

**The School Food Trust (a charitable company limited by  
guarantee)**

Annual Report and Financial Statements

For the year ended 31 March 2010

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## Company information

Charity Registration Number:	1118995
Company Registration Number:	5386058
Registered Office:	3 <sup>rd</sup> Floor 2 St Paul's Place Sheffield S1 2FJ
Chief Executive:	J Hargadon
Members:	The Secretary of State for Education N Graham
Directors:	R Rees MBE (Chair) M Barrett J Bunn A Byrne J T Dyson F Fassih F Gately P Hargrave P Kelly R O'Donnell J Schneider Sir T Shebbeare A Starkey M Twelftree S Walker

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the directors.

Senior Management:	J A Hargadon	Chief Executive
	G L Bell	Director of Corporate Services
	D Edwards	Director of Partnership & Programmes
	Dr M Nelson	Director of Research
	C J Wainwright	Director of Communications
	J A Wright	Director of Delivery
Secretary:	G L Bell	

## Company information

Bankers:

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HM Treasury  
Sutherland House  
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Crawley  
West Sussex  
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## Report of the Directors

The directors present their report together with the financial statements for the year ended 31 March 2010. The financial statements have been prepared under the modified historic cost convention. The financial statements have been prepared in accordance with generally accepted accounting practice in the United Kingdom (UK GAAP), the Companies Act 2006, the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) and the disclosure requirements of the Government Financial Reporting Manual (FRM). The Trustees have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission.

### Principal activities

The Charitable Company, which is a Non-Departmental Public Body (NDPB), is principally engaged in taking forward the new school standards to transform school food and food skills to improve health and education for school age children and young people.

### Governing document

The School Food Trust (The Trust) is a company limited by guarantee and governed by its Memorandum & Articles of association dated December 2005. A special resolution was passed by the members in 2009 to adopt a revised Memorandum & Articles agreed in December 2005, this was because the original signed resolution was mislaid and the revised Memorandum & Articles of association were not registered with Companies House. The Memorandum & Articles of association have been revised to amend the objects of the company and to make provision for the Chair to receive reasonable remuneration for services to the company. The revised Memorandum & Articles of association have still not formally been approved by the Charity Commission. The Trust is registered as a Charity with the Charities Commission. Since 1<sup>st</sup> April 2005 it has operated as a Non Departmental Public Body sponsored by The Department for Children, Schools and Families (DCSF) (formerly the Department for Education and Skills) and its main source of funding is through Grant in Aid. The DCSF became the Department for Education on 12th May 2010, we will refer to the Department of Education as DCSF throughout the remainder of the annual report and accounts.

### Trustee recruitment, induction and training

Trustees are drawn from throughout the sector and are appointed by the Secretary of State. Board members are advised of their responsibilities as a trustee on appointment and are kept advised and updated on any changes in responsibilities that come into force. Training is provided on current legislation.

### Public Benefit Statement

The trustees have taken due regard to the Charity Commission guidance on Public Benefit and during the year the Trust has been working to advance the education and promote the health of school children and their families by achieving the following charitable objectives:-

(A) DEVELOPING AND IMPROVING KNOWLEDGE AND UNDERSTANDING OF GOOD NUTRITION AMONGST LOCAL AUTHORITIES, SCHOOLS, PUPILS AND THEIR FAMILIES, SCHOOL CATERERS AND OTHERS IN ENGLAND;

Through our network of Let's Get Cooking clubs, we are building interest in healthy food and developing cookery skills not only with children but with families and the wider community. By the year end, there were 396,785 programme beneficiaries. 90% of participants in club activities have stated that they are replicating new healthy cooking skills at home and 59% have increased their intake of nutritionally healthy food.

The Secondary School Lunch and Behaviour Study assessed the nutritional intake of secondary school pupils' lunchtime choices and how changes in the environment or nutritional interventions affect behaviour. Findings showed that, post intervention, changes to school food provision and the dining environment were associated with significant increases in vitamin C, iron and zinc intakes and improved compliance with nutrient standards. They also showed an increase in 'on task' behaviour in the afternoon of 18%. These results have been widely disseminated to schools, caterers and LAs and used extensively in other work.

The Trust has been working closely with a wide range of key policy and decision makers to develop a consensus proposal/vision, for the future that demonstrates that school food is an intrinsic element of the broader agenda surrounding children's food. Developed with these partners, a leaflet was produced 'Healthy, Wealthy and Wise?' which sets out the strategic case for school food and presents an agreed menu for sustainable change which aims to put healthy school food at the heart of every school and to spread health and wellbeing skills and messages as widely as possible.

## Report of the Directors

### (B) ENCOURAGING AND MONITORING GOOD PRACTICE IN THE PROVISION OF AND ACCESS TO NUTRITIONALLY HEALTHY FOOD IN SCHOOLS;

The National Primary School Food Study, the first of its kind since the Government's food standards came into effect in 2006, found that lunches taken by pupils in 2009 were healthier than those of children four years earlier. The Trust's survey examined what was taken and eaten by 6,696 children from a nationally representative sample of 136 primary schools, between February and April 2009. The results were compared with similar data collected in 2005. Compared with 2005, caterers now provide a healthier lunch and, by limiting the range of foods to healthier options, pupils now take healthier lunches. Findings were published in February 2010. Appropriate tools have been tested in readiness for a similar study in secondary schools in 2010/11.

The Trust developed an Audits and Inspections toolkit for primary schools and their catering providers to sensibly monitor compliance with the standards. The toolkit was piloted in partnership with the Department of Health, West Midlands and Central England Trading Standards Authorities (CEntSA) in primary schools in the West Midlands. Amendments are underway to tailor this toolkit for use in secondary schools.

The Trust supported Ofsted on this year's themed report on compliance carried out in sample schools and their draft report is due to be published in July 2010.

### (C) PROVIDING TRAINING AND GUIDANCE IN NUTRITIONAL HEALTH AND THE PREPARATION AND SERVING OF NUTRITIONALLY HEALTHY FOOD.

The nutrient-based standards for school lunches became compulsory in secondary schools in September 2009. Following two phases of successful secondary schools pilots to model compliance, we ran a third phase, this time looking at more specialised areas: food provision in special schools; how to meet the standards with cold provision only and with limited kitchen facilities; and the transferability of the current successful model to inner-city schools. We developed training materials and training days for dieticians and nutritionists and continued support to schools with menu analysis.

Although the National Primary School Food Study showed that the nutritional quality of school dinners has benefited from the introduction of the food-based and nutrient-based standards, these improvements are not reflected in the nutritional quality of packed lunches. The Trust has, therefore, developed a step-by-step guide on the website to provide information, advice and guidance to schools on how to develop a nutritionally compliant packed lunch policy after proper consultation with pupils, parents and staff. The guidance, which has been developed jointly with Healthy Schools, the Food Standards Agency and Change4Life, provides menu options, case studies, tips and tools to ensure parents and pupils have access to the knowledge and skills to prepare a balanced packed lunch; the effort involved may steer parents to school lunches.

The Trust has played a major role in modernising the national catering qualification components to meet the needs of school cooks. Training for school cooks continues to develop well through the School Food Excellence and Skills Training (School FEAST) network.

### Management commentary

The School Food Trust (SFT) has the unique remit of transforming school food. It was set up as a Non-Departmental Public Body in 2005 by the then, Department for Education and Skills (replaced by the Department for Children, Schools and Families, DCSF) to promote the education and health of children and young people by improving the quality of food supplied and consumed in schools. It is also registered as a Charity and receives BIG Lottery funding as part of its Well-Being programme to lead the "Let's Get Cooking" initiative.

The School Food Trust Board and staff believe that eating well during the school day is crucial to a number of governmental, societal and parental objectives as well as to the public benefit in general, including improving the health, well-being and academic performance of children and young people. The School Food Trust is charged with helping all stakeholders ensure that young people eat better food at school and has set for itself four broader objectives to achieve this agenda. Established at the outset, these are reviewed each year to ensure they remain relevant:

1. ensure all schools meet the food-based and nutrient-based standards for lunch and non-lunch food;
2. increase the take-up of school meals;
3. reduce diet-related inequalities in childhood through food education and school based initiatives;
4. improve food skills through food education and school and community initiatives.



## Report of the Directors

These objectives are also consistent with the objectives stated in the Children's Plan (November 2007):

"By 2020 we want to see...

- children enjoying healthy lifestyles and outcomes, with the proportion of overweight and obese children back to year 2000 levels and with excellent services for children and young people with physical and mental health problems;
- all children with the social and emotional capabilities that they will need for a successful adult life"

The priorities for the year 2009/2010 were based on the outcomes set by the Department of Children, Schools and Families (DCSF) and as outlined in its remit letter of April 2009. In the work planned for the year, priority was given to those activities which would help us achieve a focus in four areas which we know are essential in making a difference to take-up:

Priority 1: Senior leadership team support in schools

Priority 2: The quality of the offer

Priority 3: Support financial stability

Priority 4: Knowledge of what is going on

During the year ended 31 March 2010, the Trust has achieved the following, under these four priorities, to help meet its key objectives.

### **Priority 1: Senior leadership team support in schools either directly or through work with local authorities**

#### Million Meals

The national Million Meals campaign continued to be our key vehicle for encouraging increased take-up of school meals. To date, we have had 6,402 schools enrolled and over 1,238 partners. We engaged nearly 2000 more schools, over the year, through work with partners, SFT marketing tools for schools and a range of engagement activities.

We tested new approaches to direct support for heads, e.g. – 'Adopt a School' where schools with similar issues get together to resolve those issues using continuous improvement methodology.

We continued to give on-going support to Million Meals schools through conference calls, new classroom resources and case studies etc. The majority of our materials are now available to be downloaded or ordered on-line, rather than distributed to all, in order to reduce our use of paper. Our impact assessment survey (stage 1) reviewed 400 Million Meals schools and their use of the Trust's resources and this indicated that they are helpful but improvements to the website are needed especially as time pressure is a key issue for school heads.

#### School collaboratives

The Trust's continuous improvement programme, branded as "Small Step Improvements", was successfully tested in Northumberland and that particular Local Authority is now on its third roll-out to clusters of schools. The main programme has begun with five local authorities in the first two of five phases. Hybrid models have been developed to adapt to local need, including one that schools can join directly without going through their local authority. Over the year, 111 schools have been involved in the workshops and we have seen an average increase in take-up of between 2%-8% over the equivalent period in the previous year.

#### Healthy packed lunches

The 2007 Primary School Food Study, carried out by the Trust showed that the nutritional quality of school dinners had benefited from the introduction of the food-based and nutrient-based standards but these improvements were not reflected in the nutritional quality of packed lunches. The Trust has, therefore, developed a step-by-step guide on the website to provide information, advice and guidance to schools on how to develop a nutritionally compliant packed lunch policy after proper consultation with pupils, parents and staff. The guidance, which has been developed jointly with Healthy Schools, the Food Standards Agency and Change4Life, provides menu options, case studies, tips and tools to ensure parents and pupils have access to the knowledge and skills to prepare a balanced packed lunch; the effort involved may steer parents to school lunches.

#### School food training manual for schools

Practical help for schools focusing on healthy eating through a whole school approach was made available in a new range of workshop-based materials. Developed by Hull University, on behalf of the School Food Trust, the materials align with Ofsted and Healthy Schools guidelines, as well as the National Healthy Schools Programme 'Whole School Approach'.

The new materials place school food at the heart of all aspects of school life.

## Report of the Directors

### Improving infrastructure - support to schools

The Trust developed a checklist for schools going through the Building Schools for the Future (BSF) process which is accessible on a new dedicated web area designed to be the first point of contact for those wanting to improve kitchens and dining rooms. Case studies are regularly added to the website.

We agreed a continuing presence at key National College (formerly NCSL) events to promote kitchen and dining planning for key capital programmes. The first workshop at a National College event with heads going through BSF was very well attended with plenty of interest in how the Trust can help schools as a one-stop shop.

Following the kitchen capacity pilots run in 2008/2009, 'A Fresh Look at Efficient Kitchens and Dining Spaces' was published, in August 2009. This guide outlines the benefits of installing more efficient equipment, such as combination ovens to reduce energy use and eliminate production bottlenecks. This was followed by a revised edition of 'A Fresh Look at the Meal Experience', published in November 2009, which schools can use to improve all aspects of the school dining experience on a limited budget.

### Government Office school meal take-up plans

Successful discussions have been undertaken with each regional Government Office to develop school meal action plans based on specific regional issues such as high obesity levels, high free school meal eligibility, low school meal take-up etc. Work is in hand to integrate actions into local school food and healthy weight plans.

