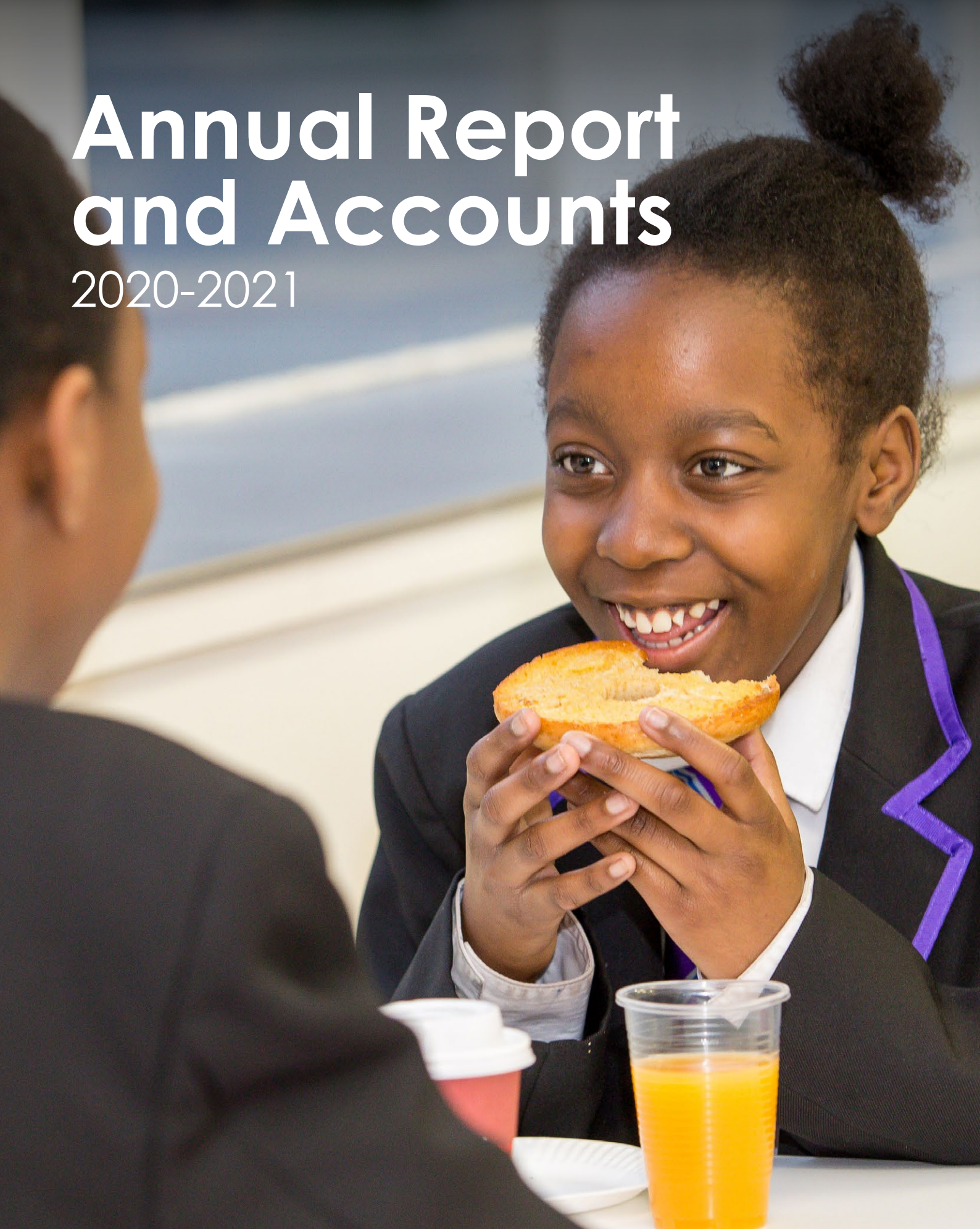


# Annual Report and Accounts

2020-2021







**“Hunger prevents children from achieving their aspiration and fulfilling their capabilities.”**

Jo-Anne Angel, Headteacher St Bride’s RC Primary

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# From our Chair



It is a privilege to welcome you to our 2020-21 annual report, which sees us reflect on a year like none other for Magic Breakfast and the children we support. Like so many charities, we have faced

unprecedented challenges as we continued to adapt our ways of working in response to the pandemic. We can also look back and celebrate some incredible achievements, growth and financial sustainability.

Eating a healthy 'Magic' breakfast in the morning has proven to be an effective way of improving a child's educational attainment. Sadly, the pandemic has exacerbated the educational attainment gap between disadvantaged pupils and their wealthier peers. To ensure that children did not fall further behind in their educational development, it was crucial that we kept our charitable activities going.

Our focus was to continue to provide our schools with breakfast provision and expert support from our School Partners. This was made possible thanks to the incredible hard work of our staff. They ensured that both during the partial school closure and when pupils were welcomed back to school, children were fuelled for learning.

These achievements have only been made possible thanks to generous help from our supporters. They have ensured that this year, we could make important investments to grow the Magic Breakfast team and develop our systems.

These investments enabled us to more than double the number of schools we now support and help even more children overcome hunger as a barrier to learning. Alongside our commitment to tackling the current crisis, we redoubled our efforts and commitment to making the case for permanent change. There is a lot more to be done, with the need for our work now being even greater; but we find hope and optimism in the potential of children and young people.

Given the charity's growth and the changing world around us, the trustees and I agreed that the time was right to pause and reflect on our strategy, structure, and leadership. Following the departure of our CEO Alex Cunningham, who had served the charity for more than 11 years, we saw the appointment of an interim CEO, Anthony Kildare from February 2021. The trustees and I would like to thank and acknowledge them both for their contributions to Magic Breakfast's journey. In August 2021, we were delighted to announce the appointment of Lindsey MacDonald as our new CEO, who joins me in opening this report.

It just remains for me to again express my thanks to everyone who has played a part this year at Magic Breakfast. In particular, to my fellow trustees and our wonderful staff who continued to go above and beyond in our mission to ensure that no child is too hungry to learn. I am excited about the year ahead, as we build on our success, scale, and impact.

**Joanne Thompson**  
Chair of Trustees

# From our CEO



It has been a joy and privilege to join Magic Breakfast. What has stood out since my first day is the passion, kindness, and talent of our staff. These qualities and values are reflected in the achievements last

year, all of which show creativity, a desire to collaborate, and steadfast commitment to helping hungry children.

It is an exceptional time to be joining a new organisation. The world around us has changed so much in the past two years. Poverty, inequality, and hunger have worsened, and children's social and academic education and learning have been disrupted. We don't fully understand the long-term implications of the pandemic on children's wellbeing, health and attainment but we can see those children living with poverty are being hardest hit. Magic Breakfast is committed to playing a part in supporting children, schools, and communities to recover and thrive. We share an outrage and unwillingness to accept that children in the UK could arrive at school each day too hungry to learn.

I'm keen that in 2021-22, we take time to reflect on the changed external environment and build on our evidence, experience, and track record. It is a national disgrace that children face food insecurity in communities across the UK and we will continue to campaign with partners, young people, and communities for a national response from the Government. We

have learned through innovative approaches taken in response to lockdown measures and we want to better understand local contexts to identify good practice and localised and sustainable solutions that can be evaluated and shared.

While it was a challenging year, we also saw what can be achieved with political will, effective investment, and dedicated people, organisations and communities working together. To enable us to better collaborate – across Magic Breakfast and with partners – and ultimately to increase our social impact, we will be reviewing our organisational structure. After a year of unprecedented growth, we are taking the opportunity to review and refresh our strategic objectives, ensuring our resources, capability, processes, and systems align to support them. We also recognise that our culture and values will play a key part in our mission to end child morning hunger, now and for good. We will continue to have open and honest conversations that encourage curiosity and continuous improvement.

It is exciting to be joining Magic Breakfast at such a critical time – for the organisation and the children we seek to help. I look forward to working with our Trustees, the team, policy makers, partners, educators, and supporters in the years ahead.

**Lindsey MacDonald**  
CEO



# Thank you

In a year filled with challenges and uncertainties for children at risk of going hungry in the morning, we are incredibly proud of what we have achieved. This would not have been possible without the generosity of our amazing supporters. Both new funders and our longstanding partners have enabled Magic Breakfast to maintain and expand our reach, ensuring thousands of children at risk of morning hunger can start their school day with a healthy breakfast. Thank you so much for joining us in our mission to ensure no child is too hungry to learn!

