

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

Annual Report and Financial Statements

For the six months ended 30 September 2011

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Annual Report and Financial statements for the six months ended 30  
September 2011

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**Company no 5386058**

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## Company information

Charity Registration Number:	1118995
Company Registration Number:	5386058
Registered Office:	3 <sup>rd</sup> Floor 1 East Parade Sheffield S1 2ET
Chief Executive:	J Hargadon OBE
Members:	The Secretary of State for Education (Resigned 23/5/11) D Russell (Resigned 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 Kelly R O'Donnell J Schneider A Starkey Dame M Twelftree T Mack R Turner I Hagg Dr S Adam J Dent D J Roche 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 (OBE) Chief Executive G L Bell Director of Corporate Services D Edwards Director of Partnership & Programmes Dr M Nelson Director of Research LJ Smith Director of Delivery
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  
2 ½ Devonshire Square  
London  
EC2M 4BA

Yorkshire Bank  
Fargate  
Sheffield  
S1 1LL

Solicitors:

CA Legal  
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Surrey  
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Auditors:

Comptroller and Auditor General  
The National Audit Office  
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Victoria  
London  
SW1W 9SP

## Report of the Directors

The directors present their report together with the financial statements for the six months ended 30th September 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 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission. The Annual Report and Accounts have been prepared in accordance with the Financial Memorandum signed between DfE and SFT.

The Charitable Company left the public sector and became an independent charity on 1st October 2011. This change in status has resulted in the Trust changing its accounting reference date from 31<sup>st</sup> March to 30<sup>th</sup> September resulting in the preparation of financial statements for a 6 month rather than a 12 month period.

### Principal activities

The period covered has seen major change for the Charitable Company. Formerly a Non-Departmental Public Body (NDPB) it ceased to be an NDPB on 1st October 2011 and operates now as an independent charity. It is principally engaged in a wide range of activities to improve the food children eat in schools, in early years settings and in their homes to improve health and education for pre-school and 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 19<sup>th</sup> May 2011. The Trust is registered as a Charity with the Charities Commission. From 1<sup>st</sup> April 2005 to 30<sup>th</sup> September 2011 it operated as a Non Departmental Public Body sponsored by The Department for Education (DfE) with its main source of funding being through Grant in Aid. The Annual Report and Accounts have been prepared in accordance with the Financial Memorandum signed between DfE and SFT.

### Trustee recruitment, induction and training

In May 2011 the School Food Trust appointed a new Board, with a majority of new trustees to ensure independence. Trustees have been recruited from the fields of public health, clinical care, childrens services, marketing, food and hospitality, with extensive experience in charities, business and public services. Earlier trustees who had been appointed by the Secretary of State resigned due to the change in status of the Trust as did the two members, the Secretary of State and D Russell and were replaced by 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. Two training sessions were held for trustees on 26<sup>th</sup> September 2011 and 12<sup>th</sup> December 2011 and informal training on specific topics of concern and interest occurs regularly.

### Public Benefit Statement

The trustees have taken due regard to the Charity Commission guidance on Public Benefit and during the period 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 national network of 5,000 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 period end, there were over 1.5 million programme beneficiaries. The 3<sup>rd</sup> Let's Get Cooking BIG Cookathon took place in April 2011. 158 schools took part in the event and reported a total of 45,314 participants (31,713 cooking in school and an additional 13,601 cooking at home). Judging took place in June and prize giving has taken place.

Our understanding of how young people approach mealtimes and their own nutrition was enhanced by the 3<sup>rd</sup> Secondary School Lunch & Behaviour Study. This 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 study applied 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

## Report of the Directors

meet pupils' lunchtime aspirations. The findings show once and for all that there is no "silver bullet" to improving school lunch and take up.

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

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

The Trust has continued its range of schemes to increase the take up of Free School Meals. A new toolkit and one to one support for schools are new additions to its portfolio of support.

Work to improve dining rooms, the length of the lunch break, the quality of the meal and the appeal of food to young people has all been accompanied by ensuring a continued high profile for good children's food in the media.

The detailed work for the National Secondary School Food Study progressed during this period with 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. Fieldwork was completed during this period and the final report has now been published showing that the standards are making a difference to the food young people eat in secondary school and confirming that schools lunches are generally better than packed lunches.

The Trust has undertaken a study on how the opportunities for food and drink purchase and consumption on the way to and from school in secondary school pupils impacts on their engagement with school food through tracking journeys to school of pupils in six secondary schools. This again gives insights into the motivation of teenagers with regard to food in the school day, and enhances our ability to advise on effective solutions to the problems faced in feeding young people.

### (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 eight 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 school caterers looking for staff training.

The Trust has developed a series of one day 'How To' training sessions for staff in schools, catering, public health and children's services and local leaders such as school governors 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

Delivery of these courses was piloted from October 2011 and a second wave of courses was delivered from May 2012.

In September 2011 the Trust published simplified statutory guidance on the school food regulations for schools/governors outlining powers and duties arising from statute. Laminated posters which summarise both the food-based and nutrient-based standards and aimed at school cooks were distributed to 23,000 schools in September 2011. A quick guide for parents was also produced in September and this will be linked to work undertaken under our Empowering Parents work in the future.

### Management commentary

The School Food Trust (the Trust) began with 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. As an NDPB, the School Food Trust was charged with helping all stakeholders ensure that young people eat better food at school and in that role set for itself four broader objectives to achieve this agenda

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.

In its new role as a social enterprise and working with the Children's Food Trust it has broadened its remit to cover all food that young people and their families prepare and consume.

### Business Plan activities during the period

All of the activities for the period 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 period ended 30th September 2011, the Trust 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 six month period built on the work started in the previous year in 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.

##### Variable Pricing

Working with colleagues in the field of school catering, the Trust pursued the most effective way of identifying and implementing variable pricing initiatives having requested that there be a relaxation of the restriction requiring schools to charge the same price for the same quantity of the same item of food. This freedom will allow the use of incentives and reduced pricing to support those in need, but not eligible for free school meals. Further work has been carried forward working closely with twelve schools to test the effects of interventions, leading to a toolkit for all to use in the future.

#### Priority 2: Gathering evidence of impact

##### Annual Take Up Survey

In July 2011, the Trust and the Local Authority Caterers' Association published the report on the sixth annual survey of school lunch take up in England 2010-2011, together with the take up statistics. All 152 local authorities were approached for information regarding school catering services. Of these, 129 (85%) 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 78% in the primary sector and 54% 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 83%, 39% and 75% of primary, secondary and special school lunch provision, respectively.

## Report of the Directors

- Take up of school lunches was 44.1% in primary schools and 37.6% in secondary schools. This represents an increase over 2009-2010 of 2.7 percentage points in the primary sector and 1.8 percentage points in the secondary sector
- Average school lunch prices were £1.88 in the LA catered primary sector and £1.98 in the LA catered secondary sector, an increase of 3% for primary and 2% for secondary on the preceding year.
- In the primary sector, of the LAs who provided information, 75% of schools had a full production kitchen, 7% had facilities for regeneration or a mini-kitchen, 16% had hot food transported from another school or venue, and 1.6% had cold food only or Free School Meal (FSM) only service. In the secondary sector, 98% had a full production kitchen; less than 1% had cold food or FSM provision only.
- 98% of primary and secondary LA catered school lunch provision was thought to be compliant with the food-based standards for school lunches, 94% and 77% respectively with the nutrient-based standards. For non-LA provision, 93% of primary and 89% of secondary schools were thought to be compliant with or “working toward” the food-based standards; and 93% and 82%, respectively, for the nutrient-based.