### Support for Local Authorities

The Trust continued to support local authorities through a range of activities, especially: work to improve kitchen and dining rooms; local authority tailored support packages; partner initiatives in Million Meals; Small Step Improvements; and marketing consultancy support.

We identified a marketing skills and resource gap in local authorities, caterers and schools. Therefore, a Marketing and Design Generator (MADGe) was created as a brand-engine to equip school food providers with the relevant skills to develop their own cost effective marketing campaigns. It was launched at the 'National Marketing Conference' held in September 2009. Since the launch, MADGe has seen a steady increase in users. Building on the popularity of MADGe, a programme of training workshops in all 9 Government Offices is planned for 2010/11 and the first one took place in May. We also continued testing a range of marketing models to be able to give better advice to schools about engaging young customers (see section under priority 3)

Eleven local authorities implemented individual action plans, developed jointly with the Trust, utilising a package of tailored support ranging from lunchtime supervisor training to the "Fast Food Road Show" and there are signs of an increase in take-up in these areas. Greater funding pressure, in the year, added to the challenges and learning from targeted work is being used to shape phase 2 and to develop a support pack for local authorities to access on the web. This was published in May 2010

We continued to build leadership capacity for school food at a local level by leading and supporting the "School Food Ambassador" network. The National School Ambassador Learning Seminar was held in Bristol in February 2010 with 130 ambassadors in attendance. The general tone was very positive and the seminar was seen as offering helpful advice and support. A review of the needs of ambassadors and the effectiveness of the network was carried out in February 2010 and will lead to new initiatives in 2010/11.

### Information sharing

The Trust contributed, through stands and presentations to events run, by or for, key stakeholders, e.g. the national programme of the Association of School and College Leaders Conferences, with good feedback on the usefulness of our contribution. The 'Million Meals Leading Edge' conference was held in November 2009 in Tottenham with leading edge schools and schools in the school engagement programmes

The Trust continued to keep school food on the public agenda through actively soliciting press and Public Relations (PR) coverage, as well as reacting to emerging stories and issues around school food with positive responses to shape the debate. Examples of specific school food pieces that were accepted by key journals were: a special edition of the National Governors Association magazine, 'Matters Arising' in September 2009; and a supplement in the Municipal Journal in March 2010

## Report of the Directors

### Priority 2: The quality of the offer

Nutrient-based standards in secondary schools The nutrient-based standards for school lunches became compulsory in secondary schools in September 2009. Following two phases of successful secondary schools pilots to model compliance, we ran a third phase, this time looking at more specialised areas: food provision in special schools; how to meet the standards with cold provision only and with limited kitchen facilities; and the transferability of the current successful model to inner-city schools. We developed training materials and training days for dieticians and nutritionists and continued support to schools with menu analysis.

#### Meal deals – a vehicle to provide compliant menus

We completed pilots in 2009 which provided evidence of how, involving pupils in designing meal deals can assist schools in meeting the nutrient-based standards. Menus have been rolled out in all schools in Hertfordshire. A web based resource, including live case studies with milestones, has been published on the Million Meals website for schools and local authorities considering using Meal Deals as part of their strategy to achieve compliance

#### Early Years

Commissioned by the DCSF, the Trust has established an Advisory Panel on Food and Nutrition for Early Years and the first meetings have been held with sub-groups to tackle specific areas. The Trust's review of existing guidance has been published on the Early Years Foundation Stage (EYFS) website. The panel report will be published in time to inform the wider independent review of the EYFS, due to start in Sept 2010

#### Support to cooks and caterers

The School Food Excellence and Skills Training (FEAST) network continues to develop well, as does the offer from each centre. Over the year, we set up network seminars for members to share challenges and good practice and also improved the Extranet to facilitate reporting. We provided intensive marketing agency support to eight centres, four of which have finalised their marketing plans and four have planning underway.

We commissioned a study by City University, to assess and share the impact of training. All first-round interviews with learners and all involved parties have been completed for this study and the first interim report has been written, awaiting discussion on the findings. The second-round of interviews took place throughout May 2010, with the second interim report due in October 2010.

We continued active support to caterers. In particular, a Middle Manager Training pilot was launched in Cumbria in October 2009 in partnership with Local Authority Caterers Association (LACA). The training continues with extremely positive feedback from learners. We also rolled out a lunchtime supervisors' programme developed by Hull University which has proved very valuable. In addition, the Trust has played a major role in modernising national qualification components to meet the needs of school cooks.

Our newsletter, "Cook for Success", which is produced every term, remains popular and revised distribution methods have enhanced the likelihood of it getting past the school office to the kitchen. Two cooks panel surveys were carried out this year and they showed that: despite having many skills, continued training to update existing skills is still needed but is not always provided by employers; school cooks are becoming increasingly involved in areas beyond the provision of school meals, ranging from cookery clubs to the teaching and supervision of pupils on work experience; and school cooks have an important role to play in the marketing of school food to increase the take-up of school lunches and ultimately improve the health and eating habits of the school-aged population.

### Priority 3: Support financial stability, including efficient delivery and stimulating demand

#### Stimulating demand: Marketing promotions

After testing the impact of free and subsidised meals in two phases of local marketing pilots, we ran the most successful of these trials, "all meals £1", for an extended period of 6 weeks in January/February 2010 in primary schools in North Somerset. Take-up is continuing to be monitored, post trial, but early results suggest this is a very effective approach; schools involved saw an average increase of between 20%-30% during the trial and between 8%-39% after the trial on a baseline of the average take-up over the previous academic year.

Following local marketing pilots at the beginning of 2009, promotions that both rewarded pupils loyalty and trained school cooks how to market to pupils were rolled out in Plymouth and Rochdale at the end of the year.

Take-up evaluation showed an average increase in secondary schools of between 8% - 20%.

## Report of the Directors

### Stimulating demand: marketing to pupils and parents

A 'Little Book of Goodness' booklet, targeting the parents of 700,000 potential new school dinner eaters, joining at reception level, was distributed via primary Head Teachers at the start of the new school year. In the post launch evaluation, 500 parents were sampled and 1% said they would definitely switch to school meals and 17% said they would get their child to eat them occasionally. Reflected nationally, this would mean 7,600 more children now eating schools meals every day and a further 129,200 eating them occasionally. Following its popularity, a second edition of the booklet is planned for the coming year.

A multi-media 'Back to School Awareness Raising Campaign' was rolled out in Yorkshire at the start of the new school year with the strap-line, 'School Dinners Make Winners'. This campaign resonated well with parents whose children already have school dinners, helping to reinforce that they made the right decision for their child, as well as being persuasive to those that are non-users. Amongst the children and parents targeted, there was a

positive consensus with regard to the potential benefits of school meals amongst both users and non-users in the group. 4% said that they were actively planning to switch, 4% said that they will definitely consider switching, and 33% said that they may consider switching. Post-evaluation, phase 2 of the campaign, was progressed in the South East and East of England in January 2010 - initial findings from the evaluation show that parents had a greater recall of the campaign than phase 1 and the messages were more clearly understood.

We ran a campaign, run from September 2009 to March 2010, to engage with parents and carers using digital social engagement tools. We created a joint SFT/MSN hub and developed website content with "Mumsnet" and "Netmums". Overall, the account drove 24,000 targeted visitors to the homepage of the SFT hub, via 29 million ad impressions, and the hub pages were viewed 163,573 times in total, which drove down the cost per visit to 0.39p.

### Stimulating demand: children and young people

The Trust continued to run specific initiatives to help schools bring young people to the dining room under the banner of "Get Real". Commissioned research on the perceptions and attitudes of primary and secondary school children to school food clearly showed that the customer journey is the most critical factor in whether or not to choose a school lunch. We designed a new scheme, 'Canteen Rescue', to attract pupil interest in school food, through a dining room make-over competition and associated school toolkit. This was launched in spring 2010. We also developed support for local authorities to run and fund the "Fast Food Road Show" in their schools. A number have shown interest and three have committed to funding with show dates being scheduled.

The "Really Good School Dinner", launched in January 2010 in line with the "Schools for Africa" campaign, encouraged pupils to eat a school meal and donate 10p to children in developing countries through the World Food Programme. School participation in this initiative was adversely affected by snow with a disappointing 3,100 meals pledged by pupils. The post project evaluation has shown that participating schools are very keen to take part again but the Trust will be exploring different timescales and methodology to secure maximum benefit, if run again next year.

### Longer term funding

The Trust published a report on the price elasticity of school meals and developed a case study approach with some local authorities and schools to understand the key issues. It developed a series of workshops to help local authorities with longer term viability issues and three of four of these are completed. The Trust also submitted a case to DCSF about the need for the continuation of the school lunch grant.

The Trust gave support to the former Government's free school meal pilots during the start up and implementation, and developed a learning network across the pilots, supporting the evaluation process as members of the Advisory Board.

It increased its work with DCSF procurement leads and OGC to support better purchasing of food and catering services.

### Improving infrastructure – working with funders and enablers and influencing policy

The Trust developed a steering group involving key organisations connected with school building design and funding, such as the Commission for Architecture and the Built Environment, the Education Building Development Officers Group, Local Partnerships, British Council for School Environments, The National College, Partnerships for Schools and DCSF to inform and influence policies, programmes and guidance on kitchens and dining spaces for schools.

The Trust held a very popular stand at a Building Schools Exhibition and Conference event providing invaluable links to major construction companies and their education consultants working with schools going through BSF.

## Report of the Directors

It fed into DCSF policies that relate to infrastructure e.g. supported DCSF with work on allocating targeted capital support to maximise benefit and encouraged and supported DCSF in work to extend the premises regulation to cover school kitchen and dining room needs.

### Let's Get Cooking

Let's Get Cooking had a successful year, building interest in food through the development of cookery skills in families. By the year end, major milestones have been achieved: 396,785 programme beneficiaries recorded; 2,406 new clubs signed up; 3,892 demonstrators trained and 1,946 clubs completed training. In addition, 950 associate clubs became active.

The second highly successful "Cookathon" took place in March 2010 with 260 clubs taking part in a simultaneous tomato pasta cook off.

Let's Get Cooking is funded by The Big lottery Fund until December 2012, new projects have been developed to help ensure sustainability of clubs, once the Lottery funding has come to an end. The team has begun to deliver "Cook4Life Train the Trainer" courses to staff at "Sure Start" centres in conjunction with "Change4Life". It also jointly ran a 'Higher Level Teaching Assistant – guidance for secondary food technology' course with Best Practice Network (BPN) in the West Midlands in June and October 09 and further training is planned for Sheffield and Bristol

### Develop the whole education approach

The Trust entered into active engagement with a wide range of key policy and decision makers to develop a consensus proposal/vision, for the future that demonstrates that school food is an intrinsic element of the broader agenda surrounding children's food. Developed with these partners, a leaflet was produced 'Healthy, Wealthy and Wise?' which sets out the strategic case for school food and presents an agreed menu for sustainable change which aims to put healthy school food at the heart of every school and to spread health and wellbeing skills and messages as widely as possible.

The Trust also supported the Secretary of State's publication of a cookery book for Year 6 pupils, focusing on cold food, by supplying all recipes and advising on design and content.

### **Priority 4: Knowledge of what is going on**

#### NI 52 take-up data

From April 2009, local authorities were required to provide take-up information through the 2009 School Food Trust/Local Authority Caterers Association annual survey not only for their own catering or contracted services but for all schools across the authority using NI52 data collection methodology. NI 52 - *take up of school meals* - was one of 198 local government indicators in the National Indicator Set (NIS), developed as part of the Comprehensive Spending Review 2007 by the previous Government.

The response this year was an unprecedented 100% and there was a significant increase in usable data - 145 local authorities for primary and 139 for secondary. This greater acceptance of the standard take-up measure reflected the intensive advice and support given to local authorities by the Trust. The data showed that take up of school lunches in 2008/2009 was 39.3% in primary schools and 35.1% in secondary schools, academies and city technology colleges. Because of the change in data collection methodology, a straight comparison could not be made between these figures and those for 2007/2008. However, using a subset of local authorities who provided like-for-like data, the results showed a slight increase on the previous year.

Further analyses explored associations between take-up and factors in the local authority or catering practices relating to school food provision.

An improved take-up tracker tool is now on the Million Meals website for schools to use to input daily take-up data and from which local authorities can gather NI 52 data. There has been a strong focus on data collection in all Trust pilots, but take-up data remains hard to gather from schools.

#### Secondary school study of food, performance and behaviour

## Report of the Directors

The results were published in November 2009 of this study to assess the nutritional intake of secondary school pupils' lunchtime choices and to assess how changes in the environment or nutritional interventions affect behaviour. They showed that, post intervention, changes to school food provision and the dining environment were associated with significant increases in vitamin C, iron and zinc intakes and improved compliance with nutrient standards. They also showed an increase in 'on task' behaviour in the afternoon of 18%. Results have been published and used extensively in other work.