Alex Iwobi and Project 17

AlixPartners

Allan & Gill Gray Philanthropy

Amazon UK

Ardian Foundation

Arla Foods UK

Bert, Aase, Kevin and Jane Trust

Burger King UK

Cereal Partners UK

Feeding Coventry

CVC

Dishoom

Erica Wax and Andrew Balls

Flora

Gary Willcox and Jo Malone CBE

Grupo Bimbo UK Ltd

István Szőke

Kellogg's

Kraft Heinz

London Borough of Hammersmith & Fulham

Morgan Stanley International Foundation

Morrisons

Partners Group

Pearson

Phil Davies and Family

Players of People's Postcode Lottery

Quaker Oats UK

Reynolds

Rothschild & Co

Sarwar Foundation

Sounouyergon Foundation

Spitfire Audio

TP ICAP via ICAP Charity Day

The Angus Lawson Memorial Trust

The Childhood Trust

The Jectus Charitable Foundation

The John Armitage Charitable Trust

The Swire Charitable Trust

The Peace Train Foundation

The Permira Foundation

The Taylor Family Foundation

TJC

Trevor Norwood

Tropicana

Weetabix Food Company






# Our aim


Magic Breakfast's aim is to alleviate 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.


**1.7 million children** were at risk of hunger in the UK prior to the pandemic<sup>1</sup>



**2.4 million** children in the UK have directly experienced **food insecurity** during the pandemic<sup>2</sup>



**31%** of children are **living in poverty** in the UK<sup>3</sup>



**2.5 million** children in the UK are registered for **Free School Meals**, an **increase of 300,000** children compared to the beginning of the 2020/21 academic year<sup>4</sup>



A hungry child cannot concentrate, they are more likely to be:

- restless**
- unhappy**
- lethargic**
- distracted**
- disruptive**

This puts them at risk of **missing out on vital hours of lesson time each morning**



In **England**, by the time they **finish primary school**, disadvantaged pupils are **9.3 months behind** their wealthier peers<sup>5</sup>


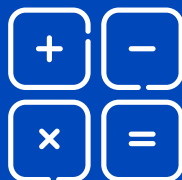


By the time pupils **finish their GCSEs**, this gap has **increased to 18 months**




In **Scotland**, between pupils aged five from the **least and most deprived** areas, there was an **attainment gap**<sup>6</sup> of:


**16% in reading** **13% in numeracy**

Magic Breakfast's provision at key stage 1 can lead to **2 months additional progress** for pupils over the course of an academic year<sup>7</sup>



During the pandemic, all pupils have fallen behind academically by two to three months, with **disadvantaged pupils having fallen behind even further** and **catching up at a slower rate** compared to their peers<sup>8</sup>



We know that **education** is one of the **best tools to enable social mobility**. Providing a **healthy breakfast** to a child who would otherwise go hungry, **unlocks hours of learning** and that child's potential

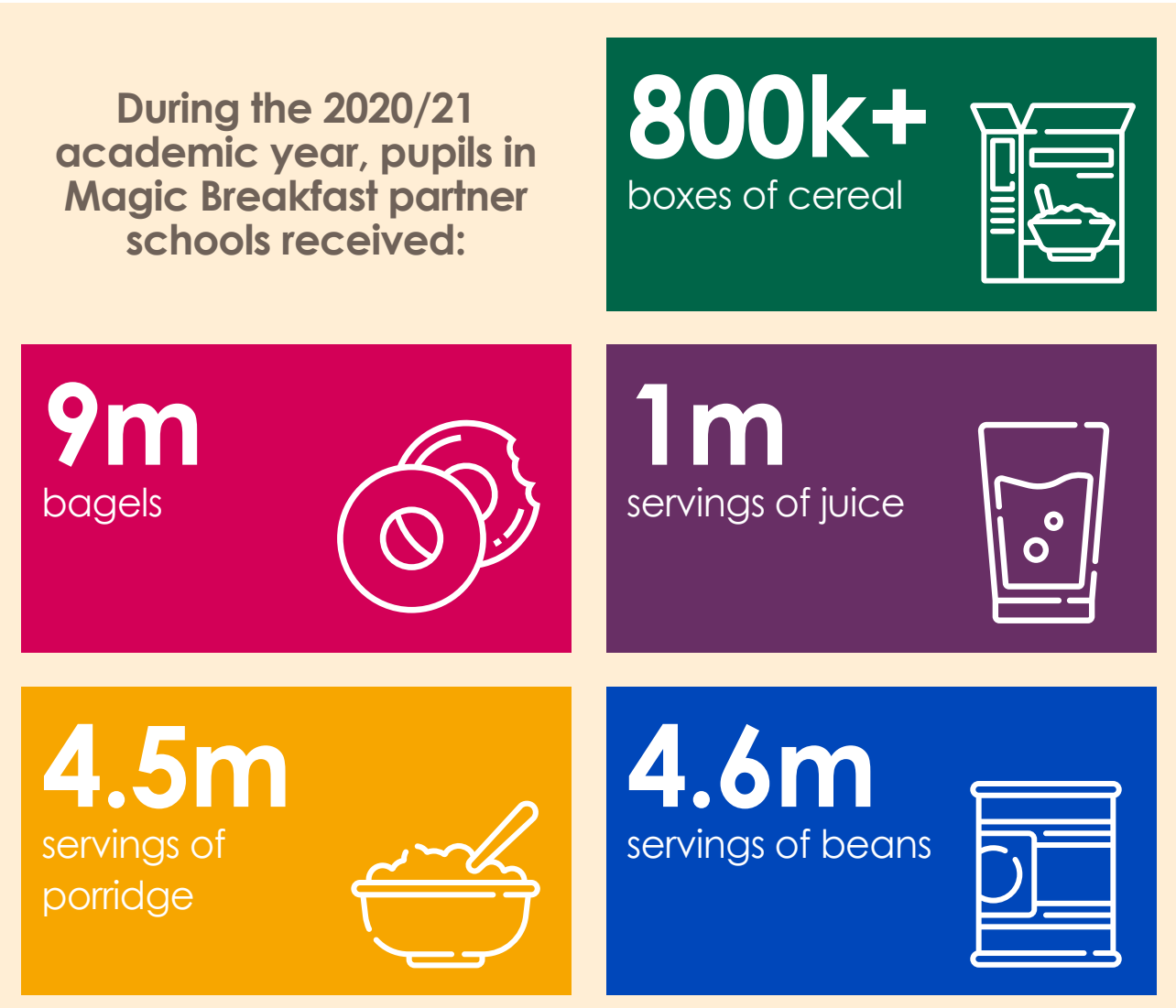




CHARITABLE OBJECTIVE ONE

# Food aid

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





## 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 to ensure the long-term sustainability of the breakfast provision within each of our partner schools.

Each school community is unique, so at Magic Breakfast we tailor support to our partner schools based on their individual environments and challenges. Integral to this bespoke approach are our School Partners, who are Magic Breakfast staff members located across the UK so that each school has a local Magic Breakfast contact to advise them.

An important aspect of a School Partner's role is removing barriers to attendance at breakfast provision and reducing stigma associated with free school meals. During the pandemic, this remained an integral part of their role, even when breakfast was not served in school.

## Context of Covid-19

During the pandemic, partner schools have faced unprecedented challenges, with pupils separated in "bubbles" and by staggered

starts, schools closed or only open to children of essential workers and vulnerable pupils. In order to still reach all children at risk of hunger, Magic Breakfast developed a variety of methods to continue providing healthy breakfasts regardless of whether pupils were in school or not.

During the partial school closures, schools were offered take-home breakfast packs for pupils to eat at home during lockdown, which were available for families to collect directly from school. We also offered schools the option of home deliveries, made possible by our partnership with Amazon.

School Partners were in close contact with schools to assist them with adapting food orders and provided advice on distributing breakfast provision in a barrier and stigma-free way.

**"Most schools were extremely proactive in making sure their children had access to food but would need support and reminders to prioritise food order deadlines and communicating with families about need. During the pandemic, we also had to keep in close contact with schools to help them with adapting their breakfast models according to the changing environment, in order to reach all children at risk of hunger."**

School Partner, Magic Breakfast

**"When we went into lockdown, this was at extremely short notice. With the support of Magic Breakfast, we were fortunate to be able to offer breakfast packs to our families. These were collected from our playground with strict time slots and social distancing. This enabled the children to see staff and share any concerns. The provision proved a significant source of support to our families and children during a very uncertain time."**

Teacher, Magic Breakfast partner school

At the beginning of the Autumn term 2020 and when all pupils were welcomed back to school in March 2021, most of our partner schools reverted to in-school breakfast provision. However, schools struggled to operate large scale breakfast clubs whilst adhering to social distancing rules. Consequently, many schools followed our School Partners' support and guidance opting for classroom provision. The classroom provision model became particularly popular as breakfast could be offered to children without mixing "bubbles", with breakfast foods served and eaten in the classroom.

