



# 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

## Contents

Reference and administration details .....	3
Chair's Strategic Report .....	5
The Report of the Trustees for the period ending 31 March 2022 .....	6
Our Purpose .....	6
Mission .....	6
Our charitable objects .....	6
Our core revenue-earning services .....	6
Trustees' responsibilities in relation to the financial statements .....	7
Statement as to disclosure to our auditors .....	7
Structure, Governance and Management .....	8
Appointment of Trustees .....	8
Trustee induction and training .....	8
Related parties and conflicts of interest .....	9
Public Benefit Disclosure .....	9
Pricing Policy .....	9
Investment powers and policy .....	9
Pay policy for senior staff .....	10
Volunteers Policy .....	10
Risk Management .....	10
Reserves Policy .....	11
Achievements and performance in FY 2021-22 .....	12
Strategic priorities for the new financial year, and the strategic period 2021-24 .....	13
Report of the Independent Auditors to the Members of City Catering Southampton .....	14
Opinion .....	14
Basis for opinion .....	14
Conclusions relating to going concern .....	15
Other information .....	15
Matters on which we are required to report by exception .....	15
Responsibilities of trustees .....	16
Our responsibilities for the audit of the financial statements .....	16
Use of our report .....	17
Consolidated Statement of Financial Activities .....	18
Consolidated and Charity Balance Sheets .....	19
Statement of Cash Flows and Consolidated Statement of Cash Flows .....	20
Notes to the Financial Statements .....	21

## Reference and administration details

Charity number: 1160776  
Company number: 09331784  
Trading Subsidiary Company number: 09414709  
Registered Office: 2<sup>nd</sup> 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](http://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

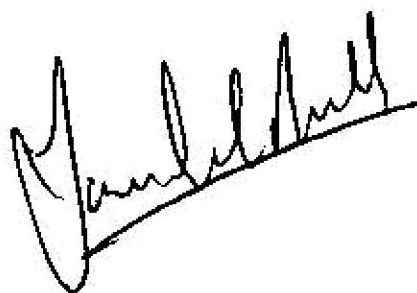
Ferndown Industrial Estate

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 £
<b>Income:</b>			
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
<b>Total income</b>		<b>5,393,866</b>	<b>4,193,191</b>
<b>Expenditure</b>			
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
<b>Total expenditure</b>		<b>5,412,765</b>	<b>4,469,947</b>
<b>Net income</b>		<b>- 18,899</b>	<b>- 276,756</b>
<b>Reconciliation of Funds</b>			
<b>Total funds brought forward</b>		<b>529,319</b>	<b>806,075</b>
<b>Net Income</b>		<b>- 18,899</b>	<b>- 276,756</b>
<b>Total funds carried forward</b>		<b>510,420</b>	<b>529,319</b>

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 £
<b>Fixed assets</b>					
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
<b>Total Fixed Assets</b>		<b>45,082</b>	<b>45,083</b>	<b>15,958</b>	<b>15,959</b>
<b>Current assets</b>					
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
<b>Total Current Assets</b>		<b>2,256,948</b>	<b>2,245,944</b>	<b>2,551,383</b>	<b>2,542,753</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	16	(1,527,302)	(1,516,299)	(2,038,022)	(2,029,394)
<b>Total Liabilities</b>		<b>(1,527,302)</b>	<b>(1,516,299)</b>	<b>(2,038,022)</b>	<b>(2,029,394)</b>
Net current assets		<b>729,646</b>	<b>729,645</b>	<b>513,361</b>	<b>513,359</b>
<b>Total assets less current liabilities</b>		<b>774,728</b>	<b>774,728</b>	<b>529,319</b>	<b>529,319</b>
Creditors: amounts falling due after more than one year	17	(264,308)	(264,308)	-	-
<b>Total net assets/(liabilities)</b>		<b>510,420</b>	<b>510,420</b>	<b>529,319</b>	<b>529,319</b>
<b>The funds of the charity:</b>					
Unrestricted income funds		510,420	510,420	529,319	529,319
<b>Total charity funds</b>	20	<b>510,420</b>	<b>510,420</b>	<b>529,319</b>	<b>529,319</b>

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

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)
<b>Net cash used in operating activities</b>	<b>(610,388)</b>	<b>(611,775)</b>

## 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
<b>Net income</b>	<b>5,393,866</b>	<b>4,193,191</b>
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
<b>Total funds carried forward</b>	<b>510,420</b>	<b>529,319</b>
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
<b>Total income from charitable activities</b>	<b>5,278,879</b>	<b>4,084,278</b>
<b>Fundraising Income</b>		
Income from Trading subsidiary	114,987	108,913
<b>Total income from Charitable and fundraising</b>	<b>5,393,866</b>	<b>4,193,191</b>

## 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
<b>Total</b>	<b>5,224,127</b>	<b>155,066</b>	<b>33,572</b>	<b>5,412,765</b>

## 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
<b>Total</b>	<b>1,119,873</b>	<b>17,326</b>	<b>1,137,199</b>	

## 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:

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

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

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

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

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

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

	2021
	£
<b>Opening defined benefit obligation</b>	
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
<b>At 31 March 2021</b>	<b>8,674,000</b>

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

	2021
	£
<b>Opening fair value of scheme assets</b>	
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	
<b>At 31 March 2021</b>	<b>6,424,000</b>

[Report ends]