### Evidence of compliance

The National Primary School Food Study, the first of its kind since the Government's food standards came into effect in 2006, found that lunches taken by pupils in 2009 were healthier than those of children four years earlier. The Trust's survey examined what was taken and eaten by 6,696 children from a nationally representative sample of 136 primary schools, between February and April 2009. The results were compared with similar data collected in 2005. Compared with 2005, caterers now provide a healthier lunch and, by limiting the range of foods to healthier options, pupils now take healthier lunches. Findings were published in February 2010. Appropriate tools have been tested in readiness for a similar study in secondary schools in 2010/11.

The Trust developed an Audits and Inspections toolkit for primary schools and their catering providers to sensibly monitor compliance with the standards. The toolkit was piloted in partnership with the Department of Health, West Midlands and Central England Trading Standards Authorities (CEN TSA) in primary schools in the West Midlands. Amendments are underway to tailor this toolkit for use in secondary schools.

The Trust supported Ofsted on this year's themed report on compliance carried out in sample schools and their draft report is due to be published in July 2010.

### Schools Food Panel

The Trust continued the termly survey of Head Teachers to track key issues for schools. The key findings for wave 8 published in November 2009 were:

- On average secondary school children spent eight minutes queuing compared to five minutes in primary schools with 35% of secondary school Head Teachers reporting that queuing discourages pupils from having school lunch
- In relation to the growing interest and take-up of school lunches, Head Teachers report a range of mechanisms that have been implemented to improve flow and throughput in the dining room, in particular:
  - *Time management.* Interventions to reduce queuing time in the dining areas have been introduced by both primary (58%) and secondary schools (88%) The top three changes made at primary schools were to introduce staggered lunch breaks, entering the dining room in small groups, and rotating lunch breaks. In secondary schools the top three changes were staggering lunch breaks, adding service areas, and adding till points;
  - *Space management.* Both primary (27%) and secondary (56%) schools have increased dining spaces by providing additional seating outside of the main dining area;
  - *Facilities management.* Primary schools tend to have only one service point and no till points in their main and additional dining areas. Secondary schools had on average three service points and three till points in the main dining area and one service and one till point in their additional dining spaces.
- Both primary and secondary schools accommodate a wide range of sports, societies and other extra-curricular activities at lunch time. Only 14% of primary schools and 21% secondary schools have written policies to ensure that children engaged in lunchtime activities, have lunch. However, the majority of schools have implemented measures to facilitate this
- Over 80% Head Teachers claimed that they never ate in the dining room with pupils. Secondary school Head Teachers (31%) were more likely to eat with pupils every school day than primary school head teachers (14%). Respondents considered that staff dining with pupils had a positive impact on pupil behaviour
- Most Head Teachers (86%) considered 'marketing' an important tool for maintaining and increasing interest and take-up of school food. Eighty-one percent of primary schools and 73% of secondary schools had undertaken 1-3 marketing activities in the last academic year. The maximum number of such events reported in one year was ten
- The effectiveness of marketing activities in terms of take-up was perceived to be high by the majority of respondents. This was reflected in the number of schools that undertook repeat marketing events.

### Relevant research links

We continued to build alliances with others undertaking research in related areas. We also actively developed the publication of the Trust's work as 'findings' to overcome lead time to formal publication and improved internal sharing of research results to help staff use them in their work

## Report of the Directors

### Support for effective delivery

In addition to the activities outlined above, there has also been support for the effective delivery of the Business Plan within Corporate Services:

- Implemented a new payroll system following withdrawal of the DCSF service that will offer better monitoring information in future
- Introduced a new "Sun Financial Management" system and commenced training to improve support to delivery stream and project managers and improve governance
- Registered statutory reports in the House of Commons library
- Registered statutory reports and returns with the Companies House and Charities Commission
- Approved Business Continuity Plan.
- Completed and commenced implementation of data security policy to be compliant with cabinet office requirements
- Revised procedures and training to meet and exceed minimum Health and Safety requirements.
- Improved use of metrics in progress reporting and in assessing impact of work
- Finalised and commenced implementation of the Trust's sustainability action plan
- Supported recruitment of 21 permanent and 8 temporary staff including maternity cover
- Continued to develop and implement best practice in Human Resources including publication of a Human Resource Strategy for the organisation.

### Data Security

There were no protected personal data related incidents formally reported to the Information Commissioner's Office during the financial year. Data security incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office, but recorded centrally within the Department, are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	1
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	0
V	Other	0

We continue to work with the DCSF Departmental Security Officer to develop and improve our data security and information assurance to meet the Government's Security Policy Framework and Information Assurance Maturity Model. Increased awareness training has been given to staff to highlight the importance of protecting equipment. We now have access to the DCSF risk management application which allows us to prioritise work in this area and our latest risk assessment shows that we have made significant progress during 2009-2010. A copy of our annual risk assessment has been submitted to DCSF to form part of their annual review for the Cabinet Office.

### Grant making policy

Grants are made to support projects that are providing services in line with the overall aim of the School Food Trust. They are paid from funds specifically earmarked for such use.

### Financial risk

As the cash requirements of the Charitable Company are met largely through Grant in Aid received from the Department for Children, Schools and Families and funding received from the Big Lottery Fund, financial instruments play a more limited role in creating financial risk than would apply to a non-public sector body of a

## Report of the Directors

similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Charitable Company's expected purchase and usage requirements and the Charitable Company is therefore exposed to little credit, liquidity or market risk.

### Liquidity

The Charitable Company is funded by the Department for Children, Schools and Families. At the start of each year The School Food Trust is notified of the amount of Grant in Aid that we are entitled to. This is claimed on a monthly basis to fund our activities. The charitable company has an established relationship with the Department and has regular communications with them, including reporting financial performance on a monthly basis.

Big Lottery Fund funding is claimed on a quarterly basis to fund the activities of Let's Get Cooking and financial reporting is made by the Trust to the Big Lottery Fund each quarter.

### Key Risks for 2009-2010

During 2009-2010 the following key risks were identified by the Trust and included on the Risk Register;

- Uncertainty over the Trusts future caused by the current Economic Climate and the inevitable political uncertainty caused by a General Election. We have formed a "Futures Group" led by 2 members of the Executive Team tasked with developing and implementing a plan to make sure that the Trust is able to face any challenges that this uncertainty brings about
- Loss of, or loss of ring-fencing of, the School Lunch Grant in 2011, combined with increased prices, reduces the sustainability of catering services and some catering services may close. The perceived high cost of the implementation of changes to school food is an added disincentive to schools and catering providers to prioritise healthy food in schools. If ring-fencing is lost, more schools may choose not to spend the money on school lunch. Consequently, SFT could fail to achieve take-up targets and healthy eating goals.
- Kitchens are inadequate for cooking fresh food to meet the standards and have insufficient and/or inappropriate space for dining areas. Insufficient weight/lack of guidance attached to kitchen and dining room space/facilities could result in poor Building School for the Future – Primary Capital Programme planning without the input of catering experts or customers. Shortage of money in LAs and schools to match fund may delay the introduction of capital funded programmes to improve existing kitchen and dining rooms where there are major inadequacies. This could be exacerbated by the Premises Regulations now focusing on new builds and major refurbishments.
- Government review of national indicators could result in the removal of NI 52 thus taking school food off the agenda in high level policy discussions and decision making and de-prioritising the school food agenda with key stakeholders. The removal of the required standardised data collection will be lost with a return to a variance of collection methodologies
- Even if schools sign up to Million Meals, the school leadership team are not truly engaged. Simple steps within the TENplates for success to promote take-up are too onerous at school level and not, therefore, implemented
- Local partners do not have the knowledge, resource, influence or skills to drive School Food Trust (SFT) change or they resist the change
- Parents and teenager campaigns don't achieve desired result of changing attitudes and eating behaviours and not seen as effective use of public money

Mitigating actions were agreed for all risks on the Corporate Risk Register and signed off by the Board.

### Protecting the Environment

The Trust is committed to supporting the Department's obligations to reduce carbon emissions and support sustainability within the sectors it works in. The Trust implemented a sustainability statement and development action plan in 2008. The review carried out in October 2009 showed that the Trust has met its agreed actions including outlining how each new project contributes to sustainability and highlighting best practice through case studies available on our websites. The Trust continues to work with the Department to identify the levels of carbon output through such things as staff travel and office use. 2010/11 will be the first year that the Trust will have a benchmark to compare against in order to measure the effectiveness of policies relating to these areas.

### Social Responsibilities

The Trust continues to work to improve the lives of young people through all their projects. They particularly work on areas relating to healthy eating, childhood obesity, and access to free school meals for those on low incomes. The Let's Get Cooking programme also works with young people, parents and carers to encourage cooking and eating together. The Trust also has made a commitment through its special leave policy to support



## Report of the Directors

staff to contribute to the wider community through volunteering and involvement in such areas as school governance. In 2009/10 2 staff members were given time to participate as school governors and 1 to volunteer abroad.

### Diversity and equal opportunities

The School Food Trust wholeheartedly supports the principle of equal opportunities, both in its employment practices and in its activities. As a government-funded organisation with a leading role in the health and education of young people The School Food Trust recognises that its equal opportunities profile should provide an exemplar for others in the field.

The School Food Trust will not discriminate against any employee or job applicant on the grounds of age, ethnic or national origins, gender, sexual orientation, disability, or marital status. Our aim is to ensure equality of opportunity for all staff regardless of their role within the organisation or the length of their contract, and to inform staff of their rights and responsibilities in relation to diversity and equal opportunity.

The School Food Trust recognises its obligations under current legislation, in particular the Sex Discrimination Acts 1975 and 1986 and the Race Relations Act 1976, which make it unlawful for an employer to discriminate directly or indirectly on the grounds of sex, marital status or race; the Equal Pay Act 1970, the Disability Discrimination Act 1995; the Rehabilitation of Offenders Act 1974; the Trade Union and Labour Relations (Consolidation) Act 1992; the Employment Act 1979; the Age Discrimination Act 2006; and any associated Codes of Practice.

The School Food Trust will keep up to date with and apply all relevant new legislation.

### **Every possible step will be taken to ensure that individuals are treated equally and fairly and that decisions on recruitment, selection, training, promotion, and career development are based solely on objective criteria**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them and adjustments made to work and or facilities where reasonably practicable and as appropriate in order that their employment with the Charitable Company can continue.

It is the policy of the Charitable Company that training, career development and promotion opportunities should be available to all employees.

### Financial Review

During the year the organisation had net incoming resources (before reversal of the notional cost of capital) of **£1,128,000** (2008-2009: -£597,000).

Grant in Aid income increased by **£2,568,000** to **£10,540,000** during the year. The Trust also recognised Big Lottery funding of **£4,558,000** (2008-2009: £3,407,000 and returned DCSF capital grant funding of **£9,000 unused from 2008-2009** (2008-2009: £2,694,000 received). The Trust also received funding from other income sources of £168,000 (2008-2009: £26,000). Grants directly made by the organisation totalled **£2,896,000** (2008-2009: £4,025,000).

The Trust showed a surplus on its unrestricted fund of **£1,124,000** and a surplus on its restricted funds of £4,000 during the period, leaving net reserves against these funds of:

- Unrestricted **£96,000** Deficit (2008-2009: £1,220,000 deficit)
- Restricted **£43,000** Surplus (2008-2009: £39,000 surplus )

The unrestricted fund is predominately funds received as Grant in Aid from the Department for Education and the deficit represents creditors and accruals for expenditure recorded against that fund at 31 March 2010 where payment has not yet been made. The School Food Trust is not permitted to draw down grant in aid in advance of need and funds to pay these creditors and accruals will be drawn down in April 2010. The deficit has decreased during the year due to the Trust actively planning work earlier in the year and as a result paying a higher proportion of suppliers before 31<sup>st</sup> March 2010.

## Report of the Directors

The deficit at the end of 2008-2009 also included £439,000 relating to capital grant creditors (2009-2010 £1,500) and a higher level of Let's Get Cooking grant creditors due to delays in processing grant claims at the year-end.

The Trust was set a target to make 5% efficiency savings during the 3 years ending 31<sup>st</sup> March 2011, this equates to £410,173 up to 31<sup>st</sup> March 2010. Our actual savings, for this period, were £376,432 which have been agreed with The Department for Children, Schools & Families.

### Developments in the next twelve months

The Trust's Business Plan for 2010/2011 is based on the outcomes set by the Department of Children, Schools and Families and outlined in its remit letter of March 2010. The overriding priority for the Trust is to achieve increases in the take-up of both school meals that are paid for and free school meals that comply with the food-based and nutrient-based standards in England.

