

CITY CATERING SOUTHAMPTON

England & Wales · Charity number 1160776

Details

Status Registered

Legal form Charitable company

Company number [09331784](#)

Registered 2015-03-06

Register [View on the Charity Commission register](#)

Contact

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5-7 Cumberland Place
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Activities

Objects: THE OBJECTS OF THE CHARITY ARE FOR THE PUBLIC BENEFIT:1) THE ADVANCEMENT OF HEALTH;2) THE ADVANCEMENT OF EDUCATION; AND3) THE PROVISION OF SERVICES FOR THE RELIEF OF THOSE IN NEED BY REASON OF THEIR AGE, DISABILITY, ILL-HEALTH, FINANCIAL HARDSHIP OR OTHER DISADVANTAGE.

Activities: Social Care CateringHoliday Hunger - provision of food for families

Classification

- **How:** Provides Services
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives
- **Who:** Children/young People, Elderly/old People

Geography

- Hampshire
- Southampton City

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£5,576,612	£5,395,712	£1,780,877	206
2024-03-31	£5,502,491	£5,291,719	£1,596,977	217
2023-03-31	£5,445,049	£5,422,264	£533,204	231
2022-03-31	£5,393,866	£5,412,765	£510,420	239
2021-03-31	£4,193,191	£4,469,947	£529,319	243

Trustees

Name	Role	Appointed
Alison Dunwoody		2024-09-16
Debbie Burns		2021-12-16
Gary McMahon		2022-01-04
Georgina Along		2025-09-22
Kirsty Ashman		2025-09-22
Nichola Tregear		2024-09-16
Peter Howard		2018-10-16

Accounts

**CITY
CATERING**

Food for good

Annual Report and Consolidated Financial Statements

for the year ending 31 March 2025

City Catering Southampton
(A charitable company limited by guarantee)

Charity number: 1160776
Company number: 09331784

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Reference and administration details

Charity number: 1160776
Company number: 09331784
Trading Subsidiary Company number: 09414709
Registered Office: 2nd Floor, Latimer House, 5-7 Cumberland Place, Southampton SO15 2BH

Our advisors

Auditors: TC Group 10 Bridge Street, Christchurch, Dorset, BH23 1EF.
Bankers: Lloyds Bank Plc 63 London Road, Southampton SO15 2US
Solicitors: Paris Smith LLP 1 London Road, Southampton, SO15 2AE

Directors and Trustees

The directors of the charitable company (the charity) are its Trustees for the purposes of charity and company law. The Trustees and officers serving during the financial year and up to the date of approving the financial statements are as follows:

City Catering Southampton Board of Trustees

Chair: Tom Watmough
Primary School nominee: Peter Howard
Special School nominee: Vacant
Secondary School nominee: Vacant
Co-opted Trustees: Debbie Burns
Caroline Durant (resigned 21 October 2024)
Heather Bennett (resigned 7 May 2025)
Alison Dunwoody (appointed 16 September 2024)
Nicola Tregear (appointed 16 September 2024)
Kirsty Ashman (appointed 22 September 2025)
Georgina Hunnygen (appointed 22 September 2025)

Ex officio Trustee: Gary McMahon
PA to the Board: Kelly Young

Senior Management of City Catering Southampton:

Chief Executive Officer:	Gary McMahon
Chief Operating Officer:	Martin Orman
Financial Controller:	Samantha Taite (FCCA) (resigned 27 September 2024) Sarah Romaine (ACCA) (appointed 18 November 2024)
Head of Menu Development:	Sarah Doling
Head of People & Culture:	Alex McTaggart

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

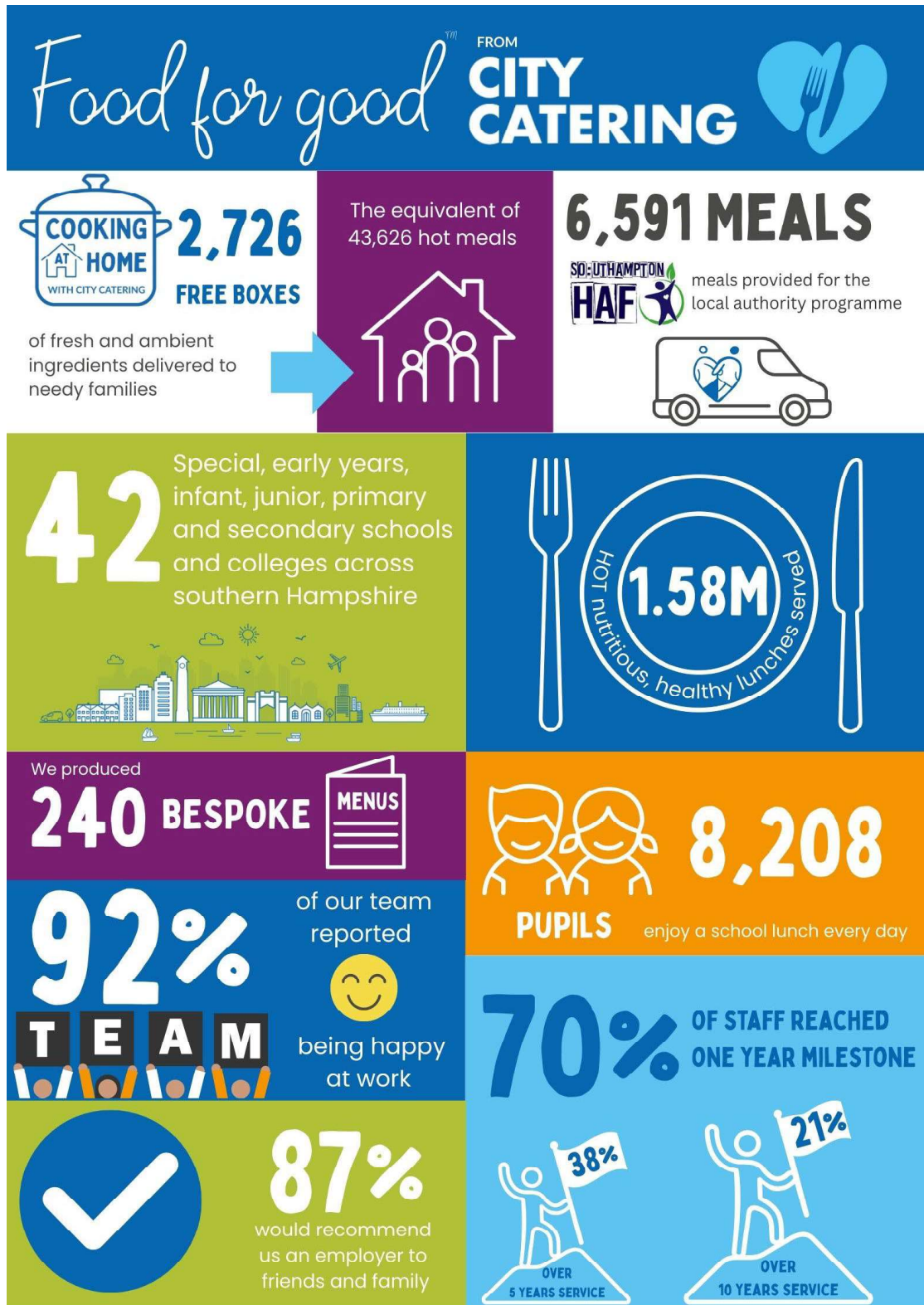
City Catering Southampton (Trading) Ltd. Board of Directors

Directors:	Gary McMahon Martin Orman
PA to the Board:	Kelly Young

Senior Management of City Catering Southampton (Trading) Ltd.

Chief Executive Officer	Gary McMahon
Chief Operating Officer:	Martin Orman

Impact Statement



Chair's Report

Introduction and Overview

As ever, the past year has been full of activity. City Catering has performed well in a rapidly changing and increasingly competitive market. The charity has pressed ahead with its plans to further develop its school catering operation delivering premium catering services to the education sector, whilst at the same time maintaining its charitable values, ethos and culture of service. Putting the wellbeing of children at the heart of everything the charity does.

Financial Performance and Stability

I'm pleased to report that financially the charity is in good shape. In last years' report we predicted that the year ahead would be tough and whilst that was true in many respects, we nonetheless performed well in a changing and challenging environment. Reserves have been strengthened to meet the criteria and policy requirements of the Board. We have also delivered a modest surplus for the year despite increases in our core costs i.e. food and labour. These costs have been managed well and our focus on driving meal uptake has started to show itself in our results.

Government Funding and Sector Challenges

In December 2024 the Government announced a 5p uplift in the rate of funding for universal infant free school meals from £2.53 to £2.58 backdated to the start of the academic year September 2024. In October 2024 the Government Budget delivered widely expected increases to Employer National Insurance (NI) contributions, reduced the NI threshold and increased the National Minimum Wage. The impact has been hard on our charity, unsurprisingly, but because the measures were deferred until April 2025, they did not impact this trading year.

There were two other changes that have presented challenges and opportunities for our charity over this part year. The implementation of the Procurement Act 2023 updated and consolidated several previous pieces of legislation and more importantly defined new rules for when schools needed to follow a formal tender process. During the year we participated in 4 such tenders.

The decision of Hampshire County Council, Education Catering (HC3S) to withdraw from the provision of school catering services caused significant upheaval across Hampshire and left all local authority-maintained schools requiring new catering arrangements. The arrival into Hampshire of the major corporate caterers in search of new opportunities presents a major challenge to City Catering, given that its legacy schools within Southampton are also seeking to squeeze further value from their school budgets. The charity has recognised and stepped up to these challenges, Valentine Primary School rejoined our member network in the year and we were also successful in retaining St. Marks CE School and Springhill Primary School at tender. Further contracts have been signed post year-end.

The culmination of these changes will make for a challenging and eventful year trading year ahead, but my fellow Trustees and I are reassured by the performance and planning of the CEO and senior team.

Thanks to Schools and Partners

Although the market has changed over the last 12 months our core base of client schools has remained largely unchanged, and we have continued to hone and deliver our unique brand of high-quality catering. Whilst we have continued to put our focus on pupils and great healthy food, we are reassured by the ongoing custom and support of our member schools. We are acutely aware of the torment their underfunded budgets creates, and I'd like to take a moment to thank their senior leadership teams, the community of parents and carers and most importantly students themselves for their continued support for our charity.

Strategic Objectives for the Future

The core work of the charity – to make a tangible nutritional difference in people's lives – continues and earlier this year the Board signed off on an exciting new Strategy that will drive our focus in the coming years. The two core goals are summarised elsewhere in this document, but they target the inequalities of food insecurity and supporting children to have the best possible start in life.

Investment in Staff and Operations

Our support office team are dedicated and skilled and we have seen further improvements in efficiency over the last year. The new strategy brings with it a further raft of investments to further improve efficiency, but also to broaden our offer and make City Catering a still more appealing option.

Closing Remarks and Acknowledgements

Overall, on behalf of my fellow Trustees, I would like to report that the charity is in a strong position and looking forwards. The year ahead will present many challenges, not least of which is the fact that we operate as a charity competing with corporate caterers many times our size and with considerably greater resources. Having said this, City Catering has a very positive role to play, having a lean and nimble endlessly enthusiastic team able to seize appropriate opportunities as they arise. As ever, we propose to reinvest in charitable activity stretching the value of our work right across the community we serve. We anticipate extending our reach year on year.

I acknowledge the work of the senior management team over the last year and thank all support office staff for their work and dedication. The board has confidence in the executive team and the workforce to continue to deliver our charitable objectives.

Finally, I would like to thank my fellow Trustees, all of whom are volunteers giving their time so freely in pursuit of supporting the excellent work of City Catering.

Tom Watmough, Chair

Message from our Chief Executive

Preparing the Annual Report is always a great opportunity to reflect on what has been a dynamic period for City Catering Southampton. The past twelve months have been defined by significant achievements, moments of challenge, and a great deal of learning. At the heart of everything we do is our unwavering mission: to ensure that children and young people have access to nutritious, freshly cooked school meals — supporting health, education, and wellbeing across our city and beyond.

This year, we have demonstrated resilience in the face of setbacks, celebrated some decent wins and strengthened our financial and operational footing. Above all, we have continued to serve schools and families with dedication and care.

Reflecting on the past year, I am struck by both the resilience of our people and the breadth of our achievements. We have delivered more meals than ever before, strengthened our financial position, won new school partnerships, and begun to lay the foundations for a much broader programme of food education.

We have also navigated moments of real challenge — from environmental health inspections that tested our systems, to staffing shortages that stretched our teams, and the devastating loss of a much-loved colleague. In each case, our staff responded with professionalism, compassion, and determination.

What gives me most confidence as we look ahead is the shared sense of purpose across our charity. From the Board of Trustees who provide wise and steady governance, to support office colleagues who ensure our systems are robust, to the kitchen teams who bring our mission to life every lunchtime, City Catering is united in a simple but powerful belief: **that no child should go hungry at school.**

The next phase of our journey will see us not only feeding children, but also educating, inspiring, and equipping them with the skills and knowledge they need for a healthier future. This dual role — as a provider of nutritious meals and a champion of food education — will define our impact over the next decade.

To all our staff, partners, and supporters: thank you. Your contribution makes a difference every single day. Together, we are building healthier futures for children across Southampton and Hampshire.

Gary McMahon, CEO

Trustees Report for the period ending 31 March 2025

The Trustees present their annual director's report together with the consolidated financial statements of the charity and its subsidiary for the period ending 31 March 2025, which is also prepared to meet the requirements of a director's report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, The Companies Act 2006, the Memorandum and Articles of Association, the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our Purpose

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

Our charitable objectives

The objectives city Catering Southampton, taken from our Articles of Association are:

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

Our Strategic Plan

Our Strategic Plan provides an ambitious motivational framework to achieve our aims and has six strategic priorities:

- Rebuild our reserves
- Safeguard our charity's impact
- 'Stand for' good nutrition
- Develop our people
- Digitise our systems
- Extend our influence and community

Our core revenue-earning services

Our school meals business remains our prime revenue-generating activity and in the year 2024-2025 we have seen good growth, driving by improving meal uptake. We delivered more than 1.58 million meals to 42 school units comprising of nurseries, infant, junior, primary, special, and secondary schools. We employ more than 200 staff to service our school-meal customers. Traditionally, all of our service locations have traditionally been within Southampton City boundaries, however this is set to change in the 2025/2026 year give our new contracts and redefined operational boundaries.

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

Our menus comply with the Government's statutory standards for school food, and with the exacting standards of 'Food for Life Here' accreditation, which is assessed and renewed yearly. We are very proud to maintain our Food for Life Served Here accreditation for the benefit of all schools. We offer compliant allergy-adjusted menus, for individual

children with medically proven requirements and are in the process of introducing a new system for managing and maintaining special diets with high levels of security to minimise the potential for allergen incident occurring.

Trustees' responsibilities in relation to the financial statements

The charitable company's Trustees (who are also directors of City Catering Southampton for the purposes of company law) are responsible for preparing a Trustees annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each year that give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and applicable resources, including the income and expenditure of the charitable group for the period. In preparing the financial statements the Trustees are required to;

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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

Statement as to disclosure to our auditors

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

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

Structure, Governance and Management

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

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

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

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

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

Appointment of Auditors

It has been decided that following the completion of the audit for the financial year ended 31 March 2025. TC Group will step down. The Trustees will conduct a tender process for the appointment of new auditors to take over the role. The appointment of new auditors for the financial year ending 31 March 2026 is subject to the required member approval and will be decided after the upcoming Annual General Meeting (AGM). The Trustees express their gratitude to TC Group for their professional service.

Appointment of Trustees

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

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

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

Trustee induction and training

Trustees are provided with:

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

Related parties and conflicts of interest

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

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

Public Benefit Disclosure

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

- **School Meals.** The charity provides nutritious and affordable school meals that comply with school food regulations to promote the health and education of school pupils, in order that they may be supported to achieve their academic and wellbeing potential.
- **Meals on Wheels.** The charity provided subsidised meals on wheels services to those people who are in receipt of a local-authority care package, and in doing so offers support to those in the community who may be vulnerable and/or elderly. This service was terminated as of 31st January 2024.
- **Care Home Kitchen Management.** The charity manages a number of kitchen teams in care home settings on behalf of Southampton City Council. This service was terminated as of 31st January 2024

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

Pricing Policy

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

The prices charged to school-meal customers are subject to annual review by the Board. At the time of writing, the price of a primary paid school meal was £3.20 in most, but not all schools.

Investment powers and policy

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

As part of our financial planning relating to the impact of coronavirus, the company secured a Coronavirus Business Interruption Loan from Lloyds Bank, of £385,000 in July 2020. The loan was interest free for 12 months, with repayments due from July 2021. The loan capital was initially kept in a Lloyds Bank 32-day account since the funds were received, generating interest at 0.03%. The funds are being repaid as per the agreed monthly schedule. The funds have been required over the last year, but as trading overall continue to steadily improve, we anticipate that by the time of full repayment we will be trading at a level that accommodates our year cashflow profile fully and independent of any external funding requirement. At 31st March 2025 our remaining balance on the loan was £102,667.

Pay policy for senior staff.

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

Volunteers Policy

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

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

Risk Management

The Audit and Risk Committee proposed a new risk assessment framework to the Board which was adopted during the year. The committee which now comprises of two of our Trustees and all of the Senior Management Team have incorporated the framework into the SMT meeting schedule with the intention of using the framework to assess risk on an ongoing basis

The Trustees have developed a risk management strategy which comprises:

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

The Risk Register addresses the following potential areas of risk:

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

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

Reserves Policy

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

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

This reserves policy will be monitored and reviewed with regards to increasing costs, on an annual basis by the Finance Committee —or when triggered by an average unrestricted expenditure increase of more than £20,000/month (4% of reserves), calculated on rolling quarterly basis. At 31 March 2025 our consolidated cash balance was £576,046 and the level of reserves was £1,780,877, of which £103,665 was tangible fixed assets.

Free reserves for the year ended 31 March 2025 consolidated entity is £996,212 (2024: £792,102) whilst the charity holds free reserves of £996,953 (2024: £792,100). Free reserves are calculated by deducting the fixed asset carrying value from the unrestricted general reserves.

Achievements and performance in 2024-25

A Year of Service and Growth

Expanding and retaining school partnerships

Over the year, our relationships with schools have remained the cornerstone of our work. We undertook extensive visits to discuss our revised service charge model and refreshed commitments with re-signed Service Level Agreements with all of our client schools.

These conversations were not always easy, particularly for schools facing deficit budgets, but our transparent and collaborative approach has maintained trust and helped secure continuity of service.

While we faced disappointment with tenders — notably losing Bassett Green Primary to a commercial competitor, we also celebrated key successes. We retained St. Marks CE School and Springhill Primary for a further three years. In this current year we have secured new partnerships with Our Lady & St. Joseph's in Lymington, St. Jude's Primary in Fareham and Harefield Primary School. Also, we were awarded the contract for St. Anne's Catholic Secondary School and Sixth Form from April 2025 and that mobilisation has gone well. Each of these wins represents recognition of our quality and ethos.

Holiday Activity and Food (HAF) provision

Our HAF programme has continued to expand. In summer 2024, we increased provision from 3,355 meals the previous year to over 5,200 meals across leisure centres and outdoor activity sites. The Mansel Park kitchen once again served as the production hub, with staff demonstrating remarkable efficiency and commitment. Feedback from children and families has been overwhelmingly positive, affirming the value of this work in tackling food insecurity.

Cooking at Home boxes

Our Cooking at Home initiative reached new heights, with 1,351 boxes distributed to 40-member school sites in December. These boxes, co-funded by partners such as Harvest Fine Foods, Bidfood Direct and Caterfood, provided families with fresh, healthy ingredients and recipes during holiday periods. It is a practical expression of our mission and one that continues to attract praise from schools and parents.

Operational Excellence

Kitchen operations and Head of Kitchen development

This year saw the continued success of our cluster-based Head of Kitchen (HOK) development meetings providing regular opportunities for training, knowledge-sharing, and reinforcement of key standards. Our August 2024 HOK conference was a highlight, with strong engagement in sessions on compliance, leadership development, and supervisory skills

We also completed a full cycle of kitchen audits, providing valuable insights into compliance and performance. In response, we have refined audit tools to make them more relevant and actionable, supporting consistency across our estate.

