000 meals in the 12 months to March. Lunch Crowd generated £50,622.50 in external funding over the year.
- Cooking at Home, our programme to deliver healthy ingredients and the means to inspire families to cook for themselves and gain confidence in the kitchen also delivered 3,382 boxes. This equates to more than 13,500 meals distributed via our school network to families in need across Southampton in the last year. We secured £100,540.00 in funding to support these initiatives.

■ 'Stand for' good nutrition

All our catering activity across the charity has this goal as an underpinning key focus. We maintained our Soil Association Bronze Food for Life accreditation and in fact have been reassessed again in June 2023 and had our accreditation renewed again. This is a key accomplishment, particularly given the impact of the cost-of-living crisis on ingredients which has created some pressure to change out some ingredients to cheaper options. Despite the pressure of steadily rising food costs, we have also maintained our purchasing within the Red Tractor assurance scheme. 86% of our daily production is freshly prepared (FFL calculation over 3-week menu cycle).

Our menu development team have worked with diligence and innovation to develop tasty, nutritious new menus with the goal of influence more students to take up their Free School Meal allocation thus allowing us to provide food to a greater number of the City's children.

■ Develop our people

We have made very decent strides forward in this last year to focus on our people and develop their professional skills and opportunities for them to grow and develop within the organisation. In September 2022 a restructure of head office staff took place which saw four roles disappear through natural attrition. The restructuring allowed us to better align remaining roles and offer promotion opportunities to skilled internal staff. In this last year we have also adopted the policy of recruiting wherever possible from within our existing workforce and this is already starting to give dividends.

We have re-introduced the Learning and Development Manager role, again happily recruited from within our existing employees and with a remit to drive a steady but resolute increase in face-to-face training across our staff team. We have taken a conscious decision to reduce the amount of virtual, online training we undertake, having identified it as less suitable (and less motivational) for our very practical workforce.

We have made some further changes to our HR team over the last year to strengthen resources and raise the level of our professional output. Our support for staff and our focus across all functions of the charity on removing stressful working patterns for our kitchen teams has started to show impact and morale is generally improving.

A key driver in reducing the pressure on kitchen staff has been a more assertive recruitment practice and our determination to fill vacancies as quickly as possible when they arise. This reduces pressure on all kitchens not just those with a vacancy. We have maintained our Annual Head of Kitchen conference and Staff Excellence awards during this last year.

■ Digitise our systems

We have made good progress over the last year to review and improve many of our processes, with a particular focus on streamlining those processes that caused unnecessary delays at kitchen level. Equipment replacements, stock deliveries, uniform ordering and other kitchen needs that directly impact our staff have all improved. Where appropriate we have reduced or even removed processes that appeared bureaucratic. This will further enable accurate, smart, and quick decision making and so that help us preserve our reserves and operational integrity.

HR introduced a new system for managing our workforce – NatWest Mentor and the system is already proving its value with better data summaries and easier processing and storing of staff related documentation. Our menu development team introduced new allergen management software which allows much better access and control of special menus for parents and schools and reduces the potential for misinformation and allergen incidents.

■ Extend our influence and community

Opportunities to develop our existing relationships and build new ones were somewhat limited during this last year as our focus was on more pressing priorities, like the mitigation of our projected losses and the restructure of the charity.

We continued to work with our co-host Abri Housing on the development of the Cooking & Nutrition Network Southampton, forging new relationships with the wider food insecurity and poverty-related support community across the city.

Plans for future period

- Strategic direction - Refresh our current strategy to determine a new direction for our charity. Established for nearly nine years we have matured into a strong, viable organisation. Determining where and how we deploy our skills in the future is a priority conversation.
- Excellence - education catering is a very competitive environment, and we need to continue our work to hone our processes and efficiency ensuring that we deliver high quality, cost effective and sustainable service delivery to our school network
- Growth - as well as maintaining our current network of schools we would like to expend our unique offering to a wider group of schools, extending our influence and approach. Changing our boundaries is a key priority and this work is already underway.
- Environmental - in addition to the need to maximise our working environments to be as environmental efficient as possible as also need to set examples for the school population that we work within, acting as leaders by example.
- Education - City catering is skilled at catering and food delivery and we wish to develop resources and new ways of passing this knowledge on to future generations through educational programmes.
- Fundraising – develop a fundraising function to maximise our opportunities, widen revenue stream and reduce our reliance on historic school traded income.
- Collaboration - there are many other charities working in various ways to feed and nourish Southampton's population. We envisage building stronger links, creating more partnerships, and working in partnership to alleviate the suffering of vulnerable communities.
- Re-brand - we are actively considering a re-positioning and refresh of our brand to better reflect our charitable intent.