### 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 period 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. We also assessed 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 was published 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 findings have recently been published.

### Journey to School

In conjunction with Oxford Division of Public Health and Primary Health Care, a behaviour study took place using '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 was completed in May 2011 and a report was published in the summer.

### Development of Eating Habits

Two studies took place to improve understanding of how food habits develop in children: one was 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 used 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 the age of seven, and explores which factors impact on the patterns observed (e.g. social class, parents' education, number of siblings). The studies are both complete and the findings are being considered.

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

#### Let's Get Cooking

Let's Get Cooking had a successful six months, building interest in food through the development of cookery skills in families. By September 2011, the total number of beneficiaries reported was 1,599,461 demonstrating that the portfolio has delivered an impact far in excess of the original target. 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%.

#### Free School Meals

Whilst focusing on maintaining take up in general, we have brought 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.

## Report of the Directors

The Government's free school meal pilots has afforded 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 continue this programme to ensure that the lessons learned are shared with a wide audience, possibly running a dissemination conference in the future.

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

#### 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 have started to publish the Manual of School Food Efficiency which brings together extensive information about the causes of waste, and recommends 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.

#### Workforce development

We have ensured that appropriate steps are being taken to promote and enable the training of school cooks to close the continuing skills gap. We have enabled 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 have continued to use the Cooks' Panel and Caterer's Forum to provide feedback and advice on the transformation of school food and have taken a more targeted approach to the questions asked and utilised the web based technology to reduce the bureaucracy and cost.

#### Free School Meal Pilots

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.

### **Support for effective delivery**

During the period, there was major transition to the working systems to prepare the Trust for its new status as a stand alone charity

- New policies and procedures in place to reflect the Trust's move to a contract management way of working, including detailed resource allocation and review systems for all staff
- New staff terms and conditions in place
- New accommodation options for London and Sheffield explored with a change in premises in November and December 2011 respectively
- Contractors identified for a new IT system and a Customer Relationship Management system
- Contractor identified for streamlining of the Trust websites

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
- Quarterly management accounts reviewed and approved by the Audit and Finance committee (a sub-committee of the Board)
- HR, including new training plan, pension scheme and staff supervision schemes

## Report of the Directors

### Data Security

There were no protected personal data related incidents formally reported to the Information Commissioner's Office during the period. 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 continued to work 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. Our risk management activities allows us to prioritise work in this area and our latest risk assessment shows that we have made significant progress during the last six months

A copy of our latest 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 were met largely through Grant in Aid received from the Department for Education (grant funding from October 2011) and funding received from the Big Lottery Fund, financial instruments played 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 related to contracts to buy non-financial items in line with the Charitable Company's expected purchase and usage requirements and the Charitable Company was therefore exposed to little credit, liquidity or market risk.

### Liquidity

Prior to the start of each year The School Food Trust was notified of the amount of Grant awarded by the Department for Education. This was 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.

## Report of the Directors

### Key Risks

During the period the following key risks were identified by the Trust and included on the Risk Register;

- The Trust will not generate enough sales to pay its staff and meet its overheads
- The Trust's competitors will merge with bigger organisations and obtain access to more investment capital
- Uncertainty will mean more staff leave
- Health reforms take so long to happen that health promotions type activity has big gap in funding
- Increasing number of schools moving to academy status means that standards are de facto redundant. Role of Trust and products and services become harder to justify at central and local government level.
- Current structure of Trust means that costs are too high once large grants (DfE, Lottery) end. Impact on our prices and our ability to cover our costs.
- Loss of interest in school food agenda means funding for research and monitoring becomes harder to obtain from both DfE and external sources
- Managing 'feast and famine' in terms of staff costs
- The Trust will not diversify its sales sufficiently to be robust in a difficult market
- The Trust will not be able to replace secure future income streams now that it is no longer a NDPB

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

### Change to pension arrangements

From 1st April 2011 the Trust no longer offered the PCSPS schemes. The Trust appointed Scottish Life to run a new Group Personal Pension Plan offering which is a defined contribution scheme. This scheme accepts both contributions from both the employer and the employee. The pension is the property of the individual and will remain so even if they no longer work for the Trust. Contributions due to the pension provider at the balance sheet date was £23,575.

### Developments in the next twelve months

The Trust ceased to be a Non-Departmental Body from October 2011 so has sourced a range of income streams to fund its work from October 2011 and into the future. The main sources of funding have been identified: two grant agreements with the Department for Education; continued funding from the lottery for the Let's Get Cooking programme; a grant from Peoples Health Trust; competitive grants and tenders; the sale of a range of products and services; and money from sponsorship.

The Trust has an agreement in place with the Department for Education that will provide grant income of £1.5 million for the period from April 2012 to March 2013. The Trust has signed a Memorandum of Agreement with the Children's Food Trust to work collaboratively to accomplish the charitable objectives of the Trust. The Children's Food Trust is independent of the School Food Trust and started trading in early 2012. The shareholders of the Children's Food Trust are the Chief Executive, the Director of Corporate Support and the Chair of the School Food Trust. The other Directors of the Children's Food Trust are Trustees of the School Food Trust.

The business objectives of the Trusts in the coming year are to:

1. Acquire sufficient funding to continue to work towards the vision that all children have a balanced diet, cooking skills and the food education they need for good health so that they can reach their full potential
2. Establish a position in the market as the leading experts on children's food and a body independent of government
3. Complete the establishment of new systems and processes to be effective as an independent body
4. Build alliances to promote the cause of improved food for children

The following work is planned for the six months to 31<sup>st</sup> March 2012 with some potential residual activity taking place in the next financial year and further activities in the scoping stage:

## Report of the Directors

### Department for Education grant agreement

At the period end, the Trust is delivering work for the Department under its remit for 2011-12 and also scoping work for 2012-13. 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 continue to 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.

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. The Trust has also been asked to undertake a review of food in Academies, scope to be determined.

#### 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.

#### 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.

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.

## Report of the Directors

### 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.

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.

### 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. In order to support delivery we have developed activity packs, organised cluster events, provided demonstrator training and published newsletters and e-bulletins.

### **Grants and tenders**

#### People's Health Trust - £880,000 for the period from November 2011 to January 2013

The Trust successfully bid for funding from the People's Health Trust to deliver healthy cooking programmes in England in local clusters. We will be working with special schools, secondary schools and FE colleges, as well as men aged 20-40 in areas of deprivation and with people with mental health problems. We have started working in nineteen areas of England and work will be delivered between November 2011 and January 2013.

#### Early Years - £160,000 for the period April 2011 to March 2012 (£200,000 for the period April 2012 to March 2013)

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 has been 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.

We have been asked by the Big Lottery Fund to submit substantial proposals including continuing support of the Let's Get Cooking network of clubs and also their Silver Dreams programme providing support with cooking for people later in life.

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

#### Consultancy

The Trust will continue to offer 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'. 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.

## Report of the Directors

### Other training

The Trust has developed 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

### Resources

A series of toolkits is being collated on a range of different topics that customers can use as a standalone self-help package. Cook for Success – our magazine for school cooks will continue to go to every school kitchen in the country.

### **Sponsorship**

As an independent charity we will seek to explore a range of exciting sponsorship opportunities with those with whom we have shared interests.

### **Protecting the Environment**

The Trust is committed to supporting our obligation 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. 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.

