



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.

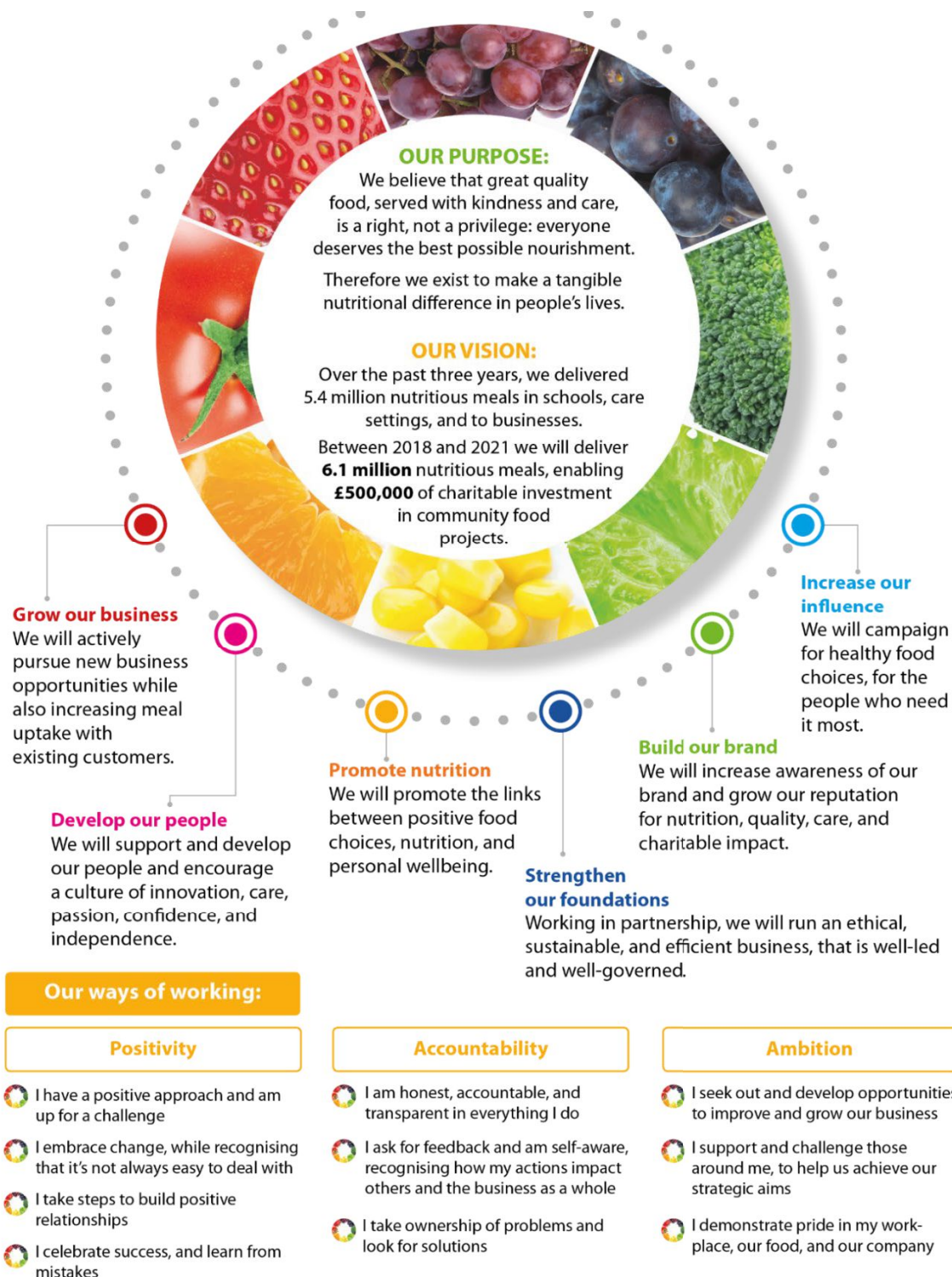
This reserves policy will be monitored and reviewed with regards to increasing costs, on an annual basis by the Finance Committee – or when triggered by an average unrestricted expenditure increase of more than £20,000/month (2.5% of reserves), for a quarter.

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:

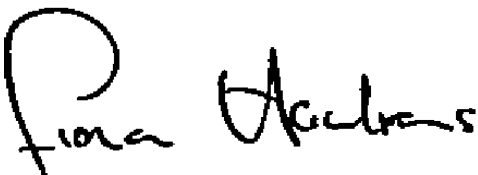
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of noncompliance with laws and regulations;
- Reviewing financial statement disclosures and testing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