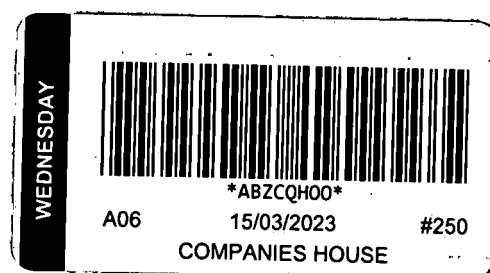


Company number: 04977015
Charity number: 1102510

Magic Breakfast

Report and financial statements
For the year ended 31 August 2022



SAYER | VINCENT
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magic
breakfast
fuel for learning

Building a stronger society

One breakfast
at a time...

Annual Report 2021-2022



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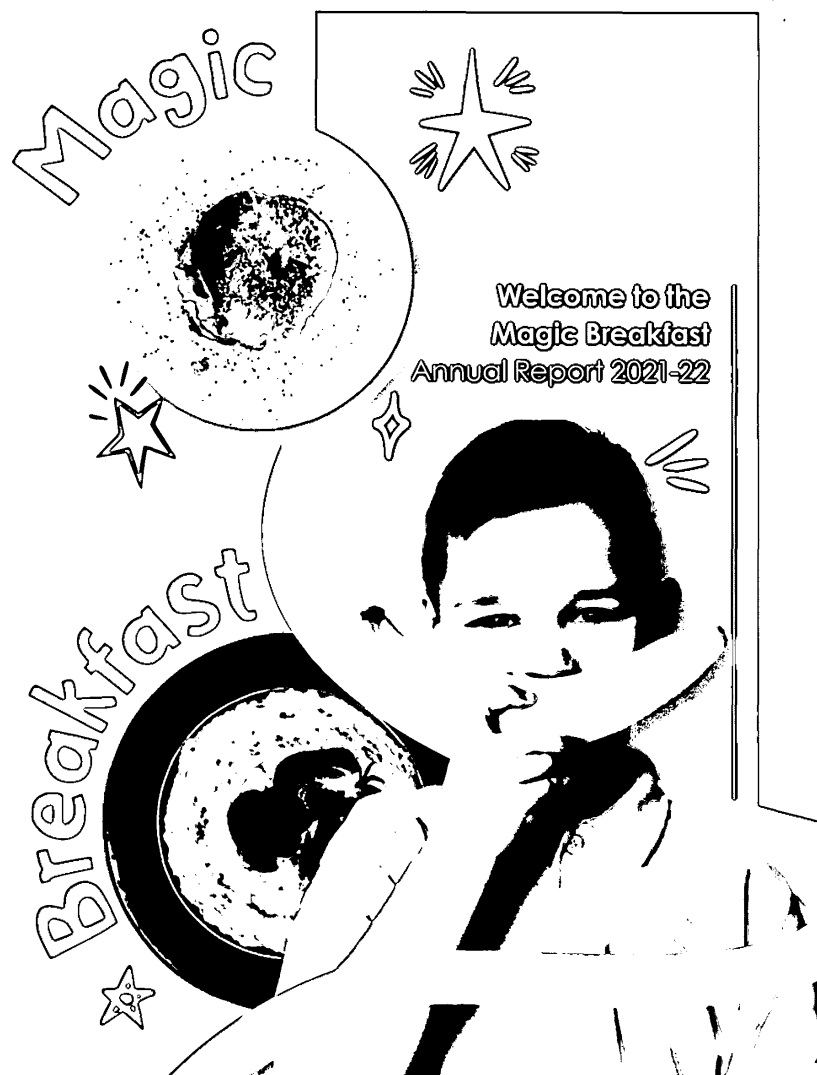
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01

From our CEO

Everyone wants to feel their work is worthwhile and valuable, and when I joined Magic Breakfast in autumn last year it couldn't have been clearer how much we were needed.

The cost of living crisis has been, and continues to be, catastrophic for huge numbers of children and young people. Just as they were emerging from the challenges of covid, with its widening attainment gap particularly for those in under-served communities, they and their families were facing growing and shocking financial hardship.

To start your school day hungry is physically painful and uncomfortable, but the effect can last longer than one day. The impact of morning hunger in a child's early years can continue right through the education system and into the world of work. In this report, we have two young people, Rowan and Fiona, who share the impact of hunger on their lives and explain why no child should be too hungry to learn.

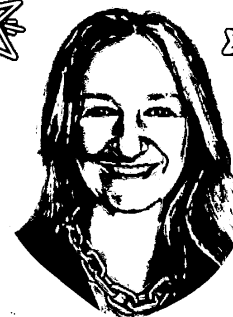
I came to Magic Breakfast having worked for a youth employment charity, which supports 14–30-year-olds who hadn't yet found success at school or work. They hadn't built trusting relationships with teachers to guide them and allow them to learn to their best ability. I immediately saw how the care that's served up alongside a Magic Breakfast can reach the very young and help create relationships that will stand them in good stead for life.

The difference that breakfast can make on children's and young people's education is well evidenced. So is the return on investment for children as well as the wider economy and society. Evidence helps inform our decisions, focuses our priorities and enables us to make the case for change. That's why our Hidden Hunger report has been so vital this year. It's given us and others in the sector a clear understanding of the state of breakfast provision, what we've achieved so far and the journey we have ahead. It gives us a clear insight into how and where we especially need to make a difference and the long-term solutions needed. Our new emphasis on research and insight as a charity will help us tackle morning hunger for good.

Throughout this year, what's struck me time and again is what I call 'the magic of Magic Breakfast'. That magic is in our people, whether that's the staff, volunteers, donors, supporters, partner schools' staff, and the children and the young people we work with. All make Magic Breakfast possible. We've been through a year of significant change here and we've all somehow managed to protect and maintain that magic. We've evolved and grown as an organisation while keeping true to who we are.

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**The care that's
served up alongside
a Magic Breakfast
can help create
relationships that will
stand them in good
stead for life.**



01

From our CEO

I've seen first-hand how we have such a positive impact on so many children. I've seen them shuffle in to school with their hoods up and heads down, not ready to engage with anyone. They've already gone through whatever they've gone through at home. It can be heartbreaking to see – until they slowly find their way to a table, sit down with a bowl of cereal, and speak with their friends, or a teacher or volunteer. Their energy is regulated. They get themselves ready to learn, ready for that school day.

As we celebrate our 20th year as a charity, it's been a tremendous time to look back and appreciate what we've achieved while acknowledging the importance of creating new systems to help our work into the future. We've been redesigning the organisation, making sure the right people are working in the right departments to improve communications and structure, to improve productivity and efficient working, to help us deliver greater and more sustainable social impact.

Magic Breakfast is so much more than a plate of food. It's the emotional connection, the feeling of belonging, a sense of love and care.

Like many charities, we are experiencing the country's financial difficulties in two ways. At the beginning of the year, it was estimated 2.6 million children were at risk of food insecurity at the start of the day. The most recent numbers are 4 million so the need for our services is surging. On the other hand, we pay for food, delivery, and transport, as well as staff and other costs and need to find ways to keep breakfast costs stable. This is why we took the decision to proactively use our reserves to maintain our services as we developed a refreshed strategy and more resilient business model.

Tackling this two-sided challenge would be tougher without all the brilliant people who have been and continue to be part of Magic Breakfast's journey. My appreciation and thanks go to the Board of Trustees who have been incredibly supportive, particularly our out-going chair Joanne Thompson and incoming chair Aniela Shuckburgh. My huge gratitude goes to them and to the staff who inspire me every day, and to the schools, funders, and most of all the youth campaigners, children and young people who've shared their stories as we've broken bread together. My thanks to them all. To create a country that's fairer and more equitable in 10, 20, 30 years, genuinely starts with breakfast today.

Together, we can do it.

L. G. McDonald

Magic Breakfast CEO

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**That magic is
in our people.**



01

From our Chair

The double impact of the legacy of covid and the ongoing cost of living crisis is having a profound effect on a generation of children and young people.

Countless, almost daily, sobering reports, including our own Monitoring and Measurement Survey 2022, highlight how teachers are increasingly concerned by the growing numbers of young people who are experiencing food insecurity, and the consequent detrimental impact on their attainment and future achievements.

This is why Magic Breakfast is needed now more than ever. However, the scale of the problem is growing and

Magic Breakfast is determined over the coming years to increase our reach, and utilise our experience and knowledge to end child morning hunger for good.

We meet this challenge robustly, thanks to the extraordinary and continuing support of our funders and stakeholders and our wonderful

partnerships with schools. Lindsey MacDonald, CEO, joined Magic Breakfast barely a year ago but, her transition into the organisation has been seamless and her indomitable spirit and commitment to ending child morning hunger is matched by an excellent staff team.

I would like to thank all the staff at Magic Breakfast for their diligence and dedication. Whether they're ensuring the daily delivery of breakfast, increasing our fundraising income and growing our partners, as well as ensuring we play a central part in the national conversation about child food poverty. Or implementing a restructure and establishing new systems to improve our efficiency and effectiveness.

I would also like to thank my fellow Trustees for their unwavering commitment and in particular, Joanne Thompson, who stepped down as Chair in June 2022 and remains on the Board. Joanne steered the organisation through a significant period of growth and transformation, making Magic Breakfast even more robust to meet our future ambitions.

Magic Breakfast Chair

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Magic Breakfast's mission is simple: no child should be too hungry to learn. I am excited about the year ahead as we seek to make this a reality.



01

Rowan's story

When you're sitting in class and you're hungry, your stomach just hurts. You can't focus all day; you can't think straight. I see it as a form of torture. Anything makes you think of food: textbooks, what people are saying... You're trying to get your work done and all you can think about is that you're not learning because you're hungry.

If you don't get your work done, you have to take it home without the resources to help. It's much harder. So you have to sit there and keep trying to learn.

Probably the hardest thing is when you have to hide how you feel from everyone. Obviously my friends care for me, but you can't always explain to them that you don't have any money, that you just can't afford to eat. You feel anxious, you feel scared, you just feel hungry. If you haven't lived through this, you're extremely lucky.

At home it's me, my mum, my brother and my dog. We all live together. My mum is training to be a student nurse and she's in her second year. Her mum was a nurse and she's always wanted to follow in her footsteps. Sometimes when the parents are working hard, it's still not enough, and it's not their fault. Sometimes the kids are working, both the parents are working, one child is babysitting the youngest, and that's not the parents' fault. It's not

the kids' fault. It's their situation and they don't have a choice. That's what I want to change.

At my school they open a canteen in the morning, and we can go and buy something, but if we don't have any money, we can't. Now with Magic Breakfast, I'm able to go and get something to eat.

Me and my friends come in early to school, so we eat and have a good laugh together. A lot of people come for breakfast at the school. It's always crowded in the morning.

school uses it. If you're poor or rich, if you're hungry, you're hungry, and it's there.

There's a lot of people from the local area that come in for their Magic Breakfast. A lot come from my neighbourhood and really everyone in the

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Annual Report 2021-22

If you haven't lived through this, you're extremely lucky.