### **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 an organisation playing 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 the Equality Act 2010 which make it unlawful for an employer to discriminate directly, indirectly, by harassment or through victimisation, on the grounds of age, sex, race, disability, religion or belief, sexual orientation, pregnancy and maternity, gender reassignment and marriage and civil partnership and recognises its obligations not to discriminate on the grounds of trade union membership or in contravention of the Rehabilitation of Offenders Act 1974.

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



## Report of the Directors

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

The comparative information refers to a 12 month period rather than the 6 month period covered by the current report. During the six month period the organisation had net outgoing resources of £93,000 (2010-2011: £608,000 net incoming resources).

The Trust recognised Grant in Aid income of £1,703,000 (2010-11: £6,920,000, 12 months) during the six month period. The Trust also recognised Big Lottery funding of £1,839,000 (2010-2011: £4,576,000, 12 months). The Trust also received funding from other income sources of £123,000 (2010-2011: £154,000), this included £59,000 for the Early Years VCS grant (2010-2011: Nil). Grants directly made by the organisation totalled £991,000 (2010-2011: £2,528,000, 12 months).

The Trust showed a deficit on its unrestricted fund of £141,000 and a surplus on its restricted funds of £48,000 during the year, leaving net reserves against these funds of:

- Unrestricted                                      £409,000 surplus (2010-2011: £550,000 surplus)
- Restricted    £53,000 surplus (2010-2011: £5,000 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 period and since the period end are listed below. All served throughout the period except where stated:

R Rees MBE (Chair)	
A Byrne	Resigned 6/6/11
J T Dyson	
F Fassihi	Resigned 10/6/11
P Kelly	Resigned 6/6/11
F Gately	Resigned 11/6/11
R O'Donnell	Resigned 19/6/11
Dr J Bunn	
J Schneider	Resigned 3/6/11
M Barrett	
A Starkey	
Dame M Twelftree	Resigned 10/6/11
T Mack	Appointed 6/6/11
R Turner	Appointed 6/6/11
I Hagg	Appointed 6/6/11 (Resigned 30/3/12)
Dr S Adam	Appointed 6/6/11
J Dent	Appointed 6/6/11
J Hurst	Appointed 6/6/11
D J Roche	Appointed 1/12/11

### 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:

- Tri-annual Review as part of our Performance Management process. Objectives are set and reviewed at this meeting.
- Regular meetings between staff and their personal supervisors to review progress towards individual objectives and discuss individual issues.
- Contract management processes which include regular contract reviews as well as weekly reviews by the contract management group.
- The Human Resources & Remuneration sub-committee which reviews all HR Policies and Procedures before they are presented to the Executive Team for sign off
- All staff calls – these take the format of internal briefings and training on whole organisational issues or developments.
- Staff Days – these take the format of internal briefings, joint cross cutting working groups, presentations from external stakeholders and training on whole organisational issues or developments.
- The elected Staff Representative Group to consult on issues affecting the way we work

Absence from work due to employees' sickness totaled 88.20 days in the six months to 30<sup>th</sup> September 2011 (2010-2011: 443 days), an average of 1.15 days per employee (2010-2011: 4.4 days)

### Payment policy and practice

During the period it was 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 83% (2010-2011: 81%) of invoices were paid within this period.

The aggregate amount owed to trade creditors at 30th September 2011 compared with the aggregate amount invoiced by suppliers during the period, expressed as a number of days in the same proportion to the total number of days in the financial period is equal to 14.1 (2010-2011: 3.0) days

This policy will be reviewed by the Trust in the near future.

### 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.

This policy will be reviewed by the Trustees in the near future.

## Report of the Directors

### 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

This policy will be reviewed by the Trustees in the near future.

### 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. The Trust will continue to work with schools, caterers and local authorities to improve their school food services. The School Food Trust ceased to be a public body (NDPB) in October 2011.

The Trustees reviewed the unaudited Management Accounts for the six months to 31<sup>st</sup> March 2012 which showed total income of £4.846 million which was 6% below the targeted income. They were also encouraged by the fact that £600,000 (12%) of this income was from sources other than the two main grants from DfE and the Big Lottery Fund. Costs for the six month period were £4.662 million with a transfer to reserves being £184k.

The Trustees are also in discussions with DfE in relation to whether £210k of grant that remained unspent at 31 March 2012 can be carried forward.

The Trust will continue to receive Grant funding from the DfE for the 12 month period from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013 which has been agreed at £1.5 million. £4.3 million was agreed for the period from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012 of which £1.703 million was accounted for in the six month period to 30<sup>th</sup> September 2011. After this the Trust will be required to bid for funding alongside other charities and funders. Following a review of the Trusts forecast Income and Expenditure for the 12 month period to March 2013 the Trustees are confident that the Trust will achieve its income target of £5.9 million ( which includes £2.8 million of grant income from the Big Lottery Fund which is committed to certain activities laid out in the grant agreement with The Big Lottery Fund). The Trustees are confident that this level of income will be sufficient to cover the Trusts cost base up to the 31st March 2013.

However the Trustees also recognise that there is a risk to the Trust in the months following March 2013 when the Trusts two main sources of funding will either disappear or reduce considerably. The Trustees have noted that the Trust has already secured funds of £700,000 from The Big Lottery Fund (a restricted fund) for the period from April to September 2013 and have looked at a "worst case" scenario which demonstrates that the Trust can manage its costs down to this £700,000 income if it needs to. The Trustees have also noted that the Trust has already generated / or is likely to generate additional funds of £1.5 million for the 12 months to 31<sup>st</sup> March 2013 (these are additional funds to the Core DfE grant and the Big Lottery Fund) and this forecast and the fact that the Trust has a very clear Business Development plan in place along with a flexible cost base gives the Trustees confidence that the Trust will continue as a Going Concern into the future. The Trustees recognise that there is some risk to the Trust as it moves away from its traditional sources of funding and replaces them with new funding. The Trustees have considered a period of more than 12 months from the date of approval of the accounts in making their assessment of going concern.

The Directors have therefore reviewed the Trusts position until 30th September 2013 and the appropriateness of the preparation of the financial statements on a "going concern" basis. This is a period of at least 12 months from the date of approval of the accounts. 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.

## Report of the Directors

### 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.

The Accounting Officer has provided the auditor with all relevant information of which she is aware and she has taken adequate steps to ensure that auditors are aware of all relevant information within the Annual Report.

On behalf of the Board of Trustees

Judy Hargadon (OBE)

Rob Rees (MBE)

Chief Executive (Accounting Officer)

Chair

## Remuneration Report

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

The responsibility for remuneration has now transferred from the Organisation & Finance Committee to a new Human Resources & Remuneration Committee. Certain responsibilities have transferred to the Audit & Finance Committee.

The membership of the Human Resources & Remuneration Committee for the Charitable Company is as follows:

Rob Rees (Chair)  
Margaret Barrett  
James Bunn  
John Dyson  
Tim Mack

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 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.

	<b>Job title</b>	<b>Date of appointment</b>	<b>Status</b>
Judy Hargadon	Chief Executive	18/04/06	Open ended contract
Garry Bell	Director of Corporate Services	29/08/06	Open ended contract
Michael Nelson	Director of Research & Nutrition	01/04/06	Seconded from King's College, University of London (expires 31/3/12)
Linda Smith	Director of Delivery	Appointed 14/12/10 (Acting Director from 17/05/10)	Open ended contract
David Edwards	Director of Partnerships & Programmes	14/05/07	Open ended contract

## Remuneration Report

### Probationary Period

All new employees are employed with a six month probationary period unless the appointment is for a short 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 Terms and Conditions of employment of its staff changed on 1st April 2011 and as a result, the Charitable Company no longer follows the DfE policy and pay structure for remuneration of its 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 Human Resources & Remuneration Committee. The Chief Executive's objectives are agreed and set by the Board and are reviewed and agreed by the Human Resources & Remuneration.

