

Hospitality Action

Annual Report and Consolidated Financial Statements

31 December 2020

Company Limited by Guarantee
Registration Number 04914871
Charity Registration Number 1101083

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Reference and administrative information

Board of Trustees	William Baxter CBE (Chairman) Jon Dee ACA (Treasurer) Kevin Charity (appointed 9 June 2020) Hazel Detsiny Simon Dobson (Vice Chairman) Simon Esner Ringo Francis Chris Garside Andrew Guy MBE Matt Johnson Simon Jones Tim Jones Andrew Latham Kate Nicholls Jonathan Raggett Ian Sarson Andrew Selley David Walker
Chief Executive	Mark Lewis
Company secretary	Greg Minter
Principal office	62 Britton Street London EC1M 5UY
Charity registration number	1101083
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Royal Bank of Scotland Brooklands Close Sunbury on Thames TW16 7DX
Investment managers	Cazenove Capital Management 1 London Wall Place London EC2Y 5AU

Reference and administrative information

Solicitors	Trowers and Hamlin 3 Bunhill Row London EC1Y 8YZ
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Reference and administrative information

The Board of Trustees thanks the Chairpersons and Committee members who gave so generously of their time during 2020:

Finance and Investment	Jon Dee ACA (Chair)
	Simon Dobson
	Tim Doubleday
	Tim Jones

Grants and Advisory	Andrew Latham (Chair)
	Valerie Barrow
	Flavia Gapper
	Dawn Jackson
	Jane Morris
	Ian Sarson

Reference and administrative information

The Board of Trustees thanks its Patrons, whose ongoing patronage brings credibility, authority and brand awareness to the charity. These are:

Patrons	Jason Atherton (Principal Patron)
	Surinder Arora
	Raymond Blanc OBE
	Heston Blumenthal OBE
	Michael Caines MBE
	Patrick Dempsey OBE
	George Goring OBE
	Sir Garry Hawkes CBE
	Nigel Haworth
	Paul Heathcote MBE
	Phil Hooper
	Tom Kerridge
	Donald Macdonald OBE
	Sinead Mallozzi
	Anton Mosimann OBE
	Harry Murray MBE
	Jamie Oliver MBE
	Michel Roux Senior OBE
	Phil Vickery MBE
	The Viscount Lord Thurso
	Brian Turner CBE
	Robert Walton MBE

The Trustees, who are also the directors, present the annual accounts for Hospitality Action for the year ended 31 December 2020 prepared in accordance with the Statement of Recommended Practice for Charities (SORP) 2015 and the Companies Act 2006. The reference and administrative information on pages 1-4 forms part of this report.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The Charity is a Benevolent Society whose objects are for the relief of persons who work or have worked in the hotel, catering and/or hospitality industries and the widows, widowers, partners, orphans and other dependants of such persons by the provision of monetary grants and/or advice, assistance and support and/or education and training.

Hospitality Action was founded in 1837 as unincorporated and for much of that time it was known as the Hotel and Catering Benevolent Association (HCBA). The charity was incorporated in 2003 as Hospitality Action having taken over the majority of the assets of the unincorporated charity.

The principal activities undertaken by the Charity in pursuance of its objects relate to the provision of:

- ◆ A grants programme to alleviate poverty and support beneficiaries in times of crisis
- ◆ An outreach programme aiming to keep loneliness and isolation at bay for retired hospitality employees, called the Golden Friends scheme
- ◆ Expert triaging, advice, guidance and signposting to other potential sources of support and, where appropriate, funded counselling.
- ◆ An Employee Assistance Programme – commercial scheme offering specialist advice, support and assistance on a range of issues for hospitality employees

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting the grant making policy for the forthcoming year.

Chief Executive

Mark Lewis had his third full year as Chief Executive.

ACHIEVEMENTS AND PERFORMANCE

In terms of helping more people, we offered grants to 3,562 people in 2020 as opposed to 1,172 in 2019; awarded 4,698 grants compared to 923 in 2019; increased grants spend year on year from £732,752 to £1,328,708 and grew the number of client employees supported by our Employee Assistance Programme from 146,000 to 147,000.

Meanwhile, in terms of decreasing our ongoing deficit and stabilising the finances of the charity, we grew year on year revenue from £2,179,889 to £3,242,352, and improved our year on year position from an operating deficit of £217,326 to a surplus of £401,777.

The events programme was significantly curtailed due to the pandemic but the response to our appeal meant we had record annual revenue. Despite the situation we increased Employee Assistance Programme revenues year on year from £603,541 to £626,504.

We also recruited a cohort of 250 industry professionals to support an outreach programme to offer moral and practical support to over 2,000 hospitality industry retirees, our 'Golden Friends' and we created an online Wellbeing Hub offering advice and information to hospitality workers whose mental health was being affected by the pandemic.

Proud as we are of our response to the pandemic, we do not expect the peculiarly high levels of donations and external fundraising initiatives to be sustained, into the future. That said, we do expect the spike in brand awareness we experienced in 2020 to drive future fundraising beyond 2019 levels.

Review of achievements in 2020	2020	2019
Beneficiary grants	£1,328,708	£732,752
Number of persons awarded grants	3,562	1,172
Number of companies subscribed to EAP	345	292
Number of employees covered by the EAP	146,500	145,800

ACHIEVEMENTS AND PERFORMANCE (continued)

Welfare, support and advice

Grants – (welfare)

It was decided to continue to focus more on one-off help and crisis assistance and continue the assistance given with long term top-up grants. This was achieved during 2020 as follows:

	2020	2019
Top up grants	45 beneficiaries Grants £61,000	43 beneficiaries Grants £67,000
Crisis grants	49 beneficiaries Grants £55,000	62 beneficiaries Grants £82,000
Essential needs grants	528 beneficiaries Grants £266,000	820 beneficiaries Grants £462,000
Other grants	3,706 beneficiaries Grants £947,000	247 beneficiaries Grants £122,000

Overall grant spend of £1,329,000.