## Number of pupils accessing classroom provision:

Pre-pandemic: 33%

20/21 academic year: 65%

The flexibility of our approach to breakfast provision and the support provided by School Partners meant we were able, throughout the pandemic, to continue reaching all children at risk of hunger in our partner schools with a healthy breakfast.





## 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.

Magic Breakfast cannot solve the issue of child morning hunger alone. We have continued to campaign and build public and political support to ensure no child is too hungry to learn.

Magic Breakfast developed a School Breakfast Bill in England, in partnership with Feeding Britain and Member of Parliament (MP) Emma Lewell-Buck. It was designed to guarantee that all schools with high levels of disadvantage would be given support to offer free breakfast to their pupils. The Bill was due to be read in Parliament in April 2020, but due to the outbreak of Covid-19 the reading was postponed. The Bill eventually passed its first reading in Parliament on 13 October 2020. The School Breakfast Bill, which was supported by over 70 MPs, was intended to have had a second reading, however, this was postponed indefinitely due to a reduced parliamentary calendar during lockdown.

As the future of the School Breakfast Bill was uncertain, we called for the Government to implement the contents of the Bill through the #BreakfastInTheBudget campaign in the lead up to the Chancellor's Budget in March 2021. This campaign urged the Government to scale up school breakfast funding for 8,700 schools with high levels of disadvantage and to make this support long-term, sustainable, and targeted at all children at risk of hunger. Over 30 food insecurity, education, and anti-poverty organisations, including FareShare, School Food Matters, Children's Right2Food Campaign and Chefs in Schools joined Magic Breakfast by co-signing a letter sent to the Minister for Children and Families in support of this campaign. We continue to work with all political parties in England pushing for sustainable, long-term

government investment in school breakfast provision.

In the lead-up to the Scottish elections in May 2021, we compiled an in-depth policy brief for each of the parties to try to secure manifesto commitments to school breakfast provision. This policy brief urged all political parties to extend their commitment to free school breakfast provision for all Scottish primary schools to include special schools and secondary schools and our recommendations were taken on board by the Scottish Conservatives and Scottish National Party. These commitments laid the foundations for a future Scotland where every child has an equal chance to reach their academic potential no matter what their start in life is.

In February, we were proud to publish 'The Cost Effectiveness of School Breakfast Provision' report. This research, carried out by Pro Bono Economics in partnership with Magic Breakfast and Heinz, found that:

- Providing disadvantaged pupils completing key stage 1 with just one year's supply of school breakfast provision could generate long-term economic benefits in excess of £9,000 per child.
- In England, with an estimated 298,000 pupils aged between 6 and 7 completing key stage 1 at schools with high levels of disadvantage, this figure amounts to a staggering £2.7bn in benefits.
- In Scotland, there are 22,100 children in the equivalent year group at schools with high levels of disadvantage. If all these pupils received the Magic Breakfast model of school breakfast provision it could generate further long-term economic benefits of around £200 million.



- Every £1 spent on the Magic Breakfast programme could generate more than £50 in benefits, making it a highly cost-effective intervention.

These findings demonstrate the cost effectiveness of our model and were released as Magic Breakfast and Heinz called on the Government to increase its school breakfast provision funding in the spring 2021 Budget.

Magic Breakfast strives to put the child at the centre of all our activities. We were delighted to introduce ten Youth Campaigners who are working alongside us campaigning for change. These passionate and creative young people, five of whom have lived experience of food insecurity, are now central to our campaigns. Empowered and upskilled through training, they will help us ensure young voices are at the heart of everything we do.

To launch their campaigning work, they wrote an open letter to all members of Parliament

in England, asking them to meet, listen to their voices, and work with them to end child morning hunger. This open letter was delivered by two of the Youth Campaigners to MPs outside Westminster on 13 July 2021.

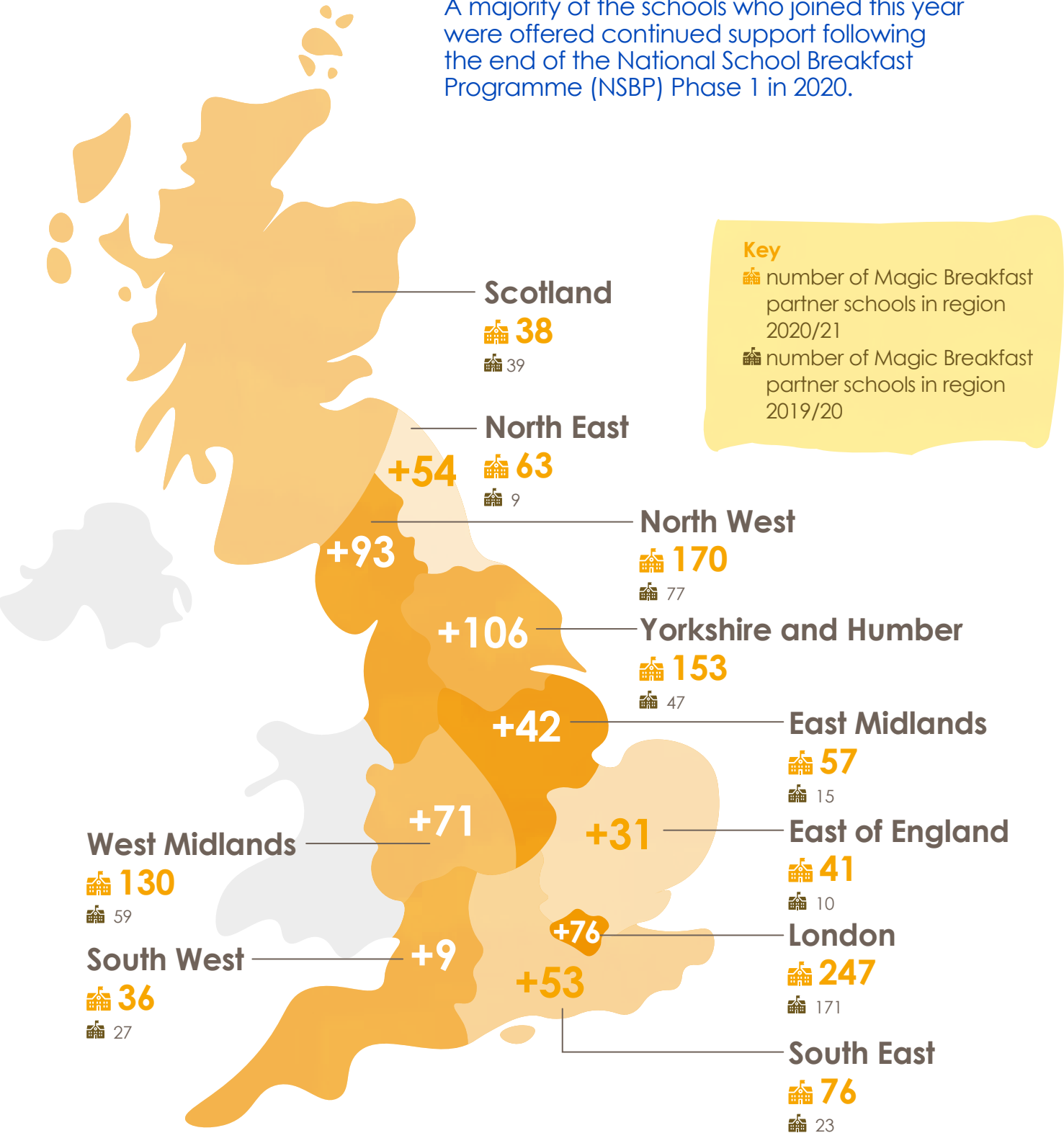
Magic Breakfast continues to spread awareness through our campaigning work alongside our supporters. This year, in partnership with Heinz, we launched our 'Silence the Rumble' campaign to raise awareness of the growing crisis of child hunger. The campaign looked at the issue of child hunger from a child's perspective and was a huge success, raising both awareness and £80,000 in public donations. We were also delighted to be chosen by the *i* Newspaper to benefit from their 2020 Christmas Charity Appeal. Throughout this campaign we shared stories, interviews and data regarding child morning hunger, and raised over £600,000 (including gift aid) in donations while spreading awareness of our work amongst their 9 million annual readers.