In common with all other staff employed on 31<sup>st</sup> March 2011, senior managers were entitled to enhanced redundancy payments should redundancy occur prior to 31<sup>st</sup> March 2012. From that date senior managers and all other staff are entitled to statutory redundancy provision.

The following information is subject to audit.

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

	Salary	Bonus	Total	Total	Salary	Bonus	Total
	6 months to 30.09.11	6 months to 30.09.11	6 months to 30.09.11	Annualised salary 6 months to 30.09.11	2010-2011	2010-2011	12 months to 31.03.11
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rob Rees	5-10	0	5-10	15-20	15-20	0	15-20
Judy Hargadon	45-50	0	45-50	90-95	90-95	0	90-95
Garry Bell	30-35	0	30-35	60-65	60-65	0-5	60-70
Michael Nelson	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Linda Smith	30-35	0	30-35	60-65	50-55	0-5	50-60
David Edwards	30-35	0	30-35	60-65	60-65	0-5	60-70

## 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.

Michael Nelson is on secondment from King's College, University of London until 31<sup>st</sup> March 2012. The School Food Trust was charged £52,644 for his services for the six month period including VAT (2010-11: £102,168). 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	Scottish Life	PCSPS	PCSPS	PCSPS
	Employer contribution to partnership pension account	Accrued Pension at pension age as at 30/09/11	Total related accrued lump sum at pension age	Cash equivalent transfer value at 30/09/2011
	£'000	£'000	£'000	£'000
Judy Hargadon	4	5-10	-	143
Garry Bell	3	0-5	-	88
Jenny Wright	0	10-15	40-45	149
David Edwards	3	20-25	-	421
Linda Smith	3	0-5	-	26
Hannah MacLachlan	0	5-10	-	75

Employer contribution to partnership pension account refers to contributions made in the six month period to 30<sup>th</sup> September 2011. There were no such payments in the twelve months to 31<sup>st</sup> March 2011.

The accrued pension at pension age at 30<sup>th</sup> September 2011 and the cash equivalent transfer value at 30<sup>th</sup> September 2011 both remain unchanged from the values at 31<sup>st</sup> March 2011. These have been fixed at the point that the Charitable Company left the PCSPS scheme.

From 1<sup>st</sup> April 2011 the Trust no longer offered the PCSPS schemes to senior managers or to other employees. The Trust appointed Scottish Life to run a new Group Personal Pension Plan offering which is a defined contribution scheme. This scheme accepts both contributions from both the employer and the employee. The pension is the property of the individual and will remain so even if they no longer work for the Trust.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in the Charitable Company in the six month period to 30<sup>th</sup> September 2011 was (£ '000) 90 - 95. This was 3.1 times the median remuneration of the workforce, which was £30,000. No employees earned a higher salary than the highest paid director in the six month period to 30<sup>th</sup> September 2011.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.



## Remuneration Report

### 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. There was no change in the accrued pension rights of senior managers in the period.

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 (OBE)  
Chief Executive

Rob Rees (MBE)  
Chair

## 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.

## Governance Statement

### 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.

The Trust has complied with the Corporate governance in central government departments: Code of good practice 2011 in the period to the extent that it is applicable to SFT. The Board has assessed compliance through the Compliance checklist provided for that purpose.

### 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 six month period ended 30th September 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.

### Governance Structure

The Trust has a Board of 12 Trustees of which 6 were appointed June 2011 and 1 in December 2011. The restructuring of the Board took place following a review of the Trust's needs as it converted from an NDPB to an independent charity. The Board sub committees were also restructured to take account of the challenges facing the Trust once it ceased as an NDPB. All trustees are encouraged to keep their existing skills and knowledge up to date and develop new ones where appropriate. Trustees come from all walks of life and each trustee has different support and development needs and will want to meet those needs in different ways. The Trust provides support, development and training involving:

- Training, briefings or update sessions at board meetings or at an away day
- Reading books and online guidance – for example, the Good Trustee Guide
- Meeting with trustees from other charities – for example, by joining a trustee network
- Arranging for new trustees to be mentored by existing trustees

Two training sessions were held for trustees on 26th September 2011 and 12th December 2011.

The board recognises the benefit of reviewing the School Food Trust's governance from time-to-time with an objective of continually enhancing governance. The current board has only just become established and at the next board meeting the board will consider several different approaches, including:

- Self-review versus engaging an external party
- Review of the board as a whole and review of individual members
- Self-assessment versus peer assessment versus external assessment
- Survey-based reviews versus more informal processes.

The processes that have been applied in maintaining and reviewing the effectiveness of the governance framework in the six month period have been undertaken through the following methods:

- Gaining assurances from various areas such as managers, human resources, performance management and risk management
- Monitoring achievement against key priorities from the Business Plan
- Reviewing the work and decisions of the sub-committees
- Approving the Internal Audit Plan each year through the Audit committee. They receive regular reports on progress against this annual Audit Plan which provides detail on the assurance levels that can be placed against the various systems and processes in place and also provides an annual assessment at period end.

## Governance Statement

### Attendance Records

Attendance records at meetings of the Board and its sub-committees in the six month period to 30<sup>th</sup> September 2011 are shown below.

#### Board Meetings

<b>Name</b>	<b>Number of meetings attended</b>	<b>Possible meetings to attend</b>
Rob Rees	3	3
Sheila Adam	2	2
Margaret Barrett	2	3
James Bunn	3	3
Tony Byrne	1	1
Julie Dent	1	2
John Dyson	3	3
Ferri Fassihi	1	1
Fiona Gately	0	1
Ian Hagg	2	2
Peter Hargrave	1	1
Jane Hurst	2	2
Paul Kelly	1	1
Tim Mack	2	2
Ruth O'Donnell	1	1
Jackie Schneider	1	1
Adam Starkey	1	3
Rosalind Turner	2	2
Marcia Twelftree	1	1

#### Audit & Finance Committee

<b>Name</b>	<b>Number of meetings attended</b>	<b>Possible meetings to attend</b>
Sheila Adam	0	1
Margaret Barrett	2	2
Tony Byrne	0	1
John Dyson	3	3
Ruth O'Donnell	1	1
Adam Starkey	1	2
Rosalind Turner	0	1
Marcia Twelftree	0	1

#### Human Resources & Remuneration

<b>Name</b>	<b>Number of meetings attended</b>	<b>Possible meetings to attend</b>
Rob Rees	1	1
Margaret Barrett	1	1
James Bunn	1	1
John Dyson	1	1

## Governance Statement

### Research

Name	Number of meetings attended	Possible meetings to attend
Sheila Adam	1	1
James Bunn	1	1
Jane Hurst	1	1

### Reputation

Name	Number of meetings attended	Possible meetings to attend
Rob Rees	2	2
Julie Dent	1	2
Tim Mack	2	2
Adam Starkey	2	2

The Trust adopted new Articles of Association in May 2011 to better reflect the changed status of the Trust.

The Audit Committee took on the responsibility for monitoring performance from the Organisation and Finance Committee. The Audit Committee was renamed the Audit and Finance Committee and was increased in size from 3 members to 5 members to reflect its added responsibility and also reducing the risk of the Committee not being quorate when it meets.

The Organisation and Finance Committee has handed over responsibility for monitoring the Trust's performance to the Audit and Finance Committee and taken on responsibility for remuneration as this is seen as a key issue as the Trusts must remain competitive in the markets that it will operate in. The Organisation and Finance Committee has been renamed the HR and Remuneration Committee.

