

A young boy with short brown hair, wearing a dark green V-neck sweater over a white collared shirt, is sitting at a white table. He is smiling and holding a yellow cup. In front of him is a yellow plate with the words 'magic breakfast' written around the edge. The background shows other children at tables in a school cafeteria.

**magic
breakfast**
fuel for learning

Annual Report and Accounts

2018-2019

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Magic Breakfast was registered as a charity in 2003 after three years of free school breakfast deliveries by the charity founder, Carmel McConnell MBE.

Before this, back in 2000, Carmel had interviewed Headteachers for her book, *Change Activist*. These Headteachers advised that they were seeing children who were unable to focus, irritable, disruptive, reporting stomach aches and headaches, and generally lacking in energy – all because they had come to school hungry.

The result was that children were missing out on vital lesson time in the morning, their education was suffering, and their future potential was being lost.

Carmel started buying and delivering breakfast food to schools. When teachers began to report the positive impact that breakfast was having on the children's behaviour and concentration, and more and more schools started requesting her support, she gave up her consultancy career and founded Magic Breakfast, funded in the early years by sales of *Change Activist*.

Thanks to your support in the 2018/19 school year, we were able to provide, on average, 48,480 children with a healthy breakfast every school day.

From our CEO

Reflecting back on the 2018/19 school year it is easy to be struck by how much was achieved by Magic Breakfast, with the charity feeding 48,480 children, on average, every school day with a healthy breakfast.

This is the most children we have reached to date and while this sadly demonstrates a growing need, it also highlights the success of our model in supporting schools to target all children arriving at school hungry or malnourished.

It has only been possible to ensure so many children have a nutritious start to the day through the generosity of our supporters, who enable us to keep increasing our reach and lead the way in ensuring morning hunger is no longer a barrier to education. Thank you.

Alongside our core work, Magic Breakfast, in partnership with Family Action, provided a further 280,000 pupils, on average, with a school breakfast every school day as part of the Department for Education funded National School Breakfast Programme (NSBP). Ensuring the Programme launched so successfully was a combination of partnership working, and the hard work and dedication of the Magic Breakfast team going 'above and beyond' as they stepped in to recruit schools while a programme delivery team was put in place.

Despite reaching more children in the 2018/19 school year than ever before, we are still only reaching a fraction of the children arriving at school hungry. Child poverty remains high in the UK, with an estimated 1.8 million school age children at risk of hunger.

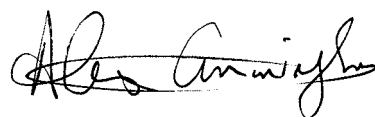
Beyond the statistics, we hear daily from our partner schools that they are witnessing more and more families experiencing hunger and poverty, and they tell us that there is an increasing burden on schools to meet the needs of their communities. We know we must do more and act now.

In the 2018/19 school year the charity invested in its staff, filling roles that had been vacant while the charity strengthened its strategic direction and created permanent roles in new areas. This will enable us to accelerate our work, not only by reaching more children each year but through campaigning to bring about permanent legislation for free school breakfast provision.

The recent Coronavirus (COVID-19) pandemic has shown the importance of this investment in our team, as we were able to adapt quickly to an unprecedented environment. Through adjusting our delivery model, and with the support of our partners, we have been able to keep breakfast going for thousands of children who otherwise would have been at risk of hunger.

In my tenth year with Magic Breakfast I am inspired and humbled everyday by all of Magic Breakfast's supporters, schools and staff - your passion for removing morning hunger as a barrier to education is what motivates me to end child hunger in the morning for good.

Thank you for choosing to support Magic Breakfast. I hope this annual report demonstrates the impact your support has enabled for thousands of children.



Alex Cunningham
Chief Executive Officer

From our chair

I feel immensely privileged to serve as Chair of the Board of Trustees at Magic Breakfast, a charity that is making a real difference to the lives of thousands of children across the UK today.

It's so easy to become inured to the relentless reporting on the impact of food poverty on children's development, education and life chances. Whilst empathy may be genuine, when caught up with managing our own family life and focusing upon demanding careers, it can easily remain a fleeting thought, existing well outside of the realm of our own, more comfortable, experiences.

To move beyond that, and to commit so completely in the way that our founder Carmel did in establishing Magic Breakfast, is a genuine inspiration. Showing the meaning of Mahatma Gandhi's quote to "Be the change you wish to see in the world".

Our trustees too, all live the incredibly busy lives I have described, yet I'm continually impressed by the enthusiasm and devotion with which they donate their time and considerable expertise in support of Magic Breakfast. I would like to thank each of them for the work they have all contributed to the past year's many successes.

As a charity, we have really developed our voice over the past year, both in terms of positive contribution to government policy, and in communicating more effectively with our much valued donors. We plan to use this year's progress as a solid platform on which to deliver a wider, more sustainable programme of support for even more Magic Breakfast schools in the years ahead.



Joanne Thompson
Chair of Trustees

From our founder

What a year!

Magic Breakfast has expanded, scaled up and accelerated in every area, now offering a healthy breakfast to many thousands of vulnerable children at the start of the school day. As the Founder, I am so proud that Magic Breakfast has been able to rise to the challenge of classroom hunger, giving schools the practical help they so desperately need. I congratulate Alex Cunningham and his whole team for overseeing this period of growth. But I am also desperately sad, because our own evidence from partner schools tells us that there are simply more children starting their school day too hungry to learn. And that really should not be the case in such a rich and caring country.

We are more determined than ever to get these vulnerable children the good start to their young lives they deserve. We are calling on the Government to go further than the NSBP, to put in place legislation to ensure school breakfasts are a statutory provision, equivalent to school lunches, for the children who are too hungry to learn. This legislation is more likely to happen with your help – so please, feel welcome to help us speak with the strongest voice on behalf of hungry children. Over the past year, largely through the efforts of our fantastic new Head of Policy and Campaigns, we have added political allies, across all political parties, to help us to lobby for school breakfast legislation.

The charity's period of extraordinary growth has given us a bigger platform from which to speak out with compassion and urgency about child hunger being a barrier to learning. This has been a year of bringing together even more corporate support, as well as Parliamentary support, and we have been pleased to see the strong "level up" messages from Government which indicate

that this is a time to push hard for a more equal society.

Because social equality is our core business. Our purpose hasn't changed since I started buying and delivering breakfasts to a group of five London schools twenty years ago, having been shocked to hear from teachers that they had to bring in food themselves to hand out to hungry students. How come? Children wake up in homes with no food, because they struggle with low family income, high living costs, benefit problems, family misfortune. We know food banks report rising need, we read about families having to choose between "heat or eat". In a West London school recently, the Headteacher told me that in thirty years of teaching, she had never known so many parents struggling to feed themselves and their children.

We don't think any child should have to miss out on the great learning opportunity presented in every morning classroom, but with 1.8 million school age children in food insecure homes, it is a national scandal that there are so many children who do. However, Magic Breakfast wants to light a candle rather than curse the darkness. We have a fantastic solution that has been tried and tested, that improves child school attendance, concentration, punctuality, behaviour. Whatever the next year might hold, in the spirit of optimism and activism, I'd like to personally invite you to make sure breakfast happens, for children who deserve their chance of success.

Thanks for all your support and get in touch if you think you can help,

Carmel McConnell
Founder

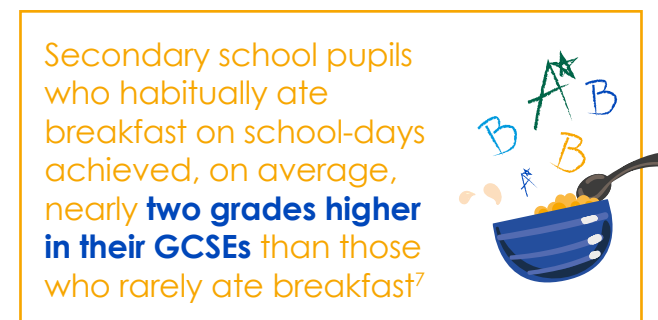
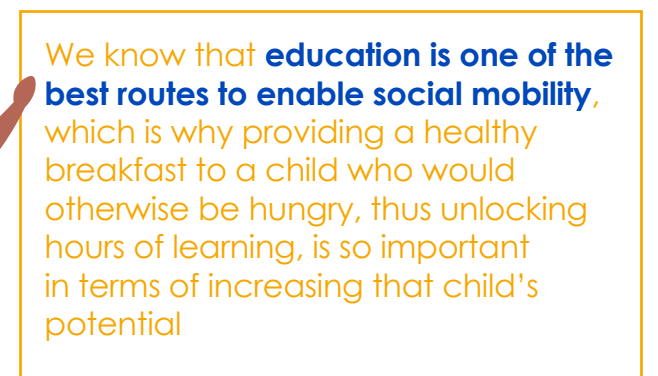
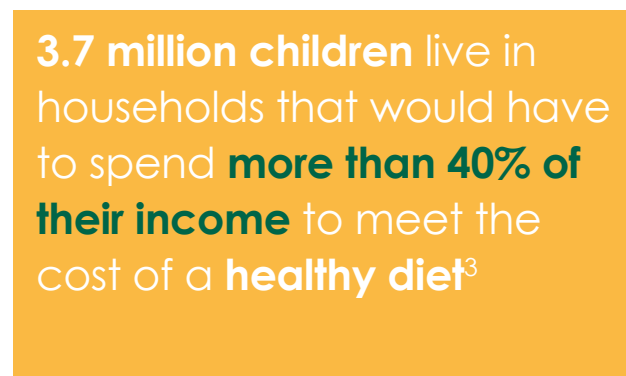


Trustees' Annual Report

Our aim

Magic Breakfast's aim is to alleviate child hunger as a barrier to education through the provision of healthy breakfasts to vulnerable schoolchildren across the UK.