The Department have recently reduced our funding for 2010-11 by £1,000,000 as part of the new government's £6.2 billion spending cuts. Our Business Plan is being reviewed to take account of these cuts.

In the work planned for 2010/2011, priority has been given to activities that help us achieve a focus in four areas which we know are essential to making a difference in take-up.

#### 1. Spreading best practice to increase take-up of school lunches

More of our work than in recent years, will be about 'spread' – reaching out to those who have not yet fully engaged, or even engaged at all, in improving school food. Activities that enable schools and local authorities to develop their own approach whilst learning from others, will dominate our delivery support, e.g. the continuation of the continuous improvement programmes with schools collaboratives.

Interventions that have been shown to work, e.g. marketing consultancy support, pupil-led marketing promotions or lunchtime supervisor training, will be used in tailored support for local authorities who we have identified as both needing support and also being ready to make change; and these will complement the local school food action plans. We have just begun a programme of training workshops, in each of the nine Government Office regions, to give practical help to caterers, schools and local authorities to market their food to pupils and parents using our Marketing and Design Generator (MADGe) online tool.

#### 2. Gathering evidence of impact

Despite improvements, we have again seen, in this last year, how hard it is to gather data on take-up and associated information. Once again, we will be giving significant support to local authorities to provide us with usable take-up data in the annual survey. But we also need schools and caterers to gather this information for sound operational reasons and to understand the impact of different interventions, and not just because it is a part of the national indicator set. Without information on patterns of take-up, schools and local authorities cannot tailor the improvements that they are making.

Good quality school food improves our children's health, behaviour and performance. It has always been common sense, but now we have clear scientific evidence that children are more likely to concentrate and be alert in the classroom after a good lunch, eaten in a decent environment. The School Food Trust now has evidence to show that in primary schools, nutritional standards are being met, or almost met, by the majority; school meals are more nutritious than packed lunches; more fruit and vegetables are being eaten for school lunch; and more children are drinking water with their lunch. This year we will be carrying out a similar study in secondary schools and this report will be available in December 2011.

Good eating habits have been shown to be associated with maintaining a healthy weight. School food helps our children develop good eating habits and puts them on the path to a healthy future. We know that parents support the limitations put on the access to foods which are high in fat, sugar and salt. Parents also know that their job, in keeping children healthy, is made so much easier when they are supported by what goes on in schools. We will continue to support school cooks, caterers, dieticians and nutritionists in providing compliant food through training opportunities that are tailored to school food providers and self-assessment tools.

## Report of the Directors

### 3. Linking take-up to the wider national children's agenda

During this last year, we consulted extensively with other organisations committed to improving school food and published "Healthy, Wealthy and Wise?" In this, we agreed a 5 point menu for sustainable health, which underpins our collective work and helps shape its future direction:

1. Good quality school food improves our children's health, behaviour and performance
2. School food is important to help our children maintain a healthy weight
3. Standards at school should set a model for the food outside of the school day
4. The food our children eat at school is a fundamental part of the rounded education experience; it ensures their readiness to learn and should be accessible to all
5. Embedding healthy eating during the early years is essential; starting good eating habits at age 5 is too late

Our proposed activities include work with partners committed to improving the food children eat, and a growing range of activities to improve food and food skills education. We are pleased to be developing work with Early Years, hosting and supporting a review of nutritional guidance in Early Years settings and developing the Let's Get Cooking model in Sure Start centres.

### 4. Price, value, cost – the long term viability of the school meal service

We will continue work to enable and support the future financial viability of school food services, in the face of challenging economic times, including leading and supporting infrastructure developments. We look to inspire local authorities to change their view of school food, ensuring it is seen as contributing to wider strategic goals. We will be helping local authorities to develop a culture of innovation and improvement with regard to school food through learning programmes and supporting guidance.

As part of its drive to promote sustainable services, the Trust is also liaising with 'WRAP – material change for a better environment' to help schools and local authorities reduce waste, recycle more and make better use of resources. Interim findings from this research agency on levels of waste in the kitchen and dining room will be fed into the Trust's work with schools and there are plans to develop joint initiatives where 'eat up' will be the focus, not just 'take-up'.

We will support, in a range of ways, those who are interested in better school food, to put pressure on those that exert control over the delivery of school food. We will also continue to help schools and local authorities engage pupils and parents as customers of this better school food. Using insights from the research we commissioned last year on children's and parents' attitudes to school food, we are planning to target those pupils making the transition from primary to secondary school as well as those parents of reception age children making their first choices around lunchtime eating.

One of the key customer insights is that the experience in the dining room has a big influence on whether a pupil chooses to take a school meal. We also know, through our pilot work with schools, that involving children in making improvements is crucial to success. This year, we are launching a national competition to stimulate interest in changing the dining environment with pupils and teachers working together to win a canteen make-over. Lessons learnt by schools from making improvements to the dining room will be captured in an on-going resource for schools looking to make changes on a limited budget.

The Trust will continue to support the Government's free school meal and extended free school meal eligibility pilots. As part of this support, we will be using direct mailing to reach parents to promote their understanding of free school meal eligibility and the benefits of healthy school food.

## Report of the Directors

### Register of Directors' interests

The Register of Directors' interests is available at the charitable company's registered offices.

### Directors

The directors in office during the year and since the year end are listed below. All served throughout the year except where stated:

P Leith OBE (Chair)	Resigned 31 January 2010
R Rees MBE (Chair)	Appointed as Chair 1 February 2010 (Rob Rees has been a director of The School Food Trust since 7 <sup>th</sup> November 2005)
M Barrett	Appointed 1 November 2009
J Bunn	Appointed 1 November 2009
A Byrne	
J T Dyson	
F Fassih	
F Gatley	Appointed 1 November 2009
P Hargrave	
Baroness M Jones	Resigned 31 October 2009
P Kelly	
R O'Donnell	
Sir J Oldham	Resigned 31 October 2009
J M Orrey	Resigned 31 October 2009
J Schneider	
Sir T Shebbeare	
A Starkey	
M Twelftree	
S Walker	

### Current replacement cost of the assets

The directors are of the opinion that there is no material difference between the current replacement cost and the net book amount of fixed assets. Fixed assets are depreciated over their useful economic lives to reflect the period over which the economic benefits of the assets are received.

### Company status

The Charitable Company is limited by guarantee. Under Clause 7 of the Memorandum of Association all members undertake to contribute to the Charitable Company such an amount as may be required, not exceeding £1, in the event of it being wound up during the period of membership and within one year afterwards.

### Organisation Structure and Decision Making

The primary decision making body of the Trust is the Executive Team who report back to the Board on a quarterly basis either directly or through one of the 4 sub committees of the Board. The Executive Team are managed and chaired by the Chief Executive.

### Provision of information and consultation of employees

We employ a number of methods of communicating with and informing our staff, these include:

- Annual Appraisal as part of our Performance Related Pay process. Annual Objectives are set and reviewed at this meeting.
- Regular meetings between staff and their line managers to review progress towards individual objectives and discuss individual issues.

## Report of the Directors

- Programme and Project management processes which include monthly project reviews as well as a monthly Programme review.
- During 2009/10 the Executive set up an HR sub-committee which included staff representatives. This committee reviews all HR Policies and Procedures before they are presented to the Executive Team for sign off
- Quarterly all staff meetings – these take the format of internal briefings, presentations for external stakeholders and training on whole organisational issues or developments.
- Annual away days to develop team working and internal processes.

Absence from work due to employees' sickness totaled 329 days in 2009-2010 (2008-2009: 326 days), an average of 3.3 days per employee (2008-09: 3.7 days)

### Payment policy and practice

It is the Charitable Company's policy to follow the Government Departments Payment Performance Policy, in relation to the payment of its suppliers. The Charitable Company has standard payment terms of 30 days and, on a sample basis, 76% (2008-2009: 64%) of invoices were paid within this period.

The aggregate amount owed to trade creditors at 31 March 2010 compared with the aggregate amount invoiced by suppliers during the year, expressed as a number of days in the same proportion to the total number of days in the financial year is equal to 20.5 days

### Reserves policy

The trustees have set a reserves policy which requires that Reserves be maintained at a level which ensures that The Trust is able to meet its short term obligations subject to rules on the draw down of GIA.

The calculation of the required level of reserves is an integral part of the trust's planning, budget and forecast cycle.

It takes into account:

- Risks associated with each stream of income and expenditure being different from that budgeted
- Planned activity level
- Trust's commitments

The current target is for reserves to represent the investment in Assets required to deliver the Trust's core Grant in Aid and Big Lottery funded projects into the future.

The nature of our Grant in Aid funding from DCSF means that we are likely to show a negative funding for the foreseeable future.

### Investment policy

The only investment held by the Trust is cash on deposit. The trustees have set an investment policy in line with the Reserves Policy. The key aims of the policy are to maximise returns with the minimum risk. The policy will be reviewed annually alongside the Reserves Policy as an integral part of the trust's planning, budget and forecast cycle.

It takes into account:

- Risks associated with each stream of income and expenditure being different from that budgeted
- Planned activity level
- Trust's commitments

## Report of the Directors

### Going Concern

Grant in Aid is recognised at the point the cash is received and where draw down of funds is delayed to avoid excess cash balances at the year end, the Department for Children, Schools and families shall make available in the next financial year – subject to approval by Parliament of the relevant Estimates provision - any such grant-in-aid required to meet the related accrued liabilities at the year end, such as creditors. Therefore, although the Trust has negative reserves, the trustees consider it appropriate to prepare the accounts on a going concern basis.

### Auditors

The Comptroller and Auditor General has been appointed as auditor under the Government Resources and Accounts Act 2000 (Audit of Non-Profit-Making Companies) Order 2009. The auditors did not receive any remuneration for non-audit work.

On behalf of the Board of Trustees

Judy Hargadon

Chief Executive (Accounting Officer)

Rob Rees (MBE)

Chair

## Remuneration Report

The Remuneration report has been prepared in accordance with the requirements of the Government Financial Reporting Manual.

### Organisation and Finance Committee (with responsibility for remuneration)

The membership of the Organisation and Finance Committee for the Charitable Company is as follows:

**Peter Hargrave (Chair)**

**Margaret Barrett**

**Ferri Fassihi**

**A Starkey**

The committee is responsible for the following:

- Set objectives, review performance and recommend the terms and conditions of the Chief Executive.
- Review the performance of the Executive Team including, (but not limited to), performance pay, succession planning and recruitment.
- Review and approve benefits for staff including HR Policies, the framework and criteria for the annual review of salaries.
- Review and recommend the Corporate Plan and the Annual Budget.
- Review the performance of the organisation against its targets and budgets including review of expenditure decisions.
- Review and recommend financial policies and procedures for the organisation with reference to the Financial Memorandum.
- Review and recommend cases for investment, large scale procurement and contracts (£100,000).
- Review and recommend matters of organisational culture and values.

### Senior Managers' Contracts

The Chief Executive and 3 Senior Executives are employed on open ended contracts, and two Senior Executives are employed as Secondees on a Fixed Term.

	<b>Job title</b>	<b>Date of appointment</b>	<b>Status</b>
Judy Hargadon	Chief Executive	18/4/06	Open ended contract
Garry Bell	Director of Corporate Services	29/8/06	Open ended contract
Michael Nelson	Director of Research & Nutrition	1/4/06	Seconded from King's College, University of London (expires 31/3/11)
Chris Wainwright	Director of Communications	31/7/06	Resigned on 31/3/10
Jenny Wright	Director of Delivery	22/2/06	Seconded from DCSF (expires 17/5/10)
David Edwards	Director of Partnerships & Programmes	14/5/07	Open ended contract

### Probationary Period

All new employees are employed with a 3 month probationary period.

## Remuneration Report

### Termination of Employment

All staff are employed on open ended contracts, Fixed Term Contracts or For Fixed Term secondments

Contracts can be terminated by either 3 or 1 months notice, with grades up to EO requiring 1 months notice and grades higher than EO requiring 3 months notice.

### Remuneration of Senior Managers (subject to audit)

The School Food Trust has adopted the DCSF policy and pay structure for the payment of its employees and this includes Senior Managers. The trust has also developed a Performance Related Pay System based on that adopted by the DCSF, with rewards clearly linked to objectives. Pay and rewards for senior managers, with the exception of the Chief Executive, are set and agreed by the Organisation and Finance Committee.

The Chief Executive's objectives are agreed and set by the Board and are reviewed and agreed by the Organisation and Finance Committee.