01

Rowan's story

Having breakfast in the morning gives lots of kids who are at a disadvantage the chance they need to go further. They don't really have the same chance as everyone else – look at the statistics – but that's life, that's why I've joined Magic Breakfast as a Youth Campaigner. I want to fight for change for kids like me who have found themselves in a situation that they can't control and are forced to go to school every day hungry.

Magic Breakfast are the people who give me breakfast, and when I campaign with them, I feel amazing. I live in quite a deprived area. There isn't

much of anything here, a lot of problems with drugs and crime and it's been hard. I want to help other kids who are going through what I've been

I want to fight for kids who think that they don't have any way out of poverty they're just going to end up back there. I want to show them that they can get out and they can work their way up.

through. If that was me, I would want someone to help me – and Magic Breakfast did. So now I'm giving back. I want to change it for others, so they don't

There is a voice
fighting for these kids
but it isn't loud enough

have to go through what I had to go through. They shouldn't have to be hungry every day. That's not right. They're kids. They can't control what happens around them. I would like to do my best to make sure they don't have to go through that, maybe by becoming a politician. I want to run as an MP and get into the House of Commons and fight for all these kids from deprived neighbourhoods.

There is a voice fighting for these kids, but it isn't loud enough. We need to make it louder. I want to send a message to all of them who think they don't have any way out of poverty and they're just going to end up back there. I want to show them that they can get out and they can work their way up. With Magic Breakfast we can make a change.

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Magic Breakfast are the people who give me breakfast, and when I campaign with them, I feel amazing.





Fuel for learning

02

Our experience

Coming out of covid

Schools going back

Amy, Magic Breakfast Engagement Partner

What did you notice about the impact of covid on families?

The stories I heard were about families needing help who had not previously been on the school radar for this. In my schools in Cornwall, this was because so much of the work available for parents was based around tourism, and that collapsed for the best part of two years, leaving massive unemployment. There was often no recourse to any of the support packages as they'd worked a kind of seasonal, gig economy.

Because these families had not needed to access help before, there were difficulties around this in terms of a perceived stigma and feelings of shame. This means there were barriers to them being willing to receive help, and to know where or how to access it.

Of course this new need was having to be dealt with by schools using the same or fewer resources than were available before, from hardship funds to the staff's capacity to offer support. One impact was that there was quick uptake among schools for our services and more children having a Magic Breakfast.

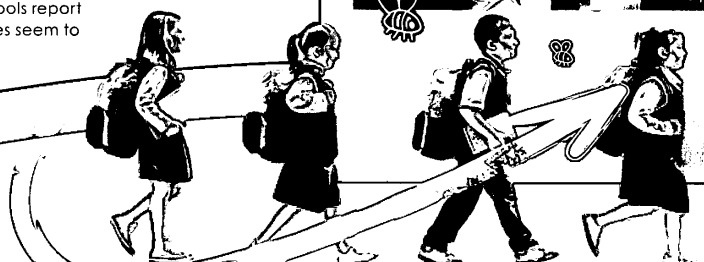
What changes have you seen in the time since covid?

There are much higher staff turnovers in schools and staff are talking about the pressures at work being unprecedented. It's easy to see that the two are linked. I speak to school business managers who tell me that they just can't make the numbers work and have run out of solutions. I speak to admin staff who highlight that they are covering a massive volume of work because of staff cuts, illnesses and staff leaving, and they're anxious that something important will get missed in all the change.

When it comes to families, my colleagues around England and Scotland agree that there's a greater reliance on our breakfast provision from many families, including those who are just about managing. More food is being requested and provided in individual schools. Some schools report that all their families seem to be struggling.

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There are much higher staff turnovers in schools and staff are talking about the pressures at work being unprecedented.



Coming out of covid

How do you think life has changed for disadvantaged students since covid?

During covid, I honestly thought that we would come out of the other side with a real positive shift, a greater public awareness of food poverty and how it's linked to lower achievement levels. The reality is I think the gains have been subsumed by the cost of living crisis. The general tone seems to be that there isn't enough

It seems to me that the way Magic Breakfast reacted to covid shows it can find itself in extraordinarily difficult circumstances and develop its way of working accordingly, for instance in the way it delivered food to homes.

money in the pot, be that at Government, council or school level, and that non-essentials will have to give. My concern is that breakfast will be one of those. Lots of my schools are running catch up sessions, but it doesn't seem like enough, as disadvantaged

children are so far behind academically, and especially when coupled with the extra financial pressures this winter and beyond.

The charity demonstrated initiative to create a new model and mobilised fast to make it happen. We heard from so many schools how grateful they were. How grateful the parents were. The phrase that came up time and time again was that it was a 'lifesaver'.

There are definite signs that the longer-term impact will be that the charity is open to building on the success of this fast-paced, responsive approach, and that going forward we'll innovate to reach the hunger need.

Post covid, we're living through a cost of living crisis. How badly is Magic Breakfast needed now?

That's the crunch isn't it – that we're needed more than ever right now, right on the back of covid, and back then we also genuinely thought we were needed more than ever. I know that schools feel a sense of a burden being relieved when they can offer every child breakfast. It's one less thing to worry about in terms of the children's welfare, and the staff can then focus on the other pressing needs they face. I hear a lot of pastoral staff and school leaders saying, 'At least we know that our children have had two key meals here with us at school'.

With so much hardship about, why is something as simple as a breakfast for children who need it every morning not just provided in today's world?

People fail to see the long-term value and the way the economy, society and everyone gains when children are well-nourished. I believe more work must be done on breaking down unhelpful stereotypes around those families who need help. The idea that they are somehow to blame is politicised and used as an excuse not to help.

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As colleagues have said, it's not the hungry child's fault.

And who can argue with that?

magic breakfast
fuel for learning

02

The support we give, the support we get

When a breakfast is so much more than food

This year we've heard, more than ever, how vital and valuable our work is. We hear how much a school breakfast benefits disadvantaged children, helping many of them turn up on time, make friends and become more confident.

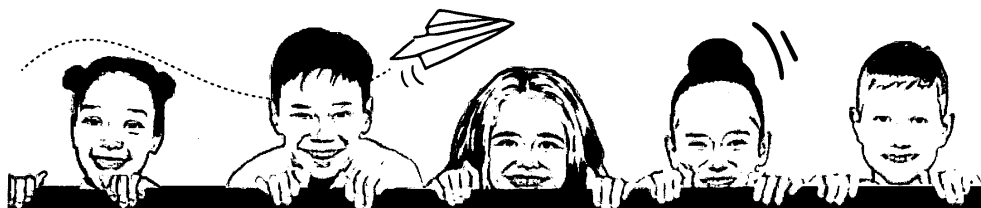
In England a huge 95% of schools we spoke to (796) reported breakfast helping with concentration in class, with almost the same number telling us that food improved energy levels, alertness, and readiness to learn.

In Scotland, every teacher we surveyed said concentration in class, energy and alertness levels and readiness to learn had all improved. **100 per cent!**

For schools and parents, it's a joy to see children's levels of health and wellbeing rise, all through mixing and eating together at the start of the day. And it's not just anecdotal evidence that supports the need for breakfast provision. Independent research, funded by the Education Endowment Foundation and carried out by the Institute for Fiscal Studies, showed

The same study found that pupils' concentration and behaviour improved, which in turn improved outcomes for all children by creating better classroom environments.

that children from a school that offered Magic Breakfast gained two months' additional progress in key subjects at KS1.



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In England

95%

reported breakfast helping with concentration in class

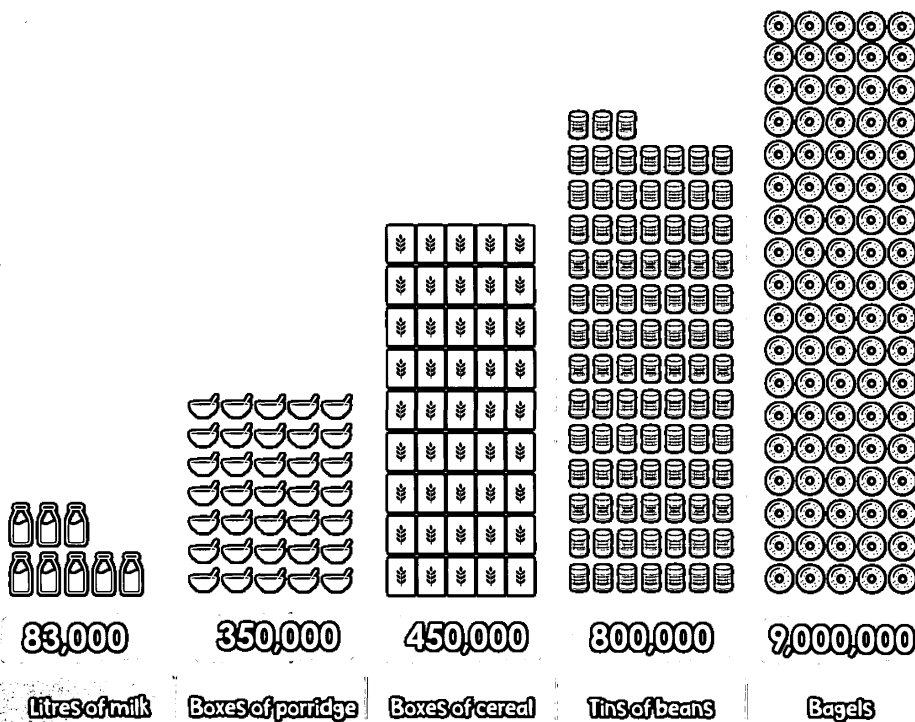


In Scotland

100%

concentration in class, energy and alertness levels and readiness to learn had all improved.

Magic Breakfast has provided:



Every meal has
its own special
value; every
child has their
own story to tell.

It's with great pride that we announce that this year we delivered 41 million breakfasts. These went to more than 200,000 children at 1,040 schools over the year. On top of this, in conjunction with Amazon, Kraft Heinz & Quaker, we delivered nearly 145,000 home delivery food packs.

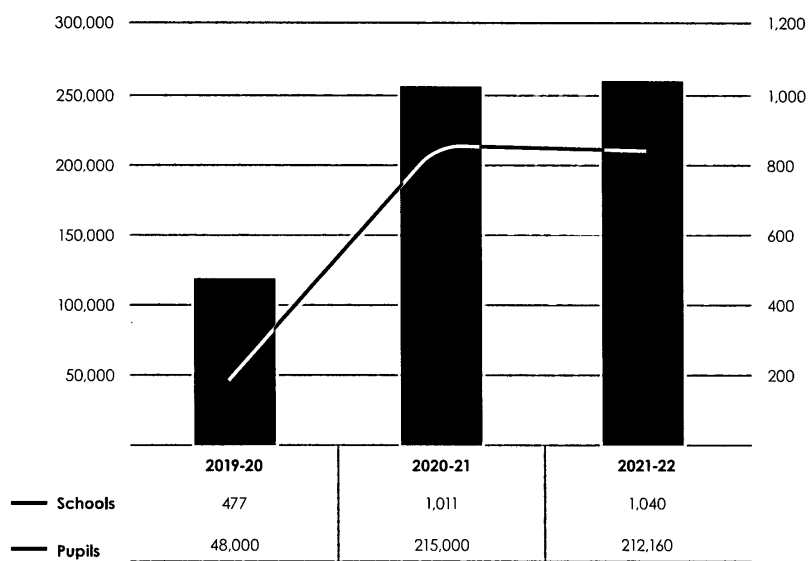
On top of this we distributed approaching 50,000 copies of *Silas and the Marvellous Mists*, from our friends the Marcus Rashford Book Club, and more than 86,000 copies of Marcus's book *The Breakfast Club Adventures*, additional boosts of escapism and fun.

