

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

Annual Report and Financial Statements

For the year ended 31 March 2011

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

Annual Report and Financial statements for the year ended 31 March
2011

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Company information

Charity Registration Number:	1118995
Company Registration Number:	5386058
Registered Office:	3 rd Floor 2 St Paul's Place Sheffield S1 2FJ
Chief Executive:	J Hargadon OBE
Members:	The Secretary of State for Education (Resigned 23/5/11) N Graham (Resigned 13/1/11) D Russell (Appointed 13/1/11 to 23/5/11) P Leith CBE (Appointed 20/5/11) Sir T Shebbare (Appointed 20/05/11)
Directors:	R Rees MBE (Chair) M Barrett Dr J Bunn A Byrne J T Dyson F Fassihi F Gately P Hargrave R O'Donnell J Schneider A Starkey Dame M Twelftree T Mack R Turner I Hagg Dr S Adam J Dent J Hurst

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

Senior Management:	J A Hargadon	Chief Executive
	G L Bell	Director of Corporate Services
	D Edwards	Director of Partnership & Programmes
	Dr M Nelson	Director of Research
	J A Wright (Resigned 17/5/10)	Director of Delivery
	L J Smith	Director of Delivery (Acting Director from 17/5/10, Appointed 14/12/10)
	H MacLachan	Director of Communications (Appointed 1/5/10 to 31/12/10)
Secretary:	G L Bell	

Company information

Bankers:

Citibank NA
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

National Westminster Bank
Government Banking Service Branch
Premier Place
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Auditors:

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

Report of the Directors

The directors present their report together with the financial statements for the year ended 31 March 2011. The financial statements have been prepared under the modified historic cost convention. The financial statements have been prepared in accordance with generally accepted accounting practice in the United Kingdom (UK GAAP), the Companies Act 2006, the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) and the disclosure requirements of the Government Financial Reporting Manual (FRM). The Trustees have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission.

Principal activities

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

Governing document

The School Food Trust (The Trust) is a company limited by guarantee and governed by its Memorandum & Articles of association dated December 2005. Following agreement by the Charity Commission, revised Memorandum and Articles of association were adopted in January 2011. The Memorandum & Articles of association have been revised to amend the objects of the company and to make provision for the Chair to receive reasonable remuneration for services to the company. The Trust is registered as a Charity with the Charities Commission. Since 1st April 2005 it has operated as a Non Departmental Public Body sponsored by The Department for Education (DfE) and its main source of funding is through Grant in Aid.

Trustee recruitment, induction and training

Trustees are drawn from throughout the sector and were appointed by the Secretary of State. From May 2011 the Trustees were appointed by the new members. Board members are advised of their responsibilities as a trustee on appointment and are kept advised and updated on any changes in responsibilities that come into force. Training is provided on current legislation.

Public Benefit Statement

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

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

Through our network of Let's Get Cooking clubs, we are continuing to build interest in healthy food and developing cookery skills, not only with children but with families and the wider community. By the year end, there were 1,103,511 programme beneficiaries. 90% of participants in club activities have stated that they are replicating new healthy cooking skills at home and 58% have increased their intake of nutritionally healthy food.

The 3rd Secondary School Lunch & Behaviour Study is a follow on from previous studies which looked at how making changes to the food and the dining environment at lunch time impact on learning behaviour after lunch in secondary school pupils. This new study applies the most successful elements of the interventions previously undertaken, combined with an evaluation at pupil level of how the changes in food and environment help to meet pupils' lunchtime aspirations. The second wave of fieldwork in 6 schools commenced in April 2011 and the publication of findings is planned for February 2012.

The Trust has continued working closely with a wide range of key policy and decision makers to develop a consensus proposal/vision, for the future that demonstrates that school food is an intrinsic element of the broader agenda surrounding children's health.

Report of the Directors

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

The National Primary School Food Study, undertaken by the Trust in 2009, found that lunches taken by pupils were healthier than those of children four years earlier. A similar study has been carried out this year in a national sample of 80 secondary schools in England, describing the food, drink, energy and nutrients chosen and eaten by pupils in school lunches as compared with previous findings in 2004; and assessing whether lunchtime provision and food other than lunch meets the food-based and nutrient-based standards for school food. Fieldwork was completed in April 2011 and the final report is due in December 2011.

The Trust has delivered a programme of 15 training workshops, in each of the nine Government Office regions, to give practical help to local authorities, caterers and schools to promote their food to pupils and parents. In light of the reported gap in the skills and resources in this area, the main feature of the programme was hands on learning of how to use the Marketing and Design Generator (MADGe) online tool, a brand-engine designed to make it easy to develop cost effective, tailored marketing campaigns. Three hundred and eighty-one people attended and 50% of delegates were using MADGe a month after the course.

MADGe continues to be a popular online tool. In April 2011 there were 1,819 registered users. 30% of registered users were schools, 25% were local authorities and caterers, and 45% were registered as 'other'. 653 generator campaigns were created with an average 2 items per campaign. The total number of downloads was 6,506 - 21% from the generator and 79% from the ready made gallery.

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

The School Food Excellence and Skills Training (FEAST) network now comprises twenty-nine centres and partnerships. The emphasis this year has been on quality assurance, enabling the Trust to position the training centres as the first choice to receive the best school food training. A service level agreement between the Trust and the member centres has been implemented across the network. Evaluation of the impact of training in the workplace has been carried out and the final report is due in April 2011.

The Trust is also developing a series of one day 'How To' training sessions for local authorities, schools, caterers, PCTs etc. on the following subjects:

- Increase the take up of free school meals
- Promote and market school food effectively in primary or secondary setting
- Design a flexible and compliant school food menu
- Do more for less – making your service more efficient
- Engage parents and pupils in better school food
- Cook more in school

A one day CPD course in nutritional analysis for registered nutritionists and dieticians is also available

In 2010, the Trust was commissioned by the DFE to convene and manage an Advisory Panel on Food and Nutrition for Early Years to consider how to revise and strengthen current food and nutrition guidance for Early Years settings to ensure that toddlers and young children are provided with healthy food in every setting they attend. The final report with recommendations was submitted in October 2010 to the DFE and published in March 2011 with associated press release and extensive media coverage. This report is now informing the Early Years Foundation Stage framework review.

Management commentary

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

Report of the Directors

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

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

Business Plan activities 2010/11

All of the activities for the year 2010/11 were assessed against four priorities which captured the learning from the previous year:

1. spreading best practice to increase take up of school lunches;
2. gathering evidence of impact;
3. linking take up to the wider national children's agenda;
4. price, value, cost – the long term viability of the school meal service.

During the year ended 31 March 2011, the Trust has achieved the following, under these four priorities, to help meet its key objectives.

Priority 1: Spreading best practice to increase take up of school lunches

More of the Trust's work in the past year has been about reaching out to those who have not yet fully engaged, or even engaged at all, in improving school food; employing interventions that have been shown to work; and enabling schools and local authorities to develop their own approach whilst learning from others.

School collaboratives

The Trust's continuous improvement programme, branded as 'Small Step Improvements', has completed its fifth and final phase. To date the programme has been rolled out in 15 local authorities, and direct to a group of individual schools. It has involved 222 schools directly and another 30 schools through local authority roll outs. This has in turn impacted on more than 92,276 pupils.

To date we have seen improvements in average take up for local authorities of 4.6% with one local authority showing an increase of 9%. Initial findings of programmes conducted over the 2010 summer term showed that take up was maintained and/or increased against the traditional trend of a drop. Certain participating schools had outstanding increases in their take up; one school from Hillingdon increasing their take up by an impressive 18%.

Although the original aim of the programme was to increase school meal take up, schools and local authorities have reported many additional benefits. For example, from a financial perspective, from an investment of £500, participating schools saw an average increase in turnover of £2,529 in just six months, with one school increasing turnover by £12,000. Local authorities saw an average increase in turnover of £41,000 from an initial investment of £10,000, with one local authority increasing turnover by £63,000.

In addition, the programme has moved school food up the agenda, improved relationships between the school leadership team and catering staff, and motivated schools to use the change methodology for making improvements across the whole school.

Million Meals

From October 2010, schools that signed up to the Million Meals campaign were contacted within the first month of joining and offered bespoke support by telephone communication to help them explore the challenges in their school food service and to overcome them using tried and tested resources such as the school council pack, 'Fresh Look' guides, curriculum packs, parents taster pack etc.

Report of the Directors

16 schools took advantage of this support and have reported many successful outcomes. In one school, the School Food Trust school council pack has been used to generate pupil ideas and ownership of the school meal service. Pupils have been trained for the food hygiene certificate and they now explain dishes at the servery to younger pupils, resulting in an 11% increase in school meal take up. In another school, a previously disengaged caterer is now in regular, direct contact with pupils and acting on their recommendations to improve quality. This has involved introducing a pupil led, food tasting group who test all new dishes before they appear on the menu. Since the dishes have been changed, waste has dramatically reduced and the school council has launched a waste competition to reward those who waste the least.

The Trust's Million Meals materials are now being updated and migrated onto the main Trust website in order to make them more accessible to all schools, not just those who signed up to the Million Meals campaign.

Local authority tailored support

Over the past year, the Trust worked with 5 local authorities - Croydon, Lancashire, Sheffield, Suffolk and Portsmouth - to build self-sustaining capacity through a targeted support programme tailored to the individual local authority's needs. Action plans comprised interventions that have been proven to assist in increasing take up including: lunchtime supervisor training; promotion of school meals through MADGe (see below); 'Meal Deals'; stay on site policies; parents surveys; and promotion of free school meals etc.

Overall the programme has proved positive in terms of increasing the local authorities' focus on the school food agenda. Lancashire, for example, has reported that as a result of the programme, they have started a business level review of their product, marketing, customer care and communication strategies. In Portsmouth, their targeted support working group is exploring how to further embed and develop this work and is looking into the possibility of developing the current temporary working group into a more strategic group with a clear vision and reporting structure. With regard to increasing take-up, the picture is generally positive with 3 local authorities showing an increase in take up.

