



Report and Financial Statements

for the year ending 31 March 2019

City Catering Southampton
(A charitable company limited by guarantee)

Charity number: 1160776
Company number: 09331784

Contents

Reference and administration details.....	3
Chair's Strategic Report	5
The Report of the Trustees for the period ending 31 March 2019	7
Our purposes and activities	7
Trustees' responsibilities in relation to the financial statements	9
Statement as to disclosure to our auditors	9
Structure, Governance and Management	10
Appointment of Trustees.....	10
Trustee induction and training	11
Related parties and conflicts of interest.....	11
Public Benefit Disclosure	11
Pricing Policy	11
Investment powers and policy.....	12
Pay policy for senior staff	12
Volunteers Policy	12
Risk Management	12
Reserves Policy.....	13
Achievements and performance in FY 2018-19.....	14
Areas of focus for the two remaining years of our Strategic Plan, 2019 to 2021	19
Report of the Independent Auditors to the Members of City Catering Southampton	20
Consolidated Statement of Financial Activities	23
Consolidated and Charity Balance Sheets	24
Statement of Cash Flows and Consolidated Statement of Cash Flows	25
Notes to the Financial Statements	26

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.
Wimborne, Dorset BH21 7SF
Bankers: Lloyds Bank Plc 63 London Road, Southampton SO15 2US
Solicitors: Bates, Wells, Braithwaite LLP 10 Queen Street Place, London EC4R 1BE

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

Chair: P Hopkinson (from March 2018)
Primary School nominee: K Bevan-Mackie (until September 2018)
Post not filled October 2018 – March 2019
Special School nominee: J Howells
Secondary School nominee: Post not filled April-June 2018
J Habberley (from July 2018)
Co-opted Trustees: H Hammick
L Church
G Hughes
J Crittall
R Wall (from September 2018)
Ex officio Trustee: R Hall
PA to the Board: E Nevill (until November 2018)
J Clasby-Monk (from November 2018)

Senior Management of City Catering Southampton:

Chief Executive Officer:	R Hall
Sales & Marketing Manager:	C Perry
Business & Admin Manager:	A Kennesion
Operations Manager:	C Petrie
Training & Development Manager:	D Smith
City Care Meals Manager:	M Orman

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

Chair & Director:	H Hammick
Directors:	R Hall R Wall L Church (until September 2018)
PA to the Board:	E Nevill (until November 2018) J Clasby-Monk (from November 2018)

Senior Management of City Catering Southampton (Trading) Ltd.

Hospitality Catering Manager:	M Orman
-------------------------------	---------

Chair's Strategic Report

The financial year 2018-19 has been another year of considerable change for City Catering Southampton. We have, for the first time since we incorporated, created a three-year strategic plan and associated budgets - building in stretch goals, a significant new strategic focus, and organisational development ambition. It's a new approach that marks a significant departure from the annual budgeting and planning process previously undertaken, with greater ambition and strategic focus built in.

In addition, we have: redeveloped our core pricing model, in consultation with our Members; incorporated the HR function into the Senior Management Team (SMT); and appointed a Charitable Impact Lead within the organisation – to ensure that our vision has a strategy and implementation drive behind it.

Each of the above initiatives have brought significant changes that are entirely appropriate to our direction and ambition as an organisation.

Growth in sales in all areas of the organisation has been strong for the FY, with the SMT effecting revenues at 3.27% above budget, achieving £5.023m.

Operational costs were, however, 2.34% higher than the £4.82m budgeted; while the overspend is lower than the growth in sales, we are nonetheless focusing on costs and data-led management reporting to nip the trend in the bud. Our operating environment continues to be challenging, with an ever increasing labour overhead, increasing provisions costs, and the uncertainties associated with Brexit and the future of Universal Infant Free School Meals (UIFSM).

Nonetheless, the organisation has continued to build on the strong commercial performance of its first three years of trading, delivering another year of surplus to strengthen reserves.

Going forwards, the SMT will need to focus on profitability, and data-driven strategic planning, in order to deliver the targets laid out in the Board-approved strategic plan to 31 March 2021. It has every ambition to attain its goals, and with good strategic governance from the Board of Trustees, and the Directors supporting the Trading Company, I and the Board of Trustees have every confidence in the Senior Management Team's ability to achieve the organisation's vision: to deliver 6.1m nutritious meals, to generate £500,000 of charitable investment in community food projects.

The company's governance has been bolstered this year, with the appointment of a Deputy CEO, Martin Orman, and the formation of two crucial new Board-level Committees: Charitable Impact, and Audit & Risk. These are Committees that have had an immediate practical impact, and which will serve the organisation well in achieving its ambitious goals. In addition, the organisation brought its HR function within the business (previously outsourced), providing staff with essential guidance and support, and an HR focus for strategic planning. With strong and effective governance in place the company will continue to thrive and deliver exceptional service for its Members and customers.

Our Member schools continue to support our focus on promoting nutrition and driving up meal numbers – in support of pupils' wellbeing and ultimately their academic attainment. Further, we have achieved greater engagement from Member schools around our not-for-profit status, and our charitable aims.