Responding to challenges

Kitchen-level challenges are inevitable in an organisation of our size, but we have managed them with agility. For example, Hardmoor Early Years Centre faced both an allergen incident and staffing changes, requiring rapid leadership intervention, menu simplification, and successful recruitment of a new HOK

Meanwhile, operational disruptions caused by power and water failures at Mason Moor Primary in December tested our business continuity planning, which ultimately proved effective in minimising disruption for pupils.

Environmental health and food safety

Food safety remains paramount. This year we faced a round of Environmental Health inspections, with all our schools receiving reassuringly positive ratings. Nonetheless during the process, we recognised the opportunity to strengthen training. Refresher sessions for staff have been rolled out and completed. Encouragingly, Southampton City Council's food safety team confirmed that our core HACCP systems and allergen procedures remain robust

Financial Performance

Our financial results for the year have been very encouraging, with performance exceeding budget expectations. This performance has been underpinned by:

- Increased meal uptake — an additional 141,946 meals compared to last year, equating to £493,488 in extra income.
- Strong cost management — particularly around equipment purchases and head office costs, with savings realised through prudent phasing of expenditure.
- Resilient cash reserves — averaging £785,000 across the final quarter of the year, comfortably above our £500,000 reserves policy

These results position us strongly to navigate an uncertain external environment, including funding pressures and rising food costs.

People and Culture

Staffing changes and recruitment

We said farewell to valued colleagues, including our Financial Controller Samantha Taite, who moved to a new role in South Hampshire College Group. In November 2024 we welcomed her successor, Sarah Romaine, who brought a wealth of expertise from both corporate and charity sectors.

Our Marketing function was strengthened with the appointment of Reece Hammond as Marketing Assistant and later by Karen Clark, whose creative input has refreshed our campaigns and visual identity

Recruitment into kitchen roles also remained a focus, with proactive summer campaigns ensuring sufficient staffing at the start of term

Celebrating excellence

Our Staff Excellence Awards in June 2024 provided a joyful moment to celebrate the commitment of colleagues across the organisation.

Supporting wellbeing

The sudden and tragic loss of our colleague Nikkii Bond in March 2025 was deeply felt across our charity. Support was offered to her family and to the Bitterne Park Primary kitchen team who whilst devastated by Nikkis' passing still managed to maintain their lunch service uninterrupted. More than anything our thoughts were for Nikki's family and friends at such a sad time.

Innovation and Development

Menu innovation

Our Food Development team has continued to innovate, launching new menus each cycle. The Winter 2024 and Summer 2025 menus introduced fresh, seasonal choices and improvements to special diet provision. Our talented team are pushing boundaries in every way, working with the Soil Association Food For Life accreditation and more recently ProVeg UK to maximise innovation across our menus'

Allergen management

The allergen portal has matured, with over 240 children fully registered by mid-2024. Very occasional incidents have tested our processes and reassuringly they have worked well. Where issues occurred, we acted decisively with refresher training and reality-check briefings, underlining the seriousness of allergen compliance.

Marketing and engagement

The launch of our new Year R marketing campaign in April 2025 demonstrated the growing sophistication of our communications. Targeting new parents directly, it reinforces the value of choosing school meals over packed lunches. Parent engagement sessions, such as those at Highfield Primary revealed that many families were unaware of the extent of our efforts to provide healthy, scratch-cooked food. This insight will shape future campaigns, including our "Did You Know?" initiative.

Sustainability

We have embraced new food waste regulations, rolling out caddy bins and large wheelie bins across all schools. The system is bedding in well, and our commitment to reducing waste is clear. We are also actively monitoring the impact of changes in Hampshire County Council's catering provision, recognising both the risks and opportunities this presents

Looking Ahead

As we look to the year ahead, the scale of both the challenge and the opportunity before us is clear. We entered 2025–26 with a strong financial footing, a dedicated team, and an ambitious action plan to guide us.

Our immediate focus will be on mobilising three new schools in September, alongside stabilising operations at Kanes Hill Primary, which has become a new production kitchen following the loss of Bevois Town. These transitions will stretch our capacity with recruitment and induction very much a priority for us, with a renewed focus on onboarding and staff development.

At the same time, we are preparing to launch our new Winter Menu in November, incorporating both school-led adjustments and new innovations. This will be accompanied by a refreshed training programme for Heads of Kitchen and the rollout of silver Pro-Veg certification, embedding plant-based options more fully into our offer.

We are also committed to strengthening our tender performance, sharpening our presentations, clarify our USP, and showcase our dynamic, innovation-driven culture. These improvements will be embedded into our bid process for the next wave of opportunities.

Looking further ahead, our 2025–26 Strategic Action Plan sets out ambitious but achievable goals:

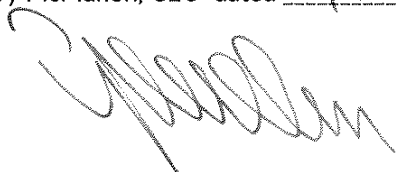
- Tackling childhood hunger and food insecurity by maintaining stable meal pricing, raising awareness of FSM eligibility, and increasing uptake across existing schools.
- Supporting a good start in life including through a pioneering Food Education programme, led by a newly recruited project manager and underpinned by partnerships with organisations such as Chefs in Schools, the Food Teachers Association, the Soil Association and ProVeg UK.
- Expanding our reach, targeting new schools beyond our traditional Southampton footprint, and exploring partnerships with holiday providers to grow our HAF provision.
- Delivering operational excellence by continuing to innovate in menu design, allergen management, and food waste reduction.
- Investing in our workforce through comprehensive training, new appraisal systems, and enhanced staff engagement.

By 2030, we aim to be the pre-eminent school caterer in Hampshire, serving over 100 schools every day and delivering upwards of 26,000 meals. Alongside this, our Food Education team will be fully embedded in member schools, supporting children with essential life skills in nutrition, cooking, and healthy living.

The journey will not be without its difficulties. Government funding pressures remain acute, staffing continues to be a challenge, and the external catering market is highly competitive. But our mission gives us purpose, and our strategy provides a roadmap to our goals.

Report of the trustees, approved on behalf of the board of trustees, as the company director, and signed on the boards behalf by:

Gary McMahon, CEO dated 8/12/25



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

Opinion

We have audited the financial statements of City Catering Southampton (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2025, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

Responsibilities of directors

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

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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 company and the group and the sector in which they operate.
- We obtained an understanding of how the company and the group are complying with those legal and regulatory frameworks by making inquiries to the management and we corroborated our inquiries through our review or board reports.
- We assessed the susceptibility of the company and the group's financial statements to material misstatement, including how fraud might occur.

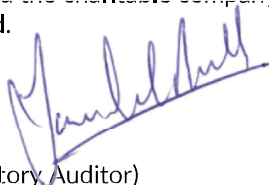
Audit procedures performed by the engagement team included:

- o Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- o Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- o Challenging assumptions and judgments made by management in its significant accounting estimates;
- o Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- o Assessing the extent of compliance with the relevant law and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the group and parent charitable company's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable group and company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Mr I M Rodd BSc FCA FCCA (Senior Statutory Auditor)

For and on Behalf of TC Group

Registered Auditor

10 Bridge Street

Christchurch

Dorset

BH23 1EF

Date: 11 December 2025

Consolidated Statement of Financial Activities

(Including consolidated income and expenditure account)

For period ending 31 March 2025

		Unrestricted 2025 £	Unrestricted 2024 £
	Note		
Income:			
Income from Charitable activities:			
Schools and Meals on Wheels	4	5,483,661	5,310,854
Charitable grants and other income	4	92,951	94,274
Income from other trading activities:			
Commercial trading operations	4	-	97,363
Total income		5,576,612	5,502,491
Expenditure			
Expenditure on charitable activities:			
Schools and Meals on Wheels	6	5,395,712	5,256,495
Costs of raising funds:			
Commercial trading operations	6	-	35,224
Total expenditure		5,395,712	5,291,719
Net income		180,900	210,772
Other recognised gains and losses			
Actuarial gains and losses on defined benefit pension scheme		3,000	244,000
Net movement in Funds		183,900	454,772
Reconciliation of Funds			
Total funds brought forward		1,596,977	1,142,205
Net movement in Funds		183,900	454,772
Total funds carried forward		1,780,877	1,596,977

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

The notes at pages 23-33 form part of these accounts.

Consolidated and Charity Balance Sheets

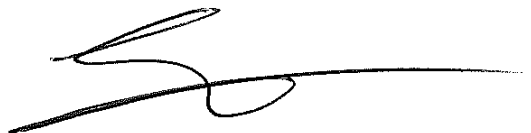
Consolidated Balance Sheet as at 31 March 2025

	Note	Consolidated 2025 £	Charity Consolidated 2025 £	2024 £	Charity 2024 £
Fixed assets					
Tangible assets	12	103,665	103,665	54,687	54,687
Intangible assets	13	-	-	188	188
Investment		-	1	-	1
Total Fixed Assets		103,665	103,666	54,875	54,876
Current assets					
Stock	14	142,397	142,397	121,420	121,420
Debtors	15	1,174,799	1,247,961	1,054,011	1,078,478
Cash at bank and in hand		576,046	503,641	701,729	669,214
Total Current Assets		1,893,242	1,893,999	1,877,160	1,869,112
Liabilities					
Creditors	16	(960,364)	(960,380)	(1,117,391)	(1,109,345)
Total Liabilities		(960,364)	(960,380)	(1,117,391)	(1,109,345)
Net current assets		932,878	933,619	759,769	759,767
Total assets less current liabilities		1,036,543	1,037,285	814,644	814,643
Debtors: amounts falling due after more than one year	15	770,000	770,000	885,000	885,000
Creditors: amounts falling due after more than one year	17	(25,666)	(25,666)	(102,667)	(102,667)
Net Assets		1,780,877	1,781,619	1,596,977	1,596,976
The funds of the charity:					
Unrestricted income funds		1,030,877	1,031,619	846,977	846,976
Pension Reserve		750,000	750,000	750,000	750,000
Total charity funds	20	1,780,877	1,781,619	1,596,977	1,596,976

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

The notes at pages 23-33 form part of these accounts.

Signed



Tom Watmough, Chair of trustees on behalf of the trustees

Approved by the trustees on: 08/12/2025

Statement of Cash Flows and Consolidated Statement of Cash Flows

For period ending 31 March 2025

		Consolidated 2025	Charity Consolidated 2025	2024	Charity 2024
	Note	£	£	£	£
Cash used in operating activities	C1	39,144	(746)	78,564	102,395
Interest paid	6	(9,835)	(9,835)	(14,996)	(14,996)
Contributions to defined benefit pension scheme		(7,000)	(7,000)	(12,000)	(12,000)
Net Cash flow from operating activities		22,309	(17,581)	51,568	75,399
Cash used in investing activities					
Purchase of tangible assets		(73,484)	(73,484)	(28,945)	(28,945)
Proceeds from sale of tangible fixed assets		208	208		
Interest Received		2,284	2,284	824	824
Net Cash flow from investing activities		(70,992)	(70,992)	(28,121)	(28,121)
Cash used in financing activities					
Loan repayments	17	(77,000)	(77,000)	(77,000)	(77,000)
Net Cash flow from financing activities		(77,000)	(77,000)	(77,000)	(77,000)
Increase/Decrease in cash and cash equivalents in the year		(125,683)	(165,573)	(53,553)	(29,722)
Cash and cash equivalents at the beginning of the year		701,729	669,214	755,282	698,936
Total cash and cash equivalents at the end of the year		576,046	503,641	701,729	669,214

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

	Group 2025	Charity 2025	Group 2024	Charity 2024
	£	£	£	£
Net movement in funds	180,900	181,643	210,772	210,772
Add back depreciation charge	23,742	23,742	20,001	20,001
Add back Amortisation charge	188	188	751	751
Add back loss on disposal of tangible fixed assets	556	556		
Add back interest paid	9,835	9,835	14,996	14,996
Deduct Interest Received	(2,284)	(2,284)	(824)	(824)
Add back service cost on defined benefit pension	112,000	112,000	140,000	140,000
Interest on defined benefit pension	(33,000)	(33,000)	(25,000)	(25,000)
Increase in stock	(20,977)	(20,977)	(20,774)	(20,774)
Increase in Debtors	(120,788)	(169,483)	428,142	438,875
Decrease in Creditors	(111,028)	(102,966)	(689,500)	(676,402)
Net cash used in operating activities	39,144	(746)	78,564	102,395

Notes to the Financial Statements

1. Accounting Policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

City Catering Southampton meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Accounting period

The Financial statements cover the period from 1st April 2024 until 31st March 2025.

c) Preparation of the accounts on a going concern basis

The Charity reported a cash outflow of £165,573 for the period, and £125,683 on a group basis. The group also reported total funds carried forward of £576,046 and as there are no principal risks and uncertainties facing the charity, the trustees are of the view that the Charity is a going concern.

d) Group financial statements

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

e) Income

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

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

f) Fund accounting

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

g) Expenditure and irrecoverable VAT

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

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

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

h) Tangible fixed assets

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

i) Intangible assets

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

j) Stock

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

k) Debtors

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

l) Cash in bank and in hand

Cash in bank and in hand includes cash only.

m) Creditors and provisions

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

n) Financial instruments

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

o) Pensions

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

The Pension Scheme provides that in the event that a single employer has individuals contributing to the scheme then any remaining liability for benefits payable under the scheme falls on that employer. Since the main participating employers are statutory bodies, the trustees consider it highly improbable that such a liability will ever fall to the Charity. The employer's contributions made to the LGPS Pension Scheme for Financial Year 24/25 were £7,205 with an employer's contribution rate of 1.7% of pensionable pay and an employee's contribution of between 5.5% and 9.9% of pensionable pay dependant on individual salaries. City Catering Southampton was informed by Hampshire Pension Fund that the contribution rate for 2024/25 would be 1.7% (no change from 1.7% in 23/24), with no additional contribution required to meet existing deficits from April 2020 to March 2024. There has been no change in rate advised for 2024/25.

A new pension provision, through the Government's NEST scheme, was introduced from 1st January 2017 for all existing employees not in the LGPS. Employer's contributions to the NEST Scheme for 2024/25 were £101,559 with an employer's contribution rate of 6% of pensionable pay and an employee's contribution of 2.4% of pensionable pay.

2. Legal status of the Charity

The charity is a private company limited by guarantee and has no share capital. The company is incorporated in the United Kingdom (company number 09331784). A description of the charity's operations and activities can be found on page 8. The charity's registered office address is detailed on page 3. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

3. Financial Performance of the charity

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

The summary financial performance of the charity alone is:

	2025	2024
	£	£
School Meal Income	5,483,661	5,408,497
Charitable Activities and other sources	92,951	94,274
Donation from Trading Sub	-	13,576
Net income	5,576,612	5,516,347
Expenditure on Charitable activities:	(5,394,969)	(5,305,575)
Actuarial gains and losses on defined benefit pension scheme	3,000	244,000
Total funds brought forward	1,596,976	1,142,204
Total funds carried forward	1,781,619	1,596,976
Represented by:		
Unrestricted income	1,100,619	846,976
Pension Reserve	681,000	750,000
Unrestricted income funds	1,781,619	1,596,976

4. Consolidated income from charitable and fundraising activities

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Income from School Meals	5,483,661	5,212,030
Income from Meals on Wheels	-	98,824
Income from charitable activities	23,010	25,603
Income from other sources	69,941	68,671
Total income from charitable activities	5,576,612	5,405,128
Fundraising Income		
Income from Trading subsidiary	-	97,363
Total income from Charitable and fundraising	5,576,612	5,502,491

5. Income earned from other activities

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

The summary financial performance of the subsidiary alone is:

	2025 £	2024 £
Income	-	316,512
Cost of sales and administration costs	(743)	(302,936)
Net profit / (Loss)	(743)	13,576
Amount gift aided to charity	-	(13,576)
Retained by subsidiary	(743)	-
Assets and Liabilities		
Current assets	72,405	73,260
Current liabilities	(73,147)	(73,259)
Total net assets	(742)	1

6. Analysis of expenditure on charitable activities

	School Meals	Trading Subsidiary	Total
	£	£	£
Direct expenditure	4,190,773	-	4,190,773
Governance Costs	137,651	743	138,394
General Support Costs	1,066,545	-	1,066,545
Total	5,394,969	743	5,395,712

7. Analysis of governance and support costs

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

	General support	Governance function	Basis of Total apportionment
	£	£	£
Salaries, wages & related costs	1,064,954	123,226	1,188,180 Allocated on time
Audit fees	-	12,425	12,425 Governance
Accountancy Fees	-	1,152	1,152 Governance
Legal fees	1,591	1,591	3,182 50/50 split
Total	1,066,545	138,394	1,204,939

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

	2025	2024
	£	£
Salaries and wages	2,653,755	2,490,923
Social security costs	138,174	126,912
Pension costs	108,764	95,372
Total	2,900,693	2,713,207

There was one employee who received total employee benefits of between £60,000 and £70,000 and one employee received total employee benefits of between £70,000 and £80,000

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

The total employee benefits of the key management personnel of the charity were £319,104 (23/24 £316,923).

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

Redundancy costs in the year were £nil (23/24 £37,007).

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

The average monthly head count was 206 (23/24 217) staff and the average monthly number of full-time equivalent employees during the period was 98 (23/24 101).

9. Trustees' remuneration and expenses

No charity trustees were paid or received any other benefits from employment with the charity or its subsidiary in the period. One trustee's travel expenses were paid in error totalling £42 in the year ended 31 March 2025 (parking expenses totalling £27 for year ended 2024). This amount was outstanding and due to be repaid at the year-end and was confirmed to have been repaid after the year-end. No other trustee received payment for professional or other services supplied to the charity. The Chief Executive Officer (Gary McMahon) is a trustee of the charity and is paid for his role as CEO; not for trustee duties. His remuneration is included within key management personnel in note 8.

10. Corporation Taxation

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

11. Fixed Asset Investment

Shares in group undertakings as at year end 31 March 2025 totalled £1 (2024: £1).

There were no investment assets outside the UK.

12. Tangible fixed assets

	Group	Charity
<u>Cost:</u>	£	£
As at 1 April 2024	128,119	128,119
Additions	73,484	73,484
Disposables	(31,258)	(31,258)
At at 31 March 2025	170,345	170,345
<u>Depreciation:</u>		
As at 1 April 2024	(73,432)	(73,432)
Charge for the Year	(23,742)	(23,742)
Depreciation on Disposal	30,494	30,494
At at 31 March 2025	(66,680)	(66,680)
NBV as at 31 March 2025	103,665	103,665
NBV as at 31 March 2024	54,687	54,687

13. Intangible assets

	Group	Charity
Cost:	£	£
As at 1 April 2024	3,755	3,755
Additions	-	-
At at 31 March 2025	3,755	3,755
Amortisation		
As at 1 April 2024	(3,567)	(3,567)
Charge for the Year	(188)	(188)
At at 31 March 2025	(3,755)	(3,755)
NBV as at 31 March 2025	-	-
NBV as at 31 March 2024	188	188

14. Stock – Group and Charity

	2025	2024
	£	£
Food	69,746	66,612
Disposables	58,519	41,149
Cleaning Materials	14,132	13,659
	142,397	121,420

15. Debtors

Debtors falling due in less than one year	Group	Charity	Group	Charity
	2025	2025	2024	2024
	£	£	£	£
Trade debtors	1,080,277	1,080,277	994,663	954,154
Amounts owed by group undertakings		73,162	-	65,212
Prepayments and accrued income	94,522	94,522	59,348	59,112
	1,174,799	1,247,961	1,054,011	1,078,478
Debtors falling due after one year	770,000	770,000	885,000	885,000
Defined Benefit Pension Scheme	770,000	770,000	885,000	885,000

	Group 2025	Charity 2025	Group 2024	Charity 2024
	£	£	£	£
Trade creditors	327,923	327,939	406,802	406,802
Loan repayments	77,000	77,000	77,000	77,000
Other creditors and accruals	160,433	160,433	200,393	198,893
Deferred income	26,839	26,839	25,668	25,668
Taxation	279,169	279,169	272,528	265,982
Defined Benefit Pension Scheme	89,000	89,000	135,000	135,000
	960,364	960,380	1,117,391	1,109,345

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

	2025	2024
	£	£
Bank loans and accruals	25,667	102,667
	25,667	102,667

The CBIL loan include aggregate amounts of £102,667 which is split by £77,000 due within one year and £25,667 due over one year.