This is being achieved through three key activities: **food aid**, **building capacity** in school communities to reach every child at risk of hunger, and **making the case for change** to ensure permanent funding for school breakfasts.



1 A Pereira, S Handa and G Holmqvist, "Prevalence and correlations of food insecurity among children across the globe," UNICEF, June, 2017, https://www.unicef-irc.org/publications/pdf/IWP_2017_09.pdf
 2 Households Below Average Income, Statistics on the number and percentage of people living in low income households for financial years 1994/95 to 2016/17, Tables 4a and 4b. Department for Work and Pensions, 2018.

3 The Food Foundation. Affordability of the UK's Eatwell Guide. September, 2018, https://foodfoundation.org.uk/wp-content/uploads/2018/09/Affordability-of-the-Eatwell-Guide_Final_Web-Version.pdf
 4 Education Policy Institute. 'Education in England: Annual Report 2019,' July, 2019, <https://epi.org.uk/publications-and-research/annual-report-2019/>
 5 Ibid.

CHARITABLE OBJECTIVE ONE

Food aid

The provision of healthy breakfasts to schools where children arrive at school too hungry or malnourished to learn.

Children fed per day



In 2019, Magic Breakfast partner schools received

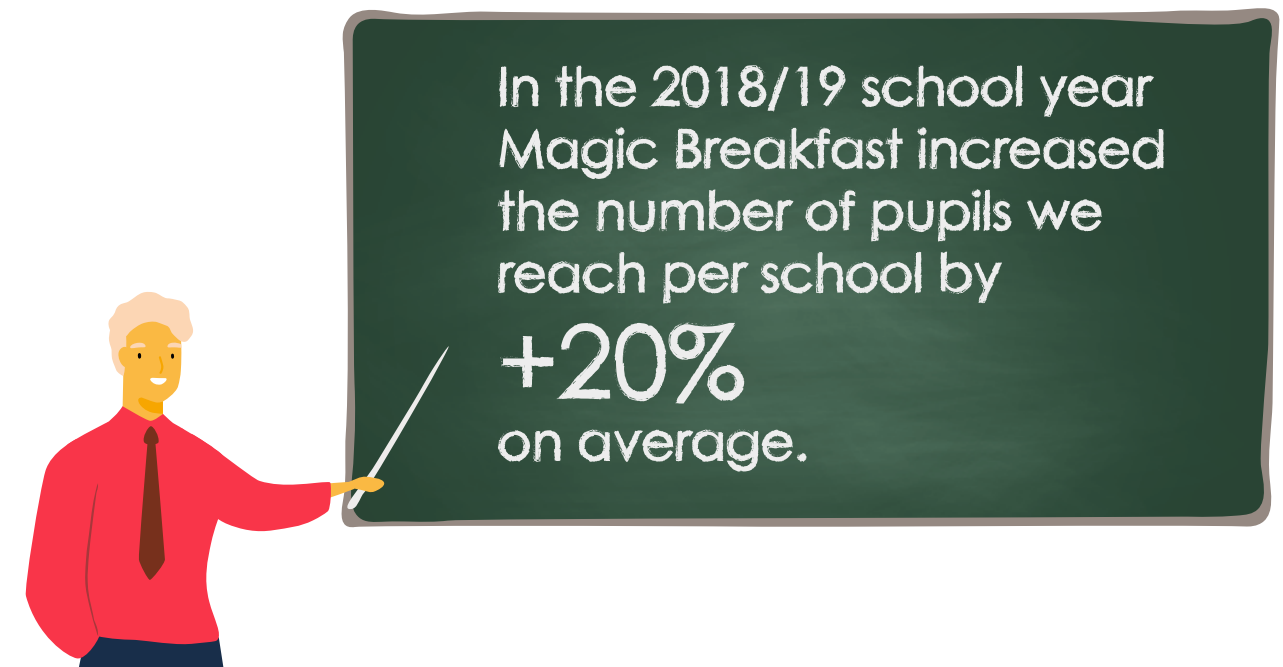


⁶ Education Endowment Foundation. 'Magic Breakfast'. November, 2016, <https://educationendowmentfoundation.org.uk/projects-and-evaluation/projects/magic-breakfast/>
⁷ Adolphus, Katie, Lawton, Clare L. and Louise Dye. Associations between habitual school-day breakfast consumption frequency and academic performance in British adolescents. Frontiers in Public Health, November 2019, <https://www.frontiersin.org/articles/10.3389/fpubh.2019.00283/full>

CHARITABLE OBJECTIVE TWO

Building capacity

Building capacity within the school communities we work with to ensure that every child in need of a healthy breakfast has access to one, and ensure the long-term sustainability of the breakfast provision within each of our partner schools.



The Magic Breakfast model

No two schools are the same, so breakfast provision is created to fit the need of each school. These solutions are based on proven Magic Breakfast models developed with schools over the last eighteen years and schools may adopt one or a combination of options.

Of the 48,480 children who eat a Magic Breakfast each day...

18,907 children (39%) will eat breakfast in a traditional breakfast club where food is served and eaten in a nurturing, sit down breakfast environment before the start of the school day, with staff and volunteers serving food and supervising the club, which often has a variety of activities on offer.

13,090 children (27%) will eat breakfast in their classroom which is a simple solution for schools wishing to make food available to a very large number of children (because of high levels of hunger/need in the school) without incurring significant staff costs.

5,818 (12%) will eat bagels in the playground. A tray of warm bagels greeting children as they arrive in the playground every morning is ideal for schools with high numbers of hungry children, limited staff capacity or dining room restrictions.

2,424 children (5%) will eat breakfast from a 'Grab & Go bar'. This solution is ideal for schools wishing to maximise dining space and reach as many students as possible by serving breakfast in one area and allowing children to eat it elsewhere.



2,424 children (5%) will be provided breakfast after arriving late. All schools are encouraged to be mindful that latecomers may be arriving hungry, through no fault of their own, and that food should be available and offered to those as a matter of course.

Children also eat breakfast in nursery, early years foundation classes and at other models of breakfast provision developed by the school in conjunction with their school partner.

Magic Breakfast also invests heavily in the work of school partners. Every school we work with has a designated member of Magic Breakfast staff called a school partner, who is local to their region and who supports the school with guidance and best practice approaches.

Advice is offered in a range of areas, including:

- **Extending breakfast provision and improving targeting of children at risk of hunger**
- **Bringing in 'difficult to reach' children**
- **Adding value to breakfast time**
- **Reducing costs and getting the most from the provision**
- **Meeting School Food Standards**
- **Assessing the level of hunger in the school**
- **Monitoring the benefits breakfast provision delivers**

Support is tailored to each school's situation, based on what the experienced staff know works well in other schools – allowing for schools to share innovation and learning - with the ultimate goal of reaching all children in need of a healthy breakfast at the start of the school day.

Canklow Woods Primary School's Magic Breakfast Journey

Canklow Woods Primary School is situated between streets of residential housing and woods, in Rotherham, South Yorkshire. The level of child poverty in the area is 32%. Around 240 children attend the school, which describes itself as being 'environmentally friendly, beautiful and spacious', where the 'welcoming atmosphere is ideal for high achievement and raised aspiration'.

At the start of their Magic Breakfast journey Canklow Woods Primary began by providing breakfast foods and activities to pupils in a sit-down breakfast club. Although, on average, 30 pupils attended each day, instances of hunger were still being reported by teachers. To solve this, the school started serving bagels at break time, however, this did not address the missed learning opportunities in the morning lessons due to hunger and was having little to no impact on attendance or punctuality.

When the local Magic Breakfast school partner visited the school, their knowledge of the area meant they were able to have a frank and open conversation about the school's situation with the pastoral team. This included discussing the high levels of poverty many families were facing and the routine hunger present in the community. Through this discussion, the school partner and school staff were able to develop a model that enabled the school to reach all children in need of a healthy breakfast.

While the breakfast club was unlikely to be able to grow for a myriad of reasons, the pastoral team agreed a before-school 'Grab-n-Go' bagel bar could work. The school had a few issues to overcome before this could be rolled out on a regular basis, including a lack of storage, but with advice from their Magic Breakfast school partner, and additional grant funding from the charity, they were able to overcome these challenges.

The 'extended reach' model is now in place at Canklow Woods Primary and the school is already seeing some positive results. With orders increasing significantly since the beginning of this new approach, the school is confident they are reaching all those in need of a healthy breakfast at the start of the school day.

CHARITABLE OBJECTIVE THREE

Making the case for change

We campaign for sustainable long-term funding to support school breakfasts in the most deprived areas, including educating the public at large about the importance of a healthy breakfast.

Case Study: The National School Breakfast Programme

The National School Breakfast Programme (NSBP), funded by the Department for Education and delivered by Magic Breakfast in partnership with Family Action, was launched in March 2018 and is reaching over 280,000 children every school day, in more than 1,800 schools.

