

The School Food Trust Annual report and Financial (a charitable company limited by guarantee) statements for the year ended 31 March 2009

Laid on 9 February 2010

HC 345 (Session 09/10)

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Presented to the Parliament pursuant to Paragraph 6(2)(b) of The Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009 - SI 2009 No 476

February 2010  
LONDON: THE STATIONERY OFFICE

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

Annual Report and Financial statements

For the year ended 31 March 2009

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**Charity no 1118995  
Company no 5386058**

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## Company information

<b>Charity registration number:</b>	1118995
<b>Company registration number:</b>	5386058
<b>Registered office:</b>	Moorfoot GH1 SHEFFIELD S1 4PQ
<b>Chief Executive</b>	J Hargadon
<b>Members</b>	The Secretary of State for Children, Schools and Families N Graham
<b>Directors:</b>	<b>P Leith OBE (Chair)</b> A Byrne J T Dyson F Fassihi P Hargrave Baroness M Jones P Kelly R O'Donnell Sir J Oldham J M Orrey R Rees MBE 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.

## Company information

### Senior Management:

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

### Secretary:

G L Bell

### Bankers:

Office of HM Paymaster General  
HM Treasury  
Sutherland House  
Russell Way  
Crawley  
West Sussex  
RH10 1UH

Yorkshire Bank  
Fargate  
Sheffield  
S1 1LL

### Solicitors:

CA Legal  
St Nicholas House  
St Nicholas Road  
Sutton  
Surrey  
SM1 1EL

### Auditors:

Comptroller and Auditor General  
The National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## Report of the Directors

The directors present their report together with the financial statements for the year ended 31 March 2009. The financial statements have been prepared under the 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 1985, 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 March 2005. The Directors agreed a revision of 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 are currently considering the proposed amendment and the legality of historic payments to the Trust's Chairs. 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.

### **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.

### **Management commentary**

The School Food Trust is an independent body with the unique remit of transforming school food and food skills. It was set up as a Non Departmental Public Body in 2005 with £15 million of funding to promote the education and health of children and young people by improving the quality of food supplied and consumed in schools. In April 2007 the School Food Trust became registered as a Charity.

The School Food Trust Board and staff believe that eating well during the school day is crucial to a number of government, societal and parental objectives as well as 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 to 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.

These objectives, set in 2005, are also consistent with the objectives stated in the Children's Plan (November 2007):

"By 2020 we want to see...

## Report of the Directors

- 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 social and emotional capabilities that they will need for a successful adult life".

**During the year ended 31 March 2009 the Trust has achieved the following to help meet its key objectives.**

### **1. Developing and improving knowledge and understanding of good nutrition amongst local authorities, schools, pupils and their families, school caterers and others in England;**

*Information Out:* In order to keep our stakeholders informed of the Trust's work and developments in the area of school food, a variety of publications were produced and distributed during the year.

*Secondary School Study of Food Performance and Behaviour* This study, begun in May 2008, is continuing to assess the nutritional intake of secondary school pupils' lunchtime choices and to assess how changes in the environment or nutritional interventions affect behaviour:

*Local authority tailored support packages* In September 2008, we started working with fifteen local authorities whom we had identified as needing support with low and/or declining take up figures. Each of the local authorities has now completed a stakeholder map and initial diagnostic to identify key stakeholders and major barriers to take up.

*Longer term funding* Two local authority Supported Learning Groups set up in the north and south of England on the subject of Longer Term Funding. Participants have been able to present on the funding issues within their local authority and to share activities undertaken between meetings. Participants have been open about their concerns for the long term viability of the service and have welcomed the Trust's plans to increase the focus on longer term funding in 2009-2010.

*National, regional and local networks* We set up a School Food Ambassador (SFA) Reference Group in April 2008 and have held four quarterly meetings since, receiving very positive feedback from the group and agreement that it will continue with regular reviews of progress.

*Nutrient-based standards guide* We developed and published Nutrient-based standards guide for secondary schools, which focuses on the whole school approach to implementation, distributed in September 2008 to all schools, local authorities, catering providers, school food ambassadors and dieticians and nutritionists working with secondary schools. A caterer's guide to calculating the nutrient content of school lunches also sent to all school caterers in September 2008.

*National Primary School Study* A survey of 150 primary schools in England describing the food, drink, energy and nutrients provided and consumed in school meals and packed lunches as well as whether the provision meets the standards:

*Procurement* In April 2008, we published 'A fresh look at school food procurement efficiency and sustainability' as practical guidance to assist schools and local authorities to respond to the Government's efficiency and sustainability as it relates to school food.

The survey sent out by the Trust on 'School food procurement, procurement skills and sustainability' in August 2008 produced findings that provide a better understanding of the issues and challenges involved in school food procurement, and are being used to help inform the programme of work being undertaken by the cross-government Food Category Board. A report on this is available via the Trust's website.

We are working with the Office of Government Commerce (OGC) and DCSF in the Food Strategy Team to pull together a base specification that covers the core needs of the catering service to ensure a level playing field for all caterers.

## Report of the Directors

### 2. encouraging and monitoring good practice in the provision of and access to nutritionally healthy food in schools;

*Million Meals* The national Million Meals campaign continued to be our key vehicle for encouraging increased consumption of school meals. We achieved our target of enrolling 2,500 schools by summer 2008 and to date we have 4,397 schools signed up along with over 540 partners and 330 supporters.

Through the campaign, we take every opportunity to encourage head teachers to engage in the school food agenda and share with each other how they have overcome barriers to increasing take up, e.g.:

- Leading Edge Event on 14 January 2009 for the early supporter schools, opened by Baroness Morgan, proved very positive.
- Testing models of individual support to school head teachers.
- Conference calls, hosted by early supporter schools, introduced in September 2008.
- School of the Month introduced in April 2008 with the monthly winners receiving £5,000 worth of kitchen equipment for demonstrating the most innovative and effective approach to implementing the chosen TENplate theme for that month.
- Presentations at the national programme of the Association of School and College Leaders (ASCL) conferences throughout the year.
- Over the year, we have produced over seventy items of guidance and resources for schools and partners

In order to get a better understanding of which of the simple steps really make a difference, we have set up a collaborative pilot in Northumberland to trial and implement a variety of changes to school meal provision, using the improvement technique of short Plan, Do, Study, Act cycles. This will help us to refine the Million Meals resources that are proven to work.