18. Deferred income

Deferred income comprises charitable income that is remaining from grants and donations for future use.

19. Related party transactions

One unpaid share capital of £1.

20. Funds

Group	At 1 April 2023	Income	Expenditure	Gains/losses	Transfers	At 31 March 2024
	£	£	£	£	£	£
Unrestricted general fund	533,205	5,477,491	(5,151,719)	-	(12,000)	846,977
Pension Reserve	609,000	25,000	(140,000)	244,000	12,000	750,000
Total Unrestricted funds	1,142,205	5,502,491	(5,291,719)	244,000	-	1,596,977

Group	At 1 April 2024	Income	Expenditure	Gains/losses	Transfers	At 31 March 2025
	£	£	£	£	£	£
Unrestricted general fund	846,977	5,543,612	(5,283,712)	-	(7,000)	1,099,877
Pension Reserve	750,000	33,000	(112,000)	3,000	7,000	681,000
Total Unrestricted funds	1,596,977	5,576,612	(5,395,712)	3,000	-	1,780,877

Charity	At 1 April 2023	Income	Expenditure	Gains/losses	Transfers	At 31 March 2024
	£	£	£	£	£	£
Unrestricted general fund	533,204	5,491,347	(5,165,575)	-	(12,000)	846,976
Pension Reserve	609,000	25,000	(140,000)	244,000	12,000	750,000
Total Unrestricted funds	1,142,204	5,516,347	(5,305,575)	244,000	-	1,596,976

Charity	At 1 April 2024	Income	Expenditure	Gains/losses	Transfers	At 31 March 2025
	£	£	£	£	£	£
Unrestricted general fund	846,976	5,543,612	(5,282,969)	-	(7,000)	1,100,619
Pension Reserve	750,000	33,000	(112,000)	3,000	7,000	681,000
Total Unrestricted funds	1,596,976	5,576,612	(5,394,969)	3,000	-	1,781,619

Transfers relate to amounts paid into the defined benefit pension scheme by the charity.

21. Leases – Group and Charity

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

	Group 2025	Group 2024
	£	£
Within 1 year	33,458	36,526
Between 1 and 5 years	-	33,458
Total	33,458	69,984

22. Pension Commitments

The charity's employees belong to one principal pension scheme: The Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council. The pension report for the 24/25 year has been obtained and disclosed below in line with FRS 102.

The latest actuarial valuation of the LGPS was completed on 31 March 2025 and valued the Fund as at 31st March 2025. At this date the entire fund showed a surplus of £1,649,000, adjusted by the asset ceiling restriction of £968,000 to £681,000.

There were no outstanding contributions due or any prepaid contributions at the end of March 2025. The contribution outstanding at the beginning of the financial year was £2,614, there were no prepaid contributions.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee - administered funds. The agreed contribution rates for future years are 1.7 per cent for employers and 5.5-12.5 per cent for employees.

Principal actuarial assumptions	2025	2024
	%	%
Rate of increase in salaries	3.75	3.75
Rate of increase for pensions in payment/inflation	2.75	2.75
Discount rate for scheme liabilities	5.80	4.85
Inflation assumption (CPI)	2.75	2.75

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

	2025	2024
	Years	Years
<i>Retiring today</i>		
Males	22.0	22.1
Females	24.7	24.7

<i>Retiring in 20 years</i>		
Males	22.5	22.6
Females	25.6	25.7

	2025	2024
	£	£
Equities	3,640,000	3,755,950
Other bonds	2,520,000	2,526,730
Property	700,000	478,030
Cash and other liquid assets	140,000	68,290
Other	-	-
Total market value of assets	7,000,000	6,829,000

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

	2025	2024
	£	£
Current service cost	(112,000)	(140,000)
Past service cost	-	-
Net interest on defined liability/asset	33,000	25,000
Administrative expenses	-	-
Total amount required to be recognised in the Statement of Financial Activities	(79,000)	(115,000)

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

	2025	2024
	£	£
Opening Defined Benefit obligation	6,079,000	5,778,000
Current Service Cost	112,000	140,000
Interest cost	295,000	272,000
Employee contributions	26,000	30,000
Benefits paid	(142,000)	(172,000)
Actuarial losses	(1,019,000)	31,000
At 31 March 2025	5,351,000	6,079,000

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

	2025	2024
	£	£
Opening fair value of scheme assets	6,829,000	6,387,000
Interest income	328,000	297,000
Actuarial gains/losses	(48,000)	275,000
Employer contributions	7,000	12,000
Employee contributions	26,000	30,000
Benefits paid	(142,000)	(172,000)
At 31 March 2025	7,000,000	6,829,000

The amounts required to be recognised in the Balance Sheet are as follows:

	2025	2024
	£	£
Fair value of scheme assets	7,000,000	6,829,000
Defined Benefit obligation	(5,351,000)	(6,079,000)
Asset Ceiling restriction Adjustment	(968,000)	
Pension asset recognised in accounts	681,000	750,000
Creditor due within 1 year (note 16)	(89,000)	(135,000)
Pension asset per balance sheet	770,000	885,000
Pension Reserve	681,000	750,000

CITY CATERING SOUTHAMPTON

England & Wales - Charity number 1160776

Accounts

Annual Report and Consolidated Financial Statements

for the year ending 31 March 2024

City Catering Southampton
(A charitable company limited by guarantee)

Charity number: 1160776
Company number: 09331784

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Reference and administration details

Charity number: 1160776
 Company number: 09331784
 Trading Subsidiary Company number: 09414709
 Registered Office: 2nd Floor, Latimer House, 5-7 Cumberland Place, Southampton SO15 2BH

Our advisors

Auditors:	Ward Goodman Audit Services Ltd	4 Cedar Park, Cobham Road, Ferndown Ind. Est. Wimborne, Dorset, BH21 7SF
Bankers:	Lloyds Bank Plc	63 London Road, Southampton SO15 2US
Solicitors:	Paris Smith LLP	1 London Road, Southampton, SO15 2AE

Directors and Trustees

The directors of the charitable company (the charity) are its Trustees for the purposes of charity and company law. The Trustees and officers serving during the financial year and up to the date of approving the financial statements are as follows:

City Catering Southampton Board of Trustees

Chair:	Tom Watmough
Ex-Chair:	Luis Martin De Sousa (resigned 24 th May 2023)
Primary School nominee:	Peter Howard
Special School nominee:	Vacant
Secondary School nominee:	Vacant
Co-opted Trustees:	Kim Romero (resigned 9 th Oct 2023)
	Debbie Burns
	Caroline Durant (appointed 14 th Aug 2023, resigned 21 st Oct 2024)
	Heather Bennett (appointed 9 th Oct 2023)
	Alison Dunwoody (appointed 16 th Sept 2024)
	Nicola Tregear (appointed 16 th Sept 2024)
Ex officio Trustee:	Gary McMahon
PA to the Board:	Kelly Young

Senior Management of City Catering Southampton:

Chief Executive Officer:	Gary McMahon
Chief Operating Officer:	Martin Orman
Financial Controller:	Samantha Taite (FCCA)
Head of Menu Development:	Sarah Doling
Head of People & Culture:	Alex McTaggart

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

City Catering Southampton (Trading) Ltd. Board of Directors

Directors:	Gary McMahon
	Martin Orman
PA to the Board:	Kelly Young

Senior Management of City Catering Southampton (Trading) Ltd.

Chief Executive Officer	Gary McMahon
Chief Operating Officer:	Martin Orman

1,200

**Boxes of fresh
and ambient
ingredients
delivered to
needy families**

**(the
equivalent of**

19,200

**hot meals!)
under Cooking
at Home
programme.**



41

**Special, Early Years,
Infants, Junior, Primary and
Secondary schools across the City
of Southampton.**



**We provide
bespoke
menus for**

270

**children with
the 14 most
common
allergies.**



1.45

**Million hot,
nutritious,
healthy
lunches
served.**



89%



**Of our own staff reporting
being happy at work.**

7,800

**Pupils each day
enjoy our food.**



95%



**Of staff would recommend
us as an employer to friends
and family.**

41%



**Of our staff have
worked for the charity
for more than 5 years.**

Chair's Report

The core work of the charity – to make a tangible nutritional difference in people's lives - continued to be delivered at a steady pace over the last year and our overall performance, both operationally and financially has been reassuringly stable from many perspectives in most respects. We have managed our costs and expenses well and I'm happy to report that we ended the year with an overall surplus against our budget.

Given the ongoing underfunding of school meals by Government, our results are something to be very proud of and I acknowledge the careful stewardship of our charity by my fellow Trustees and our executive team. Delivering a surplus in these circumstances has reassured the Board of Trustees that effective controls are in place to manage most popularly anticipated risks.

I'd like to take a moment to thank our network of schools for their continued support for our services. Our most often used phrase is that we are "all about the wellbeing of children and that we focus on them and on healthy food rather than profit". At a time when school budgets and our own budget are so tight we have worked very hard to maintain our pricing, to avoid increases where possible and to prevent the quality of our food standards from dropping in any way.

Since our inception as a charity in 2015, City Catering has delivered the Meals on Wheels Service on behalf of Southampton City Council along with several other catering services to Lunch Clubs and care homes. At the end of January 2024, the Council made the decision to not renew the Eat Well Contract, which governed those services. The contract included catering provision for Southampton's Lunch Clubs and the management of the kitchens at Erskine's and Potters Court independent living facilities. Our view remains unchanged that this was an essential service that allowed many people with complex needs to continue to live independently and despite our best efforts to negotiate with the Council we were disappointed with their ultimate decision to withdraw funding. As a consequence of that decision twenty-one roles were made redundant and we reluctantly said farewell to a long-serving team of colleagues.

The trend across the UK in recent years by Local Authorities has been to abandon traditional Meals on Wheels service provision and we remain concerned that in Southampton that decision will add to the burgeoning food insecurity tally.

During the year we have also managed to improve our reserves position. Our view is that 2024/2025 will be a tougher year for us financially and we are determined to maintain a close watch on our costs and expenditure.

Over the last year we have invested in our Operations team and our relatively new team of Area Managers have all been promoted from within our own workforce, coming from our own kitchens. We maintain our belief that our focus on training, staff development, promotion from within and raising operational standards will continue to serve us well. We have held fast to our "every role count's" attitude over the course of the last year and encouraged efficiency in every way possible across every function of the charity.

We had hoped to see some positive movement in funding for free school meals in the run up to the election, but that has not been the case and despite funding improvements in Wales, Scotland and parts of London and amongst some Local Authorities in England there is no talk of improving school meal support in broader England. However, the new governments' plans in respect of breakfast clubs show that they at least recognise the overarching problem of childhood food insecurity, and we will watch with interest how these unfold.

Our other initiatives have continued. We have maintained support for the Holiday Activities and Food (HAF) programme funded by Southampton City Council, by supplying catered lunches to many of the HAF providers, who deliver a programme of activities and education to children in need, during the holiday breaks. And we have also continued to work in partnership with our suppliers to deliver Cooking at Home Boxes to the most vulnerable of our families via our school network. The scheme has steadily grown and just before the end of the summer term we delivered 1,375 boxes of ingredients to families across Southampton. My thanks to our key suppliers Bidfood, Harvest Fine Foods, Caterfood Buying Group and Comax Limited for their enthusiastic support for this initiative.

At the time of writing this report we are in the process of developing a new set of strategic objectives for the charity which we propose to publish in the coming months.

My fellow Trustees and I recently attended the charity's Staff Excellence Awards an annual celebration of staff achievement and we were struck by the passion and dedication of the workforce for their work.

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

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

Tom Watmough, Chair

Message from our Chief Executive

There are so many things to be grateful for over the last year, not least of which are the dedication, tenacity and passion of our staff. Our record of never missing a lunch service remains unbroken, even in the most difficult of circumstances some of which have occurred during the year.

It very much felt like a year of less drama and more development, and it's important to acknowledge all the many ways that our management team made improvements to our service across every function of the charity. We must also acknowledge and thank our kitchen staff in every school for their dedication, skill and care for our children

We spent some considerable time during the latter part of 2023 negotiating with Southampton City Council to maintain the Eat Well Contract, which controlled our Meals on Wheels service alongside lunch club and extra care home catering facilities. But despite our best efforts at the end of January that contract sadly came to an end, and we said goodbye to twenty-one of our colleagues whose roles were made redundant because of that contract ending. It was the end of an era for that team, and we vacated the Solent Suite at the Guildhall, the home of that team for many years.

By contrast, our school catering services remained strong, and we actually added to our roster of schools when Valentine Primary School re-joined us just after year end in April 2024.

We have continued to push the boundary towards service excellent by improved staff training and development, maintaining our policy of pro-actively promoting from within wherever possible and providing our workforce with comprehensive support and encouragement.

Although our workforce reduced over the year by more than 10% largely because of the Eat Well contract our staff churn rate remains low

We delivered a healthy surplus for the year driven by improved meal uptake, prudent cost control and close monitoring of all metrics. As usual we are investing much of that surplus back into our community initiatives like Cooking at Home and further details are elsewhere in this report.

It has been an exciting year with much to be grateful for. My thanks go to our Trustees for their diligence and dedication to providing strong governance, and to all my colleagues across the charity for their passion, skills and enthusiastic support for our work.

Gary McMahon, CEO

Trustees Report for the period ending 31 March 2024

The Trustees present their annual director's report together with the consolidated financial statements of the charity and its subsidiary for the period ending 31 March 2024, which is also prepared to meet the requirements of a director's report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, The Companies Act 2006, the Memorandum and Articles of Association, the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our Purpose

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

Vision

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

Our charitable objects

The objectives city Catering Southampton, taken from our Articles of Association are:

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

Our Strategic Plan

Our Strategic Plan provides an ambitious motivational framework to achieve our aims and has six strategic priorities:

- Rebuild our reserves
- Safeguard our charity's impact
- 'Stand for' good nutrition
- Develop our people
- Digitise our systems
- Extend our influence and community

Our core revenue-earning services

Our school meals business remains our prime revenue-generating activity and in the year 2023-2024 we have continued to see a slow but steady return of trading conditions and meal uptake numbers to pre-pandemic levels. We delivered more than 1.47 million meals to 40 school units comprising of nurseries, infant, junior, primary, special, and secondary schools. We employ 200 staff to service our school-meal customers. All of our service locations are currently within Southampton City boundaries.

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

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

We continued to provide a Meals on Wheels services to Southampton City Council care-package recipients, for the large part of the trading year, but the service was closed at the end of January 2024 when the remaining funding from Southampton City Council was removed and the contract the charity operated with not renewed.

Trustees' responsibilities in relation to the financial statements

The charitable company's Trustees (who are also directors of City Catering Southampton for the purposes of company law) are responsible for preparing a Trustees annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each year that give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and applicable resources, including the income and expenditure of the charitable group for the period. In preparing the financial statements the Trustees are required to;

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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

Statement as to disclosure to our auditors

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

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

Structure, Governance and Management

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

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

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

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

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

Appointment of Trustees

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

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

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

Trustee induction and training

Trustees are provided with:

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

Related parties and conflicts of interest

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

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

Public Benefit Disclosure

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

- **School Meals.** The charity provides nutritious and affordable school meals that comply with school food regulations to promote the health and education of school pupils, in order that they may be supported to achieve their academic and wellbeing potential.
- **Meals on Wheels.** The charity provided subsidised meals on wheels services to those people who are in receipt of a local-authority care package, and in doing so offers support to those in the community who may be vulnerable and/or elderly. This service was terminated as of 31st January 2024.
- **Care Home Kitchen Management.** The charity manages a number of kitchen teams in care home settings on behalf of Southampton City Council. This service was terminated as of 31st January 2024

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

Pricing Policy

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

The prices charged to school-meal customers are subject to annual review by the Board. At the time of writing, the price of a primary paid school meal was £2.95.

The price charged for Meals on Wheels up to the termination of the contract on 31st January 2024 was subject to subsidy and stands at £5.90 for dinner and pudding or £4.82 dinner only. The price charged to commercial Meals on Wheels clients was £7.30 for dinner and pudding or £ 5.93 for dinner only.

Investment powers and policy

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

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

Pay policy for senior staff.

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

Volunteers Policy

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

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

Risk Management

The Audit and Risk Committee proposed a new risk assessment framework to the Board which was adopted during the year. The committee which now comprises of two of our Trustees and all of the Senior Management Team have incorporated the framework into the SMT meeting schedule with the intention of using the framework to assess risk on an ongoing basis

The Trustees have developed a risk management strategy which comprises:

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

The Risk Register addresses the following potential areas of risk:

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

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

Reserves Policy

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

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

This reserves policy will be monitored and reviewed with regards to increasing costs, on an annual basis by the Finance Committee – or when triggered by an average unrestricted expenditure increase of more than £20,000/month (4% of reserves), calculated on rolling quarterly basis. At 31 March 2024 our consolidated cash balance was £701,729 and the level of reserves was £1,596,977, of which £54,687 was tangible fixed assets.

Free reserves for the year ended 31 March 2024 consolidated entity is £792,102 (2023: £486,523) whilst the charity holds free reserves of £792,100 (2023: £486,521). Free reserves are calculated by deducting the fixed asset carrying value from the unrestricted general reserves.

Achievements and performance in 2023-24

Our current six strategic priorities were established by the Board of Trustee in April 2021 to deliver the charity's three-year vision and with a goal on regaining our momentum after the disruption of the pandemic. Performance against those objectives is outlined below:

Rebuild our reserves

We have made good progress with replenishing our reserves over this last year even though some of the factors impacting our trading conditions are still in play - like cost-of-living pressure on food prices. Additionally, at the start of the year we had to accommodate the national living wage increase from £10.42 per hour to £11.44 per hour. This alone added more than £115,000 to our wage bill.

The chronic underfunding of school meals continues with no hint from Government of movement to improve in sight.

Safeguard our charity's impact

During the year we continued to deliver some core programmes

- **Cooking at Home**, our programme to deliver boxes of healthy vegetables and other ingredients, along with recipes and online videos to inspire families to cook for themselves and gain confidence in the kitchen continued under a new model. Southampton City Council were unable to continue funding the initiative and the programme was paused until Christmas 2023 when it was re-started using a different model. We went into partnership with our key suppliers, Bidfood and Harvest Fine Foods and funded the project ourselves by splitting costs three equal ways. We have continued this approach on into the current year. City Catering funds our portion of the costs from our surplus. We delivered 1,260 boxes at Easter and 1375 at Christmas, equating to 44,795 meals supplied at no cost to the City's most vulnerable families.
- **Lunch Crowd** our catering service to Holiday, Activity, and food (HAF) providers in Southampton delivered more than 18,000 meals in the 12 months to March. Lunch Crowd generated £25,603 in additional external funding over the year.

- **Cooking and Nutrition Network Southampton** – we continued to support this initiative alongside our co-Chair Abri Housing Association, but making solid measurable progress has been slow. However working with the SCC Health Promotion team, we have committed to a project to create some educational resources for HAF providers to help them to better deliver the food education component of their programme. £8,000 of funding was received from our partners to add to our own contribution to the project.



'Stand for' good nutrition

We have maintained our Soil Association Bronze Food for Life Here accreditation and in fact have been reassessed again in June 2024 and had our accreditation approved once again. We continue to maintain a very high level of freshly prepared daily food production from all kitchens

Our menu development team work to ensure that we maintain menus that are following current food trends, and we also walk the fine line between offering children dishes that they will eat and enjoy, whilst also being cost effective to produce and nutritionally dense.

We continue to promote healthy eating in all that we do.



Develop our people

Our transition to face-to-face training has been a success over the last year. We have delivered training that is relevant, easy to absorb, targeted specifically to our roles and highly practical. The re-introduction of the Learning and Development Manager role has also been successful and very well received by staff

We have several new courses currently in development and beyond that a list of aspirational courses that we would like to develop and deliver. The entire focus of our training effort is to improve skillset and performance and thereby increase the value of our service and encourage further meal uptake in schools.

We supplement more formal training with kitchen briefings which we run twice per year. These are smaller groups of less than ten to whom we deliver a mix of briefings/ training and a focus on a particular subject. These have proven very popular, and we can see the benefit these communication opportunities. We have also maintained our Annual Head of Kitchen conference and Staff Excellence Awards event during this last year.