For some, this has allowed them new insight into our operation and our plans for addressing food poverty within the city.

As ever, strong working relationships with Members are crucial to our current and future success; Head Teachers and Business Managers are regular networkers, continually sharing best practice and good operational sense with peers and colleagues. The more we can effectively tap into their built-in network, the greater our opportunities for reputational and sales growth. In 2018-19, key to the company's positive reputation has been its new pricing model for schools, allowing them greater transparency around our charges, greater incentives to meal take-up, and greater buy-in to our charitable impact.

The financial year saw the organisation improve its gender pay gap position by 8.93% (mean). Looking ahead to 2019-20, this will be hard to further improve: women make up 97% of our workforce, and due to the nature of our core school meals business, the roles in our organisation that are paid lower hourly rates tend to attract women who are looking for flexible, part-time work that fits around childcare needs and school hours. Nonetheless, we will continue to provide opportunities for women to progress into senior roles, and explore different ways of working that help us attract and retain the best people in the industry.

As in 2018-19, the further development of commercial catering sales will again be key to our sustained success in 2019-20; the continued growth of this service will allow us to spread the risks associated with: the academisation of schools; rising labour and provisions costs; and Brexit.

Re-contracting with Southampton City Council (SCC) for the provision of the city's care meals service will also support our aims; a new agreement will be finalised in 2019-20, and alongside plans for significant grant-fund bidding, will help ensure that we have a commercially viable service in place within the remaining two years of the Strategic Plan.

In closing, I offer my heartfelt thanks to all within the organisation for their dedication to our charity's vision – to make a tangible nutritional difference in people's lives. Our teams are passionate about making a sustained impact on the wellbeing of Southampton communities, and the Board of Trustees support their aims unreservedly.

A handwritten signature in black ink, appearing to read 'P. Hopkinson'.

Paul Hopkinson, Chair

27 June 2019

The Report of the Trustees for the period ending 31 March 2019

The Trustees are pleased to present their annual director's report together with the consolidated financial statements of the charity and its subsidiary for the period ending 31 March 2019, 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 purposes and activities

The objects of the charitable company are to:

- 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.

The vision that shapes our business and charitable activities is to improve the quality of life for everyone we serve by providing food services that deliver quality and nutrition at affordable costs, both to the end user and to our members.

We do this by building lasting and mutually beneficial partnerships with our members, customers, employees and suppliers, built on trust and based on the integrity and ethics with which we do business.

We acknowledge our corporate citizenship responsibilities and conduct our business in an ethical, sustainable and socially responsible way. Whenever possible, we support local food producers and suppliers and we are committed to procuring goods from sustainable, local sources.

Through our employment practices we recruit and support local people and provide them with the opportunities to develop their skills and abilities. We actively foster diversity and inclusion, and are committed to promoting the welfare of our employees. We aim to be an employer of choice for local people.

We are committed to investing future funds in supporting the development of food education and positive life skills in the schools and colleges we serve. We work hard to deliver services that allow and encourage school children to make healthy food choices that will support them to achieve their academic potential and contribute to their wellbeing into adulthood.

We endeavour to develop innovative catering service solutions with our members that actively support their aims and objectives as educationalists. We support the vulnerable and disadvantaged to live independent lives, through the delivery of enhanced-care catering services to their homes. Our commercial and corporate clients can be assured of hospitality services that exceed their expectations, whatever the location.

School Meals

Meeting the specific requirements of our member schools is fundamental to the continued success and commercial viability of City Catering Southampton in its current form, and it is important that our members appreciate that we welcome change and are committed to working with them to deliver the quality services they demand and that their pupils need. City Catering Southampton serves in excess of 1.8M School meals a year, and in 2018/19 we delivered school meal services to 47 Infant, Junior, Primary, Special and Secondary schools. We employ over 210 staff to service our school meal provision.

We offer a two-course lunch menu that has two or three main-course choices (dependant on individual school wishes), and a range of desserts which always include fresh fruit and yoghurt. Our menus are adaptable to meet each school's needs, and all of our menus are assessed to ensure they comply with the statutory standards for school lunches. We also offer school-food-plan-compliant allergy-adjusted menus for individual children with medically-proven requirements.

We procure our supplies in partnership with Hampshire County Council, benefitting from a greater economy of scale and lower unit prices. We procure as many of our supplies as possible from local, sustainable food manufacturers and producers. Our meat products are all Red Tractor Farm Assured, and our fish products meet MSC standards. We hold the Soil Association's Food For Life accreditation for their Bronze Chartermark for our school-meal menus.

City Care Meals on Wheels

City Catering Southampton provides Meals on Wheels services to Southampton City Council care recipients under a four year contract, at subsidised rates. This service delivers hot regenerated two-course meals, plus afternoon teas and evening snacks, every week day. We also deliver frozen meals that can be reheated 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 16 people who manage, produce and deliver the meals through 12 delivery rounds.