*Collecting take up data* From April 2009, local authorities will be required to provide information not only for their own catering or contracted services but for all schools across the authority. The annual take up survey has been distributed, in conjunction with survey partner LACA (Local Authority Caterers Association), and includes guidance notes and a template letter to schools from local authorities regarding the new requirement. We are working closely with DCSF to undertake various activities to support a good response

*Marketing* A locally-led marketing campaign has been designed to help schools increase take up, providing evidence and resources that can be easily replicated by all schools.

*Kitchens and dining rooms* We continue to advocate for greater importance placed on the provision of adequate kitchen and dining room space:

- Building Schools for the Future (BSF) new draft guidance has been amended to include the work we have been doing with Partnerships for Schools (PFS) to reflect advice on kitchens and dining room spaces.
- We have drawn up a checklist for schools to use when starting the BSF process.
- Agreement with DCSF that changes need to be made to the School Premises Regulations and working with them on the appropriate wording.
- Contributed to the very successful 'Make Room for Dinner' event held at the Emirates stadium in March 2009 with forty delegates representing key stakeholders involved in the building of school kitchens and dining rooms.
- Contributed to events run by the National College for School Leadership (NCSL) in March 2009, taking the opportunity to network with schools and local authorities starting the programme.
- Kitchen capacity and efficiency pilots started in eight schools in the West Midlands and the South East in May 2008 and in two further schools in the North East from January 2009.
- All major works and interventions completed in nine kitchen capacity pilots (one school in the South East left the programme) and each school is staging a launch event in March/April 2009; case studies for four pilots are posted on the main SFT website.

Increased kitchen capacity and efficiency tested in the pilot schools by running free meal trials in March; evaluations were received in April 2009.

## Report of the Directors

Get Real A common web portal has been created to host all children and young people's campaigns. The campaigns that we organised during 2008-2009 included:

### *The Real Fast Food Show:*

- Run in twenty schools up and down the country in April/May 2008, demonstrating to young people what actually goes into the making of junk food as opposed to their healthy school meal. They proved very successful with 94% of participating schools reporting an increase in take up and 80% using ideas to start their own initiatives to encourage pupils to try a school lunch.
- In February 2009 we embarked on phase 2 of the Real Fast Food Show, delivered in 41 host schools and their guest schools in five of the local authorities who are part of our targeted support programme; pre show take up data is being collected for comparison with take up one month and three months post show.
- The shows conclude in early April and post show evaluation was completed in June 2009.

### *High School Musical 3:*

- In September 2008 we collaborated with Disney to celebrate the release of High School Musical 3 with competitions and incentives, downloadable from a dedicated website, designed to promote healthy eating messages and draw pupils into the dining room. The Magic Meal Ticket competition encouraged pupils to buy school food vouchers to win a ticket to the Premiere of the movie and the second competition involved creating a school disco video to win a professional Valentine Prom for the school – both competitions attracted very positive media coverage

### *The Really Good School Dinner:*

- A national campaign to encourage children to take up a school meal and, by doing so, give another one free to children in the developing world:
- A week long campaign commenced 26 January 2009.
- 581 schools, both primary and secondary, registered online to take part, resulting in 11,486 meals being pledged by pupils up and down the country on the Really Good School Dinner website.
- Cheques are still being received from schools but to the end of March £11,783 had been raised for the UN World Food Programme, equating to over 100,000 nutritious meals for children enrolled on their education/feeding programmes throughout the developing world.
- The programme resulted in over fifty pieces of positive print, online and broadcast coverage, as well as significant online and direct communications via our partner/stakeholder network.
- As part of the evaluation of the campaign, it was found that 40% of schools who signed up did so in an effort to increase school meal take up, 82% of schools felt the campaign was effective in engaging with pupils on issues of food and poverty and 95% of schools would take part in the Really Good School Dinner if it became an annual event.
- conference with supporting stands.

Customer Insights An agency appointed in December 2008 to carry out research into children's attitudes about the quality of school food and the interventions that would change their behaviour in regard to school lunch – this will be used to inform our future work with children and young people

Press and PR: We continued to develop media opportunities to keep school food on the public agenda and to respond to emerging stories and issues in a timely and efficient way

Supporting events: In addition to events mentioned in other sections:

- Presented at the Local Authority Caterers' Association (LACA) annual conference, regional meetings and events.
- Presented at the Pelican buying conference (focussing on opted out schools) and attended the Professional Association of Catering Excellence

Meal deals Started in October 2008, this is a student led project to understand whether the promotion of 'meal deals' is a viable way for schools to meet the nutrient-based standards involving students developing both the menu and the marketing.

## Report of the Directors

### 3. providing training and guidance in nutritional health and the preparation and serving of nutritionally healthy food

School FEAST The School Food Excellence And Skills Training (School FEAST) network now comprises twenty-six centres and partnerships and our aim is to ensure that it operates with a viable and sustainable infrastructure. We are giving support to network members to share key issues, identify solutions and market their courses, tracking numbers of learners and completers.

Wider workforce We are continuing to work with key stakeholders and current training providers to maximise the impact of training on quality and the take up of school meals and to ensure current qualifications are fit for purpose.

Secondary school pilots We are continuing to support secondary school pilots to model compliant menus. The first two phases of this work were concerned with overcoming the barriers to implementing menus compliant with the nutrient based standards for secondary schools, mandatory from September 2009. In phase 3, which is more specialised, we are looking at: 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:

Additional support for implementing the nutrient-based standards We conducted an independent review of Nutritional Analysis Support Packages, including details of nine different models of nutritional support, posted on the website and distributed in December 08 to all schools, local authorities, catering providers, school food ambassadors and dieticians and nutritionists working with schools and caterers.

We held two technical workshops in February 2009 to answer questions raised by the nutrient-based standards guide and share implementation issues and solutions. Reports of these are available via the Trust's website.

Resources on our website include: iron rich recipes; examples of compliant menus; practical tips on meeting fruit and vegetable standards; information for manufacturers and suppliers.

Voluntary drinks code A voluntary code of practice for drinks provided in schools' launched in October 2008 following a three month consultation period with drinks manufacturers, school food distributors, caterers and other stakeholders with an interest in the health and well being of children. Schools, drinks manufacturers, suppliers and supporters can now sign up to the code online

Let's Get Cooking Let's Get Cooking is a national network of cooking clubs for children, families and their communities across England which was started after Big Lottery Fund funding was secured in July 2007. During its first five years, Let's Get Cooking is using £20 million from the Big Lottery Fund to set up the first 5,000 clubs. As at 31 March 2009 we have 1,499 clubs signed up and 1,060 clubs have completed training and are now cooking. 588 associate clubs had signed up as at 31 March 2009.