# Achievements

We have more than doubled the number of schools we support this year, growing from 477 in 2019/20 to 1,011 in 2020/21.

A majority of the schools who joined this year were offered continued support following the end of the National School Breakfast Programme (NSBP) Phase 1 in 2020.



# Barrow Hill Primary Academy

Barrow Hill Primary Academy is located in a village in Derbyshire which is within the top 5% of deprived areas nationally. As a consequence of this high level of deprivation, many pupils begin their formal education at a lower starting point than their peers from more affluent areas. The school leadership has acknowledged this reality and put in place measures to make sure their pupils can reach their educational potential despite this disadvantage that persists from early years.

One of these measures is partnering with Magic Breakfast to ensure children start their day with a healthy breakfast. Prior to the outbreak of Covid-19, breakfast was provided through a breakfast club model where children were seated in the school hall and able to socialise with their peers. This was very popular with the school community, as the breakfast provision was opened up to both pupils and families who used the opportunity to help settle their children into the school day and speak with teachers about their children's needs.

When schools had to close during the pandemic and were only open to children of key workers and vulnerable pupils, Rebecca Vodden-Page, Headteacher at Barrow Hill Primary Academy, understood the urgent need to keep breakfast going. In order to continue to provide their pupils with breakfast in the morning, the school staff organised food packs that families could collect from the school three times a week. As many people in the community experienced the financial impact of the pandemic, Magic Breakfast became

a lifeline for families who struggled to afford enough food for their children.

When lockdown ended and pupils returned from home-learning, the school reverted to in-school provision. However, due to strict social distancing rules, the school was no longer able to operate a traditional breakfast club. The school staff took time to consult with the pupils about what breakfast items they would like to eat in the morning and provided breakfast in the classroom before the first lesson started.

We know that our breakfast provision goes beyond the food that we provide to our partner schools, which is echoed by Rebecca Vodden-Page: "Our support from Magic Breakfast is about more than the actual food we receive. Along with the breakfast our children receive in the morning, they are also able to develop their social skills, such as the art of conversation and table manners. They also learn about responsibility as they help with preparing the breakfast and tidying up before the lesson starts".

We are immensely proud that we have been able to continue our support to children at risk of hunger throughout the pandemic and particularly during the partial school closures. The experience of Barrow Hill Primary Academy highlights the importance of returning to our in-school breakfast provision, as it provides an invaluable space for children to socialise and learn from their peers, as well as an opportunity for teachers to check in on the most vulnerable pupils.

**"When children are being fed, learning starts."**

Rebecca Vodden-Page, Headteacher of Barrow Hill Primary Academy



# Reflections

Magic Breakfast is very proud of everything we have been able to achieve for children at risk of hunger this year despite the unprecedented environment.

As poverty and food insecurity increased during the pandemic, we expanded our network of partner schools to ensure that as many children as possible have the fuel they need to access learning at the start of the school day. In January 2021, we increased the number of schools we partner with from around 480 to over 1,000. We now support around 200,000 children each school day. These schools came across to Magic Breakfast from the National School Breakfast Programme (NSBP) when their government funding ended in December 2020, and all have more than 50% of pupils on roll living in areas with high levels of deprivation.

The NSBP, delivered in partnership with Family Action and funded by the Department for Education (DfE), provided breakfast over three years to as many as 375,000 pupils at the Programme's peak. The NSBP was the first large-scale delivery programme that Magic Breakfast had been involved in, and it allowed us to demonstrate how our approach to breakfast provision successfully worked

at scale. An evaluation, carried out by the Behavioural Insights Team and published by the Educational Endowment Foundation, highlights the effectiveness of the Magic Breakfast model in reaching children. Schools on the Programme increased uptake of breakfast provision in their school from 6.5% on roll, on average prior to implementation, to 38.6% after. The report also highlighted the importance of the School Partners' work in supporting schools to establish a hunger focused provision, referring to them as the 'lynchpin' of the Programme. The NSBP that Magic Breakfast co-delivered came to an end in July 2021, and we are very proud of all that was achieved for children at risk of hunger through this programme.

In March 2021, the DfE announced a new tender for school breakfast clubs in England, with £24 million made available for a government funded breakfast provision over the following two years. While Magic Breakfast welcomes any new funding for school breakfast provision, this DfE tender fell short of

**“In a just about managing (JAM) family, with seven children, the main breadwinner lost their job during lockdown. Mum was the first person in the queue for breakfast parcels during the national lockdown and has been extremely grateful for the Amazon summer holiday offer. Without the support of Magic Breakfast this family would have been in grave danger of going hungry.”**

Teacher, Magic Breakfast partner school



the proposed School Breakfast Bill which we were campaigning for. Our priority continues to be to ensure that a government funded school breakfast programme is sustainable, long-term and includes expert support for schools to ensure breakfast is reaching children at risk of hunger. This has never been more important in this pandemic environment with the subsequent challenges faced by schools and vulnerable children.

The consequences of Covid-19 on our beneficiaries have highlighted the need to

support children at risk of hunger both during term time and over school holidays. This year we continued to provide breakfast to pupils in partner schools during holiday periods. This was via two primary means: home deliveries provided through our partnership with Amazon, where food was delivered directly to families' homes, or via our take-home packs where schools sent food home with children. The response from schools has been positive, with school staff reporting that during the pandemic there has been a higher need for our breakfast food.



# Environment

It is clear, in the environment that we are operating in, that now, more than ever, we must deliver on our mission: to end child morning hunger in the UK now and for good.

Throughout the year, the pandemic has continued to disrupt pupils' education, and this is particularly true for disadvantaged children. As well as having a negative impact on our beneficiaries, the Covid-19 pandemic has also created challenges for Magic Breakfast as a charity.

This year, we have continued to receive feedback from our partner schools regarding the financial difficulties they are facing due to the pandemic. Many of our partner schools were already under significant financial pressure before the pandemic. This has been exacerbated by Covid-19, as more money has been spent on teaching staff to provide a safe environment for both pupils and school staff.

Moreover, we know that the pandemic has had a negative impact on the families we support, with many families having reported that they are struggling financially. This has partly been due to higher living costs including increases in the price for goods such as food and fuel, all factors that can affect our beneficiaries' access to food at home and have a detrimental impact on their mental health. With the Job Retention Scheme having come to an end and the withdrawal of the £20 a week uplift to Universal Credit, food insecurity is likely to continue to be a prevalent factor to many people's lives.

Current Government plans in England will ensure an additional £4.7bn in core school funding by 2024/25, including £1.6bn in 2022/23 on top of already planned increases from the 2019 Spending Review. Although this will mean a total cash increase of £1,500 per pupil between 2019/20 and 2024/25, the Education Policy Institute claim that this is not enough to address the significant learning loss pupils experienced during the pandemic. In Scotland, the Government has committed £1bn to tackle the poverty related attainment gap and support education recovery over the current parliamentary cycle. We will continue to advocate for school breakfast provision as part of the solution to addressing this gap. We will also scrutinise the performance of the new DfE contract in reaching the children most at risk of starting the school day too hungry to learn.

We are conscious of the potential long-term impact of the pandemic on the current fundraising climate. There have undoubtedly been changes to the funding of the charity sector as a result of Covid-19, including a shift towards digital funding and increased competition for grants. Thanks to a diverse pipeline and the generosity of our funders, however, Magic Breakfast remains financially resilient during this challenging time.

**“Hunger affects the pupil’s behaviour and their relationships in school. The detriment to their life outcomes from poverty and the effects of Covid poverty is enormous and many will remain stuck within these boundaries for a generation.”**

Teacher, Magic Breakfast partner school

# Statement of public benefit

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

All activities of the charity, in line with the charitable objectives, are focused on eradicating hunger in the morning and the alleviation of food poverty for schoolchildren in this country. The charity actively takes a non-

stigmatising approach in its work to make sure it can be accessed by all who need it.