Civic & Corporate Hospitality Catering Services

City Catering Southampton (Trading) Ltd., the commercial trading subsidiary of City Catering Southampton, provides civic-catering services to Southampton City Council under the four year contract for services that includes the Meals on Wheels service. The commercial arm also deals with Meals on Wheels services to commercial customers.

As well as delivering hospitality services to council staff and visitors within civic buildings, the hospitality business also provides corporate and commercial catering services to external companies and individuals. This can range from corporate functions and commercial events to private weddings and catering for social gatherings. The trading subsidiary employs four staff, who also support the Meals on Wheels service. Additional staff are employed on an ad hoc basis to meet service needs.

This aspect of our business still has the potential to provide a bigger and important source of external revenue to the company, which will in turn provide funds to support its charitable aims. Any annual operating surplus generated by the trading arm is gift-aided to the Charity.

Our charitable aims and objectives

Whilst many of the company's charitable aims and objectives are achieved through the daily delivery and development of its services, it is also intended that funds are generated that can be funnelled back to schools, by way of grant funding, to support the promotion and development of cooking skills for children and their parents, and promote life skills that will improve health outcomes.

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 which 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.

Any organisation receiving services from the company can become a member upon completion of the appropriate membership agreement and payment of the appropriate membership fee and there are currently 46 members, each of whom contribute £1 in the event of the company winding up.

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 Board of Trustees, which has 10 members including the CEO as Ex-Officio Trustee, administers the charitable company. The Board normally meets quarterly. 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 any initial term of three years (to expire on the third anniversary of the AGM following his or her appointment) and shall be 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, the Board has regard to the requirement for the specialist skills needed by the Board.

Three of the Trustees form 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; the Charity Commission guidance on public benefit; information on the content and obligations of the Memorandum and Articles of Association; and the decision making processes, the strategic business plan and financial performance of the company. Trustees are invited to attend appropriate external training events where these will facilitate the undertaking of their role.

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 any conflict of interest as becomes necessary, and no Trustee or associate of any Trustee may benefit financially or materially from that 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.

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

The company's pricing policy seeks to deliver services to its members and customers that represent value to them. Service charges to member schools are governed by the needs of the business and the members themselves, with a focus on cost reduction 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, with the current price of a primary paid school meal at £2.22. This price was set in April 2019 and will remain in place until April 2020.

The price charged for Meals on Wheels is currently subject to subsidy and stands at £4.28 for a two-course meal. The price charged to *commercial* Meals on Wheels clients is £5.35 inc. VAT. The cost of services to civic and commercial hospitality customers is variable and is dependent on the services provided and other market factors. All prices are subject to annual review and inflationary increases where applicable.

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 available funds in the company's current account over the past year. This policy will be reviewed depending on cash flow and interest rates, on a quarterly basis.

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

Due to the nature of the charity's operational activities, the charity does not currently use volunteers to deliver its services. The charity may have cause to use volunteers in the future; at such times as volunteers are used, the charity will employ the same recruitment, induction, employment processes and service standards as are applicable to all other employees of the charity at that time.

Risk Management

The Trustees have developed a risk management strategy which comprises:

- The establishment of an Audit & Risk Committee
- The establishment of a Risk Register, with an annual review of the principle risks and uncertainties that the charity and its subsidiary trading company face
- The establishment of 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:

- | | | |
|------------------|--|-------------------------------------|
| • Finance | • Health & Safety | • Business continuity: school meals |
| • Regulation | • Food Safety | • Reputation |
| • HR legislation | • Business continuity: Meals on Wheels | • Strategic Growth |
| • HR Recruitment | | |

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; and (c) the potential for losing Member schools, where they academise or choose an cheaper/lower-quality provider (NB: the impact on surplus from the latter is highly variable, from school to school).

Reserves Policy

To mitigate financial risk, we have established a conservative reserves policy, as follows:

It is City Catering Southampton's intention to obtain and maintain reserves at the level of an average two months' worth of unrestricted expenditure, calculated (at 1 Feb 2019) to be £820,000 inc VAT.

This level of reserves would enable the company to continue to financially function, including paying wages and suppliers, should we suffer a sustained 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 (2.5% of reserves), for a quarter.

At 31 March 2019 the company bank account held a cash balance of £380,233 and the level of reserves was £879,685, of which £7,807 was tangible fixed assets.