The NSBP has been an excellent opportunity to engage key stakeholders in the work of Magic Breakfast. This includes the former Minister for Children and Families, Nadeem Zahawi, and various Members of Parliament who have had the opportunity to visit breakfast clubs at schools in their constituencies. Through these

visits we have been able to demonstrate the role of Government in ending child hunger in the morning and build support for the Magic Breakfast model.

National and local media coverage of the Programme, including on BBC radio and in publications such as The Yorkshire Post and Manchester Evening News, has also generated much attention for school breakfasts. Through this regular coverage we have been able to educate the public on the issue of child hunger in the morning, the need for free school breakfast provision and the role of Magic Breakfast in addressing this issue.



The first year of the Programme has been a huge success with teachers reporting improvements in key areas for children as result of school breakfast provision, including behaviour, attendance, attainment, nutrition and wellbeing. Talking with teachers about the impact in their school they have remarked:

'Since the NSBP started I have no students complaining of hunger, feeling sick or having headaches.'

'It's been amazing for us and it's changed the culture at the school. Parents and staff are more engaged and the children are so much happier... we can't thank the National School Breakfast Programme enough.'

The NSBP has been an excellent opportunity for Magic Breakfast to test its model at scale and show the impact and value of school breakfast provision. We will be building on the strength and success of the programme in the coming financial year to continue to campaign for a permanent solution to child hunger in the morning.

NSBP partner school Arlies Primary

Before the implementation of the NSBP at Arlies, the school had a persistent absentee rate of double the national average. Children often arrived late which caused disruption to their and others' learning at the start of the school day.

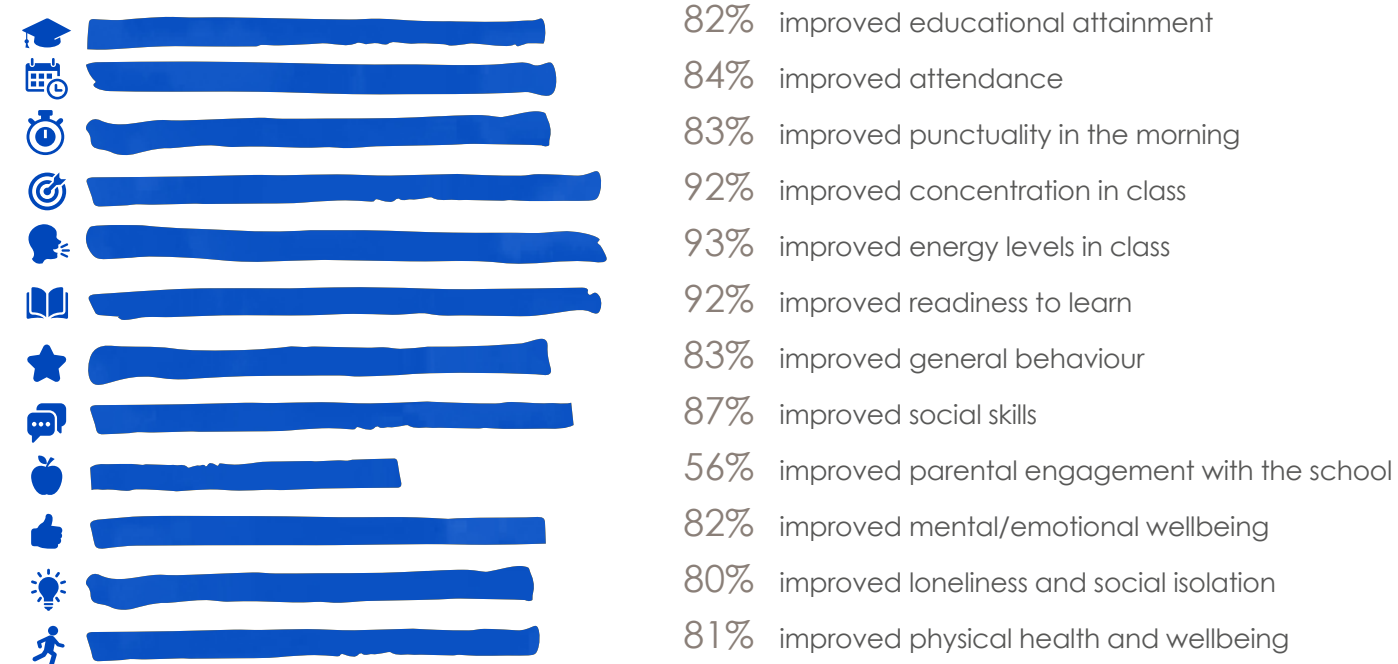
In the past the school has tried to reduce latecomers and encourage attendance through various approaches, from early classroom hours and paid for toast, to a walking school bus, but Headteacher, Mrs Hughes, had not seen any significant improvement until the NSBP.

Through the NSBP the school has implemented a 'Grab-n-Go' breakfast model so that pupils arriving at any of the school's multiple entrances are greeted with a tray of warm bagels which they can eat in various places throughout the school.

Since the roll-out of the Programme the school has seen a significant reduction in recorded late marks, increased attendance and an overall willingness to get into school.

Achievements 2018/19

Impact of breakfast provision*

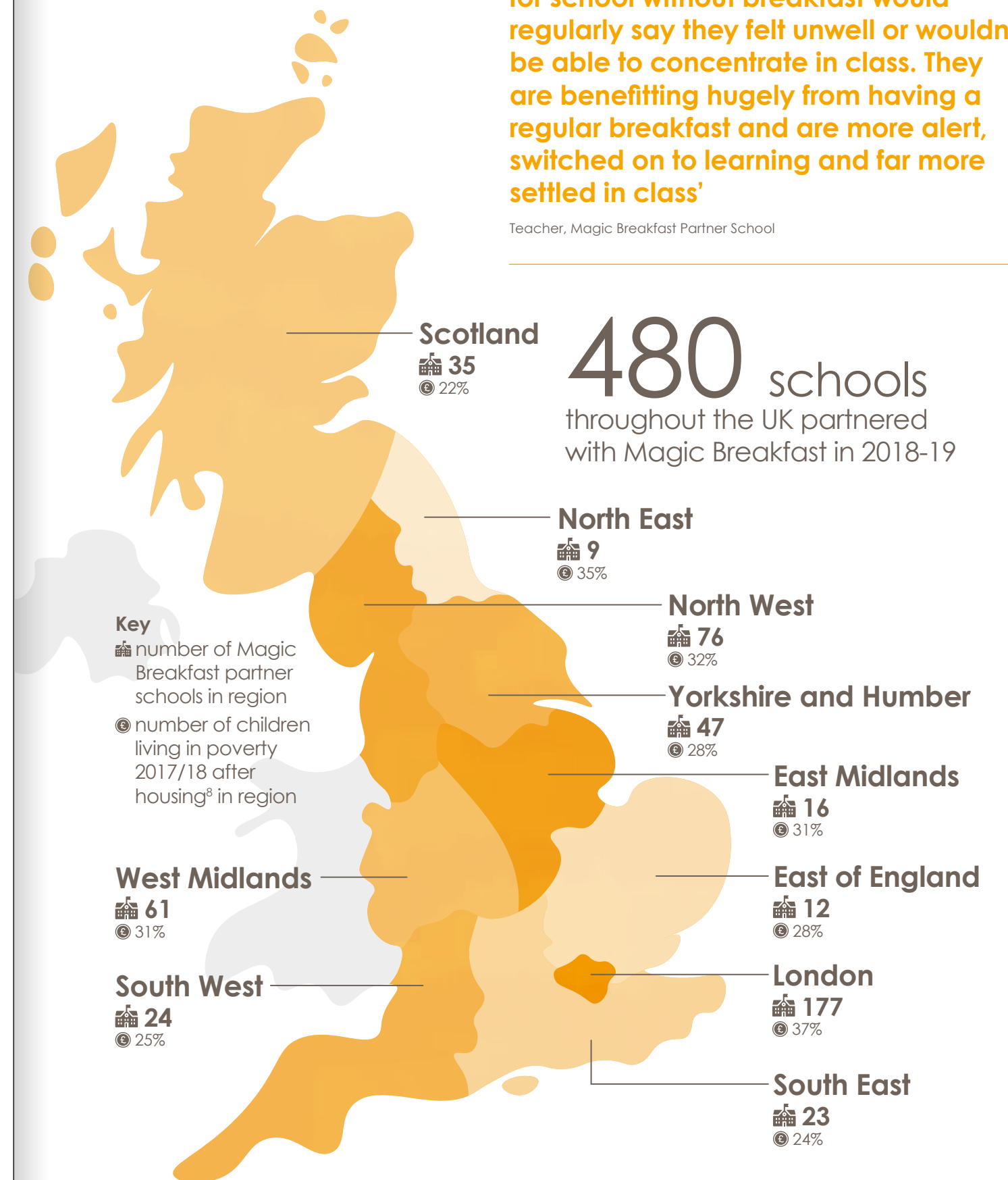


* Reported by Breakfast Club Coordinators in our partner schools



'One family who often turned up for school without breakfast would regularly say they felt unwell or wouldn't be able to concentrate in class. They are benefitting hugely from having a regular breakfast and are more alert, switched on to learning and far more settled in class'

Teacher, Magic Breakfast Partner School



⁸ End Child Poverty. May, 2019, <https://www.endchildpoverty.org.uk/poverty-in-your-area-2019/>

Magic Breakfast in Scotland

One year on

We are pleased to report that over the last year the number of schools we are working with in Scotland has grown from 18 to 35, with 2,310 children eating a Magic Breakfast on average, every school day.