School food marketing training

Between April and May 2010, the Trust delivered a programme of 15 training workshops, in each of the nine Government Office regions, to give practical help to local authorities, caterers and schools to promote their food to pupils and parents. In light of the reported gap in the skills and resources in this area, the main feature of the programme was hands on learning of how to use the Marketing and Design Generator (MADGe) online tool, a brand-engine designed to make it easy to develop cost effective, tailored marketing campaigns. Three hundred and eighty-one people attended and 50% of delegates were using MADGe a month after the course.

MADGe continues to be a popular online tool. In April 2011 there were 1,819 registered users. 30% of registered users were schools, 25% were local authorities and caterers, and 45% were registered as 'other'. 653 generator campaigns were created with an average 2 items per campaign. The total number of downloads was 6,506 - 21% from the generator and 79% from the ready made gallery.

Making the Most of Lunchtime

New pages have been added to the website called 'Making the Most of Lunchtime' which provide suggestions to schools on how to maximise the lunch break, giving sufficient time for children to eat healthily, take part in some physical activity and relax with each other and learn social skills.

Information sharing

The Trust continued to spread effective practice through its network of school food ambassadors, holding the 5th Learning Seminar in September 2010. It also took the opportunity to embed the messages through stands and presentations at events run by or for key stakeholders, e.g. the National Association of School Business Management and the National Association of Head Teachers.

The Trust continued to keep school food on the public agenda through actively soliciting press and Public Relations (PR) coverage, as well as reacting to emerging stories and issues around school food with positive responses to shape the debate.

Report of the Directors

Priority 2: Gathering evidence of impact

Annual Take Up Survey

In July 2010, the Trust and the Local Authority Caterers' Association published the report on the fifth annual survey of school lunch take up in England 2009-2010, together with the take up statistics. All 152 local authorities responded, providing information relating to both local authority organised catering services (whether provided directly or contracted on behalf of schools by the local authority) and non-local authority catering services. The coverage relating to take up of school lunches was 94% in the primary sector and 80% in the secondary sector, making this the most comprehensive picture of take up in England ever reported.

The main findings of this survey include:

- LA catered or contracted provision accounted for 80%, 39% and 72% of primary, secondary and special school lunch provision, respectively.
- Take up of school lunches was 41.4% in primary schools and 35.8% in secondary schools. This represents an increase over 2008-2009 of 2.1 percentage points in the primary sector and 0.8 percentage points in the secondary sector
- Average school lunch prices were £1.83 in the LA catered primary sector and £1.94 in the LA catered secondary sector, an increase of 3% on the preceding year in both sectors.
- In the primary sector, 70% of schools had a full production kitchen, 7.5% had facilities for regeneration or a mini-kitchen, 15.8% had hot food transported from another school or venue, and 5.9% had cold food only or Free School Meal (FSM) only service. In the secondary sector, 93% had a full production kitchen; less than 1% had cold food or FSM provision only.
- Over 94% of primary and secondary LA catered school lunch provision was thought to be compliant with the food-based standards for school lunches, 93% and 71% respectively with the nutrient-based standards. For non-LA provision, 86% of primary and 78% of secondary schools were thought to be compliant with or "working toward" the food-based standards; and 82% and 73%, respectively, for the nutrient-based.
- Two-thirds of LAs indicated that pupil attitudes to healthier meals had improved in the primary sector compared with last year, and 34% in the secondary sector. The remainder thought attitudes were about the same, and under 5% in the secondary sector (but none in the primary sector) that attitudes were worse.

The 6th Annual Survey was distributed to all local authorities in February 2011; the statistical release and survey report is planned for July 2011.

National Secondary School Food Study

The National Primary School Food Study, undertaken by the Trust in 2009, found that lunches taken by pupils were healthier than those of children four years earlier. A similar study has been carried out this year in a national sample of 80 secondary schools in England, describing the food, drink, energy and nutrients chosen and eaten by pupils in school lunches as compared with previous findings in 2004; and assessing whether lunchtime provision and food other than lunch meets the food-based and nutrient-based standards for school food. Fieldwork was completed in April 2011 and the final report is due in December 2011.

Secondary school study of food, performance and behaviour (SLAB 3) follow on study

SLAB 3 is a follow on from previous studies which looked at how making changes to the food and the dining environment at lunch time impact on learning behaviour after lunch in secondary school pupils. This new study applies the most successful elements of the interventions previously undertaken, combined with an evaluation at pupil level of how the changes in food and environment help to meet pupils' lunchtime aspirations. The second wave of fieldwork in 6 schools commenced in April 2011 and the publication of findings is planned for February 2012.

Audits and Inspections

Last year, the Trust developed an Audits and Inspections toolkit, in partnership with the Department of Health, West Midlands and Central England Trading Standards Authorities (CEN TSA), for primary schools and their catering providers to sensibly monitor compliance with the standards. This year a toolkit for use in secondary schools was piloted in secondary and special schools in the West Midlands and the report and audit tool is available on the Trust's website.

Early Years

In 2010, the Trust was commissioned by the DFE to convene and manage an Advisory Panel on Food and Nutrition for Early Years to consider how to revise and strengthen current food and nutrition guidance for Early Years settings to ensure that toddlers and young children are provided with healthy food in every setting they attend. The final report with recommendations was submitted in October 2010 to the DFE and published in March 2011 with associated press release and extensive media coverage. This report is now informing the Early Years Foundation Stage framework review.

Report of the Directors

Journey to School

In conjunction with Oxford Division of Public Health and Primary Health Care, a behaviour study is underway that uses 'Sensecam' technology to track secondary school pupils between home and school and gather objective data on their opportunities for food and drink purchase. This study will be used to develop understanding about the motivations for food and drink consumption in transit and the impact that has on engagement with school food. Fieldwork will be completed in May 2011 with a report published in the summer.

Development of Eating Habits

Two studies are underway to improve understanding of how food habits develop in children: one is a short intervention study to investigate the extent to which the palate of primary school children age 7-9 years can be modified to change their perception of sweetness; and the second uses longitudinal data from ALSPAC (Avon Longitudinal Study of Parents and Children) to explore how levels of sweetness (sugar and artificial sweeteners) and consumption of energy dense foods track in the diets of children from age 18 months through to age 7y, and explores which factors impact on the patterns observed (e.g. social class, parents' education, number of siblings). A report is due in May 2011.

5th Cooks Panel Survey

The 5th Cooks Panel survey took place during September 2010. The panel comprises 386 school cooks, catering managers, kitchen assistants and chefs representing in-house, local authority and private catering providers across England. In this survey, the panel was asked for its opinion on wider school issues in relation to food, including whole school food policies, and the progress that had been made in providing menus that comply with the nutrient-based standards. There were 128 respondents and the key findings include:

- The majority (80%) of respondents said that their school had a whole school food policy of whom 50% had seen a copy
- Secondary schools are more likely (86%) to offer practical cooking lessons than primary schools (69%)
- The majority of primary school cooks (97%) and almost as many secondary school cooks (80%) reported having implemented menus that are compliant with the final food-based standards and the nutrient-based standards, although not all were aware whether supporting evidence was available
- Over one third of cooks overall, who expressed an opinion, felt that the greatest barrier in developing a compliant menu was insufficient time to use menu planning and nutrient analysis software. This was particularly the case in secondary schools where the proportion was 52%

6th Cooks Panel Survey

The 6th Cooks' Panel Survey was distributed in Jan 2011 covering the following topics: school management of food allergies, Lets Get Cooking involvement, previous experience of working in a restaurant or hotel kitchen and the predicted effects of the current financial climate on the cost of school food. Key findings were:

- When Let's Get Cooking clubs are based in primary schools, the majority involved the school cook. The cooks, however, did not think, that their involvement had an impact on the take up of school lunches
- The majority of primary (89%) and secondary (73%) school cooks said that their school could cater for pupils with any food allergy
- More primary (66%) than secondary (46%) schools were likely to have a written nut policy although a fairly high proportion of caterers in both types of school reported to be unaware of their school's position.
- About three quarters of cooks said that they had previous professional experience with the most useful reported to be concerned with techniques and cooking skills
- Whilst 56% of secondary cooks considered the work to be less challenging than working in a restaurant kitchen, 50% of primary cooks thought the challenges were different but of a similar level.
- About two thirds of cooks thought that the price of school meals would increase in the next 12 months; the most likely increase was considered to be 5p to 10p per meal.
- Almost half of primary and over a third of secondary respondents (49% and 38%) said that their schools had introduced new ways to encourage eligible parents to sign up for free school meals.
- The most likely method of encouraging eligible parents to sign to for free school meals was sending a letter to all parents.

Report of the Directors

Priority 3: Linking take up to the wider national children's agenda

Let's Get Cooking

Let's Get Cooking had another successful year, building interest in food through the development of cookery skills in families. By March 2011, there were 2,910 of the 3,000 full clubs signed up who were actively cooking and over a million recorded beneficiaries. 90% of club members report that they are replicating their cookery skills at home against a target of 70% and 59% are reporting eating a healthier diet against a target of 50%.

The Cook4Life training that Let's Get Cooking began delivering last year to Sure Start Centre staff has been very successful. The final report has been reviewed by Change4Life and the programme is being developed for roll out with potential sponsorship by the Department of Health. The team has also been approaching Primary Care Trusts in each of the nine regions to offer similar packages of cookery training that could be used with staff in other settings such as foster carers, youth workers, pupil referral units, social workers, health visitors, nursery nurses, extended schools staff etc. These new projects will ensure the sustainability of cookery training after the Lottery funding comes to an end in 2012.

Exploratory work is taking place on how cookery training could fit with weight management programmes run by Primary Care Trusts or slimming organisations. Various presentations have been given to different audiences to show how practical cooking skills should be part and parcel of any healthy eating programme.