The results of our most recent staff engagement survey showed that 89.5% of our workforce were happy / very happy at work and that 95% of staff would be likely/ very likely to recommend City Catering as an employer.



Digitise our systems

More could have been done during the course of the last year to look at opportunities to further digitise our systems. There is certainly potential within Operations and Food Development to take advantage of improvements.

Within operations the view is that we have the software but are not making full use of it and post year end we have made a concrete start at reviewing our usage and making improvements to our recording and reporting.

We will continue to focus on improving reporting outputs and data access to enable accurate, smart, and quick decision making that help us to preserve our reserves and operational integrity.



Extend our influence and community

The re-structure of our core management team last year tightened up our resource considerably and our more speculatively marketing activity and community engagement has suffered consequently.

We hope to remedy this during the current year with a refreshed marketing focus, new social media campaigns and dedicated design resource to improve our presence, but in our current schools and beyond.

Plans for future period

- Strategic direction – work on our new strategy is well underway and we hope to be able to publish a new Strategy in the coming months for the next period of three to five years.
- Recruitment – we are currently recruiting several core roles including Financial Controller, Fundraising Manager and Marketing assistant.
- Driving further operational excellence – we have more to do to drive further improvements, support our schools properly and push up meal uptake numbers across our network.
- Growth - as well as maintaining our current network of schools we would like to expand our unique offering to a wider group of schools, extending our influence and approach. We have participated in a number of significant tenders over the last year and have benefitted from the learning opportunity. Whilst we haven't yet secured new schools via this route, we have seen schools come back to us directly. Our plan is to continue to participate in tender opportunities as they arise across Hampshire.
- Environmental – we have been unable to make decent measurable progress with the need to maximise our working environments to be as efficient as possible and that will be a key focus for the coming year.
- Adding Value to our service offer – we believe that there is an opportunity to offer some targeted education to our schools, both as a way of encouraging behaviour change, contributing to tackling obesity and also encouraging more children to choose our healthy catered option.
- Food insecurity projects – We are working hard to maintain and even develop our Cooking at Home initiative and develop a regular funding stream that will make it easier for us to forward plan. We continue to support HAF providers with catering and during the coming months we will be developing new ideas as part of our new strategy.
- Collaboration – the Cooking and Nutrition Network Southampton is coming to the end of its life and has been subsumed into the Southampton Food Partnership which will be run by Southampton University. We are certain that this is a better model going forward and will play our part by participation, building stronger links, creating more partnerships, and working in partnership to alleviate the suffering of vulnerable communities.
- Re-brand - we are actively considering a re-positioning and refresh of our brand to better reflect our charitable intent which is a part of both our strategy review and our review of current marketing resources.

Fundraising activities

- The bulk of the charity's income now comes from our trading activity with schools.
- Other charitable activity like Cooking at Home and our provision of catering to Holiday, Activities and Food comes from local authority funding. Aside from those sources of funding, other fundraising activity has remained very limited in the period.
- At the time of writing, we are currently recruiting a Fundraising Manager to help us develop new revenue streams on the back of a newly developed fundraising strategy.

Report of the trustees, approved on behalf of the board of trustees, as the company director, and signed on the boards behalf by:

Gary McMahon, CEO dated 9th December 2024



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

Opinion

We have audited the financial statements of City Catering Southampton (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2024, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

Responsibilities of directors

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

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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 company and the group and the sector in which they operate.
- We obtained an understanding of how the company and the group are complying with those legal and regulatory frameworks by making inquiries to the management and we corroborated our inquiries through our review or board reports.
- We assessed the susceptibility of the company and the group's financial statements to material misstatement, including how fraud might occur.

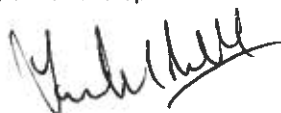
Audit procedures performed by the engagement team included:

- o Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - o Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - o Challenging assumptions and judgments made by management in its significant accounting estimates;
 - o Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- and
- o Assessing the extent of compliance with the relevant law and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the group and parent charitable company's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable group and company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 17 December 2024

Consolidated Statement of Financial Activities

(Including consolidated income and expenditure account)

For period ending 31 March 2024

		Unrestricted 2024	Unrestricted 2023 as restated
	Note	£	£
Income:			
Income from Charitable activities:			
Schools and Meals on Wheels	4	5,310,854	5,045,237
Charitable grants and other income	4	94,274	282,412
Income from other trading activities:			
Commercial trading operations	4	97,363	117,400
Total income		5,502,491	5,445,049
Expenditure			
Expenditure on charitable activities:			
Schools and Meals on Wheels	6	5,256,495	5,605,946
Costs of raising funds:			
Commercial trading operations	6	35,224	62,318
Total expenditure		5,291,719	5,668,264
Net income		210,772	- 223,215
Other recognised gains and losses			
Actuarial gains and losses on defined benefit pension schemes		244,000	1,768,000
Net movement in Funds		454,772	1,544,785
Reconciliation of Funds			
Total funds brought forward		1,142,205	- 402,580
Net movement in Funds		454,772	1,544,785
Total funds carried forward		1,596,977	1,142,205

The notes at pages 22-32 form part of these accounts.

Consolidated and Charity Balance Sheets

Consolidated Balance Sheet as at 31 March 2024

	Not	Consolidated 2024	Charity 2024	Consolidated 2023 as restated	Charity 2023 as restated
		£	£	£	£
Fixed assets					
Tangible assets	12	54,687	54,687	45,743	45,743
Intangible assets	13	188	188	939	939
Investment		-	1	-	1
Total Fixed Assets		54,875	54,876	46,682	46,683
Current assets					
Stock	14	121,420	121,420	100,646	100,646
Debtors	15	1,054,011	1,078,478	1,482,153	1,517,353
Cash at bank and in hand		701,729	669,214	755,282	698,936
Total Current Assets		1,877,160	1,869,112	2,338,081	2,316,935
Liabilities					
Creditors	16	(1,117,391)	(1,109,345)	(1,812,891)	(1,791,747)
Total Liabilities		(1,117,391)	(1,109,345)	(1,812,891)	(1,791,747)
Net current assets		759,769	759,767	525,190	525,188
Total assets less current liabilities		814,644	814,643	571,872	571,871
Debtors: amounts falling due after more than one year	15	885,000	885,000	750,000	750,000
Creditors: amounts falling due after more than one year	17	(102,667)	(102,667)	(179,667)	(179,667)
Net Assets		1,596,977	1,596,976	1,142,205	1,142,204
The funds of the charity:					
Unrestricted general income funds		846,977	846,976	533,205	533,204
Pension Reserve		750,000	750,000	609,000	609,000
Total charity funds	20	1,596,977	1,596,976	1,142,205	1,142,204

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

The notes at pages 22-32 form part of these accounts.

Signed



Tom Watmough, Chair of trustees on behalf of the trustees

Approved by the trustees on: 09/12/24

Statement of Cash Flows and Consolidated Statement of Cash Flows

For period ending 31 March 2024

	Note	Consolidated 2024	Charity 2024	Consolidated 2023 as restated	Charity 2023 as restated
		£	£	£	£
Cash used in operating activities	C1	79,388	103,219	234,197	208,009
Interest paid		(14,996)	(14,996)	(11,648)	(11,648)
Contributions to defined benefit pension scheme		(12,000)	(12,000)	(75,000)	(75,000)
Net Cash flow from operating activities		52,392	76,223	147,549	121,361
<u>Cash Used in investing activities</u>					
Purchase of tangible assets		(28,945)	(28,945)	(17,086)	(17,086)
Net Cash flow from investing activities		(28,945)	(28,945)	(17,086)	(17,086)
<u>Cash Used in financing activities</u>					
Loan repayments	17	(77,000)	(77,000)	(77,000)	(77,000)
Net Cash flow from financing activities		(77,000)	(77,000)	(77,000)	(77,000)
Increase/Decrease in cash and cash equivalents in the year		(53,553)	(29,722)	53,463	27,275
Cash and cash equivalents at the beginning of the year		755,282	698,936	701,819	671,661
Total cash and cash equivalents at the end of the year		701,729	669,214	755,282	698,936

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

	Group 2024	Charity 2024	Group 2023 as restated	Charity 2023 as restated
	£	£	£	£
Net movement in funds	210,772	210,772	(223,215)	(223,216)
Add back depreciation charge	20,001	20,001	14,735	14,735
Add back Amortisation charge	751	751	751	751
Add back interest paid	14,996	14,996	11,648	11,648
Add back service cost on defined benefit pension	140,000	140,000	297,000	297,000
Interest on defined benefit pension	(25,000)	(25,000)	24,000	24,000
Increase in stock	(20,774)	(20,774)	13,662	13,662
Increase in Debtors	428,142	438,875	(41,332)	(57,380)
Decrease in Creditors	(689,500)	(676,402)	136,948	126,809
Net cash used in operating activities	79,388	103,219	234,197	208,009

Notes to the Financial Statements

1. Accounting Policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

City Catering Southampton meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Accounting period

The Financial statements cover the period from 1st April 2023 until 31st March 2024.

c) Preparation of the accounts on a going concern basis

The Charity reported a cash outflow of £ 29,722 for the period, and £53,553 on a group basis. The group also reported total funds carried forward of £701,729 and as there are no principal risks and uncertainties facing the charity, the trustees are of the view that the Charity is a going concern.

d) Group financial statements

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

e) Income

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

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

f) Fund accounting

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

g) Expenditure and irrecoverable VAT

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

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

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

h) Tangible fixed assets

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

i) Intangible assets

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

j) Stock

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

k) Debtors

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

l) Cash in bank and in hand

Cash in bank and in hand includes cash only.

m) Creditors and provisions

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

n) Financial instruments

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

o) Pensions

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

The Pension Scheme provides that in the event that a single employer has individuals contributing to the scheme then any remaining liability for benefits payable under the scheme falls on that employer. Since the main participating employers are statutory bodies, the trustees consider it highly improbable that such a liability will ever fall to the Charity. The employer's contributions made to the LGPS Pension Scheme for Financial Year 23/24 were £8,021 with an employer's contribution rate of 1.7% of pensionable pay and an employee's contribution of between 5.5% and 9.9% of pensionable pay dependant on individual salaries. City Catering Southampton was informed by Hampshire Pension Fund that the contribution rate for 2023/24 would be 1.7% (reduced from 12.4% in 22/23), with no additional contribution required to meet existing deficits from April 2020 to March 2024. There has been no change in rate advised for 2024/25.

A new pension provision, through the Government's NEST scheme, was introduced from 1st January 2017 for all existing employees not in the LGPS. Employer's contributions to the NEST Scheme for 2023/24 were £86,487 with an employer's contribution rate of 6% of pensionable pay and an employee's contribution of 2.4% of pensionable pay.

p) Prior year adjustment

There was a prior year adjustment to recognise the defined benefit pension scheme asset in the year. The prior year has been adjusted to recognise the associated costs of the scheme for comparative purposes, including service cost and interest on plan assets and liabilities, as well as recognise an actuarial revaluation on the scheme. The pension scheme was a liability of £913,000 at 31 March 2022 and an adjustment to reserves of this amount was posted to adjust the brought forward balance from that date. As at the year ended 31 March 2023, the total funds brought forward into the current year were adjusted to include a pension scheme asset of £609,000.

2. Legal status of the Charity

The charity is a private company limited by guarantee and has no share capital. The company is incorporated in the United Kingdom (company number 09331784). A description of the charity's operations and activities can be found on page 8. The charity's registered office address is detailed on page 3. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

3. Financial Performance of the charity

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

The summary financial performance of the charity alone is:

	2024	2023
	£	£
		as restated
School Meal Income	5,408,497	5,132,680
Charitable Activities and other sources	94,274	282,411
Donation from Trading Sub	13,576	27,617
Net income	5,516,347	5,442,708
Expenditure on Charitable activities:	(5,305,575)	(5,665,924)
Actuarial gains and losses on defined benefit pension scheme	244,000	1,768,000
Total funds brought forward	1,142,204	(402,580)
Total funds carried forward	1,596,976	1,142,204
Represented by:		
Unrestricted Income	846,976	533,204
Pension Reserve	750,000	609,000
Unrestricted income funds	1,596,976	1,142,204

4. Consolidated income from charitable and fundraising activities

	Unrestricted funds 2024	Unrestricted funds 2023
	£	As restated £
Income from School Meals	5,212,030	4,915,940
Income from Meals on Wheels	98,824	129,297
Income from charitable activities	25,603	151,197
Income from other sources	68,671	131,215
Total income from charitable activities	5,405,128	5,327,649
Fundraising Income		
Income from Trading subsidiary	97,363	117,400
Total income from Charitable and fundraising	5,502,491	5,445,049

5. Income earned from other activities

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

The summary financial performance of the subsidiary alone is:

	2024	2023
	£	£
Income	316,512	351,978
Cost of sales and administration costs	(302,936)	(324,361)
Net profit	13,576	27,617
Amount gift aided to charity	(13,576)	(27,617)
Retained by subsidiary	-	-
Assets and Liabilities		
Current assets	73,260	146,283
Current liabilities	(73,259)	(146,282)
Total net assets	1	1

6. Analysis of expenditure on charitable activities

	School Meals	MOW	Trading Subsidiary	Total
	£	£	£	£
Direct expenditure	4,022,072	81,987	-	4,104,059
Governance Costs	18,665	368	15,411	34,444
Support Costs	1,113,461	19,942	19,813	1,153,216
Total	5,154,198	102,297	35,224	5,291,719

7. Analysis of governance and support costs

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

	General support	Governance function	Total	Basis of apportionment
	£	£	£	
Salaries, wages & related costs	1,150,466	15,074	1,165,540	Allocated on time
Audit fees		11,500	11,500	Governance
Accountancy Fees		5,120	5,120	Governance
Legal fees	2,750	2,750	5,500	50/50 split
Total	1,153,216	34,444	1,187,660	

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

	2024	2023
	£	As restated £
Salaries and wages	2,490,923	2,468,178
Social security costs	126,912	124,127
Pension costs	95,372	139,015
Total	2,713,207	2,731,320

There were two employees who received total employee benefits of between £60,000 and £70,000 and one employee received total employee benefits of between £70,000 and £80,000

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

The total employee benefits of the key management personnel of the charity were £316,923 (22/23 £306,492).

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

Redundancy costs in the year were £37,007 (22/23 £nil).

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

The average monthly head count was 217 (22/23 231) staff and the average monthly number of full-time equivalent employees during the period was 101 (22/23 109).

9. Trustees' remuneration and expenses

No charity trustees were paid or received any other benefits from employment with the charity or its subsidiary in the period. One trustee was reimbursed for parking expenses during the 31st March 2024 year end to the sum of £27 (2022/23 - £9) no other trustee received payment for professional or other services supplied to the charity. The Chief Executive Officer (Gary McMahon) is a trustee of the charity and is paid for his role as CEO; not for trustee duties. His remuneration is included within key management personnel in note 8.

10. Corporation Taxation

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

11. Fixed Asset Investment

Shares in group undertakings as at year end 31 March 2024 totalled £1 (2023: £1).

There were no investment assets outside the UK.

12. Tangible fixed assets

	Group	Charity
<u>Cost:</u>	£	£
As at 1 April 2023	99,174	99,174
Additions	28,945	28,945
As at 31 March 2024	128,119	128,119
<u>Depreciation:</u>		
As at 1 April 2023	53,431	53,431
Charge for the year	20,001	20,001
As at 31 March 2024	73,432	73,432
NBV as at 31 March 2024	54,687	54,687
NBV as at 31 March 2023	45,743	45,743

13. Intangible assets

	Group £	Charity £
Cost		
As at 1 April 2023	3,755	3,755
Additions	-	-
As at 31 March 2024	3,755	3,755
Amortisation		
As at 1 April 2023	2,816	2,816
Charge for the year	751	751
As at 31 March 2024	3,567	3,567
NBV as at 31 March 2024	188	188
NBV as at 31 March 2023	939	939

14. Stock - Group and Charity

	2024	2023
		As restated
	£	£
Food	66,612	74,102
Disposables	41,149	14,931
Cleaning Materials	13,659	11,613
	121,420	100,646

15. Debtors

Debtors falling due in less than one year	Group 2024	Group 2023	Charity 2024	Charity 2023
		as restated		as restated
	£	£	£	£
Trade debtors	994,663	1,400,584	954,154	1,310,646
Amounts owed by group undertakings	-	-	65,212	125,138
Prepayments and accrued income	59,348	81,569	59,112	81,569
	1,054,011	1,482,153	1,078,478	1,517,353
Debtors falling due after one year				
Defined Benefit Pension scheme	885,000	750,000	885,000	750,000
	885,000	750,000	885,000	750,000

16. Creditors (amounts falling due within one year)

	Group 2024	Group 2023 as restated	Charity 2024	Charity 2023 as restated
	£	£	£	£
Trade creditors	406,802	439,146	406,802	437,646
Loan repayments	77,000	77,000	77,000	77,000
Other creditors and accruals	200,393	200,674	198,893	199,254
Deferred income	25,668	549,572	25,668	549,572
Taxation	272,528	405,499	265,982	387,275
Defined Benefit Pension Scheme	135,000	141,000	135,000	141,000
	<u>1,117,391</u>	<u>1,812,891</u>	<u>1,109,345</u>	<u>1,791,747</u>

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

	2024	2023 As restated
	£	£
Bank loans and accruals	102,667	179,667
	<u>102,667</u>	<u>179,667</u>

The CBILs loan include aggregate amounts of £180k which is split by £77k due within one year and £103k due over one year. The bank loan is repayable by instalments at a current rate of interest of 1.78% annum over base rate. The loan is held with a security charge against any properties owned or fixed and floating charges.

18. Deferred income

Deferred income comprises charitable income that is remaining from grants and donations for future use. Service Charge invoices were invoiced in April 24 and not in March 24, as in previous years, reducing the deferred income, Taxation and Trade Debtors balance at the year end.

19. Related party transactions

A management charge of £301,715 (2022/23 - £321,781) was charged by the charity to the trading subsidiary. Surplus of £15,074 (2022/23 - £27,617) in the trading subsidiary was gifted to the Charity and is shown in the supporting notes along with unpaid share capital of £1.

20. Funds

<u>Group</u>	<u>At 1.4.22</u>	<u>Income</u>	<u>Expenditure</u>	<u>Gains/losses</u>	<u>Transfers</u>	<u>At 31.3.23</u>
	£	£	£	£		£
Unrestricted general fund	510 420	5 445 049	(5 347 264)	-	(75 000)	533 205
Pension Reserve	(913 000)	-	(321 000)	1 768 000	75 000	609 000
Total unrestricted funds	(402 580)	5 445 049	(5 668 264)	1 768 000	-	1 142 205

<u>Group</u>	<u>At 1.4.23</u>	<u>Income</u>	<u>Expenditure</u>	<u>Gains/losses</u>	<u>Transfers</u>	<u>At 31.3.24</u>
	£	£	£	£		£
Unrestricted general fund	533 205	5 477 491	(5 151 719)	-	(12 000)	846 977
Pension Reserve	609 000	25 000	(140 000)	244 000	12 000	750 000
Total unrestricted funds	1 142 205	5 502 491	(5 291 719)	244 000	-	1 596 977

<u>Charity</u>	<u>At 1.4.22</u>	<u>Income</u>	<u>Expenditure</u>	<u>Gains/losses</u>	<u>Transfers</u>	<u>At 31.3.23</u>
	£	£	£	£		£
Unrestricted general fund	510 420	5 442 708	(5 344 924)	-	(75 000)	533 204
Pension Reserve	(913 000)	-	(321 000)	1 768 000	75 000	609 000
Total unrestricted funds	(402 580)	5 442 708	(5 665 924)	1 768 000	-	1 142 204

<u>Charity</u>	<u>At 1.4.23</u>	<u>Income</u>	<u>Expenditure</u>	<u>Gains/losses</u>	<u>Transfers</u>	<u>At 31.3.24</u>
	£	£	£	£		£
Unrestricted general fund	533 204	5 491 347	(5 165 575)	-	(12 000)	846 976
Pension Reserve	609 000	25 000	(140 000)	244 000	12 000	750 000
Total unrestricted funds	1 142 204	5 516 347	(5 305 575)	244 000	-	1 596 976

Transfers relate to amounts paid into the defined benefit pension scheme by the charity.