Achievements and performance in FY 2018-19

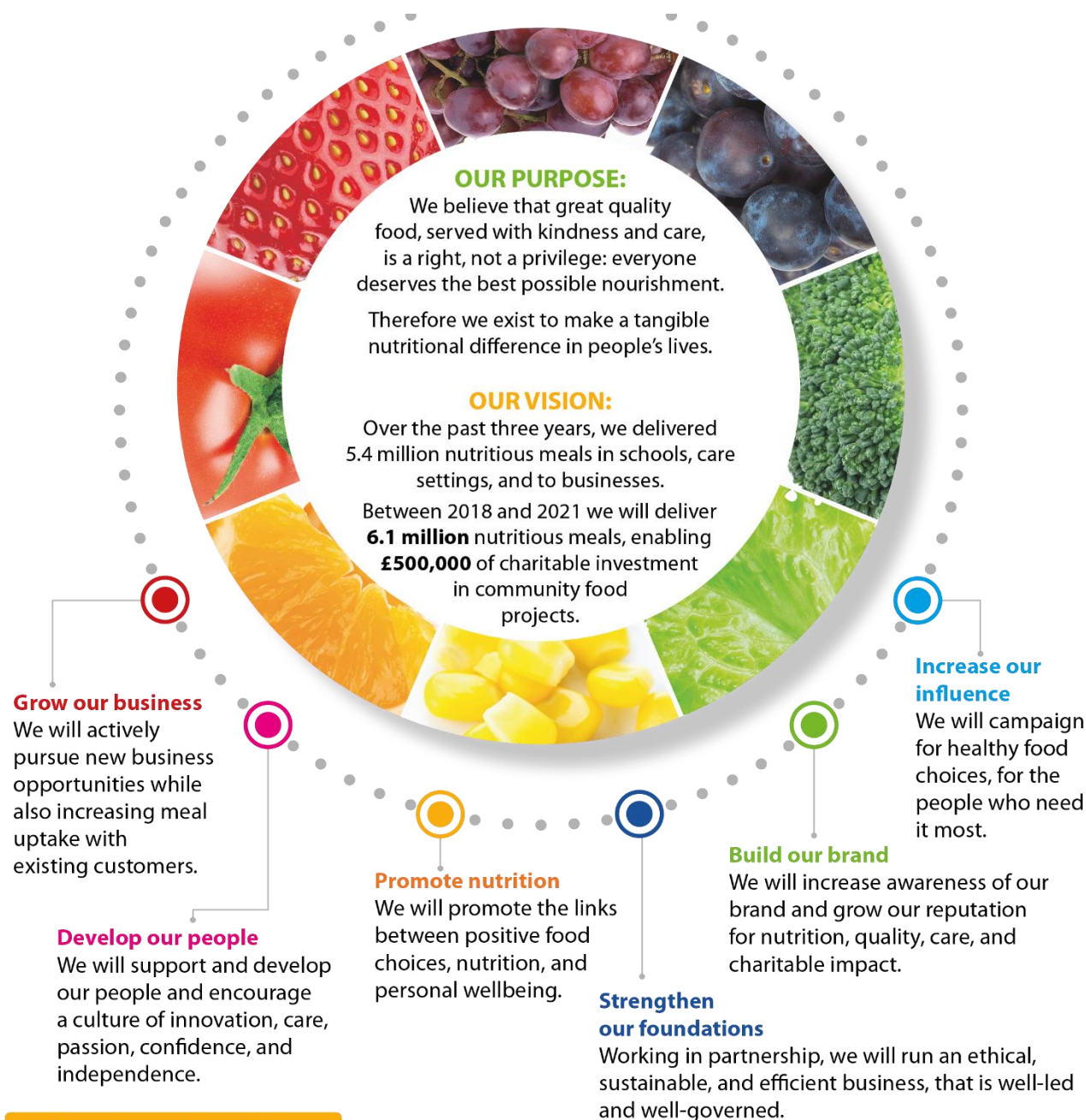
Strategic planning

In consultation with staff and the SMT, the CEO and Board have written a purpose, vision, and strategic plan for City Catering Southampton, for the three years to March 2021.

This crucial piece of work has provided us with a road map for the coming years – by way of a three-year budget and 6 key areas of focus - against which we will be now well placed to measure progress and navigate challenges and opportunities as they arise:





City Catering Southampton Consolidated Operating Budget 2018-2021

	£
INCOME:	
School Meals	15,466,620
Meals on Wheels	490,642
Product Usage Rebates	67,000
Corporate Hospitality	240,145
Total Income	16,264,407
CONSUMPTION:	
School Meals	-5,278,157
Meals on Wheels	-174,686
Corporate Hospitality	-91,091
Total Consumption:	-5,543,934
COSTS:	
Staff	-8,536,149
Direct Costs	-997,467
Operational	-294,748
Admin	-218,567
Annual IT Maintenance/Licences	-116,260
Premises Lease	-106,114
Insurance	-79,317
Depreciation	-13,440
Total Costs	-10,362,062
Total Spend	-15,905,996
Gross Profit before interest and tax	358,410






Our ways of working:




Positivity

-  I have a positive approach and am up for a challenge
-  I embrace change, while recognising that it's not always easy to deal with
-  I take steps to build positive relationships
-  I celebrate success, and learn from mistakes

Accountability

-  I am honest, accountable, and transparent in everything I do
-  I ask for feedback and am self-aware, recognising how my actions impact others and the business as a whole
-  I take ownership of problems and look for solutions

Ambition

-  I seek out and develop opportunities to improve and grow our business
-  I support and challenge those around me, to help us achieve our strategic aims
-  I demonstrate pride in my workplace, our food, and our company

In line with our three-year Strategic Plan, notes on key achievements and performance for the financial year to 31 March 2019 are noted below, under our six areas of strategic focus:

