

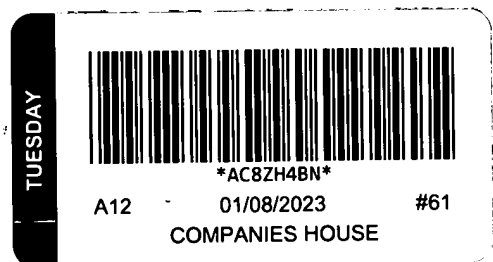
Companies House

## **Hospitality Action**

### **Annual Report and Consolidated Financial Statements**

31 December 2022

Company Limited by Guarantee  
Registration Number 04914871  
Charity Registration Number 1101083



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## Reference and administrative information

<b>Board of Trustees</b>	William Baxter CBE (Chairman) Jon Dee ACA (Treasurer) Kevin Charity Hazel Detsiny (resigned 5 <sup>th</sup> July 2022) Simon Esner Ringo Francis Chris Garside Andrew Guy MBE Matt Johnson Simon Jones Tim Jones Andrew Latham Kate Nicholls Danny Pecorelli (appointed 6 <sup>th</sup> December 2022)
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Jonathan Raggett  
Ian Sarson  
Andrew Selley  
David Walker

<b>Chief Executive</b>	Mark Lewis
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<b>Company secretary</b>	Greg Minter
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<b>Principal office</b>	62 Britton Street London EC1M 5UY
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<b>Charity registration number</b>	1101083
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<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
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<b>Bankers</b>	Royal Bank of Scotland Brooklands Close Sunbury on Thames TW16 7DX
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<b>Company registration number</b>	04914871
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## Reference and administrative information

### Investment managers

Cazenove Capital Management  
1 London Wall Place  
London  
EC2Y 5AU

### Solicitors

H3 Solicitors Ltd  
Suite 1, The Old Pig Styes, Brighthams Farm,  
Bines Road, Partridge Green, West Sussex,  
RH13 HEQ

## **Reference and administrative information**

The Board of Trustees thanks the Chairpersons and Committee members who gave so generously of their time during 2022:

<b>Finance and Investment</b>	Jon Dee ACA (Chair)
	Lizi Hills (appointed January 2022)
	Tim Doubleday
	Tim Jones
<b>Grants and Advisory</b>	Andrew Latham (Chair)
	Valerie Barrow
	Flavia Gapper
	Dawn Jackson
	Jane Morris
	Ian Sarson

## Reference and administrative information

The Board of Trustees thanks its Patrons, whose ongoing patronage brings credibility, authority and brand awareness to the charity. These are:

<b>Patrons</b>	Jason Atherton (Principal Patron)
	Surinder Arora
	Raymond Blanc OBE
	Heston Blumenthal OBE
	Michael Caines MBE
	Patrick Dempsey OBE
	Jeremy Goring
	Sir Garry Hawkes CBE
	Angela Hartnett OBE
	Nigel Haworth
	Paul Heathcote MBE
	Phil Hooper
	Tom Kerridge
	Donald Macdonald OBE
	Sinead Mallozzi
	Anton Mosimann OBE
	Harry Murray MBE
	Jamie Oliver MBE
	Alain Roux
	Phil Vickery MBE
	The Viscount Lord Thurso
	Brian Turner CBE
	Robert Walton MBE

## **Trustees' report Year ended 31 December 2022**

The Trustees, who are also the directors, present the annual accounts for Hospitality Action for the year ended 31 December 2022 prepared in accordance with the Statement of Recommended Practice for Charities (SORP) 2019 and the Companies Act 2006. The reference and administrative information on pages 1-4 forms part of this report.

### **OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT**

The Charity is a Benevolent Society whose objects are for the relief of persons who work or have worked in the hotel, catering and/or hospitality industries and the widows, widowers, partners, orphans and other dependants of such persons by the provision of monetary grants and/or advice, assistance and support and/or education and training.

Hospitality Action was founded in 1837 as unincorporated and for much of that time it was known as the Hotel and Catering Benevolent Association (HCBA). The charity was incorporated in 2003 as Hospitality Action having taken over the majority of the assets of the unincorporated charity.

The principal activities undertaken by the Charity in pursuance of its objects relate to the provision of:

- ◆ A grants programme to alleviate poverty and support beneficiaries in times of crisis
- ◆ An outreach programme aiming to keep loneliness and isolation at bay for retired hospitality employees, called the Golden Friends scheme
- ◆ Expert triaging, advice, guidance and signposting to other potential sources of support and, where appropriate, funded counselling.
- ◆ An Employee Assistance Programme – commercial scheme offering specialist advice, support and assistance on a range of issues for hospitality employees

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting the grant making policy for the forthcoming year.

### **Chief Executive**

Mark Lewis had his fifth full year as Chief Executive.

## ACHIEVEMENTS AND PERFORMANCE

Hospitality Action further consolidated the growth in awareness and reach it achieved through the Pandemic, in 2022. Through organic growth of fundraising and a growth spurt in the number of companies subscribing to our Employee Assistance Programme (EAP), we were able to deliver the second highest in-year income in the charity's history, second only to the anomalous success of 2020. And our in-year grants disbursement spend took our total grants response to Covid-19 to over £3m.

Total income for the year reached £3,015,551, which was +£155k versus the previous year, and we delivered an operating surplus of £164,056. This enabled us to spend £824,589 on grants disbursement.

Our EAP grew materially, in terms of both income and scale. Income rose by £180k from £633k at year-end 2021 to £813k at the end of 2022. The number of clients rose from 399 to 478, and the number of lives served by the programme rose from 153,000 to 182,000.