Golden Friends Scheme – (welfare)

The objective was to increase the number of members and enhance the support offered via the volunteer visitor scheme.

- ◆ The number of members increased to 1,585 in 2020 from 1,579 in 2019.
- ◆ The charity had 265 volunteers spread nationally across the UK during 2020, including phone friends, visitors and office volunteers. Of these 167 were matched with Golden Friends.
- ◆ The number of contacts was 3,938 with phone befriending and visits.
- ◆ There were no Golden Friends' lunches or teas held during the year due to the pandemic (2019: 37).
- ◆ Gift vouchers to a value of £28,620 were distributed to 1,597 beneficiaries (2019: £20,419 to 1,587 beneficiaries).

Information and signposting – (support and advice)

Hospitality Action continues to offer a debt advice scheme, in conjunction with Step Change, a debt management charity. The counselling scheme, in conjunction with CiC, the service provider for our Employee Assistance Programme, has continued to be offered where applicable.

ACHIEVEMENTS AND PERFORMANCE (continued)

Welfare, support and advice (continued)

Employee assistance programme

The programme is specific to the hospitality industry and provides a source of help, support and guidance for the employees of subscribing companies. A confidential assistance line. Live Chat service and web based help sheets via the Well Online portal are available to assist with the following:

Health and wellbeing

Working Life

Financial Matters

Personal advice

Support for alcohol, drugs, gambling and other addictive behaviours

Legal advice

The programme also allows for face-to-face, telephone or online counselling and parenting coaching support where needed. The EAP also provides access to a Whistleblowing hotline for subscribers.

This is a commercial programme which trades under a subsidiary company. Hospitality companies are charged a fixed amount per employee per year when they sign up to the programme. Profits are gifted to the charity. The programme had its official industry launch in January 2013 and as at December 2020 345 companies have signed up employing 146,500 employees.

In addition to the subscriber services provided by the EAP, HA operate a 24/7 helpline to provide 'in the moment support', advice and signposting to anyone working in or retired from the hospitality industry, it is utilised by non-EAP employees and members of our Golden Friends scheme.

Responding to the Covid-19 pandemic in 2020, we developed an online Wellbeing Advice Hub on our website providing access to help sheets and signposting on key topics such as Virus Anxiety, Home Schooling and Managing your Finances whilst on Furlough.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the year and future plans

Plans for 2021

We view 2021 as a transitional year from both a fundraising and services perspective. When we set our budget in Autumn 2020, we assumed next to no income from fundraising events. Instead, we focussed on cementing our transition to third party fundraising, by which we mean devolving fundraising to hospitality operators and their customers and guests through 'pound in the bill'-style programmes. We aim to capitalise on the step-change in awareness of our brand around hospitality and the general public that we achieved in 2020. That said, we will remain alert to opportunities to create fundraising events that may arise, as social distancing restrictions ease and we will continue to innovate, for example through our Chefs at Home recipe book, our Invisible Chips initiative, and our 'Hell and Back' Virtual Challenge.

Similarly, in terms of grants disbursement, we plan to draw together our grant-giving streams, after running parallel Covid-19 emergency and 'business as usual' grant application processes throughout 2020. We will merge all Covid-related grants into our ongoing case management to reflect the need among applicants for longer-term support, rather than emergency payments.

We will look to backfill any EAP clients and headcounts through new client acquisition, supported by a marketing campaign stressing that there has never been a more important time to support your employees' health and wellbeing. We will also conduct a strategic review of our EAP offer, to identify opportunities to grow its product set and footprint.

We do not anticipate running any 'in person' events for our Golden Friends industry retirees, for obvious reasons; but we aim to grow the reach of the Golden Friends programme and augment its benefits.

FINANCIAL REVIEW

Income for the year was £3,242,352 (2019: £2,179,889) and expenditure £2,840,575 (2019: £2,397,215) giving rise to an operating surplus of £401,777 (2019: deficit of £217,326).

Income was well ahead of 2019 with huge growth in donated income in response to the Covid-19 appeal, which compensated for drops in income from investments and fundraising events. Expenditure of £2,840,575 was up £443,360 on 2019. Expenditure on charitable activity associated with grants, advice and support was £2,191,187, an increase of £615,132, as the charity responded to the huge demand for assistance due to the pandemic.

After losses on investments of £142,968 the overall result for the year was a surplus of £258,809 resulting in a corresponding increase in the balance of funds which stood at £6,902,608 as at 31 December 2020.

FINANCIAL REVIEW (continued)

Reserves policy and financial position

The total funds held by the group at the end of the year were £6,902,608 (2019: £6,643,799).

Of the above total £108,723 (2019: £56,874) related to restricted funds not available for the general purposes of the Charity. As at 31 December 2020 £232,617 of funds were held within the subsidiary company (2019: £177,849). All of the remaining funds of the Charity totalling £6,561,268 (2019: £6,409,076) have been set aside in a designated fund by the trustees.

In order to ensure that the charity is able to sustain its capacity to provide support for its beneficiaries in perpetuity, the Trustees' policy is to seek to maintain the approximate current levels of reserves after allowing for fluctuations in the value of its investment portfolio.

The Charity's investment portfolio is intended to generate returns to maintain or add to minimum reserve levels. Income generated from the portfolio is to be reinvested where possible or can be transferred to the current account of the Charity for working capital or charitable purposes.

The reserves are maintained to safeguard the Charity's ability to operate and provide essential services to its beneficiaries in the case of unforeseeable reductions in fund raising income. The reserves are also available for investment in opportunities that may have an enduring benefit to the Charity.

The Charity aims to maintain or increase moderately its level of charitable activity in each financial year. It is intended to reinvest into the portfolio any funds in excess of the working capital and charitable requirements of the Charity to bolster the capital and ensure that the portfolio will be available well into the future.

From time to time the Charity may need to draw on the capital of the investment portfolio to meet working capital or charitable obligations where fundraising income has not been at expected levels. Such drawdowns require the approval of the Finance Committee. As a result, the Charity does not currently maintain any free reserves, as it is possible to meet any requirement for free reserves from the designated fund if required. The Charity is aiming to get to a position in the future where any such drawdown is not required and free reserves can be maintained separately from the designated fund.

