

Hospitality Action

Annual Report and Consolidated Financial Statements

31 December 2021

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 Hazel Detsiny Simon Dobson (Vice Chairman) (resigned May 2021) 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

Reference and administrative information

Investment managers	Cazenove Capital Management 1 London Wall Place London EC2Y 5AU
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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 2021:

Finance and Investment	Jon Dee ACA (Chair) Simon Dobson (resigned May 2021) Lizi Hills (appointed January 2022) Tim Doubleday Tim Jones
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Grants and Advisory	Andrew Latham (Chair) Valerie Barrow Flavia Gapper Dawn Jackson Jane Morris Ian Sarson
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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
	Jeremy Goring
	Sir Garry Hawkes CBE
	Angela Hartnett OBE
	Nigel Haworth
	Paul Heathcote MBE
	Phil Hooper
	Tom Kerridge
	Donald Macdonald OBE
	Sinead Mallozzi
	Anton Mosimann OBE
	Harry Murray MBE
	Jamie Oliver MBE
	Alain Roux
	Albert Roux (died 4 th January 2021)
	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 2021 prepared in accordance with the Statement of Recommended Practice for Charities (SORP) 2019 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 fourth full year as Chief Executive.

ACHIEVEMENTS AND PERFORMANCE

While Hospitality Action's achievements in 2021 inevitably didn't match the extraordinary and anomalous results of 2020, we were nevertheless able to deliver the second most successful year in the charity's history, both in terms of income and grants expenditure.

Revenue reached £2,860,825, and we delivered an operating surplus of £193,618. This allowed us to spend £902,290 on awarding 2,661 grants to 1,250 beneficiaries.

Meanwhile, we grew income from our Employee Assistance Programme to an all-time high of £633,111, and the number of client employees supported by the programme rose from 147,000 to 153,000.

Ongoing Lockdowns and social distancing regulations meant that our normal programme of in-person events was significantly curtailed due to the pandemic. However, we were able to backfill lost revenue by developing new fundraising streams from our Lockdown recipe book, virtual challenge and online auction, and by growing the Invisible Chips campaign we launched in summer 2020. We also benefited from the continuing generosity of hospitality operators, their suppliers, customers and guests.

We continued to add digital assets to the online Wellbeing Hub we launched in 2020 to offer information and advice to hospitality workers whose mental health was affected by Covid.

And we continued to provide meaningful moral and pastoral support to our Golden Friends community of more than 2,000 industry retirees.

Through regular, targeted use of social media channels, we were able to markedly grow our brand awareness around the sector we serve; and to convey what one industry professional described as a "palpable sense that we were there for the industry".

Together, these achievements earned us a clutch of awards. At the Charity Times Awards, we won the Charity of the Year (income of £1-10m) and Digital Fundraising Campaign of the Year awards. And Invisible Chips won the Association of Charitable Organisations' Campaign of the Year award.

Review of achievements in 2021	2021	2020
Beneficiary grants	£902,290	£1,328,708
Number of persons awarded grants	1,250	3,562
Number of companies subscribed to EAP	399	345
Number of employees covered by the EAP	153,166	146,500

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 2021 as follows:

	2021	2020
Top up grants	37 beneficiaries Grants £49,000	45 beneficiaries Grants £61,000
Crisis grants	27 beneficiaries Grants £28,000	49 beneficiaries Grants £55,000
Essential needs grants	490 beneficiaries Grants £267,000	528 beneficiaries Grants £266,000
Other grants	1,846 beneficiaries Grants £558,000	3,706 beneficiaries Grants £947,000

Overall grant spend of £902,290 NB figures above reflect the fact that many beneficiaries received more than one grant.

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 decreased to 1,502 in 2021 from 1,579 in 2020.
- ◆ The charity had 65 volunteers spread nationally across the UK at the end of 2021, including phone friends, visitors and office volunteers. 83 Golden Friends were matched with volunteers.
- ◆ There were no Golden Friends' lunches or teas held during the year. These have been suspended since the onset of the pandemic (2020: nil).
- ◆ Gift vouchers to a value of £29,643 were distributed to 1,504 beneficiaries (2020: £28,620 to 1,597 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 its employees. A confidential help line and web based fact sheets are available on the following topics:

Health and wellbeing

Working Life

Financial Matters

Personal advice

Alcohol and drugs support

Legal advice

The programme also allows for counselling and one to one support where needed.