Fundraising activities

- The bulk of the charity's income comes from our trading activity with schools and the Eat Well contract which covers Meals on Wheels services, the management of kitchens at Erskine and Potters Court on behalf of the Southampton City Council and the provision of catering to Southampton based lunch clubs managed by SCiA.
- Other charitable activity like Cooking at Home and our provision of catering to Holiday, Activities and Food comes from local authority funding. Aside from those sources of funding, other fundraising activity has remained very limited in the period. The charity does not carry out significant fundraising activities from the public.

Report of the trustees, approved on behalf of the board of trustees, as the company director, and signed on the boards behalf by Gary McMahon, CEO..... on: 13th December, 2023

Report of the Independent Auditors to the Members of City Catering Southampton

Opinion

We have audited the financial statements of City Catering Southampton (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated 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).

Except for the effects and possible effects of the matters described in the basis for qualified opinion section of our report, 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

The comparative year financial statements were qualified on the basis that the Local Government Pension Scheme the liability could not be quantified as at 31 March 2022 as an individual actuarial valuation had not been obtained. A report has been obtained for the year ended 31 March 2023 which includes a brought forward liability of £913,000 as at 31 March 2022 which is not included in the parent charitable company's or the group's balance sheet. The value as at the 31 March 2023 based on pure fund value is an overall asset of £609,000. While the report provides details of the movements in the year on the fund for the year ended 31 March 2023, no detail is available for the comparative year and therefore the movement in the SOFA in the comparative year cannot be quantified. No adjustment has been made to include the pension asset (liability for 2022) in the accounts as we are unable to quantify the movement in the comparative year.

Disclosure is provided in note 22 of these financial statements for the pension scheme which detail the figures that would be recorded through the SOFA in the financial year if adjustment were possible.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and its parent charitable company 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 qualified 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.

Other information

The other information comprises the information included in the trustees annual Report other than the financial statements and our Auditors' 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.

As described in the basis for qualified opinion section of our report, our audit opinion is qualified for non-inclusion of the pension liability. Information on pensions included in the strategic report and trustees report also omits this information and accordingly, we have concluded that the other information is materially misstated for the same reason.

Opinion on other matters prescribed by the Companies Act 2006

Except for the effects and possible effects of the matters described in the basis for qualified opinion section of our report, 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; and
- 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

Except for the matters described in the basis for qualified opinion section our report, in the light of the knowledge and understanding of the group and parent 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.

Arising solely from the disagreement relating to inclusion of the pension liability

- We have not received all the information and explanations that we considered necessary for the purpose of our audit in relation to comparative figures.

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

- returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the trustees (who are also 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.

Our responsibilities for the audit of the financial statements

Auditors' 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 Auditors' 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.

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.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of noncompliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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 Auditors' Report.

Use of our 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 Company's members those matters we are required to state to them in an Auditors' 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ian M Rodd BSc FCA FCCA (Senior Statutory Auditor)
For and on Behalf of Ward Goodman Audit Services Limited
Registered Auditor
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7SF
Date:

Consolidated Statement of Financial Activities

(Including consolidated income and expenditure account)

For period ending 31 March 2023

| | Note | Unrestricted 2023 £ | Unrestricted 2022 £ |
|---------------------------------------|------|---------------------------|---------------------------|
| Income: | | | |
| Income from Charitable activities: | | | |
| Schools and Meals on Wheels | 4 | 5,045,237 | 4,826,602 |
| Charitable grants and other income | 4 | 282,412 | 452,277 |
| Income from other trading activities: | | | |
| Commercial trading operations | 4 | 117,400 | 114,987 |
| Total Income | | 5,445,049 | 5,393,866 |
| Expenditure | | | |
| Expenditure on charitable activities: | | | |
| Schools and Meals on Wheels | 6 | 5,359,946 | 5,379,193 |
| Costs of raising funds: | | | |
| Commercial trading operations | 6 | 62,318 | 33,572 |
| Total expenditure | | 5,422,264 | 5,412,765 |
| Net income | | 22,785 - | 18,899 |
| Reconciliation of Funds | | | |
| Total funds brought forward | | 510,420 | 529,319 |
| Net Income | | 22,785 - | 18,899 |
| Total funds carried forward | | 533,205 | 510,420 |

The notes at pages 22-30 form part of these accounts.