Teachers in our Scottish partner schools have seen great results from providing a healthy breakfast at the start of the school day, with 73% of teachers surveyed reporting improvements in attendance and educational attainment. Teachers also reported improvements in children's energy levels in the classroom, healthy eating habits and emotional and mental wellbeing as a result of eating a Magic Breakfast.

Patricia McGowan, Head Teacher at Abercorn Secondary School, explains the difference it is making to her pupils:

73% of Magic Breakfast partner schools in Scotland believe that child hunger has increased in their school community in the past year

"It is having an impact on their mental health because they are now much more settled. It is having an impact on their learning because they are much more focused, they are not hungry when they arrive in class, so concentration levels are better. And for the staff, we can't believe the benefits it has brought to the school, it's tremendous."

Our biggest growth area in the last year was in Glasgow, with the number of schools starting a partnership with Magic Breakfast almost doubling. Glasgow has the highest concentrations of poverty compared to other local authority areas across Scotland, with 1 in 3 children living in poverty in the city.

Despite increasing the numbers of children we feed, we know there is still much more that needs to be done to support vulnerable children living in Scotland. 73% of Magic Breakfast partner schools in Scotland believe that child hunger has increased in their school community in the past year and according to Joseph Rowntree Foundation, 240,000 children are living in poverty.

To ensure no child living in poverty has to start the day without breakfast we will continue to build the number of schools we work with and support a permanent solution for free school breakfast provision in Scotland.

Salmon Family

The Salmon* family is a single parent family under significant financial strain, with two children at school and two at home. Social care has been involved with the family and there have been concerns from school staff in relation to hunger.

When the family joined the school they noticed that this environment was having negative impacts for the children with the eldest child often refusing to come to school or displaying defiant behaviours on arrival. This resulted in very low attendance - for one school year her attendance was 68%. The second eldest pupil struggled in the classroom, was very quiet and did not engage well in speaking and listening activities.

To try and engage the children we encouraged mum to bring them along to breakfast club and club staff worked hard to ensure that children felt welcome and made friends.

As a result, attendance for the eldest is now 92%, which is a significant improvement. The children have good friendships with peers, and both engage well with learning. They still have some lost ground to recapture; however, the club has ensured a routine start which they needed. The children now settle quickly to learning.



*name changed to protect family's identity

Health outcomes and breakfast

We know that many families in deprived areas of the UK are going without food or eating foods that are calorie rich but nutritionally poor.



For those children experiencing food insecurity this not only results in malnourishment but it can have a significant impact on their mental health, including higher rates of stress and anxiety.⁹

Research also shows that children in the lowest income households are disproportionately impacted by obesity. Children aged 5 from the poorest income groups are twice as likely to be obese as their better off counterparts.¹⁰

However, a healthy breakfast at the start of the day can help to guard against the negative effects of food insecurity. Our partner schools tell us that a Magic Breakfast at the start of the day is positively impacting on the health and wellbeing of their pupils.

'One child has benefited greatly from the scheme [Magic Breakfast] as they were identified as losing weight due to limited food at home. We have been able to provide a large bowl of porridge every day, along with other food items throughout the day, to ensure that they at least maintain their weight and are then ready to learn and access the curriculum.'

'As we are in a deprived area, it was not unusual for our children to turn up to school with a bag of crisps or biscuits for breakfast. Since we have started the breakfast club provision it is very rare that we will see this happen as the children can have a healthy breakfast at school with their friends.'

By providing a healthy breakfast for disadvantaged children, Magic Breakfast can support healthy eating habits and prevent against the negative impact of food insecurity on children's physical and mental wellbeing.

⁹ Weinred et al, Hunger: It's Impact on Children's Health and Mental Health, October, 2002, <https://pediatrics.aappublications.org/content/110/4/e41>

¹⁰ Childhood obesity: a plan for action, The UK Government, January, 2017, <https://www.gov.uk/government/publications/childhood-obesity-a-plan-for-action/childhood-obesity-a-plan-for-action>

Impact on social isolation and loneliness

Written by a teacher in a Magic Breakfast partner school

James* has many learning difficulties and used to start every day on his own in the dinner hall. When he tried to join in with other pupils he would be called 'names' and told to go away. He can be very immature and his social skills require some work. He doesn't pick up on social cues and therefore annoys the other pupils.

It took me a while to convince him but I eventually managed to get James to attend the Breakfast Club. Here we slowly introduced him to other pupils and worked on interactions with them. He now attends every day without fail and has a group of pupils that he sits with. He will chat away to the staff and the pupils and is much happier as a result.

James' mum is delighted that he goes to the club as she worried about him being on his own and he was often unhappy going to school. He now knows that if he has lost his timetable or needs help with anything he can speak to us at the club and we will do our best to help. He is so much happier and is no longer as socially isolated.

**name changed to protect family's identity*

'I like being a bagel monitor because it's nice to know that some children don't get a breakfast and they do because of the bagels I serve. I serve bagels and I talk to the little ones and to the parents. During bagel and a book we serve juice and bagels while the parents and children read together.'

Student, Year 6

Reflections

Magic Breakfast had a busy and rewarding year which would not have been possible without your support.

This year we completed our expansion of the Senior Management Team with the appointment of a Head of Policy and Campaigns. Creating this dedicated role will allow us to build on the successful lobbying Magic Breakfast has achieved to date and help us to fulfil our mission to end child hunger in the morning.

With the appointment of a Head of Fundraising in the last financial year, we have been focusing on ensuring our pipeline and funding strategy are robust. This has included strengthening existing relationships through greater stewardship and strategic account management, as well as diversifying our income streams with the support of new staff members.

The National School Breakfast Programme, delivered in partnership with Family Action, has been a highlight for the charity this year as, through this Programme, we have been able to reach more children with a healthy breakfast at the start of the school day than ever before. The initial months of the project required significant focus and resource from a range of

Magic Breakfast staff to contribute to its success, however, this investment in the Programme has brought about many benefits for the charity, as well as the obvious benefits to the children themselves. Through it we have been able to test our model at scale and bring greater awareness to the issue of child hunger in the morning and how we can solve it for good.

In the 2018/19 school year we decided not to grow the number of schools we work with. This was primarily because of uncertainty around future funding for the NSBP and the role the charity may need to play in supporting schools on the Programme when funding ends. Despite making the difficult decision not to increase the number of schools we work with in the year, Magic Breakfast did focus its resources on existing schools and strengthening relationships with these schools. In doing so, and as a result of broader trends in poverty, we were able to significantly increase the number of pupils being fed in each school by 20%, on average.

We have been focusing on ensuring our pipeline and funding strategy are robust.

Future plans

We want to solve the problem for good; no child too hungry to learn.

In late 2019, Magic Breakfast rolled out its five-year strategy. This strategy was developed with the pro-bono support of Oliver Wyman, in conjunction with all members of the Senior Management Team and with guidance from the Board of Trustees. This strategy will outline our commitment to not only supporting our existing schools, but also to an acceleration in the number of schools we offer support to. This will be enabled through refining our model and operations, including building partnerships to reduce cost. In doing so, we will be able to support more schools with a lower cost per school, without diminishing the impact we have on reducing hunger in schools. In addition to being more cost effective, there will be a drive to increase our ability to generate the income needed to support these schools, with a particular focus on improving our stewardship and partnership working with our supporters.

To support our work there will be a focus on raising awareness of the positive impacts school breakfasts have in schools and the children benefitting. It will also provide the platform to highlight the scale of the problem of child hunger in the morning in this country and raise the charity's public profile in addressing this need.

We envisage that the culmination of this work will push us further towards securing legislation for school breakfasts, and enable us to work with at least 2,000 schools within the next five years, addressing the urgent need to ensure no child starts their day too hungry to learn.

The Department of Education has announced continued funding for the NSBP, which has been an excellent and welcome development in our being able to work with both existing and new schools as part of the Programme. Through this continued government funding we will be supporting the existing 1,800 schools for the 2019/20 academic year. In Spring, we were to recruit 650 schools to be supported the following year, however, when this recruitment will begin is currently under review due to Covid-19.

Securing the extension not only means that we are able to continue to provide a healthy breakfast for many thousands of children, but it has also enabled us to raise awareness further of the issue of child hunger in the morning, which is important in our campaign for long term government commitment and funding for school breakfasts and a key part of our future strategy. In the next financial year, we will continue to scale up this campaign, with the launch of our policy paper in early September, and by increasing our engagement of parliamentarians to gain cross-party support.

While the impact of Covid-19 may reduce the speed at which we are able to execute these plans in the coming year, we know that supporting children with a healthy breakfast will continue to be salient with child hunger likely to increase as a result of Covid-19 in the short to medium term.

Environment

Understanding and monitoring the broader environment that the charity operates in is important for Magic Breakfast to deliver on its mission.