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 2021 399 companies have signed up.

Review of the year and future plans

Plans for 2022

The industry we serve was severely compromised in 2020 and 2021, the two peak years of the Covid pandemic. Our fundraising efforts and our charitable efforts were by necessity transformed, as we sought out new income streams, and developed new grants and other services. In 2022, we plan to capitalise on the strides we took through the pandemic in terms of fundraising and agile services development. We will bed in a hybrid fundraising model that spans third party fundraising (by which we mean devolving fundraising to hospitality operators, their customers and guests, through 'pound on the bill'-style programmes and other at-source activations) and margin-rich events. We will target continued growth of our paid-for Employee Assistance Programme (EAP). And we will look to build on our existing regular giving and legacy giving programmes. In short, we will look to consolidate our strategic shift to regular or subscription-based income streams. We will also aim to continue the successes in accessing donations from trusts and foundations that we achieved during the pandemic.

To support this, we will build on the surge in awareness of our work around the hospitality sector and the general public that we experienced during successive Lockdowns. For the first time, we will trial paid-for social media. We will continue to focus on need in our marketing messaging. And we will optimise the promotional potential of National Hospitality Day, a concept we launched in 2021.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the year and future plans (continued)

Plans for 2022 (continued)

Similarly, in terms of grants disbursement, we will continue to evolve our grant streams to answer the changing needs of our beneficiaries, as we did in 2021 with the introduction of grants specifically aimed at people who had lost out from the £20 reduction of Universal Credit. And we will look to offer more 'aftercare' support for grants recipients.

The feasibility work started in Q4 2021 around the charity's potential to become the go-to wellness destination for UK hospitality will continue in 2022. This would involve creating an online 'wellness hub' and augmenting our services product set.

Our Golden Friends outreach scheme will continue to support hospitality retirees, and we will aim to grow membership through promoting the scheme to our EAP clients. We do not propose to recommence the in-person Golden Friends events we ran regularly before the Pandemic. Instead, we will focus on developing members' digital skills, enabling them to connect with the outside world through the Internet.

FINANCIAL REVIEW

Income for the year was £2,860,825 (2020: £3,242,352) and expenditure £2,667,207 (2020: £2,840,575) giving rise to an operating surplus of £193,618 (2020: surplus of £401,777).

Income was substantially lower than in 2020, when an exceptional level of donations was achieved through the Covid emergency appeal. That said, the year witnessed the second highest income in the charity's history. The drop in income donated by sector professionals and the general public during 2021 was in part compensated by increases in income from grants from livery companies and trusts; and from fundraising events, which recommenced in the autumn. We also capitalised on the success of new fundraising products such as Invisible Chips, our Chefs at Home recipe book, our Hell & Back virtual challenge. Expenditure of £2,667,207 was down £173,368 on 2020. Expenditure on charitable activity associated with grants, advice and support was £1,826,053, a decrease of £365,134. This inevitable reduction in expenditure was the result of a levelling out of the extraordinary spike in private giving we experienced in 2020, when the pandemic first hit; and the fact that members of the fundraising team who had been seconded to grants case management in 2020 returned to their normal roles. After gains on investments of £562,382 the overall result for the year was a surplus of £756,000 resulting in a corresponding increase in the balance of funds which stood at £7,658,608 as at 31 December 2021.

Reserves policy and financial position

The total funds held by the group at the end of the year were £7,658,608 (2020: £6,902,608).

Of the above total £32,400 (2020: £108,723) related to restricted funds not available for the general purposes of the Charity. As at 31 December 2021 £222,002 of funds were held within the subsidiary company (2020: £232,617). All of the remaining funds of the Charity totalling £7,404,206 (2020: £6,561,268) have been set aside in a designated fund by the trustees.