Consolidated and Charity Balance Sheets

Consolidated Balance Sheet as at 31 March 2023

| | Note | Consolidated 2023 £ | Charity 2023 £ | Consolidated 2022 £ | Charity 2022 £ |
|--|------|---------------------------|----------------------|---------------------------|----------------------|
| Fixed assets | | | | | |
| Tangible assets | 12 | 45,743 | 45,743 | 43,392 | 43,392 |
| Intangible assets | 13 | 939 | 939 | 1,690 | 1,690 |
| Investment | | - | 1 | - | 1 |
| Total Fixed Assets | | 46,682 | 46,683 | 45,082 | 45,083 |
| Current assets | | | | | |
| Stock | 14 | 100,647 | 100,646 | 114,308 | 114,308 |
| Debtors | 15 | 1,482,152 | 1,517,353 | 1,440,821 | 1,459,975 |
| Cash at bank and in hand | | 755,282 | 698,936 | 701,819 | 671,661 |
| Total Current Assets | | 2,338,081 | 2,316,935 | 2,256,948 | 2,245,944 |
| Liabilities | | | | | |
| Creditors | 16 | (1,671,891) | (1,650,747) | (1,527,302) | (1,516,299) |
| Total Liabilities | | (1,671,891) | (1,650,747) | (1,527,302) | (1,516,299) |
| Net current assets | | 666,190 | 666,188 | 729,646 | 729,645 |
| Total assets less current liabilities | | 712,872 | 712,871 | 774,728 | 774,728 |
| Creditors: amounts falling due after | 17 | (179,667) | (179,667) | (264,308) | (264,308) |
| The funds of the charity: | | | | | |
| Unrestricted income funds | | 533,205 | 533,204 | 510,420 | 510,420 |
| Total charity funds | 20 | 533,205 | 533,204 | 510,420 | 510,420 |

The trustees have prepared consolidated accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 22-30 form part of these accounts.

Signed



Tom Watmough, Interim Chair of trustees on behalf of the trustees

Approved by the trustees on: **13 December 2023**

Statement of Cash Flows and Consolidated Statement of Cash Flows

For period ending 31 March 2023

| | Note | Consolidated 2023 £ | Charity 2023 £ | Consolidated 2022 £ | Charity 2022 £ |
|--|------|---------------------------|----------------------|---------------------------|----------------------|
| Cash used in operating activities | C1 | 159,197 | 133,009 | (610,388) | (611,775) |
| Interest paid | 6 | (11,648) | (11,648) | (4,779) | (4,779) |
| Net Cash flow from operating activities | | 147,549 | 121,361 | (615,167) | (616,554) |
| Purchase of tangible assets | | (17,086) | (17,086) | (37,789) | (37,789) |
| Cash used in investing activities | | (17,086) | (17,086) | (37,789) | (37,789) |
| New loans in the year | | | | | |
| Loan repayments | 16 | (77,000) | (77,000) | (51,334) | (51,334) |
| Decrease in cash and cash equivalents in the year | | 53,463 | 27,275 | (704,290) | (705,677) |
| Cash and cash equivalents at the beginning of the year | | 701,819 | 671,661 | 1,406,109 | 1,377,338 |
| Total cash and cash equivalents at the end of the year | | 755,282 | 698,936 | 701,819 | 671,661 |

Note C1: Reconciliation of net movement in funds to net cash flow from operating activities

| | Group 2023 £ | Charity 2023 £ | Group 2022 £ | Charity 2022 £ |
|---------------------------------------|--------------------|----------------------|--------------------|----------------------|
| Net movement in funds | 22,785 | 22,784 | (18,899) | (18,899) |
| Add back depreciation charge | 14,735 | 14,735 | 7,913 | 7,913 |
| Add back Amortisation charge | 751 | 751 | 751 | 751 |
| Add back interest paid | 11,648 | 11,648 | 4,779 | 4,779 |
| Increase in stock | 13,662 | 13,662 | (9,691) | (9,691) |
| Increase in Debtors | (41,332) | (57,380) | (400,164) | (399,177) |
| Decrease in Creditors | 136,948 | 126,809 | (195,077) | (197,451) |
| Net cash used in operating activities | 159,197 | 133,009 | (610,388) | (611,775) |