There are two Board sub committees that cover research, one focusing on Strategy and one on Scrutiny. The Strategy sub committee has met and the Scrutiny committee will commence shortly.

The Trustees also decided to set up a Reputation Management Committee who advise the executive on any issues that are seen as a risk to the Trust's reputation. This is a standing group who meet as and when required.

The Charitable Company has signed a Memorandum of Agreement with the Children's Food Trust to work collaboratively in the future. The Children's Food Trust started trading in early 2012. The shareholders of the Children's Food Trust are the Chief Executive and Chair of the School Food Trust. The other Directors of the Children's Food Trust are all Trustees of the School Food Trust.

### Capacity to Handle Risk

During the six month period ended 30<sup>th</sup> September 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 Support 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.

## Governance Statement

### 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 procedures relating to Contract management. Risk Management is also part of the training that all Contract Managers and Contract staff receive as part of their Contract Management training.

The High Level 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 High Level Risk register forms the basis of reports submitted to the Audit Committee and the Trust's Board.

Each Contract has its own Contract Risk register which is reviewed monthly by the Contract Manager along with the Contract Team. The Contract Management Group review key risks from the individual Contract Risk registers to identify key themes and risks that should be considered High Level Risks by the Executive Team.

It has now been agreed with the Board that, following review by the Audit and Finance Committee, the Board will discuss 2 of the highest scoring risks at each Board Meeting in order to advise the Executive on mitigating actions and gain assurance that High Level risks are being mitigated appropriately

### 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 3 times during the six months ended 30 September 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 Contracts. During the 6 month period to 30<sup>th</sup> September 2011 the average attendance was 58%.

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

" I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's risk management, control and governance processes. In my opinion School Food Trust has adequate and effective management and governance processes to manage its achievement of the organisation's objectives."

As Accounting Officer I decided not to formally delegate budgets during the 6 months to September 2011 as we were going through a period of transition. However each Budget Holder has provided 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 budgets. One Budget Holder was granted compassionate leave during the period and was thus unable to provide a signed annual assurance statement. The Accounting Officer took personal responsibility for the areas within the control of the Budget Holder. The Accounting Officer has closely managed the senior manager who deputised for the absent Budget Holder. The Executive also confirm that the risks in relation to the delivery of their key business objectives have been effectively managed and controlled throughout the financial year and that their responsibilities have been discharged in relation to Contract Management responsibilities.

## Governance Statement

Delays in the transition process caused SFT to experience some control issues following reduction in staff levels, change of status and raising invoices for the sale of services. Measures are now in place to address those control issues by restoring the robustness of month-end close procedures, reviewing journal postings and improving processes to recognise income.

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

Uncertainty over the Trust's future which resulted in the Trust ceasing to be a NDPB from 1<sup>st</sup> October 2011. This risk increased due to the protracted process of ceasing to be classed as a Public Body by The Office for National Statistics. This had a significant impact on our plans to transition from an NDPB to an Independent Charity both in terms of infrastructure and developing independent Income Streams.

Various reputational risks have been highlighted both as part of the Trusts transition and changes in Government Policy. These risks have been managed through a Board Sub Committee who have been advising the executive on planned mitigating actions to manage these risks

There were no protected personal data related incidents formally reported to the Information Commissioner's Office during the period.

Judy Hargadon (OBE)  
Chief Executive (Accounting Officer)  
Date tba

John Dyson on behalf of the trustees  
Chair of the Audit Committee  
Date tba

## **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 period ended 30 September 2011 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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 School Food Trust; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report 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.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 state of the School Food Trust's affairs as at 30 September 2011 and of its incoming resources and application of resources, including income and expenditure, for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and



- the financial statements have been prepared in accordance with the Companies Act 2006.

**Emphasis of matter**

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 School Food Trust became an independent charity on 1 October 2011 and the funding sources on which it has previously been reliant will end or reduce after March 2013. A material uncertainty exists 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 were unable to continue as a going concern.

**Opinion on other matters**

In my opinion:

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

**Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

Amyas C E Morse

Date 10<sup>th</sup> July 2012

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

## Statement of Financial Activities for the six months ended 30 September 2011 (incorporating the income and expenditure account)

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds 30.09.11 £'000	Total funds 2010-2011 £'000
<b>Incoming resources</b>					
Incoming resources from generated funds					
- Investment income		0	1	1	7
- Voluntary income		1,703		1,703	6,920
Incoming resources from Charitable Activities					
- Big Lottery Fund grant	16		1,839	1,839	4,576
- Early Years VCS Grant	16		59	59	0
Other Incoming resources from Charitable Activities	1	64		64	154
DFE capital grant			0	0	(1)
Total incoming resources		<u>1,767</u>	<u>1,899</u>	<u>3,666</u>	<u>11,656</u>
<b>Resources expended</b>					
Charitable Activities	2	1,783	1,834	3,617	10,948
Governance costs		125	17	142	100
Total resources expended	4	<u>1,908</u>	<u>1,851</u>	<u>3,759</u>	<u>11,048</u>
Net incoming /(outgoing) resources		(141)	48	(93)	608
Gross transfers between funds		-	-	-	-
Net incoming /(outgoing) resources and net income / (expenditure) for the year		<u>(141)</u>	<u>48</u>	<u>(93)</u>	<u>608</u>
Total Funds brought forward at 1 April 2011	16	550	5	555	(53)
Total Funds carried forward at 30 September 2011	16	409	53	462	555

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

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

## Balance Sheet as at 30 September 2011

	Note	30/09/2011 £'000	31/03/2011 £'000
<b>Fixed assets</b>			
Intangible fixed assets	10	34	25
Tangible fixed assets	11	128	213
		<u>162</u>	<u>238</u>
<b>Current assets</b>			
Stock and work in progress	12	30	-
Debtors: amounts falling due within one year	13	105	147
Cash at bank and in hand	19	919	704
		<u>1,054</u>	<u>851</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(754)</u>	<u>(534)</u>
<b>Net current assets</b>		<u>300</u>	<u>317</u>
<b>Total assets less current liabilities</b>			
		<u>462</u>	<u>555</u>
<b>Net Assets</b>			
		<u>462</u>	<u>555</u>
Funds			
<b>Restricted</b>	16	<b>53</b>	5
<b>Unrestricted</b>	16	<b>409</b>	550
		<u>462</u>	<u>555</u>
<b>Total Funds</b>	16	<b>462</b>	<b>555</b>

The financial statements were approved by the Board of Directors

J Hargadon (OBE)

Chief Executive

R Rees (MBE)

Chair of the Trustees, on behalf of the Trustees

## Cash Flow Statement for the six months ended 30 September 2011

	Note	30.09.11 £'000	2010-2011 £'000
<b>Net cash inflow from operating activities</b>	17	<b>234</b>	<b>(298)</b>
<b>Returns on investment</b>			
Interest received		1	7
<b>Capital expenditure</b>			
Purchase of intangible fixed assets	10	<b>(19)</b>	<b>(17)</b>
Purchase of tangible fixed assets	11	<b>(1)</b>	<b>(21)</b>
<b>Net cash outflow from capital expenditure</b>		<b>(20)</b>	<b>(38)</b>
<b>Net cash inflow before financing</b>		<b>215</b>	<b>(329)</b>
<b>Increase in cash</b>	18	<b>215</b>	<b>(329)</b>

## 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), Section 11 of the Charities Act 2011, the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) and the disclosure requirements of the Government Financial Reporting Manual (FReM). The Trust has prepared financial statements for a six month period ending on 30<sup>th</sup> September 2011 because of the change in status of the Trust which ceased to be a Non Departmental Public Body from 1<sup>st</sup> October 2011. The Charitable Company has signed a Memorandum of Agreement with the Children’s Food Trust to work collaboratively in the future. The shareholders of the Children’s Food Trust are the Chief Executive and Chair of the School Food Trust. The other Directors of the Children’s Food Trust are all Trustees of the School Food Trust. The School Food Trust has not consolidated the Children’s Food Trust into its account during the 6 month period to 30<sup>th</sup> September 2011 as the Children’s Food Trust was dormant during this period. The Children’s Food Trust started in early 2012.