Working with schools we are aware of the difficulties that many are currently facing. We are continually hearing from schools that they are operating in a lean funding environment, with budget deficits widespread and any additional funding still not meeting the needs of the school.

As schools are a hub for their communities, they are increasingly providing services beyond education, through necessity. This includes providing children and families with everything from washing facilities and foodbank services, to transport and budgeting advice.

Having our team of school partners, who work individually with schools and are familiar with the regions they service, means we are best placed to understand the issues faced by schools, allowing us to adapt quickly to the needs of our current and future schools.

Challenges facing the third sector as a whole are heavily influencing the charity's future planning. Austerity has placed increased pressure on the third-sector to plug the gaps this policy has created and has resulted in more competition for finite funding. The situation has been further compounded by uncertainty over Brexit and the potential impact that leaving the EU may have on government spending, the food sector, and general philanthropy and giving.

In March 2020, we are experiencing the dramatic changes for schools and families caused by COVID-19 and the Government response to it. With the closure of schools for most children and increased financial instability for many families, support for those children at risk of hunger is needed more than ever. That is why we have continued to deliver breakfast food to children since the crisis began, and will continue to adapt our model, using a range of delivery methods, to reach vulnerable children with a selection of nutritious breakfast foods.

The Magic Breakfast team has risen to the challenge, adapting quickly to a new working environment and responding proactively and flexibly so we can continue to support children at risk of hunger. The maintained workload and good financial position of the charity means we continue operating at full capacity.

We will continue to monitor how COVID-19 impacts the Charity and the wider third-sector, however we have been overwhelmed by the support from current and new partners during this crisis.

The COVID-19 pandemic will have long-term consequences for children, even when schools re-open but we will continue to respond quickly to support children at risk of hunger.

As schools are a hub for their communities, they are increasingly providing services beyond education.

Thank you

We are incredibly grateful to all our wonderful partners who support us in many different ways. Without you we simply couldn't continue to give tens of thousands of hungry children a healthy start to their school day. Thank you for joining with us and making a difference together.

A special thank you to...

A Good Dinner
 Adobe Employee Community Fund
 Amazon UK
 Aniela and Edward Shuckburgh
 Bagel Nash
 Bank of America
 Cereal Partners UK
 Dishoom
 Ian Goode
 Igloo Thermo Logistics
 Impetus
 Kraft Heinz
 Pearson
 People's Postcode Lottery
 Phil Davies and family
 Quaker Oats UK
 Queens College Preparatory School
 Reynolds
 Merchant Taylors' Company
 Morgan Stanley International Foundation
 St John's School
 The Childhood Trust
 The Drapers' Charitable Fund
 The Jectus Charitable Foundation
 Tropicana
 Wesleyan Foundation

Thank you Amazon for all your support!

Amazon UK have been supporting Magic Breakfast since September 2016 and over that time have enabled us to provide almost five million breakfasts to pupils who would otherwise be too hungry to learn.

As well as funding to provide healthy breakfasts which unlock hours of learning, Amazon also support Magic Breakfast clubs through volunteering in two London schools. The same volunteers attend the Magic Breakfast club each week for a term, building relationships with the children and seeing first-hand the importance of a healthy breakfast at the start of the school day.

The scheme is enjoyed by all involved which is highlighted by one volunteer who said:

"I've been volunteering at the school since January and have had an amazing experience. Spending time with the kids (who are so bright and fun!) has been really rewarding and personally is a great way for me to kick off my work week every Monday."

When speaking to Amazon about why they choose to support Magic Breakfast, Fiona McDonnell, Director said; "Amazon's global community commitment is to ensure all children, especially those in low-income communities, have the resources and skills they need to build their best and brightest future. By supporting Magic Breakfast we are helping to ensure that more children have the nourishment they need to concentrate and learn."

We are so grateful for this support and look forward to another year working together, providing children with fuel for learning.

Thank you Players of People's Postcode Lottery!

Players of People's Postcode Lottery have helped us to ensure children are ready to learn at the start of the school day for over five years.

Their flexible and ongoing support has been instrumental in allowing Magic Breakfast to invest where needed most, supporting us through a significant period of growth and allowing us to reach more children every year.

Laura Chow, Head of Charities at People's Postcode Lottery, said: **"We are delighted that players of People's Postcode Lottery have been able to support Magic Breakfast for the last five years with over £1.6 million in funding. The charity is making a difference to the lives of thousands of children every school day and I am thrilled our players will continue to support Magic Breakfast to reach even more children across the country."**

Thanks to players of People's Postcode Lottery we have been able to grow our presence in the North of England, develop our impact reporting, strengthen our fundraising capacity and increase the number of schools we work in.

We love being part of the People's Postcode Lottery family and can't thank them enough for their support which has given so many children the fuel they need for learning.

Our amazing community fundraisers

Magic Breakfast is lucky to be supported by so many wonderful individuals, who use their talents to raise money and awareness for the work of Magic Breakfast.

Aba Edwards-Ikun is one of these talented individuals and generously donates profits from her baking business, The Good Tart, so children can start the day fuelled for learning.

When asked why she chooses to support Magic Breakfast, Aba said: **"I've always had a passion for food; but I am aware that the way which I enjoy it, is a form of privilege. I am also keenly aware of the food poverty that exists in the UK. I wanted to do something to address this specific hallmark of inequality and the mission of Magic**

Breakfast perfectly aligned with this desire. It's been such a pleasure helping Magic Breakfast feed the vulnerable children."

Thank you to all those who chose to support us this year. No matter what your passion is - from running to knitting – the funding you donate through these creative endeavours allows us to support children at risk of hunger with a healthy start to the school day.

Four years, one million meals

Dishoom was one of Magic Breakfast's very first restaurant partners, and since 2015 they have been committed to donating the cost of a Magic Breakfast for every breakfast sold in their restaurants through their Meal for a Meal initiative. This year we celebrated a very special milestone in our partnership when Dishoom's support exceeded an incredible one million meals provided for hungry children since our partnership began.

Kavi Thakrar, co-founder of Dishoom, when speaking about the partnership said, **"We strongly believe that in terms of social mobility, breakfast (or lack of it) can literally be life-changing. We are delighted to support the essential work Magic Breakfast does to ensure more children turn up to school with full bellies and enquiring minds. 2019 has been a really special year for this partnership. We were totally thrilled to hit the one million meals milestone this year and to have had the pleasure of hosting Magic Breakfast takeovers and school visits in London, Edinburgh and Manchester."**

As well as supporting Magic Breakfast through their Meal for a Meal initiative, Dishoom is also dedicated to making magic in their local communities. Each year they host their annual Magic Breakfast takeover, inviting local Magic Breakfast schoolchildren in to their cafés for a morning of learning, fun, naan-making and, most importantly, breakfast! The takeovers are a fantastic chance for the Dishoom team to see the impact that their support is having on pupils throughout the UK and provides our partner schools with an extraordinary day out.

Thank you Dishoom for all your wonderful support!





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 towards 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 throughout this report, this is achieved through the provision of healthy breakfasts and expert support to partner schools to help them reach the most vulnerable children, engage the whole school community in understanding the importance of eating a

healthy breakfast every day, and put in place a provision that is sustainable for the future.

More information of the purpose of the charity and main activities undertaken in relation to that purpose, as well as the public benefit created by the charities work, can be found under **aim** on pages 8 to 9 and **objectives**, pages 10 to 15.

The achievements of the Charity and its impact on beneficiaries, as well as plans for the future, are outlined under **objectives** on pages 10 to 15, **achievements** on pages 16 to 21 and **future plans** on page 23.



Trustees and advisers

Trustees

Joanne Thompson, Chair of Trustees (appointed 16 May 2019)
Tamar Kasriel, former Chair of Trustees (resigned 16 May 2019)
Phil Davies (appointed 16 October 2018)
Michael Honan (appointed 17 September 2019)
Alison Inglis-Jones (appointed 5 March 2019)
John McIvor
Nicola Noble (maternity leave 5 March 2019-27 October 2019)
Alexandra Prentice (resigned 11 December 2018)
David Reay (resigned 5 March 2019)
Aniela Shuckburgh (appointed 30 November 2018)
Paula Smith
Emma Jane West (appointed 17 September 2019)
Varsha Venugopal (appointed 4 January 2019)

Company registered number

04977015

Charity registered number

1102510 and SC048202

Registered office

190 High Holborn
London, WC1V 7BH

Principal operating office

Saint Magnus House
3 Lower Thames St
London, EC3R 6HD

Senior management team

Alex Cunningham, Chief Executive Officer (CEO)
Derek Morgan, Chief Operating Officer (COO)
Emily Wilkie, Head of Fundraising
Rachael Anderson, Head of Schools
Sophia Dettmer, Head of Communications
Alysa Remtulla, Head of Policy and Campaigns

Founder

Carmel McConnell MBE

Website

magicbreakfast.com

Independent auditors

MHA MacIntyre Hudson
Chartered Accountants
6th Floor
2 London Wall Place
London
EC2Y 5AU

Bankers

The Royal Bank of Scotland
189-191 Camden High Street
London
NW1 7BP

Metro Bank PLC
One Southampton Row
London
WC1B 5HA

Company Information

a. Company status

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.

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 three key activities: food aid, building capacity in school communities to reach every child at risk of hunger and making the case for change to ensure permanent funding for school breakfasts.