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





# Company information

## Trustees

Joanne Thompson, Chair of the Board of Trustees

Alison Inglis-Jones

Andrienne d'Arenberg (appointed 25 September 2020)

Aniela Shuckburgh

Emma West

Mark Fox (appointed 25 September 2020, resigned 21 May 2021)

Michael Honan

Nicola Noble (resigned 16 January 2022)

Paula Smith (resigned 22 June 2021)

Phil Davies

Richard Lackmann (appointed 25 September 2020)

Varsha Venugopal

## Company registered number

04977015

## Charity registered numbers

1102510 and SC048202

## Registered office

190 High Holborn

London, WC1V 7BH

## Principal operating office

Saint Magnus House

3 Lower Thames Street

London, EC3R 6HD

## Senior management team

Alex Cunningham, CEO (resigned 24 February 2021)

Tony Kildare, interim CEO (contract from 11 January 2021 - 26 November 2021)

Lindsey MacDonald, CEO (start date 22 November 2021)

Alysa Remtulla, Head of Policy and Campaigns (resigned 13 August 2021)

Derek Morgan, Chief Operating Officer (COO) (resigned 24 November 2021)

Emily Wilkie, Head of Fundraising

Rachael Anderson, Head of Delivery (Schools) (resigned 19 November 2021)

Sophia Dettmer, Head of Communications

## Website

magicbreakfast.com

## Independent auditors

Sayer Vincent LLP

Invicta House

108-114 Golden Lane

London

EC1Y 0TL

## Bankers

The Royal Bank of Scotland

49 Charing Cross

Admiralty Arch

London

SW1A 2DX

Metro Bank PLC

One Southampton Row

London

WC1B 5HA

# Company details

## 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 the school communities to reach each 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 2001 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 and ensuring it pursues its charitable purpose. The Trustees, who are also directors of the company for company law purposes, are recorded on page 22.

The Trustees meet quarterly and regularly within committees to ensure good governance and provide guidance. During the financial year there were six board committees: Fundraising Committee, Finance, Operations and People Committee, Schools Committee, Policy and Campaigns Committee, Governance Committee and Communications Committee, whose purpose are set out in their terms of reference. Committees meet between board meetings, and as required, and are made up of at least two Trustees and one staff member.

### Changes to the Board

During the financial year there were some changes to the Board, with two resignations and three appointments, detailed on page 22. We are pleased to have a full board with a broad range of skills.



### 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).

### Staffing

During this financial year the average number of staff employed by the charity increased significantly with 64 persons employed (2020: 42).

Magic Breakfast has a dynamic and driven team who work collaboratively and efficiently to ensure no child is too hungry to learn.

### 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 2020/21 financial year. In order to secure the strongest candidates possible, trustee recruitment agencies have been engaged in the past.

### 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 Limited

Magic Breakfast wholly owns Magic Outcomes Limited which is presently used by the charity for licensing our brand. Magic Outcomes did trade during the year under review and transactions totalled £42,614 (2020: £11,355). See Note 13 for more information on Magic Outcomes trading activities.

## Financial review

In the financial year 2020/21, the charity made a surplus of £695,827 (2020: £924,085) and saw an increase in the income raised from £5,742,820 to £9,011,871. Together with the accumulated surplus from previous years, Magic Breakfast has an accumulated surplus of unrestricted funds of £3,740,800 (2020: £3,513,827).

Phase 1 of the National School Breakfast Programme (NSBP) was initially planned to end in March 2020, however, funding for Phase 1 schools was extended until December 2020. As we planned to onboard schools from the NSBP at the end of Phase 1 of the Programme, this meant that we carried over a larger surplus of unrestricted funds from the 2019/20 financial year than we anticipated. When Phase 1 of the NSBP came to an end in December 2020, we were able to start onboarding schools from the Programme as intended and begin to spend down this surplus, while also increasing our fundraising income.

We initially planned to recruit a higher number of schools during this financial year, and beyond. However, we decided to onboard fewer schools to provide them with a more comprehensive support package, which is in line with our overall strategy and focus on breakfast provision that enables schools to reach children at risk of hunger without barrier or stigma. Considering the changing environment in which it operates, Magic Breakfast is taking the opportunity to review and refresh its strategic objectives.

As the pandemic continued to significantly

impact the operations of the charity, with increased competition for funding and reduced support from events and our partners in the hospitality sector, multiple measures were put in place to mitigate lost income. As part of this, we focused on how we could increase our income from fundraising campaigns and were delighted to be the *i* Newspaper's chosen charity for their 2020 Christmas Charity Appeal, which raised over £600,000 (including gift aid). This income was significantly higher than anticipated and a contributor to the overall surplus made in the 2020/21 financial year. Through our corporate partners, we also significantly increased our income from Gifts in Kind (GIK) donations compared to the previous financial year. This helped mitigate increased food cost. Income from GIK also provided a substantial support to continuing our breakfast provision throughout the year.

Along with growing income from fundraising, expenditure increased during this financial year. As a consequence of the ongoing pandemic and partial school closures, food and delivery costs increased. Moreover, as we provided take home breakfast provision and supported children over holiday periods, this further increased food and delivery costs. Although we have seen rises in cost for food and delivery, the impact has been less substantial than first expected due to significant GIK support throughout the year. Our overall expenditure has also increased as a result of onboarding schools from the NSBP and the subsequent growth of the team, which has been a necessary measure to accommodate our expansion.



Restricted funds carried forward as at 31 August 2021 amount to £295,730 (2020: (£173,125)). 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 £5,742,820 in 2019/20 to £9,011,871 in 2020/21. One of the reasons behind this significant growth was the success of the *i* Newspaper's 2020 Christmas Charity Appeal as well as increased capacity in the fundraising team.

To secure a sustainable and diversified income, the charity has established four key departments within the fundraising team: Corporate, Trusts & Foundations, Individual Major Donor and Individual Giving & Engagement. This year, we have also hired a part-time researcher, who works across the fundraising team. The consultant has helped with both expert knowledge in the field of prospect research and efficiency of the fundraising team.

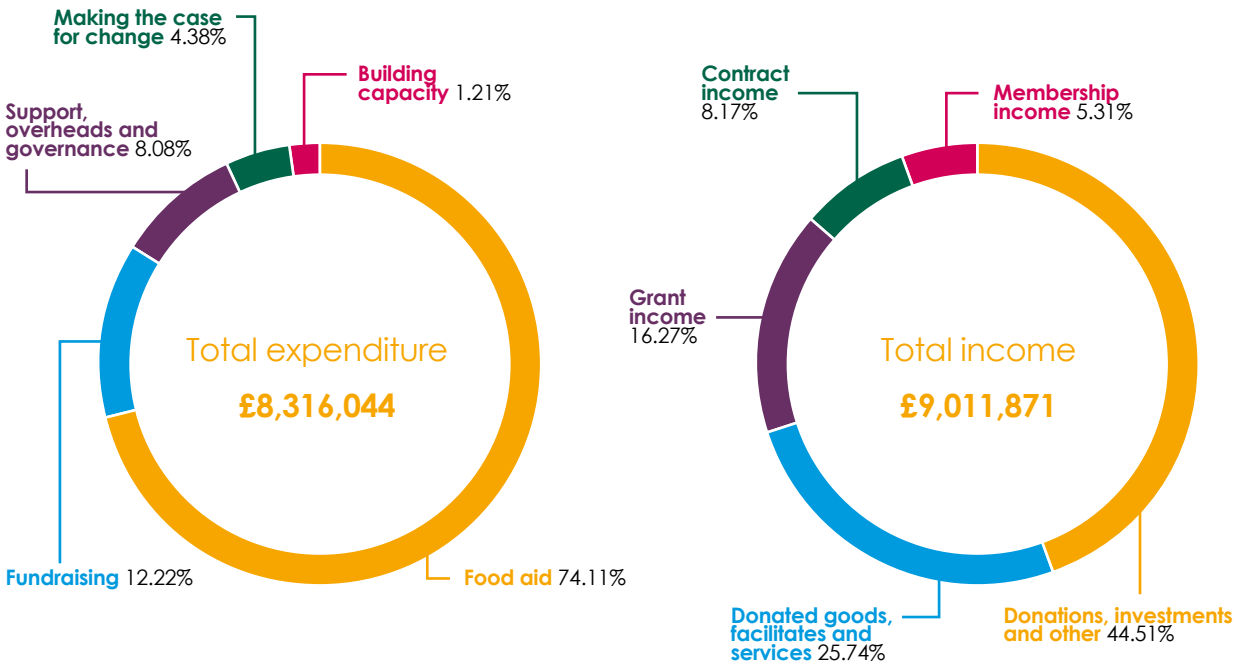
The Corporate Partnership team has sustained and surpassed previous income levels and grown the value of our GIK portfolio. By strengthening our relationships with existing partners, we have been able to extend this support to GIK donations. For example, Amazon are a substantial cash funder and now one of our largest GIK donors. Our GIK support has also been influential in our policy and advocacy work, with partners helping Magic Breakfast to spread awareness of the issue of child morning hunger in the UK. Furthermore, these relationships have helped us create new connections with other organisations.