For Magic Breakfast, the past 12 months has been a time of reflecting on 20 years of success as a charity and it's also been a time of change and growth. All of this is critical at a time of growing inequality that resulted from the pandemic, an increase in child hunger and a widening attainment gap. We are needed more than ever.

02

The support we give, the support we get

Magic Breakfast's operations (2019 - 22)



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Breakfasts delivered
41 million



Children accessing breakfasts
212,160



Schools receiving breakfast
1,040



Home delivery food packs
145,000

02

Making our voices heard

The cost of living crisis has placed the work we do right at the top of the agenda. The need for the services we provide is clearer than any of us can remember.

And we've faced a bumpy political ride this year. Three Secretaries of State for Education in just three days; three different Prime Ministers in two months. Amidst political and economic turmoil, the crisis has deepened.

Families living in poverty are making difficult decisions every day on how to spend their limited resources. Meanwhile schools funding is decreasing in real terms, and they face crippling energy costs to keep the lights on and classrooms heated, and soaring food inflation to keep pupils fed.

To support schools, we published a funding paper to explain how **Funding a Better Start** can be employed to support breakfast provision.

In response, we've developed a bold new plan to advocate for change. We've held workshops bringing in external experts to input on food insecurity, child poverty, educational attainment, and health and nutrition. This means, despite the challenges we've faced, we are looking outward, being open and collaborative with a clearer voice. We hope to be a credible, trusted voice with children and young people at its heart. We're clear that breakfast provision must be shifted from something that's 'nice-to-have' to a necessity for those facing hunger, so that all children can achieve to their potential.

The rising cost of living...



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of Magic Breakfast partner schools

81%

surveyed believe that child hunger has increased in their school community in the past year (2021: 79%).



of Magic Breakfast partner schools

94%

surveyed believe that poverty has increased in their school community in the past year (2021: 89%). Almost all schools (97%) believed the increase in poverty or child hunger resulted from the cost of living crisis.

02 Making our voices heard

#HungerIsStillHere

Ahead of the 2021 Autumn budget announcement we launched our **#HungerIsStillHere** campaign to extend the National School Breakfast Programme, to reach all schools in disadvantaged areas. At best only a third of the most disadvantaged schools are currently offered any support and this plan isn't sustainable as schools are left to pick up much of the cost. We asked the public to email their MP to let them know how it isn't right that children's education and life chances are restricted by hunger.

#TooHungryToLearn

Then in the spring and summer of 2022 we delivered our **#TooHungryToLearn** campaign, uniting around 2,000 voices from charities, headteachers, brand partners and the public, outlining the need for free

universal school breakfast provision. The letter was penned by our Youth Campaigners, who backed this up with media interviews, including a 7-minute feature on Sky News, and delivered it to Downing Street in July.

Hidden Hunger Report

A key part of the campaign was the release of our **Hidden Hunger: The State of UK Breakfast Provision 2022** report, the largest review of breakfast provision across the country to date. It highlighted that a postcode lottery exists and called on governments at all levels to act now to address the disadvantages caused by food insecurity. We supported this with events at Westminster, including a roundtable of MPs and an MP breakfast drop in. All of those at the roundtable wrote personally to the Secretary of State for Education, to call for an immediate £75m investment in school breakfast provision.

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Number of voices united for the #TooHungryToLearn 2021 campaign

2,000



Immediate investment called for by roundtable of MPs

£75m



Hunger is still here campaign



Too hungry to learn campaign



Our Hidden Hunger report



02

Making our voices heard

Fueling a Brighter Future

In June we hosted local authorities – elected and unelected officials – from across Scotland to highlight the pressing need for Scottish Government to deliver on their promise to roll out breakfast to primary and special education schools.

Lived experience voices

We learnt a lot from the Too Hungry to Learn campaign, in particular working with our Youth Campaigners, who came together for a weekend residential training in advance of the campaign to support their actions. We know we can draw on the lived experience of young people, our beneficiaries, partner schools and expert front-line staff to illustrate the impact of morning hunger to support our calls for change.

Wraparound childcare

Our work benefits parents as well as children. The Scottish Government and the Labour Party have both stressed the need for 'wraparound childcare'. In July, we **published a briefing jointly with Child Poverty Action Group (CPAG)** on the economic case for wraparound care, and the benefits this can have on children's futures. This report has been invaluable in our meetings with MPs.

'Delivering Breakfast'

In Scotland, our first **Spring Policy Briefing** Series, included 'Delivering Breakfast', exploring the different ways the Scottish Government could help break down barriers to providing breakfast in schools. We released our report 'Integrating Childcare and Breakfast Provision', that looked at our recommendations for the Scottish Government's plan for wraparound childcare in Scotland and how to ensure it is hunger-focussed.

Hungry children cannot concentrate in class...

A highlight was working with three Scottish Youth Campaigners who delivered a **letter from Scotland's Young People** to local election candidates, telling them, "Hungry children cannot concentrate in class... The attainment gap perpetuates the cycle of poverty." The letter stressed that free breakfasts showed young people how valued they are in their learning environments. The Scotsman ran the letter, with an accompanying news story, while the campaigners received the support of 13 leading organisations representing tens of thousands of young people. Fantastic to see young people fighting for their friends.



Wraparound
childcare



Spring Policy
Briefing



Letter from
Young People

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"Hungry children cannot
concentrate in class...
The attainment gap
perpetuates the
cycle of poverty."



2021-2022

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2021

#HungerIsStillHere

The campaign to reach all schools in disadvantaged areas.

2022

Scottish report series

We released our reports 'Integrating Childcare' and 'Delivering Breakfast'.

2022

Residential training

Youth Campaigners attend a weekend residential training in advance of the campaign to support their actions.

2022

Hidden Hunger report

The largest review of breakfast provision across the country.

2022

Letter from Scotland's Young People

Scottish Youth Campaigners delivered a letter from Scotland's Young People to local election candidates.

2022

Hosted local authorities

Pressing need for Scottish Government to deliver on their promise to roll out breakfast.

2022

#TooHungryToLearn

2,000 voices unite outlining the need for free universal school breakfast provision.

2022

Wraparound care

Published a briefing jointly with CPAG, on the economic case for wraparound care.





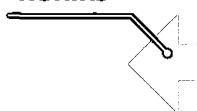
Energy for young minds

03

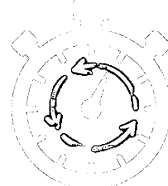
Change and growth

03 Key stats

9.3
months



18
months

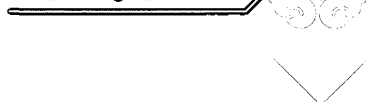


In England, by the time they finish primary school, disadvantaged pupils are 9.3 months behind their wealthier peers.

By the time pupils finish their GCSEs, this gap has increased to 18 months.

Education is one of the best routes to social mobility. This is why feeding a hungry child at the start of their day, so they have fuel for learning is so important.

73.2%



70.2%



73.2% of pupils from the most deprived areas passed Scottish National 5, down from 81.2% in 2021. This is 14.6 percentage points below pupils from the least deprived area where the pass rate was 87.8%.

70.2% of pupils from the most deprived areas passed Scottish Higher, down from 83.2% in 2021. This is 14.9 percentage points below pupils from the least deprived areas where the pass rate was 85.1%.

England attainment stats:
Education Policy Institute, Education in England: Annual Report 2020, 25 August 2020, <https://epi.org.uk/publications-and-research/education-in-england-annual-report-2020>

Scotland attainment stats:
Scottish Qualification Authority, Equalities Monitoring Report 2022, 9 August 2022, https://www.sqa.org.uk/sqa/files_ccc/equalities-monitoring-report-2022.pdf

03 Fundraising and development success

Our fundraising and development team has continued to work with new and existing donors to unlock vital funding and support. This support was crucial as we set ambitious targets to help transition at the end of the National School Breakfast Programme (NSBP) contract. As set out in our last annual report, the charity chose to not apply for the new contract in 2021 and planned use of its surplus reserves to ensure continuity for schools.

After the end of the NSBP contract, as well as the one-off increase in donated goods received during the height of the pandemic, this year saw income reduce from £9,011,871 (2020-21) to £7,491,970 (2021-22). This equated to 97.3% of the budget (£7,696,777) and here is an overview of what we achieved:

New business partnerships

We launched new business partnerships with a focus on multi-year commitments, including £300,000 over two years from the Zurich Community Trust and substantial investments from the Barratt Foundation and asset management company Janus Henderson. We also extended support from organisations including The Peace Train and players of People's Postcode Lottery who have now raised an incredible £2.9million to support our growing need.

New opportunities

We sought opportunities to increase our 'gift in kind' contributions. We rolled out provision of Arla milk across 215 schools, secured new support from companies including Ocado Zoom, and continued to uplift our supply of other donated products.

Fill a Bowl promotion

Porridge oats giant Quaker organised a Fill a Bowl promotion that led to 3.5m branded limited edition packs appearing on shelves across the country. They gifted us half a million bowls of porridge, raised £50,000 towards our work and scored 40m social media hits.

The Make Mornings Magic campaign

New York Bakery Co's Make Mornings Magic campaign included a donation of 500,000 bagels, reached more than 1m people via social media and achieved more than 35 pieces of media coverage. Kraft Heinz who provided baked beans to 300 partner schools, also ran a series of on pack promotions as well as an advertising campaign which led to 46m digital impressions.

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Money donated so far
from players of People's
Postcode Lottery

£2.9m



Schools supplied
with Arla milk

215



Raised from Quaker
Fill a Bowl promotion

£50,000



Raised from the 'Behind
the Magic' dinner event

£113,000

03 Fundraising and development success

'Behind the Magic' dinner

To celebrate our 20th anniversary, we held our first Behind the Magic Gala dinner to celebrate our impact to date, and to raise money for our future ambitions. The evening raised £113,000 and included music, auctions, highly emotional speeches, and the premiere of our film No Child Too Hungry to Learn.

Fundraising mail out

In December, our first fundraising mail out raised over £114,000 in donations, along with some generous direct debits. During exam season we ran our 'Fuel for Success' campaign, which highlighted the impact hunger in the mornings has on educational attainment and raised more than £300,000. Our mass participation event, 'Great Big Breakfast', held on Pancake Day also raised vital funds and attracted nationwide support.

Diversity and sustainability of voluntary income

As we continue to invest in the diversity and sustainability of our voluntary income, we are especially grateful for the commitment of donors to provide unrestricted funding. This has been particularly helpful as we navigate a changing and challenging landscape.

Media coverage

Altogether this year our media coverage achieved a great deal. We featured in a seven minute live segment on Sky News and four other national broadcast slots. Our social media coverage increased, including 49% more engagement on Twitter.