1. Grow our business

Financial review: Financial results for the company's fourth year of trading continue to be encouraging. Overall income has increased by 3.27% against budget to £5.023M. The sources of income for the year have been from school meals (£4,800,171), Meals on Wheels (£109,543), and trading subsidiary (£113,611). Operating costs increased by 2.34% against a budget of £4.82m, vs the 3.27% increase in income. The charity's wholly owned trading subsidiary, City Catering Southampton (Trading) Ltd., made a small operating margin, delivering a profit of £1,603 (up 7.6% on previous FY) on sales of £113,611 (up 9.8% on the previous FY). The profit was gift-aided to the charity. The financial outturn for the fourth year's trading is an operating surplus of £15,174 (0.31% of total income). This means that the company has again added to its capital reserves to provide stronger financial foundations for future growth and investment. A full breakdown of the company's audited accounts are shown from page 23.

Schools business: 2018-19 saw our charity establish new long-term SLAs with 23% of our Member schools, including a local primary school that will extend to become an 'all-through school' within the next 18 months. The renewed contracts are the result of the CEO's concerted effort to establish strong working relationships with each Headteacher and Business Manager team – in support of the continued hard work of operational colleagues. It also reflects the communication of our new service-charge model to Members, which has been universally well received and commended. The new model was devised to provide greater transparency, and a fair and incentivised approach to pricing. It was approved by the Board in September 2018 for implementation from 1 April 2019.

Meals on wheels: We developed an 'eating well' offer during the FY, that supports the negotiations of new terms with Southampton City Council (SCC) – so that we may continue making a positive nutritional difference for vulnerable adults across the city that require meals on wheels. The new contract will come into effect in 2019-20, when we expect to start benefitting from SCC funding to help offset the unavoidable costs of running the service as a charitable endeavour.

Corporate catering: We continue to grow this area of our organisation, and outperformed the revenue budget for the FY by c£11k in 2018-19. The Catering and Sales & Marketing teams have worked closely to define the core offer, and to clarify preferred target customers. This with a view to gearing up for a 102% increase in revenue target for the FY to 31 March 2020. Much attention has been paid to our web presence and to automation of the sales order process, including options for online payment, and online ordering (for roll-out in 2019).

2. Develop our people

Deputy CEO: We appointed Hospitality Catering Manager Martin Orman as Deputy CEO in October 2018, strengthening our governance position, and supporting the effective delivery of the organisation's ambitious strategic aims. The appointment was made through formal interview assessment, involving Trustees and the CEO.

HR Manager: In 2018, we cancelled our contract with Capita and brought HR expertise onto our SMT; this allows us unlimited HR advice, and a much-needed HR focus for all of the growth and development we're striving to achieve.

Staff excellence awards: In 2018 we celebrated the achievements of our workforce at Staff Excellence Awards dinner. The awards recognise and reward the outstanding contribution and performance of staff members during the FY, and provide a platform for colleagues to nominate others where they believe excellence has been demonstrated.

Performance management: The SMT introduced [Clear Review](#) – a cloud-based performance management tool during the FY – to enable digital management of individual objectives and performance. The system has been rolled out across senior and middle managers, and for all HQ staff. Managing staff performance is vital to the continued provision of quality service; this system and integrated approach allows senior management to drive change and encourage excellence.

Gender pay: The company reported its gender pay gap statistics for the year to 5 April 2018 in line with current legislation, by 5 April 2019. Our mean gender pay gap at 5 April 2018 was 42.51%, down 8.93% from the previous year's position of 51.44%. It's a statistic that reflects the average paid to men and women right across our business at that time, from catering assistants to the CEO. It is not a comparison of pay rates for men and women doing work of equal value.

Women make up 97% of our workforce. Due to the nature of our core business – primarily serving school meals across the city - the roles in our organisation that are paid the lower hourly rates tend to attract women who are looking for flexible, part-time work that fits around childcare needs and school hours. The percentage of women in our senior leadership team is now 55%. All roles across our business are equally available to men and women, and the pay offered is equal regardless of gender. It is important to note that our lowest hourly wage – regardless of gender - is above the National Living Wage, and our benchmarking shows that we pay the majority of our operational staff more per hour than some of our competitors.

Our full report for the year to 5 April 2018 can be found online [here](#).

3. Promote nutrition

Charitable Impact: Beyond our reserves policy, the surplus we generate through service delivery is available to charitably invest in community food projects – to advance the wellbeing of our city's residents. In 2018-19, the Board and SMT has focused on the issue of Holiday Hunger with a view to growing our impact on the nutritional wellbeing of school children and families outside of the academic year. We are ambitious in this, and seek to lead the campaign to end holiday hunger in Southampton. To this end, we appointed Jessica Clasby-Monk as Charitable Impact Lead during the FY, to ensure that we are delivering on our vision to invest £500k in community food projects by April 2021.

Food for life accreditation: We retained our Food for Life bronze caterer award in January 2019. It's an accreditation that we're incredibly proud to receive for another year; it establishes the quality of our school food offer, and sets us apart from competitors that focus solely on financial gain. Our Food for Life status links in with our focus on CSR; it means we are recognised for our continued use of fresh, locally sourced sustainable ingredients, cooked from scratch.