We have grown the number of schools we support from 477 in 2019/20 to 1,011 in 2020/21. Membership income from our partner schools has therefore increased substantially throughout the year. We aim to support 1,300 schools by the end of 2025/26, which means that we expect income from memberships to remain stable in the coming financial years as we will bring on board partner schools at a slower rate.

In December 2020, the NSBP Phase 1 funding came to an end. Contract income from Magic Breakfast's involvement in this project will therefore not continue in the 2021/22 financial year.

Due to Covid-19, Magic Breakfast is continuing to monitor its fundraising strategy closely. The pandemic has put the charitable sector under immense pressure with an increased demand for services and higher competition for funding. Although we ended the financial year with increased income from our fundraising efforts, we anticipate that the pandemic will have a detrimental impact long-term for fundraising. As such, we will mitigate for potential income loss by focusing on retaining and deepening existing supporter relationships by putting together a systematic stewardship programme. Moreover, throughout the pandemic there has been a spike in larger individual donations and 2020 saw the largest growth in registrations for grant giving trusts and foundations since 2012. Consequently, these will be areas of focus for our fundraising team. We also look to recruit an internal Technical Systems strategic lead, who will design the systems infrastructure to deliver our strategic fundraising plan.

The breakdown of income and expenditure for the year 2020/21 can be seen below:



Fundraising compliance

During 2020/21, the charity paid due regard to its fundraising practices in line with the guidelines set out by the Fundraising Regulator's Fundraising Code of Practice, the General Data Protection Regulation (GDPR), the Charities Act 2011 and the Charities (Protection and Social Investment) Act 2016. The charity is registered with the Fundraising Regulator and is committed to being an open, fair and respectful fundraiser.

Magic Breakfast establishes Commercial Participatory Agreements with its commercial participators to ensure they comply with the Fundraising Code of Practice and these are monitored by the charity. The charity does not engage professional fundraisers to raise funds on its behalf and direct marketing and fundraising is only undertaken where prior consent has been obtained and complies with GDPR, the Fundraising Code of Practice, the Charities Act 2011 and the Charities (Protection and Social Investment) Act 2016.

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 five months of future running costs at the year end. The target for reserves held was £2,953,000.

The change from six months in 2019/20 to five months in 2020/21 reflects the latest calculations of risk, potential mitigation, and the contractual income and other commitments going forward. It also allows for planned growth. The charity has adopted the policy to hold five 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. The future costs are based on the charity being able to cover all liabilities should all income cease with additional contingency for unplanned events.



When a significant change in income/ expenditure is known and provides a potential risk to future cash flow, the charity may choose to build up a level of reserves above five months to allow these changes to be absorbed. At the year end, the charity held £3,688,144 (2020: £3,513,827) in unrestricted reserves, the equivalent to 6.12 months of future running costs. The decision to build a surplus was made in order to be able to provide a strong support package to schools at the end of the NSBP in December 2020. As we move into the new financial year the charity has been utilising the surplus reserves to support the significant growth in provision as planned.

Furthermore, the charity is preparing for future shocks to its income which may come from the Covid-19 pandemic and consequent economic recession, as well as increased costs of providing breakfast to pupils at home should schools need to close.

#### Material investment policy

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

#### 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 Trustees also fully accept their responsibilities to ensure systems and procedures are in place to mitigate those risks. Major risks are those that have a high probability of occurring and would, if they occurred, have a severe

impact on operational performance and/or achievement of the charity's objectives.

The charity has a risk management policy in place which outlines its approach to risk management and processes. To support the identification, management and mitigation of risks in a timely manner, the SMT maintain a risk register for their area of responsibility and the CEO maintains an over-arching organisational risk register. Each department's risk register is reviewed in the appropriate Board-Committee and the full organisation risk-register is reviewed by the Governance Committee with a report submitted to the main Board.

Covid-19 remains a principal risk for the charity as it impacts on our beneficiaries, finances, supply chain and staff. To mitigate the financial challenges, the financial performance of the charity is monitored against an annual budget and monthly management information on the charity's financial position is produced to inform any decisions. This management information is reviewed monthly by the SMT. A quarterly review is held by the Finance, Operations and People sub-committee. In addition, forecasting is undertaken and updated throughout the year to reflect changes which impact on income and expenditure. Magic Breakfast continues to maintain strong stewardship with current donors to mitigate risk.

As well as changes to financial performance, the ongoing Covid-19 pandemic also impacts the operations of the charity, including increased demand for our services and performance of our staff. Throughout the pandemic, the Head of Fundraising and Chief Operations Officer have provided weekly Covid-19 updates to Senior Management and where appropriate these updates were escalated to the Board to ensure a robust monitoring of the impact of the crisis.

Supply chain issues, including increased cost of food and fuel, are an ongoing risk, which are mitigated through close relationships with food suppliers and delivery partners. Throughout the pandemic, the charity has frequently spoken with key partners to ensure supply remained consistent and to mitigate against any future challenges. Magic Breakfast also partnered with new organisations to ensure consistency of supply, meaning the charity was not reliant on any one supplier.

The departure of the former CEO and of key members of the charity's SMT was noted to pose a reputational and organisational risk to the charity. However, this change has been accompanied by a strong communication strategy and the appointment of an interim CEO to allow for business-as-usual operations to continue. With the Board of Trustees frequently reviewing the operation of our SMT and with the appointment of Lindsey MacDonald as the new CEO of Magic Breakfast, this risk was mitigated.

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 Statement of Recommended Practice (SORP) for related party relationships and considers its Key Management Personnel to be the Trustees and SMT.

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 Finance, Operations and People sub-committee.

Where the changes are significant or include Key Management Personnel, the Finance, Operations and People 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.

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

#### f. Going concern

After making appropriate enquires, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. This includes taking into account the financial and organisational challenges created by Covid-19. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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



# Trustees' responsibilities statement

The Trustees (who are also directors of Magic Breakfast for the purposes of company law) are responsible for preparing the Trustees' Annual Report including 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 then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation
- The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the *Companies Act 2006*. They

are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

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

## Auditor

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

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

This report was approved by the Trustees on 16th March 2022 and signed on their behalf by:



**Joanne Thompson**  
Chair

# 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 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the *Companies Act 2006*, the *Charities and Trustee Investment (Scotland) Act 2005* and regulation 8 of the *Charities Accounts (Scotland) Regulations 2006* (as amended)

## Basis for opinion

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

## Conclusions relating to going concern

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

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



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

### Other information

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' annual report has been prepared in accordance with applicable legal requirements

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out in the Trustees' annual report, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

### Capability of the audit in detecting irregularities

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

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



- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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

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

Use of our report

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

Sayer Vincent LLP

Joanna Pittman (Senior statutory auditor)

18 March 2022

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

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

Statement of financial activities incorporating income and expenditure account for the year ended 31 August 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>INCOME FROM</b>					
Donations and grants	2	7,430,697	840,071	8,270,769	5,109,171
Charitable activities	3	736,017	-	736,017	632,645
Investments	4	5,085	-	5,085	1,004
<b>TOTAL INCOME</b>		<b>8,171,799</b>	<b>840,071</b>	<b>9,011,871</b>	5,742,820
<b>EXPENDITURE ON</b>					
Raising funds	5	1,091,853	13,432	1,105,285	823,193
Food Aid	6	6,352,043	352,855	6,704,898	3,636,496
Building Capacity	6	109,195	-	109,195	90,006
Making the Case for Change	6	391,736	4,930	396,665	269,040
<b>TOTAL EXPENDITURE</b>		<b>7,944,827</b>	<b>371,217</b>	<b>8,316,044</b>	4,818,735
<b>NET INCOME FOR THE YEAR</b>		<b>226,972</b>	<b>468,854</b>	<b>695,827</b>	924,085
<b>NET MOVEMENT IN FUNDS</b>		<b>226,972</b>	<b>468,854</b>	<b>695,827</b>	924,085
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward	18	3,513,827	(173,125)	3,340,703	2,416,618
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>3,740,800</b>	<b>295,730</b>	<b>4,036,529</b>	3,340,703

All income and expenditure derive from continuing activities.