This supports all our fundraising.



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First fundraising
mail out raised

£114,000



Fuel for Success'
campaign raised

£300,000



Live segment
on Sky News

7 min

* four other national broadcast slots.



Increase in social media
engagement on Twitter

49%

03

Change and growth

We've harnessed the energy and commitment shown by our teams with a new vision and mission for the charity, together with structural alterations to make us a more effective and efficient team.

We've improved our productivity, largely thanks to new business systems and visibility of key data for decision-making. Information we've been able to access from these changes has been vital especially because of the huge increases in fuel and food costs we've faced this year. These shifts ensure we can continue to reach those in need and manage the risks we face.

We've refreshed our strategy as an organisation, emphasising our focus on the difference that our services make to pupils' education and attainment. We've built our strength in advocacy and policy work to find out what needs to be done to stop children and young people going hungry and how to make that happen. A huge development for the charity.

We are creating systems for innovation and continuous improvement to allow us to achieve all we can with our resources. We have a business plan that's looking several years into the future to help us put the very best foundations in place for building on our efforts to date. We have a new system of values that shines through in the ways we communicate and operate.

Part of this is our philosophy that 'failing is learning' – we're not afraid to challenge ourselves.

We make the changes we need to build a stronger future.

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**We're dedicated
to building a
stronger society...
One breakfast
at a time.**





Our people and systems

We are a people-centred organisation. We introduced our first People Strategy and set Magic Breakfast's people vision.

As well as updating our vision, mission, and values we undertook an organisational redesign with generous support from Q5 and with input from all staff, Trustees, and key stakeholders. This work identified five areas of activity, which formed the basis of five new departments and helped us to better align activities.

The new structure reflects the significant growth that Magic Breakfast has experienced in recent years and ensures we are fit for purpose and for the future.

The closing headcount of 70.2 is an increase from 65.6 which reflects the increase in schools supported and the strategic focus on making the case for change which is to support the aim of ending child morning hunger for good.

In line with these structural changes, our senior team was repositioned from a Senior Management Team to a Senior Leadership Team. New roles and job descriptions across the charity emphasise the qualities needed to enable an

open and collaborative culture. We also moved offices this year, and thanks to generous support from Fora and Pearson have donated office and meeting room spaces.

We have put in place enabling policies and systems to foster a high-performance culture that reflect our values and commitment to equity, diversity, and inclusion (EDI). This has seen focused work to enable a clear and consistent approach to hybrid working that ensures accessibility and recognises the high proportion of staff with carer responsibilities. Our support and supervision conversations highlight the role individuals have in progressing our EDI commitments and ensure we can offer suitable and tailored wellbeing support. These set the foundations for a clear and robust action plan to be developed in 2022-23.

Other work to develop our data and digital infrastructure saw the implementation of an Enterprise Resource Planning (ERP) system in April 2022. This has enabled the integration of food order management within the ERP and additional insight to manage the food costs of the charity. The GIK funding support for the implementation was included with 2020-21 income. The net value of the intangible software asset for the system's implementation is £182,848.

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Our People Vision is that our people are happy, fulfilled, and able to bring their whole selves to work to make a measurable difference to the lives of hungry children and young people.



04 Financial review

Our finances

We have proactively and strategically used our financial resources to navigate change and growth. In the financial year 2021-22, the charity made a deficit of -£1,447,234 (2020-21: surplus of £695,827). The planned deficit was higher than budgeted, as we chose to maintain our services and absorb the significantly higher cost of food and delivery caused by inflationary pressures in the year.

Magic Breakfast has an accumulated surplus of unrestricted reserves of £1,825,546 (2020-21: £3,688,144). This equates to 3.0 months unrestricted reserves, which falls below the reserves target set out in our reserves policy.

To ensure we do achieve the unrestricted reserves target and more sustainable finances in 2022-23 we will take several actions that are set out in the sections that follow. In setting our plans we included:

- **a comprehensive review of our service delivery model and cost base to ensure we are as efficient as possible while maintaining our core principles of being hunger-focused, stigma and barrier free**
- **phasing digital and transformation initiatives (and accessing pro bono support where possible) to manage staff levels and additional costs.**

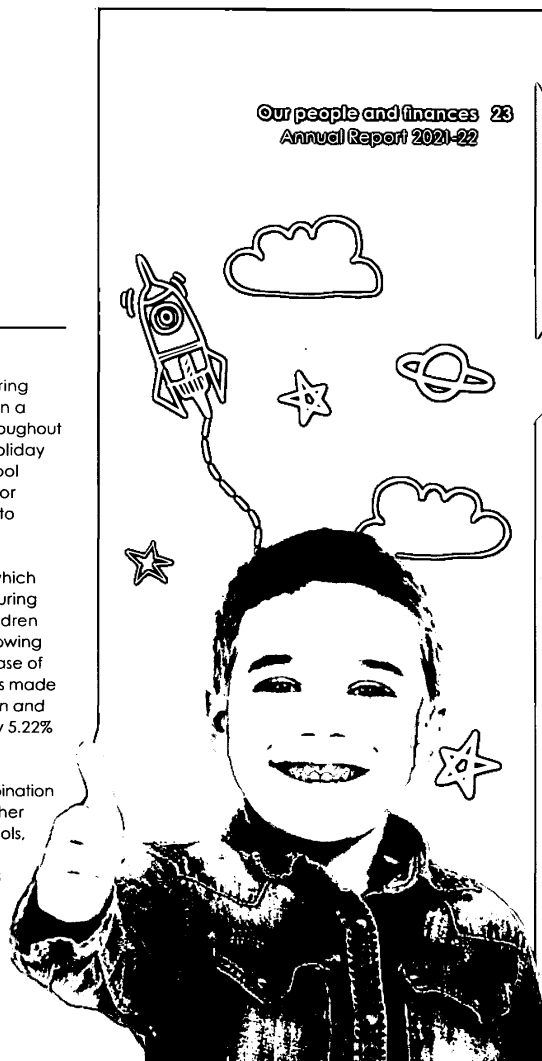
Rising costs and need

While the deficit was higher than planned during 2021-22, Magic Breakfast was able to maintain a comprehensive support package for schools throughout the full year. Magic Breakfast also provided holiday food provision throughout the three main school holidays and additional breakfast provision for half-term holidays for schools who were able to support this.

We ended the year supporting 1,033 schools which is an increase of 22 from the end of 2020-21. During the year a combination of rising inflation, children and young people returning to schools and growing need drove a significant increase to the cost base of Magic Breakfast. The reported cost of food aid is made up by support for schools as well as the provision and shipment of food to schools which increased by 5.22% to £7,054,655 (2020-21: £6,704,898).

The increase in cost of food is caused by a combination of factors. More schools being supported, higher pupil uptake and growing demand within schools, a return to school delivery after lockdowns, recruitment of engagement partners as schools were recruited from the NSBP programme, and inflation. As schools returned to more normal operations after lockdown, there has been a shift in breakfast provisions, with more schools

Our people and finances 23
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04 Financial review

providing a classroom provision (58%) when compared to 33% in 2019.

Developing a diverse and resilient income model

With more schools supported, the membership income grew to £820,834 (2020-21: £478,962). Although this increase of 71.4% is significant, the membership fees only cover a small proportion of the direct cost of food and delivery provided.

Currently Magic Breakfast has support from Hammersmith and Fulham Local Education Authority who fund breakfast provision for primary

schools. As we seek to make the case for policy makers to fund hunger-focused school breakfast provision there has been greater interest from local authorities to explore similar opportunities elsewhere. It is hoped that more partnerships will be launched in 2022-23, increasing revenue through commissioned services.

The breakdown of income and expenditure for the year 2021-22 can be seen to the right.



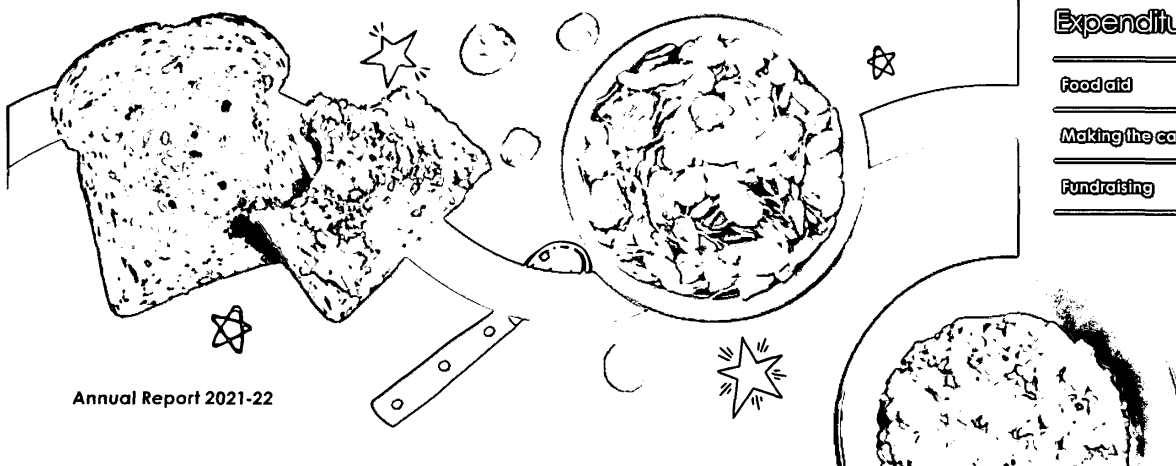
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Income:

Donations, investments and other income	48.2%
Membership income	11.0%
Grants	24.1%
Donated goods, facilities and services	15.5%
Contract income	1.2%

Expenditure:

Food aid	78.9%
Making the case for change	9.6%
Fundraising	11.5%



04 Future plans

Magic Breakfast was set up in 2003 in response to shocking need in the UK. Sadly, despite significant growth, increased national profile, incredible social impact, and successes in the policy space – the need for Magic Breakfast is growing.

2021-22 has been a year of change and growth – building on the success, experience, and impact of the charity's journey to date. We know that Magic Breakfast occupies a unique position and has reached a stage where investment is needed for internal systems to operate more efficiently and build our capacity at scale. Some of this work has begun and we have plans throughout 2022-23 to take this further.

We will invest in our productivity to let us minimise cost while maintaining our focus on being stigma and barrier free. This will see us assess the return on investment in different parts of the charity, review our service delivery model and supply chain and the relative efficiency and impact of different types of breakfast provision. We plan to leverage our strengths and reconcile the tension between our desire to tackle the issue of child morning hunger now (through breakfast provision at scale) and for good (through advocating for policy changes and government investment). This will see us drawing greater insight from our service delivery through our research programme to inform our advocacy.

We also hope this helps us to secure more revenue through public sector funding by working with local

and combined authorities as well as national governments to highlight the value and impact of school breakfast provision.

The scale of the challenge means that we cannot do this on our own. We will develop our marketing and insights capability through detailed brand and narrative review alongside improved monitoring and evaluation of key metrics to increase reach and engagement. We want to better understand audiences and continue to put children and young people's voices at the heart of our work and storytelling and there are plans underway for our first research project to engage directly with pupils, parents and caregivers.