Really Good School Dinner

The Really Good School Dinner campaign, led by the School Food Trust in partnership with the United Nations World Food Programme (WFP), has entered its third successive year and, so far, has already raised more than £21,000 for WFP. The nationwide scheme, which schools can run at any time, gives UK school children the chance to provide a child in some of the world's poorest countries with a nutritious meal by adding just 10p to the usual price of their school meal, whilst also encouraging them to try the healthy food on offer in their own school canteen.

Tackling obesity

Reducing the instance of obesity is high on the agenda of many local authorities and the Trust continues to show how encouraging children to eat a healthy school lunch should be a key part of any action plan to address this difficult issue. For example, this year the Trust has worked closely with Sheffield local authority, holding workshops at their 'Tackling Obesity' seminar in November 2010.

Priority 4: Price, value, cost – the long term viability of the school meal service

To be viable in the long term, the school catering service needs to be efficient and cost effective for the provider and value for money for the consumer. Helping local authorities, schools, catering providers and cooks to improve the catering service and the quality of the product and encouraging parents and children to understand the value of the offer are therefore key areas that the Trust has focused on this year.

'Quick guide to reviewing your catering service'

The Trust has produced a 'Quick guide to reviewing your catering service' to support schools in their right to choose the shape of their catering service by either changing provider or bringing the service in-house. The guide describes the various service delivery options and the advantages and challenges for each. It also outlines key aspects for consideration such as having a whole school approach, menu planning and promotion as well as tips on putting together an effective tender specification. The guide is available on the Trust website and has been promoted to the National Association of School Business Management and the Association of School and College Leaders through their newsletters.

Inspiring local authorities to change

A section for local authorities and local strategic partnerships has been added to the website. The guidance demonstrates how school food contributes to a wide range of local children's priorities; how the structure of the catering service should be fit of purpose, meeting statutory requirements and fulfilling wider strategic aims; and the benefits of children consuming improved school food.

Report of the Directors

Culture of Improvement and Innovation

An innovation and improvement learning programme was carried out with Bolton and Wolverhampton Council School Meals between August 2010 and February 2011. The aim of the programme was to carry out a systems thinking analysis of the school food service, to ensure that the service works from an end to end perspective to deliver to customer demand. Participants on the programme comprised all the key stakeholders in the catering service from the Director through to the operational managers, kitchen staff, unions and head teachers. Both councils have received a report with recommendations for next steps. Bolton has already restructured its service model and has subsequently won an award for innovation.

Waste

As part of its drive to promote sustainable services, the Trust has been liaising with 'WRAP – material change for a better environment' to help schools and local authorities reduce waste, recycle more and make better use of resources. A waste toolkit for schools is under development.

School FEAST

The School Food Excellence and Skills Training (FEAST) network now comprises twenty-nine centres and partnerships. The emphasis this year has been on quality assurance, enabling the Trust to position the training centres as the first choice to receive the best school food training. A service level agreement between the Trust and the member centres has been implemented across the network. Evaluation of the impact of training in the workplace is being undertaken.

Qualifications and training

With funding for training being significantly reduced, the Trust worked closely with People 1st to ensure current and developing qualifications are fit for purpose and that the core offer only includes courses for which employers will pay.

A five day 'Leaders of the Future' continuous professional development pilot training course for Middle Managers was delivered between October 2010 and February 2011. The course comprised three days in learning workshops with the Trust on skills training, e.g. negotiation, change management, and two days shadowing an innovative catering manager.

A 'train the trainer' course has also been delivered to the network to ensure the actual training being offered to the school food workforce is of a high quality in line with the changing needs of the workforce. An evaluation of both courses is being undertaken.

Promoting school food

The Trust continued to help schools and local authorities engage pupils and parents as customers. Using insights from the research commissioned last year on children's and parents' attitudes to school food, the Trust targeted those pupils making the transition from primary to secondary school with a booklet called 'Secondary School Meals, Eat Better Do Better'. The booklet was sent to nine selected local authorities for distribution to parents and there followed some very positive local press and a number of requests from local schools and caterers for more copies.

The Trust also targeted the parents of 700,000 reception age children starting school for the first time and making their first choices around lunchtime eating with the second edition of the 'Little Book of Goodness' that proved very popular last year. This was a web based guide but, again, there was considerable demand for additional hard copies.

One of the key customer insights from previous research with children and young people is that the experience in the dining room has a big influence on whether a pupil chooses to take a school meal. Involving children in making improvements has been shown through pilot work to be crucial to success. This year, the Trust launched a national competition, Canteen Rescue, to stimulate interest in changing the dining environment, with pupils and teachers working together to win a canteen makeover for five lucky schools. All five makeovers have been completed with one resulting in a very entertaining and informative film. Lessons learnt by schools from making improvements to the dining room have been captured in an online resource for schools looking to make changes on a limited budget and small grants have been awarded to schools that have shown innovation in using this resource.

Report of the Directors

Making room for dinner

The Trust continued to enable schools and local authorities to gain maximum value (in terms of increasing take up) from building, design and organisation work by providing appropriate tools, case study information, design plans and equipment information. The Trust issued a formal response to the Department for Education's consultation entitled 'Capital Review – Call for Evidence' to emphasise the importance of both kitchen facilities and adequate dining space.

Free School Meals

The Trust has continued to support the Government's free school meal and extended free school meal eligibility pilots, identifying emerging issues and providing appropriate expertise, advice and guidance to achieve resolution. The Trust is supporting the pilot local authorities in how they will approach the challenges facing them when the pilot schemes are concluded in July 2011.

Support for effective delivery

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

- The Trust's Financial Statements were laid before Parliament and the revised governing documents approved by the Charities Commission
- All quarterly financial accounts and business plan reviews approved by the Organisation and Finance committee (a sub-committee of the Board)
- The 'Whole of Government Account Consolidation Pack' was submitted to DFE within deadline to enable the sponsoring department to account for its complete spend
- Major restructuring completed following full staff consultation
- New policies and procedures in place to reflect the Trust's move to a contract management way of working
- New staff terms and conditions in place
- New accommodation options for Sheffield and London being explored
- Developing a specification for a new IT system and a Customer Relationship Management system
- Reduction of the current plethora of Trust web sites into just two

Data Security

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

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

We continue to work with the DFE Departmental Security Officer to develop and improve our data security and information assurance to meet the Government's Security Policy Framework and Information Assurance Maturity Model. Increased awareness training has been given to staff to highlight the importance of protecting equipment. We have access to the DFE risk management application which allows us to prioritise work in this area and our latest risk assessment shows that we have made significant progress during 2010-2011.

Report of the Directors

A copy of our annual risk assessment has been submitted to DFE 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 Education 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 Education. 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 2010-2011

During 2010-2011 the following key risks were identified by the Trust and included on the Risk Register;

- Removal of Building Schools for the Future funding in some areas may lead to kitchens not being planned into developments. Others may choose to remove facilities totally
- The current government hold on communications expenditure will have consequences for a number of projects - this could involve re-planning with revised deliverables, significant delays or cancellation
- Loss of, or loss of ring-fencing 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
- Government review of national indicators results in removal of NI52 thus taking school food off the agenda in high level policy discussions and decision making and de-prioritising the school food agenda with key stakeholders. The removal of the required standardised data collection is lost with a return to a variation in collection methodologies
- Department for Education is finding it difficult to implement the Trust's IT requests. This is already causing delay to the introduction of important systems and will have a negative impact on the Trust's ability to deliver its objectives efficiently
- Further delays to announcement of funding, and/or funding less than assumed, will mean transitional plans are not put in place in readiness for April 2011,
- Threat of redundancies, changes to terms and conditions and job descriptions, and general uncertainty means high numbers of staff with key skills may leave the Trust in the remainder of the year depleting the Trust of the relevant expertise to enable the successful transition to a charity and a Community Interest Company.

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

Developments in the next twelve months

The Trust will cease to be a Non-Departmental Body from July 2011 (subject to Office for National Statistics reclassification) and is therefore sourcing a range of income streams to fund its work in 2011-2012 and into the future. The main sources of funding have been identified: a grant agreement with the Department for Education; continued funding from the lottery for the Let's Get Cooking programme; competitive grants and tenders; the sale of a range of products and services; and money from sponsorship.

Report of the Directors

The following work is planned for 2011-2012 with further activities in the scoping stage:

Department for Education grant agreement

As part of the grant agreement between the Department for Education (the Department) and the School Food Trust, we will be providing advice and support in the following areas. All our existing materials and information that are developed as part of the commissioned work will be freely available to all.

School Food Nutrition

The Trust will keep the Department up to date on key issues in the nutrition of children of school age, highlighting any emerging evidence that should be considered in terms of feeding children well. This will include advice on policy issues and nutrition for Parliamentary questions and letters etc.

We will continue to assess how well school food regulations are being implemented by keeping in close touch with schools and caterers to help them overcome the challenges they face in implementation and maintaining progress they have made, in particular introducing an 'advice amnesty' to encourage those not compliant to seek our expert help.

As part of the Department's drive to reduce bureaucracy, we will prepare simpler guidance on the school food regulations. This will not only make the regulations easier to translate into a monthly school menu but will help head teachers and parents to understand how the right balance of foods and nutrients found in a school meal has a significant impact on the child's health, well being, behaviour and ability to concentrate on learning tasks.

The Trust will gather information for an open and evidence based review of the school food regulations, carried out by the Department, starting at the beginning of 2012. To inform this review, we will complete the Secondary School Study that will provide a national picture of provision and consumption already captured for primary schools. We will also complete three research projects started in 2010: SLAB 3 (School Lunch and Behaviour Study); the Development of Eating Habits; and the Journey to School.