The remuneration of the directors and most senior members of staff was as follows:

	2009-2010	2008-2009
	£'000	£'000
Prue Leith – Chair to 31/1/10	10-15	15-20
Rob Rees – Chair from 1/2/10	0	0
Judy Hargadon	95-100	100-105
Garry Bell	65-70	60-65
Michael Nelson	N/A	N/A
Chris Wainwright	70-75	70-75
Jenny Wright	65-70	65-70
David Edwards	60-65	60-65

Remuneration includes basic salary, benefits in kind and performance bonus, which is included based on the amount paid in the current year but earned in the prior year. Bonus payments made were between 0% and 5% for the Senior Managers and The Chief Executives bonus is up to 15%. There were no benefits in kind during the year.

Except for the Chair no Trustees received Remuneration. The Chair received payment of remuneration for services as a trustee. The Board and Members believed that the remuneration was under the legal authority of the governing documents (the Memorandum and Articles of Association) however the amended governing documents which include Provisions to pay the Chair did not have the approval of the Charity Commission and therefore were not effective. The Charity Commission are currently considering the amended governing documents. Payment of the Chair has been agreed with DCSF. Therefore the incoming Chair has not been paid for his services, but the outgoing Chair continued to receive payment until her retirement in January 2010.



## Remuneration Report

Michael Nelson is on secondment from King's College, University of London and his contract has been extended by 30 months until 31<sup>st</sup> March 2011. The School Food Trust was charged £100,399 for his services including VAT (2008-09: £96,501). Pension Contributions are recharged to the Trust as part of the overall secondment charge. No separate pension payments were made by the Charitable Company for his employment. No other amounts were payable to third parties for the services of senior managers and no amounts were payable to former senior managers.

The pension details for those Senior Managers were as follows:

Name	Accrued pension at age 60 as at 31/3/2010	Total related accrued lump sum at age 60	Real increase in pension and related lump sum at age 60	Cash equivalent transfer value at 31/3/2010	Cash equivalent transfer value at 31/3/2009	Real increase in cash equivalent transfer value	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Judy Hargadon	5 – 10	-	0 – 2.5	114	79	28	N/A
Garry Bell	0 – 5	-	0 – 2.5	70	46	19	N/A
Jenny Wright	10 – 15	40 - 45	2.5– 5.0	176	152	14	N/A
David Edwards	20 - 25	-	0 – 2.5	413	363	27	N/A
Chris Wainwright	N/A	N/A	N/A	N/A	N/A	N/A	7

### Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### On behalf of the Trustees

Judy Hargadon  
Chief Executive  
14 July 2010

Rob Rees (MBE)  
Chair  
14 July 2010

## Statement of Directors' and Chief Executive's responsibilities

The directors (who are also trustees of the School Food Trust for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 charitable company will continue in business.

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

The Secretary of State for Children, Schools and Families has appointed Judy Hargadon, Chief Executive, Accounting Officer of the School Food Trust.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding the Trust's assets, are set out in Managing Public Money issued by HM Treasury.

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

## Statement on Internal Control

### Responsibilities

As Accounting Officer and Chair of the Audit Committee (as representative of the Board of Trustees) we have joint responsibility for maintaining a sound system of internal control that supports the achievement of the Trust's policies, aims and objectives while safeguarding the public funds and assets for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned to the role under Managing Public Money. In addition the Accounting Officer is accountable to the Principal Accounting Officer of the Department for Children, Schools and Families (DCSF) to enable him to discharge his overall responsibility for ensuring that the Trust, as an NDPB responsible to the DCSF, has adequate financial systems and procedures in place. The relationship between the Trust and its sponsoring department, DCSF, is set out in a formal Management Statement.

### Purpose of the system of internal control

The system of internal control is designed to manage to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the year ended 31 March 2010 and up to the date of approval of the Report and Accounts, and accords with Treasury guidance. The Trustees maintain an overview of Internal Control through the Audit Committee. This Committee plays a pivotal role in ensuring a sound control environment. The Audit Committee has approved a risk management policy and reviews the Risk Register regularly.

### Capacity to Handle Risk

During 2009/2010 the Trust continued to review its risk management arrangements. The responsibilities for risk management are:

The Board has responsibility for overseeing risk management within the Trust and monitoring the key programme risks at its quarterly meetings

The Audit Committee has responsibility for reviewing the systems of internal control and monitoring the Programme Risk Register at its quarterly meetings. The audit committee consists of four non-executive board members (one of whom chairs the meeting). The members ensure that a wide variety of experience is available to the Trust through attendance at meetings and offering advice when required. Audit Committee meetings are also attended by The Chief Executive (Accounting Officer), The Director of Corporate Services along with representatives of both External and Internal Audit.

The Chief Executive, as Accounting Officer, has responsibility for ensuring that effective systems of control are maintained and operated and the Trust's management supports, advises and implements policies approved by the Board and are committed to adopting good risk management practice.

### The Risk and Control Framework

The risk management process within the Trust consists of the identification of risks facing the various sectors of the Trust's business, their classification in terms of likely occurrence and consequences. Priority is given to mitigating the highest risks. The way staff are required to manage risk is laid out in the Trust's guide to programme and project management, "Working Together". Risk Management is also part of the training that all Project Managers and project staff receive as part of their Project Management training.

The Programme Risk register deals with risks that the management team identify as potential risk across the whole programme, this risk register along with the mitigating actions is reviewed monthly at both the Programme Review and The Executive Team meetings. The Programme Risk register forms the basis of reports submitted to the Audit Committee and the Trust's Board.

Each project has its own Project Risk register which is reviewed monthly by the Project Manager along with the Project Team. The Programme Manager reviews key risks from the individual Project Risk registers to identify key themes and risks that should be considered Programme Risks by the Executive Team.

## Statement on Internal Control

We have been working with the DCSF Departmental Security Officer to develop and improve our data security policy to meet the Governments Security Policy Framework. Our latest risk assessment shows that we have made good progress with our compliance with the Security Policy Framework and a recent assessment showed that we are now 85% compliant. We have developed an improvement plan aimed at moving us closer to 100% compliance during 2010-11. A copy of our annual risk assessment has been submitted to DCSF to form part of their annual review for the Cabinet Office

### Review of effectiveness

As Accounting Officer and Chair of the Audit Committee (as representative of the Board of Trustees) we also have joint responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Board, the Audit Committee and plan to address weaknesses, and ensure continuous improvement of the system is in place.

The Company's Audit Committee, comprising four non-executive board members, met four times during the year ended 31 March 2010. As Accounting Officer, The Accounting Officer has regularly attended the meetings of the Committee. The Chairman of the Audit Committee gives regular reports to the Board concerning internal control and in addition reports are provided by managers on action being taken to manage risks in their areas of responsibility including progress reports on key projects.

We have carried out an initial review of the effectiveness of the Audit Committee and it is positive to note that the attendance rate for the 4 meetings held during the Financial Year ending 31 March 2010 was 81%, with all members attending at least 75% of the meetings held. However the difficult logistics was reflected in the fact that 62% of these attendances were by phone. We plan to undertake a self-assessment of the Audit Committee's effectiveness later in the year using the NAO's Audit Committee Self-Assessment checklist.

I am confident that the papers and associated conversations ensure that we can cover all possible issues of concern at our audit committee.

The Company's internal auditors operate in accordance with Government Internal Audit Standards. They submit regular reports to that Audit Committee, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Trust's system of internal control together with recommendations for improvement. These areas for Internal Audit inspections are agreed at the beginning of the Financial Year with the Audit Committee. The Internal Auditors produce an end of year update on progress against recommendations made along with their annual statement of assurance. The Annual Report includes an opinion by the Head of Internal Audit who said:

"I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's risk management, control and governance processes. In my opinion the School Food Trust has adequate and effective management, control and governance processes to manage its achievement of the organisation's objectives. Where significant deficiencies in control processes were identified by internal audit, I am satisfied that the actions the Trust's management plan to take will, if implemented satisfactorily, resolve the deficiencies in an appropriate manner."

Each member of the Executive Team provide a signed annual assurance statement confirming that all financial transactions and liabilities have been recorded and notified and giving detailed explanation of any significant variances to their delegated budgets. They also confirm that the risks in relation to the delivery of the Division's key business objectives have been effectively managed and controlled throughout the financial year and that their responsibilities have been discharged in relation to programme / project management responsibilities.

We have focussed on the following key areas of increased risk identified by the executive managers:

- Uncertainty over the Trust's future caused by the current Economic Climate and the inevitable political uncertainty caused by a new Government following the General Election. We have formed a "Futures Group" led by 2 members of the Executive Team tasked with developing and implementing a plan to make sure that the Trust is able to face any challenges this uncertainty brings about

## Statement on Internal Control

- The Trust moved its Head Office to the new DCSF premises in Sheffield, in June 2010 with a significant reduction in desks available to its staff. We have adopted a proactive approach by implementing new working practices, prior to the move, designed to support both the effective use of the resources available and maintain staff morale during the period of change
- The Directors agreed a revision of its governing documents (the Memorandum & Articles of Association) in December 2005, to amend the objects of the company and to make provision for the Chair to receive reasonable remuneration for services to the company. A special resolution was passed by the members in 2009 to adopt the revised Memorandum & Articles agreed in December 2005, this was because the original signed resolution was mislaid and the revised Memorandum & Articles of association did not have the approval of the Charity Commission and therefore were not effective. The Charity Commission referred the decision on whether to require the Trust to seek repayment from the Chairs of monies unlawfully paid and whether to proceed against the Director of the Trust for breach to the Attorney General. The Attorney General found that the payments were wrongfully made in that the Trust had no apparent power to make such payments. However, taking account of the circumstances in which the payments had been made and that the Department had in fact funded the Trust to make these payments, the Attorney General concluded that whilst there had been a breach, there had been no loss of charitable funds and the public interest did not require proceedings against the Trust and its Directors in respect of the wrongful payments to be commenced.

The Trust ceased paying its Chair from February 2010 pending approval by The Charity Commission.

### Significant Internal Control Issues

Two significant internal control issues were brought to our attention by the National Audit Office during its audit:

- One related to new controls implemented when the Trust introduced a new BACS payments system. The National Audit Office found that there was a lack of IT controls implemented within SFT's SUN system to prevent subsequent changes to supplier details. The NAO tested a sample of transactions which did not identify any incorrect payments resulting from this control weakness. New controls have now been implemented and reduced risk to an acceptable level.
- The second related to two transactions that were above the Trust's delegated limits as set out in the Financial Memorandum agreed by SFT and the Department. We have now been given retrospective approval for these 2 transactions and we have amended our internal processes to prevent this happening again.

Judy Hargadon  
Chief Executive (Accounting Officer)  
14 July 2010

John Dyson on behalf of the trustees  
Chair of the Audit Committee  
14 July 2010

## **Certificate and Report of the Comptroller and Auditor General**

### **THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE SCHOOL FOOD TRUST**

I certify that I have audited the financial statements of the School Food Trust for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Financial Activities (incorporating the income and expenditure account), the Balance Sheet and the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective responsibilities of the trustees and auditors**

The trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Directors' and Chief Executive's Responsibilities. The trustees are also responsible for preparing the Remuneration Report in accordance with the Government Financial Reporting Manual.

My responsibility is to audit the financial statements, and the part of the Remuneration Report to be audited, in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 2006, and whether the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual. I report to you whether, in my opinion, the information given in the Report of the directors is consistent with those financial statements. I also report whether in all material respects the incoming and outgoing resources, including the income and expenditure, have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if, in my opinion, the School Food Trust has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

I review whether the Statement on Internal Control reflects the School Food Trust's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the School Food Trust's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and Financial Statements and consider whether it is consistent with the audited financial statements. This other information comprises the Company information and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Certificate and Report of the Comptroller and Auditor General

### Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error and that in all material respects the incoming and outgoing resources, including the income and expenditure, have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### Opinions

In my opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the School Food Trust as at 31 March 2010, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and the part of the remuneration report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Report of the directors is consistent with the financial statements.

### Qualified Opinion on Regularity arising because of unauthorised payments to Trustees

As reported in the Remuneration Report, the School Food Trust paid remuneration of £12,750 to the former Chair of the Trustees in 2009-10 up to her retirement on 31 January 2010. Charity law does not permit for payments to be made to Trustees for acting as Trustees unless specific authority is provided in the governing documents of the charity or by the Charity Commission. In my view, neither such authority has been provided.

The School Food Trust is funded by the Department for Education and operates under a Management Statement and Financial Memorandum agreed with the Department, which passes down Parliamentary intention and authorities in respect of the application of this funding. The Management Statement requires that the Board comply with charity law and the requirements of the Charity Commission, and that it acts within its Memorandum and Articles of Association. I have concluded that the remuneration paid to the Chair of the Trustees is not in accordance with the Memorandum and Articles of Association and the conditions set out in the Management Statement, and accordingly, I have concluded that the financial transactions did not conform to the authorities which govern them.