FINANCIAL REVIEW (continued)

Reserves policy and financial position (continued)

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 and its beneficiaries.

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 and Investment 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 reach 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 and Investment 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 2020, with the balance available for withdrawal until June 2021. The charity paid off an initial £200k in December 2021, and has paid off the remaining balance of £300k in June 2022. Since the investment portfolio's year-end valuation of £6.115m, we have seen its value fluctuate through the first half of 2022 between a high of £6.129m in early January and a low of £5.763m in early March, no doubt due to the conflict in Ukraine and the global impact of rising energy costs. Despite these factors, by early April, the portfolio had rallied to a value of £6.082m. As at 4th July the portfolio stood at £5.820m.

FINANCIAL REVIEW (continued)

Reserves policy and financial position (continued)

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 rely upon income from the investment portfolio to finance our charitable activity.

Going Concern

Hospitality Action continues to experience the effects of the fall-out of the Covid-19 pandemic. It has also been impacted by the war in Ukraine, the global impact of rising energy costs and the growing cost of living crisis here in the UK. Meanwhile, the aftershocks of Brexit are being felt across the sector, as operators struggle to fill vacant roles and, therefore, to operate at full capacity. We expect to see a steady rise in hospitality business closures through 2022, due to unsustainable energy and product prices and a squeeze on consumers' disposable income.

The trustees are aware of these ongoing issues and 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 continuing positive response from hospitality operators and their suppliers, customers and guests to our initial Covid appeal and our evolving response to contemporary challenges, which confirms the strength of the charity's support base.
- ◆ The fact that awareness and recognition of the charity's existence and work has grown exponentially since 2020.
- ◆ The fact that the UK Government vaccination programme would appear to have stemmed the tide of the pandemic.
- ◆ Our ongoing success of maintaining subscription levels to the Employee Assistance Programme since the start of the pandemic, and the strong pipeline of new clients to the programme.
- ◆ The fact that the charity's long-term asset base as represented by our well-managed investment portfolio has coped well with the challenges of the past three years.

FINANCIAL REVIEW (continued)

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 approved by the Finance and Investment Committee and Trustees. The Investment Managers meet periodically with the Charity's Finance and 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.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

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.

Though a third Lockdown and continuing social distancing measures meant we continued to work remotely for much of 2021, steps previously taken to update our computer hardware and move all systems onto the Cloud ensured that our ability to deliver our services was never compromised. These upgrades, and the adoption of a videoconferencing solution at our headquarters, mean that we are now able to work to a hybrid pattern of homeworking and travelling into the office, with no adverse effect on our ability to continue our fundraising and services efforts.

We are now once again able to hold in-person events, meaning the full range of fundraising options is once again available to us. Moreover, the digital and 'guest pays' revenue streams we developed during Lockdowns continue to yield a return, adding to our financial resilience.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management, and principal risks and uncertainties (continued)

Happily, our Employee Assistance Programme did not suffer anything like the client attrition we feared at the start of the pandemic. Indeed, ongoing staffing shortages affecting the sector we serve have led to a spike in new business enquiries, as hospitality operators have sought to introduce employee benefits that differentiate them from their competitors.

The anomalous levels of generosity we experienced through 2020 and 2021 have levelled off and the crisis in Ukraine has inevitably and entirely understandably drawn focus from domestic charities. Nevertheless, we continue to see a steady stream of third parties wishing to support us. And our flagship fundraising event, April's Back to the Floor, raised over £250,000, making it far and away the single most profitable fundraising instance in our charity's history. By building upon the exponential growth in brand awareness we achieved during the pandemic, we are taking positive steps towards futureproofing our income streams.

While the current spike in the cost of living and the effects of Covid mean that demand for financial support remains unusually high, we are financially well placed to deal with any increase in grant applications as a result of a surge in hospitality redundancies. The adoption of AccountScore, a technology platform that speeds up the process of collating applicants' financial data, has helped here.

Equal Opportunities Statement For Employees

Hospitality Action complies fully with all statutory requirements and has robust policies regarding what it expects of its staff and trustees. The charity has given consideration to the Charity Governance Code, in particular the latest updates to the Code surrounding equality, diversity and inclusion. This is of particular relevance in recruiting new trustees, new members of staff and ensuring all personnel are treated equally and fairly.