The investment portfolio is monitored daily and reserve balances are reported to the Finance Committee each quarter.

The Trustees are required to review this reserves policy annually.

In the early months of 2020, we drew down £160k from the investment portfolio. In view of the uncertainty surrounding the charity's revenue, Hospitality Action negotiated a £1m loan facility with Cazenove, as an alternative to withdrawing further capital from the investment portfolio. An initial drawdown of £500k was made in June, with the balance available for withdrawal until June 2021. The charity is unlikely to need to draw down the balance of the loan and will consider a repayment plan as 2021 progresses.

FINANCIAL REVIEW (continued)

Reserves policy and financial position

For approximately the last 10 years, the Trustees' strategy has been to fund any operating losses through capital drawdowns from the investment portfolio. The impact of this upon the investment portfolio has been tracked closely and long-term financial forecasting undertaken to ensure that the level of retained reserves remains sufficient.

Each year, the Charity aims to reduce as much as practical, its reliance on capital drawdowns from the portfolio and to be self-sufficient from fundraising income. When circumstances allow, excess funds will be used to top up the portfolio to previous levels. Once this has been achieved, the Charity will review its charitable activities and may release excess funds for charitable purposes. At present we continue to use income from the portfolio for the purposes of the charity. The plan from the start of 2022 is to reinvest income from investments back into the portfolio.

Going Concern

The trustees are aware of the ongoing issues which surround the global Covid-19 pandemic. They are satisfied that the charity is well positioned to continue as a going concern for the next twelve months and beyond. Reasons for this confident outlook include:

- ◆ The hugely positive response from the industry to our emergency appeal, which confirms the strong support base for the charity within the industry.
- ◆ The success of maintaining subscription levels to the Employee Assistance Programme since the start of the pandemic, despite major retrenchment of staff numbers in the industry.
- ◆ The charity's long-term asset base as represented by our well-managed investment portfolio, which has coped well with the crisis.

Investment policy

Under the Constitution the Trustees have general powers to invest in any trust funds or in the purchase of land or buildings. The agreed investment objectives were to achieve an annual income of 3.5% with the preservation of capital in real terms over the long term. The investment objectives are supported by an agreed asset allocation that is socially, environmentally and ethically sound, and which is periodically reviewed by the Finance & Investment Committee. The Investment Managers meet regularly with the Charity's Finance & Investment Committee to review investment performance against agreed indices.

Grant Policy

The charity provides financial assistance, support and advice to serving, former and retired workers in the hospitality industry. Qualification for assistance is as follows:

- ◆ currently working in the industry within the UK
- ◆ have worked 5 or more years in the industry in the UK

Applicants or the supporting agent from a referring organisation (with the consent of the applicant) are required to complete a Hospitality Action application form. The majority of applications need to be supported by an appropriate independent organisation such as Social Services, Citizens Advice Bureau, Housing Association or charities such as Macmillan, Crisis etc. A copy of the grant rules is sent out on request by the Grants & Advisory Team.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Legal status and governing document

Hospitality Action is a charitable company limited by guarantee, incorporated in England and registered with Companies House. It is also registered with the Charity Commission in England and Wales.

It is governed by its memorandum and articles of association which are publically available via www.companieshouse.co.uk

Structure

Hospitality Action has a wholly-owned subsidiary, Hospitality Action (Trading) Limited, (registered company 03332706 – England and Wales), which administers the Employee Assistance Programme. The results and net assets of the subsidiary are consolidated into these accounts.

Appointment and training of trustees

Trustees are elected at the annual general meeting and serve for two years when they may offer themselves for re-election for two further terms of office. Trustees are drawn from senior management across the industry, retired members of the industry and those with specialist skills pertinent to the aims and objectives of the Charity. All new trustees go through a formal induction process with the Chief Executive and are issued with an induction pack that includes the memorandum and articles of association of the charity, a Charity Commission summary of responsibilities of charity trustees, a copy of the annual accounts and a formalised outline of the role of a trustee. Trustees meet quarterly.

Chief executive and staff

The Chief Executive, Mark Lewis, is responsible for the day to day operations of the Charity. Staff remuneration including that of Key Management is set to be competitive for the role in the charity sector and based in London.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the relevant Charity (Accounts and Reports) Regulations and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Risk management, and principal risks and uncertainties

The Trustees continue to review and identify the major risks faced by the Charity, and have implemented systems and controls to mitigate the risks wherever practicable.

The Charity's risk register is reviewed and updated annually and has policies in place to comply with whistleblowing, anti-fraud and anti-money laundering regulations.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management, and principal risks and uncertainties (continued)

Measures introduced by the Government to combat the spread of Covid-19 have disrupted our usual working practices, with the potential to compromise our ability to deliver our services. Our purchase, last Autumn, of laptops for all team members mitigated this concern. By working from home, our employees are avoiding public transport and public spaces and therefore minimising the probability of catching Covid-19. The recent roll-out of a new VPN system and imminent roll-out of a new cloud-based telephony set-up will further improve our homeworking capabilities.

The loss of all budgeted in-person fundraising initiatives (eg chef dinners, sports challenges) has put our ability to fundraise at risk. We have responded by fast-tracking our planned move to a fundraising model based on third-party, consumer-pays activity. Our Invisible Chips" campaign (0% fat, 100% charity) is the latest example of this kind of activity and has already been adopted by c250 hospitality venues. We have also held our first ever virtual fundraising event: our 20,000 Mile Challenge, which raised c.£80,000 this summer, and will explore this approach further.

The increasing numbers of hospitality business closures and redundancies puts the profitability of our Employee Assistance Programme at risk. Despite this, the programme was only -£13k versus budget at the end of 2020. We running a major awareness campaign in H1 2021, aimed at growing the client base to backfill client attrition and decreasing employee numbers. We have seen some new business during Lockdown; and we remain confident that we can convert more new business in future. NB EAP income was £8k ahead of budget by Q1 2021.