Notes to the Financial Statements

1. Accounting Policies

The principal accounting policies adopted, judgements, and key sources of estimating uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with 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 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

City Catering Southampton 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 note(s).

b) Accounting period

The Financial statements cover the period from 1st April 2022 until 31st March 2023.

c) Preparation of the accounts on a going concern basis

The Charity reported a cash inflow of £ 27,276 for the period, and £53,463 on a group basis. The group also reported a total funds carried forward of £755,282 and as there are no principal risks and uncertainties facing the charity, the trustees are of the view that the Charity is a going concern.

d) Group financial statements

The financial statements consolidate the results of the Charity and its wholly owned subsidiary, City Catering Southampton (Trading) Ltd on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the Charity has not been presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

e) Income

Income is recognised when the charity has entitlement to the funds, any conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Grants (including those received from government bodies) are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Grant income is deferred when the donor specifies use of the grant to be in the future, or where there are conditions for full entitlement and those conditions have not yet been satisfied.

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. City Catering Southampton does not have restricted funds.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading including Hospitality Catering and private Meals on Wheels customers and their associated support costs.
- Expenditure on charitable activities includes the costs of providing services to Schools and Meals on Wheels clients to further the purposes of the charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Tangible fixed assets

Individual fixed assets costing £1,000 or more are capitalised at cost and are depreciated over their estimated useful economic lives on a straight-line basis i.e. five years for IT hardware or catering equipment on an equal monthly basis

i) Intangible assets

Intangible assets are shown at cost and amortised over their useful economic lives on a straight-line basis of 5 years. They are reviewed to establish accuracy of costs and likelihood of cash inflows related to the asset

j) Stock

Stock is included at the lower of cost or net realisable value.

k) Debtors

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

l) Cash in bank and in hand

Cash in bank and in hand includes cash only.

m) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

n) Financial Instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

o) Pensions

Existing employees of the charity who TUPE transferred to the charity on 31st March 2015 were entitled to remain in Hampshire County Council's Pension Scheme (LGPS) which is funded by contributions from employee and employer. Members of the Pension Scheme may also contribute added years to that scheme or take out an Added Voluntary Contribution scheme, each of which is funded by the employee alone. Since 1 April 2015 new employees to the Charity cannot join Hampshire County Council's Pension Scheme. Hampshire County Council's Pension Scheme is a multi-employer defined benefit scheme administered for the benefit of Local Authorities and other bodies and is managed in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). Past and present employees are covered by the provisions of the Pension Scheme.

The Pension Scheme provides that in the event that a single employer has individuals contributing to the scheme then any remaining liability for benefits payable under the scheme falls on that employer. Since the main participating employers are statutory bodies, the trustees consider it highly improbable that such a liability will ever fall to the Charity. The employer's contributions made to the Pension Scheme for Financial Year 2022/2023 were £75,000 with an employer's contribution rate of 12.4% of pensionable pay and an employee's contribution of between 5.5% and 9.9% of pensionable pay dependant on individual salaries. City Catering Southampton has been informed by Hampshire Pension Fund that the contribution rate for 2023/24 will be 1.7% with no additional contribution required to meet existing deficits from April 2020 to March 2023.

A new pension provision, through the Government's NEST scheme, was introduced from 1st January 2017 for all existing employees not in the LGPS. Employer's contributions to the NEST Scheme for 2022/23 were £68,085 with an employer's contribution rate of 6% of pensionable pay and an employee's contribution of 2.4% of pensionable pay.

2. Legal status of the Charity

The charity is a private company limited by guarantee and has no share capital. The company is incorporated in the United Kingdom (company number 09331784). A description of the charity's operations and activities can be found on page 6. The charity's registered office address is detailed on page 3. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

3. Financial Performance of the charity

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary, City Catering Southampton (Trading) Ltd. Total share capital of City Catering Southampton (Trading) Ltd is £1.