21. Leases

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

	Group 2024	Group 2023
		As restated
	£	£
Within 1 year	36,526	30,138
Between 1 and 5 years	33,458	-
Total	69,984	30,138

22. Pension Commitments

The charity's employees belong to one principal pension scheme: The Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council. The pension report for the 23/24 year has been obtained and disclosed below in line with FRS 102.

The latest actuarial valuation of the LGPS was completed on 31 March 2024 and valued the Fund as at 31st March 2024. At this date the entire fund showed a surplus of £750k.

The March 24 contribution outstanding at the end of the financial year was £2,614, there were no prepaid contributions. There were no outstanding or prepaid contributions at the beginning of the financial year.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee - administered funds. The agreed contribution rates for future years are 1.7 per cent for employers and 5.5-12.5 per cent for employees.

Principal actuarial assumptions	2024 %	2023 %
Rate of increase in salaries	3.75	3.70
Rate of increase for pensions in payment/inflation	2.75	2.70
Discount rate for scheme liabilities	4.85	4.70
Inflation assumption (CPI)	2.75	2.70

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2024 Years	2023 Years
<i>Retiring today</i>		
Males	22.1	23.3
Females	24.7	25.7
<i>Retiring in 20 years</i>		
Males	22.6	23.8
Females	25.7	26.7

	2024 £	2023 £
Equities	3,755,950	3,679,000
Other bonds	2,526,730	1,054,000
Property	478,030	434,000
Cash and other liquid assets	68,290	70,000
Other		1,150,000
Total market value of assets	6,829,000	6,387,000

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

	2024	2023
	£	£
Current service cost	(140,000)	(297,000)
Past service cost	-	-
Net interest on defined liability/asset	25,000	(24,000)
Administrative expenses	-	(2,000)
Total amount required to be recognised in the Statement of Financial Activities	(115,000)	(323,000)

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

	2024	2023
	£	£
Opening Defined Benefit obligation	5,778,000	7,838,000
Current Service Cost	140,000	297,000
Interest cost	272,000	209,000
Employee contributions	30,000	32,000
Benefits paid	(172,000)	(242,000)
Actuarial losses	31,000	(2,356,000)
At 31 March 2024	6,079,000	5,778,000

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

	2024	2023
	£	£
Opening fair value of scheme assets	6,387,000	6,925,000
Interest income	297,000	185,000
Actuarial gains	275,000	(588,000)
Employer contributions	12,000	75,000
Employee contributions	30,000	32,000
Assets distributed on settlements	(172,000)	(242,000)
At 31 March 2024	6,829,000	6,387,000

The amounts required to be recognised in the Balance Sheet are as follows:

	2024	2023
	£	£
Fair value of scheme assets	6,829,000	6,387,000
Defined Benefit obligation	(6,079,000)	(5,778,000)
Pension asset recognised in accounts	750,000	609,000
Creditor due within 1 year (note 16)	(135,000)	(141,000)
Pension asset per balance sheet	885,000	750,000
	750,000	609,000

[Report ends]

CITY CATERING SOUTHAMPTON

England & Wales - Charity number 1160776

Accounts



Report and Financial Statements

for the year ending 31 March 2022

City Catering Southampton
(A charitable company limited by guarantee)

Charity number: 1160776
Company number: 09331784

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Reference and administration details

Charity number: 1160776
Company number: 09331784
Trading Subsidiary Company number: 09414709
Registered Office: 2nd Floor, Latimer House, 5-7 Cumberland Place, Southampton SO15 2BH

Our advisors

Auditors:	Ward Goodman	4 Cedar Park, Cobham Road, Ferndown Ind. Est. Wimborne, Dorset, BH21 7SF
Bankers:	Lloyds Bank Plc	63 London Road, Southampton SO15 2US
Solicitors:	Paris Smith LLP	1 London Road, Southampton, SO15 2AE

Directors and Trustees

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

City Catering Southampton Board of Trustees

Chair:	R Wall (resigned 13 March 2022) M De Sousa (appointed 21 January 2022)
Primary School nominee:	P Howard
Special School nominee:	A Hendon-John
Secondary School nominee:	C Amos
Co-opted Trustees:	J Crittal (resigned 18 January 2022) H Hammick (resigned 31 March 2022) P Hopkinson (resigned 10 November 2021) K Romero D Burns (appointed 24 January 2022) E Coster (appointed 24 January 2022 and resigned 24 November 2022) T Watmough (appointed 11 July 2022)
Ex officio Trustee:	R hall (resigned 4 February 2022) G McMahon (appointed 7 February 2022)
PA to the Board:	N Clasby-Monk

Senior Management of City Catering Southampton:

Chief Executive Officer:	R Hall (resigned 4 February 2022) G McMahon (appointed 7 February 2022)
Hospitality Catering Manager / Deputy CEO:	M Orman
Financial Controller:	R Payle (resigned 3 June 2022) S Taite (appointed 31 October 2022)
Operations Manager:	A Hogan (resigned 25 July 2022)
Menu Development Manager:	S Doling
HR Manager:	A McTaggart
Charitable Impact Manager:	J Clasby-Monk (resigned 26 August 2022)

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

City Catering Southampton (Trading) Ltd. Board of Directors

Chair & Director:	Vacant
Directors:	G McMahon M Orman
PA to the Board:	N Clasby-Monk

Senior Management of City Catering Southampton (Trading) Ltd.

CEO	G McMahon
Deputy CEO / Hospitality Catering Manager:	M Orman

Chair's Report



The last twelve months has continued to challenge our charity in ways and means that we could never have envisioned nor planned for. And yet again, 2021-22 has tested our resilience as a charitable organisation and shown us that our workforce has the skills and determination to weather rapidly evolving challenges to our ability to deliver our services to the young, the elderly and the vulnerable communities who we are so committed to serving.

As the Covid-19 pandemic has continued to have an impact in every area of our lives, City Catering doubled down on our focus to deliver nutritious food to our schools, lunch clubs, home care beneficiaries and school holiday provisions.

In this report, we pay a sincere tribute to all those colleagues who work at City Catering, who have played their part in ensuring that we were able to maintain services, often in the most challenging of conditions. Our staff teams have wrestled with relentless rule and guideline changes, staff shortages, re-deployment requests and many other unexpected distractions, and yet they have taken everything in their stride, with grit, determination, and significant flexibility. We stand proud of our performance in these difficult conditions.

Alongside our well established and historical service delivery to schools and home care, we have also continued to develop the charitable impact initiatives that we set in motion in April 2020. We have pushed hard to develop robust and meaningful initiatives that positively impact Southampton's most vulnerable communities. Despite another tough year with many competing priorities, we have generated £185,172 of income specifically used to fund our out of term time initiatives. Whilst this amount does not reflect much growth in funding, nonetheless 86,390 nutritious meals were delivered for free in those out of term activities.

We reported in last year's accounts that the pandemic had hit our reserves hard and whilst rebuilding those reserves remains a key goal, we have had little opportunity to make inroads into this target during this last twelve months.

Prior to my arrival as Chair of the Board, City Catering had adopted a Strategic Plan for the period 2021-2024 which articulated six strategic priorities that the Board at that time felt would drive our vision. These priorities reflected the extraordinary circumstances of the pandemic and the need to focus on regaining our foundations. Further details of those priorities and our performance against them is documented later in this report.

As we have emerged from the pandemic, we have faced new challenges in the form of some limited supply chain issues because of Brexit and more recently the burgeoning cost of living crisis. Our senior management team and staff are well equipped and suitably experienced to handle these challenges, although we do recognise that funding our activities remains a key concern for the following year to 2024 and possibly beyond that date.

In the early part of 2022, we said goodbye to Rachel Hall, our outgoing Chief Executive and welcomed Gary McMahon her successor. Rachel had helmed the charity since the early days of its inception and maintained the highest levels of service delivery and operational excellence, steering the organisation through the worst of the Covid pandemic and many truly gruelling days. Under her leadership, we are very proud to say that not one day of service was missed. We acknowledge the unique part that she played in our growth as a charity and thank her sincerely for her dedication, integrity, and authentic leadership.

Gary joined us at the beginning of the year from previous Chief Executive roles within the charity sector both here and in New Zealand. We have also seen some change in our Board structure over the course of the year and have welcomed several new Trustees as you will see documented elsewhere in this report. I'd like to take this opportunity to thank my predecessor as Chair, Rob Wall and all other Trustees who have given of their time, experience, and skills so willingly over these past years.

Moving forward, we have exciting plans, which include a further review of our Strategic direction, now that we are post-pandemic and several operational initiatives which are getting underway to further improve our desire to be operationally excellent in the provision of hot nutritious food to the elderly, vulnerable and to school pupils across greater Southampton.

A handwritten signature in dark ink, appearing to read 'Martin De Sousa'.

Martin De Sousa, Chair

The Report of the Trustees for the period ending 31 March 2022

The Trustees present their annual director's report together with the consolidated financial statements of the charity and its subsidiary for the period ending 31 March 2022, which is also prepared to meet the requirements of a director's report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, The Companies Act 2006, the Memorandum and Articles of Association, the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our Purpose

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

Mission

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

Our charitable objects

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

Our core revenue-earning services

1. School Meals

During 2022 we have maintained a focus on meeting the specific requirements of our member schools which is fundamental to the continued success and commercial viability of City Catering in its current form. Outside of a pandemic-affected year, we serve 1.8m school meals a year; in 2021-22 we delivered school meal services to 53 nurseries, infant, junior, primary, special and secondary schools. We employ over 230 staff to service our school-meal customers.

Our menus comply with the Government's statutory standards for school food, and with the exacting standards of 'Food For Life' accreditation, for which we are proud to have been granted the bronze award. We offer compliant allergy-adjusted menus, for individual children with medically proven requirements.

We procure our supplies in partnership with Hampshire County Council, benefitting from economies of scale and low unit prices. We procure as many of our supplies as possible from local, sustainable food manufacturers and producers. Our meat and meat products are Red Tractor Farm Assured, and our fish products are sustainably caught and accredited by the Marine Stewardship Council.

2. Meals on Wheels

City Catering provides Meals on Wheels services to Southampton City Council care-package recipients, under an ongoing agreement, at subsidised rates. This service delivers hot two-course meals, afternoon tea and evening snacks, every weekday. We also deliver frozen meals for consumption over the weekend and bank holidays. We

operate our Meals on Wheels service from a commercial kitchen located in Southampton City Council's Civic Centre, and employ 20 people who manage, produce and deliver the meals via 14 delivery rounds.

3. Corporate Catering

City Catering Southampton (Trading) Ltd – our commercial trading subsidiary - provides catering services to individuals, local businesses, and city-centre organisations including Southampton City Council. The subsidiary also delivers Meals on Wheels services to commercial customers.

During 2021-22, the service continued to be severely impacted by Coronavirus, with corporate sales reduced to zero throughout the financial year.

Trustees' responsibilities in relation to the financial statements

The charitable company's Trustees (who are also directors of City Catering Southampton for the purposes of company law) are responsible for preparing a Trustees annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each year that give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and applicable resources, including the income and expenditure of the charitable group for the period. In preparing the financial statements the Trustees are required to;

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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

Statement as to disclosure to our auditors

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

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

Structure, Governance and Management

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

Any organisation receiving services from the company can become a member upon completion of the appropriate membership agreement and payment of the appropriate membership fee; there are currently 47 members, each of whom contribute £1 in the event of the company winding up.

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

The Charity Board of Trustees, which has 8 members including the CEO as Ex-Officio Trustee, administers the charitable company. The Board normally meets bi-monthly. There are also four sub-committees which report back to the main Board:

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

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

Appointment of Trustees

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

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

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

Trustee induction and training

Trustees are provided with:

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

Related parties and conflicts of interest

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

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

Public Benefit Disclosure

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

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

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

Pricing Policy

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

The prices charged to school-meal customers are subject to annual review by the Board. At the time of writing, the price of a primary paid school meal was £2.45.

The price charged for Meals on Wheels is currently subject to subsidy and stands at £4.50 for a two-course meal. The price charged to commercial Meals on Wheels clients is £5.62 including VAT.

The cost of services to civic and commercial hospitality customers is variable and is dependent on the services provided and other market factors. All prices are subject to annual review and inflationary increases where applicable.

Investment powers and policy

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

As part of our financial planning relating to the impact of coronavirus, the company secured a Coronavirus Business Interruption Loan from Lloyds Bank, of £385,000 in July 2020. The loan is interest free for 12 months, with repayments due from July 2021. The loan capital has been kept in a Lloyds Bank 32-day account since the funds were received, generating interest at 0.03%. The funds have not been required, and Trustees' intention is to repay the loan in full before interest is incurred; there is no penalty for early repayment.

Pay policy for senior staff

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

Volunteers Policy

During this financial year the charity used volunteers to deliver some of its Care Meals services, due to increased sales volumes coupled with offers of assistance from partner organisations such as Social Care in Action.

The charity also used volunteer time in relation to marketing tasks – video creation, video editing, copywriting, and artwork creation.

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

Risk Management

The Trustees have developed a risk management strategy which comprises:

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

The Risk Register addresses the following potential areas of risk:

- Infectious diseases
- Finance
- Regulation
- HR legislation
- HR Recruitment
- HR pandemic business interruption
- Health & Safety
- Food Safety
- Business continuity: Meals on Wheels
- Business continuity: school meals
- Reputation
- Strategic Growth

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

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

Coronavirus has exacerbated this risk, impacting reserves and medium-term stability; this risk has been kept under monthly review by the Senior Management Team, and the Finance Trustee, who approves monthly management accounts, cashflow projections, and the budget which is produced quarterly.

Reserves Policy

To mitigate financial risk, the Trustees agreed the following reserves policy in 2019:

It is City Catering Southampton's intention to obtain and maintain reserves at the level of an average two months' worth of unrestricted expenditure, calculated (at 1 Feb 2019) to be £820,000 inc VAT. This level of reserves would enable the company to continue to financially function, including paying wages and suppliers, should we suffer a sustained period of no income due to weather/pandemic/major incident.

This reserves policy will be monitored and reviewed with regards to increasing costs, on an annual basis by the Finance Committee – or when triggered by an average unrestricted expenditure increase of more than £20,000/month (2.5% of reserves), for a quarter.

At 31 March 2022 our consolidated cash balance was £701,819 and the level of reserves was £510,420, of which £43,392 was tangible fixed assets.

As a result of coronavirus and also in response to a review of best practice, Trustees will review the charity's reserves policy quarterly going forward in 2022-23, to account for current operating context and the additional risk profile associated with the coronavirus pandemic.

Free reserves for the year ended 31 March 2022 consolidated entity is £465,338 (2021: £513,361) whilst the charity holds free reserves of £465,337 (2021: £513,360). Free reserves are calculated by deducting the fixed asset carrying value from the unrestricted general reserves.

Achievements and performance in FY 2021-22

In April 2021 the Board adopted six strategic priorities to deliver the charity's three-year vision:

■ **Rebuild our reserves**

With a 2020-21 deficit of c£300k, rebuilding our reserves will be our primary focus for 2021-24, and particularly year 1, allowing us to recover from financial the impact of COVID-19 and ensure we have the ability to 'weather' any future lockdowns or school closures that may be required. Reserves *growth* beyond the pre-Covid position of c£800k will need to be tough, and need to be reviewed quarterly, to ensure we balance (a) creating impact for beneficiaries with (b) the organisation's financial stability.

Outcome

Opportunities to improve our reserves position remained elusive over the last year, however we were able to gain some ground and ended the year with a much-reduced operating loss at £18,898. By year end we could foresee that going into the new financial year we will have limited opportunity to further improve our reserves position as the cost-of-living crisis and the unprecedented price increase in most provisions continues to put pressure on the charity. We see limited ability to improve income by way of increased school funding but have joined calls across the sector for the government to improve funding and broaden out eligibility to the Free School Meal scheme.

■ **Safeguard our charity's impact**

Our 2020-21 impact has been bigger, more strategic, and more intentional than we have ever achieved before. With the pandemic 'wave' of charities' visibility now starting to ebb, we must ensure our impact continues into the new strategic period, so that beneficiaries can count on our support over the longer term. The need for charity in our community is (visible and) needed more than ever.

Outcome

Over the last year we have managed to maintain strong levels of service delivery across our numerous initiatives, as follows:

Lunch Crowd: Our catering service to Holiday, Activity and Food (HAF) providers delivered more than 15,000 meals during the year

Cooking at Home: our programme to inspire households to cook from fresh a range of nutritious everyday meals with family-friendly and easily adaptable recipes. We delivered boxes containing fresh ingredients, recipe cards and provided online video instruction to inspire households to explore new dishes, new ideas and discover new nutritious ingredients. During the year we delivered the equivalent of 86,000 meals across Southampton, distributed through our school network to families who would benefit greatly.

■ **'Stand for' good nutrition**

We already serve good, nutritionally impactful meals. We can do more and improve our current offer. We will improve, promote and assert our nutritional credentials, in order to protect our beneficiaries, and to truly embody our *Food For Good* focus as a catering charity. Standing for good nutrition becomes a non-negotiable for our teams, and something we steadfastly protect and advocate for, in all customer and beneficiary interactions.

Outcome

During this year we have managed to maintain the current level of food quality served across all of our schools and other settings. And despite pressure to reduce costs we have held fast on meal portion sizes, staffing levels and the quality standards of our provisions purchased to maintain our Bronze Food for Life status. In the current climate being able to maintain a 'business as usual' setting is a realistic goal

Develop our people

With the worst of the pandemic-reactive phase hopefully now over, we must further develop and support our teams and ensure our skills and expertise are strong and current. This will ensure staff and customer retention. Our people have been a true force of nature in 2020-21, and have proven their commitment, creativity, professionalism, and resilience; the new strategic period must be about rebuilding their energy, wellbeing, and confidence. Our ability to restore our financial reserves is inextricably linked with this strategic focus: professional standards mean happy, long-term customers.

Outcome

Early in 2022 we re-introduced our face-to-face briefings for Head of Kitchens and re-started our annual Staff Excellence Awards event and yearly Staff Conference. We also progressed plans to restart school kitchen audits and staff appraisals. At the beginning of 2022 we were carrying a high number of staff vacancies and have worked to reduce those with a focussed recruitment drive. This has helped to reduce the reliance on expensive agency staff. Much more work is planned by our HR team to improve overall morale post pandemic and to support our staff teams to gain more confidence through training and developing professional standards.

Digitise our systems

2020-21 saw us successfully digitise many of our systems at incredible speed bringing clear, visual reporting of new KPI data and linked intelligent decision making. In part this was necessitated by having a much-reduced administrative team, due to restructuring. For *this* strategic period, we can and must do more to de-risk our processes further, and allow the fast, effective, and clear dissemination of information across the whole organisation – without the need to add back overhead. This will further enable accurate, smart and quick decisions that help us preserve our reserves and operational integrity.

Outcome

Whilst much has been done with this priority, there remains plenty of opportunity to further improve our processes and to ensure that we are creating efficiency, not bureaucracy. An advantage of the pandemic was the rapid deployment of new technology, software and comms and this will continue to evolve in the coming year as opportunities present themselves. We have identified numerous opportunities to improve processes, but some will require financial investment that we will need to consider very carefully.

Extend our influence and community

Our people have much to contribute to local and national communities and networks. For greater impact, we will extend our influence and involvement – enabling *all* of our people to get involved in initiatives that will make a difference and protect our beneficiaries' access to good nutrition.

Outcome

Over the last year we were still battling with the impact of the pandemic as, although it was lessening it was still causing us operational challenges across every function of the charity but particularly in operations and menu development. Later in the year, there was some staff movement in our senior management team and a change in leadership with the departure of Rachel Hall and the new CEO Gary McMahon joining the organisation. Against this backdrop, making a concerted effort to broaden our networks and build community was somewhat limited.

Gary McMahon, CEO

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

Opinion

We have audited the financial statements of City Catering Southampton (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2022 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

With respect to the Local Government Pension Scheme the liability cannot be quantified as at 31 March 2022 as an individual actuarial valuation has not been obtained. The liability of £2.25M at 31 March 2021 and £1.719M at 31 March 2020 which is not included in the parent charitable company's or the group's balance sheet. The total asset and liability losses are not included in other comprehensive income of the parent charitable company for the year ended 31 March 2021. It is not therefore possible to quantify the effect on opening and closing reserves for the year ended 31 March 2022.