The first national competition was launched on 17 March 2009 with Let's Get cooking clubs invited to take part in a 'cookathon', the challenge being to get as many people as possible simultaneously involved in preparing and cooking a healthy dish and encouraging participation beyond clubs and into homes, leisure centres etc.. 137 clubs and 24,000 participants signed up to cook in the competition, which received excellent national and regional press coverage and celebrity endorsement

### **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.

## Report of the Directors

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 have been working with the DCSF Departmental Security Officer to develop and improve our data security policy to meet the Government's Security Policy Framework. Increased awareness training has been given to staff to highlight the importance of protecting equipment. Our latest risk assessment shows that we have made good progress although there are still some amber areas which will be actioned early in 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 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 2008-2009

During 2008-2009 the following key risks were identified by the Trust and included on the Risk Register;

- Nutrient based standards are perceived to be too difficult to implement in secondary schools resulting in non compliance and/or a decrease in take up.

## Report of the Directors

- Kitchens inadequate for cooking fresh food to meet the standards. Insufficient weight/lack of guidance attached to kitchen and dining room space/facilities resulting in poor BSF/PCP planning without input of catering experts or customers.
- Cessation of School Lunch Grant in 2011, combined with increased prices, reduces sustainability of catering services and some catering services may close. The perceived high cost of implementation of changes to school food is an added disincentive to schools and catering providers to prioritise healthy food in schools. Consequently, SFT fail to achieve take up targets and healthy eating goals.

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

### 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 outgoing resources (before reversal of the notional cost of capital) of £555,000 (2007-2008: £775,000).

Grant in Aid income increased by £1,590,000 to £7,972,000 during the year. The Trust also recognised Big Lottery funding of £3,407,000 (2007-2008: £838,000) and DCSF capital grant funding of £2,694,000 (2007-08: £1,215,000). Grants directly made by the organisation totalled £4,025,000 (2007-2008: £1,654,000).

The Trust showed a deficit on its unrestricted fund (£753,000) and a surplus on its restricted funds (£156,000) during the year, leaving net reserves against these funds of:

- Unrestricted           £1,220,000 Deficit
- Restricted               £39,000 Surplus

The unrestricted fund is predominately funds received as Grant in Aid from the Department for Children, Schools and Families and the deficit represents creditors and accruals for expenditure recorded against that fund at 31 March

## Report of the Directors

2009 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 2009.

Creditor balances were higher due to

- A high proportion of Grant In Aid funded activity occurring in the last two months of the financial year.
- An increase in grant creditor associated with the DCSF capital monies.
- An increase in Let's Get Cooking project activity.

The Trust was set a target to make 5% efficiency savings during the year which equates to £193,000. Our actual savings were £423,000 which have been agreed with The Department for Children, Schools & Families.

### Developments in the next twelve months

When the School Food regulations were announced the government set a two step target for increasing take up of school meals. The first national target was for a 4% increase by March 2009 followed by a 10% increase by September 2009.

Schools and caterers did not achieve this increase for a range of reasons which have been fully discussed with DCSF, including the increase in food, labour and energy prices. All parties have also recognised the extensive culture change required and the lack of capacity in the system to achieve these very demanding targets.

In the work planned for 2009/2010, priority has been given to activities which help us achieve a focus in four areas which we know are essential to making a difference to take up and help us deliver our key objectives:

- *developing and improving knowledge and understanding of good nutrition amongst local authorities, schools, pupils and their families, school caterers and others in England;*
- *encouraging and monitoring good practice in the provision of and access to nutritionally healthy food in schools*
- *providing training and guidance in nutritional health and the preparation and serving of nutritionally healthy food*

### Priority 1: Senior leadership team support in schools

Overwhelmingly the schools where school food has improved are those where the Head has endorsed and supported the change, and where a member of the senior leadership team, often the Head but not always, has taken a key role in making the improvements happen. We will continue to focus on engaging Heads and senior leadership in schools either directly or through work with local authorities.

To achieve this priority, we will continue to develop the Million Meals campaign, ensuring that we focus activity on driving an increase in school lunch take up. The marketing pilots will give us more material to help schools attract and retain their student customers, and press and PR activities make parents and children more aware of the improvements to school food. We will work with all Government Offices in the regions to support them in developing plans to improve the take up of school meals in their area and continue targeted work with a selection of LAs to fully understand the most effective ways they can enable schools to increase take up.

## Report of the Directors

### **Priority 2: The quality of the offer**

We know that children and young people and their parents make decisions on whether to take school meals based on a number of factors. In many cases they are turning away from school meals because the product on offer does not meet their perceived needs. These can variously be described as encompassing, inter alia, price, taste, choice, time, convenience and environment. We need to focus therefore on the quality of the offer, and build on a better understanding of what aspects motivate or de-motivate different consumers. The regulations place a constraint on schools in terms of limitations on what they can offer but we have generally found, where the whole offer motivates children, it is possible to persuade them to eat the healthier food. To improve the quality of the offer, we will continue to support our School FEAST network of training centres and partnerships to develop and market the courses available to school cooks and kitchen assistants and to assess the impact of training on the quality of the food they produce. As well as cooks, the wider school workforce has an important influence on the quality of the school meal experience. We will therefore be working with existing training providers to input into improving current qualifications and develop training for lunchtime supervisors, school food managers, governors and bursars. We will continue to help schools and local authorities get the best out of the Building Schools for the Future programme in terms of designing kitchen and dining room space that is fit for purpose. We will also be spreading learning from our kitchen capacity and efficiency pilots on how smaller changes to elements such as cooking equipment, the serving hatch, queuing and payment systems can also have a real impact on the whole meal experience as well as challenging pupils to design their own dining room makeover on a small budget.

### **Priority 3: Support financial stability**

This last year has seen a growth in concern about the financial stability of the school meals service. The school meals grant, which was expected to support the increased costs of better ingredients, has in many places been used merely to meet the rising basic cost of food, fuel and labour costs. All of these are then combined with the increases in costs associated with producing better quality food, freshly prepared on site. Towards the end of the year, the general economic downturn has led to concern about parents' ability to pay for schools meals particularly as reports regularly surface about the increasing cost of school meals. It is essential that in this coming year we build confidence about the future viability of the school meals service as part of the educational service for children in this country. This includes efficient delivery and increasing demand.