Early years nutrition

The Department is providing additional core funding to supplement the grant they have awarded the Trust (see below) to develop peer to peer support among local authorities and Early Years providers to increase the quality of Early Years provision and to provide high quality learning opportunities either side of the school day.

Empowering parents and communities to influence school food

The Trust will run a range of activities to build capacity of parents, families and communities to influence the quality and standards of food their children are given in schools.

Maintaining take up of school meals

Given the benefits we know accrue from a good school meal, the Trust will continue to encourage schools to maintain or increase take up. We will continue to gather a national picture of school meal take up via the annual survey distributed to all local authorities in February 2011, ensuring we maintain as high a return as we can for the coming year whilst making it as easy as possible for caterers and schools to share their data.

In addition to this tracking, we will continue to share good practice that all schools can copy. We know that cost can get in the way for parents on a low income but who do not qualify for a free school meal. With the removal of the restriction on setting pricing, which formally required an application for the 'power to innovate', we will be supporting schools in the most effective way of implementing variable pricing such as reducing prices for siblings, for year groups e.g. reception, year seven, offering five meals for four etc.

Over the years, schools have been under increasing pressure to reduce the lunch break to maximise the time spent on the curriculum. Yet, evidence shows that this trend goes against what children need to develop and to learn to their full potential. We will work with schools to understand the challenges of extending the school day, including the introduction of a stay on site policy, and follow the experiences of pupils, head teachers, personal, social and health education teachers and parents etc. which can then be used more widely as best practice for schools.

Report of the Directors

Free School Meals

Whilst focusing on maintaining take up in general, we will be bringing a range of expertise together to concentrate in particular on improving school food in the areas of greatest deprivation. We want to support schools to ensure that children in such areas get at least one good meal a day.

The Government's free school meal pilots afford us a unique opportunity to work with schools in those local authorities to understand why parents and children do not take up a school meal even when it is universally free. We will then identify local authorities who have high free school meal eligibility but low take up, as well as those who have free school meal take up in their Child Poverty Strategy, and work with them to improve take up using all our collated knowledge and experience.

As the free school meal pilots come to a close, we will continue to help the local authorities involved to manage their exit strategy. We will then ensure that the lessons learned are shared with a wide audience, possibly running a dissemination conference in the future.

Efficiency and Affordability

The Trust is aware of the very significant range of practice and costs in the school food system across England. Using material from our research and good practice case study work we will identify where there is waste and recommend to schools, LAs and caterers further ways in which this can be reduced.

In particular, we will gather together in a Manual of School Food Efficiency everything we know about the causes of unnecessary cost, and recommend improvements that can be made in areas such as equipment, kitchen and dining room processes, procurement and staff management etc. in order to not only reduce cost but also improve sustainability and employee satisfaction.

We will continue to work with the procurement policy team to ensure all schools have access to better prices and support the introduction of Government Buying Standards for food and catering products to help schools get the best value for money.

As schools look to use the Catering Service Framework to source the most efficient and cost effective catering service, we will provide a mini tender guide to assist them in making the right choice.

Workforce development

We will ensure that appropriate steps are taken to promote and enable the training of school cooks to close the continuing skills gap. We will enable the School FEAST network and employers to deliver training in the most cost effective way possible to ensure good practice is shared across the country, making it easier for individual schools to get skilled caterers, thereby saving costs and improving take up.

We will continue to use the Cooks' Panel and Caterer's Forum to provide feedback and advice on the transformation of school food but will take a more targeted approach to the questions asked and utilise the web based technology to reduce the bureaucracy and cost.

Lottery funded programme

The Let's Get Cooking programme of after school cookery clubs continues with a lottery target of 1.1m beneficiaries by the end of the programme.

Grants and tenders

Early Years - £160,000 (£200,000 in 2012-13)

The Trust successfully bid for funding under the Department for Education Voluntary Community Sector (VCS) grant within theme 2 - Early Years and Childcare. The Trust will be developing and piloting food-based guidance for early years settings, and a package of practical tools including menus with portion size information, voluntary code of practice and a self-evaluation toolkit for providers. We will be providing expert support for early years networks, in conjunction with the National Children's Bureau. We will also pilot and roll out training for early years and health professionals in approximately forty local authorities on meeting best practice standards and on running healthy cooking activities for families, thereby extending healthy eating messages into the home.

Applications for additional grants and tenders have been submitted and are awaiting approval from grant funders e.g. Seafish, Berkshire West NHS Partnership Development, Gruntvig EU, Foundation UK and the Howard League and the Youth Justice Board

Report of the Directors

Direct sales: products and services to be sold on the open market

Consultancy

The Trust will be offering a bespoke consultancy service to schools and leaders in school food at a local level who want to understand which areas they need to address to improve the catering offer to their customers, whether it is poor quality and promotion of the food, an unappealing dining environment or an inefficient catering service.

Packaged products

The Trust has a number of products and services that have been tried and tested and proven to work for customers who need support to improve in a specific area e.g. the 'Catering Service Review', 'Making Room for Dinner', Small Step Improvements or the Fast Food Road Show. There are also flexible cookery training packages designed for both supporting Public Health, e.g. staff in Sure Start Centres, community groups, social workers, health care support staff and supporting staff in the workplace in a variety of business settings.

Other training

The Trust is developing a series of one day 'How To' training sessions for local authorities, schools, caterers, PCTs etc. on the following subjects:

- Increase the take up of free school meals
- Promote and market school food effectively in primary or secondary setting
- Design a flexible and compliant school food menu
- Do more for less – making your service more efficient
- Engage parents and pupils in better school food
- Cook more in school

A one day CPD course in nutritional analysis for registered nutritionists and dieticians is also available.

Resources

A series of toolkits is being collated on a range of different topics that customers can use as a standalone self-help package.

Sponsorship

We are proactively approaching a number of companies and organisations, e.g. Innocent, Lakeland and Florida Grapefruit, with a range of sponsorship opportunities, including sponsoring Let's Get Cooking activity packs, our new Golden Spoon Awards and the Cookathon.

Another method of finding appropriate sponsors is through a third party agency and we are currently working with Boomerang on a shared percentage basis.

Protecting the Environment

The Trust is committed to supporting the Department's obligations to reduce carbon emissions and support sustainability within the sectors it works in. The Trust implemented a sustainability statement and development action plan in 2008. The review carried out in October 2009 showed that the Trust has met its agreed actions including outlining how each new project contributes to sustainability and highlighting best practice through case studies available on our websites. During 2010 -2011 The Trust moved to environmentally friendly offices in Sheffield and staff are encouraged to travel in a manner to reduce carbon output.

Social Responsibilities

The Trust continues to work to improve the lives of young people through all its projects. The Trust particularly works on areas relating to healthy eating, childhood obesity, and access to free school meals for those on low incomes. The Let's Get Cooking programme also works with young people, parents and carers to encourage cooking and eating together. The Trust has also made a commitment through its special leave policy to support staff to contribute to the wider community through volunteering and involvement in such areas as school governance. In 2010-11 2 staff members were given time to volunteer abroad.

Report of the Directors

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 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 Trust can continue.

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

Financial Review

During the year the organisation had net incoming resources of £608,000 (2009-2010: £1,128,000).

Grant in Aid income decreased by £3,620,000 to £6,920,000 during the year. The Trust also recognised Big Lottery funding of £4,576,000 (2009-2010: £4,558,000). The Trust also received funding from other income sources of £154,000 (2009-2010: £168,000). Grants directly made by the organisation totalled £2,528,000 (2009-2010: £2,896,000).

The Trust showed a surplus on its unrestricted fund of £646,000 and a deficit on its restricted funds of £38,000 during the year, leaving net reserves against these funds of:

- Unrestricted £550,000 surplus (2009-2010: £96,000 deficit)
- Restricted £5,000 surplus (2009-2010: £43,000 surplus)

Report of the Directors

Register of Directors' interests

The Register of Directors' interests is available at the Trust'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:

R Rees MBE (Chair)	
A Byrne	Resigned 6/6/11
J T Dyson	
F Fassihi	Resigned 10/6/11
P Hargrave	Resigned 6/6/11
F Gately	Resigned 11/6/11
R O'Donnell	Resigned 19/6/11
Dr J Bunn	
P Kelly	Resigned 31/10/10
J Schneider	Resigned 3/6/11
Sir T Shebbeare	Resigned 6/11/10
M Barrett	
A Starkey	
Dame M Twelftree	Resigned 10/6/11
S Walker	Resigned 31/10/10
T Mack	Appointed 6/6/11
R Turner	Appointed 6/6/11
I Hagg	Appointed 6/6/11
Dr S Adam	Appointed 6/6/11
J Dent	Appointed 6/6/11
J Hurst	Appointed 6/6/11

Current replacement cost of the assets

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

Company status

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

Organisation Structure and Decision Making

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

Report of the Directors

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 project reviews as well as a monthly Programme review.
- The HR sub-committee, which includes staff representatives, reviews all HR Policies and Procedures before they are presented to the Executive Team for sign off
- Quarterly all staff meetings – these take the format of internal briefings, presentations for external stakeholders and training on whole organisational issues or developments.
- Annual away days to develop team working and internal processes.
- The elected Staff Representative Group to consult on issues affecting the way we work

Absence from work due to employees' sickness totaled 443 days in the year the 31st March 2011 (2009-2010: 329 days), an average of 4.4 days per employee (2009-2010: 3.3 days)

Payment policy and practice

It is the Trust's policy to follow the Government Departments Payment Performance Policy, in relation to the payment of its suppliers. The Trust has standard payment terms of 30 days and 81% (2009-2010: 76%) of invoices were paid within this period.

The aggregate amount owed to trade creditors at 31 March 2011 compared with the aggregate amount invoiced by suppliers during the year, expressed as a number of days in the same proportion to the total number of days in the financial year is equal to 3.0 (2009-2010: 20.5) days

Reserves policy

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

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.