Disclosure relating to the Local Government Pension Scheme are included in Note 21. However full required disclosure as required by Financial Reporting Standards 102 are not included within the financial statements.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and its parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees annual Report other than the financial statements and our Auditors' Report thereon. The trustees are responsible for the other information contained within the Annual Report.

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

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

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

Opinion on other matters prescribed by the Companies Act 2006

Except for the effects and possible effects of the matters described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matters described in the basis for qualified opinion section our report, in the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

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

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

Responsibilities of trustees

Responsibilities of directors

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

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Auditors' responsibilities for the audit of the financial statements

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of noncompliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

Use of our report

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

Ian M Rodd BSc FCA FCCA (Senior Statutory Auditor)

For and on Behalf of Ward Goodman Audit Services Limited

Registered Auditor

4 Cedar Park

Cobham Road

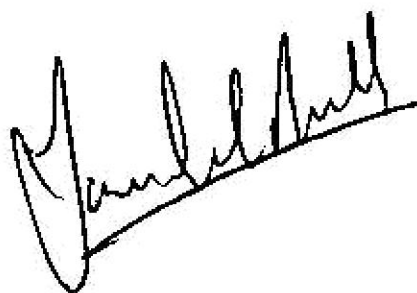
Ferndown Industrial Estate

Wimborne

Dorset

BH21 7SF

Date: 28 March 2023



Consolidated Statement of Financial Activities

(Including consolidated income and expenditure account)

For period ending 31 March 2022

	Note	Unrestricted 2022 £	Unrestricted 2021 £
Income:			
Income from Charitable activities:			
Schools and Meals on Wheels	4	4,826,602	3,160,068
Charitable grants and other income	4	452,277	924,210
Income from other trading activities:			
Commercial trading operations	4	114,987	108,913
Total income		5,393,866	4,193,191
Expenditure			
Expenditure on charitable activities:			
Schools and Meals on Wheels	6	5,379,193	4,428,979
Costs of raising funds:			
Commercial trading operations	6	33,572	40,968
Total expenditure		5,412,765	4,469,947
Net income		- 18,899	- 276,756
Reconciliation of Funds			
Total funds brought forward		529,319	806,075
Net Income		- 18,899	- 276,756
Total funds carried forward		510,420	529,319

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

The notes at pages 21-30 form part of these accounts.

Consolidated and Charity Balance Sheets

Consolidated Balance Sheet as at 31 March 2022

	Note	Consolidated 2022 £	Charity 2022 £	Consolidated 2021 £	Charity 2021 £
Fixed assets					
Tangible assets	12	43,392	43,392	13,517	13,517
Intangible assets	13	1,690	1,690	2,441	2,441
Investment		-	1	-	1
Total Fixed Assets		45,082	45,083	15,958	15,959
Current assets					
Stock	14	114,308	114,308	104,617	104,617
Debtors	15	1,440,821	1,459,975	1,040,657	1,060,798
Cash at bank and in hand		701,819	671,661	1,406,109	1,377,338
Total Current Assets		2,256,948	2,245,944	2,551,383	2,542,753
Liabilities					
Creditors: amounts falling due within one year	16	(1,527,302)	(1,516,299)	(2,038,022)	(2,029,394)
Total Liabilities		(1,527,302)	(1,516,299)	(2,038,022)	(2,029,394)
Net current assets		729,646	729,645	513,361	513,359
Total assets less current liabilities		774,728	774,728	529,319	529,319
Creditors: amounts falling due after more than one year	17	(264,308)	(264,308)	-	-
Total net assets/(liabilities)		510,420	510,420	529,319	529,319
The funds of the charity:					
Unrestricted income funds		510,420	510,420	529,319	529,319
Total charity funds	20	510,420	510,420	529,319	529,319

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

The notes at pages 21-30 form part of these accounts.

Signed 

Martin De Sousa, Chair of trustees on behalf of the trustees

Approved by the trustees on: 20 March 2023

Statement of Cash Flows and Consolidated Statement of Cash Flows

For period ending 31 March 2022

	Note	Consolidated 2022 £	Charity 2022 £	Consolidated 2021 £	Charity 2021 £
Cash flow from operating activities	C1	(610,388)	(611,775)	1,105	(20,009)
Interest Paid		(4,779)	(4,779)		
Net cash flow from operating activities		(615,167)	(616,554)	1,105	(20,009)
Purchase of tangible assets		(37,789)	(37,789)	(4,006)	(4,006)
Net cash flow from investing activities		(37,789)	(37,789)	(4,006)	(4,006)
New loans in the year				385,000	385,000
Loan repayments		(51,334)	(51,334)		
Net cash flow from financing activities		(51,334)	(51,334)	385,000	385,000
Increase/(Decrease) in cash and cash equivalents in the year		(704,290)	(705,677)	382,099	360,985
Cash and cash equivalents at the beginning of the year		1,406,109	1,377,338	1,024,010	1,016,353
Total cash and cash equivalents at the end of the year		701,819	671,661	1,406,109	1,377,338

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

	Group 2022 £	Charity 2022 £
Net movement in funds	(18,899)	(18,899)
Add back depreciation charge	7,913	7,913
Add back Amortisation charge	751	751
Add back interest paid	4,779	4,779
Increase in stock	(9,691)	(9,691)
Increase in Debtors	(400,164)	(399,177)
Increase in Creditors	(195,077)	(197,451)
Net cash used in operating activities	(610,388)	(611,775)

Notes to the Financial Statements

1. Accounting Policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

City Catering Southampton meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Accounting period

The Financial statements cover the period from 1st April 2021 until 31st March 2022.

c) Preparation of the accounts on a going concern basis

The Charity reported a cash outflow of £ (611,775) for the period, and £ (610,388) on a group basis. The group also reported a total funds carried forward of £510,420 and as there are no principal risks and uncertainties facing the charity, the trustees are of the view that the Charity is a going concern.

d) Group financial statements

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

e) Income

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

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

f) Fund accounting

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

g) Expenditure and irrecoverable VAT

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

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

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

h) Tangible fixed assets

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

i) Intangible assets

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

j) Stock

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

k) Debtors

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

l) Cash in bank and in hand

Cash in bank and in hand includes cash only.

m) Creditors and provisions

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

n) Financial instruments

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

o) Pensions

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

The Pension Scheme provides that in the event that a single employer has individuals contributing to the scheme then any remaining liability for benefits payable under the scheme falls on that employer. Since the main participating employers are statutory bodies, the trustees consider it highly improbable that such a liability will ever fall to the Charity. The employer's contributions made to the Pension Scheme for Financial Year 2021/2022 were £83,517 with an employer's contribution rate of 12.4% of pensionable pay and an employee's contribution of between 5.5% and 9.9% of pensionable pay dependant on individual salaries. City Catering Southampton has been informed by Hampshire Pension Fund that the contribution rate for 2021/22 will be 12.4% with no additional contribution required to meet existing deficits from April 2020 to March 2023.

A new pension provision, through the Government's NEST scheme, was introduced from 1st January 2017 for all existing employees not in the LGPS. Employer's contributions to the NEST Scheme for 2021/22 were £68,085 with an employer's contribution rate of 6% of pensionable pay and an employee's contribution of 2.4% of pensionable pay.

2. Legal status of the Charity

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

3. Financial Performance of the charity

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

The summary financial performance of the charity alone is:

	2022	2021
	£	£
Income	5,278,879	4,084,278
Income from Trading Subsidiary	114,987	108,913
Net income	5,393,866	4,193,191
Expenditure on Charitable activities:	(5,408,484)	(4,465,899)
Expenditure from Trading Subsidiary	(4,281)	(4,048)
Total funds brought forward	529,319	806,075
Total funds carried forward	510,420	529,319
Represented by:		
Unrestricted income funds	510,420	529,319

4. Consolidated income from charitable and fundraising activities

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Income from School Meals	4,692,845	2,996,778
Income from Meals on Wheels	133,757	163,290
Income from charitable activities	137,814	180,706
Income from other sources	314,463	743,504
Total income from charitable activities	5,278,879	4,084,278
Fundraising Income		
Income from Trading subsidiary	114,987	108,913
Total income from Charitable and fundraising	5,393,866	4,193,191

5. Income earned from other activities

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

The summary financial performance of the subsidiary alone is:

	2022	2021
	£	£
Income	267,574	181,418
Cost of sales and administration costs	(264,862)	(179,446)
Net profit	2,712	1,972
Amount gift aided to charity	(2,713)	(1,973)
Retained by subsidiary	-1	-1
Assets and Liabilities		
Current assets	92,969	39,575
Current liabilities	(92,968)	(39,574)
Total net assets	1	1

6. Analysis of expenditure on charitable activities

	School Meals	MOW	Trading Subsidiary	Total
	£	£	£	£
Direct expenditure	4,152,181	123,248	137	4,275,566
Governance Costs	10,522	388	6,416	17,326
Support Costs	1,061,424	31,430	27,019	1,119,873
Total	5,224,127	155,066	33,572	5,412,765

7. Analysis of governance and support costs

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

	General support	Governance function	Total	Basis of apportionment
	£	£	£	
Salaries, wages & related costs	1,114,832		1,114,832	Allocated on time
Audit fees		12,285	12,285	Governance
Legal fees	5,041	5,041	10,082	50/50 split
Total	1,119,873	17,326	1,137,199	

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

	2022
	£
Salaries and wages	2,523,489
Social security costs	119,076
Pension costs	151,602
	<u>2,794,167</u>

There was one employee who received total employee benefits of between £60,000 and £70,000.

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

The total employee benefits of the key management personnel of the charity were £358,232 (20/21 £283,642).

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

The average monthly head count was 239 (20/21 243) staff and the average monthly number of full-time equivalent employees during the period was 112 (20/21 also 125).

9. Trustees' remuneration and expenses

No charity trustees were paid or received any other benefits from employment with the charity or its subsidiary in the period neither were they reimbursed expenses during the period. No charity trustee received payment for professional or other services supplied to the charity. The Chief Executive Officer (Gary McMahon) is a trustee of the charity and is paid for his role as CEO; not for trustee duties. His remuneration is included within key management personnel in note 8.

10. Corporation Taxation

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

11. Fixed Asset Investment

Shares in group undertakings as at year end 31 March 2022 totalled £1 (2021: £1).

There were no investment assets outside the UK.

12. Tangible fixed assets

	Group Fixed Assets £	Charity Fixed assets £
Cost:		
As at 1 April 2021	44,299	44,299
Additions	37,789	37,789
As at 31 March 2022	82,088	82,088
Depreciation		
As at 1 April 2021	30,783	30,783
Charge for the year	7,913	7,913
	38,696	38,696
As at 31 March 2022	43,392	43,392
As at 31 March 2021	13,517	13,517

13. Intangible assets

	Group Intangible assets £	Charity Intangible assets £
Cost:		
As at 1 April 2021	3,755	3,755
Additions	-	-
As at 31 March 2022	3,755	3,755
Amortisation		
As at 1 April 2021	1,314	1,314
Charge for the year	751	751
As at 31 March 2022	2,065	2,065
As at 31 March 2022	1,690	1,690
As at 31 March 2021	2,441	2,441

14. Stock

	Group 2022 £	Group 2021 £
Food	84,080	77,420
Disposables	18,629	14,037
Cleaning Materials	11,599	13,160
	114,308	104,617

15. Debtors

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	1,286,077	952,545	1,254,846	945,983
Amounts owed by group undertakings	-	-	81,966	30,946
Prepayments and accrued income	154,744	88,112	123,163	83,869
	<u>1,440,821</u>	<u>1,040,657</u>	<u>1,459,975</u>	<u>1,060,798</u>

16. Creditors (amounts falling due within one year)

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	508,409	488,755	508,409	488,281
Other Creditors and accruals	71,079	421,862	69,359	420,362
Deferred income	596,792	633,889	596,792	633,889
Taxation	351,022	493,516	341,739	486,862
	<u>1,527,302</u>	<u>2,038,022</u>	<u>1,516,299</u>	<u>2,029,394</u>

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

	2022	2021
	£	£
Bank loans and accruals	<u>264,308</u>	-
	<u>264,308</u>	-

The CBILs loan include aggregate amounts of £334k which is split by £69k due within one year and £265k due over one year. The bank loan is repayable by instalments at a current rate of interest of 1.78% annum over base rate. The loan is held with a security charge against any properties owned or fixed and floating charges.

18. Deferred income

Deferred income comprises Service Charges for the period 1 April 2022 – 31 March 2023, and charitable income that is remaining from grants and donations for future use.

19. Related party transactions

A management charge of £260,581 (2020/21 - £182,494) was charged by the charity to the trading subsidiary. Surplus of £2,712 (2020/21 - £1,972) in the trading subsidiary was gifted to the Charity and is shown in the supporting notes along with unpaid share capital of £1.

20. Funds

	2022
	£
Charity	
Funds at 1 April 2021	529,319
Income (per SOFA)	5,393,866
Expenditure (per SOFA)	(5,412,765)
Closing funds at 31 March 2022	<u>510,420</u>

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

21. Leases

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

	Group 2022	Group 2021
	£	£
Within 1 year	21,544	22,426
Between 1 and 5 years	-	-
Total	21,544	22,426

22. Pension Commitments

The charity's employees belong to one principal pension scheme: The Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council. The pension report for the 21/22 year has been obtained and disclosed below in line with FRS 102.

The latest actuarial valuation of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee- administered funds. The total contribution made for the year ended 31 March 2022 was £124,000 (2021 - £126,000), of which employer's contributions totalled £79,000 (2021 - £87,000) and employees' contributions totalled £37,000 (2021 - £39,000). The agreed contribution rates for future years are 19.6 per cent for employers and 5.5-12.5 per cent for employees.

Principal actuarial assumptions	2021 %
Rate of increase in salaries	3.70
Rate of increase for pensions in payment/inflation	2.70
Discount rate for scheme liabilities	2.10
Inflation assumption (CPI)	2.70

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

	2021 Years
<i>Retiring today</i>	
Males	24.8
Females	27.3
<i>Retiring in 20 years</i>	
Males	23.1
Females	25.5

	2021 £
Equities	3,662,000
Other bonds	1,111,000
Property	392,000
Cash and other liquid assets	90,000
Other	1,169,000
Total market value of assets	6,424,000

The actual return on scheme assets was £1,367,000 in 2021.

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

	2021 £
Current service cost	(244,000)
Past service cost	-
Net interest on defined liability asset	(39,000)
Administrative expenses	(4,000)
Total amount recognised in the Statement of Financial Activities	(287,000)

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

	2021
	£
Opening defined benefit obligation	
Current service cost	6,787,000
Interest cost	244,000
Employee contributions	155,000
Benefits paid	39,000
Curtailment costs	(137,000)
Actuarial losses	4,000
Experience loss/(gain) on defined benefit obligation	1,582,000
At 31 March 2021	8,674,000

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

	2021
	£
Opening fair value of scheme assets	
Other actuarial gains/(losses)	5,068,000
Interest income	1,251,000
Actuarial gains	116,000
Employer contributions	54,000
Employee contributions	87,000
Assets distributed on settlements	39,000
Administration expenses	
At 31 March 2021	6,424,000

[Report ends]

Accounts



Report and Financial Statements

for the year ending 31 March 2021

City Catering Southampton
(A charitable company limited by guarantee)

Charity number: 1160776
Company number: 09331784

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Reference and administration details

Charity number: 1160776
Company number: 09331784
Trading Subsidiary Company number: 09414709
Registered Office: 2nd Floor, Latimer House, 5-7 Cumberland Place, Southampton SO15 2BH

Our advisors

Auditors: James Cowper Kreston White Building, 4 Cumberland Place, Southampton SO15 2NP
Bankers: Lloyds Bank Plc 63 London Road, Southampton SO15 2US
Solicitors: Paris Smith LLP 1 London Road, Southampton, SO15 2AE

Directors and Trustees

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

City Catering Southampton Board of Trustees

Chair: P Hopkinson
Primary School nominee: P Howard
Special School nominee: J Howells (until 31 July 2020)
A Hendon-John (from 21 September 2020)
Secondary School nominee: Post not filled
Co-opted Trustees: H Hammick
L Church (until 18 May 2020)
G Hughes (until 25 August 2020)
J Crittall
R Wall
K Romero (from 21 September 2020)
Ex officio Trustee: R Hall
PA to the Board: J Clasby-Monk

Senior Management of City Catering Southampton:

Chief Executive Officer:	R Hall
Hospitality Catering Manager / Deputy CEO:	M Orman
Financial Controller:	R Playle
Operations Manager:	C Petrie (until 30 October 2020) A Hogan (from 1 November 2020)
Menu Development Manager:	S Doling (May 2019 onwards)
HR Manager:	E Nevill

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

City Catering Southampton (Trading) Ltd. Board of Directors

Chair & Director:	H Hammick
Directors:	R Hall R Wall
PA to the Board:	J Clasby-Monk

Senior Management of City Catering Southampton (Trading) Ltd.

Hospitality Catering Manager/Deputy CEO:	M Orman
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Chair's Strategic Report



This year we have experienced a dramatic contrast between our plans and reality.

All at City Catering have faced unforeseen challenges, and our workforce has been an inspiration in their handling of an unprecedented workload and relentless change. Our people have coped admirably, in alignment with our values, and with an incredible amount of flexibility and determination.

If the year has reminded us of one thing, it is the fundamental need for nutritious hot food for the youngest to oldest members of our community.

Access to a nutritious hot meal at lunchtime has always been important. But in March 2020, it became a national priority. With Southampton schools and lunch clubs for vulnerable adults closing their doors due to coronavirus, our operational models had to change almost overnight

as we responded to the urgency of the crisis. It could have been a humanitarian disaster in Southampton for families with no access to hot meals.

We stepped up to respond to the extraordinary circumstances in which we all found ourselves, adapting our school meals service to serve Southampton's keyworker and vulnerable children - who remained in school - from four central hubs. At the same time, we stepped up our capacity to serve Meals on Wheels to more customers at home and in the community than ever before.

We also fully launched our Charitable Impact through emergency appeals and grant applications. We appointed a new Charitable Impact Manager as planned in April 2020: their work allowed us to generate an overwhelmingly generous response from new supporters and grant funders, creating £180,706 of charitable income, against a prior-year total of £15k. With this, we funded Covid service adaptations required by Members, delivered care packages to customers at home, and launched our Cooking at Home initiative - delivering recipe-led fresh ingredients to families' doorsteps, for them to create and enjoy at home. In all, we provided or served 83,727 nutritious meals, for free, to our beneficiaries during the year.

This significant acceleration of our impact is something we are proud to have achieved under such challenging conditions, and to have grabbed as many opportunities for growth and impact and profile-improvement as we could muster. And yet, coronavirus has hit our people and our reserves hard. We cut our headcount, and asked our remaining workforce to achieve as much as they could, with as little resource as possible. Our survival has been achieved, but as is the case across the world, our people and our reserves have been depleted.

Accordingly, for the new financial year, we are ambitious for continued impact, but are *also* seeking a strategic change of pace - taking us from continual sprint to a sustainable long-distance stride. This is necessary if we are to recover, regenerate, and acknowledge a tough year, without losing our ambitions for continued impact.

Our focus on beneficiaries, and how we may best serve their needs with as big an impact as possible, will never diminish. Rebuilding our reserves, supporting our people, and extending our influence will also be vital to our longer term existence.

As my tenure as the City Catering Chair of Trustees draws to an end in June 2021, the future is of course still unknown. But what remains true is that we have made, and can continue to make, extraordinary progress, armed with our unshakeable belief that access to hot nutritious food is a right, not a privilege. It is with pride and hope that I hand over the reins to my successor, Rob Wall, at this crucial time. He will help steer City Catering through the next stages of this journey, and with our talented workforce, our supporters and our Members in sync, we can continue our work of making unfettered access to good food a reality for all Southampton residents.