Ultimately, we recognise that to achieve our intended social impact, we need to have a sustainable financial model. It will take time to build but we have identified the paths we believe can unlock this in 2022-23. This includes increasing the proportion of earned revenue through membership fees and commissioned services, which will require a continued focus on the quality and consistency of our services. With a strong team and plans in place, we will continue to build revenue across all fundraised income streams with a focus

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Strategic objective 1



Ensure a nutritious and filling breakfast is provided to as many pupils at risk of hunger as possible

Strategic objective 2



Build a movement to push for a solution to child morning hunger

Strategic objective 3



Operate efficiently and responsibly with greater internal and external collaboration

04 Future plans

on longer-term partnerships to ensure future sustainability and planning.

We will also continue to focus on our cost per breakfast. We know that through collaboration we can unlock more donated food products, helping us navigate the continued pressure on costs. We have introduced an innovation team to help test and implement these ideas and will recruit a supply chain and logistics advisor to support our board at a strategic level. These expertise help us to diversify our breakfast provision as we push to increase its nutritional value, reduce our carbon footprint, and ensure it is as inclusive as possible.

Our People Strategy will enter its second year and see us focus on employee engagement (with a target of increasing our survey's score from 69% to 75%), developing our EDI strategy and action plan, and progressing our efforts to be an employer of choice. In addition we will have a new and

transparent pay structure, enhanced learning and development opportunities, and create pathways for talent development and succession planning.

All of this will help us maximise our impact for children and young people.

Our people and finances 26
Annual Report 2021-22

We will work strategically with existing and new corporate partners to identify additional ways to create shared value for the ultimate benefit of children and young people.





05 Fiona's story

Ten years ago, I was at school in one of the most deprived areas of London, from a family of refugees from the Kosovan war. Now I'm at Oxford, the best university in the world. Magic Breakfast is part of that journey.

In my childhood days pretty much everyone I knew in our council estate was on free school meals. A lot of families lived below the poverty line. Me and my sisters all slept in one room. A family near us had seven people sleeping in one room.

It wasn't like we were all receiving charity, which might have felt a bit humiliating. There was no shame or stigma around it, though we knew we weren't the richest kids.

My memories of our Magic Breakfast at school are partly how much fun it was. The school had a big family feel and I think a big part of that was because we shared a meal in the morning.

be quite stressful and hectic for the parents, while the child is bundled up and sent off to school. I think

One thing I remember is how calming it was to have this start for the day. I think especially when you come from a working-class background and your parents are both working full time, it can

getting there early for Magic Breakfast relieves a burden for the parents. They know their kid is safe before they head off to work and eating breakfast with my friends was such a positive way to start the day.

Having breakfast helped me focus a lot more in school. People underestimate how kids pick up on issues like financial stresses. Even though you can't understand them, you can recognise them early on. A lot of kids in primary school had that on their minds before coming to class. So having this space together before lessons was really important, feeling well fuelled, engaging positively with the teachers. All of this helped me in my academic journey. **Magic Breakfast was crucial.**

Looking back, it's undeniable that being well fed and having a peaceful space before class had a positive impact on me. Even today, if I rush to a lecture without eating breakfast, I start to blank out. You're trying to absorb a lot of information but how can you focus on like algebra or the theory of anything if your body hasn't had something to eat. For kids, they have no choice if they're not given the food. It's more of a helpless hunger, a hunger that is forced upon them.

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Annual Report 2021-22

It's undeniable that being well fed and having a peaceful space before class had a positive impact on me.



05 Fiona's story

My experiences have led me to want to work with charities for younger people, helping them to rise up against difficulties they may face. I'm currently working on a fundraising dinner for Magic Breakfast at my college. It's going to be great! We'll have live music, raise awareness, and raise all the money we can.

My wish for the future is that we see more Government support. They can't take a backseat. We cannot get comfortable with charities doing the work for them. The Government should be footing the bill and Magic Breakfast should maybe work in partnership with local authorities. That's my long-term solution.

In the short term, private companies and individuals must carry on supporting and donating what we can. That's the way that we can carry on feeding children across the country who need our help while we continuing to lobby the Government. We think of the UK as wealthy, but food poverty is a big problem and it's affecting so many. But there are people at university who can't decide between eating and paying for accommodation. The side effects have an impact on our productivity. If people are hungry

it's going to be bad for industry, for schools, for universities. No one can work well if they're hungry. We need to meet basic needs before we can take a step forward as a country.

I'd like to go on from here to work in the civil service or be a diplomat for the Foreign Office. After that I'd like to work for an intergovernmental organisation like the United Nations, even the United Nations High Commissioner for Refugees because of my family's experiences.

In the meantime, I would say to anyone reading this annual report thank you for your interest – and never underestimate how the smallest things can have an impact.

That food before school: it may just be a bagel, some cereal, some orange juice, but it will make a bigger difference than you think.

Never underestimate how the smallest things can have an impact.

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Annual Report 2021-22

My wish for the future
is that we see more
Government support.
They can't take
a backseat.





06

Trustees' annual report

A big **thank you** for your support

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Corporate	Amazon UK Ardian Foundation Arla Foods UK Aspect Capital Avenir Global Beauty Pie Ltd CABWI Central England Co-operative D&D London Limited Dishoom Fora	Grupo Bimbo UK Ltd Hawksmoor Hiscox Foundation Janus Henderson Foundation Kellogg's Kraft Heinz Marsh Mesmerise Noble Foods Pearson Quaker Oats UK	Reynolds Spitfire Audio The Barratt Foundation The InfraRed Charitable Foundation The Permira Foundation TJC Weetabix Food Company Wesleyan Zurich Community Trust
Major Donors	Erica Wax and Andrew Balls Goldman Sachs Gives (as directed by Luigi Rizzo) Jane Holbrook	Phil Davies and Family The Jectus Charitable Foundation Trevor Norwood	
Development Advisers	Nick Lawson Priyan Shah Saloni Thakrar Saloni Thakrar	Shahrzad Atai Simon Woods	
Trusts and Foundations and Statutory	Allan & Gill Gray Philanthropies Clara E Burgess Charity DVS Foundation Impact on Urban Health London Borough of Hammersmith & Fulham	Players of People's Postcode Lottery Sounouyergon Foundation Tesco Community Grants managed by Groundwork The Childhood Trust The Durham Freemasons	The John Armitage Charitable Trust The Peace Train Foundation The Swire Charitable Trust The Taylor Family Foundation WPA Foundation

Statement of public benefit and company details

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Statement of public benefit

The Board of Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

All activities of the charity, in line with the charitable objectives, are focused on eradicating hunger in the morning and the alleviation of food poverty for schoolchildren in this country. The charity actively takes a non-stigmatising approach in its work to make sure it can be accessed by all who need it.

As described through this report, this is achieved through the provision of healthy breakfasts and expert support to partner schools. We help them reach the most vulnerable children, engaging the whole school community in understanding the importance of eating a healthy breakfast every day, and putting in place a provision that is sustainable for the future.

Company details

Chair and Vice Chair

Aniela Shuckburgh, Chair (from 22 June 2022)
Joanne Thompson, Chair (to 22 June 2022)
Alison Inglis-Jones, Vice Chair (from 21 September 2021)

Board members

Andrienne d'Arenberg	Julie Harkness (appointed 22 June 2022)	Phil Davies
Emma West	Michael Honan	Richard Lackmann
Jackie Newell (appointed 22 June 2022)	Nicola Noble (resigned 16 January 2022)	Varsha Venugopal

Company registration number 04977015

Charity registered numbers 1102510 and SC048202

Registered office 190 High Holborn, London, WC1V 7BH

Principal operating office Fora Brick Lane, Princelet Street, London, E1 5LP

Company details

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Senior Leadership Team	Chief Executive - Lindsey MacDonald (from 22 November 2021) Director of Fundraising and Development – Emily Wilkie Director of Policy and Engagement – Jacquie Bance de Vasquez (from 22 February 2022) Director of Service Delivery – Sam Boulton (from 21 March 2022) Head of Finance and Performance – Anthony Eckersley (from 14 February 2022)
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Former members of the senior management team	Interim Chief Executive – Anthony Kildare (from 11 January 2021 to 26 November 2021) Chief Operating Officer – Derek Morgan (from 9 May 2018 to 24 November 2021) Head of Communications – Sophia Dettmer (from 5 January 2015 to 13 April 2022) Head of Delivery (Schools) – Rachael Anderson (from 5 May 2014 to 19 November 2021)
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Website	www.magicbreakfast.com
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Professional advisers

Independent auditors	Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL
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Bankers	The Royal Bank of Scotland, 49 Charing Cross, Admiralty Arch, London, SW1A 2DX
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Insurance brokers	Surrey Insurance Limited, PO Box 1533, Woking, GU22 2RY
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Legal advisers	Bates Wells, 10 Queen Street Place, London, EC4R 1BE
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Company information

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Governance and leadership

The charitable company is registered as a charitable company limited by guarantee and is constituted under a Memorandum of Association dated 26/11/2003 with the registered charity numbers 1102510 and SC048202. The company incorporated in November 2003 and was awarded charitable status in March 2004.

Magic Breakfast's aim is to alleviate child hunger and poverty as a barrier to education through the provision of healthy breakfasts to children across England and Scotland. This is being achieved through two key activities: food aid and capacity building in the school communities to reach each child at risk of hunger and making the case for change to ensure permanent funding for school breakfasts.

This reflects a change in the charity's objectives since the last annual report as we combined 'food aid' and 'building capacity' into the holistic programme of support provided to schools. These changes were agreed by the Board on 23 March 2022.

Governance

The decision-making body of the charity is the Board of Trustees, who are responsible for the governance and ensuring it pursues its charitable purpose. The Trustees, who are also directors of the company for company law purposes, are recorded on page 32.

The Trustees meet quarterly and regularly within committees to ensure good governance and provide guidance. During the financial year there were three new board committees formed: Finance and Audit, Governance, Nominations and Risk, and People and Culture. Their purpose is set out in their terms of reference. Committees meet between board meetings, and as required, and are made up of at least two Trustees and one staff member.

Changes to the Board

During the financial year there were some changes to the Board, with a new Chair appointed, a resignation and two appointments, detailed on page 32. After our strategic review, we undertook an assessment of our Board to ensure we continue to have an effective mix of skills, experiences, and diversity of thought.

Day to day management

The Trustees delegate the day-to-day management of the charity to the CEO who provides the strategic direction and works with the Senior Leadership Team (SLT).