The summary financial performance of the charity alone is:

| | 2023 | 2022 |
|---|------------------|------------------|
| | £ | £ |
| School Meal Income | 5,132,680 | 4,964,048 |
| Charitable Activities and other sources | 282,411 | 452,277 |
| Donation from Trading Sub | 27,617 | 2,712 |
| Net income | 5,442,708 | 5,419,037 |
| Expenditure on Charitable activities: | (5,419,924) | (5,437,937) |
| Total funds brought forward | 510,420 | 529,319 |
| Total funds carried forward | 533,204 | 510,420 |
| Represented by: | | |
| Unrestricted income funds | 533,204 | 510,420 |

4. Consolidated income from charitable and fundraising activities

| | Unrestricted funds | Unrestricted funds |
|---|--------------------|--------------------|
| | 2023 | 2022 |
| | £ | £ |
| Income from School Meals | 4,915,940 | 4,692,845 |
| Income from Meals on Wheels | 129,297 | 133,757 |
| Income from charitable activities | 151,197 | 137,814 |
| Income from other sources | 131,215 | 314,463 |
| Total Income from charitable activities | 5,327,649 | 5,278,879 |
| Fundraising Income | | |
| Income from Trading subsidiary | 117,400 | 114,987 |
| Total income from Charitable and fundraising | 5,445,049 | 5,393,866 |

5. Income earned from other activities

The wholly owned trading subsidiary City Catering Southampton (Trading) Ltd is incorporated in the United Kingdom (company number 09414709) and pays all of its surplus to the charity under the gift aid scheme. City Catering Southampton (Trading) Ltd provides corporate catering, meals on wheels to private customers and all commercial trading operations on behalf of the charity.

The summary financial performance of the subsidiary alone is:

| | 2023 | 2022 |
|--|-----------|-----------|
| | £ | £ |
| Income | 351,978 | 267,574 |
| Cost of sales and administration costs | (324,361) | (264,862) |
| Net profit | 27,617 | 2,712 |
| Amount gift aided to charity | (27,617) | (2,713) |
| Retained by subsidiary | 0 | -1 |
| Assets and Liabilities | | |
| Current assets | 146,283 | 39,575 |
| Current liabilities | (146,282) | (39,574) |
| Total net assets | 1 | 1 |

6. Analysis of expenditure on charitable activities

| | School Meals | MOW | Trading Subsidiary | Total |
|--------------------|--------------|---------|-----------------------|-----------|
| | £ | £ | £ | £ |
| Direct expenditure | 4,090,297 | 162,569 | 8,343 | 4,261,209 |
| Governance Costs | 12,090 | 481 | 27,323 | 39,894 |
| Support Costs | 1,052,671 | 41,838 | 26,652 | 1,121,161 |
| Total | 5,155,058 | 204,888 | 62,318 | 5,422,264 |

7. Analysis of governance and support costs

The group initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the two key charitable activities undertaken (see note 6) in the period. Refer to the table below for the basis of apportionment and the analysis of support and governance costs.

| | General support | Governance function | Total | Basis of apportionment |
|---------------------------------|--------------------|------------------------|-----------|---------------------------|
| | £ | £ | £ | |
| Salaries, wages & related costs | 1,119,064 | 27,017 | 1,146,081 | Allocated on time |
| Audit fees | | 10,780 | 10,780 | Governance |
| Legal fees | 2,097 | 2,097 | 4,194 | 50/50 split |
| Total | 1,121,161 | 39,894 | 1,161,055 | |

8. Analysis of staff costs and the cost of key management personnel

| | 2023 |
|-----------------------|------------------|
| | £ |
| Salaries and wages | 2,468,178 |
| Social security costs | 124,127 |
| Pension costs | 139,015 |
| | <u>2,731,320</u> |

There were two employees who received total employee benefits of between £60,000 and £70,000.

Pension costs are allocated to activities in proportion to the related staff costs incurred and are wholly charged to unrestricted funds. An employee is also an ex-officio trustee. The key management personnel of the charity, comprises the trustees, the Chief Executive Officer, Deputy CEO, Financial Controller, HR Manager, Operations Manager, Charitable Impact Manager and Food Development & Training Manager.

The total employee benefits of the key management personnel of the charity were £306,492 (21/22 £358,232).

The key management personnel of the company comprise those of the charity and the key management personnel of its wholly owned subsidiary City Catering Southampton (Trading) Ltd. The associated staff benefits have been included within the total employee benefits of the key management personnel of the charity.

