

**CITY  
CATERING**

*Food for good*

# **Annual Report and Consolidated Financial Statements**

**for the year ending 31 March 2025**

City Catering Southampton  
(A charitable company limited by guarantee)

Charity number: 1160776  
Company number: 09331784

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## Reference and administration details

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

### Our advisors

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

### Directors and Trustees

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

#### City Catering Southampton Board of Trustees

Chair: Tom Watmough  
Primary School nominee: Peter Howard  
Special School nominee: Vacant  
Secondary School nominee: Vacant  
Co-opted Trustees: Debbie Burns  
Caroline Durant (resigned 21 October 2024)  
Heather Bennett (resigned 7 May 2025)  
Alison Dunwoody (appointed 16 September 2024)  
Nicola Tregear (appointed 16 September 2024)  
Kirsty Ashman (appointed 22 September 2025)  
Georgina Hunnygen (appointed 22 September 2025)  
  
Ex officio Trustee: Gary McMahon  
PA to the Board: Kelly Young

### **Senior Management of City Catering Southampton:**

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

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

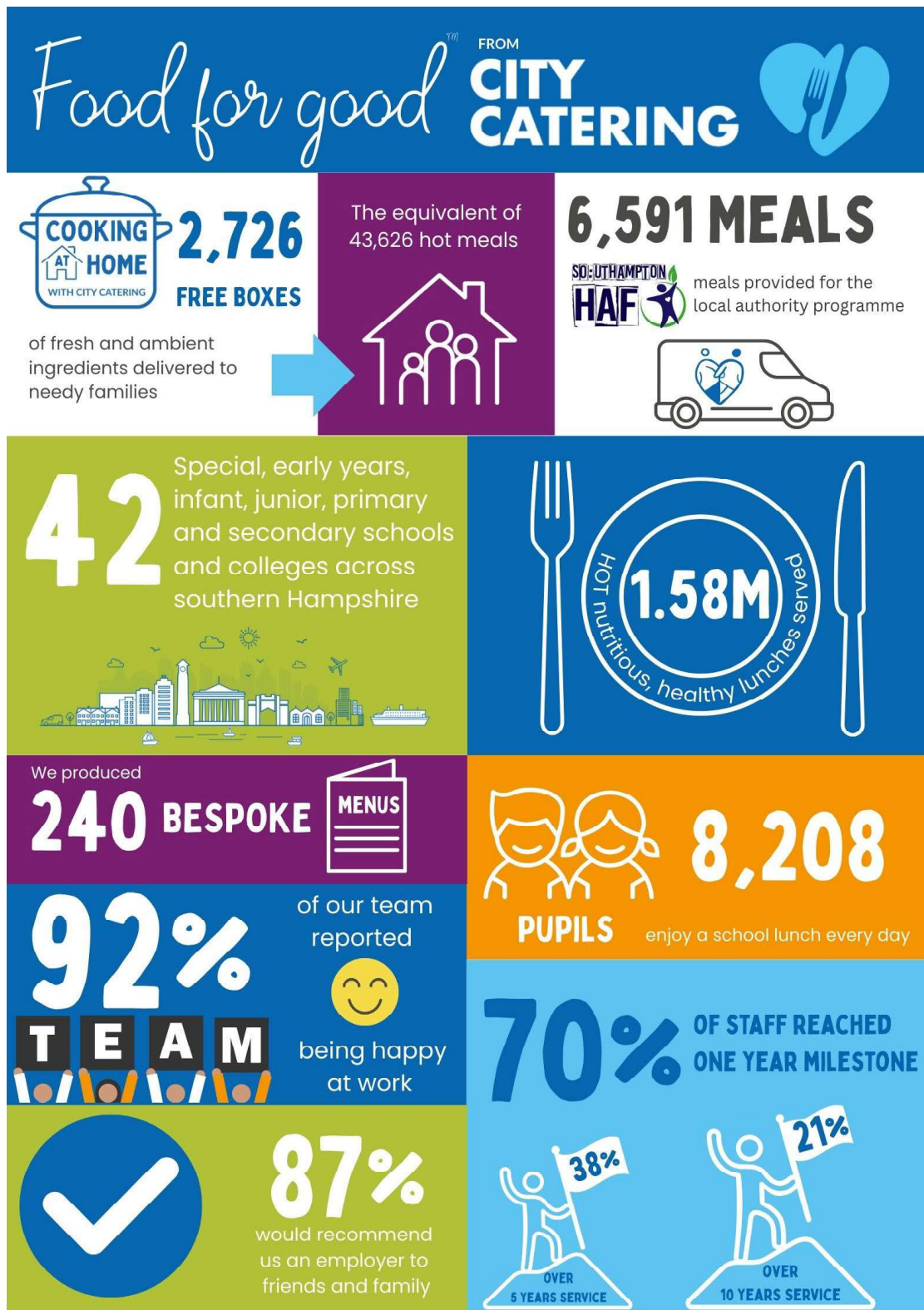
### **City Catering Southampton (Trading) Ltd. Board of Directors**