Investment policy

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

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

Report of the Directors

Going Concern

The Secretary of State for Education, The Rt. Hon Michael Gove MP, announced in October 2010 that the School Food Trust would cease as a Non-Departmental Public Body. School Food Trust funding would also be reduced, with the aim that the Trust would continue as an Independent Charity and a Community Interest Company. The Trust will continue to work with schools, caterers and local authorities who want to improve their school food services.

Core funding for 2011-12 has been agreed at £3.5 million (£6 million in 2010-11) and the Trust has also been awarded an additional Grant of £800,000 to support transition during 2011-12. The Trust is in negotiations with the Department for Education (DfE) regarding funding and liabilities beyond 31st March 2012. On 19 May 2011 the Secretary of State wrote to the Chair of the Trust, Rob Rees, confirming the Trust's 2011-12 Remit and invited the Chair to present a revised business case that demonstrates the Trust's ability to trade commercially as a private body in the future.

The Directors have therefore reviewed the Trust's position until 31 March 2013 and the appropriateness of the preparation of the financial statements on a "going concern" basis. Although material uncertainties related to events or conditions may cast significant doubt about the ability of the company to continue as a going concern, the Directors confirm that the School Food Trust will continue in operational existence for the foreseeable future.

Auditors

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

On behalf of the Board of Trustees

Judy Hargadon

Chief Executive (Accounting Officer)

Rob Rees (MBE)

Chair

Remuneration Report

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

Organisation and Finance Committee (with responsibility for remuneration) (responsibility for remuneration has now transferred to a new Remuneration Committee)

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

Peter Hargrave (Chair)
Margaret Barrett
Ferri Fassihi
A Starkey

The committee is responsible for the following:

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

Senior Managers' Contracts

The Chief Executive and 3 Senior Executives are employed on open ended contracts, and one Senior Executive is employed as a Seconded 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 31/3/12)
Linda Smith	Director of Delivery	Acting Director from 17/5/10, Appointed 14/12/10	Open ended contract
David Edwards	Director of Partnerships & Programmes	14/5/07	Open ended contract
Jenny Wright	Director of Delivery	22/2/06	Seconded from DfE (Returned 17/5/10)
Hannah MacLachlan	Director of Communication	01/05/10	Seconded from DfE (Returned 31/12/10)

Remuneration Report

Probationary Period

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

Termination of Employment

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

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

Remuneration of Senior Managers

The School Food Trust has adopted the Department for Education 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 Department for Education, 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 following information is subject to audit.

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

	Salary 2010- 2011	Bonus 2010- 2011	Salary 2009- 2010	Bonus 2009- 2010
	£'000	£'000	£'000	£'000
Rob Rees	15-20	0	0	0
Prue Leith	0	0	10-15	0
Judy Hargadon	90-95	0	90-95	0-5
Garry Bell	60-65	0-5	60-65	0-5
Michael Nelson	N/A	N/A	N/A	N/A
Jenny Wright (to 17/5/10. Full year equivalent 65-70)	10-15	0-5	65-70	0-5
Linda Smith (Acting from 17/5/10, Appointed 14/12/10. Full year equivalent 60-65)	50-55	0-5	0	0
Hannah MacLachlan (1/5/10 to 31/12/10. Full year equivalent 55-60)	40-45	0	0	0
David Edwards	60-65	0-5	60-65	0-5

Remuneration Report

Remuneration includes basic salary and benefits in kind. The performance bonus 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. The Chief Executive did not receive a bonus in 2010-11. 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 amended governing documents were agreed by the Charity Commission in August 2010. The Charity Commission agreed that the Chair could be paid for work carried out from August 2010. The chair has worked greater than his required annual commitment to the Trust since August 2010. The Trustees carried out an independent review of the Chair's performance during 2010-11 and have agreed to pay the Chair his full annual salary for the 2010-11 financial year.

Michael Nelson is on secondment from King's College, University of London and his contract has been extended by 12 months until 31st March 2012. The School Food Trust was charged £102,168 for his services for the year including VAT (2009-10: £100,399). Pension Contributions are recharged to the Trust as part of the overall secondment charge. No separate pension payments were made by the Charitable Company for his employment.

No other amounts were payable to third parties for the services of senior managers and no amounts were payable to former senior managers.

The pension details for those Senior Managers were as follows:

Name	Accrued pension at age as at 31/3/2011	Total related accrued lump sum at age	Real increase in pension and related lump sum at pension age	Cash equivalent transfer value at 31/3/2011	Cash equivalent transfer value at 31/3/2010 – see note below	Real increase in cash equivalent transfer value	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Judy Hargadon	5-10	-	0-2.5	143	108	24	N/A
Garry Bell	0-5	-	0-2.5	88	65	15	N/A
Jenny Wright	10-15	40-45	0-2.5	149	146	1	N/A
David Edwards	20-25	-	0-2.5	421	381	6	N/A
Linda Smith	0-5	-	0-2.5	26	17	6	N/A
Hannah MacLachlan	5-10	-	0-2.5	75	66	4	N/A

Note: The actuarial factors used to calculate CETVs were changed in 2010-11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Cash equivalent transfer values

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

Remuneration Report

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

Real increase in CETV

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

On behalf of the Trustees

Judy Hargadon
Chief Executive
7 July 2011

Rob Rees (MBE)
Chair
7 July 2011

Statement of Directors' and Chief Executive's responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Secretary of State for Education has appointed Judy Hargadon, Chief Executive, Accounting Officer of the School Food Trust.

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

In so far as the directors are aware:

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

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

Statement on Internal Control

Responsibilities

As Accounting Officer and Chair of the Audit Committee (as representative of the Board of Trustees) we have joint responsibility for maintaining a sound system of internal control that supports the achievement of the Trust's policies, aims and objectives while safeguarding the public funds and assets for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned to her the role under Managing Public Money. In addition the Accounting Officer is accountable to the Principal Accounting Officer of the Department for Education (DfE) to enable her to discharge her overall responsibility for ensuring that the Trust, as an NDPB responsible to the DfE, has adequate financial systems and procedures in place. The relationship between the Trust and its sponsoring department, DfE, 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 2011 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 2010/2011 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 The Executive Team meetings. The Programme Risk register forms the basis of reports submitted to the Audit Committee and the Trust's Board.

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

We have been working with the DFE Departmental Security Officer to develop and improve our data security policy to meet the Government's Security Policy Framework. Our latest risk assessment shows that we have made good progress with our compliance with the Security Policy Framework and a recent assessment showed that we are now 97% compliant. We have developed an improvement plan aimed at moving us closer to 100% compliance during 2011-12. A copy of our annual risk assessment has been submitted to DFE 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 Directors within the Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Board, the Audit Committee and plan to address weaknesses, and ensure continuous improvement of the system is in place.

The Company's Audit Committee, comprising four non-executive board members, met five times during the year ended 31 March 2011. As Accounting Officer, The Accounting Officer has regularly attended the meetings of the Committee. The Chairman of the Audit Committee gives regular reports to the Board concerning internal control and in addition reports are provided by managers on action being taken to manage risks in their areas of responsibility including progress reports on key projects. During 2010-11 average attendance was 65%. M Twelftree was appointed as an additional member of the Audit Committee during 2010-11 to increase attendance; we are working with Audit Committee members on how we can improve the attendance rate in 2011-12. We are confident that the papers and associated conversations ensure that we can cover all possible issues of concern at our audit committee.

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

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

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

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

- Uncertainty over the Trust's future caused by the new Government announcing that the Trust will cease to be an NDPB from April 2011 and that the Trust's funding will be reduced to £4.3 million for 2011/12. Our "Futures Group" led by 2 members of the Executive Team was tasked with developing and implementing a plan to make sure that the Trust is able to face any challenges this uncertainty brings about. We have also restructured the Trust to both reduce our staffing cost to a level sustainable within the new income levels and also to move the Trust forward to be able to generate income and access funds from a variety of sources.
- The current government hold on communications expenditure and recruitment had significant consequences for a number of projects. We have constantly re-planned our work to allow for the reduction in funding, projects not being authorised and reductions in staffing. This has resulted in a total

underspend of £1.5 million on our Grant in Aid expenditure in addition to the £1 million that was removed in June 2010

- The Trust moved its Head Office to the new DFE premises in Sheffield, in June 2010 with a significant reduction in desks available to its staff. We have adopted a proactive approach by implementing new working practices, prior to the move, designed to support both the effective use of the resources available and maintain staff morale during the period of change
- The Charity Commission agreed to the proposed changes in our Governing Documents in August 2010. These changes allow the Trust to pay its Chair a salary. The members signed off the new governing documents in January 2011

Significant Internal Control Issues

There were no significant control weaknesses brought to our attention by the National Audit Office during its audit. There were however two issues which were highlighted in the design of controls and one with the operating effectiveness of controls.

- Exception reporting controls to ensure all supplier payment details were correct did not cover schools as part of the Let's Get Cooking programme. The control has now been extended to cover this weakness.
- The monthly review of manual journals posted to SFT's Sun System did not cover all journals. The control has been reviewed to ensure all journals are included in monthly review.
- The year end adjustment journals for the preparation of the financial statements posted to SFT's Sun System were not subject to review. The control has now been extended to cover this weakness.

Judy Hargadon
Chief Executive (Accounting Officer)
7 July 2011

John Dyson on behalf of the trustees
Chair of the Audit Committee
7 July 2011

Certificate and Report of the Comptroller and Auditor General

THE CERTIFICATE AND REPORT 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 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Financial Activities (incorporating the income and expenditure account), the Balance Sheet, the Cash Flow Statement, and the related notes. The financial statements have been prepared under the accounting policies set out therein. 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

As explained more fully in the Statement of Directors' and Chief Executive's Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements, and for being satisfied that they give a true and fair view.

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the School Food Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that 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.

Opinion on Regularity

In my opinion, 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.