The average monthly head count was 231 (21/22 239) staff and the average monthly number of full-time equivalent employees during the period was 109 (21/22 112).

9. Trustees' remuneration and expenses

No charity trustees were paid or received any other benefits from employment with the charity or its subsidiary in the period. One trustee was reimbursed for parking expenses during the 31st March 2023 year end to the sum of £9 (2021/22 - £nil) no other trustee received payment for professional or other services supplied to the charity. The Chief Executive Officer (Gary McMahon) is a trustee of the charity and is paid for his role as CEO; not for trustee duties. His remuneration is included within key management personnel in note 8.

10. Corporation Taxation

The company being a registered charity is exempt from any taxation apart from VAT.

11. Fixed Asset Investment

Shares in group undertakings as at year end 31 March 2023 totalled £1 (2022: £1).

There were no investment assets outside the UK.

12. Tangible fixed assets

| | Group Fixed Assets £ | Charity Fixed assets £ |
|---------------------|----------------------------|------------------------------|
| Cost: | | |
| As at 1 April 2022 | 82,088 | 82,088 |
| Additions | 17,086 | 17,086 |
| As at 31 March 2023 | 99,174 | 99,174 |
| Depreciation | | |
| As at 1 April 2022 | 38,696 | 38,696 |
| Charge for the year | 14,735 | 14,735 |
| | 53,431 | 53,431 |
| As at 31 March 2023 | 45,743 | 45,473 |
| As at 31 March 2022 | 43,392 | 43,392 |

13. Intangible assets

| | Group Intangible assets £ | Charity Intangible assets £ |
|---------------------|---------------------------------|-----------------------------------|
| Cost: | | |
| As at 1 April 2022 | 3,755 | 3,755 |
| Additions | - | - |
| As at 31 March 2023 | 3,755 | 3,755 |
| Amortisation | | |
| As at 1 April 2022 | 2,065 | 2,065 |
| Charge for the year | 751 | 751 |
| As at 31 March 2023 | 2,816 | 2,816 |
| As at 31 March 2023 | 939 | 939 |
| As at 31 March 2022 | 1,690 | 1,690 |

14. Stock

| | Group 2023 £ | Group 2022 £ |
|--------------------|--------------------|--------------------|
| Food | 74,101 | 84,080 |
| Disposables | 14,931 | 18,629 |
| Cleaning Materials | 11,613 | 11,599 |
| | <u>100,646</u> | <u>114,308</u> |

15. Debtors

| | Group | | Charity | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2023 £ | 2022 £ | 2023 £ | 2022 £ |
| Trade debtors | 1,400,584 | 1,286,077 | 1,310,646 | 1,254,846 |
| Amounts owed by group undertakings | - | - | 125,139 | 81,966 |
| Prepayments and accrued income | 81,569 | 154,744 | 81,569 | 123,163 |
| | <u>1,482,153</u> | <u>1,440,821</u> | <u>1,517,355</u> | <u>1,459,975</u> |

16. Creditors (amounts falling due within one year)

| | Group | | Charity | |
|------------------------------|------------------|------------------|------------------|------------------|
| | 2023 £ | 2022 £ | 2023 £ | 2022 £ |
| Trade creditors | 439,146 | 508,409 | 437,646 | 508,409 |
| Other Creditors and accruals | 277,674 | 71,079 | 276,254 | 69,359 |
| Deferred income | 549,572 | 596,792 | 549,572 | 596,792 |
| Taxation | 405,499 | 351,022 | 387,275 | 341,739 |
| | <u>1,671,891</u> | <u>1,527,302</u> | <u>1,650,747</u> | <u>1,516,299</u> |

17. Creditors (amounts falling due within more than one year) – Group and Charity

| | 2023 £ | 2022 £ |
|-------------------------|----------------|----------------|
| Bank loans and accruals | <u>179,667</u> | <u>264,308</u> |
| | <u>179,667</u> | <u>264,308</u> |

The CBILs loan include aggregate amounts of £256k which is split by £77k due within one year and £179k due over one year. The bank loan is repayable by instalments at a current rate of interest of 1.78% annum over base rate. The loan is held with a security charge against any properties owned or fixed and floating charges.

18. Deferred income

Deferred income comprises Service Charges for the period 1 April 2023 – 31 March 2024, and charitable income that is remaining from grants and donations for future use.