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

### **Senior Management of City Catering Southampton (Trading) Ltd.**

Chief Executive Officer	Gary McMahon
Chief Operating Officer:	Martin Orman

## Impact Statement



# Chair's Report

## Introduction and Overview

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

## Financial Performance and Stability

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

## Government Funding and Sector Challenges

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

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

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

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

## Thanks to Schools and Partners

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

## Strategic Objectives for the Future

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

### Investment in Staff and Operations

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

### Closing Remarks and Acknowledgements

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

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

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

*Tom Watmough, Chair*

## Message from our Chief Executive

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

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

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

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

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

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

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

*Gary McMahon, CEO*

## Trustees Report for the period ending 31 March 2025

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

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

### Our Purpose

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

### Our charitable objectives

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

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

### Our Strategic Plan

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

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

### Our core revenue-earning services

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

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

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

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

## Trustees' responsibilities in relation to the financial statements

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

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

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

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

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

## Statement as to disclosure to our auditors

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

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

## Structure, Governance and Management

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

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

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

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

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

## Appointment of Auditors

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

## Appointment of Trustees

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

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

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

## Trustee induction and training

Trustees are provided with:

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

## Related parties and conflicts of interest

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

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

## Public Benefit Disclosure

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

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

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

## Pricing Policy

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

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

## Investment powers and policy

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

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

## Pay policy for senior staff.

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

## Volunteers Policy

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

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

## Risk Management

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

The Trustees have developed a risk management strategy which comprises:

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

The Risk Register addresses the following potential areas of risk:

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

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

## Reserves Policy

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

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

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

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

## Achievements and performance in 2024-25

### A Year of Service and Growth

#### Expanding and retaining school partnerships

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

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

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

#### Holiday Activity and Food (HAF) provision

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

#### Cooking at Home boxes

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

## Operational Excellence

#### Kitchen operations and Head of Kitchen development

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

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

### **Responding to challenges**

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

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

### **Environmental health and food safety**

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

### **Financial Performance**

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

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

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

## **People and Culture**

### **Staffing changes and recruitment**

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

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

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

### **Celebrating excellence**

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

### **Supporting wellbeing**

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

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## Innovation and Development

### Menu innovation

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

### Allergen management

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

### Marketing and engagement

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

### Sustainability

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

### Looking Ahead

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

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

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

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

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

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

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

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

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

Gary McMahon, CEO dated 8/12/25



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

## Opinion

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

In our opinion the financial statements:

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

## Basis for opinion

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

## Conclusions relating to going concern

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

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

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

## Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Matters on which we are required to report by exception

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

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

## Responsibilities of trustees

### Responsibilities of directors

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

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

## Our responsibilities for the audit of the financial statements

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Audit procedures performed by the engagement team included:

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

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

## Use of our report

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



Mr I M Rodd BSc FCA FCCA (Senior Statutory Auditor)  
For and on Behalf of TC Group  
Registered Auditor  
10 Bridge Street  
Christchurch  
Dorset  
BH23 1EF

Date: 11 December 2025

## Consolidated Statement of Financial Activities

(Including consolidated income and expenditure account)

For period ending 31 March 2025

		Unrestricted 2025 £	Unrestricted 2024 £
	Note		
<b>Income:</b>			
Income from Charitable activities:			
Schools and Meals on Wheels	4	5,483,661	5,310,854
Charitable grants and other income	4	92,951	94,274
Income from other trading activities:			
Commercial trading operations	4	-	97,363
<b>Total income</b>		<b>5,576,612</b>	<b>5,502,491</b>
<b>Expenditure</b>			
Expenditure on charitable activities:			
Schools and Meals on Wheels	6	5,395,712	5,256,495
Costs of raising funds:			
Commercial trading operations	6	-	35,224
<b>Total expenditure</b>		<b>5,395,712</b>	<b>5,291,719</b>
<b>Net income</b>		<b>180,900</b>	<b>210,772</b>
<b>Other recognised gains and losses</b>			
Actuarial gains and losses on defined benefit pension scheme		3,000	244,000
<b>Net movement in Funds</b>		<b>183,900</b>	<b>454,772</b>
<b>Reconciliation of Funds</b>			
<b>Total funds brought forward</b>		<b>1,596,977</b>	<b>1,142,205</b>
<b>Net movement in Funds</b>		<b>183,900</b>	<b>454,772</b>
<b>Total funds carried forward</b>		<b>1,780,877</b>	<b>1,596,977</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 23-33 form part of these accounts.