In my opinion, except for the payments to a Trustee referred to above, in all material respects, the incoming and outgoing resources, including the income and expenditure, have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

My report setting out the reasons for my qualification is at page 31.

## **Certificate and Report of the Comptroller and Auditor General**

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP  
Date 22 July 2010



## Certificate and Report of the Comptroller and Auditor General

### THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE SCHOOL FOOD TRUST

#### Introduction

1. The School Food Trust is a charitable company (limited by guarantee), sponsored by the Department for Education (previously the Department for Children, Schools and Families until 12 May 2010), and receives funding from the Department. The Trust was incorporated under its governing documents (Articles and Memorandum of Association) dated 8 March 2005 and registered as a charity with the Charity Commission in April 2007.
2. In 2009-10, the Trust received grant-in-aid revenue grant of £10.5m from the Department. As part of the conditions of funding, the Trust operates under a Management Statement and Financial Memorandum agreed with the Department. The Management Statement requires that the Board comply with charity law, the requirements set by the Charity Commission, and operates within its Memorandum and Articles of Association.
3. This report explains the circumstances surrounding qualification of my audit opinion on the Trust's financial statements for 2009-10.

#### My obligations as auditor

4. I am required, under the terms of the Letter of Understanding agreed between the School Food Trust and myself, to satisfy myself that in all material respects the expenditure and income shown in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In determining whether expenditure and income conform to the authorities which govern them, I have regard to:
  - Parliamentary authorities;
  - The conditions set out in the Management Statement and the Financial Memorandum, signed by the Department for Children, Schools and Families and the School Food Trust, to the extent that they pass down Parliamentary Authorities;
  - Treasury authorities, in so far as they apply to the Trust and are reflected in the conditions set down in the Management Statement and Financial Memorandum;

#### Audit opinion

5. In 2009-10, the Trust paid a salary of £12,750 to the Chair of the Trustees under a contract of employment for acting as Chair of the organisation until 31 January 2010 when she retired. All other previous Chairs of the Trust have received a salary since the establishment of the Trust. The new Chair of the Trust, appointed from 1 February 2010 does not currently receive a salary.
6. Charity Commission guidance states that a charity trustee may only be paid for serving as a trustee where this is clearly in the interests of the charity and provides a significant and clear advantage over all other options. There is no general power in law for this type of payment and a charity would need a specific authority which may be found in its governing document, or be provided by the Charity Commission.
7. The Trusts governing documents (Articles and Memorandum of Association), dated 8 March 2005 state that: "a Director may be employed by the Company or enter into a contract for the supply of goods and services to the Company, other than for acting as a Director".

## Certificate and Report of the Comptroller and Auditor General

8. The members of the charity passed a special resolution on 13 February 2009 adopting a revised Articles and Memorandum of Association to include provision for the Chair to receive reasonable remuneration for services to the company. The Charities Act 1993 section 64(2) states that any amendment of these governing documents are ineffective without the prior written consent of the Commissioners. This consent has not been obtained from the Charity Commission.
9. I reported to the Charity Commission in July 2009 on this matter of material significance under the duty placed on me by the Charities Act 1993, section 44, as amended by the Charities Act 2006. This matter was subsequently referred to the Attorney General who found that the payments were wrongfully made in that the Trust had no apparent power to make such payments. However, taking account of the circumstances in which the payments had been made and that the Department had in fact funded the Trust to make these payments, the Attorney General concluded that whilst there had been a breach, there had been no loss of charitable funds and the public interest did not require proceedings against the Trust and its Directors in respect of the wrongful payments to be commenced.
10. The School Food Trust has submitted the revised Articles and Memorandum of Association agreed by the members on 13 February 2009 to the Charity Commission for approval. It approved this will provide the necessary authority to pay a salary to the Chair of the Trustees in the future.
11. In my view the former Chair was employed as a Director and not in any other capacity. Furthermore, this is not in accordance with the Memorandum and Articles of Association of the Trust, and represents a breach of charity law and the conditions set out in the Management Statement between the Trust and the Department.
12. I have, therefore, concluded that the remuneration payments to the former Chair of the Trustees have not been applied to the purposes intended by Parliament and do not conform to the authorities which govern them. I have qualified my opinion on the Trust's financial statements for 2009-10 in this respect. My opinion on the Trust's financial statements for 2008-09 was also qualified for this same reason.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
Date 22 July 2010.

## Statement of Financial Activities for the year ended 31 March 2010 (incorporating the income and expenditure account)

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds 2009-2010 £'000	Total funds 2008-2009 £'000
<b>Incoming resources</b>					
Incoming resources from generated funds					
- Activities for generating funds		-	-	-	3
- Investment income		-	-	-	13
Incoming resources from Charitable Activities					
- Grant in Aid - revenue		10,540	-	10,540	7,972
- Grant in Aid - capital		-	-	-	-
- Big Lottery Fund grant	14	-	4,558	4,558	3,407
- Other Incoming resources from Charitable Activities	1	168	-	168	10
DCSF capital grant	5	-	(9)	(9)	2,694
Total incoming resources		10,708	4,549	15,257	14,099
<b>Resources expended</b>					
Charitable Activities	2	9,487	4,526	14,013	14,619
Governance costs		97	19	116	77
Total resources expended	4	9,584	4,545	14,129	14,696
Net incoming /(outgoing) resources before notional cost of capital		1,124	4	1,128	(597)
Notional cost of capital		31	-	31	42
Net incoming /(outgoing) resources after notional cost of capital		1,255	4	1,159	(555)
Reversal of notional cost of capital		(31)	-	(31)	(42)
Net incoming /(outgoing) resources and net income / (expenditure) for the year		1,124	4	1,128	(597)
Total Funds brought forward at 1 April 2009	15	(1,220)	39	(1,181)	(584)
Total Funds carried forward at 31 March 2010	15	(96)	43	(53)	(1,181)

All of the activities of the Charitable Company are classed as continuing.  
There were no recognised gains or losses other than the result for the financial year

The accompanying accounting policies and notes form an integral part of these financial statements

## Balance Sheet as at 31 March 2010

	Note	31/03/2010 £'000	31/03/2009 £'000
<b>Fixed assets</b>			
Intangible fixed assets	10	25	38
Tangible fixed assets	11	491	528
		<u>516</u>	<u>566</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	118	103
Cash at bank and in hand	17	1,033	1,273
		<u>1,151</u>	<u>1,376</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,720)</u>	<u>(3,123)</u>
<b>Net current liabilities</b>		<u>(569)</u>	<u>(1,747)</u>
<b>Total assets less current liabilities</b>		<u>(53)</u>	<u>(1,181)</u>
<b>Net liabilities</b>		<u>(53)</u>	<u>(1,181)</u>
Funds			
<b>Restricted</b>	15	43	39
<b>Unrestricted</b>	15	<u>(96)</u>	<u>(1,220)</u>
<b>Total Funds</b>	15	<u>(53)</u>	<u>(1,181)</u>

The financial statements were approved by the Board of Directors on 14 July 2010.

J Hargadon

**Chief Executive**

R Rees (MBE)

**Chair of the Trustees, on behalf of the Trustees**

The accompanying accounting policies and notes form an integral part of these financial statements.

## Cash Flow Statement for the year ended 31 March 2010

	Note	2009-2010 £'000	2008-2009 £'000
<b>Net cash inflow from operating activities</b>	16	<b>32</b>	895
<b>Returns on investment</b>			
Interest received		0	13
<b>Capital expenditure</b>			
Purchase of intangible fixed assets	10	(5)	(8)
Purchase of tangible fixed assets	11	(267)	(177)
<b>Net cash outflow from capital expenditure</b>		<u>(272)</u>	<u>(185)</u>
<b>Net cash inflow before financing</b>		<b>(240)</b>	723
<b>Increase in cash</b>	18	<u><b>(240)</b></u>	<u>723</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

## Principal Accounting Policies

### Basis of preparation

The financial statements have been prepared under the modified historic cost convention. The financial statements have been prepared in accordance with generally accepted accounting practice in the United Kingdom (UK GAAP), the Companies Act 2006, the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) and the disclosure requirements of the Government Financial Reporting Manual (FRM).

### Incoming Resources

#### - Grant-in-Aid

- Grant-in-Aid is treated as unrestricted income funds in the SOFA as there are no restrictions on the use of this income towards achieving the Trust's charitable objectives. Grant in aid is recognised on a cash basis.

#### - Big Lottery Funding

- Under the conditions for grants received by the School Food Trust from the Big Lottery Fund unused grant is repayable on demand. Incoming resources are therefore only recognised to the extent that related expenditure has been incurred or the grant has been used to purchase fixed assets. Where grant has been received but expenditure not incurred at the balance sheet date, the outstanding balance is recorded as deferred income.

Other incoming resources receivable for a specific purpose are accounted for as restricted funds in the SOFA. This comprises Big Lottery Fund grant income, used for Let's Get Cooking, and capital income received from the Department for Education.

Income from the sale of other Goods and Services is accounted for once the Goods or Service has been delivered to the customer

Investment income is recognised on a receivable basis.

Donations and sponsorship income - the income received from donations is accounted for once the conditions for receipt have been met and there is a reasonable assurance of receipt.

### Liability recognition

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. Liabilities which are contingent on future events are treated as contingent liabilities until a legal or constructive obligation occurs.

### Governance costs

Governance costs are associated with the governance arrangements of the Trust. These costs comprise solely of audit, legal and costs associated with meeting constitutional and statutory requirements, such as trustee costs and remuneration.

### Resources Expended

Resources expended are accounted for on an accruals basis.

Charitable expenditure includes all resources expended by the Trust in the pursuance of achieving its charitable aims and objectives. This includes the direct costs of the charitable activities, associated support costs and grants made to third parties to deliver work towards the Trust's charitable aims and objectives.

## Principal Accounting Policies

Support costs are those costs which enable fund generating and charitable activities to be undertaken. These costs include finance, human resources, information systems and property management. Where expenditure incurred relates to more than one cost category it is apportioned, the method of apportionment uses the most appropriate basis in each case. (See note 4 for detail)

### Grants awarded

The Charitable Company recognises grants awarded in the Statement of Financial Activities once the recipient has met the conditions for entitlement.

### Operating leases

Amounts in respect of operating leases are charged to the Statement of Financial Activities in the year in which they are payable.

### Financial instruments

Financial Reporting Standards (FRS) 25, 26 and 29, relating to financial instruments, have been applied in accordance with the 2009-10 Government Financial Reporting Manual.

### Intangible fixed assets

Computer Software Licences with a cost of greater than £250 are stated at cost less amortisation. Amortisation is provided to write off the cost of such assets over their estimated useful economic life on a straight line basis over the period of the licence or 3 years where licence for no fixed period.

### Tangible fixed assets

Given the short life of fixed assets, the School Food Trust has elected to adopt a depreciated historical cost basis as a proxy for fair value and has not revalued assets. Tangible fixed assets with a cost of greater than £250 are stated at cost less depreciation. Depreciation is provided to write off the cost of fixed assets over their estimated useful economic lives on a straight line basis over the following periods:

Fixtures and fittings	3 years
Office equipment	3 years
Computer hardware	3 years

The costs of website development (other than planning costs) have been capitalised in accordance with UITF29 and SORP 2005, to the extent that the primary purpose of the Trust's websites is to provide a means of delivery of the specific services offered in fulfilment of its charitable objectives. The capitalised costs are depreciated over three years or the date of website redevelopment, whichever is the earlier.

### Research and development

Expenditure on research and development is written off in the year in which it is incurred.

### Contributions to pension funds

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme which are described at Note 21. The defined benefit element of the scheme is unfunded. The School Food Trust recognises the expected cost of this element on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

The Charitable Company also makes contributions for a number of employees to defined contribution schemes. The pension costs charged for these schemes represent the amount of contributions payable in respect of the accounting period.

## **Principal Accounting Policies**

### **Cost of capital**

The FReM requires recognition of the notional cost of capital and is calculated at 3.5% (2008-09: 3.5%) of the average capital employed excluding cash balances with the Office of HM Paymaster General. The notional cost of capital is credited to administration costs in the Statement of Financial Activities and the credit is then reversed through the Statement of Financial Activities after the deficit for the year.

### **Fund Accounting**

Both funding received from the Big Lottery Fund and Capital Funding received from the DCSF is restricted to be spent to a predefined delivery plan. Grant in Aid funding is not restricted and is targeted at helping the Trust achieve its key charitable objectives.

### **Going Concern**

Grant in Aid is recognised at the point the cash is received and where draw down of funds is delayed to avoid excess cash balances at year end, the Department for Children, Schools and families shall make available in the next financial year – subject to approval by Parliament of the relevant Estimates provision - any such grant-in-aid required to meet the related accrued liabilities at year end, such as creditors. Therefore, although the Trust has negative reserves, the trustees consider it appropriate to prepare the accounts on a going concern basis.