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.

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

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Equal Opportunities Statement For Employees (continued)

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

As explained above, we are now once again able to host in-person fundraising events. But we continue to receive donations via our website; to host an annual virtual challenge using the Umbali platform; to receive the funds raised by third parties using Just Giving and Virgin Money Giving; and to host online auctions via Givergy. And our guest-pays activation, Invisible Chips, is still live, with all participating operators instructed in how to manage any VAT implications. No moneys are raised via 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.

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).

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' Responsibilities (continued)

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



W. Baxter
Chairman

Approved by the board of trustees on: 5 July 2022

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 2021, 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 2021 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;

Auditor's responsibilities for the audit of the financial statements (continued)

- ◇ 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.



Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

28 July 2022

Consolidated statement of financial activities (including an income and expenditure account)
Year ended 31 December 2021

			Year ended 31 December 2021 £		Year ended 31 December 2020 £	
Notes	Unrestricted funds £	Restricted funds £		Unrestricted funds £	Restricted funds £	
Income and endowments from:						
<i>Donations and legacies</i>						
Donations	1 1,179,127	—	1,179,127	2,097,640	415	2,098,055
Donated services and facilities	1 92,000	—	92,000	61,250	—	61,250
Members donations	12,037	—	12,037	13,297	—	13,297
Grants receivable	2 226,000	68,500	294,500	18,430	121,500	139,930
<i>Other trading activities</i>						
Fundraising events	536,832	—	536,832	166,700	—	166,700
<i>Charitable activities</i>						
Employee assistance programme	633,111	—	633,111	626,504	—	626,504
<i>Investments</i>	3 113,218	—	113,218	136,616	—	136,616
Total	2,792,325	68,500	2,860,825	3,120,437	121,915	3,242,352
Expenditure on:						
<i>Raising funds</i>						
Cost of raising voluntary income	654,688	—	654,688	596,918	—	596,918
Fundraising events and activities	166,332	—	166,332	33,174	—	33,174
Investment management fees	20,134	—	20,134	19,296	—	19,296
Sub-total	841,154	—	841,154	649,388	—	649,388
<i>Charitable activities</i>						
Welfare	4, 6 1,358,178	57,250	1,415,428	1,727,234	70,066	1,797,300
Employee assistance programme	4 410,625	—	410,625	393,887	—	393,887
Other support and advice	4 —	—	—	—	—	—
Sub-total	1,768,803	57,250	1,826,053	2,121,121	70,066	2,191,187
Total	2,609,957	57,250	2,667,207	2,770,509	70,066	2,840,575
Net income before net gains/(losses) on investments	182,368	11,250	193,618	349,928	51,849	401,777
Net gains/(losses) on investments	11 562,382	—	562,382	(142,968)	—	(142,968)
Net income	744,750	11,250	756,000	206,960	51,849	258,809
Transfer between funds	14 87,573	(87,573)	—	—	—	—
Net movement in funds	832,323	(76,323)	756,000	206,960	51,849	258,809
Reconciliations on fund:						
Fund balances brought forward	6,793,885	108,723	6,902,608	6,586,925	56,874	6,643,799
Fund balances carried forward	7,626,208	32,400	7,658,608	6,793,885	108,723	6,902,608

The notes on pages 28 to 37 form part of these financial statements.