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

## Balance sheet as at 31 August 2021

	Note	£	2021 £	£	2020 £
<b>FIXED ASSETS</b>					
Intangible assets	12		<b>52,656</b>		-
Investments	13		<b>38,001</b>		34,009
<b>TOTAL FIXED ASSETS</b>			<b>90,657</b>		34,009
<b>CURRENT ASSETS</b>					
Stock	14	<b>107,725</b>		111,435	
Debtors	15	<b>726,802</b>		430,745	
Cash at bank and in hand		<b>4,269,220</b>		3,579,538	
<b>TOTAL CURRENT ASSETS</b>		<b>5,103,747</b>		4,121,718	
<b>CREDITORS</b>					
Amounts falling due within one year	16	<b>(1,157,874)</b>		(815,024)	
<b>NET CURRENT ASSETS</b>			<b>3,945,873</b>		3,306,694
<b>NET ASSETS</b>			<b>4,036,529</b>		3,340,703
<b>CHARITY FUNDS</b>					
Restricted funds	17		<b>295,730</b>		(173,125)
Unrestricted funds	17		<b>3,740,800</b>		3,513,827
<b>TOTAL FUNDS</b>			<b>4,036,529</b>		3,340,703

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 16th March 2022 and signed on their behalf by:



.....  
Joanne Thompson, Chair

Company registration number: 04977015

## Statement of cash flows for the year ended 31 August 2021

	Note	2021 £	2020 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash provided by operating activities	19	<b>688,589</b>	1,242,546
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest from investments	4	<b>1,093</b>	1,004
<b>NET CASH PROVIDED BY INVESTMENT ACTIVITIES</b>		<b>1,093</b>	1,004
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		<b>689,682</b>	1,243,550
Cash and cash equivalents brought forward		<b>3,579,538</b>	2,335,988
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	20	<b>4,269,220</b>	3,579,538



## 1. Accounting policies

### 1.1 General information and basis of preparation

Magic Breakfast is a charitable company registered with the Charity Commission and OSCR (Charity Registered Numbers 1102510 and SC048202) and Registrar of Companies (Company Registration Number 04977015) in England and Wales. The address of the registered office is given in the charity information on page 22 of these financial statements. The nature of the charity's operations and principal activities are detailed in the Trustees' Annual Report.

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

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

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

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

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.

### 1.2 Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 22. 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.

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

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

### 1.5 Expenditure recognition

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

Expenditure is categorised under the following headings:

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

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

### 1.6 Support costs allocation

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

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.

The charity follows the Government guidelines on redundancy and calculates redundancy pay using the statutory redundancy pay rates. The cost of redundancies are taken at the time the payment is made to the employee.

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 – current year

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

Total donated goods, facilities and services for the year were £2,319,476 (2020: £1,413,594) and comprise of the following:

- £1,384,526 (2020: £1,124,836) of breakfast foods;
- £901,072 (2020: £251,119) of delivery services;
- £24,960 (2020: £24,960) of office facilities;
- £6,272 (2020: £7,156) of software licenses;
- £2,646 (2020: £3,675) of professional services; and
- £NIL (2020: £1,848) of other miscellaneous goods and services.

### Income from donations and grants – prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	2,064,558	453,791	2,518,349	1,635,946
Membership income	108,417	-	108,417	74,292
Grants	868,367	200,341	1,068,708	703,481
Donated goods, facilities and services	1,413,594	-	1,413,594	387,429
Other	104	-	104	2,522
<b>TOTAL 2020</b>	<b>4,455,039</b>	<b>654,132</b>	<b>5,109,171</b>	2,803,672

## 3. Income from charitable activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Contract income (Department for Education)	540,008	-	540,008	632,645
Contract income (Hammersmith & Fulham)	170,127	-	170,127	-
Food partner school income	25,882	-	25,882	-
<b>TOTAL 2021</b>	<b>736,017</b>	<b>-</b>	<b>736,017</b>	632,645
<b>TOTAL 2020</b>	632,645	-	632,645	

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 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Bank interest receivable	1,093	-	1,093	1,004
Investment income	3,992	-	3,992	-
<b>TOTAL 2021</b>	<b>5,085</b>	<b>-</b>	<b>5,085</b>	1,004
<b>TOTAL 2020</b>	1,004	-	1,004	

## 5. Expenditure on raising funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Direct costs	1,002,576	13,432	1,016,008	700,208
Support costs	89,277	-	89,277	122,985
<b>TOTAL 2021</b>	<b>1,091,853</b>	<b>13,432</b>	<b>1,105,285</b>	823,193
<b>TOTAL 2020</b>	774,838	48,355	823,193	

In 2020, of the total expenditure on raising funds of £823,193, £774,838 was from unrestricted funds and £48,355 was from restricted 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 2021 £	Support costs 2021 £	Total 2021 £	Total 2020 £
Food Aid	6,163,324	541,574	6,704,898	3,636,496
Building Capacity	100,375	8,820	109,195	90,006
Making the Case for Change	364,626	32,040	396,665	269,040
<b>TOTAL 2021</b>	<b>6,628,324</b>	<b>582,434</b>	<b>7,210,759</b>	<b>3,995,542</b>
<b>TOTAL 2020</b>	<b>3,784,710</b>	<b>210,832</b>	<b>3,995,542</b>	

In 2020, of the total expenditure on charitable activities of £3,995,542, £3,129,599 was from unrestricted funds and £865,943 was from restricted funds.

Direct costs are analysed further in Note 7.

Support costs are analysed further in Note 8.

### Analysis of expenditure on charitable activities – prior year

	Activities undertaken directly 2020 £	Support costs 2020 £	Total 2020 £	Total 2019 £
Food Aid	3,478,372	158,124	3,636,496	2,041,424
Building Capacity	72,437	17,569	90,006	198,499
Making the Case for Change	233,901	35,139	269,040	253,603
<b>TOTAL 2020</b>	<b>3,784,710</b>	<b>210,832</b>	<b>3,995,542</b>	<b>2,493,527</b>

## 7. Total direct costs

	2021 £	2020 £
Staff costs	1,839,344	1,343,571
Temporary staff costs	116,854	-
Other staff costs	82,592	48,413
Direct food costs	5,250,201	2,848,631
Contractors and consultants	40,882	6,694
Administration costs	23,564	52,600
Premises costs	83,854	89,297
Legal and professional fees	45,420	864
Publicity, marketing and fundraising	192,831	94,430
School event costs	6,162	420
<b>Total</b>	<b>7,644,333</b>	<b>4,484,919</b>

In 2021, of the total expenditure on direct costs, £1,016,008 (2020: £700,208) is allocated to Expenditure on Raising Funds and £6,628,324 (2020: £3,784,710) is allocated to Expenditure on Charitable Activities.

## 8. Total support costs

	2021 £	2020 £
Staff costs	325,622	164,424
Temporary staff costs	69,665	-
Other staff costs	38,492	13,453
Contractors and consultants	12,927	15,517
Administration costs	96,497	66,992
Premises costs	19,730	14,287
Legal and professional fees	55,515	7,336
Publicity, marketing and fundraising	29,055	20,477
Governance costs	24,209	29,409
Bad debts	-	1,922
<b>Total</b>	<b>671,711</b>	<b>333,816</b>

In 2021, of the total expenditure on support costs, £89,277 (2020: £122,985) is allocated to Expenditure on Raising Funds and £582,434 (2020: £210,832) is allocated to Expenditure on Charitable Activities.

Included within the total support costs above are £97,543 (2020: £31,785) of governance staff costs, other governance staff costs, administration costs, premises costs and legal and professional fees which are included within the balance of governance costs in Note 9.



9. Governance costs

	2021	2020
	£	£
Governance staff costs	34,539	19,698
Other governance staff costs	4,480	2,582
Administration costs	1,743	1,133
Premises costs	2,466	3,572
Legal and professional fees	54,315	4,800
Auditors' remuneration - Audit of the financial statements	18,000	18,120
Auditors' remuneration - Other services	-	3,000
Auditors' remuneration - Under accrual of prior year audit and accounts fee	5,100	3,780
Trustee meetings	-	109
Other governance expenses	1,109	4,399
Total	121,752	61,194

The auditors' remuneration for the audit of the financial statements was £15,000 + VAT.