Opinion on financial statements

In my opinion the financial statements

- give a true and fair view of the School Food Trust's state of affairs as at 31 March 2011, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Companies Act 2006.

Certificate and Report of the Comptroller and Auditor General

Emphasis of matter – Going concern

In forming my opinion, which is not qualified, I have considered the adequacy of the disclosures made in the Trust's principal accounting policies to the financial statements concerning the application of the going concern principle. The Secretary of State has announced that the School Food Trust will become an Independent Charity and the Trust is in ongoing negotiations with the Department for Education regarding funding beyond March 2012. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the School Food Trust to continue as a going concern. The financial statements do not include the adjustments that would result if the School Food Trust was unable to continue as a going concern.

Opinion on other matters

In my opinion:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the audited part of the Remuneration Report has been properly prepared in accordance with the Government Financial Reporting Manual issued by HM Treasury.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

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

Statement of Financial Activities for the year ended 31 March 2011 (incorporating the income and expenditure account)

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds 2010-2011 £'000	Total funds 2009-2010 £'000
Incoming resources					
Incoming resources from generated funds					
- Investment income		7	-	7	-
- Voluntary income		6,920	-	6,920	10,540
Incoming resources from Charitable Activities					
- Big Lottery Fund grant	14	-	4,576	4,576	4,558
- Other Incoming resources from Charitable Activities	1	154	-	154	168
DFE capital grant	5	-	(1)	(1)	(9)
Total incoming resources		<u>7,081</u>	<u>4,575</u>	<u>11,656</u>	<u>15,257</u>
Resources expended					
Charitable Activities	2	6,349	4,599	10,948	14,013
Governance costs		86	14	100	116
Total resources expended	4	<u>6,435</u>	<u>4,613</u>	<u>11,048</u>	<u>14,129</u>
Net incoming /(outgoing) resources		646	(38)	608	1,128
Gross transfers between funds		-	-	-	-
Net incoming /(outgoing) resources and net income / (expenditure) for the year		<u>646</u>	<u>(38)</u>	<u>608</u>	<u>1,128</u>
Total Funds brought forward at 1 April 2010	15	(96)	43	(53)	(1,181)
Total Funds carried forward at 31 March 2011	15	550	5	555	(53)

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 notional cost of capital has been removed following the change in accounting policy due to a change in the FReM

Balance Sheet as at 31 March 2011

	Note	31/3/2011 £'000	31/03/2010 £'000
Fixed assets			
Intangible fixed assets	10	25	25
Tangible fixed assets	11	213	491
		<u>238</u>	<u>516</u>
Current assets			
Debtors: amounts falling due within one year	12	147	118
Cash at bank and in hand	17	704	1,033
		<u>851</u>	<u>1,151</u>
Creditors: amounts falling due within one year	13	<u>(534)</u>	<u>(1,720)</u>
Net current liabilities		<u>317</u>	<u>(569)</u>
Total assets less current liabilities		555	(53)
Net Assets		<u>555</u>	<u>(53)</u>
Funds			
Restricted	15	5	43
Unrestricted	15	550	(96)
Total Funds	15	<u>555</u>	<u>(53)</u>

The financial statements were approved by the Board of Directors on 7 July 2011.

J Hargadon

Chief Executive

R Rees (MBE)

Chair of the Trustees, on behalf of the Trustees

Cash Flow Statement for the year ended 31 March 2011

	Note	2010-2011 £'000	2009-2010 £'000
Net cash inflow from operating activities	16	(298)	32
Returns on investment			
Interest received		7	0
Capital expenditure			
Purchase of intangible fixed assets	10	(17)	(5)
Purchase of tangible fixed assets	11	(21)	(267)
Net cash outflow from capital expenditure		(38)	(272)
Net cash inflow before financing		(329)	(240)
Increase in cash	18	(329)	(240)

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

Principal Accounting Policies

Basis of preparation

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

Going Concern

The Secretary of State for Education, The Rt. Hon Michael Gove MP, announced in October 2010 that the School Food Trust would cease as a Non-Departmental Public Body. School Food Trust funding would also be reduced, with the aim that the Trust would continue as an Independent Charity and a Community Interest Company. The Trust will continue to work with schools, caterers and local authorities who want to improve their school food services.

Core funding for 2011-12 has been agreed at £3.5 million (£6 million in 2010-11) and the Trust has also been awarded an additional Grant of £800,000 to support transition during 2011-12. The Trust is in negotiations with the Department for Education (DfE) regarding funding and liabilities beyond 31st March 2012. On 19 May 2011 the Secretary of State wrote to the Chair of the Trust, Rob Rees, confirming the Trust's 2011-12 Remit and invited the Chair to present a revised business case that demonstrates the Trust's ability to trade commercially as a private body in the future.

The Directors have therefore reviewed the Trusts position until 31 March 2013 and the appropriateness of the preparation of the financial statements on a "going concern" basis. Although material uncertainties related to events or conditions may cast significant doubt about the ability of the company to continue as a going concern, the Directors confirm that the School Food Trust will continue in operational existence for the foreseeable future.

Incoming Resources

Grant-in-Aid

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

Big Lottery Funding

Under the conditions for grants received by the School Food Trust from the Big Lottery Fund, unused grant is repayable on demand. Incoming resources are therefore only recognised to the extent that related expenditure has been incurred or the grant has been used to purchase fixed assets. Where grant has been received but expenditure not incurred at the balance sheet date, the outstanding balance is recorded as deferred income. Big Lottery Fund grant income is treated as restricted income funds in the Statement of Financial Activities as it is receivable for a specific purpose to fund Let's Get Cooking. Big Lottery Fund income is accrued where expenditure exceeds the grant received.

Other Incoming Resources

The Trust recognises income arising from the sale of goods once the goods has been delivered to the customer and the amount of income can be measured reliably and is probable to be received.

The Trust recognises income arising from the provision of services or the delivery of contracts by reference to the stage of completion of the service or contract at the reporting date. The stage of completion is calculated as the costs incurred to the reporting date expressed as a percentage of total estimated costs. The amount of income recognised at the reporting date is calculated as the total expected contract income multiplied by the stage of completion.

If the total income, costs or stage of completion cannot be measured reliably at the reporting date then the only income recognised is the amount of expenditure which is recoverable at the reporting date.

Other incoming resources receivable for a specific purpose are accounted for as restricted funds in the Statement

Principal Accounting Policies

of Financial Activities. Where there are no restrictions on the use of other incoming resources, these are accounted for as unrestricted funds in the Statement of Financial Activities.

Investment income

Investment income is recognised on a receivable basis.

Donations and sponsorship income

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

Liability recognition

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

Governance costs

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

Resources Expended

Resources expended are accounted for on an accruals basis.

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

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

Grants awarded

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

Operating leases

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

Financial instruments

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

Intangible fixed assets

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

Tangible fixed assets

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

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

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

Annual Impairment reviews are carried out on all fixed assets

Research and development

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

Principal Accounting Policies

Contributions to pension funds

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

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

Cost of capital

The notional cost of capital was removed from the face of the SOFA due to the change in the requirements of the FReM. The prior year comparatives have been amended by removing from the face of the SOFA.

Fund Accounting

Both funding received from the Big Lottery Fund and Capital Funding received from the DFE 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.

Irrecoverable VAT

The Charitable Company is currently not registered for VAT. All resources expended therefore include VAT where this has been incurred.

Notes to the Financial Statements

1 Other Incoming Resources from Charitable Activities

	2010-2011	2009-2010
	£,000	£,000
Sale of Let's Get Cooking Merchandise	22	20
Funding for additional Let's Get Cooking clubs	17	52
Provision of Training	52	25
Development of Audit and Assessments Toolkit	-	30
Production of Healthy Recipes for The London Organising Committee of the Olympic Games	-	13
Cook For Life	35	28
Sale of Little Book of Goodness	16	-
Cook for Success Newsletter Inserts	3	-
Consultancy	7	-
Events	1	-
Change For Life	1	-
Total Other Incoming Resources for Charitable Activities	154	168

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

2 Charitable activities

Analysis of costs by project:

	Activities undertaken directly	Grant funding of activities	Support costs	Total 2010- 2011 £,000	Total 2009- 2010 £,000
	£,000	£,000	£,000	£,000	£,000
Developing and improving knowledge and understanding	1,169	49	523	1,741	1,592
Encouraging and monitoring good practice	2,898	25	838	3,761	6,814
Providing training and guidance	569	2	210	781	1,024
Let's get cooking	1,624	2,452	589	4,665	4,583
Total charitable activities cost	6,260	2,528	2,160	10,948	14,013

The total charitable activities cost above of £10,948,000 (2009-2010: £14,013,000) includes £39,000 (2009-2010: £20,000) relating to the cost of goods sold.

Notes to the Financial Statements

3 Direct Costs

	Developing and improving knowledge and understanding £,000	Encouraging and monitoring good practice £,000	Providing training and guidance £,000	Let's get cooking £,000	Governance £,000	Total 2010- 2011 £,000	Total 2009- 2010 £'000
Core Communications	38	-	-	-	-	38	120
Children and Young People	-	1	-	-	-	1	123
Marketing	-	508	-	-	-	508	2,274
Events	-	87	-	-	-	87	249
Press and PR	-	80	-	-	-	80	288
Building Capacity	-	153	170	-	-	323	374
LA Targeted Support	67	-	-	-	-	67	294
School Engagement	-	69	-	-	-	69	603
Model Interventions	83	-	-	-	-	83	262
Let's Get Cooking	-	-	-	2,783	14	2,797	2,766
Let's Get Cooking Sustainability *1	-	-	-	-	-	-	5
Food in the Curriculum	4	-	-	-	-	4	9
Case for Change	64	-	-	-	-	64	24
Monitoring & Knowledge Management	-	631	9	-	-	640	389
The Regulations	-	-	32	-	-	32	84
Schools*1	2	3	-	-	-	5	-
Local Leadership*1	15	2	-	9	-	26	-
National*1	38	-	2	22	-	62	-
Marketing*2	5	-	11	-	-	16	-
Product Development*2	3	(1)	-	-	-	2	-
Governance Costs	-	-	-	-	86	86	83
	<u>319</u>	<u>1,533</u>	<u>224</u>	<u>2,814</u>	<u>100</u>	<u>4,990</u>	<u>7,947</u>
Direct salary costs	899	1,390	347	1,262	-	3,898	3,451
	<u>1,218</u>	<u>2,923</u>	<u>571</u>	<u>4,076</u>	<u>100</u>	<u>8,888</u>	<u>11,398</u>

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

*1 New areas of work in 2009-10 was classed under the heading Let's Get Cooking Sustainability as they related to Let's Get Cooking related activities. In 2010-11 any new pieces of work are now classified under one of the 3 headings above, Schools, Local Leadership or National.