## Notes to the Financial Statements

### 1 Other Incoming Resources from Charitable Activities

	2009-2010 £,000	2008-2009 Restated £,000
Sale of Let's Get Cooking Merchandise	20	10
Funding for additional Let's Get Cooking clubs	52	-
Provision of Training	25	-
Development of Audit and Assessments Toolkit	30	-
Production of Healthy Recipes for The London Organising Committee of the Olympic Games	13	-
Cook For Life	28	-
<b>Total Other Incoming Resources for Charitable</b>	<b>168</b>	<b>10</b>

The Sale of Let's Get Cooking Merchandise relates to the sale of merchandise to LGC clubs for them to use as part of their normal club activities. The goods are sold at cost and so no profit is made and this is not a fundraising activity. We have restated 2008-09 Income from fundraising activities to The Sale of Let's Get Cooking Merchandise.

### 2 Charitable activities

Analysis of costs by project:

	Activities undertaken directly £,000	Grant funding of activities £,000	Support costs £,000	<b>Total 2009- 2010 £,000</b>	Total 2008- 2009 £,000
Developing and improving knowledge and understanding	844	239	509	<b>1,592</b>	2,550
Encouraging and monitoring good practice	5,170	231	1,413	<b>6,814</b>	5,720
Providing training and guidance	737	(9)	296	<b>1,024</b>	2,944
Let's get cooking	1,635	2,435	513	<b>4,583</b>	3,405
<b>Total charitable activities cost</b>	<b>8,386</b>	<b>2,896</b>	<b>2,731</b>	<b>14,013</b>	<b>14,619</b>

The total charitable activities cost above of £14,013,000 (2008-2009: £14,619,000) includes £20,000 (2008-2009: £10,000) relating to the cost of goods sold.

## Notes to the Financial Statements

### 3 Direct Costs

	Developing and improving knowledge and understanding	Encouraging and monitoring good practice	Providing training and guidance	Let's get cooking	Governance	Total 2009- 2010 £,000	Total 2008- 2009 £'000
	£,000	£,000	£,000	£,000	£,000	£,000	£'000
Positive Attitude*1	-	-	-	-	-	-	1,987
Information Out *1	-	-	-	-	-	-	341
Core Communications *1	16	104	-	-	-	120	54
Children and Young People*1	-	123	-	-	-	123	-
Marketing*1	-	2,274	-	-	-	2,274	-
Events*1	-	249	-	-	-	249	-
Press and PR*1	-	288	-	-	-	288	-
Other Projects	-	-	-	-	-	-	21
Million Meals *2	-	-	-	-	-	-	643
Building Capacity	-	-	374	-	-	374	3,032
LA Targeted Support	294	-	-	-	-	294	264
School Engagement *2	-	603	-	-	-	603	-
Model Interventions	262	-	-	-	-	262	-
Let's Get Cooking	-	-	-	2,747	19	2,766	1,825
Let's Get Cooking Sustainability	-	-	-	5	-	5	-
Food in the Curriculum	9	-	-	-	-	9	16
Case for Change	24	-	-	-	-	24	268
Monitoring & Knowledge Management	-	389	-	-	-	389	824
The Regulations	-	-	84	-	-	84	163
Governance Costs	-	-	-	-	83	83	49
	605	4,030	458	2,752	102	7,947	9,487
Direct salary costs	478	1,371	270	1,318	14	3,451	2,978
	1,083	5,401	728	4,070	116	11,398	12,465

The above is a list of the key project areas, along with Let's Get Cooking, that the Trust has delivered in pursuance of its charitable objectives. The Trustees Report gives details of the main activities contained within these project areas.

\*1 These projects were all included within Positive Attitude and Information Out in the financial year 2008-09

\*2 Million Meals was incorporated within School Engagement for the financial year 2009-10

## Notes to the Financial Statements

### 4 Cost Allocation

		Developing and improving knowledge and understanding £,000	Encouraging and monitoring good practice £,000	Providing training and guidance £,000	Let's get Cooking £,000	Governance £,000	Total 2009-2010 £,000	Total 2008- 2009 £'000
<b>Direct costs</b>								
Direct project costs	1	605	4,030	458	2,752	102	7,947	9,487
Direct salary costs	2	478	1,371	270	1,318	14	3,451	2,978
		1,083	5,401	728	4,070	116	11,398	12,465
<b>Support costs</b>								
Indirect Staff costs	3	235	654	134	31	-	1,054	746
Premises costs	3	61	166	36	34	-	297	280
Travel, training and office costs	3	103	286	61	300	-	750	746
HR, Financial & IT costs	3	44	123	26	115	-	308	207
Depreciation	3	66	183	39	33	-	321	246
Loss on disposal of fixed assets	3	-	1	-	-	-	1	6
Total support costs		509	1,413	296	513	-	2,731	2,231
		1,592	6,814	1,024	4,583	116	14,129	14,696

- 1 Direct costs charged directly to each activity
- 2 Direct costs charged to each activity based on the proportion of direct staff time spent on each activity
- 3 Indirect costs apportioned to each activity based on the number of direct staff providing that activity, with the exception of Let's Get Cooking, whose support costs are charged directly to the project.

## Notes to the Financial Statements

### 5 Analysis of grants awarded 2009/2010

Organisation	Nature of Funding	Amount £'000	Funded By
Durham County Council	Free School Meal Pilots	5	DCSF Grant in Aid
London Borough of Newham	Free School Meal Pilots	5	DCSF Grant in Aid
Wolverhampton City Council	Free School Meal Pilots	5	DCSF Grant in Aid
Hertfordshire Catering	Meal Deals	15	DCSF Grant in Aid
The Queen Catherine School	Meal Deals	1	DCSF Grant in Aid
Tottenham Hotspur Foundation	Million Meals	30	DCSF Grant in Aid
Bradford Metropolitan District Council	Small Steps Improvement	6	DCSF Grant in Aid
St Helens Council	Small Steps Improvement	6	DCSF Grant in Aid
North Tyneside Council	Small Steps Improvement	6	DCSF Grant in Aid
London Borough of Hillingdon	Small Steps Improvement	6	DCSF Grant in Aid
Luton Borough Council	Small Steps Improvement	6	DCSF Grant in Aid
Plymouth City Council	Small Steps Improvement	6	DCSF Grant in Aid
West Sussex County Council	Small Steps Improvement	6	DCSF Grant in Aid
Nottingham City Council	Small Steps Improvement	6	DCSF Grant in Aid
Lancashire County Council	Small Steps Improvement	6	DCSF Grant in Aid
Nottinghamshire County Council	Small Steps Improvement	6	DCSF Grant in Aid
Barnsley Metropolitan Borough Council	Marketing	14	DCSF Grant in Aid
Leicester City Council	Marketing	15	DCSF Grant in Aid
Stoke on Trent	Marketing	12	DCSF Grant in Aid
North Somerset Council	Marketing	72	DCSF Grant in Aid
The Football League Trust	Marketing	12	DCSF Grant in Aid
Lancashire County Council	Targeted Support	47	DCSF Grant in Aid
Croydon Council	Targeted Support	25	DCSF Grant in Aid
Sheffield City Council	Targeted Support	10	DCSF Grant in Aid
Suffolk County Council	Targeted Support	21	DCSF Grant in Aid
Government Offices West Midlands	Targeted Support	6	DCSF Grant in Aid
Government Offices South East	Targeted Support	4	DCSF Grant in Aid
Government Offices East Midlands	Targeted Support	6	DCSF Grant in Aid
Barnsley Metropolitan Borough Council	Targeted Support	10	DCSF Grant in Aid
Bradford Metropolitan Borough Council	Targeted Support	9	DCSF Grant in Aid
Leicester City Council	Targeted Support	8	DCSF Grant in Aid
London Borough of Bracknell Forest	Targeted Support	2	DCSF Grant in Aid
London Borough of Waltham Forest	Targeted Support	12	DCSF Grant in Aid
North Tyneside Council	Targeted Support	9	DCSF Grant in Aid
Northumberland County Council	Targeted Support	22	DCSF Grant in Aid
Plymouth City Council	Targeted Support	8	DCSF Grant in Aid
Sandwell Metropolitan Borough Council	Targeted Support	9	DCSF Grant in Aid
St Helens Council	Targeted Support	5	DCSF Grant in Aid
Warrington Borough Council	Targeted Support	5	DCSF Grant in Aid
Bolton Metropolitan Borough Council	Evaluation of £1 a Meal Pilot	12	DCSF Grant in Aid
1754 Schools – Let's Get Cooking Cookery Clubs	Equipment and Running Costs	1,753	Big Lottery Fund Grant
769 Schools – Let's Get Cooking Associate Cookery Clubs	Equipment and Running Costs	294	Big Lottery Fund Grant
Business in the Community	Let's Get Cooking Partners	109	Big Lottery Fund Grant
Magic Outcomes	Let's Get Cooking Partners	87	Big Lottery Fund Grant
The Princes Trust	Let's Get Cooking Partners	192	Big Lottery Fund Grant
		<u>2,911</u>	
<b>Adjustments to Grants Awarded in 2008/09</b>			
Actual volumes achieved less than amount awarded	Meal Deals	(6)	DCSF Grant in Aid
Grant not taken up by 6 School Feast Centres	Nutritional Analysis Software	(9)	DSCF Capital Grant
		<u>2,896</u>	

## Notes to the Financial Statements

### 6 Operating deficit before taxation

The operating deficit is stated after charging:

	<b>2009-2010</b>	2008-2009
	<b>£'000</b>	£'000
Depreciation and amortisation,	<b>321</b>	<b>246</b>
Loss on disposal of fixed assets	<b>1</b>	<b>6</b>
Operating lease rentals	<b>185</b>	<b>187</b>
Auditor's remuneration;		
Internal audit	<b>24</b>	<b>10</b>
External audit		
- fees payable for audit of the Charitable Company	<b>30</b>	<b>26</b>
- fees payable for other services	-	-

The external auditor's remuneration of **£30,000** (2008-2009: £26,500) relates solely to the audit of the accounts. The external Auditors have only received fees for work in relation to the Audit.

### 7 Grants Paid

The Charitable Company paid grants in the year as follows:

	Outstanding	Awarded	Paid	Outstanding	Paid
	At 31/3/2009	2009-2010	2009-2010	At 31/3/2010	2008-2009
	£'000	£'000	£'000	£'000	£'000
	(note 13)	(note 5)		(note 13)	
Lottery funded grant	197	2,435	<b>(2,387)</b>	245	<b>(1,171)</b>
DCSF funded capital grant	439	(9)	<b>(428)</b>	2	<b>(2,255)</b>
DCSF grant in aid	33	470	<b>(449)</b>	54	<b>(85)</b>
	<u>669</u>	<u>2,896</u>	<u><b>(3,264)</b></u>	<u>301</u>	<u><b>(3,511)</b></u>

### 8 Directors and employees

Staff costs during the year were as follows:

	<b>2009-2010</b>	2008-2009
	<b>£'000</b>	Restated £'000
Wages and salaries	<b>2,894</b>	2,298
Social security costs	<b>249</b>	207
Other pension costs (note 21)	<b>579</b>	498
Seconded, loaned and temporary staff	<b>784</b>	721
	<u><b>4,506</b></u>	<u>3,724</u>

The average number of employees in the Charitable Company during the period was 103 (2008 -2009: 89) including seconded civil servants:

## Notes to the Financial Statements

	Developing and improving knowledge and understanding	Encouraging and monitoring good practice	Providing training and guidance	Let's get cooking	Governance	Support Costs	Total 2009 - 2010	Total 2008 - 2009
Directors	0	0	0	0	1	0	1	1
Permanent Employees	13	21	6	32	0	13	85	62
Temporary Employees	1	2	1	1	0	3	8	4
Secondments	1	3	0	1	0	1	6	7
Agency Staff (Full Time Equivalents)	0	1	0	0	0	2	3	15
	<u>15</u>	<u>27</u>	<u>7</u>	<u>34</u>	<u>1</u>	<u>19</u>	<u>103</u>	<u>89</u>

The only statutory director in the year to receive remuneration (no pension payments were made) from the Charitable Company was the Chair. The previous Chair continued to receive a salary until 31<sup>st</sup> January 2010 and the new Chair has not received a salary since 1<sup>st</sup> February 2010. Further details can be found in the Remuneration Report.

	2009-2010 £'000	2008-2009 £'000
Emoluments	<u>13</u>	<u>15</u>

The only employees receiving salaries in excess of £60,000 are members of the senior management team. These salaries are disclosed in the Remuneration Report.