Company information

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Staffing	During this financial year the average number of staff employed by the charity was 77 (2020-21: 64). All teams and roles have been reviewed to reflect the mission and future ambitions of the charity, ensuring we can deliver against our strategic plans efficiently.
Method of appointment or election of Board of Trustees	The management of the charitable company is the responsibility of the Magic Breakfast Board of Trustees who are elected and co-opted under the terms of the Articles of Association. Reviews are held periodically to identify any expertise gaps and appointments are made, where required, to strengthen the Board. The most recent full review was in August 2022. These results support forward planning of the Governance, Nominations and Risk Committee.
Policies adopted for the induction and training of the Board of Trustees	The charity provides guidance to all newly appointed Trustees on the responsibilities and requirements of the role. To make the Board as effective as possible, induction processes, training and review are in place; this includes Trustee training, breakfast club visits, meetings with key staff and an annual performance and development review.
Magic Outcomes Limited	Magic Breakfast wholly owns Magic Outcomes Limited which is presently used by the charity for licensing our brand. Magic Outcomes did trade during the year under review and transactions totalled £81,997 (2020-21: £42,614). See Note 13 for more information on Magic Outcomes trading activities.
Fundraising compliance	<p>During 2021-22, the charity paid due regard to its fundraising practices in line with the guidelines set out by the Fundraising Regulator's Fundraising Code of Practice, the General Data Protection Regulation (GDPR), the <i>Charities Act 2011</i> and the <i>Charities (Protection and Social Investment) Act 2016</i>. The charity is registered with the Fundraising Regulator and is committed to being an open, fair and respectful fundraiser.</p> <p>Magic Breakfast establishes Commercial Participatory Agreements with its commercial participators to ensure they comply with the Fundraising Code of Practice, and these are monitored by the charity. The charity does not engage professional fundraisers to raise funds on its behalf and direct marketing and fundraising is only undertaken where prior consent has been obtained and complies with GDPR, the Fundraising Code of Practice, the <i>Charities Act 2011</i> and the <i>Charities (Protection and Social Investment) Act 2016</i>.</p> <p>There were no complaints made against the charity or its commercial participators regarding fundraising practices.</p>

Reserves and investment reserves policy

As we navigate the uncertainty of the current climate, we must do so with a continued focus on our strategic objectives through which we seek to remove hunger as a barrier to learning for children and young people across the UK. In doing so, we recognised the balance of ensuring sustainability of our finances and utilising the funding available at a time when it is most needed. To this end we lowered our reserves policy from a fixed 5 months to a fluid 3.5 to 4.5 months (which allows us to better navigate our cashflow through the year).

At the year end, the charity held £1,825,546 (2020-21: £3,688,144) in unrestricted reserves (excluding intangible assets), the equivalent to 3.0 months of future running costs. The decision to use the surplus reserves to support planned growth and absorb the rising costs experienced was set out in last year's annual report. As set out in the Finance Section of the report, a number of actions have been taken to move our reserve position back in line with our policy.

The Board of Trustees aims to have a level of unrestricted reserves which equates to between 3.5 to 4.5 months of future running costs. Our plans might see our forecast being outside of this range at a point in time, as we seek to set accurate and balanced plans. Throughout the year we will work to ensure we hold reserves that allow us to quickly access at least 3.0 months' future running costs to allow remedial actions to be adopted in a timely manner should cash levels begin to drop significantly.

The costs are based on the charity being able to cover all liabilities should all income cease.

The charity may choose to build up a level of reserves above 4.5 months to effectively plan for and implement changes in line with long-term strategic plans. This sees us planning for up to 4.5 months reserves cover at the end of the 2022-23 financial year, but this might be revised down as we continue to make changes to our operating model and seek to diversify revenue over the course of our 2022 – 25 business plan.

Material investment policy

Due to the nature of Magic Breakfast's charitable work, it had been considered that the most appropriate policy is to hold surplus funds in a bank deposit, with the exception of £38,001 allotted as shares in the subsidiary organisation, Magic Outcomes Limited.

Risk control, principal risks and uncertainties

The Board of Trustees fully accepts its responsibilities for ensuring that the major risks to which the charity is exposed are identified, particularly those related to the operations and finances of the charitable company. The Trustees also fully accept their responsibilities to ensure systems and procedures are in place to mitigate those risks. Major risks are those that have a high probability of occurring and would, if they occurred, have a severe impact on operational performance and/or achievement of the charity's objectives. The charity has a risk management policy in place which outlines its approach to risk management and processes. To support the identification, management and mitigation of risks in a timely manner, the SLT maintains a risk register for the charity. Board committees review relevant risks and the CEO presents the full register to the Governance, Nominations and Risk Committee and an overview at each Board meeting.

The financial performance of the charity is monitored against an annual budget and monthly management information on the charity's financial position is produced to inform any decisions. This management information is reviewed monthly by the SLT. A quarterly review is held by the Finance and Audit Committee. In addition, forecasting is undertaken and updated throughout the year to reflect changes that impact on income and expenditure. Magic Breakfast continues to maintain strong stewardship with current donors to mitigate risk to our income.

In the past twelve months we continued to manage the risks presented by the Covid-19 pandemic and its impact on our operations, staff, and supply chain. A principal risk for the charity as it impacts our beneficiaries, partners, finances, supply chain and staff, is the rising cost of living. We have adapted to mitigate growing financial challenges throughout the year, which saw direct costs increase by 19%, and set plans for 2022-23 to develop a more financially sustainable business model. As well as challenging financial performance, the cost of living crisis also impacts the operations of the charity, through increased demand for our services. We have introduced Business Central, an Enterprise Resource Planning tool, which is providing us with more granular detail of our schools, pupil uptake, and breakfast provision needs. These will enable us to continue to put children and young people at the heart of our decision making.

Supply chain issues are an ongoing risk, which are mitigated through close relationships with food suppliers and delivery partners. We maintain close relationships with key partners to ensure supply remains consistent and to mitigate against any future challenges. Magic Breakfast also partnered with new organisations to ensure consistency of supply, meaning the charity was not reliant on any one supplier.

The organisational changes throughout the year have also seen us focus on our people and culture with a People Strategy developed that seeks to help us recruit, retain, and develop our people. A new performance management policy and procedures have been introduced to support the introduction of our new strategy and business plan, aligning objectives and activities to enable greater collaboration.

The Board of Trustees are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Company information

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Related parties and Trustee expenses

The charity has considered the disclosure requirements of the Charities Statement of Recommended Practice (SORP) for related party relationships and considers its Key Management Personnel to be the Trustees and SLT.

Related party disclosures are included in Note 22 of the accounts.

Key Management Personnel remuneration

The charity introduced a new Pay and Benefits Policy and pay scale this year. It seeks to ensure equity, transparency, and development opportunities for staff. It sets out that we will perform salary benchmarking at least every three years to ensure all salaries are in line with similar sized national education charities. This is carried out by the human resources function of the charity. The results of this benchmarking process and any recommended changes are provided to the People and Culture Committee for review and recommendation to the Finance and Audit Committee.

Where the changes are significant or include Key Management Personnel, the Committees will make recommendations to the full board. In this instance, changes will only be made upon approval from the full board and will be minuted at the board meeting.

Trustees are not remunerated for their roles as Trustees but Key Management Personnel that make up the SLT received a salary for these roles.

Going concern

After making appropriate enquires, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. This includes taking into account the financial and organisational challenges created by the rising cost of living. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Accounting Policies, in Note 1 to these accounts.

Trustees' responsibilities statement

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The Trustees (who are also directors of Magic Breakfast for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each 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 Trustees are required to:

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

The Trustees are responsible for keeping adequate 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. In so far as the Trustees are aware:

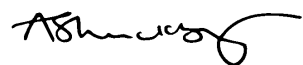
- **There is no relevant audit information of which the charitable company's auditor is unaware**
- **The Trustees have taken all step that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.**

The Trustees 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.

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The directors' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

This report was approved by the Trustees on and signed on their behalf by:



Aniela Shuckburgh, Chair

Date: 18/01/2023

Independent auditor's report to the members of Magic Breakfast

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Opinion

We have audited the financial statements of Magic Breakfast (the 'charitable company') for the year ended 31 August 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the *Companies Act 2006*, the *Charities and Trustee Investment (Scotland) Act 2005* and regulation 8 of the *Charities Accounts (Scotland) Regulations 2006* (as amended)

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

- In our opinion, based on the work undertaken in the course of the audit:
- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements

• Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the *Companies Act 2006* and the *Charities Accounts (Scotland) Regulations 2006* (as amended) require us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the *Charities and Trustee Investment (Scotland) Act 2005* and under the *Companies Act 2006* and report in accordance with regulations made under those Acts.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether

the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the *Companies Act 2006* and section 44(1)(c) of the *Charities and Trustee Investment (Scotland) Act 2005*. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report; or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

27 February 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the *Companies Act 2006*

Financial statements and notes to the accounts

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Statement of financial activities incorporating income and expenditure account for the year ended 31 August 2022

		Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
Income from	Note	£	£	£	£
Donations and grants	2	6,293,682	1,106,986	7,400,668	8,270,769
Charitable activities	3	90,509	-	90,509	736,017
Investments	4	793	-	793	5,085
Total income		6,384,984	1,106,986	7,491,970	9,011,871
Expenditure on					
Raising funds	5	1,001,475	24,776	1,026,251	1,105,285
Food aid	6	6,478,109	576,547	7,054,655	6,704,898
Building capacity	6	-	-	-	109,195
Making the case for change	6	850,145	8,153	858,298	396,665
Total expenditure		8,329,729	609,475	8,939,204	8,316,044
Net income for the year		(1,944,745)	497,511	(1,447,234)	695,827
Transfer between funds	17	212,340	(212,340)	-	-
Net movement in funds		(1,732,405)	285,171	(1,447,234)	695,827
Reconciliation of funds					
Total funds brought forward	18	3,740,800	295,730	4,036,529	3,340,703
Total funds carried forward		2,008,394	580,901	2,589,295	4,036,529

All income and expenditure derive from continuing activities. The Statement of Financial Activities includes all gains and losses recognised during the year.

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Balance sheet as at 31 August 2022

		2022	2021
	Note	£	£
Fixed assets			
Intangible assets	12	182,848	52,656
Investments	13	38,001	38,001
Total fixed assets		220,849	90,657
Current assets			
Stock	14	35,817	107,725
Debtors	15	420,745	726,802
Cash at bank and in hand		2,344,599	4,269,220
Total current assets		2,801,161	5,103,747
Creditors			
Amounts falling due within one year	16	(432,715)	(1,157,874)
Net current assets		2,368,446	3,945,873
Net assets		2,589,295	4,036,529
Charity funds			
Restricted funds	17	580,901	295,730
Unrestricted funds	17	2,008,394	3,740,800
Total funds		2,589,295	4,036,529

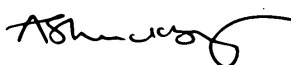
Financial statements and notes to the accounts

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Notes

The charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 18/01/2023 and signed on their behalf by:



Aniela Shuckburgh, Chair
Company registration number: 04977015

Statement of cash flows for the year ended 31 August 2022

		2022	2021
	Note	£	£
Cash flows from operating activities			
Net cash provided by operating activities	19	(1,925,415)	688,589
Cash flows from investing activities			
Interest from investments	4	793	1,093
Net cash provided by investment activities		793	1,093
Change in cash and cash equivalents in the year		(1,924,621)	689,682
Cash and cash equivalents brought forward		4,269,220	3,579,538
Cash and cash equivalents carried forward	20	2,344,599	4,269,220

Financial statements and notes to the accounts

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1. Accounting policies

1.1. General information and basis of preparation

Magic Breakfast is a charitable company registered with the Charity Commission and OSCR (Charity Registered Numbers 1102510 and SC048202) and Registrar of Companies (Company Registration Number 04977015) in England and Wales. The address of the registered office is given in the charity information on page 32 of these financial statements. The nature of the charity's operations and principal activities are detailed in the Trustees' Annual Report.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the *Companies Act 2006*.