This year we will continue to explore the financial challenges with local authorities and schools and develop recommendations for future funding models. We will use our knowledge and experience in running free meal trials to support the Government's free school meals pilot to maximise the outcome. We will continue to support schools and local authorities to access capital funding and to influence key stakeholders such as CABE (the Commission for Architecture and Built Environment) and PFS (Partnership for Schools) in their work on capital developments. As the financial stability of the school meals service relies on a sound market base, we will be raising awareness of healthy school meals at regional level to match local initiatives and helping local authorities and schools to market their food, particularly targeting parents.

### **Priority 4: Knowledge of what's going on**

We have seen in this last year how hard it is to gather data. We have also met considerable resistance to the gathering of data. We need schools and caterers to gather this data for sound operational reasons and to understand the impact of different interventions, 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 they are testing. There is a range of reasons given for this and we need to overcome these by working with local authorities who now have the responsibility to gather this from all schools in their area.

To maximise the response to our annual take up survey, we will be working with DCSF through the Government Office Regions to support local authorities with providing National Indicator 52 (NI52) data. NI52 concerns the take up of school lunches, and is one of the national indicators set for local authorities and local authority partnerships as the means of measuring national priorities that have been set by Government.

Our National Primary School Study will give us a good picture of the food, drink, energy and nutrients provided and consumed in school meals and packed lunches as well as whether the provision meets the standards. The Secondary School Study of School Lunch and Behaviour will also assess how behaviour is influenced by changes to nutritional intake and environmental interventions. The nutrient-based standards apply to secondary schools from September 2009 and we will continue to support schools and local authorities to produce compliant menus as well as building capacity to sensibly monitor how well they are doing.

## Report of the Directors

In addition we will:

### Support building for the future

Whilst most of our energy will be focused on the four key priorities for increasing take up this year, we still need to progress some pieces of work that ensure a sustainable service into the future. These are included in the work plan, for example, the Lets Get Cooking programme, funded by the Big Lottery Fund, to set up a network of cooking clubs that promote food education and increase the cooking skills of children and the wider community thus increasing the likelihood of taking up healthy school meals.

### Support effective delivery

All of our work is underpinned by effective communications activities and corporate services. As well as providing an ongoing service to support all other strands of SFT work, Corporate Services also continue to improve these services to ensure an efficient and up to date business model.

### 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:

<b>P Leith OBE (Chair)</b>	
<b>B Baker</b>	Resigned 31 October 2008
<b>A Byrne</b>	Appointed 1 November 2008
<b>F Crook</b>	Resigned 31 October 2008
<b>J T Dyson</b>	
<b>F Fassihi</b>	Appointed 1 November 2008
<b>A Gillard</b>	Resigned 2 April 2008
<b>P Hargrave</b>	Appointed 1 November 2008
<b>Baroness M Jones</b>	
<b>P Kelly</b>	
<b>C McConnell</b>	Resigned 31 October 2008
<b>R O'Donnell</b>	Appointed 1 November 2008
<b>Sir J Oldham</b>	
<b>J M Orrey</b>	
<b>R Rees MBE</b>	
<b>J Schneider</b>	Appointed 1 November 2008
<b>Sir T Shebbeare</b>	
<b>A Starkey</b>	Appointed 1 November 2008
<b>M Twelftree</b>	Appointed 2 April 2008
<b>S Walker</b>	
<b>C I Wasson</b>	Resigned 31 October 2008

### 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.

# Report of the Directors

## 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.
- Programme and Project management processes which include monthly workstrand reviews as well as a monthly Programme review. The Corporate Services workstrand includes a representative from each team and issues relating to internal Policies and procedures are discussed at this workstrand.
- 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 326 days in 2008-2009 (2007-2008: 229 days), an average of 3.7 days per employee (2007-08: 4.5 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, 64% of invoices were paid within this period.

## Reserves policy

The trustees have set a reserves policy which requires that Reserves be maintained at a level which ensures that The Trust's is able to meet it's short term obligations

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.

## Report of the Directors

It takes into account:

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

### **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.

### **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)

20th January 2010

Prudence Leith

Chair

20<sup>th</sup> January 2010

## 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:

Baroness Maggie Jones  
Ferri Fassihi  
Peter Hargrave  
Rob Rees MBE

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.

	Job title	Date of appointment	Status
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	Open ended contract
Jenny Wright	Director of Delivery	22/2/06	Seconded from DCSF (expires 31/3/10)
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.

### Termination of Employment

All staff are employed on open ended contracts or Fixed Term secondments of up to 2 years.

## Remuneration report

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:

	2008-2009	2007-2008
	£'000	£'000
Prue Leith - Chair	15-20	10-15
Judy Hargadon	100-105	90-95
Garry Bell	60-65	60-65
Michael Nelson	N/A	N/A
Chris Wainwright	70-75	65-70
Jenny Wright	65-70	65-70
David Edwards	60-65	55-60

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 and the legality of historic payments to the Trust's Chairs, Payment of the Chair has been agreed with the DCSF.

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 £96,501 for his services including VAT (2007-08 £93,262). 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.

## Remuneration report

The pension details for those Senior Managers were as follows:

Name	Accrued pension at age 60 as at 31/3/2009	Total related accrued lump sum at age 60	Real increase in pension and related lump sum at age 60	Cash equivalent transfer value at 31/3/2009	Cash equivalent transfer value at 31/3/2008	Real increase in cash equivalent transfer value	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Judy Hargadon	0-5	-	0-5	80	49	25	N/A
Garry Bell	0-5	-	0-5	46	27	15	N/A
Jenny Wright	10-15	35-40	2.5-7.5	152	134	7	N/A
David Edwards	20-25	-	0-5	363	326	-	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 value is 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 the disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The opening CETV may be different from the closing CETV in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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

20<sup>th</sup> January 2010

Prudence Leith  
Chair

20<sup>th</sup> January 2010

## Statement of Directors' and Chief Executives 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 1985. 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 of 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 2009 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 2008/2009 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.

## Statement of Internal Control

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.

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 although there are still some amber areas which will be actioned early in 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

### 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. I have been advised on the implications of the result of my 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 2009. As Accounting Officer, I regularly attend 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.