Statement of financial activities (charity only) Year ended 31 December 2021

	Year ended 31 December 2021 £			Year ended 31 December 2020 £		
	Unrestricted funds £	Restricted funds £		Unrestricted funds £	Restricted funds £	
Income and endowments from:						
<i>Donations and legacies</i>						
Donations	1,179,127	—	1,179,127	2,097,640	415	2,098,055
Gift Aid from subsidiary company	233,101	—	233,101	177,849	—	177,849
Donated services and facilities	92,000	—	92,000	61,250	—	61,250
Members donations	12,037	—	12,037	13,297	—	13,297
Grants receivable	226,000	68,500	294,500	18,430	121,500	139,930
<i>Other trading activities</i>						
Fundraising events	536,832	—	536,832	166,700	—	166,700
Investments	113,218	—	113,218	136,616	—	136,616
Total	2,392,315	68,500	2,460,815	2,671,782	121,915	2,793,697
Expenditure on:						
<i>Raising funds</i>						
Cost of raising voluntary income	654,688	—	654,688	596,918	—	596,918
Fundraising events and activities	166,332	—	166,332	33,174	—	33,174
Investment management fees	20,134	—	20,134	19,296	—	19,296
Sub-total	841,154	—	841,154	649,388	—	649,388
<i>Charitable activities</i>						
Welfare	1,358,178	57,250	1,415,428	1,727,234	70,066	1,797,300
Support and advice	—	—	—	—	—	—
Sub-total	1,358,178	57,250	1,415,428	1,727,234	70,066	1,797,300
Total	2,199,332	57,250	2,256,582	2,376,622	70,066	2,446,688
Net income before net gains/(losses) on investments	192,983	11,250	204,233	295,160	51,849	347,009
Net gains/(losses) on investments	562,382	—	562,382	(142,968)	—	(142,968)
Net income	755,365	11,250	766,615	152,192	51,849	204,041
Transfer between funds	87,573	(87,573)	—	—	—	—
Net movement in funds	842,938	(76,323)	766,615	152,192	51,849	204,041
Reconciliations on fund:						
Fund balances brought forward	6,561,268	108,723	6,669,991	6,409,076	56,874	6,465,950
Fund balances carried forward	7,404,206	32,400	7,436,606	6,561,268	108,723	6,669,991

Balance sheet Year ended 31 December 2021

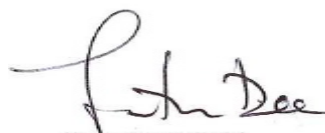
	Notes	2021		2020	
		Group £	Charitable Company £	Group £	Charitable Company £
Fixed assets					
Tangible assets	9	911,119	911,119	923,437	923,437
Intangible assets	10	52,291	52,291	73,211	73,211
Investments	11	6,115,292	6,115,292	5,579,410	5,579,410
		7,078,702	7,078,702	6,576,058	6,576,058
Current assets					
Debtors	12	312,079	215,897	176,668	76,914
Cash at bank and in hand		1,114,488	706,512	1,029,289	906,121
		1,426,567	922,409	1,205,957	983,035
Liabilities					
Creditors: amounts falling due within one year	13	(846,661)	(564,505)	(879,407)	(889,102)
Net current assets		579,906	357,904	326,550	93,933
Net assets		7,658,608	7,436,606	6,902,608	6,669,991
Funds:					
Restricted funds	15	32,400	32,400	108,723	108,723
Unrestricted funds:					
General funds		—	—	—	—
Subsidiary		222,002	—	232,617	—
Designated funds (fixed assets and investments) including a revaluation reserve of £968,243 (2020: £565,306)		7,404,206	7,404,206	6,561,268	6,561,268
		7,658,608	7,436,606	6,902,608	6,669,991

The notes on pages 28 to 37 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:



W. Baxter
Chairman



J. Dee
Treasurer



M. Lewis
Chief Executive

Approved on: 5 July 2022

Consolidated statement of cash flows Year ended 31 December 2021

	Notes	2021 £	2020 £
Net cash flows from operating activities:			
Net cash (used in)/provided by operating activities	A	(28,404)	744,059
Cash flows from investing activities:			
Investment income		113,218	136,616
Payment to acquire tangible and intangible fixed assets		(26,115)	(91,169)
Proceeds from sales of investments		1,571,795	2,517,983
Payments to acquire investments		(1,545,295)	(2,314,748)
Net cash provided by investing activities		113,603	248,682
Change in cash for the year		85,199	992,741
Cash at bank and in hand at the start of the year		1,029,289	36,548
Cash at bank and in hand at the end of the year	B	1,114,488	1,029,289

A Reconciliation of net income to net cash (used in)/provided by operating activities