There have been no changes in the charity's objectives or governing document since the last annual report.

b. Structure, governance and management

Structure

Founded in 2000 by Carmel McConnell, as a result of research for the Pearson title *Change Activist*, Magic Breakfast is a charitable company dedicated to ensuring every child starts their school day with a healthy breakfast as fuel for learning. The company incorporated in November 2003 and was awarded charitable status in March 2004.

Governance

The decision-making body of the charity is the Board of Trustees, who are responsible for the governance of the charity and ensuring it pursues its charitable purpose. The trustees, who are also directors of the company for company law purposes, are recorded on page 30.

Magic Breakfast is a registered charity in England and Wales and Scotland, as well as a company limited by guarantee with no share capital and trustees have no personal interest in the company.

The Trustee board collectively meets quarterly and regularly within sub-committees to ensure good governance and to provide guidance for the charity. There are five board sub-committees: Fundraising Committee, Finance, Operations and People Committee, Schools Committee, Policy and Campaigns Committee and Governance Committee, whose purpose are set out in their terms of reference. These sub-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 several changes to the board, with four resignations and five appointments. These changes included our long-serving chair, Tamar Kasriel, resigning. We thank Tamar for all her work, serving the charity for almost seven years, and welcome our new chair Joanne Thompson. These changes were the result of many long-serving trustees reaching their tenure and new trustees were identified and recruited following a board skills audit.

There were additional appointments subsequent to the financial year end as detailed on page 30.

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 Management Team (SMT), made up of the COO, Head of Fundraising, Head of Communications, Head of Policy and Campaigns and Head of Schools. This team oversees the operational activities of the Charity with support from the Founder who leads on external relations, has a strategic role in the delivery of the NSBP, and maintains links with many funders.

Staffing

During 2018/19, 31 persons were employed on average by Magic Breakfast during the year. This is a small change from the previous year when 30 staff were employed by the charity on average during the year.

There were some changes to staff roles with the establishment of a Head of Policy and Campaigns, who expanded our work in making the case for change.

Magic Breakfast is very lucky to have in place a dynamic and passionate team, who strive for a collaborative, efficient and transparent working environment.

c. 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 during the 2018/19 financial year.

When an appointment to the board is required, a role profile is drawn up that highlights the skills needed. To advertise the role, the board will circulate the profile within their relevant networks, alongside a public advertisement placed in appropriate channels. Interviews are then held with shortlisted applicants by the chair of the trustees and another member of the board.

Prospective trustees are reviewed by existing board members through a series of one-to-one interviews with members of the board and based on their recommendations are then invited to observe a board meeting. Following this, on the provision that the board are satisfied and the applicant still wishes to become a trustee, they will be appointed.

d. 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.

e. Magic Outcomes

Magic Breakfast wholly owns Magic Outcomes which is presently used by the charity for licensing our brand. Magic Outcomes did trade during the year under review, however, the transactions were below £1,000. See Note 13 for more information on Magic Outcomes trading activities.

Financial review

In the financial year 2018/19, the charity made a surplus of £354,543 (2018: £603,151) and saw an increase in the income raised from £3,466,814 to £3,527,793. Together with the accumulate surplus from previous years, Magic Breakfast has an accumulated surplus on unrestricted funds of £2,329,644 (2018: £2,000,487).

A significant contributor to this surplus was the Department for Education contract, where the charity was awarded £722,347 (2018: £353,349) for its partnership in the delivery of the NSBP. The NSBP was implemented quickly and had a number of tight targets required to be met in the early stages of the Programme. As a result, the charity diverted resources to the Programme and took longer than expected to backfill a number of positions within the charity leading to an unanticipated underspend in this financial year. We also increased our gift aid significantly in 2018/19 as with new resource the charity could focus on reclaiming unclaimed gift aid from previous years.

Expenditure also increased in the 2018/19 year to £3,173,249 (2018: £2,863,663). This increase was the result of planned growth throughout the organisation. While the 2017/18 financial year was focused on strengthening the SMT, which was completed in 2018/19, this was done with the intention of growing the charity. The charity has been operating on a lean model in previous years but now, under the guidance of the SMT, the charity was able to establish new positions and fill several vacant positions throughout 2018/19. This growth will allow the charity to implement its five-year strategic plan in the coming financial years.

The decision to maintain a surplus in the 2018/19 financial year was primarily made due to uncertainty around future funding for the NSBP with phase one funding ending in the 2019/20 school year. To ensure as many children as

possible continue to have access to a healthy breakfast at the start of the day the charity made the prudent decision to maintain a surplus so more options to support these schools could be explored. Furthermore, as a number of Magic Breakfast's resources were required in the set-up phase of the NSBP the decision was made not to take on any further schools in 2018/19 and instead to build capacity in the 480 schools we currently work with, allowing this surplus to be used to take on more schools in 2019/20.

At the end of the 2017/18 financial year, our cereal partnership with Tesco, who donated cereal to the charity, came to an end and the charity took on the cost of purchasing cereal in 2018/19 financial year. Although this loss of donated cereal was forecasted in the budget, the exact demands from our schools for new cereal varieties was unknown, resulting in an underspend on cereal, further contributing to this surplus. This also resulted in a decrease in our donated goods income.

Restricted funds carried forward as at 31 August 2019 amount to £86,974 (2018: £61,588). These funds will be spent in accordance with our supporters' wishes and within the funding period agreed.

a. Fundraising activities and income generation

During the year Magic Breakfast's income increased from £3,466,814 in 2017/18 to £3,527,793 in 2018/19. While our income remained largely consistent with the 2017/18 financial year, the areas in which this income was generated have changed as a result of investment in the fundraising team.

A significant contributor to this income was growth in grant income, as a result of investing in two fulltime Trusts and Foundations roles.

Expenditure Breakdown (£3,173,249)



Income Breakdown (£3,527,793)



The charity also received a significant level of funding through a Department for Education contract for its partnership in the NSBP which was delivered throughout the 2018/19 financial year. This funding will continue in the coming financial year.

While income from corporate fundraising decreased overall, this was primarily because of the end of the Charity of the Year partnership with Bank of America. Despite the loss of this significant income stream, the Charity has diversified its corporate fundraising sources in the past year so there is no over-reliance on any one donor. This is already having an effect

with corporate income deriving from a greater breadth of donors.

The Charity has also invested in its individual donor stewardship, and plans to look at how to grow income in this space through strategic messaging, tailored stewardship and events in the coming year. This strategy will be supported by dedicated staff members. The Charity has also been working on building capacity within the schools it supports over the past year which will likely result in a small increase in membership income in coming years.

The breakdown of income and expenditure for the year 2018/19 can be seen above.

Due to the COVID-19 crisis, Magic Breakfast has made some changes to its fundraising strategy. In March 2020, the Keeping Breakfast Going campaign was launched to mitigate any potential lost income, such as from events and restaurant partners, and the Charity continues to work closely with existing donors to keep them informed about how Magic Breakfast is continuing to support children at risk of hunger.

This work on alternative and COVID-19 specific fundraising is generating sufficient additional income to compensate for the income the Charity is forecasting to lose from donors and events that have been negatively impacted.

Fundraising compliance

During 2018/19, 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 and the General Data Protection Regulation (GDPR). The Charity is registered with the Fundraising Regulator and is committed to being an open, fair and respectful fundraiser.

The Charity 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 and the Fundraising Code of Practice.

There were no complaints made against the Charity or its commercial participators regarding fundraising practices.

b. Reserves and investment reserves policy

The Board of Trustees aims to maintain a level of unrestricted reserves which equates to six months of future running costs at the year end. The target for reserves held was £1,763,867.

The charity has adopted the policy to hold six months reserves to mitigate cash flow risks and allow for any remedial actions to be adopted in a timely manner should cash levels begin to drop significantly. When a significant change in income or expenditure is known and provides a potential risk to future cash flow, the Charity may choose to build up a level of reserves above six months to allow these changes to be absorbed.

At the year end, the charity held £2,329,644 (2018: £2,000,487) in unrestricted reserves; the equivalent to eight months of future running costs. The decision to build a surplus was made in order to explore all options when the NSBP funding ends. Furthermore, the charity anticipates higher operating costs in the coming year as the charity returns to operating at capacity.

During the COVID-19 crisis, the Charity is regularly reviewing its income and cost forecasts. Current forecasts predict that Magic Breakfast will achieve its original financial plan for the current year and expects to maintain a level of reserves in line with the policy. For this reason, the Charity does not anticipate any need to change its reserves policy

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 £34,009 allotted as shares in the subsidiary organisation, Magic Outcomes.

c. 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 Board of Trustees also fully accepts its responsibilities to ensure there are systems and procedures 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 SMT formally review the risk register monthly; a report is then sent to the Finance, Operations and People (FO&P) sub-committee for review and the main Trustee Board.

With the principal risks being financial, financial performance is monitored against an annual budget and monthly management information on the charity's financial position is produced to inform any decisions that will impact the charity's financial position. This management information is reviewed by the FO&P sub-committee. In addition, forecasting is undertaken and updated throughout the year to reflect changes which impact on income and expenditure.

Part of monitoring our financial risk includes ensuring we have a robust and prudent fundraising pipeline, to preempt expected change in funders over time. With the growth of our fundraising team in new areas including individual and community fundraising and trusts and foundations, we are better prepared for future shocks through a more diversified pipeline.