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 School Food Trust has adequate management and governance processes to manage its achievement of the Trust'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.". Significant deficiencies were identified in audits relating to recruitment, travel and subsistence and health and safety, improvement plans for each of these areas were agreed with the Internal Auditors which have subsequently been actioned by the Trust.

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.

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 are currently considering the proposed amendment and the legality of historic payments to the Trust's Chairs.

Judy Hargadon  
Chief Executive (Accounting Officer)  
20<sup>th</sup> January 2010

John Dyson on behalf of the Trustees  
Chair of the Audit Committee  
20<sup>th</sup> January 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 2009 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 1985, 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.

### 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 our 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 2009, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

## Certificate and Report of the Comptroller and Auditor General

- the financial statements have been properly prepared in accordance with the Companies Act 1985; 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 £15,000 to the Chair of the Trustees in 2008-09. 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 Children, Schools and Families 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 Trustees 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 24.

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

# Certificate and Report of the Comptroller and Auditor General

## THE REPORT OF THE COMPTRROLLER 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 Children, Schools and Families, 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 2008-09, the Trust received grant-in-aid revenue grant of £8m and capital grant of £2.7m 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 2008-09.

### 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 2008-09, the Trust paid a salary of £15,000 to the Chair of the Trustees under a contract of employment for acting as Chair of the organisation. The current and previous Chairs of the Trust have received a salary since the establishment of the Trust.
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".
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. The Charity Commission are currently investigating this matter.
10. In my view the Chair is being 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.
11. I have, therefore, concluded that the remuneration payments to the 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 2008-09 in this respect.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
28 January 2010

## Statement of financial activities for the year ended 31 March 2009 (incorporating the income and expenditure account)

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds 2008-2009 £'000	Restated Total funds 2007-2008 £'000
<b>Incoming resources</b>					
Incoming resources from generated funds					
- Activities for generating funds		3	-	3	-
- Investment income		13	-	13	-
Incoming resources from Charitable Activities					
- Grant in Aid - revenue		7,972	-	7,972	6,382
- Grant in Aid - capital		-	-	-	54
- Big Lottery Fund grant		-	3,407	3,407	838
- Sale of Let's Get Cooking merchandise		10	-	10	-
DCSF capital grant		-	2,694	2,694	1,215
Total incoming resources		7,998	6,101	14,099	8,489
<b>Resources expended</b>					
Costs of generating funds					
- Fundraising trades: Cost of goods sold and other costs	1	10	-	10	-
Charitable Activities	1	8,675	5,934	14,609	9,222
Governance costs		66	11	77	61
Total resources expended	3	8,751	5,945	14,696	9,283
Net outgoing resources before notional cost of capital		(753)	156	(597)	(794)
Notional cost of capital		42	-	42	19
Net outgoing resources after notional cost of capital		(711)	156	(555)	(775)
Reversal of notional cost of capital		(42)	-	(42)	(19)
Net outgoing resources and net expenditure for the year		(753)	156	(597)	(794)
Total Funds brought forward at 1 April 2008 (restated)		(467)	(117)	(584)	210
Total Funds carried forward at 31 March 2009	13	(1,220)	39	(1,181)	(584)

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 2009

	Note	31/03/2009 £'000	Restated 31/03/2008 £'000
<b>Fixed assets</b>			
Intangible fixed assets	9	38	28
Tangible fixed assets	10	528	463
		<u>566</u>	<u>491</u>
<b>Current assets</b>			
Debtors	11	103	23
Cash at bank and in hand	15	1,273	550
		<u>1,376</u>	<u>573</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,123)</u>	<u>(1,648)</u>
<b>Net current liabilities</b>		<u>(1,747)</u>	<u>(1,075)</u>
<b>Total assets less current liabilities</b>		<u>(1,181)</u>	<u>(584)</u>
<b>Net liabilities</b>		<u>(1,181)</u>	<u>(584)</u>
<b>Funds</b>			
<b>Restricted</b>	13	39	(117)
<b>Unrestricted</b>	13	<u>(1,220)</u>	<u>(467)</u>
<b>Total Funds</b>	13	<u>(1,181)</u>	<u>(584)</u>

The financial statements were approved by the Board of Directors on 20<sup>th</sup> January 2010.

J Hargadon

Chief Executive

P Leith

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 2009

	Note	2008-2009 £'000	Restated 2007-2008 £'000
Net cash inflow from operating activities	14	895	883
<b>Returns on investment</b>			
Interest received		13	-
<b>Capital expenditure</b>			
Purchase of intangible fixed assets		(8)	(26)
Purchase of tangible fixed assets		(177)	(372)
Net cash outflow from capital expenditure		<u>(185)</u>	<u>(398)</u>
Net cash inflow before financing		723	485
Increase in cash	16	<u>723</u>	<u>485</u>

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

# Notes to the financial statements

## Accounting policies

### Basis of preparation

The financial statements have been prepared under the 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 1985, the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) and the disclosure requirements of the Government Financial Reporting Manual (FRM)

### Prior year adjustments

The following prior year adjustments have been made:

- Website development costs have been capitalised in accordance with Urgent Issues Task Force Abstract 29 (“UITF29”) and SORP 2005. The costs are associated with the main Trust website, together with the websites developed for Million Meals, Let’s Get Cooking and School FEAST. These websites have been developed as a means of delivery of the specific services offered by the Trust to fulfil its charitable objectives. These costs had previously been accounted for as resources expended in the period in which the expenditure was incurred. The effect of this change was to reduce net liabilities at 31 March 2008 by £371,000 and decrease net outgoing resources for 2007-08 by £232,000.
- 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. Incoming resources had previously been recognised in full when the grant was received. The effect of this change was to increase net liabilities at 31 March 2008 by £408,000 and increase net outgoing resources for 2007-08 by £408,000.
- Grants awarded are recognised in the Statement of Financial Activities once the recipient has met the conditions for entitlement. Previously grants were not recognised until paid. The effect of this change was to increase net liabilities at 31 March 2008 by £155,000 and increase net outgoing resources for 2007-08 by £155,000.