	2021 £	2020 £
Net income	756,000	258,809
Depreciation and amortisation	59,353	39,559
(Gains) Losses on investments	(562,382)	142,968
Investment income	(113,218)	(136,616)
(Increase) decrease in debtors	(135,411)	62,137
(Decrease) increase in creditors	(32,746)	377,202
Net cash used in operating activities	(28,404)	744,059

B Analysis of cash

	2020 £	Cash flow £	2021 £
Cash at bank and in hand	1,029,289	85,199	1,114,488

C Analysis of changes in net debt

	At 1 January £	Movement in year £	At 31 December £
Cash at bank and in hand	1,029,289	85,199	1,114,488
Cash held by the investment manager	442,718	116,628	559,346
Loan	(500,000)	199,773	(300,227)
Total net debt	972,007	401,600	1,373,607

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 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. Any income received which is not attributed to the year of receipt, is included within deferred income in creditors. 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. Expenditure is classified as either costs of raising funds (which includes fundraising and events costs as well as investment manager's fees) or charitable activities costs being the costs the charity incurs in furthering its charitable objectives. 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

Intangible fixed assets

Intangible assets are shown at cost less provision for amortisation. Provision is made for amortisation on all intangible assets at rates calculated to write off the cost, less estimated residual value over their useful lives which is estimated to be four years.

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

	2021 £	2020 £
Unrestricted		
Amanda Hyndman	—	11,000
Antonio Carluccio Foundation	—	25,000
Barclays Community Foundation	—	100,000
BeerHawk	—	102,192
Burger King UK	—	20,000
Bidfood	26,727	37,690
Compass	—	18,333
CVC Strategic Opportunities	—	91,779
Farncombe Estate	12,800	—
Fazenda	10,177	—
Hawksmoor	25,259	—
Home Grown Hotels	30,000	—
Jagermeister	—	10,778
Knight Frank	65,874	—
LVMH	—	167,572
Master Innholders Charitable Trust	—	12,500
Master of Malt	36,510	210,775
Navarac	13,566	—
No15 Grand Pulteney	2,145	11,765
Papa John's	—	22,936
Park Plaza Westminster Bridge	—	75,600
Remy Cointreau	35,000	—
Savoy Educational Trust	—	50,000
Scents of Normality	—	12,015
Sketch	20,603	17,234
Tabasco	—	20,000
Table Talk Foundation	11,000	—
The Berkeley	10,000	—
The Dorchester Collection	25,000	25,000
The Vintners Company	—	100,000
The Worshipful Company of Cooks	—	30,000
Whibread	50,000	—
Unilever	—	17,400
Other donations	804,466	908,071
Total unrestricted donations	1,179,127	2,097,640
Restricted		
Alcohol & Drug Awareness Programme	—	415
Total donations	1,179,127	2,098,055
Donated services and facilities		
The Caterer	38,000	37,000
Design & creative	—	11,250
Staff Canteen, Dewberry, H2O	54,000	13,000
Total gifts in kind	92,000	61,250

2 Grants receivable

	2021 £	2020 £
Unrestricted:		
Worshipful Company of Innholders	10,000	10,000
Savoy Educational Trust	150,000	—
Society of Golden Keys	—	6,185
Master Innholders	12,500	2,245
Others	53,500	—
Total unrestricted grants	226,000	18,430
Restricted fund:		
Drug and Alcohol awareness programme/welfare		
Savoy Educational Trust	—	50,000
Worshipful Company of Innholders	67,000	70,000
Excel Trust	1,500	1,500
Total restricted grants	68,500	121,500
Total grants	294,500	139,930

3 Investment income

	2021 £	2020 £
From listed investments	113,186	136,546
Interest on cash deposits	32	70
	113,218	136,616

4 Expenditure

Analysis of 2021 expenditure	Notes	Grants	Other direct costs £	Support costs £	Total 2021 £
Raising funds:					
Cost of raising voluntary income		—	413,352	241,336	654,688
Fundraising events and activities		—	166,332	—	166,332
Investment management		—	20,134	—	20,134
Charitable activities:					
Welfare	6	902,290	271,882	241,256	1,415,428
Employee assistance programme		—	347,916	62,709	410,625
Total		902,290	1,219,616	545,301	2,667,207