### 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. The Trust will continue to work with schools, caterers and local authorities to improve their school food services. The School Food Trust ceased to be a public body (NDPB) in October 2011.

The Trustees reviewed the unaudited Management Accounts for the six months to 31<sup>st</sup> March 2012 which showed total income of £4.846 million which was 6% below the targeted income. They were also encouraged by the fact that £600,000 (12%) of this income was from sources other than the two main grants from DfE and the Big Lottery Fund. Costs for the six month period were £4.662 million with a transfer to reserves being £184k.

The Trustees are also in discussions with DfE in relation to whether £210k of grant that remained unspent at 31 March 2012 can be carried forward.

The Trust will continue to receive Grant funding from the DfE for the 12 month period from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013 which has been agreed at £1.5 million. £4.3 million was agreed for the period from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012 of which £1.703 million was accounted for in the six month period to 30<sup>th</sup> September 2011. After this the Trust will be required to bid for funding alongside other charities and funders. Following a review of the Trusts forecast Income and Expenditure for the 12 month period to March 2013 the Trustees are confident that the Trust will achieve its income target of £5.9 million ( which includes £2.8 million of grant income from the Big Lottery Fund which is committed to certain activities laid out in the grant agreement with The Big Lottery Fund). The Trustees are confident that this level of income will be sufficient to cover the Trusts cost base up to the 31<sup>st</sup> March 2013.

However the Trustees also recognise that there is a risk to the Trust in the months following March 2013 when the Trusts two main sources of funding will either disappear or reduce considerably. The Trustees have noted that the Trust has already secured funds of £700,000 from The Big Lottery Fund (a restricted fund) for the period from April to September 2013 and have looked at a “worst case” scenario which demonstrates that the Trust can manage its costs down to this £700,000 income if it needs to. The Trustees have also noted that the Trust has already generated / or is likely to generate additional funds of £1.5 million for the 12 months to 31<sup>st</sup> March 2013 (these are additional funds to the Core DfE grant and the Big Lottery Fund) and this forecast and the fact that the Trust has a very clear Business Development plan in place along with a flexible cost base gives the Trustees confidence that the Trust will continue as a Going Concern into the future. The Trustees recognise that there is some risk to the Trust as it moves away from its traditional sources of funding and replaces them with new funding. The Trustees have considered a period of more than 12 months from the date of approval of the accounts in making their assessment of going concern.

The Directors have therefore reviewed the Trusts position until 30<sup>th</sup> September 2013 and the appropriateness of the preparation of the financial statements on a “going concern” basis. This is a period of at least 12 months from the date of approval of the accounts. 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.

## Principal Accounting Policies

### 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.

#### Early Years VCS

Under the conditions for grants received by the School Food Trust from DFE under their "Improving outcomes for children, young people and families" scheme unused grant is repayable on demand. Incoming resources are recognised at the point at which related expenditure has been anticipated in line with a schedule which forms part of the funding agreement.

#### Other Incoming Resources

The Trust recognises income arising from the sale of goods once the goods have been delivered to the customer and the amount of income can be measured reliably and is probable to be received. Income is recorded within Deferred Income when payment has been received before the goods have been delivered to the customer.

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 on an accruals basis as restricted funds in the Statement 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.

## Principal Accounting Policies

### 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 re-valued 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

## Principal Accounting Policies

### Assets under construction

These relate to the development of new areas of the Trusts website that have not yet been launched. Upon launch, these costs are recognised as Website Developments. Assets under construction are not depreciated or amortised.

### Stock and Work in Progress

Stock is valued at the lower of cost and net realisable value.

### Research and development

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

### Contributions to pension funds

From 1<sup>st</sup> April 2011 the Trust no longer offered the PCSPS schemes. The Trust appointed Scottish Life to run a new Group Personal Pension Plan offering which is a defined contribution scheme. This scheme accepts both contributions from both the employer and the employee. The pension is the property of the individual and will remain so even if they no longer work for the Trust. Contributions to the Scottish Life Group Personal Pension Plan are accounted for through the Statement of Financial Activities in the month in which the deduction is made.

Prior to 1<sup>st</sup> April 2011, past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme which are described at Note 22. 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.

### 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. Restricted Funding was also received from the DFE under their "Improving outcomes for children, young people and families" scheme. The Charitable Company was successful in bidding for grant funding for two years to support the delivery of key national priorities for children, young people and families in line with the Coalition Government's structural reform priorities.

### 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

	Six months to 30.09.11	2010-2011
	£,000	£,000
Sale of Let's Get Cooking Merchandise	8	22
Funding for additional Let's Get Cooking clubs	9	17
Provision of Training	21	52
Development of Audit and Assessments Toolkit	-	-
Production of Healthy Recipes for The London Organising Committee of the Olympic Games	-	-
Cook For Life	-	35
Sale of Little Book of Goodness	15	16
Cook for Success Newsletter Inserts	-	3
Consultancy	7	7
Events	4	1
Change For Life	0	1
<b>Total Other Incoming Resources for Charitable Activities</b>	<b>64</b>	<b>154</b>

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

### 2 Charitable activities

Analysis of costs by project:

Activities undertaken directly	Grant funding of activities	Support costs	Total six months to 30.09.11	Total 2010-2011
£,000	£,000	£,000	£,000	£,000
Developing and improving knowledge and understanding	553	9	926	1,741
Encouraging and monitoring good practice	467	0	770	3,761
Providing training and guidance	58	0	88	781
Let's get cooking	602	982	1,833	4,665
<b>Total charitable activities cost</b>	<b>1,680</b>	<b>991</b>	<b>3,617</b>	<b>10,948</b>

The total charitable activities cost above of £3,617,000 (2010-2011: £10,948,000) includes £24,000 (2010-2011: £39,000) 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 six months to 30.09.11 £,000	Total 2010- 2011 £'000
Core Communications						-	38
Children and Young People						-	1
Marketing						-	508
Events						-	87
Press and PR						-	80
Building Capacity						-	323
LA Targeted Support						-	67
School Engagement						-	69
Model Interventions						-	83
Other Product Development	1					1	-
Improving Take Up of Healthy School Food	107	147	20			274	-
Early Years	1					1	-
Other Income				4		4	-
Lets Get Cooking				1,078	17	1,095	2,797
Food in the Curriculum						-	4
Merchandise				8		8	-
Printed Materials		10				10	-
Public Health Training	4			1		5	-
Case for Change						-	64
Monitoring & Knowledge Management						-	640
The Regulations Schools						-	32
Local Leadership						-	5
National						-	26
Marketing						-	62
Product Development						-	16
						-	2
Governance Costs					45	45	86
	113	157	20	1,091	62	1,443	4,990
Direct Salary Costs	449	310	38	493	80	1,370	3,898
	562	467	58	1,584	142	2,813	8,888

Key:

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.