## Notes to the financial statements

These changes in accounting policy had the following impact on the results of the prior period:

	Statement of financial activities as previously stated - Total funds 2008	Capitalisation of website development costs	Deferral of unspent Big Lottery Fund grant	Recognition of grants awarded but not paid	Statement of financial activities as restated - Total funds 2008
	£000	£000	£000	£000	£000
<b>Incoming resources</b>					
Incoming resources from Charitable Activities – Big Lottery Fund	1,246		(408)		838
<b>Resources expended</b>					
Charitable activities	9,280	(232)		155	9,203
<b>Impact on net outgoing resources</b>	<b>(463)</b>	232	(408)	(155)	<b>(794)</b>

### 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.

#### Other Incoming Resources

Other incoming resources are recognised in the SOFA when the Trust becomes entitled to the income and the amount of income can be quantified with reasonable certainty.

- Capital Income received from DCSF for 2008-2009 has been recognised on a cash basis.
- 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 DCSF.

## Notes to the financial statements

### **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.

### **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.

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 3 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.

### **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**

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.

## Notes to the financial statements

### 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 19. 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 represents the amount of contributions payable in respect of the accounting period.

### Cost of capital

The FReM requires recognition of the notional cost of capital and is calculated at 3.5% (2007-08: 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 Charitable activities

Analysis of costs by project:

	Activities undertaken directly	Grant funding of activities	Support costs	Total 2008- 2009 £,000	Restated Total 2007- 2008 £,000
Developing and improving knowledge and understanding	2,073	40	437	2,550	1,849
Encouraging and monitoring good practice	4,002	699	1,019	5,720	3,863
Providing training and guidance	698	1,918	328	2,944	2,581
Let's get cooking	1,590	1,368	447	3,405	929
Total charitable activities cost	8,363	4,025	2,231	14,619	9,222

The total charitable activities cost above of £14,619,000 includes £10,000 relating to the cost of goods sold.

### 2 Direct Costs

	Developing and improving knowledge and understanding	Encouraging and monitoring good practice	Providing training and guidance	Let's get cooking	Governance	Total 2008- 2009 £,000	Restated Total 2007- 2008 £,000
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Positive Attitude	-	1,987	-	-	-	1,987	1,329
Information Out	341	-	-	-	-	341	628
Core Communications	-	54	-	-	-	54	44
Other Projects	5	12	4	-	-	21	-
Million Meals	-	643	-	-	-	643	1,017
Building Capacity	4	935	2,093	-	-	3,032	2,014
LA Targeted Support	264	-	-	-	-	264	124
Let's Get Cooking	-	-	-	1,814	11	1,825	369
Food in the Curriculum	16	-	-	-	-	16	-
Case for Change	268	-	-	-	-	268	142
Monitoring & Knowledge Management	665	159	-	-	-	824	126
The Regulations	-	-	163	-	-	163	142
Fundraising	-	-	-	-	-	-	18
Food Dudes	-	-	-	-	-	-	46
Free School Meals	-	-	-	-	-	-	35
Governance Costs	-	-	-	-	49	49	44
	1,563	3,790	2,260	1,814	60	9,487	6,078
Direct salary costs	550	911	356	1,144	17	2,978	1,736
	2,113	4,701	2,616	2,958	77	12,465	7,814

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.

## Notes to the financial statements

### 3 Cost Allocation

		Developing and improving knowledge and understanding	Encouraging and monitoring good practice	Providing training and guidance	Let's get Cooking	Governance	Total 2008-2009	Restated Total 2007- 2008
		£,000	£,000	£,000	£,000	£,000	£,000	£,000
<b>Direct costs</b>								
Direct project costs	1	1,563	3,790	2,260	1,814	60	9,487	6,078
Direct salary costs	1	240	585	152	1,144	17	2,138	1,278
Direct salary costs (apportioned)	2	310	326	204	-	-	840	458
		<u>2,113</u>	<u>4,701</u>	<u>2,616</u>	<u>2,958</u>	<u>77</u>	<u>12,465</u>	<u>7,814</u>
<b>Support costs</b>								
Indirect Staff costs	2	183	426	137	-	-	746	594
Premises costs	2	44	104	34	98	-	280	118
Travel, training and office costs	2	111	259	83	293	-	746	349
HR, Financial & IT costs	2	44	103	33	27	-	207	291
Depreciation	2	53	124	40	29	-	246	117
Loss on disposal of fixed assets	2	2	3	1	-	-	6	-
Total support costs		<u>437</u>	<u>1,019</u>	<u>328</u>	<u>447</u>	<u>-</u>	<u>2,231</u>	<u>1,469</u>
		<u>2,550</u>	<u>5,720</u>	<u>2,944</u>	<u>3,405</u>	<u>77</u>	<u>14,696</u>	<u>9,283</u>