4. Strengthen our foundations

Committees: We established two new Board-level committees in 2018-19: Charitable Impact, and Audit & Risk. Both are essential to our growth and development as a strong and effective charity that has the foundations from which to deliver on our purpose: to make a tangible nutritional difference in people's lives.

Brexit: In preparation for Brexit, we clarified the strength of our supply-chain during the FY, addressing weak links and sharing updates on our readiness with Members and key customers. At the time of writing, significant uncertainty remains as to the likely political landscape ahead, and the implications of Brexit. We have prepared ourselves for the potential price-rise and operational issues that may arise, to the best of our knowledge so far. Brexit planning continues to be a strong area of focus for the SMT and Board in the new FY.

Corporate Social Responsibility: In 2018-19, we established our CSR position afresh, with a strong focus on ethical purchasing (ref fair trade and sustainable food products) and environmental impact. In particular, we are tracking the European Parliament's ban on single-use plastics, including plates, cutlery, and straws, which is expected to come into effect by 2021 in the EU – though Brexit may affect the UK's adoption of any legal ban. The elimination of single-use plastics from our operation is something we have committed to by 2021.

Procedure manuals: In 2018-19, we updated and clarified our overall kitchen procedure manual, and our allergy policy and the operational procedure associated with the production of allergy-adjusted meals and special diets in schools. The updated and improved manuals have been rolled out to all schools, providing our workforce with easy-to-use procedures and policies that strengthen our operational practices.

In addition, we strengthened our menu-development team at Head Office, with a view to mitigating any potential risks associated with the creation of adjusted menus for school children with special diets: we added a full-time menu-development assistant to the team; and we formalised our relationship with an external Paediatric Dietician (from the Southampton Children's Hospital team) to enhance our technical knowledge and ensure the validity of our approach.

Hubspot CRM: During this FY, we invested in our infrastructure in order to grow, rolling out company-wide use of [Hubspot](#) – integrated marketing, sales and service software. It's a comprehensive CRM that allows us to ensure we complete actions, share information, and measure customer engagement.

GDPR: City Catering Southampton is GDPR compliant, and has actioned all of the required measures required by the GDPR legislation that came into effect in May 2018.

5. Build our brand

In 2018-19, our focus has been on creating a brand-development strategy to ensure that our corporate-catering customer base flourishes – without leaving behind our valued existing customers. Our exploration of potential new brands has now been completed, and we are well placed for the new FY to evolve our existing brand to ensure we can create and sustain a following. Branding evolution and the associated PR focus will be a key element of our sales and marketing push in years two and three of the strategic plan.

6. Increase our influence

Our ability to influence local and central government policy prior to 2018 - around school meals or any other matter affecting our business - was low. In 2018-19, we have significantly increased our influence: within local schools, by developing stronger working relationships with Headteachers and Business Manager; in local government, by creating and keeping warm key Cllr relationships; and in central Government, by being invited to join the All Party Parliamentary Group on School Food – giving us a future voice in policy decisions directly affecting our schools business.

Areas of focus for the two remaining years of our Strategic Plan, 2019 to 2021

1. Grow our business

- Grant funding:
 - Meals on wheels
 - Holiday hunger
 - Business intelligence system
 - Customer feedback technology
- Business intelligence / data analytics
- Additional schools business – within Southampton and beyond
- Self-serve corporate-catering sales / order process automation
- Business catering outsourcing

2. Develop our people

- Staff engagement
- Staff training and development
- Talent management
- Apprenticeship opportunities

3. Promote nutrition

- Growth in school-holiday club catering
- School meal take-up initiatives
- Retain FFL Award

4. Strengthen our foundations

- Profitability analysis
- Cost-per-meal analysis and offer development
- Brexit planning
- SCC contracting
- Living Wage increase planning
- Strategic planning for 2021-24
- Board / Trustee training
- Risk management and continuity planning

5. Build our brand

- Brand evolution and increased brand awareness
- Public Relations
- Member engagement
- Communications planning

6. Increase our influence

- All Party Parliamentary Group on School Food involvement
- LACA Committee Membership
- Chamber of Commerce Board Membership
- Local Government Cllr relationships

By order of the board of Trustees

A handwritten signature in black ink, appearing to read 'P. Hopkinson'.

Paul Hopkinson, Chair
27 June 2019

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

Opinion

We have audited the financial statements of City Catering Southampton (the 'charitable parent company' and its trading subsidiary, together 'the group') for the year ended 31 March 2019 which comprise the Statement of financial activities, the group and parent charitable company balance sheets and the consolidated statement of cashflows and notes to the financial statements. The financial framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable group's and the parent charitable company's affairs as at 31 March 2019 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 [Auditors responsibilities for the audit of the financial statements](#) section of our report.

We are independent of the group and the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report the fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report to the Trustees is inconsistent in any material respect with the financial statements; or
- the group and parent charitable company have not kept adequate accounting records;
- or the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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 and 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 and 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

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 a Report of the Independent Auditors 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.