The charity also owns a wholly owned subsidiary company, Magic Outcomes Limited, a company limited by shares and registered in England and Wales (company registration 04621084). Magic Outcomes Limited operates as the trading subsidiary for the charity and is used primarily for the licensing of the Magic Breakfast brand. The investment has not been consolidated and group accounts have not been prepared because the subsidiary is considered immaterial to the accounts of the charity.

Magic Breakfast meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 32. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

1.3 Funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

Investment income, gains and losses are allocated to the appropriate fund.

1.4 Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

For donations to be recognised, the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated goods, services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the item is probable and that economic benefit can be measured reliably.

On receipt, donated goods, services or facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain goods, facilities or services of equivalent economic benefit on the open market. A corresponding amount is then recognised in expenditure in the period of receipt.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity. This is normally upon notification of the interest paid or payable by the bank.

School membership income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Grant income is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

1.5 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure is categorised under the following headings:

- **Costs of raising funds includes costs incurred seeking voluntary contributions through donations and the running of fundraising events during the year;**
- **Expenditure on charitable activities includes all costs incurred on furthering the objects of the charity; and**
- **Other expenditure represents those items not falling into the categories above.**

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

1.6 Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings, they have been allocated to expenditure on raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Governance costs are those incurred in connection with the running of the charity and compliance with constitutional and statutory requirements. The analysis of governance costs is included in Note 9.

Costs of raising funds are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in Note 8.

Financial statements and notes to the accounts

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1.7 Intangible fixed assets and amortisation

Identifiable development expenditure is capitalised to the extent that:

- The technical, commercial and financial feasibility can be demonstrated;
- The total cost of the individual asset is greater than £10,000, or the asset is purchased as part of a larger project which is to be capitalised; and
- The asset is likely to be used over a period of time that is longer than one year.

Provision is made for any impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following basis:

Software	-	33.3% straight line
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1.8 Investments

Investments in subsidiaries are measured at cost less impairment.

1.9 Stock

Stock represents donated and purchased breakfast ingredients and is recorded at fair value less impairment.

1.10 Debtors or creditors receivable / payable within one year

Debtors are recognised when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably, and it is probable that the income will be received.

Creditors are recognised when the charity has a present legal or constructive obligation resulting from a past event and the settlement is expected to result in an outflow of economic benefits.

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1.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. The financial assets and financial liabilities of the charity are as follows:

Debtors – trade and other debtors (including accrued income) are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 15. Prepayments are not considered to be basic financial instruments and are measured at the amount prepaid, net of any trade discounts due.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Liabilities – trade creditors, accruals and other creditors will be classified as financial instruments and are measured at amortised cost as detailed in Note 16. Taxation and social security are not included in the financial instruments' disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

1.12 Tax

The charity is an exempt charity within the meaning of Schedule 3 of the *Charities Act 2011* and is considered to pass the tests set out in Paragraph 1 Schedule 6 *Finance Act 2010* and therefore it meets the definition of a charitable company for UK corporation tax purposes. It therefore does not suffer tax on income or gains applied for charitable purposes.

1.13 Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

1.14 Employee benefits

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

1.15 Judgements and key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

- Allocation of support costs
- Amortisation rates for intangible fixed assets
- Income recognition of grants
- Donated goods, facilities and services valuation

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2. Income from donations and grants income

Income from donations and grants – current year	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£	£
Donations	3,302,461	309,298	3,611,758	4,006,408
Membership income	820,834	-	820,834	478,962
Grants	1,010,061	794,088	1,804,149	1,465,922
Donated goods, facilities and services	1,160,321	3,600	1,163,921	2,319,476
Other	6	-	6	1
Total income 2022	6,293,682	1,106,986	7,400,668	8,270,769
Total income 2021	7,430,697	840,071	8,270,769	

Notes:

Total donated goods, facilities and services for the year were £1,163,921 (2021: £2,319,476) and comprise of the following:

- £680,731 (2021: £1,384,526) of breakfast foods;
- £341,754 (2021: £901,072) of delivery services;
- £101,461 (2021: £24,960) of office facilities;
- £NIL (2021: £6,272) of software licenses;
- £10,000 (2021: £2,646) of professional services; and
- £29,975 (2021: £NIL) of other miscellaneous goods and services.

Income from donations and grants – prior year	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Total funds 2020
	£	£	£	£
Donations	3,542,677	463,731	4,006,408	2,518,349
Membership income	478,962	-	478,962	108,417
Grants	1,089,582	376,340	1,465,922	1,068,708
Donated goods, facilities and services	2,319,476	-	2,319,476	1,413,594
Other	1	-	1	104
Total income 2021	7,430,697	840,071	8,270,769	5,109,171
Total income 2020	4,455,039	654,132	5,109,171	

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3. Income from charitable activities

Income from charitable activities – current year	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£	£
Contract income (Department for Education)	-	-	-	540,008
Contract income (Hammersmith & Fulham)	90,509	-	90,509	170,127
Food partner school income	-	-	-	25,882
Total income 2022	90,509	-	90,509	736,017
Total income 2021	736,107	-	736,107	

Notes:

There are no unfulfilled conditions or other contingencies attached to the contract income above.

Income from charitable activities – prior year	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Total funds 2020
	£	£	£	£
Contract income (Department for Education)	540,008	-	540,008	632,645
Contract income (Hammersmith & Fulham)	170,127	-	170,127	-
Food partner school income	25,882	-	25,882	-
Total income 2021	736,017	-	736,017	632,645
Total income 2020	632,645	-	632,645	

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4. Income from investments

Income from investments – current year	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£	£
Bank interest receivable	793	-	793	1,093
Investment income	-	-	-	3,992
Total income 2022	793	-	793	5,085
Total income 2021	5,085	-	5,085	

Income from investments – prior year	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Total funds 2020
	£	£	£	£
Bank interest receivable	1,093	-	1,093	1,004
Investment income	3,992	-	3,992	-
Total income 2021	5,085	-	5,085	1,004
Total income 2020	1,004	-	1,004	

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5. Expenditure on raising funds

Expenditure on raising funds – current year	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£	£
Direct costs	888,847	24,776	913,622	1,016,008
Support costs	112,629	-	112,629	89,277
Total cost 2022	1,001,475	24,776	1,026,251	1,105,285
Total cost 2021	1,091,853	13,432	1,105,285	

Notes:

Direct costs are analysed further in Note 7. Support costs are analysed further in Note 8.

Expenditure on raising funds – prior year	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Total funds 2020
	£	£	£	£
Direct costs	1,002,576	13,432	1,016,008	700,208
Support costs	89,277	-	89,277	122,985
Total cost 2021	1,091,853	13,432	1,105,285	823,193
Total cost 2020	774,838	48,355	823,193	

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6. Analysis of expenditure on charitable activities

Analysis of expenditure on charitable activities – current year	Activities undertaken directly 2022	Support costs 2022	Total 2022	Total 2021
	£	£	£	£
Food aid	6,280,423	774,232	7,054,655	6,704,898
Building capacity	-	-	-	109,195
Making the case for change	764,102	94,196	858,298	396,665
Total cost 2022	7,044,525	868,428	7,912,953	7,210,759
Total cost 2021	6,628,324	582,434	7,210,759	

Notes:

In 2022, of the total expenditure on charitable activities of £7,912,953 (2021: £7,210,759), £7,328,254 (2021: £6,852,975) was from unrestricted funds and £584,699 (2021: £357,784) was from restricted funds. Direct costs are analysed further in Note 7. Support costs are analysed further in Note 8.

Analysis of expenditure on charitable activities – prior year	Activities undertaken directly 2021	Support costs 2021	Total 2021	Total 2020
	£	£	£	£
Food aid	6,163,324	541,574	6,704,898	3,636,496
Building capacity	100,375	8,820	109,195	90,006
Making the case for change	364,626	32,040	396,665	269,040
Total cost 2021	6,628,324	582,434	7,210,759	3,995,542
Total cost 2020	3,784,710	210,832	3,995,542	

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7. Total direct costs

	2022	2021
	£	£
Staff costs	2,227,860	1,836,622
Temporary staff costs	96,952	115,590
Other staff costs	73,052	82,592
Direct food costs	4,858,697	5,250,201
Contractors and consultants	110,568	7,700
Administration costs	135,822	23,361
Premises costs	163,933	83,854
Legal and professional fees	17,330	45,420
Publicity, marketing and fundraising	243,282	192,831
School event costs	-	6,162
Bad debts	1,159	-
Amortisation	29,492	-
Total	7,958,147	7,644,333

Notes:

In 2022, of the total expenditure on direct costs, £913,622 (2021: £1,016,008) is allocated to Expenditure on Raising Funds and £7,044,525 (2021: £6,628,324) is allocated to Expenditure on Charitable Activities.

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8. Total support costs

	2022	2021
	£	£
Staff costs	608,250	325,622
Temporary staff costs	53,443	69,665
Other staff costs	86,117	38,492
Contractors and consultants	32,950	12,927
Administration costs	104,367	96,497
Premises costs	34,054	19,730
Legal and professional fees	38,276	55,515
Publicity, marketing and fundraising	240	29,055
Governance costs	23,360	24,209
Bad debts	-	-
Total	981,057	671,711

Notes:

In 2022, of the total expenditure on support costs, £112,629 (2021: £89,277) is allocated to Expenditure on Raising Funds and £868,428 (2021: £582,434) is allocated to Expenditure on Charitable Activities.

Included within the total support costs above are £93,887 (2021: £97,543) of governance staff costs, other governance staff costs, administration costs, premises costs, legal and professional fees and publicity, marketing and fundraising costs which are included within the balance of governance costs in Note 9.

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9. Governance costs

	2022	2021
	£	£
Governance staff costs	50,821	34,539
Other governance staff costs	227	4,480
Administration costs	4,281	1,743
Premises costs	2,970	2,466
Legal and professional fees	35,555	54,315
Publicity, marketing and fundraising	33	-
Auditors' remuneration - Audit of the financial statements	18,900	18,000
Auditors' remuneration - Other services	-	-
Auditors' remuneration - Under accrual of prior year audit and accounts fee	-	5,100
Trustee meetings	1,484	-
Other governance expenses	2,976	1,109
Total	117,248	121,752

Notes:

The auditors' remuneration for the audit of the financial statements was £15,750 + VAT (2021: £15,000).