Paul Hopkinson

Paul Hopkinson (Nov 13, 2021 18:25 GMT)

Paul Hopkinson, Chair

Nov 13, 2021

The Report of the Trustees for the period ending 31 March 2021

The Trustees present their annual director's report together with the consolidated financial statements of the charity and its subsidiary for the period ending 31 March 2021, which is also prepared to meet the requirements of a director's report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, The Companies Act 2006, the Memorandum and Articles of Association, the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our Purpose

We believe that great quality food, served with kindness and care, is a right not a privilege: everyone deserves the best possible nourishment. Therefore, we exist to make a tangible nutritional difference in people's lives.

Mission

Between 2018 and 2021, we will deliver 6.1 million nutritious meals, enabling £500,000 of charitable investment in community food projects.

Our charitable objects

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

Our core revenue-earning services

1. School Meals

Meeting the specific requirements of our member schools is fundamental to the continued success and commercial viability of City Catering in its current form. Outside of a pandemic-affected year, we serve 1.8m school meals a year; in 2020-21 we delivered school meal services to 53 nurseries, infant, junior, primary, special and secondary schools. We employed over 210 staff to service our school-meal customers.

Our menus comply with the Government's statutory standards for school food, and with the exacting standards of 'Food For Life' accreditation, for which we are proud to have been granted the bronze award. We offer compliant allergy-adjusted menus, for individual children with medically proven requirements.

We procure our supplies in partnership with Hampshire County Council, benefitting from economies of scale and low unit prices. We procure as many of our supplies as possible from local, sustainable food manufacturers and producers. Our meat and meat products are Red Tractor Farm Assured, and our fish products comply with M Stewardship Council standards.

2. Meals on Wheels

City Catering provides Meals on Wheels services to Southampton City Council care-package recipients, under an ongoing agreement, at subsidised rates. This service delivers hot two-course meals, afternoon tea and evening snacks, every week day. We also deliver frozen meals for consumption over the weekend and bank holidays. We operate our Meals on Wheels service from a commercial kitchen located in Southampton City Council's Civic Centre, and employ 20 people who manage, produce and deliver the meals via 10-12 delivery rounds.

3. Corporate Catering

City Catering Southampton (Trading) Ltd – our commercial trading subsidiary - provides catering services to individuals, local businesses, and city-centre organisations including Southampton City Council. The subsidiary also delivers and Meals on Wheels services to commercial customers.

During 2020-21, the service has been severely impacted by Coronavirus, with corporate sales reduced to zero throughout the financial year.

Staff employed for the service also support the Meals on Wheels service, which has seen an upturn in demand during the period.

Any annual operating surplus generated by the trading arm is gift-aided to the Charity.

Trustees' responsibilities in relation to the financial statements

The charitable company's Trustees (who are also directors of City Catering Southampton for the purposes of company law) are responsible for preparing a Trustees annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each year that give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and applicable resources, including the income and expenditure of the charitable group for the period. In preparing the financial statements the Trustees are required to;

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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

Statement as to disclosure to our auditors

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

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

Structure, Governance and Management

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

Any organisation receiving services from the company can become a member upon completion of the appropriate membership agreement and payment of the appropriate membership fee; there are currently 47 members, each of whom contribute £1 in the event of the company winding up.

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

The Charity Board of Trustees, which has 7 members including the CEO as Ex-Officio Trustee, administers the charitable company. The Board normally meets quarterly. There are also four sub-committees which report back to the main Board:

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

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

Appointment of Trustees

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

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

Three of the Trustees form the Board of Directors of the trading subsidiary.

Trustee induction and training

Trustees are provided with:

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

Related parties and conflicts of interest

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

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

Public Benefit Disclosure

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

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

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

Pricing Policy

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

The prices charged to school-meal customers are subject to annual review by the Board. At the time of writing, the price of a primary paid school meal was £2.45.

The price charged for Meals on Wheels is currently subject to subsidy and stands at £4.50 for a two-course meal. The price charged to commercial Meals on Wheels clients is £5.62 including VAT.

The cost of services to civic and commercial hospitality customers is variable and is dependent on the services provided and other market factors. All prices are subject to annual review and inflationary increases where applicable.

Investment powers and policy

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

As part of our financial planning relating to the impact of coronavirus, the company secured a Coronavirus Business Interruption Loan from Lloyds Bank, of £385,000 in July 2020. The loan is interest free for 12 months, with repayments due from July 2021. The loan capital has been kept in a Lloyds Bank 32-day account since the funds were received, generating interest at 0.03%. The funds have not been required, and Trustees' intention is to repay the loan in full before interest is incurred; there is no penalty for early repayment.

Pay policy for senior staff

The pay of senior staff is reviewed annually; if increased, pay rises are applied in accordance with average earnings. The remuneration package for senior staff is usually benchmarked against the mid-point of the range paid for similar roles,

after taking into account factors such as performance, productivity and other relevant factors. If recruitment to a senior role has proven difficult to achieve, a market addition may be paid with the maximum pay no greater than the highest benchmarked salary for a comparable role. The company does not operate a bonus scheme.

Volunteers Policy

During this financial year the charity used volunteers to deliver some of its Care Meals services, due to increased sales volumes coupled with offers of assistance from partner organisations such as Social Care in Action.

The charity also used volunteer time in relation to marketing tasks – video creation, video editing, copywriting, and artwork creation.

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

Risk Management

The Trustees have developed a risk management strategy which comprises:

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

The Risk Register addresses the following potential areas of risk:

- Infectious diseases
- Finance
- Regulation
- HR legislation
- HR Recruitment
- HR pandemic business interruption
- Health & Safety
- Food Safety
- Business continuity: Meals on Wheels
- Business continuity: school meals
- Reputation
- Strategic Growth

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

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

Coronavirus has exacerbated this risk, impacting reserves and medium-term stability; this risk has been kept under monthly review by the Senior Management Team, and the Finance Trustee, who approves monthly management accounts, cashflow projections, and the budget which is produced quarterly.

Reserves Policy

To mitigate financial risk, the Trustees agreed the following reserves policy in 2019:

It is City Catering Southampton's intention to obtain and maintain reserves at the level of an average two months' worth of unrestricted expenditure, calculated (at 1 Feb 2019) to be £820,000 inc VAT. This level of reserves would enable the company to continue to financially function, including paying wages and suppliers, should we suffer a sustained period of no income due to weather/pandemic/major incident.

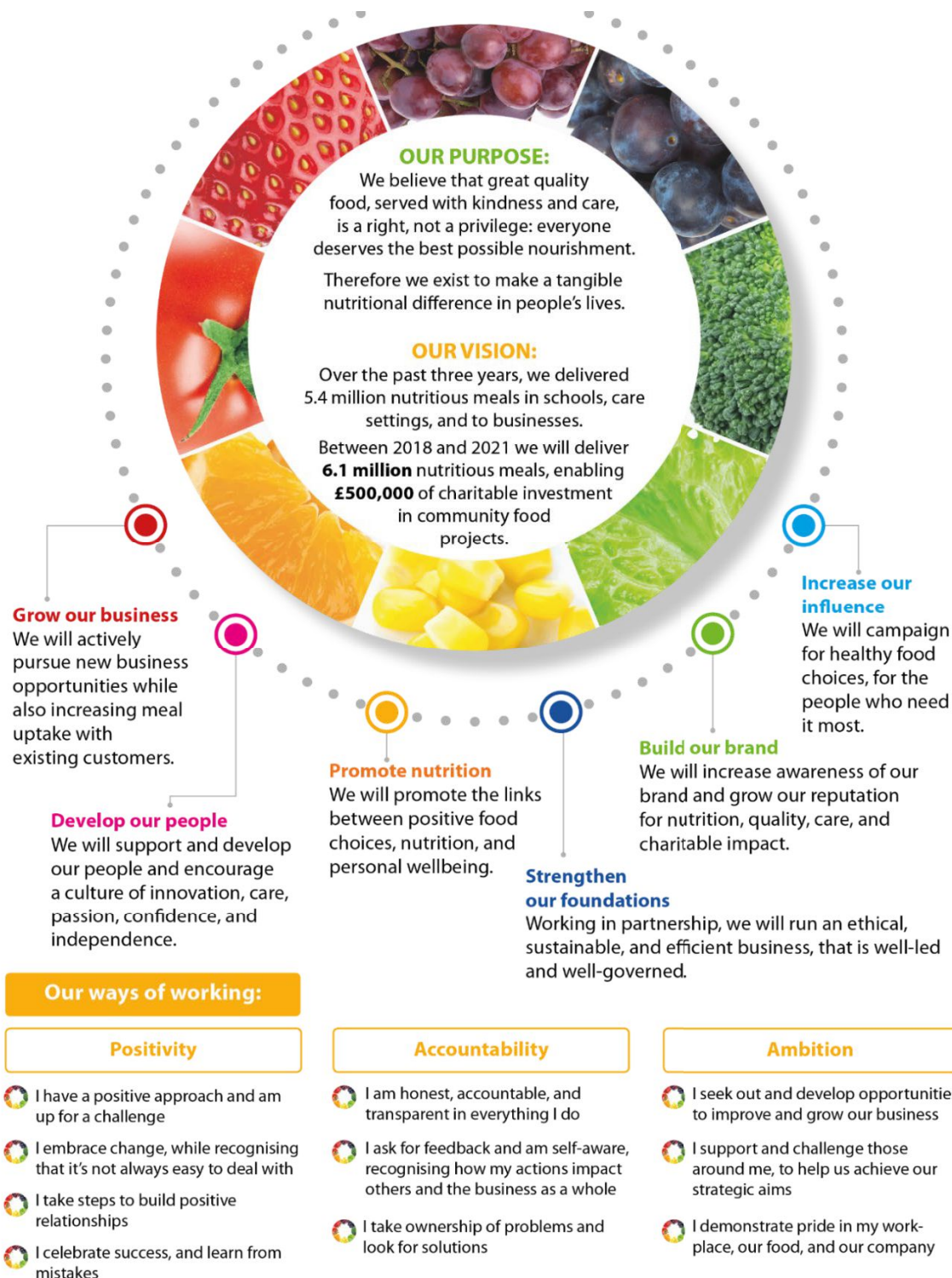
This reserves policy will be monitored and reviewed with regards to increasing costs, on an annual basis by the Finance Committee – or when triggered by an average unrestricted expenditure increase of more than £20,000/month (2.5% of reserves), for a quarter.

At 31 March 2021 our consolidated cash balance was £1,406,109 and the level of reserves was £529,319, of which £13,517 was tangible fixed assets.

As a result of coronavirus and also in response to a review of best practice, Trustees will review the charity's reserves policy quarterly going forward in 2021-22, to account for current operating context and the additional risk profile associated with the coronavirus pandemic.

Achievements and performance in FY 2020-21

Our three-year strategy 2018-2021



In line with our three-year Strategic Plan, notes on key achievements and performance for the financial year to 31 March 2021 are provided below, under our six areas of strategic focus:

1. GROW OUR BUSINESS: WE WILL ACTIVELY PURSUE NEW BUSINESS OPPORTUNITIES WHILE ALSO INCREASING MEAL UPTAKE WITH EXISTING CUSTOMERS

Financial review: Coronavirus has reduced our sales revenues in 2020-21 significantly, alongside the revenues of many of the world's charities, companies and organisation.

At year end, with multiple lockdowns having affected the whole FY, overall income resulted at 16% (£791k) behind the prior year at £4.193m (vs £4.909m), due to class, year-group, and whole-school closures scattered across the entire trading period.

Unlike previous years, corporate catering income was zero for the period, due to Government guidance around working from home and social distancing; our remaining main sources of income were school meals (£2.890m, (-37% on the previous year)), and meals on wheels (£271,688 (+44% on the previous year)). In addition, we added £777k of furlough income and product rebates, and an impressive £181k of charitable income.

Overhead savings of £101k were achieved against the previous year.

The charity's wholly owned trading subsidiary, City Catering Southampton (Trading) Ltd, delivered a profit of £1,972 (1.8%) compared with the prior year's £2,737 (1.9%) on sales of £108,913 (down 26.3% from £147,725 in the previous FY).

The consolidated financial outturn for the sixth year's trading was an operating deficit of -£276,756. This means that the company has reduced its capital reserves for a second year due to the impact of coronavirus and UK lockdowns.

A full breakdown of the company's audited accounts follows.

Schools business: 2020-21 was a relatively stable *contractual* year for City Catering's school business. The company was required to bid for the retention of Valentine Primary School's contract during the pandemic, and lost out to a competitor in of April 2021; however we conversely won two new contracts with Hope Community School, and Hardmoor EYC. The company poured a massive level of energy into school service provision and while the overall impact of the pandemic has been a huge negative, there were some substantial wins in terms of increased (remote) contact with customers and relationship strengthening through a shared set of challenges. This has been proven through schools' support of our financial losses, with financial contributions from Members totalling £72k (at the time of writing); some of this income will be reflected in our 2021-22 FY.

Meals on wheels: The service grew exponentially in 2020, providing hot meals to many more vulnerable adults than before – due to the restrictions they faced in leaving home to socialise. Our team coped with the upturn with grace and skill. Their hard work more than offset the complete loss of our corporate catering work in the FY, and allowed us to continue making a positive nutritional difference for vulnerable adults across Southampton. In addition, the perceived value associated with the service has grown for our Southampton City Council customer, and linked service providers.

Corporate catering: This area of business generated zero income or activity in the financial year, due to Government guidelines around social distancing and working from home. As a result, we ceased the company's sales activity in this area, effecting a linked headcount reduction. At the time of writing, there is very little certainty as to when trading may recommence; we have the capacity to cook for businesses if and when the market reopens, without increasing our associated overhead.

2. DEVELOP OUR PEOPLE: WE WILL SUPPORT AND DEVELOP OUR PEOPLE AND ENCOURAGE A CULTURE OF INNOVATION, CARE, PASSION, CONFIDENCE AND INDEPENDENCE

Pandemic support: 2020-21 required us to adjust our focus where our workforce is required, providing reassurance, support, and HR guidance to every single team due to the impact of the pandemic. Our people have faced and coped with unprecedented levels of change, challenge, reduced resource, personal hardship, frightening illness, and of course bereavement. They have been on the frontline, providing our services without fail. The uncertainty, hardship, and fear associated with coronavirus has affected us all. The support required of managers and HR colleagues has been significant, and each member of the team has shown true grit, and true compassion. Our values and passion shone through.

Retirements and new hires: In 2020, our Operations Manager retired mid-pandemic; their departure was planned and we effected a lengthy handover to a talented new senior manager from August. As a result, our schools operation was unaffected, though of course it has been a period of significant change for the Operations team, with their 25-year-tenure colleague leaving the organisation. Our new Operations Manager is Angela Hogan; she has had a baptism by fire, joining our schools operation as she has during a trading period like no other. Angela is securely in post, and is effecting positive change in key areas of procedure, risk, and compliance.

Redundancies: We restructured our head office team in July 2020, to improve efficiency and achieve overhead savings. The change was hard. As a result of new digital processes and systems, we have a leaner back-office approach for the new FY. This will pay dividends in 2021-22, when we expect to capitalise on streamlined points of contact, logical task allocation, and clear digital communication systems that keep all colleagues apprised of key messaging and progress.

Payroll: In November 2020, we moved our payroll function in-house, to achieve savings, improve our process, and better serve our workforce. The process has been unexpectedly bumpy, and we continue to adapt and improve our processes, in light of changing needs of the organisation, and the challenges of the pandemic.

L&D: We rolled out a new online learning system in 2020, providing our workforce with remote access to statutory and operationally-required training. The system provided us an excellent opportunity to introduce work email accounts for the whole workforce, allowing us better communication opportunities and improving our ability to digitise our systems. We also continues to offer free-of-charge online learning opportunities for all staff, in partnership with Eastleigh College, allowing any employee of City Catering to undertake courses in subjects from Understanding Autism, to Food and Nutrition or GDPR.

3. **PROMOTE NUTRITION: WE WILL PROMOTE THE LINKS BETWEEN POSITIVE FOOD CHOICES, NUTRITION, AND PERSONAL WELLBEING**

Charitable Impact: In April 2020, our Charitable Impact Lead was promoted to the senior management team, allowing them to relinquish more junior tasks and concentrate on fundraising for our Charity in earnest, and delivering impact for our beneficiaries. Having generated £14k of charitable income in 2019-20, an incredible £217,500 was generated in 2020-21, from individual donors, corporate sponsors, and grant funds including National Lottery, Barclays, and Southampton City Council.

This time last year, we anticipated being 'better placed' to reach more families affected by food insecurity, in a meaningful way, across more areas of the city...

A year on, we have been able to:

- fund Covid-19 service adaptations required by Members
- deliver care packages to customers at home
- launch our Cooking at Home initiative – delivering recipe-led fresh ingredients to families' doorsteps, for them to create and enjoy at home.

In all, we provided or served an incredible 83,727 nutritious meals, for free, to our beneficiaries during the year. An incredible achievement, and a significant acceleration in our impact. This, compared with 1,608 meals in 2019-20. A 2,006% increase.

In 2021-20, our Charitable Impact will, we expect, experience less growth; our ambition is around sustained impact for those families who have been so significantly affected by the pandemic.

Food for life accreditation: We again retained our Food for Life bronze caterer award in January 2021. It's an accreditation that we continue to be proud to receive, establishing the quality of our school food offer. In the next strategic period, our ambition is to step up to silver accreditation, pandemic and associated-costs allowing. This will help set us apart from competitors, allowing us to win and retain custom. Our Food for Life status continues to link in with our focus on CSR; it means we are recognised for our continued use of fresh, locally sourced sustainable ingredients, cooked from scratch.

Hyperactive Children's Support Group: we retained the HCSG award for our school food in 2020-21. It means we support all of the aims of the school food guidelines, and go further in addressing the effects of food, not just on general health, but also on the function of brain and behaviour. We do this by auditing the ingredients in our school meals and removing any with the 'problem additives', to which some children may be sensitive.

4. STRENGTHEN OUR FOUNDATIONS: WORKING IN PARTNERSHIP, WE WILL RUN AN ETHICAL, SUSTAINABLE, AND EFFICIENT BUSINESS THAT IS WELL LED AND WELL GOVERNED

Crisis management: A reported last year, early in 2020 we undertook a 'serious incident dummy run'; in essence a procedure stress test, to explore how well our teams understand our processes, and how well our processes work in a crisis scenario. The test was successful and the debrief reported to the Audit & Risk Committee. The outcomes were fed into our BCP and Procedure Manual.

Since that time, we have had multiple further opportunities to run our process *for real*, in light of the impact of coronavirus on our teams and our operation. While this has been an incredibly challenging period for senior and operational managers, our ability to respond quickly, efficiently, and clearly to crises arising has been impressive, and honed across the months. Our systems are now slick and efficient; our teams clear on crisis-related priorities and procedures. Feedback from customers – where we have needed to close a kitchen due to Covid-19, for example, mid production – has been glowing.

Digital systems: In early March 2020, we moved all non-operational teams to remote working, quickly and with relative ease due to exceptional anticipation of what lay ahead. Our teams adjusted well. During the year, we migrated to Office 365, allowing us Teams access, which has been an entirely positive change for the organisation. In addition, we moved a significant number of our processes online using Monday.com – allowing remote teams (including Board members and customers) to collaborate effectively on projects. Customers were also provided with ways to communicate with us at speed, early (based on Government guidance), in bulk, using simple digital forms. These changes were effected quickly and efficiently; they have laid the groundwork for significant continued digital change in 2021-22.

Board and senior management team activity: as a result of a substantial increase in the pace at which we needed to make decisions in 2020-21, senior management team meetings moved from a monthly meeting and weekly huddle, to a daily call. Similarly, Board meetings moved from a quarterly meeting, to a monthly call with frequent mid-month updates. This adjustment in our approach has allowed us to anticipate change and plan accordingly, with much greater effectiveness. Switching up to a faster pace of communication and decision making, using digital tools to support the switch, has been key to our ability to minimise the impact of covid-19 on our organisation, as far as possible.

5. BUILD OUR BRAND: WE WILL INCREASE AWARENESS OF OUR BRAND AND GROW OUR REPUTATION FOR NUTRITION, QUALITY, CARE, AND CHARITABLE IMPACT

In this FY, our brand has grown in meaning, presence, and impact – through more frequent communication with customers, stakeholders, partners, Members, and the Southampton community as a whole.

We have gained positive PR coverage for much of our charitable impact work, with frequent appearances in the Southampton Echo, and on BBC Radio Solent and local commercial radio stations.