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 Report of the Independent Auditors.

Use of our report

This report is made solely to the group and the charitable company. 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 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 group and charitable company as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'I M Rodd', with a horizontal line underneath.

I M Rodd (Senior Statutory Auditor)
for and on behalf of Ward Goodman
Statutory Auditor
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne, Dorset
BH21 7SF

Date: 27 June 2019

Consolidated Statement of Financial Activities

(Including consolidated income and expenditure account)
for period ending 31 March 2019

	Note	Unrestricted 2019 £	Unrestricted 2018 £
Income:			
Income from Charitable activities:			
Schools and Meals on Wheels	4	4,909,714	4,823,399
Income from other trading activities:			
Commercial trading operations	4	113,611	103,434
Total income		5,023,325	4,926,833
Expenditure			
Expenditure on charitable activities:			
Schools and Meals on Wheels	6	5,006,858	4,800,123
Costs of raising funds:			
Commercial trading operations	6	1,294	1,250
Total expenditure		5,008,152	4,801,373
Net income		15,174	125,460
Reconciliation of Funds			
Total funds brought forward		864,511	739,051
Net Income		15,174	125,460
Total funds carried forward		879,685	864,511

The statement of financial activities includes all gains and losses recognised in the period.
All income and expenditure derive from continuing activities.

The notes at pages 24-33 form part of these accounts.

Consolidated and Charity Balance Sheets

Consolidated Balance Sheet as at 31 March 2019

	Note	Consolidated 2019 £	Charity 2019 £	Consolidated 2018 £	Charity 2018 £
Fixed assets					
Tangible assets	12	7,807	7,807	8,946	8,946
Investment		-	1	-	1
Total Fixed Assets		7,807	7,808	8,946	8,947
Current assets					
Stock	13	77,735	77,735	79,207	79,207
Debtors	14	1,701,458	1,744,081	1,691,756	1,819,866
Cash at bank and in hand		380,233	328,806	463,984	328,923
Total Current Assets		2,159,426	2,150,622	2,234,947	2,227,996
Liabilities					
Creditors					
Amounts due within one year	15	(1,287,548)	(1,278,745)	(1,379,381)	(1,372,432)
Total Liabilities		(1,287,548)	(1,278,745)	(1,379,381)	(1,372,432)
Net current assets		871,878	871,877	855,566	855,565
Total assets less current liabilities		879,685	879,685	864,512	864,512
The funds of the charity:					
Unrestricted income funds		879,685	879,685	864,512	864,512
Total charity funds	18	879,685	879,685	864,512	864,512

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.

Signed



Paul Hopkinson, Chair of trustees on behalf of the trustees

Approved by the trustees on 27 June 2019

Statement of Cash Flows and Consolidated Statement of Cash Flows

for period ending 31 March 2019

Note	Consolidated 2019 £	Charity 2019 £	Consolidated 2018 £	Charity 2018 £
Cash used in operating activities	(80,347)	3,286	(49,244)	(93,977)
Purchase of tangible assets	(3,404)	(3,404)		
Cash used in investing activities	(3,404)	(3,404)		
Increase in cash and cash equivalents in the year	(83,751)	(118)	(49,244)	(93,977)
Cash and cash equivalents at the beginning of the year	463,984	328,923	513,228	422,900
Total cash and cash equivalents at the end of the year	380,233	328,805	463,984	328,923

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

	Group 2019 £	Charity 2019 £
Net movement in funds	15,175	15,175
Add back depreciation charge	4,543	4,543
Decrease in stock	1,470	1,470
Increase in Debtors	(9,701)	75,785
Decrease in Creditors	(91,833)	(93,687)
Net cash used in operating activities	(80,347)	3,286

Notes to the Financial Statements

1. Accounting Policies

The principal accounting policies adopted, judgements, and key sources of estimation 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 2018 until 31st March 2019.

c) Preparation of the accounts on a going concern basis

The Charity reported a cash inflow of £3,286 for the period and a cash outflow of £80,347 on a group basis. The group also reported a total funds carried forward of £879,685 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.

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 on an equal monthly basis.

i) Stock

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

j) 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.

k) Cash in bank and in hand

Cash in bank and in hand includes cash only.

l) 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.

m) 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.

n) 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 trustees are unable to confirm the charity's share of the underlying assets and liabilities of Hampshire County Council's Pension Scheme and therefore the Pension Scheme is accounted for as a defined contribution 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 2018/2019 were £229,251 with an employer's contribution rate of 22% 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 2019/20 will be 22% with an additional contribution of £22,300 to meet existing deficits.