The NSBP continues to be a notable financial and reputational risk for the charity. This is

because phase one of the Programme is scheduled to end by July 2020, and it is likely that many schools will be unable to sustain their breakfast provision without external funding given the tight fiscal environment they are operating in. To mitigate this risk the charity has built a surplus in previous years so all options can be explored to sustain breakfast provision in these schools and resources are being allocated to support phase one schools to develop a sustainable breakfast model.

COVID-19 and the risks it presents to the Charity's staff, operations and finances is now one of its principle risks. As such, continuity plans are in place and the current status and actions are reviewed and updated weekly throughout this crisis.

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

d. Related parties and trustee expenses

The Charity has considered the disclosure requirements of the Charities SORP for related party relationships and considers its Key Management Personnel to be the Trustees, SMT and Founder.

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

e. Key management personnel remuneration

The charity performs salary benchmarking every two to three years to ensure staff and key management personnel salaries are in line with the rest of the sector. 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 FO&P sub-committee.

Where the changes are significant or include key management personnel, the FO&P sub-

committee 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.

As outlined on page 30, the Key Management Personnel are considered to be Trustees, SMT and the Founder. Trustees are not remunerated for their roles as Trustees but key management personnel that make up the SMT received a salary for these roles.

This year the SMT, including the Founder, expanded to seven staff by August 2019 (2018: 6) and are listed on page 30. These changes were approved by the board who were also involved in the hiring and remuneration process, where appropriate.

f. Going concern

After making appropriate enquiries, 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 most recent impacts of the COVID-19 restrictions to schools (and other organisations) where there will be a risk to some income, however this is being mitigated by addition offers of short term funding. We expect to be able to continue to support our beneficiaries without a material risk to the reserves.

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.

'Educational attainment has undoubtedly improved, while the significance of the scheme is also felt by the wider community and will hopefully result in a more prosperous future for our children and their families which will see the area benefit for decades to come.'

Trustees' responsibilities statement

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

Company law requires the 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 the apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in 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; and
- 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.

In preparing this report, the Trustees have taken advantage of the small companies exemption provided by Section 415A of the *Companies Act 2006*.

This report was approved by the Trustees on 19 May 2020 and signed on their behalf by:



Joanne Thompson

Chair

Date: 21st May 2020

Independent auditor's report to the members of Magic Breakfast

Opinion

We have audited the financial statements of Magic Breakfast (the 'charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been 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*.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

Independent auditor's report to the members of Magic Breakfast (cont.)

with the financial statements or our knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 (incorporating the directors' 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 our 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 requires 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 Trustees 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 Trustees' responsibilities statement, 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.

Independent auditor's report to the members of Magic Breakfast (cont.)

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

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.

A further description of our responsibilities for the audit of the financial statements is located 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. 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.



Sudhir Singh FCA (Senior Statutory Auditor)

For and behalf of MHA MacIntyre Hudson
Chartered Accountants and Statutory Auditors
2 London Wall Place
London
EC2Y 5AU

Date: 6 June 2019

Statement of financial activities incorporating income and expenditure account for the year ended 31 August 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM					
Donations and grants	2	2,000,689	802,982	2,803,672	3,111,857
Charitable activities	3	722,347	-	722,347	353,349
Investments	4	1,774	-	1,774	1,608
TOTAL INCOME		2,724,810	802,982	3,527,793	3,466,814
EXPENDITURE ON					
Raising funds	5	679,722	-	679,722	469,811
Charitable activities	6	1,715,931	777,596	2,493,527	2,393,852
TOTAL EXPENDITURE		2,395,653	777,596	3,173,249	2,863,663
NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES		329,157	25,386	354,543	603,151
NET MOVEMENT IN FUNDS		329,157	25,386	354,543	603,151
RECONCILIATION OF FUNDS					
Total funds brought forward	18	2,000,487	61,588	2,062,075	1,458,924
TOTAL FUNDS CARRIED FORWARD		2,329,644	86,974	2,416,618	2,062,075

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised during the year.


The notes on pages 45 to 58 form part of these financial statements.

Balance sheet as at 31 August 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Intangible assets	12		-		-
Investments	13		34,009		34,009
TOTAL FIXED ASSETS			34,009		34,009
CURRENT ASSETS					
Stock	14	25,897		38,442	
Debtors	15	253,646		469,877	
Cash at bank and in hand		2,335,988		1,673,917	
TOTAL CURRENT ASSETS			2,615,531	2,182,236	
CREDITORS					
Amounts falling due within one year	16	(232,922)		(154,170)	
NET CURRENT ASSETS			2,382,609		2,028,066
NET ASSETS			2,416,618		2,062,075
CHARITY FUNDS					
Restricted funds	17		86,974		61,588
Unrestricted funds	17		2,329,644		2,000,487
TOTAL FUNDS			2,416,618		2,062,075

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 19 May 2020 and signed on their behalf by:

 21st May 2020

Joanne Thompson, Chair

The notes on pages 45 to 58 form part of these financial statements.

Company registration number: 04977015

Statement of cash flows for the year ended 31 August 2019

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by operating activities	19	660,297	528,469
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest from investments	4	1,774	1,608
NET CASH PROVIDED BY INVESTMENT ACTIVITIES		1,774	1,608
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		662,071	530,077
Cash and cash equivalents brought forward		1,673,917	1,143,840
CASH AND CASH EQUIVALENTS CARRIED FORWARD	20	2,335,988	1,673,917

The notes on pages 45 to 58 form part of these financial statements.

1. Accounting policies

1.1 GENERAL INFORMATION AND BASIS OF PREPARATION

Magic Breakfast is a charitable company registered with the Charity Commission (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 30 of these financial statements. The nature of the Charity's operations and principal activities are details in the Trustees' 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) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the *Companies Act 2006*.

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.

The accounting policies have been reviewed in light of COVID-19 and it has been determined that there is no need to change anything at this time, but the Charity will continue to keep this under review. The Trustees have assessed that as the COVID-19 pandemic and ensuing economic shutdown has no material impact to the Charity's operations or to the year end balances, it would be considered as a non-adjusting post balance sheet event

1.2 COMPANY STATUS

The Charity is a company limited by guarantee. The members of the company are the Trustees named on page 30. 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 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 professional services, donated facilities and donated breakfast ingredients 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.

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 (headcount). 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.

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.

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.

This has been reviewed again given the impact of COVID-19 and the Trustees see no reason to change this belief.

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

2. Income from donations and grants income

Income from donations and grants income – current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	1,130,695	505,251	1,635,946	1,996,512
Membership income	74,292	-	74,292	123,750
Grants	405,750	297,731	703,481	445,800
Donated goods, facilities and services	387,429	-	387,429	541,905
Other	2,522	-	2,522	3,890
TOTAL 2019	2,000,689	802,982	2,803,672	3,111,857
TOTAL 2018	2,511,228	600,629	3,111,857	

Total donated goods, facilities and services for the year were £387,429 (2018 - £541,905) and comprise of the following:

- £338,512 (2018 - £502,677) of breakfast ingredients;
- £24,960 (2018 - £24,960) of office facilities;
- £23,770 (2018 - £13,248) of professional services; and
- £187 (2018 - £1,020) of other miscellaneous goods.

Income from donations and grants – prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	1,446,683	549,829	1,996,512	1,392,979
Membership income	123,750	-	123,750	174,650
Grants	395,000	50,800	445,800	505,000
Donated goods, facilities and services	541,905	-	541,905	477,598
Other	3,890	-	3,890	-
TOTAL 2018	2,511,228	600,629	3,111,857	2,550,227
TOTAL 2017	2,135,227	415,000	2,550,227	

3. Income from charitable activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Contract income (DfE)	722,347	-	722,347	353,349
TOTAL 2018	353,349	-	353,349	

The contract income is received from the Department for Education through Family Action.

There are no unfulfilled conditions or other contingencies attached to the government grants above.

4. Income from investments

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest receivable	1,774	-	1,774	1,608
TOTAL 2018	1,608	-	1,608	

5. Expenditure on raising funds

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Direct costs	522,251	-	522,251	361,240
Support costs	157,471	-	157,471	108,571
TOTAL 2019	679,722	-	679,722	469,811
TOTAL 2018	469,811	-	469,811	

In 2018, all expenditure on raising funds was from unrestricted funds.

Direct costs are analysed further in Note 7.

Support costs are analysed further in Note 8.

6. Analysis of expenditure on charitable activities

Analysis of expenditure on charitable activities – current year

	Activities undertaken directly 2019 £	Support costs 2019 £	Total 2019 £	Total 2018 £
Food Aid	1,880,739	160,685	2,041,424	2,057,683
Building Capacity	150,294	48,205	198,499	51,926
Making the Case for Change	189,329	64,274	253,603	284,243
TOTAL 2019	2,220,362	273,165	2,493,527	2,393,852
TOTAL 2018	2,129,143	264,709	2,393,852	

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 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Food Aid	1,886,573	171,110	2,057,683	1,055,046
Building Capacity	38,826	13,100	51,926	329,064
Making the Case for Change	203,744	80,499	284,243	232,702
DfE Contract	-	-	-	466,761
TOTAL 2018	2,129,143	264,709	2,393,852	2,083,573
TOTAL 2017	1,913,678	169,895	2,083,573	

7. Total direct costs

	2019 £	2018 £
Staff costs	928,675	757,888
Other staff costs	68,497	15,933
Direct food costs	1,473,345	1,480,035
Contractors and consultants	225	13,257
Administration costs	65,392	64,554
Premises costs	82,560	69,284
Legal and professional fees	14,496	-
Publicity, marketing and fundraising	109,140	89,415
School event costs	283	17
Total	2,742,613	2,490,383

In 2019, of the total expenditure on direct costs, £522,251 (2018 - £361,240) is allocated to Expenditure on Raising Funds and £2,220,362 (2018 - £2,129,143) is allocated to Expenditure on Charitable Activities.