Analysis of 2021 support costs	Expenditure on raising funds £	Expenditure on charitable activities £	Total 2021 £
Staff costs	185,462	236,043	421,505
Office rent and shared office costs	55,875	67,921	123,796
	241,337	303,964	545,301

Notes to the financial statements Year ended 31 December 2021

4 Expenditure (continued)

Analysis of 2020 expenditure

	Notes	Grants	Other direct costs £	Support costs £	Total 2020 £
<i>Raising funds:</i>					
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
<i>Charitable activities:</i>					
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

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

	2021 £	2020 £
Audit fees	13,664	13,094
Legal and professional	1,026	1,026
Trustees expenses	279	24
Other	10,137	9,795
	25,106	23,939

6 Welfare expenditure

	2021 £	2020 £
Top up grants	49,495	61,074
Essential needs grants	267,468	265,604
Short term crisis grants	28,402	55,371
Christmas grants	37,943	26,621
Winter fuel grants	43,350	60,600
Covid-19 grants	451,600	834,900
TV licence and phone grants	3,153	2,953
Golden Friends' scheme	12,463	8,537
Other grants	8,316	13,048
Volunteers' expenses	100	—
	902,290	1,328,708
Grant management and other beneficiary support services	513,138	468,592
Total cost of grant making and other beneficiary support services	1,415,428	1,797,300

7 Employees and staff costs

	2021 Number	2020 Number
The average number of persons employed by the Charity during the year	17	15

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	685,026	670,667
Social security costs	75,763	74,445
Pension costs	71,917	66,695
	832,706	811,807

One employee received remuneration in the range of £70,000 - £80,000 (2020: one).

One employee received remuneration in the range of £110,000 - £120,000 (2020: one).

No other employees received remuneration in excess of £60,000 (2020: 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 £143,287 (2020: £155,019).

Trustees' remuneration and reimbursed expenses

In 2021 £45 was spent on a gift to a trustee who was ill and £234 was spent on hosting a trustee meeting. In 2020 £24 was spent relating to a trustee strategy day.

8 Net movement in funds

	2021 £	2020 £
This is stated after charging:		
Depreciation	19,131	15,596
Amortisation	40,222	23,963
Auditors' remuneration:		
. Parent charitable company audit	9,800	9,500
. Subsidiary company audit	1,650	1,700
. Other (tax)	1,600	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 2020	863,339	116,065	31,982	136,920	1,148,306
Additions	—	—	—	6,813	6,813
Disposals	—	—	—	(84,860)	(84,860)
At 31 December 2021	863,339	116,065	31,982	58,873	1,070,259
Depreciation					
At 31 December 2020	12,320	66,925	31,456	114,168	224,869
Charge for the year	880	5,040	134	13,077	19,131
On disposals	—	—	—	(84,860)	(84,860)
At 31 December 2021	13,200	71,965	31,590	42,385	159,140
Net book value					
At 31 December 2021	850,139	44,100	392	16,488	911,119
At 31 December 2020	851,019	49,140	526	22,752	923,437

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 2020	109,734
Additions	19,302
At 31 December 2021	129,036
Amortisation	
At 31 December 2020	36,523
Charge for the year	40,222
At 31 December 2021	76,745
Net book value	
At 31 December 2021	52,291
At 31 December 2020	73,211

11 Investments – group and charitable company

	2021 £	2020 £
Market value		
As at 1 January	5,579,410	5,925,613
Additions at cost	1,545,295	2,314,748
Disposals	(1,571,795)	(2,517,983)
Realised (losses)	(4,381)	(17,776)
Unrealised gains (losses)	566,763	(125,192)
As at 31 December	6,115,292	5,579,410
Analysed as follows:		
United Kingdom investments	1,949,869	2,016,585
Non-United Kingdom investments	3,606,077	3,120,107
Cash and commodities held for investment	559,346	442,718
	6,115,292	5,579,410
Historical cost	5,147,049	5,014,104

The following holdings exceed 5% of portfolio value – Vanguard S&P 500 UCITS ETF (11%), 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.