Due to the reduction in grant from the Department for Education, the Trust has had to change its business operations. This has included the closure of the marketing department and the ending of a number of the Trust's business activity lines due to the reduction in grant and move to independent charity status.

In addition, to reflect the way we operate now, some costs are now classified as Support Costs as opposed to Direct Costs.

## 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 six months to 30.09.11 £,000	Total 2010- 2011 £'000
<b>Direct costs</b>								
Direct project costs	1	113	157	20	1,091	62	1,443	4,990
Direct salary costs	2	449	310	38	493	80	1,370	3,898
		562	467	58	1,584	142	2,813	8,888
<b>Support costs</b>								
Indirect Staff costs	3	135	113	11	45	0	304	704
Premises costs	3	52	43	4	24	0	123	340
Travel, training and office costs	3	71	59	6	102	0	238	509
HR, Financial & IT costs	3	61	51	5	67	0	184	291
Depreciation	3	45	37	4	11	0	97	313
Loss on disposal of fixed assets	3	0	0	0	0	0	0	3
Total support costs		364	303	30	249	0	946	2,160
		926	770	88	1,833	142	3,759	11,048

- 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 six months 30 September 2011

Organisation	Nature of Funding	Amount £'000	Funded By
Pre School Learning Alliance	Early Years	1	DFE Grant in Aid
National Childminding Association	Early Years	1	DFE Grant in Aid
National Day Nurseries Association	Early Years	2	DFE Grant in Aid
Bristol City Council	Early Years	1	DFE Grant in Aid
UNPA	Early Years	1	DFE Grant in Aid
Ilminster Avenue Nursery School Fund	Early Years	1	DFE Grant in Aid
Ashton Vale Pre School	Early Years	1	DFE Grant in Aid
Equalgrade Ltd	Early Years	1	DFE Grant in Aid
814 Schools – Let's Get Cooking Cookery Clubs	Equipment and Running Costs	652	Big Lottery Fund Grant
625 Schools – Let's Get Cooking Associate Cookery Clubs	Equipment and Running Costs	128	Big Lottery Fund Grant
Business in the Community	Let's Get Cooking Partners	34	Big Lottery Fund Grant
The Princes Trust	Let's Get Cooking Partners	178	Big Lottery Fund Grant
		1,001	
<b>Adjustments to Grants Awarded in 2010/11</b>			
10 Let's Get Cooking Club Drop Outs	Unused Equipment and Running Costs	(7)	Big Lottery Fund Grant
10 Let's Get Cooking Associate Club Drop Outs	Unused Equipment and Running Costs	(3)	Big Lottery Fund Grant
		991	

## Notes to the Financial Statements

### 6 Operating deficit before taxation

The operating deficit is stated after charging:

	Six months to 30.09.11 £'000	2010-2011 £'000
Depreciation and amortisation,	96	313
Loss on disposal of fixed assets	-	3
Operating lease rentals	195	337
Auditor's remuneration;		
Internal audit	3	11
External audit		
- fees payable for audit of the Charitable Company	35	30
- fees payable for other services	-	-
	<u>          </u>	<u>          </u>

The external auditor's remuneration of £35,000 (2010-2011: £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 31/03/11 £'000 (note 13)	Awarded To 30.09.11 £'000 (note 5)	Paid six months To 30.09.11 £'000	Outstanding At 30/09/11 £'000 (note 14 )	Paid 2010-2011 £'000
Lottery funded grant	258	982	(1,074)	166	(2,436)
DFE grant in aid	-	9	(7)	2	(119)
Other	1	-	(1)	-	(15)
	<u>259</u>	<u>991</u>	<u>(1,082)</u>	<u>168</u>	<u>(2,570)</u>

### 8 Directors and employees

Staff costs during the period were as follows:

	Six months to 30.09.11 £'000	2010-2011 £'000
Wages and salaries	1,262	3,036
Social security costs	136	268
Other pension costs (note 22)	101	576
Redundancy costs	68	142
Seconded, loaned and temporary staff	107	579
	<u>1,674</u>	<u>4,601</u>

The average number of employees in the Charitable Company during the 6 month period to 30th September 2011 was 77 (2010 -2011: 102) 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 2011 - 2012	Total 2010 - 2011
Directors						1	1	1
Permanent Employees	10	10	1	31	2	18	72	87
Temporary Employees	1					1	2	9
Secondments	1						1	4
Agency Staff (Full Time Equivalents)		1					1	1
	<u>12</u>	<u>11</u>	<u>1</u>	<u>31</u>	<u>3</u>	<u>19</u>	<u>77</u>	<u>102</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

	Six months to 30.09.11 £'000	2010-2011 £'000
Emoluments	<u>8</u>	<u>15</u>

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

### 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 1 voluntary and 4 Compulsory Redundancies. Comparatives for the previous year are shown in brackets.

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages per Cost Band
< £10,000	(2)	1 (8)	1 (10)
£10,000 - £25,000	4 (1)	(3)	4 (4)
£25,000 - £50,000	-	(1)	(1)
Total Number of Exit Packages	<u>4(3)</u>	<u>1 (12)</u>	<u>5 (15)</u>
Total Cost / £	<u>59,037 (23,406)</u>	<u>9,145 (118,305)</u>	<u>68,182 (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 £1,208 bank interest in the period (2010-11: £6,638).

## Notes to the Financial Statements

### 10 Intangible Fixed assets

	Computer software £'000
Cost	
At 1 April 2011	90
Additions	19
Disposals	-
At 30 September 2011	<u>109</u>
Depreciation	
At 1 April 2011	65
Provided in the year	10
Disposals	-
At 30 September 2011	<u>75</u>
Net book amount at 30 September 2011	<u>34</u>
Net book amount at 31 March 2011	<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 2011	1	166	741	9	917
Additions	1	-	-	-	1
Transfers	-	-	9	(9)	-
Disposals	-	(88)	(5)	-	(93)
At 30 September 2011	<u>2</u>	<u>78</u>	<u>745</u>	<u>0</u>	<u>825</u>
Depreciation					
At 1 April 2011	1	132	571	-	704
Provided in the year	-	10	76	-	86
Impairment	-	-	-	-	-
Disposals	-	(88)	(5)	-	(93)
At 30 September 2011	<u>1</u>	<u>54</u>	<u>642</u>	<u>0</u>	<u>697</u>
Net book amount at 30 September 2011	<u>1</u>	<u>24</u>	<u>103</u>	<u>0</u>	<u>128</u>
Net book amount at 31 March 2011	<u>0</u>	<u>34</u>	<u>170</u>	<u>9</u>	<u>213</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 not launched until the current financial year. These costs have been transferred once the development was launched and are now included within the Website Development above. The Trust owns rather than leases all of its Tangible Fixed Assets.