1 Direct costs charged directly to each activity

2 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

### 4 Analysis of grants awarded 2008/2009

Organisation	Nature of funding	Amount £'000	Funded By:
Ashburton Cookery School	Regional Training Centre	200	DCSF Capital
Medway School FEAST Centre	Regional Training Centre	102	DCSF Capital
Bourneville College	Regional Training Centre	87	DCSF Capital
Boston College School FEAST Centre	Regional Training Centre	200	DCSF Capital
Cambridge School FEAST Centre	Regional Training Centre	83	DCSF Capital
Doncaster School FEAST Partnership	Regional Training Centre	198	DCSF Capital
North Yorkshire County Caterers FEAST Centre	Regional Training Centre	200	DCSF Capital
South East School FEAST Partnership	Regional Training Centre	171	DCSF Capital
Sunderland School FEAST Partnership	Regional Training Centre	49	DCSF Capital
Worcester School FEAST	Regional Training Centre	192	DCSF Capital
Westminster Kingsway College	Regional Training Centre	200	DCSF Capital
London Borough of Enfield	Regional Training Centre	98	DCSF Capital
Greenwich Co-operative Development Agency	Regional Training Centre	86	DCSF Capital
29 School FEAST centres	Nutritional Analysis Software	43	DCSF Capital
Hetton School	Kitchen Capacity	114	DCSF Capital
St Lukes CE School	Kitchen Capacity	30	DCSF Capital
Applemore College	Kitchen Capacity	106	DCSF Capital
Broadmeadow Junior School	Kitchen Capacity	74	DCSF Capital
Churnet View Middle School	Kitchen Capacity	93	DCSF Capital
Cherbourg Primary School	Kitchen Capacity	62	DCSF Capital
Paget Primary School	Kitchen Capacity	26	DCSF Capital
Fatfield Primary School	Kitchen Capacity	34	DCSF Capital
Blake Valley Technology College	Kitchen Capacity	91	DCSF Capital
Applemore College	Kitchen Capacity	7	DCSF Grant in Aid
Cherbourg Primary School	Kitchen Capacity	14	DCSF Grant in Aid
Thames Valley University	School Cooks' Network	5	DCSF Grant in Aid
Northamptonshire County Council	School Cooks' Network	5	DCSF Grant in Aid
Priory School & Sports College	School Cooks' Network	3	DCSF Grant in Aid
The Chalet School	School Cooks' Network	1	DCSF Grant in Aid
Manchester City Council	School Cooks' Network	3	DCSF Grant in Aid
London Borough of Waltham Forest	Targeted Support	10	DCSF Grant in Aid
Warrington Borough Council	Targeted Support	10	DCSF Grant in Aid
Plymouth City Council	Targeted Support	9	DCSF Grant in Aid
Northumberland County Council	Targeted Support	6	DCSF Grant in Aid
Sandwell Metropolitan Borough Council	Targeted Support	5	DCSF Grant in Aid
Hetton School	Meal Deals	8	DCSF Grant in Aid
Blake Valley Technology College	Meal Deals	5	DCSF Grant in Aid
Churnet View Middle School	Meal Deals	3	DCSF Grant in Aid
Marriotts School	Meal Deals	3	DCSF Grant in Aid
Queen Katherine School	Meal Deals	3	DCSF Grant in Aid
Angmering School	Meal Deals	3	DCSF Grant in Aid
Towers School & Sixth Form Centre	Meal Deals	3	DCSF Grant in Aid
Cherbourg Primary School	Meal Deals	2	DCSF Grant in Aid
Fatfield Primary School	Meal Deals	2	DCSF Grant in Aid
Broadmeadow Junior School	Meal Deals	2	DCSF Grant in Aid
Paget Primary School	Meal Deals	1	DCSF Grant in Aid
Nottinghamshire County Council	Prototypes	5	DCSF Grant in Aid

## Notes to the financial statements

955 Schools – Let's Get Cooking Cookery Clubs	Equipment Costs & Running Costs	955 Big Lottery Fund Grant
233 Schools – Let's Get Associate Cooking Cookery Clubs	Running Costs	94 Big Lottery Fund Grant
Business in the Community Improvement Foundation Limited	Let's Get Cooking Partners	83 Big Lottery Fund Grant
Magic Outcomes	Let's Get Cooking Partners	52 Big Lottery Fund Grant
The Princes Trust	Let's Get Cooking Partners	51 Big Lottery Fund Grant
		133 Big Lottery Fund Grant
		4,025

### 5 Operating deficit before taxation

The operating deficit is stated after charging:

	2008-2009 £'000	Restated 2007-2008 £'000
Depreciation and amortisation,	246	117
Loss on disposal of fixed assets	6	-
Operating lease rentals	187	94
Auditor's remuneration;		
Internal audit	10	11
External audit		
- fees payable for audit of the Charitable Company	26	12
- fees payable for other services	-	8
	-	8

The external auditor's remuneration of £26,500 (2007-08 £12,000) relates solely to the audit of the accounts. The external Auditors have only received fees for work in relation to the Audit.

### 6 Grants Paid

The Charitable Company paid grants in the year as follows:

	Outstanding At 31/3/2008 £'000 (note 12)	Awarded 2008-2009 £'000 (note 4)	Paid 2008-2009 £'000	Outstanding At 31/3/2009 £'000 (note 12)	Paid 2007-2008 £'000
Lottery funded grant	-	1,368	(1,171)	197	226
DCSF funded capital grant	155	2,539	(2,255)	439	1,215
DCSF grant in aid	-	118	(85)	33	58
	155	4,025	(3,511)	669	1,499

## Notes to the financial statements

### 7 Directors and employees

Staff costs during the year were as follows:

	2008-2009 £'000	2007-2008 £'000
Wages and salaries	2,084	1,418
Social security costs	207	120
Other pension costs (note 19)	498	235
Seconded, loaned and temporary staff	935	557
	<u>3,724</u>	<u>2,330</u>

The average number of employees in the Charitable Company during the year was 89 (Restated 2008: 52) including seconded civil servants:

	Developing and improving knowledge and understanding	Encouraging and monitoring good practice	Providing training and guidance	Let's get cooking	Governance	Support Costs	Total 2008 - 2009	Restated Total 2007 - 2008
Directors					1		1	1
Permanent Employees	11	10	6	25		10	62	37
Temporary Employees		1		1		2	4	4
Secondments	2	3	1			1	7	9
Agency Staff (Full Time Equivalents)	1	7				7	15	1
	<u>14</u>	<u>21</u>	<u>7</u>	<u>26</u>	<u>1</u>	<u>20</u>	<u>89</u>	<u>52</u>

The only statutory director in the year to receive remuneration (no pension payments were made) from the Charitable Company was the Chair. Further details can be found in the Remuneration Report

	2008-2009 £'000	2007-2008 £'000
Emoluments	<u>15</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.

## Notes to the financial statements

### 8 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 £13,271 bank interest in the year (2007-08: £140).

### 9 Intangible Fixed assets

	Computer software £'000
Cost	
At 1 April 2008 (restated)	42
Additions	26
Disposals	-
At 31 March 2009	<u>68</u>
Depreciation	
At 1 April 2008 (restated)	14
Provided in the year	16
Disposals	-
At 31 March 2009	<u>30</u>
Net book amount at 31 March 2009	<u>38</u>
Net book amount at 31 March 2008 (restated)	<u>28</u>

### 10 Tangible Fixed assets

	Fixtures, fittings and equipment £'000	Computer equipment £'000	Website developments £'000	Total £'000
Cost				
At 1 April 2008 (restated)	39	119	452	610
Additions	7	17	277	301
Disposals	(12)	(7)	-	(19)
At 31 March 2009	<u>34</u>	<u>129</u>	<u>729</u>	<u>892</u>
Depreciation				
At 1 April 2008 (restated)	25	42	80	147
Provided in the year	10	39	181	230
Disposals	(8)	(5)	-	(13)
At 31 March 2009	<u>27</u>	<u>76</u>	<u>261</u>	<u>364</u>
Net book amount at 31 March 2009	<u>7</u>	<u>53</u>	<u>468</u>	<u>528</u>
Net book amount at 31 March 2008 (restated)	<u>14</u>	<u>77</u>	<u>372</u>	<u>463</u>

## Notes to the financial statements

### 11 Debtors

	31/3/2009 £'000	Restated 31/3/2008 £'000
Other debtors	65	7
Prepayments and accrued income	38	16
	<u>103</u>	<u>23</u>

Other debtors comprise:

	31/3/2009 £'000	31/3/2008 £'000
Local authorities	-	-
NHS bodies	31	-
Public corporations	12	16
Bodies external to government	60	7
	<u>103</u>	<u>23</u>

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

	31/3/2009 £'000	Restated 31/3/2008 £'000
Trade creditors	1,599	-
Grant creditors	669	155
Other creditors	120	3
Accruals and deferred income	658	1,392
Other taxation and social security	77	98
	<u>3,123</u>	<u>1,648</u>

The difference in trade creditors was caused by the introduction of a purchase ledger at 1<sup>st</sup> April 2008.