As the number of hospitality redundancies grows, so the risk grows that we will receive an unsustainable number of applications for support from around the industry. We are building financial resilience through the means outlined above. By the end of 2020, we had replaced lost revenue streams with new streams, ones that carry lower costs, and had delivered our highest ever revenue for a calendar year. By continuing our efforts to grow awareness of our work around the industry and among its customer base, we are taking positive steps towards futureproofing our income streams.

Equal Opportunities Statement For Employees

Hospitality Action is strongly committed to equal opportunities for all. Every possible step will be taken to ensure that individuals are treated equally and fairly and that decisions on recruitment, selection and training of employees are based on solely objective and role related criteria regardless of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Our policy is to respect both the spirit and the letter of the laws regarding equality of opportunity and non-discrimination in Hospitality Action's activities and to value the diversity of individuals throughout the community. We consider this to be an integral part of our ethos when recruiting employees to Hospitality Action.

This commitment extends to all areas, both within the working environment, as well as in relation to social and recreational programmes.

No employee or potential employee will be disadvantaged by any conditions of employment or requirements that cannot be justified as necessary on operational grounds.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)
Equal Opportunities Statement For Employees (continued)

Decisions about appointments, training, developments and promotion will be made on the basis of merit or ability.

All employees and volunteers are expected to support and co-operate in these efforts to ensure equal opportunity for all.

Any complaints of discrimination will be dealt with under Hospitality Action's Complaints Procedure.

Any employee who conducts himself or herself in a discriminatory manner (whether on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) towards another employee, beneficiary or member of the public will be guilty of gross misconduct and will be subject to disciplinary action.

Fundraising Statement

Due to Covid we were forced, in March, to cancel all of our fundraising events and campaigns for 2020. As a result, we had to very quickly remodel our income streams to galvanise support in order to raise essential funds. We activated an emergency online donation appeal via our website; held a virtual challenge using the platform Umball.org; encouraged other individual fundraising using both Justgiving and Virgin Money Giving; onboarded suppliers and operators with third party fundraising; activated our Invisible Chips Campaign; approached Trusts and Foundations for funding and via two key supporters held two large online auctions via Givergy. No moneys were raised by public, on street collections.

When collecting monies, we at all times adhere to GDPR best practice guidelines. We renew our PCI DSS Compliance annually. We adhere to the conditions that credit card details should not be stored or sent electronically, and are to be destroyed as soon as a payment is processed. We do not store credit card details in any form. And as soon as the fundraising team has processed a credit card payment, they destroy the card details. Our compliance requirements are relatively light since any receipts via our website are via PayPal and we are not an e-commerce provider.

We are members of the Association of Charitable Organisations (ACO) and the Fundraising Regulator and follow and track their fundraising due diligence recommendations and code. Hospitality Action has not received any complaints about its fundraising activities.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' Responsibilities

The Trustees, who are also the directors for the purposes of Company Law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities SORP;
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors also confirm that:-

- ♦ So far as each director is aware, there is no relevant information of which the company's auditors are unaware; and
- ♦ Each director has taken all steps that he/she ought to have taken to make himself/herself aware of any relevant matters and to ensure that the company's auditors are aware of such information.

Approved by order of the board of Trustees and signed on its behalf by



Chairman

Approved by the board of trustees on 8th June 2021

Independent auditor's report to the members of Hospitality Action

Opinion

We have audited the financial statements of Hospitality Action for the year ended 31 December 2020, which comprise the consolidated statement of financial activities, the charity-only statement of financial activities, the consolidated and charity-only balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2020 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the 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; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- ◆ We obtained an understanding of the legal and regulatory frameworks applicable to the charity and the sector in which it operates. We determined that the following laws and regulations were most significant: 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), the Companies Act 2006 and the Charities Act 2011.
- ◆ We understood how the charity is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit, Risk and Compliance Committee.
- ◆ We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - ◇ Identifying and assessing the design effectiveness of controls in place to prevent and detect fraud;

- ◇ Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- ◇ Challenging assumptions and judgements made by management in its significant accounting estimates;
- ◇ Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- ◇ Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the relevant financial statement item to which they relate.

We did not identify any irregularities, including fraud.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



29.7.2021

Hugh Swainson (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

Consolidated statement of financial activities (including an income and expenditure account)
Year ended 31 December 2020

				Year ended 31 December 2020			Year ended 31 December 2019
	Notes	Unrestricted funds £	Restricted funds £	£	Unrestricted funds £	Restricted funds £	£
Income and endowments from:							
<i>Donations and legacies</i>							
Donations	1	2,097,640	415	2,098,055	222,604	13,411	236,015
Donated services and facilities	1	61,250	—	61,250	65,000	—	65,000
Members donations		13,297	—	13,297	15,922	—	15,922
Grants receivable	2	18,430	121,500	139,930	27,179	107,500	134,679
<i>Other trading activities</i>							
Fundraising events		166,700	—	166,700	925,653	—	925,653
<i>Charitable activities</i>							
Employee assistance programme		626,504	—	626,504	603,541	—	603,541
Investments	3	136,616	—	136,616	199,079	—	199,079
Total		3,120,437	121,915	3,242,352	2,058,978	120,911	2,179,889
Expenditure on:							
<i>Raising funds</i>							
Cost of raising voluntary income		596,918	—	596,918	252,907	—	252,907
Fundraising events and activities		33,174	—	33,174	547,428	—	547,428
Investment management fees		19,296	—	19,296	20,825	—	20,825
Sub-total		649,388	—	649,388	821,160	—	821,160
<i>Charitable activities</i>							
Welfare	4, 6	1,727,234	70,066	1,797,300	1,060,530	71,580	1,132,110
Employee assistance programme	4	393,887	—	393,887	425,692	—	425,692
Other support and advice	4	—	—	-	—	18,253	18,253
Sub-total		2,121,121	70,066	2,191,187	1,486,222	89,833	1,576,055
Total	4	2,770,509	70,066	2,840,575	2,307,382	89,833	2,397,215
Net income/(expenditure) before net (losses)/gains on investments		349,928	51,849	401,777	(248,404)	31,078	(217,326)
Net (losses)/ gains on investments	11	(142,968)	—	(142,968)	571,274	—	571,274
Net income		206,960	51,849	258,809	322,870	31,078	353,948
Transfer between funds	14	—	—	-	—	—	—
Net movement in funds		206,960	51,849	258,809	322,870	31,078	353,948
Reconciliations on fund:							
Fund balances brought forward		6,586,925	56,874	6,643,799	6,264,055	25,796	6,289,851
Fund balances carried forward		6,793,885	108,723	6,902,608	6,586,925	56,874	6,643,799

The notes on pages 27 to 36 form part of these financial statements.