*2 Marketing and Product Development are 2 new cost categories relating to costs for the organisation as it moves forward into generating new income from trading.

Notes to the Financial Statements

4 Cost Allocation

		Developing and improving knowledge and understanding £,000	Encouraging and monitoring good practice £,000	Providing training and guidance £,000	Let's get Cooking £,000	Governance £,000	Total 2010- 2011 £,000	Total 2009- 2010 £'000
Direct costs								
Direct project costs	1	319	1,533	224	2,814	100	4,990	7,947
Direct salary costs	2	899	1,390	347	1,262	-	3,898	3,451
		<u>1,218</u>	<u>2,923</u>	<u>571</u>	<u>4,076</u>	<u>100</u>	<u>8,888</u>	<u>11,398</u>
Support costs								
Indirect Staff costs	3	219	350	88	47	-	704	1,054
Premises costs	3	95	151	38	56	-	340	297
Travel, training and office costs	3						509	
HR, Financial & IT costs	3	71	115	29	294	-		750
Depreciation	3	48	77	19	147	-	291	308
Loss on disposal of fixed assets	3	89	143	36	45	-	313	321
		<u>1</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>1</u>
Total support costs		<u>523</u>	<u>838</u>	<u>210</u>	<u>589</u>	<u>-</u>	<u>2,160</u>	<u>2,731</u>
		<u>1,741</u>	<u>3,761</u>	<u>781</u>	<u>4,665</u>	<u>100</u>	<u>11,048</u>	<u>14,129</u>

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

Notes to the Financial Statements

5 Analysis of grants awarded in the year ended 31 March 2011

Organisation	Nature of Funding	Amount £'000	Funded By
Wolverhampton City Council	Free School Meals	10	DFE Grant in Aid
Durham County Council	Free School Meals	10	DFE Grant in Aid
London Borough of Newham	Free School Meals	10	DFE Grant in Aid
Abbotswood Junior School	Canteen Rescue	10	DFE Grant in Aid
Elmore Green Primary School	Canteen Rescue	10	DFE Grant in Aid
Greenfield Primary School	Canteen Rescue	10	DFE Grant in Aid
Laleham Gap School	Canteen Rescue	9	DFE Grant in Aid
Layfield Primary School	Canteen Rescue	8	DFE Grant in Aid
Batley Girls High School	Canteen Rescue	4	DFE Grant in Aid
Leys Farm Junior School	Canteen Rescue	3	DFE Grant in Aid
Humphrey Perkins High School	Canteen Rescue	3	DFE Grant in Aid
Portsmouth City Council	Canteen Rescue	3	DFE Grant in Aid
Cherbourg Primary School	Canteen Rescue	1	DFE Grant in Aid
Department of Health South East	Local Authority Targeted Support	8	DFE Grant in Aid
Local Authority Caterers Association	School Feast	3	DFE Grant in Aid
2,166 Schools – Let's Get Cooking Cookery Clubs	Equipment and Running Costs	1,929	Big Lottery Fund Grant
813 Schools – Let's Get Cooking Associate Cookery Clubs	Equipment and Running Costs	152	Big Lottery Fund Grant
Business in the Community	Let's Get Cooking Partners	85	Big Lottery Fund Grant
Magic Outcomes	Let's Get Cooking Partners	9	Big Lottery Fund Grant
The Princes Trust	Let's Get Cooking Partners	292	Big Lottery Fund Grant
39 Sure Start Centres – Cook4Life Pilots	Equipment and Ingredient Costs	12	Department of Health Grant
4Schools – Let's Get Cooking Cookery Clubs	Equipment and Running Costs	4	Gloucestershire Development Agency
		2,585	
Adjustments to Grants Awarded in 2010/11			
Refund of Grant Overpaid	Small Step Improvement	(6)	DFE Grant in Aid
Unused Grant Reclaimed from cancelled project	Million Meals	(27)	DFE Grant in Aid
Unused Grant Reclaimed from 2009/10	Local Authority Targeted Support	(4)	DFE Grant in Aid
Grant not taken up by 1 School Feast Centre	Nutritional Analysis Software	(1)	DFE Capital Grant
17 Let's Get Cooking Club Drop Outs	Unused Equipment and Running Costs	(16)	Big Lottery Fund Grant
11 Let's Get Cooking Associate Club Drop Outs	Unused Equipment and Running Costs	(3)	Big Lottery Fund Grant
		2,528	

Notes to the Financial Statements

6 Operating deficit before taxation

The operating deficit is stated after charging:

	2010-2011	2009-2010
	£'000	£'000
Depreciation and amortisation,	313	321
Loss on disposal of fixed assets	3	1
Operating lease rentals	337	185
Auditor's remuneration;		
Internal audit	11	24
External audit		
- fees payable for audit of the Charitable Company	30	30
- fees payable for other services	-	-

The external auditor's remuneration of £30,000 (2009-2010: £30,000) relates solely to the audit of the accounts. The external Auditors have only received fees for work in relation to the Audit.

7 Grants Paid

The Charitable Company paid grants in the year as follows:

	Outstanding At 31/3/2010 £'000 (note 13)	Awarded 2010-2011 £'000 (note 5)	Paid 2010-2011 £'000	Outstanding At 31/3/2011 £'000 (note 13)	Paid 2009-2010 £'000
Lottery funded grant	245	2,449	(2,436)	258	(2,387)
DFE funded capital grant	2	(2)	-	-	(428)
DFE grant in aid	54	65	(119)	-	(449)
Other	-	16	(15)	1	
	301	2,528	(2,570)	259	(3,264)

8 Directors and employees

Staff costs during the year were as follows:

	2010-2011	2009-2010
	£'000	£'000
Wages and salaries	3,036	2,894
Social security costs	268	249
Other pension costs (note 21)	576	579
Redundancy costs	142	-
Seconded, loaned and temporary staff	579	784
	4,601	4,506

The average number of employees in the Charitable Company during the year was 102 (2009 -2010: 103) including seconded civil servants:

Notes to the Financial Statements

	Developing and improving knowledge and understanding	Encouraging and monitoring good practice	Providing training and guidance	Let's get cooking	Governance	Support Costs	Total 2010 - 2011	Total 2009 - 2010
Directors					1		1	1
Permanent Employees	12	19	6	35		15	87	85
Temporary Employees	1	3		1		4	9	8
Secondments	2	2					4	6
Agency Staff (Full Time Equivalents)						1	1	3
	<u>15</u>	<u>24</u>	<u>6</u>	<u>36</u>	<u>1</u>	<u>20</u>	<u>102</u>	<u>103</u>

The only statutory director in the year to receive remuneration (no pension payments were made) from the Charitable Company was the Chair. Following agreement from the Charity Commission and the adoption of revised Memorandum and Articles of Association the Chair has been paid a salary since August 2010

	2010-2011 £'000	2009-2010 £'000
Emoluments	<u>15</u>	<u>13</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.

Exit packages

Following announcements by the Secretary of State for Education that The School Food Trust would cease to be an NDPB and that funding would be reduced, the Trust carried out a restructuring process which resulted in 12 voluntary and 3 Compulsory Redundancies

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages per Cost Band
< £10,000	2	8	10
£10,000 - £25,000	1	3	4
£25,000 - £50,000	-	1	1
Total Number of Exit Packages	<u>3</u>	<u>12</u>	<u>15</u>
Total Cost / £	<u>23,406</u>	<u>118,305</u>	<u>141,711</u>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure.

9 Taxation

The company is not liable for corporation tax on bank interest as the income is used for charitable purposes only, specifically to support the Let's Get Cooking programme. The Charitable Company has received **£6,638** bank interest in the year (2009-10: £0).

Notes to the Financial Statements

10 Intangible Fixed assets

	Computer software £'000
Cost	
At 1 April 2010	73
Additions	17
Disposals	-
At 31 March 2011	<u>90</u>
Depreciation	
At 1 April 2010	48
Provided in the year	17
Disposals	-
At 31 March 2011	<u>65</u>
Net book amount at 31 March 2011	<u>25</u>
Net book amount at 31 March 2010	<u>25</u>

11 Tangible Fixed assets

	Fixtures, Fittings & Equipment £'000	Computer Equipment £'000	Website Developments £'000	Assets Under Construction £'000	Total £'000
Cost					
At 1 April 2010	34	166	808	146	1,154
Additions	-	2	10	9	21
Transfers	-	-	146	(146)	-
Disposals	(33)	(2)	(223)	-	(258)
At 31 March 2011	<u>1</u>	<u>166</u>	<u>741</u>	<u>9</u>	<u>917</u>
Depreciation					
At 1 April 2010	30	100	533	-	663
Provided in the year	1	34	226	-	261
Impairment	-	-	35	-	35
Disposals	(30)	(2)	(223)	-	(255)
At 31 March 2011	<u>1</u>	<u>132</u>	<u>571</u>	<u>-</u>	<u>704</u>
Net book amount at 31 March 2011	<u>-</u>	<u>34</u>	<u>170</u>	<u>9</u>	<u>213</u>
Net book amount at 31 March 2010	<u>4</u>	<u>66</u>	<u>275</u>	<u>146</u>	<u>491</u>

The Assets Under Construction at the beginning of the financial year relate to the development of new areas of the Trusts website where costs were incurred in the previous financial year but the website was not launched until the current financial year. These costs have been transferred once the website was launched and are now included within the Website Development above. The Assets Under Construction at the end of the financial year relate to website development incurred in the current financial year that will not be launched until the next financial year.