Creditors comprise

	31/3/2009 £'000	31/3/08 £'000
Other central government bodies	187	131
Local authorities	325	176
NHS bodies	-	-
Public corporations	131	50
Bodies external to government	2,480	1,291
	<u>3,123</u>	<u>1,648</u>

## Notes to the financial statements

### 13 Reserves

	Unrestricted fund	Restricted fund - Big Lottery Fund	Restricted fund - DCSF Capital	Total funds
	£'000	£'000	£'000	£'000
Reserves at 1 April 2008 as previously stated	(801)	409	-	(392)
<b>Prior period adjustments</b>				
Website development costs capitalised	334	37	-	371
Deferral of unspent Big Lottery Fund grant	-	(408)	-	(408)
Recognition of grants awarded but not paid	-	-	(155)	(155)
<b>Reserves at 1 April 2008 as restated</b>	<b>(467)</b>	<b>38</b>	<b>(155)</b>	<b>(584)</b>
<b>For the year ended 31 March 2009</b>				
Incoming resources	7,998	3,407	2,694	14,099
Outgoing resources	(8,751)	(3,406)	(2,539)	(14,696)
Transfers between funds	-	-	-	-
Gains and losses	-	-	-	-
Reserves at 1 April 2009	<b>(1,220)</b>	<b>39</b>	<b>-</b>	<b>(1,181)</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 funds	Restricted funds - Big Lottery Fund	Restricted funds - DCSF Capital	Total funds
	£'000	£'000	£'000	£'000
Fixed assets	527	39	-	566
Current assets	170	779	427	1,376
Current liabilities	(1,917)	(779)	(427)	(3,123)
	<b>(1,220)</b>	<b>39</b>	<b>-</b>	<b>(1,181)</b>

## Notes to the financial statements

### 14 Reconciliation of net outgoing resources to net cash inflow from operating activities

	2008-2009 £'000	Restated 2007-2008 £'000
Net outgoing resources	(597)	(794)
Investment income	(13)	-
Net outgoing resources from operating activities	<u>(610)</u>	<u>(794)</u>
Amortisation of intangible fixed assets	16	8
Depreciation of tangible fixed assets	230	109
Loss on disposal of fixed assets	6	-
(Increase)/decrease in debtors	(80)	1,310
Increase/(decrease) in non-capital creditors	1,333	250
Net cash inflow from operating activities	<u>895</u>	<u>883</u>

The movement in creditors is high due to a high percentage of expenditure taking place towards the end of the financial year.

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

	2008-2009 £'000	2007-2008 £'000
Increase in cash in the year	723	485
Net funds at 1 April 2008	550	65
Net funds at 31 March 2009	<u>1,273</u>	<u>550</u>

### 16 Analysis of changes in net funds

	At 1 April 2008 £'000	Cash flow £'000	At 31 March 2009 £'000
HM Paymaster General	99	419	518
Yorkshire Bank	451	302	753
Cash in hand	-	2	2
Cash at bank and in hand	550	723	1,273

### 17 Capital commitments

The Charitable Company had no capital commitments at 31 March 2009 or 31 March 2008.

### 18 Contingent liabilities

The Charitable Company has no contingent liabilities at 31 March 2009 or 31 March 2008.

## Notes to the financial statements

### 19 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 2008-2009, employers' contributions of £480,344 were payable to the PCSPS (2007-08 £204,445) at one of four rates in the range 17.1 to 25.5 percent of pensionable pay, based on salary bands (the rates in 2007-08 were between 17.1 and 25.5%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2009-10, 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 2008-09 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 £18,057 (2008: £67,061) 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 £88. Contributions prepaid at the date were £nil.

### 20 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.

### 21 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.

## Notes to the financial statements

### 22 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.

### 23 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 2009:

The Charitable Company purchased goods with a value of £163 from Prue Leith, the Chair, during the year (2007-08: £nil). 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 £132,581 (2007-08: £56,051).

Ferri Fassihi, Adam Starkey, Anthony Byrne and Ian Wasson are all members of the Local Authority Caterers' Association ("LACA") which received a grant of £5,000 from the Charitable Company during the year (2007-08: £nil). In addition LACA supplied services to the Charitable Company totalling £5,867 during the year (2007-08: £nil). There was no balance owed by the Charitable Company to LACA at the year end.

Marcia Twelftree is the Head Teacher of Charters School, Ascot which received a grant of £1,000 during the year from the Trust under the Let's Get Cooking programme.

Carmel McConnell holds a non salaried position at Magic Outcomes, a partner organisation in the Let's Get Cooking programme. Magic Outcomes received grants from the Charitable Company totalling £50,685 (2007-08: £48,896).

In addition to the above, Trustees received £7,222 of expenses incurred in attending Board and Board Sub Committee meetings, and other events on behalf of the Trust.

The Charitable Company received £7,972,457.50 grant in aid funding and £2,693,956.05 capital grant funding from the Department of Children, Schools and Families, the controlling party, during the year.

### 24 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 2009 the outstanding balance is recorded as deferred income.

The Financial Targets agreed with DCSF for 2008-9 have now been signed off and an update on our performance is included in our Annual Report

## Notes to the financial statements

### 25 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.

	31/3/2009 £'000	31/3/2008 £'000
Expiry after one year	-	45
Expiry after one year , but not more than five years	174	-
	<u>174</u>	<u>45</u>

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 2009-10.

### 26 Post Balance Sheet Events

The accounts were authorised for issue on 28th January 2010 by the Chief Executive. The financial statements do not reflect events after this date.



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