## Notes to the Financial Statements

### 12 Stock and work in progress

	30/9/2011 £'000	31/3/2011 £'000
Stock and work in progress	30	0

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

Trade debtors	12	16
Other debtors	8	6
Prepayments	85	64
Accrued Income	0	61
	<u>105</u>	<u>147</u>

Debtors comprise:

	30/9/2011 £'000	31/3/2011 £'000
Other Central Government Bodies	48	61
Local authorities	14	12
NHS bodies	-	-
Public corporations	-	-
	<u>62</u>	<u>73</u>
Bodies external to government	<u>43</u>	<u>74</u>
	<u>105</u>	<u>147</u>

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

	30/9/2011 £'000	31/3/2011 £'000
Trade creditors	83	35
Grant creditors and accruals	168	259
Other creditors	56	13
Non grant accruals	261	211
Deferred income (see note 15)	98	16
Other taxation and social security	88	-
	<u>754</u>	<u>534</u>

Creditors comprise

	30/9/2011 £'000	31/3/2011 £'000
Other central government bodies	214	-
Local authorities	144	275
NHS bodies	7	1
Public corporations	-	-
	<u>365</u>	<u>276</u>
Bodies external to government	<u>389</u>	<u>258</u>
	<u>754</u>	<u>534</u>



## Notes to the Financial Statements

### 15 Deferred Income

	30.9.2011 £'000	2010-2011 £'000
Deferred Income at 1 April	16	502
Grant received and accrued from Big Lottery Fund during the year	1,921	4,074
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
Income received from Bexley PCT During the year	10	
Income received for How To training during the year	1	
Income received for Open Book training during the year	3	
	<u>1,951</u>	<u>4,609</u>
Incoming resources from Big Lottery Fund recognised in the SOFA during the year	(1,839)	(4,576)
Incoming resources from Sheffield City Council recognised in the SOFA during the year	(9)	(17)
Incoming resources from Bexley PCT recognised in the SOFA during the year	(5)	
	<u>98</u>	<u>16</u>
Incoming resources deferred at 30 September		

### 16 Reserves

	Unrestricted fund £'000	Restricted fund - Big Lottery Fund £'000	Restricted fund - Early Years VCS Grant £'000	Total funds £'000
<b>Reserves at 1 April 2011</b>	550	5	-	555
<b>For the year ended 30 September 2011</b>				
Incoming resources	1,767	1,840	59	3,666
Outgoing resources	(1,908)	(1,827)	(24)	(3,759)
Transfers between funds	-	-	-	-
Gains and losses	-	-	-	-
Reserves at 30 September 2011	<u>409</u>	<u>18</u>	<u>35</u>	<u>462</u>

Clause 7 of the Articles 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 Fund £'000	Restricted - Early Years VCS Grant £'000	Total funds £'000
Fixed assets	141	21		162
Current assets	753	266	35	1,054
Current liabilities	(485)	(269)		(754)
	<u>409</u>	<u>18</u>	<u>35</u>	<u>462</u>

## Notes to the Financial Statements

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

	Six months to 30.9.2011 £'000	2010-2011 £'000
Net incoming resources	(93)	608
Investment income	(1)	(7)
Net incoming resources from operating activities	<u>(94)</u>	<u>601</u>
Amortisation of intangible fixed assets	10	17
Depreciation and impairment of tangible fixed assets	86	296
Loss on disposal of fixed assets	-	3
(Increase) in stock and work in progress	(30)	-
Decrease in debtors	42	(29)
Increase in creditors	220	(1,186)
Net cash inflow from operating activities	<u>234</u>	<u>(298)</u>

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

	Six months to 30.0911 £'000	2010-2011 £'000
Increase in cash in the year	215	(329)
Net funds at 1 April	<u>704</u>	<u>1,033</u>
Net funds at 30 September	<u>919</u>	<u>704</u>

### 19 Analysis of changes in net funds

	At 1 April 2011 £'000	Cash flow £'000	At 30 September 2011 £'000
Government Banking Service Accounts	<u>155</u>	<u>(47)</u>	<u>108</u>
Yorkshire Bank	<u>547</u>	<u>262</u>	<u>809</u>
Cash in hand	<u>2</u>	<u>0</u>	<u>2</u>
Cash at bank and in hand	<u>704</u>	<u>215</u>	<u>919</u>

### 20 Capital commitments

The Charitable Company had no capital commitments at 30 September 2011 (£14,985 at 31 March 2011).

### 21 Contingent liabilities

The Charitable Company has no contingent liabilities at 30 September 2011 or 31 March 2011.

## Notes to the Financial Statements

### 22 Pension contributions

Prior to this period the Trust offered pension benefits through the Principal Civil Service Pension Scheme (PCSPS).

From 1<sup>st</sup> April 2011 the Trust no longer offered the PCSPS schemes. The Trust appointed Scottish Life to run a new Group Personal Pension Plan offering which is a defined contribution scheme. This scheme accepts contributions from both the employer and the employee. The pension is the property of the individual and will remain so even if they no longer work for the Trust.

The individual employee is responsible for all the decisions under the arrangement such as where the money is invested and what format the benefits take in retirement. There are two contribution levels with the employee choosing the one most appropriate for their needs: firstly, employer pays 6% of basic salary and the employee contribution is nil; secondly, the employer pays 9% of basic salary and the employee contribution is 3% of basic salary.

The Trust invites staff to make their contributions on a salary exchange basis.

Employers' contributions paid to the Group Personal Pension Plan in the period were £101,034 (2010-2011: £567,275 paid to the Principal Civil Service Pension Scheme). Contributions due to the pension provider at the balance sheet date was £23,575.

### 23 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 continued to follow these rules until it ceased to be an NDPB on 30th September 2011.

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.

### 24 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

### 25 Liabilities of members

Under Clause 4 of the Articles 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.

### 26 Transactions with related parties

The Charitable Company provided services to, or received services from companies with which the following directors were connected during the six month period ended 30 September 2011:

Marcia Twelftree is a consultant to the Association of School and College Leaders ("ASCL") which supplied services to the Charitable Company totalling £300 during the year (2010-2011: £7,018). There was no balance owed by the Charitable Company to ASCL at the year end.

In addition to the above, 9 Trustees received £4,270 (2010-2011: £5,781) of expenses incurred in attending Board and Board Sub Committee meetings, and other events on behalf of the Trust.

The Charitable Company received £1,703k (2010-2011: £6,920k) grant in aid income and £nil (2010-2011: £1) capital grant funding from the Department for Education, the controlling party, during the six month period. A further £59k was received from DFE for the Early Years VCS grant in the six month period.

### 27 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. Any funds not spent at the end of the life of the NDPB will 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 30 September 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 for the six months to September 2011.

## Notes to the Financial Statements

### 28 Operating leases

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

	30/9/2011 £'000	31/3/2011 £'000
<b>Operating Lease for Land and Buildings</b>		
Expiry within one year	<b>53</b>	-
Expiry after one year , but not more than five years		<b>203</b>
	<u><b>53</b></u>	<u><b>203</b></u>

Under the terms of the rental agreements with DFE, the leases for the Sheffield & London offices can be terminated with three month's notice. . The Trust moved premises in London in November 2011 and Sheffield in December 2011 and the table above shows the commitment for the period of occupation ending 31<sup>st</sup> December 2011.

### 29 Provisions for Liabilities and Charges

The Trust has no such provisions at the Balance Sheet date.

### 30 Losses and Special Payments

The Charitable Company incurred no losses or special payments in the six months ended 30 September 2011 or in the year ended 31 March 2011.

### 31 Events After the Balance Sheet Date

School Food Trust ceased to be a NDPB from 1st October 2011; hence the decision to produce financial statements for the six months ended 30th September 2011.

The Children's Food Trust has started to trade. The entity was set up as a Community Interest Company and had remained dormant until early 2012. The School Food Trust and the Children's Food Trust have agreed to work in partnership, supported by a Memorandum of Agreement endorsed by both Boards. The shareholders of the Children's Food Trust are the Chief Executive and Chair of the School Food Trust. The other Directors of the Children's Food Trust are all Trustees of the School Food Trust.

Grant in Aid was claimed in advance and £180,458.00 was repaid to DfE on 21<sup>st</sup> March 2012 following replacement of grant in aid with a grant.

The financial statements were authorised for issue by the Accounting Officer on 10<sup>th</sup> July 2012.



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