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 2018/19 were £39,313 with an employer's contribution rate of 5% 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 10. 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:

	2019	2018
	£	£
Income	4,909,714	4,823,399
Income from Trading Subsidiary	112,145	102,104
Net income	5,021,860	4,925,503
Expenditure on Charitable activities:	(4,938,291)	(4,800,043)
Total funds brought forward	864,511	739,051
Total funds carried forward	948,080	864,511
Represented by:		
Unrestricted income funds	948,080	864,511

4. Consolidated income from charitable and fundraising activities

	Unrestricted funds 2019 £	Unrestricted funds 2018 £
Income from School Meals	4,800,171	4,718,518
Income from Meals on Wheels	109,543	104,881
Total income from charitable activities	4,909,714	4,823,399
Fundraising Income		
income from Trading subsidiary	113,611	103,434
Total income from Charitable and fundraising	5,023,325	4,926,833

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 Hospitality 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:

	2019 £	2018 £
Income	113,611	103,434
Cost of sales and administration costs	(112,008)	(101,945)
Net profit	1,603	1,489
Amount gift aided to charity	(1,603)	(1,489)
Retained by subsidiary	-	-
Assets and Liabilities		
Current assets	90,159	159,060
Current liabilities	(90,158)	(159,059)
Total net assets	1	1

6. Analysis of expenditure on charitable activities

	School Meals	MOW	Trading Subsidiary	Total
	£	£	£	£
Direct expenditure	3,713,417	218,341		3,931,758
Governance Costs	10,632	248	1,294	12,174
Support Costs	1,039,987	24,233		1,064,220
Total	4,764,036	242,822	1,294	5,008,152

7. Analysis of governance and support costs

The charity 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	691,169	-	691,169	Allocated on time
Auditors fees (audit)		6,175	6,175	Governance
Auditors fees (non-audit)		1,887	1,887	
Legal fees	4,112	4,112	8,223	50/50 split
Other	368,939	-	368,939	General Support
Total	1,064,220	12,174	1,076,393	

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

	2019
	£
Salaries and wages	2,256,204
Social security costs	92,179
Pension costs	268,564
Total	2,617,488

There was one employee 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, Sales and Marketing Manager, Business & Admin Manager, HR Manager, Operations Manager and Food Development & Training Manager.

The total employee benefits of the key management personnel of the charity were £320,123.

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.

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 neither were they reimbursed expenses during the period. No charity trustee received payment for professional or other services supplied to the charity. The Chief Executive Officer (Rachel Hall) is a trustee of the charity and is paid for her role as CEO; not for trustee duties. Her remuneration is included within key management personnel in note 8.

10. Staff Numbers

The average monthly head count was 244 staff and the average monthly number of full-time equivalent employees during the period was 110.

11. Corporation Taxation

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

12. Tangible fixed assets

	Group IT Hardware £	Charity IT Hardware £
Cost:		
As at 1 April 2018	8,946	8,946
Additions	3,404	3,404
As at 31 March 2019	12,350	12,350
Depreciation		
Charge for the year	4,543	4,543
As at 31 March 2019	7,807	7,807

13. Stock

	Group 2019 £	Group 2018 £
Food	62,576	62,630
Disposables	4,414	6,467
Cleaning Materials	10,745	10,110
	<u>77,735</u>	<u>79,207</u>

14. Debtors

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	1,665,815	1,660,606	1,636,109	1,650,100
Amounts owed by group undertakings			81,354	152,110
Prepayments and accrued income	<u>35,643</u>	<u>31,350</u>	<u>26,618</u>	<u>17,656</u>
	<u>1,701,458</u>	<u>1,691,756</u>	<u>1,744,081</u>	<u>1,819,866</u>

15. Creditors (amounts falling due within one year)

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Trade creditors	266,314	247,242	266,299	247,242
Other creditors and accruals	72,006	51,628	70,731	50,378
Deferred income	607,996	729,236	607,899	728,753
Taxation	<u>341,232</u>	<u>351,275</u>	<u>333,816</u>	<u>346,059</u>
	<u>1,287,548</u>	<u>1,379,381</u>	<u>1,278,745</u>	<u>1,372,432</u>

16. Deferred income

Deferred income comprises Service Charges and membership fees levied on schools in March for the period 1 April 2019 – 31 March 2020.

17. Related party transactions

A management charge of £179,108 (2018 - £149,976) was charged by the charity to the trading subsidiary. Surplus of £1,603 (2018 - £1,489) in the trading subsidiary was gifted to the Charity and is shown in amounts owed by related parties in note 14 of the charity accounts, along with unpaid share capital of £1.

18. Funds

	2019
	£
Charity	
Funds at 1 April 2018	864,511
Income (per SOFA)	5,023,325
Expenditure (per SOFA)	<u>(5,008,152)</u>
Closing funds at 31 March 2019	<u><u>879,685</u></u>

All funds are unrestricted. However, the following list provides a suggested use of the funds in the medium term future. This has not been agreed by trustees, but is an outline provided by the CEO.

	Balance as at 31st March 2019
	£
Brexit contingency & mitigation	279,685
Staffing Commitments & development	275,000
Infrastructure development	125,000
Organisational Growth	75,000
Charitable commitments	75,000
CSR strategy development	50,000
	<u>879,685</u>
Total Unrestricted Funds	<u><u>879,685</u></u>

19. Leases

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

	Group 2019	Group 2018
	£	£
Within 1 year	31,982	31,957
Between 1 and 5 years	29,976	59,367
Total	61,957	91,324

[Report ends]