Statement of financial activities (charity only) Year ended 31 December 2020

	Unrestricted funds £	Restricted funds £	Year ended 31 December 2020 £	Unrestricted funds £	Restricted funds £	Year ended 31 December 2019 £
Income and endowments from:						
<i>Donations and legacies</i>						
Donations	2,097,640	415	2,098,055	222,604	13,411	236,015
Gift Aid from subsidiary company	177,849	—	177,849	210,541	—	210,541
Donated services and facilities	61,250	—	61,250	65,000	—	65,000
Members donations	13,297	—	13,297	15,922	—	15,922
Grants receivable	18,430	121,500	139,930	27,179	107,500	134,679
<i>Other trading activities</i>						
Fundraising events	166,700	—	166,700	925,653	—	925,653
Investments	136,616	—	136,616	199,079	—	199,079
Total	2,671,782	121,915	2,793,697	1,665,978	120,911	1,786,889
Expenditure on:						
<i>Raising funds</i>						
Cost of raising voluntary income	596,918	—	596,918	252,907	—	252,907
Fundraising events and activities	33,174	—	33,174	547,428	—	547,428
Investment management fees	19,296	—	19,296	20,825	—	20,825
Sub-total	649,388	—	649,388	821,160	—	821,160
<i>Charitable activities</i>						
Welfare	1,727,234	70,066	1,797,300	1,060,530	71,580	1,132,110
Support and advice	—	—	—	—	18,253	18,253
Sub-total	1,727,234	70,066	1,797,300	1,060,530	89,833	1,150,363
Total	2,376,622	70,066	2,446,688	1,881,690	89,833	1,971,523
Net income/(expenditure) before net (losses)/gains on investments	295,160	51,849	347,009	(215,712)	31,078	(184,634)
Net (losses)/gains on investments	(142,968)	—	(142,968)	571,274	—	571,274
Net income	152,192	51,849	204,041	355,562	31,078	386,640
Transfer between funds	—	—	—	—	—	—
Net movement in funds	152,192	51,849	204,041	355,562	31,078	386,640
Reconciliations on fund:						
Fund balances brought forward	6,409,076	56,874	6,465,950	6,053,514	25,796	6,079,310
Fund balances carried forward	6,561,268	108,723	6,669,991	6,409,076	56,874	6,465,950

Balance sheet Year ended 31 December 2020

	Notes	2020		2019	
		Group £	Charitable Company £	Group £	Charitable Company £
Fixed assets					
Tangible assets	9	923,437	923,437	886,819	886,819
Intangible assets	10	73,211	73,211	58,219	58,219
Investments	11	5,579,410	5,579,410	5,925,613	5,925,613
		6,576,058	6,576,058	6,870,651	6,870,651
Current assets					
Debtors	12	176,668	76,914	238,805	102,713
Cash at bank and in hand		1,029,289	906,121	36,548	21,104
		1,205,957	983,035	275,353	123,817
Liabilities					
Creditors: amounts falling due within one year	13	(879,407)	(889,102)	(502,205)	(528,518)
Net current assets (liabilities)		326,550	93,933	(226,852)	(404,701)
Net assets		6,902,608	6,669,991	6,643,799	6,465,950
Funds:					
Restricted funds	15	108,723	108,723	56,874	56,874
Unrestricted funds:					
General funds		—	—	—	—
Subsidiary		232,617	—	177,849	—
Designated funds (fixed assets and investments) including a revaluation reserve of £565,306 (2019: £718,016)		6,561,268	6,561,268	6,409,076	6,409,076
		6,902,608	6,669,991	6,643,799	6,465,950

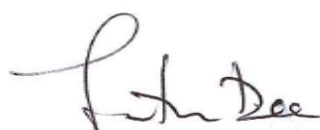
The notes on pages 27 to 36 form part of these financial statements.

The financial statements were approved and authorised for issue by the board of the Trustees and signed on their behalf by:



William Baxter

Chairman



Jon Dee

Treasurer



Mark Lewis

Chief Executive

Approved on 8th June 2021

Consolidated statement of cash flows Year ended 31 December 2020

	Notes	2020 £	2019 £
Net cash flows from operating activities:			
Net cash used in operating activities	A	744,059	(448,350)
Cash flows from investing activities:			
Investment income		136,616	199,079
Payment to acquire tangible and intangible fixed assets		(91,169)	(105,662)
Proceeds from sales of investments		2,517,983	1,301,584
Payments to acquire investments		(2,314,748)	(1,110,865)
Net cash provided by investing activities		248,682	284,136
Change in cash and cash equivalents for the year		992,741	(164,214)
Cash and cash equivalents at the start of the year		36,548	200,762
Cash and cash equivalents at the end of the year	B	1,029,289	36,548

A Reconciliation of net income (expenditure) to net cash used in operating activities

	2020 £	2019 £
Net income (expenditure)	266,964	353,948
Depreciation and amortisation	39,559	17,773
Losses (Gains) on investments	142,968	(571,274)
Investment income	(136,616)	(199,079)
Decrease (increase) in debtors	62,137	(103,443)
Increase in creditors	369,047	53,725
Net cash used in operating activities	744,059	(448,350)

B Analysis of cash and cash equivalents

	2019 £	Cash flow £	2020 £
Cash at bank and in hand	36,548	992,741	1,029,289

C Analysis of changes in net debt

	At 1 January £	Cash flows £	At 31 December £
Cash at bank and in hand	36,548	992,741	1,029,289
Total net debt	36,548	992,741	1,029,289

Basis of accounting

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)), and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are presented in sterling and rounded to the nearest pound.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value. Investments are restated at fair value at the balance sheet date.