The early months of 2022 saw the markets affected by the crisis in Ukraine. As at 4th July the portfolio stood at £5,820,136.

12 Debtors

	Group 2021 £	Charitable company 2021 £	Group 2020 £	Charitable company 2020 £
Fundraising debtors	—	5,175	—	—
Trade debtors	96,460	—	99,744	—
Amounts due from trading subsidiary	—	31,268	—	—
Prepayments and accrued income	215,619	179,454	76,924	76,914
	312,079	215,897	176,668	76,914

13 Creditors: amounts falling due within one year

	Group 2021 £	Charitable company 2021 £	Group 2020 £	Charitable company 2020 £
Grants approved but unspent at year end	13,566	13,566	13,361	13,361
Trade creditors	47,412	23,757	36,194	18,205
Taxation and social security	19,184	19,184	20,756	20,756
Accruals and deferred income	406,092	147,591	257,275	103,034
Loan from Cazenove*	300,227	300,227	500,080	500,080
Amounts due to trading subsidiary	—	—	—	181,925
Amounts due to related charity (note 21)	60,180	60,180	51,741	51,741
	846,661	564,505	879,407	889,102

13 Creditors: amounts falling due within one year (continued)

Deferred income comprises:

	2021 £
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 is technically repayable on demand, however in reality it may be paid back in instalments over five years. The loan is secured over a portion of the charity's investment portfolio. A substantial portion of the loan was repaid post year-end prior to the signing of these financial statements.

14 Unrestricted funds

	Balance at 31 December 2020 £	Income £	Expenditure £	Transfers £	Gains on investments £	Balance at 31 December 2021 £
Charity						
General	—	2,159,214	(2,139,979)	(19,235)	—	—
Designated	6,561,268	—	(59,353)	339,909	562,382	7,404,206
Subsidiary company	232,617	633,111	(410,625)	(233,101)	—	222,002
Total	6,793,885	2,792,325	(2,609,957)	87,573	562,382	7,626,208

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 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

15 Restricted funds

	Balance at 31 December 2020 £	Income £	Expenditure £	General fund Transfers £	Balance at 31 December 2021 Total £
Welfare	21,150	68,500	(57,250)	—	32,400
Alcohol and drug awareness	87,573	—	—	(87,573)	—
	108,723	68,500	(57,250)	(87,573)	32,400

Comparative information

	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

The longstanding Alcohol and Drug Awareness Programme for students in the hospitality industry was wound down in the early months of 2019. It was felt appropriate to release the surplus funds to the charity's General Funds.

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.

	2021 £	2020 £
Total employer cost	71,917	66,695

17 Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total 2021 £	Total 2020 £
Fund balances at 31 December 2021 are represented by:					
Tangible assets	—	963,410	—	963,410	996,648
Investments	—	6,115,292	—	6,115,292	5,579,410
Net current assets	—	547,506	32,400	579,906	326,550
Net assets	—	7,626,208	32,400	7,658,608	6,902,608

17 Analysis of net assets between funds (continued)

Comparative information

	General funds £	Designated funds £	Restricted funds £	Total 2020 £
<i>Fund balances at 31 December 2020 are represented by:</i>				
Tangible assets	—	996,648	—	996,648
Investments	—	5,579,410	—	5,579,410
Net current assets	—	217,827	108,723	326,550
Net assets	—	6,793,885	108,723	6,902,608

18 Financial instruments

	Group 2021 £	Charitable company 2021 £	Group 2020 £	Charitable company 2020 £
Financial assets held at fair value	6,115,292	6,115,292	5,579,410	5,579,410
Financial assets held at amortised cost	96,171	—	99,744	—
Financial liabilities held at amortised cost	(796,209)	(545,322)	(850,496)	(868,346)

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 £222,012 as at 31 December 2021 (31 December 2020: net assets of £232,627). In the year ended 31 December 2021 it had turnover of £633,111 (year ended 31 December 2020: £626,504) and expenditure of £410,625 (year ended 31 December 2020: £393,887). 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.