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

Notes to the Financial Statements

12 Debtors: amounts falling due within one year

	31/3/2011 £'000	31/3/2010 £'000
Trade debtors	16	43
Other debtors	6	30
Prepayments	64	45
Accrued Income	61	-
	<u>147</u>	<u>118</u>

Debtors comprise:

	31/3/2011 £'000	31/3/2010 £'000
Other government bodies	61	2
Local authorities	12	3
NHS bodies	-	34
Public corporations	-	-
	<u>73</u>	<u>39</u>
Bodies external to government	<u>74</u>	<u>79</u>
	<u>147</u>	<u>118</u>

13 Creditors: amounts falling due within one year

	31/3/2011 £'000	31/3/2010 £'000
Trade creditors	35	445
Grant creditors and accruals	259	301
Other creditors	13	126
Non grant accruals	211	250
Deferred income (see note 14)	16	502
Other taxation and social security	-	96
	<u>534</u>	<u>1,720</u>

Creditors comprise

	31/3/2011 £'000	31/3/2010 £'000
Other central government bodies	-	693
Local authorities	275	301
NHS bodies	1	1
Public corporations	-	-
	<u>276</u>	<u>995</u>
Bodies external to government	<u>258</u>	<u>725</u>
	<u>534</u>	<u>1,720</u>

Notes to the Financial Statements

14 Deferred Income

	2010-2011 £'000	2009-2010 £'000
Deferred Income at 1 April	502	226
Grant received and accrued from Big Lottery Fund during the year	4,074	4,834
Income received from Bristol PCT during the year	1	-
Income received from Warrington Borough Council during the year	6	-
Income received from Sheffield City Council during the year	26	-
	<u>4,609</u>	<u>5,060</u>
Incoming resources from Big Lottery Fund recognised in the SOFA during the year	(4,576)	(4,558)
Incoming resources from Sheffield City Council recognised in the SOFA during the year	(17)	-
	<u>16</u>	<u>502</u>

15 Reserves

	Unrestricted fund £'000	Restricted fund - Big Lottery Fund £'000	Restricted fund - DFE Capital £'000	Total funds £'000
Reserves at 1 April 2010	(96)	43	-	(53)
For the year ended 31 March 2011				
Incoming resources	7,081	4,576	(1)	11,656
Outgoing resources	(6,435)	(4,614)	1	(11,048)
Transfers between funds	-	-	-	-
Gains and losses	-	-	-	-
Reserves at 1 April 2011	<u>550</u>	<u>5</u>	<u>-</u>	<u>555</u>

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

-Analysis of net assets by fund

	Unrestricted £'000	Restricted - Big Lottery £'000	Total funds £'000
Fixed assets	218	20	238
Current assets	572	279	851
Current liabilities	(240)	(294)	(534)
	<u>550</u>	<u>5</u>	<u>555</u>

Notes to the Financial Statements

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

	2010-2011 £'000	2009-2010 £'000
Net incoming resources	608	1,128
Investment income	(7)	0
Net incoming resources from operating activities	<u>601</u>	<u>1,128</u>
Amortisation of intangible fixed assets	17	18
Depreciation and impairment of tangible fixed assets	296	303
Loss on disposal of fixed assets	3	1
(Increase) in debtors	(29)	(15)
(Decrease) in creditors	<u>(1,186)</u>	<u>(1,403)</u>
Net cash inflow from operating activities	<u>(298)</u>	<u>32</u>

17 Reconciliation of net cash flow to movement in net funds

	2010-2011 £'000	2009-2010 £'000
Increase in cash in the year	(329)	(240)
Net funds at 1 April	<u>1,033</u>	<u>1,273</u>
Net funds at 31 March	<u><u>704</u></u>	<u><u>1,033</u></u>

18 Analysis of changes in net funds

	At 1 April 2010 £'000	Cash flow £'000	At 31 March 2011 £'000
Government Banking Service Accounts	<u>12</u>	143	<u>155</u>
Yorkshire Bank	<u>1,019</u>	(472)	<u>547</u>
Cash in hand	<u>2</u>	0	<u>2</u>
Cash at bank and in hand	<u><u>1,033</u></u>	<u><u>(329)</u></u>	<u><u>704</u></u>

19 Capital commitments

The Charitable Company had a capital commitment of £14,985 at 31 March 2011 (£6,580 at 31 March 2010), relating to the purchase of IT equipment.

20 Contingent liabilities

The Charitable Company has no contingent liabilities at 31 March 2011 or 31 March 2010.

Notes to the Financial Statements

21 Pension contributions

Principal Civil Service Pension Scheme

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

For 2010-2011 employers' contributions of £567,275 were payable to the PCSPS (2009-10: £562,267) at one of four rates in the range 16.7 to 24.3 percent of pensionable pay, based on salary bands (the rates in 2009-10 were between 16.7 and 24.3%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of benefits accruing during 2010-11 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 Consumer 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 final pensionable earnings 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 £8,602 (2009-2010: £15,353) 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 **£nil**. Contributions prepaid at the date were **£nil**.

From 1st April 2011 the Trust no longer offer the above schemes and its employees have resigned from the Civil Service Pension Scheme. Following a tender process the Trust has appointed Scottish Life to run a new group personal pension plan offering which is a defined contribution scheme

22 Insurance

Under the terms of the financial memorandum, with the exception of third party insurance required by the Road Traffic Acts and any other which are statutory obligations, the Charitable Company follows the usual rules for public bodies of self-insurance. The Charitable Company will continue to follow these rules until it ceases to be a Non-Departmental Body..

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

23 Financial instruments

As the cash requirements of the Charitable Company are met largely through Grant in Aid received from the Department for Education 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

24 Liabilities of members

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

25 Transactions with related parties

The Charitable Company provided services to, or received services from, companies with which the following directors were connected during the year ended 31 March 2011:

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 £292,194 (2009-2010: £191,762). There was no balance owed by the Charitable Company to The Prince's Trust at the year-end.

Ferri Fassihi is a member of the Local Authority Caterers' Association ("LACA") which supplied services to the Charitable Company totalling £13,575 during the year (2009-2010: £32,775). There was no balance owed by the Charitable Company to LACA at the year end.

Marcia Twelftree is a consultant to the Association of School and College Leaders ("ASCL") which supplied services to the Charitable Company totalling £7,018 during the year (2009-2010: £29,089). There was no balance owed by the Charitable Company to ASCL at the year end.

Fiona Gately is a Director of Healthy Nation Ltd; £116 was paid to Healthy Nation Ltd during the year to reimburse expenses in attending the Charitable Company's board meetings. There was no balance owed by the Charitable Company to Healthy Nation Ltd at the year end.

In addition to the above, 9 Trustees received £5,781(2009-2010: £7,556) of expenses incurred in attending Board and Board Sub Committee meetings, and other events on behalf of the Trust.

The Charitable Company received £6,920,045 (2009-2010: £10,539,918) grant in aid funding and £nil (2009-2010: £nil) capital grant funding from the Department for Education, the controlling party, during the year.

26 Performance targets

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

- Because fixed assets are depreciated over the useful economic life of the asset, but capital funding is recognised on receipt, any un-depreciated value of fixed assets will appear as a reserve on the balance sheet. This will also result in the SOFA showing either a surplus or a deficit in any given year.
- Grant in Aid is recognised at the point the Cash is Received and where draw down of funds is delayed to avoid excess cash balances at year end, the Department for Education 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 2011 the outstanding balance is recorded as deferred income. Big Lottery Fund Income is accrued where expenditure exceeds the grant received.

No new performance targets have been set since May 2010.

Notes to the Financial Statements

27 Operating leases

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

	31/3/2011	31/3/2010
	£'000	£'000
Operating Lease for Land and Buildings		
Expiry within one year		-
Expiry after one year , but not more than five years	203	183
	203	183

Under the terms of the rental agreement with DFE, the lease can be terminated with three month's notice. The table above shows the commitment for the full year 2011-12.

28 Losses and Special Payments

The Charitable Company incurred no material losses or special payments in the years ended 31 March 2011 and 31 March 2010.

29 Events After the Balance Sheet Date

The financial statements were authorised for issue by the Accounting Officer..

Following the announcement, in October 2010, that The School Food Trust would cease to be an NDPB, it was agreed that the Trust would need to appoint a new Board in order to meet the criteria required by The Office for National Statistics to allow the Trust to be reclassified as not being a public body.

The Trust Board recommended changes to the governing documents that would allow the existing members, including the Secretary of State for Education, to resign and 2 new independent Members to be appointed. The existing members passed the Special Resolution on 19th May 2011 and resigned as members on 23rd May 2011 after Prue Leith OBE and Sir Tom Shebbeare were appointed as members on 20th May 2011

The new members then initiated a process to appoint a new Board; all existing Board Trustees were invited to re apply with the exception of the Chair of the Audit Committee who will remain as part of the new Board.

The recruitment process was designed to appoint a new Board where the majority of Trustees were totally new to the Board and had never previously been appointed by The Secretary of State or his officials. 5 existing Board Trustees, including the Chair of the Audit Committee were reappointed, along with 6 new members. The other 7 existing Board Members have now resigned.

The Trust has now applied to The Office for National Statistics to be reclassified as not being a Public Body and The Cabinet Office to cease as an NDPB. The Office for National Statistics has asked for clarification on some specific detailed points. They have not provided a timescale to indicate when a decision will be made.



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