All transactions are derived from continuing activities. All recognised gains and losses are included in the Statement of Financial Activities. These accounts consolidate the results, assets and liabilities of Hospitality Action's subsidiary company on a line by line basis.

Critical accounting estimates and areas of judgement

There are no areas of material estimation uncertainty affecting the accounts and no significant areas of judgment affecting the figures, aside from the following:

- ♦ The full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's beneficiaries, funding, suppliers and the wider economy.

Going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect of a period of one year from the date of approval of these financial statements. In making this decision, the trustees have taken into consideration the risks and uncertainties arising from the Coronavirus pandemic (as highlighted in the trustees' report).

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. With regard to the next accounting period, the year ending 31 December 2021, the most significant areas that affect the carrying value of the assets held by the Trust are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees report for more information).

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives.

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Designated funds represent those funds which the trustees have earmarked for specific purposes and equate to the carrying value of the charity's fixed assets.

Income

Income is recognised on a receivable basis and principally comprises grants, events income, income from the delivery of services and donations receivable.

Donated services and facilities (gifts in kind) are included in the financial statements at the best estimate of the value to the charity.

Legacy income is recognised when the criteria of entitlement, probability and measurability have been met.

Expenditure recognition

Expenditure including irrecoverable VAT is charged to the Statement of Financial Activities on an accruals basis. Direct costs are allocated to the activity headings to which they relate. Support costs relate to indirect costs including the costs of governance. These are directly allocated where possible and otherwise apportioned on a consistent basis.

Grants

Grants expenditure is recognised when there is a constructive obligation to pay monies to a beneficiary, that is, when the charity has notified the beneficiary of the payment of the grant. It includes the payment of monetary grants to beneficiaries, expenditure made in providing beneficiaries with goods and services and the costs of distributing and administering such direct provision. The cost of such provision, and that in respect of monetary grants in particular, is recognised as it becomes payable according to the Charity's rules.

Tangible fixed assets

Tangible assets are shown at cost less provision for depreciation. Provision is made for depreciation on all tangible assets at rates calculated to write off the cost, less estimated residual value over their useful lives which are estimated to be:

Leasehold property	over the length of the lease
Furnishing	20% straight line
Office refurbishment	10% straight line
Computer equipment	33% straight line

Investments

Investments are restated at fair value as at the balance sheet date. Investment gains and losses are disclosed in the Statement of Financial Activities.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

The Charity operates a stakeholder pension scheme. Contributions are charged to expenditure as they fall due.

Financial instruments

The charity only holds basic financial instruments as defined by FRS102. The financial assets and liabilities of the charity are as follows:

Financial assets – donations due and trade debtors are basic financial instruments and are debt instruments measured at amortised cost. Investments are basic financial instruments held at fair value. Accrued income and prepayments are not financial instruments.

Cash at bank and short term deposits are classified as basic financial instruments and measured at face value.

Financial liabilities – trade creditors, grants payable, and accruals are financial instruments and are measured at amortised cost. Social security and other taxes are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability as the cash settlement has already taken place and there is no obligation to deliver services rather than cash or another financial instrument.

1 Donations

	2020 £	2019 £
Unrestricted		
Amanda Hyndman	11,000	—
Antonio Carluccio Foundation	25,000	—
Barclays Community Foundation	100,000	—
BeerHawk	102,192	—
Burger King UK	20,000	—
Bidfood	37,690	32,456
Bleecker Burgers	—	13,055
Compass	18,333	1,667
CVC Strategic Opportunities	91,779	—
Jagermeister	10,778	—
LVMH	167,572	—
Master Innholders Charitable Trust	12,500	—
Master of Malt	210,775	—
No15 Grand Pulteney	11,765	—
Olleco	—	25,604
Papa John's	22,936	—
Park Plaza Westminster Bridge	75,600	—
Savoy Educational Trust	50,000	—
Scents of Normality	12,015	—
Sketch	17,234	41,753
StreetSmart	—	11,000
Tabasco	20,000	—
The Dorchester Collection	25,000	—
The Vintners Company	100,000	—
The Worshipful Company of Cooks	30,000	—
Unilever	17,400	—
Other donations	908,071	97,069
Total unrestricted donations	2,097,640	222,604
Restricted		
Alcohol & Drug Awareness Programme	415	13,411
Total donations	2,098,055	236,015
Donated services and facilities		
The Caterer	37,000	37,000
Design & creative	11,250	15,000
Staff Canteen	13,000	13,000
Mercieca	—	—
Other	—	—
Total gifts in kind	61,250	65,000

2 Grants receivable

	2020 £	2019 £
Unrestricted:		
Worshipful Company of Innholders	10,000	10,000
Society of Golden Keys	6,185	13,731
Master Innholders	2,245	2,448
Others	—	1,000
Total unrestricted grants	18,430	27,179
Restricted fund:		
Drug and Alcohol awareness programme/welfare		
Savoy Educational Trust	50,000	42,000
Worshipful Company of Innholders	70,000	64,000
Excel Trust	1,500	1,500
Total restricted grants	121,500	107,500
Total grants	139,930	134,679

3 Investment income

	2020 £	2019 £
From listed investments	136,546	198,995
Interest on cash deposits	70	84
	136,616	199,079

4 Expenditure

Analysis of 2020 expenditure	Notes	Grants	Other direct costs £	Support costs £	Total 2020 £
Raising funds:					
Cost of raising voluntary income		—	375,945	220,973	596,918
Fundraising events and activities		—	33,174	—	33,174
Investment management		—	19,296	—	19,296
Charitable activities:					
Welfare	6	1,328,708	219,680	248,912	1,797,300
Employee assistance programme		—	332,829	61,058	393,887
Total		1,328,708	980,924	530,943	2,840,575