### 9 Taxation

The company is not liable for corporation tax on bank interest as the income is used for charitable purposes only, specifically to support the Let's Get Cooking programme. The Charitable Company has received £0 bank interest in the year (2008-09: £13,271).

### 10 Intangible Fixed assets

	Computer software £'000
Cost	
At 1 April 2009	68
Additions	5
Disposals	<u>0</u>
At 31 March 2010	<u>73</u>
Depreciation	
At 1 April 2009	30
Provided in the year	18
Disposals	<u>0</u>
At 31 March 2010	<u>48</u>
Net book amount at 31 March 2010	<u>25</u>
Net book amount at 31 March 2009	<u>38</u>

## Notes to the Financial Statements

### 11 Tangible Fixed assets

	Fixtures, Fittings & Equipment £'000	Computer Equipment £'000	Website Developments £'000	Assets Under Construction £'000	Total £'000
Cost					
At 1 April 2009	34	129	729	-	892
Additions	-	42	79	146	267
Disposals	-	(5)	-	-	(5)
At 31 March 2010	<b>34</b>	<b>166</b>	<b>808</b>	<b>146</b>	<b>1,154</b>
Depreciation					
At 1 April 2009	27	76	261	-	364
Provided in the year	3	28	272	-	303
Disposals	-	(4)	-	-	(4)
At 31 March 2010	<b>30</b>	<b>100</b>	<b>533</b>	<b>-</b>	<b>663</b>
Net book amount at 31 March 2010	<b>4</b>	<b>66</b>	<b>275</b>	<b>146</b>	<b>491</b>
Net book amount at 31 March 2009	7	53	468	-	528

The Assets Under Construction above relate to the development of new areas of the Trusts website which were not launched until after the end of the financial year.

At the end of the financial year there was an indication that the net book value of fixed assets may not represent the remaining useful economic life of the assets due to the impending launch of the Trusts new website. An impairment review was undertaken whereby all website development costs were reviewed and those relating to the development of areas of the website that would become redundant with the launch of the new website were written down to have a net book value that would become £nil by the date of the launch of the new website. The increased depreciation for the year that arose as a result of the impairment review is £27,569.

### 12 Debtors: amounts falling due within one year

	31/3/2010 £'000	31/3/2009 £'000
Trade debtors	43	-
Other debtors	30	65
Prepayments	45	38
	<b>118</b>	<b>103</b>

Debtors comprise:

	31/3/2010 £'000	31/3/2009 Restated £'000
Other government bodies	2	-
Local authorities	3	16
NHS bodies	34	31
Public corporations	-	12
Bodies external to government	79	44
	<b>118</b>	<b>103</b>

## Notes to the Financial Statements

### 13 Creditors: amounts falling due within one year

	<b>31/3/2010</b>	31/3/2009
	<b>£'000</b>	£'000
Trade creditors	445	1,599
Grant creditors	301	669
Other creditors	126	120
Accruals	250	432
Deferred Income (see note 14)	502	226
Other taxation and social security	96	77
	<u>1,720</u>	<u>3,123</u>

Creditors comprise

	<b>31/3/2010</b>	31/3/09
	<b>£'000</b>	Restated £'000
Other central government bodies	693	406
Local authorities	301	635
NHS bodies	1	-
Public corporations	-	131
Bodies external to government	725	1,951
	<u>1,720</u>	<u>3,123</u>

### 14 Deferred Income

	<b>31/3/2010</b>	31/3/2009
	<b>£'000</b>	£'000
Deferred Income at 1 April 2009	226	408
Grant received from Big Lottery Fund during the year	4,834	3,225
	<u>5,060</u>	<u>3,633</u>
Incoming resources from Big Lottery Fund recognised in the SOFA during the year	<b>(4,558)</b>	<b>(3,407)</b>
	<u>502</u>	<u>226</u>
Incoming resources deferred at 31 March 2010		



## Notes to the Financial Statements

### 15 Reserves

	Unrestricted fund - Grant in Aid £'000	Restricted fund - Big Lottery Fund £'000	Restricted fund - DCSF Capital £'000	Total funds £'000
<b>Reserves at 1 April 2009</b>	<b>(1,220)</b>	<b>39</b>	<b>-</b>	<b>(1,181)</b>
<b>For the year ended 31 March 2010</b>				
Incoming resources	10,708	4,558	(9)	<b>15,257</b>
Outgoing resources	(9,584)	(4,554)	9	<b>(14,129)</b>
Transfers between funds	-	-	-	-
Gains and losses	-	-	-	-
<b>Reserves at 1 April 2010</b>	<b>(96)</b>	<b>43</b>	<b>-</b>	<b>(53)</b>

Clause 5 of the Memorandum of Association of the Charitable Company requires that the income of the Charitable Company be applied solely towards the promotion of the objectives of the Charitable Company and prohibits its distribution directly or indirectly, by way of a dividend, bonus or otherwise by way of profit to the members of the Charitable Company.

#### -Analysis of net assets by fund

	Unrestricted £'000	Restricted - Big Lottery £'000	Restricted - DCSF Capital £'000	Total funds £'000
Fixed assets	473	43	-	516
Current assets	114	1,037	-	1,151
Current liabilities	(683)	(1,037)	-	(1,720)
	<b>(96)</b>	<b>43</b>	<b>-</b>	<b>(53)</b>

## Notes to the Financial Statements

### 16 Reconciliation of net incoming / (outgoing) resources to net cash inflow from operating activities

	2009-2010 £'000	2008-2009 £'000
Net incoming / (outgoing) resources	1,128	(597)
Investment income	0	(13)
Net outgoing resources from operating activities	<u>1,128</u>	<u>(610)</u>
Amortisation of intangible fixed assets	18	16
Depreciation of tangible fixed assets	303	230
Loss on disposal of fixed assets	1	6
(Increase)/decrease in debtors	(15)	(80)
Increase/(decrease) in creditors	<u>(1,403)</u>	<u>1,333</u>
Net cash inflow from operating activities	<u><u>32</u></u>	<u><u>895</u></u>

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### 17 Reconciliation of net cash flow to movement in net funds

	2009-2010 £'000	2008-2009 £'000
Increase in cash in the year	(240)	723
Net funds at 1 April 2009	1,273	550
Net funds at 31 March 2010	<u><u>1,033</u></u>	<u><u>1,273</u></u>

### 18 Analysis of changes in net funds

	At 1 April 2009 £'000	Cash flow £'000	At 31 March 2010 £'000
Government Banking Service Accounts	<u>518</u>	(506)	<u>12</u>
Yorkshire Bank	<u>753</u>	266	<u>1,019</u>
Cash in hand	<u>2</u>	0	<u>2</u>
Cash at bank and in hand	<u><u>1,273</u></u>	<u>(240)</u>	<u><u>1,033</u></u>

### 19 Capital commitments

The Charitable Company had a capital commitment of £6,580 at 31 March 2010 (£nil at 31 March 2009), relating to the development of the Let's Get Cooking Website.

### 20 Contingent liabilities

The Charitable Company has no contingent liabilities at 31 March 2010 or 31 March 2009.

## Notes to the Financial Statements

### 21 Pension contributions

#### Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Trust is unable to identify its share of the underlying liabilities. A full actuarial valuation was carried out by Hewitt Associates as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)). The Trust is only liable for the contribution they have made directly.

For 2009-2010, employers' contributions of **£562,267** were payable to the PCSPS (2008-09 £480,344) at one of four rates in the range 16.7 to 24.3 percent of pensionable pay, based on salary bands (the rates in 2008-09 were between 17.1 and 25.5%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2010-11, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of benefits accruing during 2009-10 to be paid when the member retires, and not the benefits paid during this period to existing pensioners. Trust staff may be in one of four statutory based 'final salary' defined benefit schemes (nuvos, classic, premium and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under these schemes are increased annually in line with changes in the Retail Prices Index.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 for those staff who were members before this date calculated broadly as per classic. In nuvos, pension benefits currently accrue at the rate of 2.3% of pensionable earnings for each year's membership of the scheme and members may commute some of their pension to provide a lump sum.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of **£15,353** (2008-2009: £18,057) were paid to one or more of a panel of stakeholder pension providers. Employer's contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. The Trust also matches employee contributions up to 3 per cent of pensionable pay.

Contributions due to the partnership pension providers at the balance sheet date were **£85**. Contributions prepaid at the date were **£nil**.

### 22 Insurance

Under the terms of the financial memorandum, with the exception of third party insurance required by the Road Traffic Acts and any other which are statutory obligations, the Charitable Company follows the usual rules for public bodies of self-insurance.

The Charitable Company is indemnified by the Department for Children, Schools and Families in respect of employer's liability insurance. To comply with Health and Safety requirements, Big Lottery funded Let's Get Cooking equipment is separately insured.

### 23 Financial instruments

As the cash requirements of the Charitable Company are met largely through Grant in Aid received from the Department for Children, Schools and Families and funding received from the Big Lottery Fund, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. With reference to the requirements of Financial Reporting Standards 25, 26 and 29, the majority of financial instruments relate to contracts to buy non-financial items in line with the Charitable Company's expected purchase and usage requirements and the Charitable Company is therefore exposed to little credit, liquidity or market risk.

### 24 Liabilities of members

Under Clause 7 of the Memorandum of Association all members undertake to contribute to the assets of the Charitable Company such an amount as may be required, not exceeding £1, in the event of it being wound up during the period of membership and within one year afterwards.

## Notes to the Financial Statements

### 25 Transactions with related parties

The Charitable Company provided services to, or received services from, companies with which the following directors were connected during the year ended 31 March 2010:

The Charitable Company purchased goods with a value of £163 from Prue Leith, the Chair to **31 January 2010**, during the year (2008-2009: £163). There was no balance owed by the Charitable Company to Ms Leith at the year end.

Tom Shebbeare is a Director of The Prince's Trust, a partner organisation in the Let's Get Cooking programme. The Prince's Trust received grants from the Charitable Company totalling **£191,762** (2008-2009: £132,581). There was no balance owed by the Charitable Company to The Prince's Trust at the year-end.

Ferri Fassihi, Adam Starkey and Anthony Byrne are all members of the Local Authority Caterers' Association ("LACA") which supplied services to the Charitable Company totalling **£32,775** during the year (2008-2009: £5,867). There was no balance owed by the Charitable Company to LACA at the year end.

Marcia Twelftree is a consultant to the Association of School and College Leaders ("ASCL") which supplied services to the Charitable Company totalling **£29,089** during the year (2008-2009: £39,717). There was no balance owed by the Charitable Company to ASCL at the year end.

Jeannette Orrey is a Director of Primary Choice which supplied services to the Charitable Company totalling £930 during the year (2008-2009: £0). There was no balance owed by the Charitable Company to Primary Choice at the year end.

In addition to the above, nine Trustees received **£7,556** (2008-2009: £7,222) of expenses incurred in attending Board and Board Sub Committee meetings, and other events on behalf of the Trust. A balance of £1,352 was owed to Sir John Oldham, a former director of the Charitable Company, at the year end.

The Charitable Company received **£10,539,918** (2008-2009: £7,972,457.50) grant in aid funding and **£nil (2008-2009: £2,693,956.05)** capital grant funding from the Department of Children, Schools and Families, the controlling party, during the year.

### 26 Performance targets

The Charitable Company would be expected to break even during the year, however:

- Because fixed assets are depreciated over the useful economic life of the asset, but capital funding is recognised on receipt, any un-depreciated value of fixed assets will appear as a reserve on the balance sheet. This will also result in the SOFA showing either a surplus or a deficit in any given year.
- Grant in Aid is recognised at the point the Cash is Received and where draw down of funds is delayed to avoid excess cash balances at year end, the Department for Children, Schools and families shall make available in the next financial year – subject to approval by Parliament of the relevant Estimates provision - any such grant-in-aid required to meet the related accrued liabilities at year end, such as creditors. Any funds not spent at the end of the life of the NDPB would be repaid
- Under the conditions for grants received by the School Food Trust from the Big Lottery Fund, income is only recognised to the extent related expenditure has been incurred. Where grant has been received but expenditure not incurred at 31 March 2010 the outstanding balance is recorded as deferred income.

## Notes to the Financial Statements

### 27 Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	<b>31/3/2010</b>	31/3/2009
	<b>£'000</b>	£'000
<b>Operating Lease for Land and Buildings</b>		
Expiry after one year	-	-
Expiry after one year , but not more than five years	<b>183</b>	<b>174</b>
	<b>183</b>	<b>174</b>

Under the terms of the rental agreement with DCSF, the lease can be terminated with one month's notice. The table above shows the commitment for the full year 2010-11.

### 28 Post Balance Sheet Events

The accounts were authorised for issue on 22 July 2010 by the Chief Executive. The financial statements do not reflect events after this date.



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