## Consolidated and Charity Balance Sheets

### Consolidated Balance Sheet as at 31 March 2025

	Note	Consolidated 2025 £	Charity Consolidated 2025 £	2024 £	Charity 2024 £
<b>Fixed assets</b>					
Tangible assets	12	103,665	103,665	54,687	54,687
Intangible assets	13	-	-	188	188
Investment		-	1	-	1
<b>Total Fixed Assets</b>		<b>103,665</b>	<b>103,666</b>	<b>54,875</b>	<b>54,876</b>
<b>Current assets</b>					
Stock	14	142,397	142,397	121,420	121,420
Debtors	15	1,174,799	1,247,961	1,054,011	1,078,478
Cash at bank and in hand		576,046	503,641	701,729	669,214
<b>Total Current Assets</b>		<b>1,893,242</b>	<b>1,893,999</b>	<b>1,877,160</b>	<b>1,869,112</b>
<b>Liabilities</b>					
Creditors	16	(960,364)	(960,380)	(1,117,391)	(1,109,345)
<b>Total Liabilities</b>		<b>(960,364)</b>	<b>(960,380)</b>	<b>(1,117,391)</b>	<b>(1,109,345)</b>
Net current assets		<b>932,878</b>	<b>933,619</b>	<b>759,769</b>	<b>759,767</b>
<b>Total assets less current liabilities</b>		<b>1,036,543</b>	<b>1,037,285</b>	<b>814,644</b>	<b>814,643</b>
Debtors: amounts falling due after more than one year	15	770,000	770,000	885,000	885,000
Creditors: amounts falling due after more than one year	17	(25,666)	(25,666)	(102,667)	(102,667)
<b>Net Assets</b>		<b>1,780,877</b>	<b>1,781,619</b>	<b>1,596,977</b>	<b>1,596,976</b>
<b>The funds of the charity:</b>					
Unrestricted income funds		1,030,877	1,031,619	846,977	846,976
Pension Reserve		750,000	750,000	750,000	750,000
<b>Total charity funds</b>	20	<b>1,780,877</b>	<b>1,781,619</b>	<b>1,596,977</b>	<b>1,596,976</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 23-33 form part of these accounts.

Signed



Tom Watmough, Chair of trustees on behalf of the trustees

Approved by the trustees on: 08/12/2025

## Statement of Cash Flows and Consolidated Statement of Cash Flows

For period ending 31 March 2025

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

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

	Group 2025 £	Charity 2025 £	Group 2024 £	Charity 2024 £
Net movement in funds	180,900	181,643	210,772	210,772
Add back depreciation charge	23,742	23,742	20,001	20,001
Add back Amortisation charge	188	188	751	751
Add back loss on disposal of tangible fixed assets	556	556		
Add back interest paid	9,835	9,835	14,996	14,996
Deduct Interest Received	(2,284)	(2,284)	(824)	(824)
Add back service cost on defined benefit pension	112,000	112,000	140,000	140,000
Interest on defined benefit pension	(33,000)	(33,000)	(25,000)	(25,000)
Increase in stock	(20,977)	(20,977)	(20,774)	(20,774)
Increase in Debtors	(120,788)	(169,483)	428,142	438,875
Decrease in Creditors	(111,028)	(102,966)	(689,500)	(676,402)
<b>Net cash used in operating activities</b>	<b>39,144</b>	<b>(746)</b>	<b>78,564</b>	<b>102,395</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 2024 until 31st March 2025.

**c) Preparation of the accounts on a going concern basis**

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

**d) Group financial statements**

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

**e) Income**

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

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

**f) Fund accounting**

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

**g) Expenditure and irrecoverable VAT**

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

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

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

**h) Tangible fixed assets**

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

**i) Intangible assets**

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

**j) Stock**

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

**k) Debtors**

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

**l) Cash in bank and in hand**

Cash in bank and in hand includes cash only.

**m) Creditors and provisions**

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

**n) Financial instruments**

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

**o) Pensions**

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

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

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

## 2. Legal status of the Charity

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

## 3. Financial Performance of the charity

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

The summary financial performance of the charity alone is:

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

#### 4. Consolidated income from charitable and fundraising activities

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

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

## 6. Analysis of expenditure on charitable activities

	School Meals	Trading Subsidiary	Total
	£	£	£
Direct expenditure	4,190,773	-	4,190,773
Governance Costs	137,651	743	138,394
General Support Costs	1,066,545	-	1,066,545
<b>Total</b>	<b>5,394,969</b>	<b>743</b>	<b>5,395,712</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	Basis of Total apportionment
	£	£	£
Salaries, wages & related costs	1,064,954	123,226	1,188,180 Allocated on time
Audit fees	-	12,425	12,425 Governance
Accountancy Fees	-	1,152	1,152 Governance
Legal fees	1,591	1,591	3,182 50/50 split
<b>Total</b>	<b>1,066,545</b>	<b>138,394</b>	<b>1,204,939</b>

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

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

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

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

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

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

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

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

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

## 9. Trustees' remuneration and expenses

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

## 10. Corporation Taxation

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

## 11. Fixed Asset Investment

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

There were no investment assets outside the UK.

## 12. Tangible fixed assets

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

**13. Intangible assets**

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

**14. Stock – Group and Charity**

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

**15. Debtors**

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

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

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

	<b>2025</b>	<b>2024</b>
	£	£
Bank loans and accruals	25,667	102,667
	<b>25,667</b>	<b>102,667</b>

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

### 18. Deferred income

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

### 19. Related party transactions

One unpaid share capital of £1.

**20. Funds**

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

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

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

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

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

**21. Leases – Group and Charity**

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

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

## 22. Pension Commitments

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

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

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

### Local Government Pension Scheme

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

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

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

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

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

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

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

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

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

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

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

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

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

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