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10. Trustee remuneration, benefits and expenses

Trustees give their time freely and during the year, Trustees have not received any remuneration (2021: £NIL) or benefits of any kind (2021: £NIL) for the work they have undertaken. The charity does however permit Trustees to claim expenses to reimburse them for costs that they incur in fulfilling their duties. Expenses were incurred by Trustees as detailed below, and these were wholly in fulfilment of charity business:

	2022	2021
	£	£
IT equipment, software and consumables	-	158
Travel and subsistence	316	-
Total number of Trustees paid expenses	1	1

11. Staff costs

Staff costs were as follows:

	2022	2021
	£	£
Wages and salaries	2,456,433	1,892,847
Social security costs	240,563	174,515
Pension costs	89,684	64,881
Termination and redundancy costs	49,431	30,000
Total	2,836,111	2,162,243

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The average number of persons employed by the charity during the year was as follows:	2022	2021
	No.	No.
Food aid	34	27
Building capacity	-	2
Making the case for change	13	13
Fundraising	17	20
Support	12	7
Governance	1	1
Total	77	64

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:	2022	2021
	No.	No.
£60,000-£69,999	2	-
£70,000-£79,999	-	-
£80,000-£89,999	-	-
£90,000-£99,999	-	-
Total	2	-

Notes:

The total amount of employee benefits received by Key Management Personnel, including employers' national insurance, is £389,314 (2021: £353,993). The charity considers its Key Management Personnel to comprise the Trustees and the members of the Senior Leadership Team listed in the company details on page 32 and 33.

In addition to the Key Management Personnel costs above, there is £61,667 (2021: £132,998) of temporary staff costs which were incurred in relation to the employment of Antony Kildare, the charity's interim CEO, who also formed part of the Key Management Personnel. These costs are included in Notes 7 and 8 with detailed total temporary staff costs incurred during the year. The Trustees of the charity, other than detailed in Note 10, did not receive any remuneration in the year.

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12. Intangible fixed assets - ERP system

	ERP
Cost	£
At 1 September 2021	52,656
Additions	159,684
At 31 August 2022	212,340
Amortisation	
At 1 September 2021	
Charge for the period	(29,492)
At 31 August 2022	(29,492)
Carrying amount	
At 31 August 2022	182,848
At 31 August 2021	52,656

Notes:

During the year, the charity finalised development of an Enterprise Resource Planning system. This went live in April 2022.

13. Fixed asset investment

Shares in group undertakings	
Cost	£
Magic Outcomes Limited - £1 ordinary shares	38,001

Notes:

The charity owns the whole of the issued share capital of Magic Outcomes Limited, a company registered in England. The company number is 04621084. The registered office address is 190 High Holborn, London, WC1V 7BH.

The subsidiary is used for non-primary purpose trading activities. Available profits for 2022 will be distributed under Gift Aid to the parent charity. The investment has not been consolidated and group accounts have not been prepared because the subsidiary is considered immaterial to the accounts of the charity.

The directors of the subsidiary are Lindsey MacDonald (CEO), Emily Wilkie (Director of Fundraising and Development) and Anthony Eckersley (Head of Finance and Performance).

A summary of the results of the subsidiary is shown below:

	2022	2021
	£	£
Turnover	81,997	42,614
Gross profit/(Loss)	81,997	42,614
Administrative expenses	(1,972)	(1,592)
Profit/(Loss) on ordinary activities before taxation	80,025	41,022
Taxation on profit on ordinary activities	-	-
Profit/(loss) for the financial year	80,025	41,022

Retained earnings:

Total retained earnings brought forward	43,929	2,907
Ordinary share capital	38,001	38,001
Profit/(loss) for the financial year	80,025	41,022
Distribution under Gift Aid to parent charity	(41,022)	-
Total retained earnings carried forward	120,933	81,930

The aggregate of the assets, liabilities and reserves was:

Assets	152,101	102,872
Liabilities	(31,168)	(20,942)
Reserves	120,933	81,930

Notes: Amounts owed to/from the parent undertaking are shown in Note 15.

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14. Stock

	2022	2021
	£	£
Undistributed breakfast ingredients	35,817	107,725

Notes:

Stock recognised as an expense during the year was £2,967,928 (2021: £3,050,689).

15. Debtors

	2022	2021
	£	£
Trade debtors	185,798	488,441
Other debtors	14,936	19,916
Grants receivable	-	-
Accrued income	186,780	112,354
Prepayments	30,034	45,966
Amounts owed by group undertakings	3,198	60,124
Total	420,745	726,802

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16. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	64,986	118,267
Other taxation and social security	96,120	192,574
Other creditors	18,786	2,615
Accruals	62,282	102,543
Deferred school membership income	190,541	608,542
Deferred grant income	-	133,334
Total	432,715	1,157,874

Notes:

School membership income is deferred as it is recognised over the entirety of the membership period. Grant income is deferred when there are performance obligations which have yet to have been satisfied and therefore there is no entitlement to the income.

	Balance brought forward at 1 September 2021	Income released	Income deferred	Balance carries forward at 31 August 2022
	£	£	£	£
Deferred income				
School membership income	608,542	608,542	190,541	190,541
Grant income	133,334	133,334	-	-

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17. Statement of funds

Statement of funds - current year	Balance at 1 September 2021	Income	Expenditure	Transfers	Balance at 31 August 2022
	£	£	£	£	£
Unrestricted funds					
General funds	3,740,800	6,384,984	(8,329,729)	212,340	2,008,394
Restricted funds					
Anonymous donor	248,200	-	(25,379)	(212,340)	10,481
Guy's and St Thomas' Foundation	-	297,481	(198,092)	-	99,389
Zurich Community Trust	-	120,000	-	-	120,000
The Big Give	42,691	111,900	(111,719)	-	42,872
Janus Henderson Foundation	-	63,753	(17,759)	-	45,994
Yusuf Islam Foundation	-	56,072	(34,458)	-	21,614
Crucible Foundation	-	50,000	-	-	50,000
Groundwork UK/Tesco	-	60,500	(59,309)	-	1,191
The Davies Family Charitable Fund	-	50,000	(50,000)	-	-
Hollyhock Charitable Foundation	-	43,750	-	-	43,750
Universities Lodge No. 2352	-	42,405	-	-	42,405
InfraRed Charitable Foundation	-	39,853	(20,019)	-	19,833
DVS Foundation	-	38,170	(33,049)	-	5,121
Central England Co-Operative Limited	-	33,900	-	-	33,900
The WPA Benevolent Foundation	-	30,000	(7,479)	-	22,521
Other restricted funds	4,839	69,203	(52,211)	-	26,831
	295,730	1,106,986	(609,475)	(212,340)	580,901
Total funds	4,036,529	7,491,970	(8,939,204)	-	2,589,295

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Notes:

The General fund is an unrestricted fund which is available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

An **anonymous donor's** restricted fund is used to cover the expenditure with respect to the development and implementation of our new Enterprise Resource Planning (ERP) system. The transfer out of restricted funds to unrestricted funds represents the capital expenditure of the ERP system now that the system has gone live in April 2022 as shown in Note 12.

The **Guy's and St Thomas' Foundation** restricted fund is for the purposes of running the Impact on Urban Health programme which aims to pilot the effectiveness, and acceptability, of intervening in the primary school breakfast sector, primarily to improve the nutritional quality of food being provided in existing breakfast clubs.

The **Zurich Community Trust** and the **InfraRed Charitable Foundation** restricted funds are used to fund food aid for schools and our policy and campaigning work in the UK.

The **Big Give** restricted fund is used to provide food aid to 19 or more schools in London.

The **Yusuf Islam Foundation** restricted fund is to provide term time and holiday hunger support to eight schools in the UK.

The **Janus Henderson Foundation**, **Groundwork UK/Tesco**, **Davies Family Charitable Fund** and **WPA Benevolent Foundation** restricted funds are used to provide food aid to schools in the UK.

The **Crucible Foundation** restricted fund is used to provide food aid for five schools in the UK for the September 2022-August 2023 academic year.

The **Hollyhock Charitable Foundation** restricted fund is used to provide food aid for schools in the North East region for the September 2022-August 2023 academic year.

The **Universities Lodge No. 2352** restricted fund is used to provide food aid for schools in Durham for the September 2022-August 2023 academic year.

The **DVS Foundation** restricted fund is used to provide food aid for schools in Harrow and Brent.

The **Central England Co-Operative Limited** restricted fund is used to fund the onboarding and food aid costs for six new schools in the Central England region for the September 2022-August 2023 academic year.

Other restricted funds are made up of restricted funds which are subject to varying restrictions regarding their use, however no single fund is material in nature.

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Statement of funds - prior year	Balance at 1 September 2020	Income	Expenditure	Balance at 31 August 2021
	£	£	£	£
Unrestricted funds				
General funds	3,513,827	8,171,799	(7,944,827)	3,740,800
Restricted funds				
Amazon Data Services UK Limited	(211,750)	211,750	-	-
The Big Give	-	127,942	(85,251)	42,691
Yusuf Islam Foundation	-	52,000	(52,000)	-
The Davies Family Charitable Fund	-	50,000	(50,000)	-
TP ICAP	-	50,000	(50,000)	-
The Social Bite Fund	-	40,000	(40,000)	-
Anonymous Donor	-	248,200	-	248,200
Other restricted funds	38,625	60,179	(93,965)	4,839
	(173,125)	840,071	(371,217)	295,730
Total funds	3,340,703	9,011,871	(8,316,044)	4,036,529

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18. Analysis of net assets between funds

Analysis of net assets between funds - current year	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022
	£	£	£
Intangible fixed assets	182,848	-	182,848
Fixed asset investments	38,001	-	38,001
Current assets	2,220,260	580,901	2,801,161
Creditors due within one year	(432,715)	-	(432,715)
	2,008,394	580,901	2,589,295

Analysis of net assets between funds - prior year	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021
	£	£	£
Intangible fixed assets	52,656	-	52,656
Fixed asset investments	38,001	-	38,001
Current assets	4,808,017	295,730	5,103,747
Creditors due within one year	(1,157,874)	-	(1,157,874)
	3,740,800	295,730	4,036,529

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19. Reconciliation of net movement in funds to net cash flow from operating activities

	2022	2021
	£	£
Net movement in funds for the year (as per Statement of Financial Activities)	(1,447,234)	695,827
Adjustment for		
Increase in intangible fixed assets	(130,192)	(52,656)
Interest from investments	(793)	(1,093)
Income from investments	-	(3,992)
Decrease in stocks	71,908	3,709
Decrease in debtors	306,056	(296,057)
Decrease in creditors	(725,159)	342,850
Net cash provided by operating activities	(1,925,415)	688,589

20. Analysis of cash and cash equivalents

	2022	2021
	£	£
Cash in hand	2,344,599	4,269,220

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21. Operating lease commitments

At 31 August 2022, the total of the charity's future minimum lease payments for office premises under non-cancellable operating leases was:

	2022	2021
	£	£
Amounts payable		
Within 1 year	-	83,042

Notes:

During the year the charity terminated one of its operating leases as of February 2022 and its only other operating lease as of 31 August 2022, therefore there are no further lease payments owing. The charity is now in receipt of donated office premises.

During the year, the lease expenditure for the year totalled £94,032 (2021: £78,624) which is recognised in the Statement of Financial Activities.

22. Related party transactions

Other than Trustee and Key Management Personnel transactions detailed in Note 10 and the donations noted below, there were no related party transactions during the period.

During the year, the charity received unrestricted donations of £30,996 (2021: £3,183) and restricted donations of £61,398 (2021: £75,213) from Trustees, Key Management Personnel and their related parties. The restrictions imposed were not significant.

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