19. Related party transactions

A management charge of £321,781 (2021/22 - £260,581) was charged by the charity to the trading subsidiary. Surplus of £27,617 (2021/22 - £2,712) in the trading subsidiary was gifted to the Charity and is shown in the supporting notes along with unpaid share capital of £1.

20. Funds

| | Group 2023 £ | Charity 2023 £ |
|--------------------------------|--------------------|----------------------|
| Funds at 1 April 2022 | 510,420 | 510,420 |
| Income (per SOFA) | 5,445,049 | 5,442,708 |
| Expenditure (per SOFA) | (5,422,264) | (5,419,924) |
| Closing funds at 31 March 2023 | 533,205 | 533,204 |

All funds are unrestricted and have not been allocated for a specific purpose by trustees

21. Leases

The group is committed to paying the following remaining lease payments on non-cancellable operating leases:

| | Group 2023 £ | Group 2022 £ |
|-----------------------|--------------------|--------------------|
| Within 1 year | 30,138 | 21,544 |
| Between 1 and 5 years | - | - |
| Total | 30,138 | 21,544 |

22. Pension Commitments

The charity's employees belong to one principal pension scheme: The Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council. The pension report for the 22/23 year has been obtained and disclosed below in line with FRS 102.

The latest actuarial valuation of the LGPS was completed on 31 March 2023 and valued the Fund as at 21st March 2022. At this date the entire fund showed a surplus of £637.4m.

The March 23 contribution outstanding at the end of the financial year was £7,644.79, there were no prepaid contributions. There were no outstanding or prepaid contributions at the beginning of the financial year.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 March 2023 was £101,280 (2022 - £124,000), of which employer's contributions totalled £69,240 (2022 - £79,000) and employees' contributions totalled £32,040 (2022 - £37,000). The agreed contribution rates for future years are 1.7 per cent for employers and 5.5-12.5 per cent for employees.

| Principal actuarial assumptions | 2023 % | 2022 % |
|--|-------------------|-------------------|
| Rate of increase in salaries | 3.70 | 4.00 |
| Rate of increase for pensions in payment/inflation | 2.70 | 3.00 |
| Discount rate for scheme liabilities | 4.70 | 2.70 |
| Inflation assumption (CPI) | 2.70 | 3.00 |

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.
The assumed life expectations on retirement age 65 are:

| | 2023 Years | 2022 Years |
|-----------------------------|-----------------------|-----------------------|
| <i>Retiring today</i> | | |
| Males | 23.3 | 23.2 |
| Females | 25.7 | 25.6 |
| <i>Retiring in 20 years</i> | | |
| Males | 23.8 | 23.7 |
| Females | 26.7 | 26.6 |

| | 2023 £ |
|-------------------------------------|-------------------|
| Equities | 3,679,000 |
| Other bonds | 1,054,000 |
| Property | 434,000 |
| Cash and other liquid assets | 70,000 |
| Other | 1,150,000 |
| Total market value of assets | 6,387,000 |

The actual return on scheme assets was £(403,000) in 2023.

The amounts required to be recognised in the Statement of Financial Activities are as follows:

| | 2023 £ |
|--|-------------------|
| Current service cost | (297,000) |
| Past service cost | - |
| Net interest on defined liability/asset | (24,000) |
| Administrative expenses | (2,000) |
| Total amount required to be recognised in the Statement of Financial Activities | (323,000) |

Changes in the present value of the defined benefit obligations were as follows:

| | 2023 £ |
|--|------------------|
| Opening Defined Benefit obligation | 7,838,000 |
| Current Service Cost | 297,000 |
| Interest cost | 209,000 |
| Employee contributions | 32,000 |
| Benefits paid | (242,000) |
| Curtailment costs | 0 |
| Actuarial losses | (2,356,000) |
| Experience loss/(gain) on defined benefit obligation | 0 |
| At 31 March 2023 | 5,778,000 |

Changes in the fair value of the charity's share of scheme assets were as follows:

| | 2023 £ |
|--|------------------|
| Opening fair value of scheme assets | 6,925,000 |
| Other actuarial gains/(losses) | 0 |
| Interest income | 185,000 |
| Actuarial gains | (588,000) |
| Employer contributions | 75,000 |
| Employee contributions | 32,000 |
| Assets distributed on settlements | (242,000) |
| Administration expenses | |
| At 31 March 2023 | 6,387,000 |

[Report ends]