Analysis of 2020 support costs

	Expenditure on raising funds £	Expenditure on charitable activities £	Total 2020 £
Staff costs	176,828	250,318	427,146
Office rent and shared office costs	44,145	59,652	103,797
	220,973	309,970	530,943

4 Expenditure (continued)

Analysis of 2019 expenditure	Notes	Grants	Other direct costs £	Support costs £	Total 2019 £
<i>Raising funds:</i>					
Cost of raising voluntary income		—	284,111	74,902	359,013
Fundraising events and activities		—	289,247	152,075	441,322
Investment management		—	20,825	—	20,825
<i>Charitable activities:</i>					
Welfare	6	732,752	198,076	201,282	1,132,110
Employee assistance programme		—	370,042	55,650	425,692
Other advice and support		—	18,253	—	18,253
Total		732,752	1,180,554	483,909	2,397,215

Analysis of 2019 support costs

	Expenditure on raising funds £	Expenditure on charitable activities £	Total 2019 £
Staff costs	186,839	213,193	400,032
Office rent and shared office costs	40,138	43,739	83,877
	226,977	256,932	483,909

The allocation of support costs is on a per capita basis, having regard to time spent by staff on either fundraising or charitable activities.

5 Analysis of governance costs

	2020 £	2019 £
Audit fees	13,094	12,565
Legal and professional	1,026	926
Trustees expenses	24	1,138
Other	9,795	2,214
	23,939	16,843

6 Welfare expenditure

	2020 £	2019 £
Top up grants	61,074	67,132
Essential needs grants	265,604	462,191
Short term crisis grants	55,371	82,203
Christmas grants	26,621	20,579
Winter fuel grants	60,600	59,400
Covid-19 grants	834,900	—
TV licence and phone grants	2,953	3,966
Golden Friends' scheme	8,537	10,813
School uniform Grants	—	13,140
Other grants	13,048	12,944
Volunteers' expenses	—	384
	1,328,708	732,752
Grant management and other beneficiary support services	468,592	399,358
Total cost of grant making and other beneficiary support services	1,797,300	1,132,110

7 Employees and staff costs

	2020 Number	2019 Number
The average number of persons employed by the Charity during the year	15	15

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	670,667	644,067
Social security costs	74,445	70,232
Pension costs	66,695	64,681
	811,807	778,980

1 employee received remuneration in the range of £70,000 - £80,000 (2019: one).

1 employee received remuneration in the range of £110,000 - £120,000 (2019: one).

No other employees received remuneration in excess of £60,000 (2019: none)

The charity considers that the Key Management Personnel for financial reporting purposes comprises the trustees and the Chief Executive. The total Key Management Remuneration, including employer's national insurance and pension contributions, was £155,019 (2019: £138,401).

Trustees' remuneration and reimbursed expenses

No Trustees received remuneration for their services in either 2019 or 2020. In 2020 £24 was spent relating to a trustee strategy day.

8 Net movement in funds

	2020 £	2019 £
This is stated after charging:		
Depreciation	15,596	5,213
Amortisation	23,963	12,560
Auditors' remuneration:		
. Parent charitable company audit	9,500	9,000
. Subsidiary company audit	1,700	1,500
. Other (tax)	1,500	1,500

9 Tangible fixed assets – group and charitable company

	Leasehold property £	Office refurbishments £	Furniture and fittings £	Office and other equipment £	Total £
Cost					
At 31 December 2019	863,339	65,665	31,470	135,618	1,096,092
Additions	-	50,400	512	1,302	52,214
At 31 December 2020	<u>863,339</u>	<u>116,065</u>	<u>31,982</u>	<u>136,920</u>	<u>1,148,306</u>
Depreciation					
At 31 December 2019	11,440	65,665	31,316	100,852	209,273
Charge for the year	880	1,260	140	13,316	15,596
At 31 December 2020	<u>12,320</u>	<u>66,925</u>	<u>31,456</u>	<u>114,168</u>	<u>224,869</u>
Net book value					
At 31 December 2020	<u>851,019</u>	<u>49,140</u>	<u>526</u>	<u>22,752</u>	<u>923,437</u>
At 31 December 2019	<u>851,899</u>	<u>—</u>	<u>154</u>	<u>34,766</u>	<u>886,819</u>

The depreciation charge on the long leasehold property reflects the length of the leasehold which is 978 years.

10 Intangible fixed assets – group and charitable company

	Total £
Cost	
At 31 December 2019	70,779
Additions	38,955
At 31 December 2020	<u>109,734</u>
Amortisation	
At 31 December 2019	12,560
Charge for the year	23,963
At 31 December 2020	<u>36,523</u>
Net book value	
At 31 December 2020	<u>73,211</u>
At 31 December 2019	<u>58,219</u>

11 Investments – group and charitable company

	2020 £	2019 £
Market value		
As at 1 January	5,925,613	5,545,058
Additions at cost	2,314,748	1,110,865
Disposals	(2,517,983)	(1,301,584)
Realised losses	(17,776)	(8,576)
Unrealised (losses) gains	(125,192)	579,850
As at 31 December	5,579,410	5,925,613
Analysed as follows:		
United Kingdom investments	2,016,585	3,892,201
Non-United Kingdom investments	3,120,107	1,948,660
Cash and commodities held for investment	442,718	84,752
	5,579,410	5,925,613
Historical cost	5,014,104	5,207,597

The following holdings exceed 5% of portfolio value - Trojan Income Fund (6%), Charity Equity Income Fund (5%), Vanguard FTSE UK All Share Index Fund Fund (9%), and the Charities Property Fund (7%). The cash balances are not available for day to day transactions but are for the trading of investment assets.