10. Trustee remuneration, benefits and expenses

Trustees give their time freely and during the year, Trustees have not received any remuneration (2020: £NIL) or benefits of any kind (2020: £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:

	2021	2020
	£	£
IT equipment, software and consumables	158	-
Travel and subsistence	-	839
Total number of Trustees paid expenses	1	1

11. Staff costs

Staff costs were as follows:

	2021	2020
	£	£
Wages and salaries	1,892,847	1,342,368
Social security costs	174,515	120,369
Pension costs	64,881	45,259
Termination and redundancy costs	30,000	-
Total	2,162,243	1,507,996

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

	2021	2020
Food Aid	27	18
Building Capacity	2	2
Making the Case for Change	7	4
Fundraising	20	14
Support	7	3
Governance	1	1
Total	64	42

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

The total amount of employee benefits received by Key Management Personnel, including employers' national insurance, is £353,993 (2020: £380,547). 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 22.

In addition to the Key Management Personnel costs above, there is £132,998 (2020: NIL) of temporary staff costs which were incurred in relation to the employment of Antony Kildare, the charity's interim CEO, who also forms part of the Key Management Personnel. These costs are included in Notes 7 and 8 with detailed total temporary staff costs incurred during the year.

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

12. Intangible fixed assets – ERP system

	ERP £
<b>COST</b>	
At 1 September 2020	-
<b>ADDITIONS</b>	
Throughout the year	52,656
<b>CARRYING AMOUNT</b>	
At 31 August 2021	52,656

During the year, the charity began developing an Enterprise Resource Planning system. This asset is current under development.

13. Fixed asset investments

	Shares in group undertakings £
<b>COST</b>	
Magic Outcomes Limited - £1 ordinary shares	<b>38,001</b>

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

The subsidiary is used for non-primary purpose trading activities. Available profits for 2021 will be distributed under Gift Aid to the parent charity. The investment has not been consolidated and group accounts have not been prepared because the subsidiary is considered immaterial to the accounts of the charity

The directors of the subsidiary are Lindsey MacDonald (CEO), Derek Morgan (COO) and Emily Wilkie (Head of Fundraising).

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

	2021 £	2020 £
Turnover	<b>42,614</b>	11,355
<b>GROSS PROFIT/(LOSS)</b>	<b>42,614</b>	11,355
Administrative expenses	<b>(42,614)</b>	(1,702)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	-	9,653
Taxation on profit on ordinary activities	-	(1,545)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	-	8,108
<b>RETAINED EARNINGS</b>		
Total retained earnings brought forward	<b>40,908</b>	32,800
Profit/(loss) for the financial year	-	8,108
<b>TOTAL RETAINED EARNINGS CARRIED FORWARD</b>	<b>40,908</b>	40,908

The aggregate of the assets, liabilities and reserves was:

Assets	<b>162,997</b>	49,224
Liabilities	<b>(122,089)</b>	(8,316)
<b>RESERVES</b>	<b>40,908</b>	40,908

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

14. Stock

	2021 £	2020 £
Undistributed breakfast ingredients	<b>107,725</b>	111,435

Stock recognised as an expense during the year was £3,050,689 (2020: £1,624,223).

15. Debtors

	2021 £	2020 £
Trade debtors	<b>488,441</b>	160,753
Other debtors	<b>19,916</b>	10,550
Grants receivable	-	9,242
Accrued income	<b>112,354</b>	226,607
Prepayments	<b>45,966</b>	21,632
Amounts owed by group undertakings	<b>60,124</b>	1,959
<b>Total</b>	<b>726,802</b>	430,745

16. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	<b>118,267</b>	473,290
Other taxation and social security	<b>192,574</b>	72,471
Other creditors	<b>2,615</b>	8,606
Accruals	<b>102,543</b>	106,533
Deferred school membership income	<b>608,542</b>	29,125
Deferred grant income	<b>133,334</b>	125,000
<b>Total</b>	<b>1,157,874</b>	815,024

School membership income is deferred as it is recognised over the entirety of the membership period.

Grant income is deferred when there are performance obligations which have yet to have been satisfied and therefore there is no entitlement to the income.

	Balance brought forward at 1 September 2020 £	Income released £	Income deferred £	Balance carried forward at 31 August 2021 £
<b>DEFERRED INCOME</b>				
School membership income	<b>29,125</b>	<b>502,042</b>	<b>1,081,458</b>	<b>608,542</b>
Grant income	<b>125,000</b>	<b>125,000</b>	<b>133,334</b>	<b>133,334</b>



## 17. Statement of funds

### Statement of funds – current year

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

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. A difference in the timing of payments and expenditure meant that the charity had a negative balance in the restricted funds at the 2020 year end as the funds were received after the year end however this fund is now fully exhausted.

The **The Big Give** restricted fund is used to provide a food aid to 15 or more schools in London.

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

The **Davies Family Charitable Fund** restricted fund is to provide food aid to schools in the UK.

The **TP ICAP** and **The Social Bite Fund** restricted funds are both used to provide food aid to schools in the London region.

An **Anonymous donor's** restricted fund is used to cover the expenditure with respect to the development and implementation of our new Enterprise Resource Planning system.

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

### Statement of funds – prior year

	Balance at 1 September 2019	Income	Expenditure	Balance at 31 August 2020
	£	£	£	£
<b>UNRESTRICTED FUNDS</b>				
General funds	2,329,644	5,088,688	(3,904,505)	3,513,827
<b>RESTRICTED FUNDS</b>				
Amazon Data Services UK Limited	-	211,750	(423,500)	(211,750)
The Big Give	27,250	99,588	(126,838)	-
Impetus-PEF	-	93,750	(93,750)	-
Bank of America	-	80,665	(80,665)	-
Other restricted funds	59,724	168,379	(189,478)	38,625
	86,974	654,132	(914,231)	(173,125)
<b>TOTAL FUNDS</b>	<b>2,416,618</b>	<b>5,742,820</b>	<b>(4,818,735)</b>	<b>3,340,703</b>

## 18. Analysis of net assets between funds

### Analysis of net assets between funds – current year

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

### Analysis of net assets between funds – prior year

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020
	£	£	£
Fixed asset investments	34,009	-	34,009
Current assets	4,294,842	(173,125)	4,121,718
Creditors due within one year	(815,024)	-	(815,024)
	3,513,827	(173,125)	3,340,703

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

	2021 £	2020 £
Net movement in funds for the year for the year (as per Statement of Financial Activities)	695,827	924,085
<b>ADJUSTMENT FOR</b>		
Intangible fixed assets in development	(52,656)	-
Interest from investments	(1,093)	(1,004)
Income from investments	(3,992)	-
Decrease in stocks	3,709	(85,538)
Increase in debtors	(296,057)	(177,099)
Increase in creditors	342,850	582,102
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>688,589</b>	<b>1,242,546</b>

## 20. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	4,269,220	3,579,538

## 21. Operating lease commitments

At 31 August 2021, the total of the charity's future minimum lease payments for office premises under non-cancellable operating leases was:

	2021 £	2020 £
<b>AMOUNTS PAYABLE</b>		
Within 1 year	83,042	28,322

During the year the charity took out a 1-year operating lease for their new premises. The lease is considered to be operating and not finance as there will be no transfer of ownership at the end of the lease period.

During the year, the lease expenditure for the year totalled £78,624 (2020: £78,624) which is recognised in the Statement of Financial Activities.

## 22. Related party transactions

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

During the year, the charity received unrestricted donations of £3,183 (2020 - £13,740) and restricted donations of £75,213 (2020 - £19,515) from Trustees, Key Management Personnel and their related parties. The restrictions imposed were not significant.

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3 Department for Work and Pension. Households below average income: for financial years ending 1995 to 2020, March 2021, <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2020>

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5 Education Policy Institute, Education in England: Annual Report 2020, August 2020, [https://epi.org.uk/wp-content/uploads/2020/09/EPI\\_2020\\_Annual\\_Report\\_.pdf](https://epi.org.uk/wp-content/uploads/2020/09/EPI_2020_Annual_Report_.pdf)

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8 Education Policy Institute. Education Recovery and Resilience in England: Phase Two Report, October 2021, [https://epi.org.uk/wp-content/uploads/2021/10/EPI-Education-Recovery-Report-2\\_.pdf](https://epi.org.uk/wp-content/uploads/2021/10/EPI-Education-Recovery-Report-2_.pdf)



**“We have been able to offer breakfast to children without stigma as we offer it to all. You can feel a sense of calm in the classrooms at the start of the day. The children are sat quietly chatting with peers whilst eating their bagels and staff are able to check in with vulnerable children.”**

Teacher, Magic Breakfast partner school





# **magic breakfast**

fuel for learning

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