8. Total support costs

	2019 £	2018 £
Staff costs	223,590	127,688
Other staff costs	48,497	72,899
Direct food costs	-	863
Contractors and consultants	4,536	12,775
Administration costs	57,914	44,524
Premises costs	33,456	25,197
Legal and professional fees	12,250	49,506
Publicity, marketing and fundraising	22,630	523
School event costs	-	2,352
Governance costs	27,763	32,961
Impairment of fixed asset investments	-	3,992
Total	430,637	373,280

In 2019, of the total expenditure on support costs, £157,471 (2018 - £108,571) is allocated to Expenditure on Raising Funds and £273,165 (2018 - £264,709) is allocated to Expenditure on Charitable Activities.

Included within the total support costs above are £59,587 of governance staff costs, other governance staff costs and governance administration costs which are included within the balance of governance costs in Note 9.

9. Governance costs

	2019 £	2018 £
Governance staff costs	37,235	17,955
Other governance staff costs	20,231	-
Governance administration costs	2,121	-
Auditors' remuneration - Audit of the financial statements	13,600	10,300
Auditors' remuneration - Other services	5,480	10,340
Auditors' remuneration - Under accrual of prior year audit and accounts fee	3,320	-
Trustee meetings	540	148
Professional fees	527	1,410
Other governance expenses	4,296	163
Total	87,350	40,316

10. Trustee remuneration, benefits and expenses

Trustees give their time freely and during the year, Trustees have not received any remuneration (2018 - £NIL) or benefits of any kind (2018 - £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:

	2019 £	2018 £
Travel and subsistence	1,329	-
Total number of Trustees paid expenses	1	-

11. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	1,017,984	785,249
Social security costs	99,413	75,207
Pension costs	34,868	25,120
Total	1,152,265	885,576

The average number of persons employed by the Charity during the year was as follows:

	2019 £	2018 £
Food Aid	10	12
Building Capacity	3	1
Making the Case for Change	3	2
Fundraising	7	6
Support	5	6
Governance	1	1
Publicity and Marketing	2	2
Total	31	30

No employee received remuneration amount to more than £60,000 in either year.

The total amount of employee benefits received by Key Management Personnel, including employers' national insurance, is £356,010 (2018 - £210,446). The Charity considers its Key Management Personnel to comprise the Trustees and the members of the Senior Management Team listed in the Reference and Administrative details on page 30.

The Trustees of the Charity, other than detailed in Note 10, did not receive any remuneration in the year.

12. Intangible fixed assets – website

	Software £
COST	
At 1 September 2018 and 31 August 2019	28,000
AMORTISATION	
At 1 September 2018 and 31 August 2019	28,000
CARRYING AMOUNT	
At 1 September 2018 and 31 August 2019	-

13. Fixed asset investments

	Shares in group undertakings £
COST	
At 1 September 2018 and 31 August 2019	<u><u>34,009</u></u>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

NAME	HOLDING
Magic Outcomes Limited - £1 ordinary shares	100%

The aggregate of the share capital and reserves as at 31 August 2019 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
NAME		
Magic Outcomes Limited - £1 ordinary shares	<u><u>34,009</u></u>	<u><u>291</u></u>

The Charity owns 100% of the issued share capital of Magic Outcomes Limited, a company limited by shares and registered in England and Wales (company registration 04621084). Magic Outcomes Limited has had very limited trading activity and only small administrative expenses have been incurred in the year. 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.

14. Stock

	2019 £	2018 £
Undistributed breakfast ingredients	<u><u>25,897</u></u>	<u><u>38,442</u></u>

Stock recognised as an expense during the year was £892,004 (2018 - £953,247).

15. Debtors

	2019 £	2018 £
Trade debtors	137,583	454,967
Other debtors	18,490	14,910
Grants receivable	60,000	-
Accrued income	10,860	-
Prepayments	26,713	-
Total	<u><u>253,646</u></u>	<u><u>469,877</u></u>

16. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	38,392	47,808
Other taxation and social security	63,105	90,465
Other creditors	10,295	4,127
Accruals	44,464	11,770
Deferred school membership income	76,667	-
Total	<u><u>232,922</u></u>	<u><u>154,170</u></u>

In light of the anticipated growth in annual membership income, the Charity re-examined its recognition of school membership income and determined that this income would be more appropriately recognised over the entirety of the membership period.

As part of this process, the Charity assessed whether a prior year adjustment for 2018 would be necessary and it was determined that this was not required as the deferred school membership income for 2018 was not material.

	Balance brought forward at 1 September 2018 £	Income released £	Income deferred £	Balance carried forward at 31 August 2019 £
DEFERRED INCOME				
School membership income	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>76,667</u></u>	<u><u>76,667</u></u>

17. Statement of funds

Statement of funds – current year

	Balance at 1 September 2018 £	Income £	Expenditure £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS				
General funds	2,000,487	2,724,810	(2,395,653)	2,329,644
RESTRICTED FUNDS				
Amazon Data Services UK Limited	-	423,500	(423,500)	-
Impetus	-	156,250	(156,250)	-
The Big Give	-	81,751	(54,501)	27,250
Morgan Stanley (London)	9,096	55,500	(42,137)	22,459
Other restricted funds	52,492	85,981	(101,208)	36,342
	61,588	802,982	(777,596)	86,974
TOTAL FUNDS	2,062,075	3,527,793	(3,173,249)	2,416,618

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.

The **Amazon Data Services UK Limited** restricted fund is used to provide a breakfast food provision to 77 schools across the United Kingdom and fund a member of staff to support each school with optimising their breakfast provision.

The **Impetus** restricted fund is used for management and organisational development, including supplementing the Senior Management Team's salaries and accessing training.

The **The Big Give** restricted fund is used to provide a breakfast food provision to 17 schools in London.

The **Morgan Stanley (London)** restricted fund is used to facilitate the running of five holiday clubs in Tower Hamlets during the school holidays as part of the Morgan Stanley Healthy Cities Programme. This includes the provision of breakfast food, a reimbursement for staffing costs and cookery club ingredients, and materials to promote the club.

Statement of funds – prior year

	Balance at 1 September 2017 £	Income £	Expenditure £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS				
General funds	1,458,924	2,866,185	(2,324,622)	2,000,487
RESTRICTED FUNDS				
Morgan Stanley	-	38,800	(29,704)	9,096
Bank of America	-	25,333	(12,000)	13,333
Amazon Data Services UK Limited	-	423,500	(423,500)	-
St James's Place Foundation	-	28,402	(25,972)	2,430
Masonic Charitable Foundation	-	28,402	(20,778)	7,624
The Draper's Charitable Fund	-	9,300	(5,195)	4,105
Sodexo Stop Hunger Foundation	-	9,892	(9,892)	-
News Corp Giving	-	25,000	-	25,000
Worshipful Company of Merchant Taylors	-	12,000	(12,000)	-
		600,629	(539,041)	61,588
TOTAL FUNDS	1,458,924	3,466,814	(2,863,663)	2,062,075

18. Analysis of net assets between funds

Analysis of net assets between funds – current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Fixed asset investments	34,009	-	34,009
Current assets	2,528,556	86,974	2,615,531
Creditors due within one year	(232,922)	-	(232,922)
	2,329,643	86,974	2,416,618

Analysis of net assets between funds – prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Fixed asset investments	34,009	-	34,009
Current assets	2,120,648	61,588	2,182,236
Creditors due within one year	(154,170)	-	(154,170)
	2,000,487	61,588	2,062,075

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

	2019 £	2018 £
Net movement in funds for the year (as per Statement of Financial Activities)	354,543	603,151
ADJUSTMENT FOR		
Impairment of investments	-	3,992
Interest from investments	(1,774)	(1,608)
Decrease in stocks	12,545	(24,612)
Decrease in debtors	216,231	(94,730)
Increase in creditors	78,752	42,276
NET CASH PROVIDED BY OPERATING ACTIVITIES	660,297	528,469

20. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	2,335,988	1,673,917

21. Operating lease commitments

At 31 August 2019, the total of the Charity's future minimum lease payments for office premises under non-cancellable operating leases was:

	2019 £	2018 £
AMOUNTS PAYABLE		
Within 1 year	67,634	84,960

During the year, the lease expenditure for the year totalled £91,056 (2018 – £75,192) 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 £15,625 (2018 - £5,000) and restricted donations of £10,000 (2018 - £NIL) from Trustees, Key Management Personnel and their related parties; the restrictions imposed were not significant.



magic breakfast

fuel for learning

Company registered charity: 04977015
Registered charity number England: 1102510
Registered charity number Scotland: SC048202