12 Debtors

	Group 2020 £	Charitable company 2020 £	Group 2019 £	Charitable company 2019 £
Fundraising debtors	—	—	25,338	25,338
Trade debtors	99,744	—	127,953	—
Prepayments and accrued income	76,924	76,914	85,514	77,375
	176,668	76,914	238,805	102,713

13 Creditors: amounts falling due within one year

	Group 2020 £	Charitable company 2020 £	Group 2019 £	Charitable company 2019 £
Grants approved but unspent at year end	13,361	13,361	45,561	45,561
Trade creditors	36,194	18,205	85,937	15,570
Taxation and social security	20,756	20,756	18,194	18,194
Accruals and deferred income	257,275	103,034	308,582	95,411
Loan from Cazenove*	500,080	500,080	—	—
Amounts due to trading subsidiary	—	181,925	—	309,851
Amounts due to related charity (note 21)	51,741	51,741	43,931	43,931
	879,407	889,102	502,205	528,518

Notes to the financial statements Year ended 31 December 2020

Deferred income comprises:

	2019 £
Balance at the beginning of the year	223,338
Amount released to income in the year	(223,338)
Amount deferred in the year	179,975
Balance at the end of the year	179,975

Income is deferred until the charity has met any performance related conditions attached to the income.

* The loan was drawn down in June 2020 and is subject to 1.5% interest per annum. The loan may be paid back in instalments over five years.

14 Unrestricted funds

	Balance at 31 December 2019 £	Income £	Expenditure £	Transfers £	Gains on investments £	Balance at 31 December 2020 £
Charity						
General	—	2,493,933	(2,337,063)	(156,870)	—	—
Designated	6,409,076	—	(39,559)	334,719	(142,968)	6,561,268
Subsidiary company	177,849	626,504	(393,887)	(177,849)	—	232,617
Total	6,586,925	3,120,437	(2,770,509)	—	(142,968)	6,793,885

Transfers from the subsidiary company fund to the general fund relate to the payment of the company's profit to the parent charity via a gift-aided donation. Transfers from designated funds to general funds are made to cover the charity's general day-to-day expenses.

Comparative information

	Balance at 31 December 2018 £	Income £	Expenditure £	Transfers £	Gains on investments £	Balance at 31 December 2019 £
Charity						
General	—	1,455,437	(1,863,917)	408,480	—	—
Designated	6,053,514	—	(17,773)	(197,939)	571,274	6,409,076
Subsidiary company	210,541	603,541	(425,692)	(210,541)	—	177,849
Total	6,264,055	2,058,978	(2,307,382)	—	571,274	6,586,925

15 Restricted funds

	Balance at 31 December 2019 £	Income £	Expenditure £	General fund Transfers £	Balance at 31 December 2020 Total £
Welfare	19,716	71,500	(70,066)	—	21,150
Alcohol and drug awareness	37,158	50,415	—	—	87,573
	56,874	121,915	(70,066)	—	108,723

Comparative information

	Balance at 31 December 2018 £	Income £	Expenditure £	General fund Transfers £	Balance at 31 December 2019 Total £
Welfare	25,796	65,500	(71,580)	—	19,716
Alcohol and drug awareness	—	55,411	(18,253)	—	37,158
	<u>25,796</u>	<u>120,911</u>	<u>(89,833)</u>	<u>—</u>	<u>56,874</u>

The Alcohol and Drug Awareness Programme represents a programme of seminars to students in the hospitality industry on the dangers of drug and alcohol abuse.

Welfare covers three specific programmes: the Golden Friends scheme, Winter Fuel grants and phone line rentals.

16 Pensions obligations

Stakeholder pensions

The Charity operates a stakeholder pension scheme. The assets of the scheme are held separately from those of the Charity, being invested with an insurance company.

	2020 £	2019 £
Total employer cost	<u>66,695</u>	<u>64,681</u>

17 Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total 2020 £	Total 2019 £
Fund balances at 31 December 2020 are represented by:					
Tangible assets	—	996,648	—	996,648	945,038
Investments	—	5,579,410	—	5,579,410	5,925,613
Net current assets	—	217,827	108,723	326,550	(226,852)
Net assets	<u>—</u>	<u>6,793,885</u>	<u>108,723</u>	<u>6,902,608</u>	<u>6,643,799</u>

Comparative information

	General funds £	Designated funds £	Restricted funds £	Total 2019 £
<i>Fund balances at 31 December 2019 are represented by:</i>				
Tangible assets	—	945,038	—	945,038
Investments	—	5,925,613	—	5,925,613
Net current assets	—	(283,726)	56,874	(226,852)
Net assets	<u>—</u>	<u>6,586,925</u>	<u>56,874</u>	<u>6,643,799</u>

18 Financial instruments

	Group 2020 £	Charitable company 2020 £	Group 2019 £	Charitable company 2019 £
Financial assets held at fair value	5,579,410	5,579,410	5,925,613	5,925,613
Financial assets held at amortised cost	99,744	—	153,291	25,338
Financial liabilities held at amortised cost	(850,496)	(868,346)	(449,045)	(510,324)

19 Taxation

Hospitality Action is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities. Whilst the Charity's trading subsidiary company is not exempt from corporation tax on its taxable profits it is not expected that any taxation will arise as it is the intention of the company's directors to donate any such profits to the parent Charity.

20 Subsidiary undertaking

The subsidiary undertaking is Hospitality Action (Trading) Limited (registered company 03332706) which is incorporated in England and had net assets of £232,627 as at 31 December 2020 (31 December 2019: net assets of £177,859). In the year ended 31 December 2020 it had turnover of £626,504 (year ended 31 December 2019: £603,541) and expenditure of £393,887 (year ended 31 December 2019: £425,692). It will gift aid its taxable profit to the parent charity in 2021.

21 Related charity

The Charity was incorporated in 2003 and took over the majority of the assets of an unincorporated charity also known as Hospitality Action (Charity Number 208855). The unincorporated charity continues to own a leasehold flat which is occupied by an assured tenant.

22 Related party

The Charity holds 20% of the shares of 62 Britton Street Ltd, a company, which holds the Charity's interest in the freehold of its premises. There are no outstanding balances between the Charity and the company.

23 Other related party transactions

Owing to the nature of the charity's operations and the composition of the Board of Trustees being drawn from the hospitality sector, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and on normal business terms.