Our people, our customers, and our contacts are hearing our voices more often, and seeing us in print. We are also increasing our followership online on platforms including LinkedIn, Twitter, Facebook, and Instagram.

This upturn in our engagement and brand awareness has been fuelled by the pandemic, for certain; our challenge in 2020-21 is to maintain engagement and capitalise on the reach we are starting to achieve, so as to positively impact our fundraising capabilities for the new year. Our team is well placed to achieve this with the resource we have in place, and a new structure/approach in plan as of June 2021.

6. INCREASE OUR INFLUENCE: WE WILL CAMPAIGN FOR HEALTHY FOOD CHOICES, FOR THE PEOPLE WHO NEED IT MOST

Throughout the pandemic months, we have continued to build relationships at local- and central-Government level, in order to grow our reach in campaigning on those issues that most affect our beneficiaries.

We are at last becoming known as the city's key food charity – certainly at Southampton City Council, with Councillors and Officers. We now have an involvement in many of the city's working groups and influencing communities as a result – rooms that we have not previously been invited into.

New and refreshed connections in 2020-21 include:

- All Party Parliamentary Group on School Food
- Sharon Hodgson, MP
- Leader of Southampton City Council and its CEO
- Local Councillors
- Southampton City Of Culture Bid team
- SCC Communities, Culture and Homes team
- SCC Commercialisation team
- SCC Economic Development team
- NHS Southampton Commissioning Group
- PHE Southampton
- SCiA
- Saints Foundation
- Active Me 360
- Society of St James
- Testlands Hub
- Radian Housing
- Vivid Housing
- Hampshire & IoW Wildlife Trust
- National Lottery
- H3CS

Through our Cooking at Home initiative, we also provided free recipe-led groceries to families through 13 non-Member schools and organisations, that we have not previously worked with. These budding new positive relationships will be helpful for the new strategic period.

Strategic priorities for the new financial year, and the strategic period 2021-24

There are six strategic priorities that will deliver our charity's three-year vision:

Rebuild our reserves

With a 2020-21 deficit of c£300k, rebuilding our reserves will be our primary focus for 2021-24, and particularly year 1, allowing us to recover from financial the impact of COVID-19 and ensure we have the ability to 'weather' any future lockdowns or school closures that may be required. Reserves *growth* beyond the pre-Covid position of c£800k will need be tough, and need to be reviewed quarterly, to ensure we balance (a) creating impact for beneficiaries with (b) the organisation's financial stability.

Safeguard our charity's impact

Our 2020-21 impact has been bigger, more strategic, and more intentional than we have ever achieved before. With the pandemic 'wave' of charities' visibility now starting to ebb, we must ensure our impact continues into the new strategic period, so that beneficiaries can count on our support over the longer term. The need for charity in our community is (visible and) needed more than ever.

'Stand for' good nutrition

We already serve good, nutritionally impactful meals. We can do more and improve our current offer. We will improve, promote and assert our nutritional credentials, in order to protect our beneficiaries, and to truly embody our *Food For Good* focus as a catering charity. Standing for good nutrition becomes a non-negotiable for our teams, and something we steadfastly protect and advocate for, in all customer and beneficiary interactions.

Develop our people

With the worst of the pandemic-reactive phase hopefully now over, we must further develop and support our teams and ensure our skills and expertise are strong and current. This will ensure staff and customer retention. Our people have been a true force of nature in 2020-21, and have proven their commitment, creativity, professionalism, and resilience; the new strategic period must be about rebuilding their energy, wellbeing, and confidence. Our ability to restore our financial reserves is inextricably linked with this strategic focus: professional standards mean happy, long-term customers.

Digitise our systems

2020-21 saw us successfully digitise many of our systems at incredible speed bringing clear, visual reporting of new KPI data and linked intelligent decision making. In part this was necessitated by having a much-reduced administrative team, due to restructuring. For *this* strategic period, we can and must do more to de-risk our processes further, and allow the fast, effective, and clear dissemination of information across the whole organisation – without the need to add back overhead. This will further enable accurate, smart and quick decisions that help us preserve our reserves and operational integrity.

Extend our influence and community

Our people have much to contribute to local and national communities and networks. For greater impact, we will extend our influence and involvement – enabling *all* of our people to get involved in initiatives that will make a difference, and protect our beneficiaries' access to good nutrition.

By order of the board of Trustees

Paul Hopkinson

Paul Hopkinson (Nov 13, 2021 18:25 GMT)

Paul Hopkinson, Chair

Nov 13, 2021

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

Opinion

We have audited the financial statements of City Catering Southampton (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

With respect to the Local Government Pension Scheme there is a liability of £2.25M at 31 March 2021 and £1.719M at 31 March 2020 which is not included in the parent charitable company's or the group's balance sheet. There are total asset and liability losses of £0.331M not included in other comprehensive income of the parent charitable company for the year ended 31 March 2021. The parent charitable company has not obtained information on the asset or liability as at 31 March 2019 and has not obtained information relating to gains or losses the year ending 31 March 2020 in order to appropriately include these in the financial statements for the year ended 31 March 2021. It is not therefore possible to quantify the effect on opening and closing reserves for the year ended 31 March 2021.

Disclosure relating to the Local Government Pension Scheme are included in Note '21'. However full required disclosure as required by Financial Reporting Standards 102 are not included within the financial statements.

With respect to closing stock having a carrying amount of £104,617 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 March 2021, due to Covid-19 pandemic restrictions. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the closing stock quantities by using other audit procedures. Consequently we were unable to determine whether any adjustments to this amount were necessary. Therefore, we were unable to obtain sufficient appropriate audit evidence regarding the costs of goods sold for the year ended 31 March 2021 or the carrying value of stock at the same date.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and its parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees annual Report other than the financial statements and our Auditors' Report thereon. The trustees are responsible for the other information contained within the Annual Report.

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

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

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

Opinion on other matters prescribed by the Companies Act 2006

Except for the effects and possible effects of the matters described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matters described in the basis for qualified opinion section our report, in the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

Arising solely from the limitation on the scope of our work relating to stock, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

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

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

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

Responsibilities of trustees

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on 7, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Auditors' responsibilities for the audit of the financial statements

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the

more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

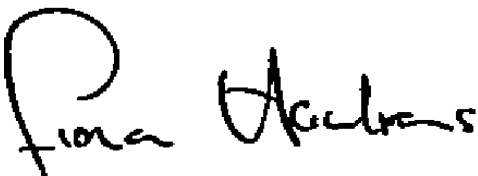
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of noncompliance with laws and regulations;
- Reviewing financial statement disclosures and testing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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

Use of our report

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



Fiona Hawkins BSC (Hons) FCS (Senior Statutory Auditor)
for and on behalf of

James Cowper Kreston
Chartered Accountants and Statutory Auditor
2 Communications Road
Greenham Business Park
Greenham
Newbury
RG19 6AB

Date: 26/11/2021

Consolidated Statement of Financial Activities

(including consolidated income and expenditure account)
for period ending 31 March 2021

	Note	Unrestricted 2021 £	Unrestricted 2020 £
Income:			
Income from Charitable activities:			
Schools and Meals on Wheels	4	3,160,068	4,807,770
Charitable grants and other income	4	924,210	29,044
Income from other trading activities:			
Commercial trading operations	4	108,913	147,725
Total income		4,193,191	4,984,539
Expenditure			
Expenditure on charitable activities:			
Schools and Meals on Wheels	6	4,428,979	4,955,752
Costs of raising funds:			
Commercial trading operations	6	40,968	102,396
Total expenditure		4,469,947	5,058,149
Net income		- 276,756	- 73,610
Reconciliation of Funds			
Total funds brought forward		806,075	879,685
Net Income		- 276,756	- 73,610
Total funds carried forward		529,319	806,075

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

The notes at pages 22-28 form part of these accounts.

Consolidated and Charity Balance Sheets

Consolidated Balance Sheet as at 31 March 2021

	Note	Consolidated 2021 £	Charity 2021 £	Consolidated 2020 £	Charity 2020 £
Fixed assets					
Tangible assets	12	13,517	13,517	15,960	15,960
Intangible assets	13	2,441	2,441	3,192	3,192
Investment		-	1	-	1
Total Fixed Assets		15,958	15,959	19,152	19,153
Current assets					
Stock	14	104,617	104,617	100,756	100,756
Debtors	15	1,040,657	1,060,798	987,386	974,174
Cash at bank and in hand		1,406,109	1,377,338	1,024,011	1,016,353
Total Current Assets		2,551,382	2,542,753	2,112,152	2,091,283
Liabilities					
Creditors	16	(2,038,022)	(2,029,394)	(1,325,230)	(1,304,361)
Total Liabilities		(2,038,022)	(2,029,394)	(1,325,230)	(1,304,361)
Net current assets		513,360	513,359	786,923	786,922
Total assets less current liabilities		529,319	529,319	806,075	806,075
The funds of the charity:					
Unrestricted income funds		529,319	529,319	806,075	806,075
Total charity funds	19	529,319	529,319	806,075	806,075

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

Signed

Paul Hopkinson

Paul Hopkinson (Nov 13, 2021 18:25 GMT)

Paul Hopkinson, Chair of trustees on behalf of the trustees

Approved by the trustees on

Nov 13, 2021

Statement of Cash Flows and Consolidated Statement of Cash Flows

for period ending 31 March 2020

	Note	Consolidated 2021 £	Charity 2021 £	Consolidated 2020 £	Charity 2020 £
Cash used in operating activities	C1	386,104	364,990	663,157	706,928
Purchase of tangible assets		(4,006)	(4,006)	(19,379)	(19,379)
Cash used in investing activities		(4,006)	(4,006)	(19,379)	(19,379)
Increase in cash and cash equivalents in the year		382,098	360,984	643,777	687,548
Cash and cash equivalents at the beginning of the year		1,024,010	1,016,353	380,233	328,805
Total cash and cash equivalents at the end of the year		1,406,108	1,377,337	1,024,010	1,016,353

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

	Group 2021 £	Charity 2021 £
Net movement in funds	(276,756)	(276,756)
Add back depreciation charge	6,449	6,449
Add back Amortisation charge	751	751
Increase in stock	(3,861)	(3,861)
Increase in Debtors	(53,271)	(86,624)
Increase in Creditors	712,792	725,032
Net cash used in operating activities	386,104	364,991

Notes to the Financial Statements

1. Accounting Policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

City Catering Southampton meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Accounting period

The Financial statements cover the period from 1st April 2020 until 31st March 2021.

c) Preparation of the accounts on a going concern basis

The Charity reported a cash inflow of £364,990 for the period, and £386,104 on a group basis. The group also reported a total funds carried forward of £529,319 and as there are no principal risks and uncertainties facing the charity, the trustees are of the view that the Charity is a going concern.

d) Group financial statements

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

e) Income

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

f) Fund accounting

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

g) Expenditure and irrecoverable VAT

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

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

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

h) Tangible fixed assets

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

i) Intangible assets

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

j) Stock

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

k) Debtors

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

l) Cash in bank and in hand

Cash in bank and in hand includes cash only.

m) Creditors and provisions

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

n) Financial instruments

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

o) Pensions

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

The trustees are unable to confirm the charity's share of the underlying assets and liabilities of Hampshire County Council's Pension Scheme due a report related to 19/20 and 18/19 being unavailable. This has prevented the trustees being able to verify the movement, change in liability between the financial years and the impact on the Statement of Financial Activities. The Pension Scheme provides that in the event that a single employer has individuals contributing to the scheme then any remaining liability for benefits payable under the scheme falls on that employer. Since the main participating employers are statutory bodies, the trustees consider it highly improbable that such a liability will ever fall to the Charity. The employer's contributions made to the Pension Scheme for Financial Year 2020/2021 were £83,141 with an employer's contribution rate of 12.4% of pensionable pay and an employee's contribution of between 5.5% and 9.9% of pensionable pay dependant on individual salaries. City Catering Southampton has been informed by Hampshire Pension Fund that the contribution rate for 2021/22 will be 12.4% with no additional contribution required to meet existing deficits from April 2020 to March 2023.

A new pension provision, through the Government's NEST scheme, was introduced from 1st January 2017 for all existing employees not in the LGPS. Employer's contributions to the NEST Scheme for 2020/21 were £57,967 with an employer's contribution rate of 6% of pensionable pay and an employee's contribution of 2.4% of pensionable pay.

2. Legal status of the Charity

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

3. Financial Performance of the charity

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

The summary financial performance of the charity alone is:

	2021	2020
	£	£
Income	4,084,278	4,836,814
Income from Trading Subsidiary	108,913	147,725
Net income	4,193,191	4,984,539
Expenditure on Charitable activities:	(4,465,899)	(4,955,752)
Total funds brought forward	976,867	948,080
Total funds carried forward	704,158	976,866
Represented by:		
Unrestricted income funds	704,158	976,866

4. Consolidated income from charitable and fundraising activities

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Income from School Meals	2,996,778	4,698,272
Income from Meals on Wheels	163,290	109,498
Income from charitable activities	180,706	14,643
Income from other sources	743,504	14,401
Total income from charitable activities	4,084,278	4,836,814
Fundraising Income		
Income from Trading subsidiary	108,913	147,725
Total income from Charitable and fundraising	4,193,191	4,984,539

5. Income earned from other activities

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

The summary financial performance of the subsidiary alone is:

	2021	2020
	£	£
Income	181,418	222,951
Cost of sales and administration costs	(179,446)	(220,214)
Net profit	1,972	2,737
Amount gift aided to charity	(1,973)	(2,738)
Retained by subsidiary	-1	-1
Assets and Liabilities		
Current assets	39,575	42,239
Current liabilities	(39,574)	(42,238)
Total net assets	1	1

6. Analysis of expenditure on charitable activities

	School Meals	MOW	Trading Subsidiary	Total
	£	£	£	£
Direct expenditure	3,215,992	181,691	137	3,397,820
Governance Costs	7,719	436	4,048	12,203
Support Costs	1,003,244	56,679	-	1,059,923
Total	4,226,955	238,807	4,185	4,469,947

7. Analysis of governance and support costs

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

	General support	Governance function	Total	Basis of apportionment
	£	£	£	
Salaries, wages & related costs	727,295		727,295	Allocated on time
Audit fees		7,014	7,014	Governance
Legal fees	1,142	1,142	2,284	50/50 split
Total	728,436	8,156	736,593	

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

	2021
	£'000
Salaries and wages	2,181,616
Social security costs	74,086
Pension costs	141,107
	<u>2,396,809</u>

There was one employee who received total employee benefits of between £60,000 and £70,000.

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

The total employee benefits of the key management personnel of the charity were £283,642 (19/20 £307,873).

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

9. Trustees' remuneration and expenses

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

10. Staff Numbers

The average monthly head count was 243 (19/20 245) staff and the average monthly number of full-time equivalent employees during the period was 125 (19/20 also 125).

11. Corporation Taxation

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

12. Tangible fixed assets

	Group IT Hardware £	Charity IT Hardware £
Cost:		
As at 1 April 2020	15,960	15,960
Additions	4,006	4,006
As at 31 March 2021	19,966	19,966
Depreciation		
Charge for the year	6,449	6,449
As at 31 March 2021	13,517	13,517

13. Intangible assets

	Group Intangible assets £	Charity Intangible assets £
Cost:		
As at 1 April 2020	3,192	3,192
Additions	-	-
As at 31 March 2021	3,192	3,192
Amortisation		
Charge for the year	751	751
As at 31 March 2021	2,441	2,441

14. Stock

	Group 2021 £	Group 2020 £
Food	77,420	82,811
Disposables	14,037	3,509
Cleaning Materials	13,160	14,435
	104,617	100,756

15. Debtors

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	952,545	894,311	945,983	861,933
Amounts owed by group undertakings	-	-	30,946	21,370
Prepayments and accrued income	88,112	93,075	83,869	90,871
	<u>1,040,657</u>	<u>987,386</u>	<u>1,060,798</u>	<u>974,174</u>

16. Creditors (amounts falling due within one year)

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	488,755	378,207	488,281	378,207
Other creditors and accruals	421,863	53,024	420,263	51,747
Deferred income	633,889	580,634	633,889	580,634
Taxation	493,516	313,365	486,862	293,773
	<u>2,038,022</u>	<u>1,325,230</u>	<u>2,029,394</u>	<u>1,304,361</u>

17. Deferred income

Deferred income comprises Service Charges for the period 1 April 2020 – 31 March 2021, and charitable income that is remaining from grants and donations for future use.

18. Related party transactions

A management charge of £182,494 (2019/20 - £217,347) was charged by the charity to the trading subsidiary. Surplus of £1,972 (2018/19 - £2,737) in the trading subsidiary was gifted to the Charity and is shown in the supporting notes along with unpaid share capital of £1.

19. Funds

	2021
	£
Charity	
Funds at 1 April 2020	806,075
Income (per SOFA)	4,193,191
Expenditure (per SOFA)	<u>(4,469,947)</u>
Closing funds at 31 March 2021	<u>529,319</u>

All funds are unrestricted. However, the following have been designated by trustees for specific purpose.

	Balance as at 31st March 2021 £
Covid 19 Mitigations	264,659
Charitable commitments	79,397
Natasha's law compliance	52,931
Infrastructure development	52,931
Staffing development and training	52,931
Charitable commitments	26,740
Total Unrestricted Funds	529,319

20. Leases

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

	Group 2021 £	Group 2020 £
Within 1 year	22,426	30,060
Between 1 and 5 years	-	-
Total	22,426	30,060

21. Pension Commitments

The charity's employees belong to one principal pension scheme: The Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council. The pension report for the 20/21 year has been obtained and disclosed below in line with FRS 102. However due to the 19/20 and 18/19 report being unavailable the movement between financial years, impact on the Statement of Financial Activities and the liability have not been possible to fully verify. It should be noted that the Balance Sheet and Statement of Financial Activities have not been adjusted to account for the pension liability as at 31 March 2021. As such all disclosures relating to the 19/20 financial year have been left blank.

The latest actuarial valuation of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee- administered funds. The total contribution made for the year ended 31 August 2020 was £126,000 (2020 - £XXX), of which employer's contributions totalled £87,000 (2020 - £XXX) and employees' contributions totalled £39,000 (2020 - £XXX). The agreed contribution rates for future years are 19.6 per cent for employers and 5.5-12.5 per cent for employees.

Principal actuarial assumptions

	2021 %	2020 %
Rate of increase in salaries	3.70	2.90
Rate of increase for pensions in payment/inflation	2.70	1.90
Discount rate for scheme liabilities	2.10	2.30
Inflation assumption (CPI)	2.70	1.90

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

	2021 Years	2020 Years
<i>Retiring today</i>		
Males	24.8	24.7
Females	27.3	27.2
<i>Retiring in 20 years</i>		
Males	23.1	23.0
Females	25.5	25.5

	2021 £	2020 £
Equities	3,662,000	2,666,000
Other bonds	1,111,000	1,074,000
Property	392,000	355,000
Cash and other liquid assets	90,000	172,000
Other	1,169,000	801,000
Total market value of assets	6,424,000	5,068,000

The actual return on scheme assets was £1,367,000 (2020 - £XXX).

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

	2021 £	2020 £
Current service cost	(244,000)	XX
Past service cost	-	XX
Net interest on defined liability asset	(39,000)	XX
Administrative expenses	(4,000)	XX
Total amount recognised in the Statement of Financial Activities	(287,000)	(XXX,XXX)

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

	2021 £	2020 £
Opening defined benefit obligation	6,787,000	XX
Current service cost	244,000	XX
Interest cost	155,000	XX
Employee contributions	39,000	XX
Benefits paid	(137,000)	XX
Curtailment costs	4,000	XX
Actuarial losses	1,582,000	XX
Experience loss/(gain) on defined benefit obligation	-	-
At 31 March	8,674,000	XXXXXXXX

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

	2021 £	2020 £
Opening fair value of scheme assets	5,068,000	XX
Other actuarial gains/(losses)	1,251,000	XX
Interest income	116,000	XX
Actuarial gains	54,000	XX
Employer contributions	87,000	XX
Employee contributions	39,000	XX
Assets distributed on settlements	(137,000)	XX
Administration expenses	-	XX
At 31 March	6,424,000	XXXXXX

[Report ends]

CCS Report and Financial Statements YE31Mar2021 post audit - FINAL TO BOARD - Revised

Final Audit Report

2021-11-13

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