After two years in which lockdowns made it largely impossible to host in-person events, 2022 saw a return to the chef- and hotelier-focussed events that have traditionally underpinned our fundraising efforts. In particular our biennial Back to the Floor event delivered income of £260,000 - comfortably the most successful single fundraising instance in the charity's history. This enabled us to move to a blend of in-person and third-party fundraising streams, with 'pound on the bill' initiatives, 'chosen charity' status and our Invisible Chips activation complementing event-based income. We also continued to benefit from the generosity of hospitality operators and their value chain. Most notably, a major campaign launched by AB InBev in support of us, entitled Stella Please, drew income of £162,000.

We continued to add digital assets to the online Wellbeing Hub we launched in 2020 to offer information and advice to hospitality workers whose mental health was affected by Covid. To reflect the cost of living crisis emergency borne of Russia's invasion of Ukraine, we added financial management and resilience assets to the existing mental health focussed content.

And we continued to provide moral and pastoral support to our Golden Friends community of some 2,500 industry retirees.

Thanks to our increased organic and paid social media activity and profile in the marketplace, awareness of the charity remained high in 2022. Our EAP inbound leads pipeline continued to build, and we enjoyed high levels of take-up for our events and other fundraising activities. We achieved a balance of fundraising & EAP 'asks' alongside increased wellbeing output to demonstrate the breadth of our offer and the credibility of the brand. By doing so, our communications helped us to deliver a surplus by year-end.



## ACHIEVEMENTS AND PERFORMANCE (continued)

	2022	2021
Review of achievements in 2022		
Beneficiary grants	824,589	£902,290
Number of persons awarded grants	827	1,250
Number of companies subscribed to EAP	478	399
Number of employees covered by the EAP	181,822	153,166

## Welfare, support and advice

### Grants – (welfare)

It was decided to continue to focus more on one-off help and crisis assistance and continue the assistance given with long term top-up grants. This was achieved during 2022 as follows:

	2022	2021
Top up grants	34 beneficiaries Grants £49,000	37 beneficiaries Grants £49,000
Crisis grants	21 beneficiaries Grants £39,000	27 beneficiaries Grants £28,000
Essential needs grants	270 beneficiaries Grants £145,000	490 beneficiaries Grants £267,000
Other grants	1,502 beneficiaries Grants £592,000	1,846 beneficiaries Grants £558,000

Overall grant spend of £824,589 NB figures above reflect the fact that many beneficiaries received more than one grant.

### Golden Friends Scheme – (welfare)

The objective was to increase the number of members and enhance the support offered via the volunteer visitor scheme.

- ◆ The number of members increased to 1,526 in 2022 from 1,502 in 2021.
- ◆ The charity had 31 volunteers spread nationally across the UK at the end of 2022, including phone friends, visitors and office volunteers. 64 Golden Friends were matched with volunteers.
- ◆ There were no Golden Friends' lunches or teas held during the year. These have been suspended since the onset of the pandemic (2021: nil).
- ◆ Gift vouchers to a value of £15,105 were distributed to 901 beneficiaries (2021: £29,643 to 1,504).

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Welfare, support and advice** (continued)

#### ***Information and signposting – (support and advice)***

Hospitality Action continues to offer a debt advice scheme, in conjunction with Step Change, a debt management charity. The counselling scheme, in conjunction with CiC, the service provider for our Employee Assistance Programme, has continued to be offered where applicable.

#### **Employee assistance programme**

The programme is specific to the hospitality industry and provides a source of help, support and guidance for its employees. A confidential help line and web based fact sheets are available on the following topics:

Health and wellbeing

Working Life

Financial Matters

Personal advice

Alcohol and drugs support

Legal advice

The programme also allows for counselling and one to one support where needed.

This is a commercial programme which trades under a subsidiary company. Hospitality companies are charged a fixed amount per employee per year when they sign up to the programme. Profits are gifted to the charity. The programme had its official industry launch in January 2013 and as at December 2022 478 companies have signed up.

### **Review of the year and future plans**

#### ***Plans for 2023***

The UK hospitality sector's ongoing challenges were compounded in 2022 by the price rises sparked by Russia's invasion of Ukraine, and by growing staffing shortages that emerged as Brexit started to bite. As we head into 2023 and beyond, we expect the unprecedented levels of demand for financial support we've experienced to continue.

#### ***Fundraising***

To enable us to service this demand, we'll continue to work to a blended fundraising model that spans third party fundraising (devolving fundraising to hospitality operators, their customers, and guests, through 'pound on the bill'-style programmes and other at-source activations), margin-rich supporter events and institutional funding from major donors.

## ACHIEVEMENTS AND PERFORMANCE (continued)

### Review of the year and future plans (continued)

#### *Plans for 2023 (continued)*

##### *Fundraising (continued)*

Our current fundraising events product set is strong, having consolidated our events programme during the pandemic to focus on a smaller number of well-attended, high margin in-person and virtual events, all of which have a good degree of longevity.

We will maintain our focus on our ongoing strategic shift towards deriving a greater proportion of income from regular, multi-year or subscription-based income streams, which have the potential to deliver a more scalable revenue base. By simplifying and standardising workflows, we will look to improve our support of third-party fundraising initiatives and to standardise our offer. To this end, we will consolidate and scale fundraising programmes such as 'charity of the year' corporate partnerships and Invisible Chips sales.

In 2023, we will also sharpen our focus on developing our skillset in institutional fundraising, especially in the creation of bids and delivery of more complex donor reporting requirements. We will develop projects which allow us to apply for more restricted multi-year funds, so futureproofing the income base.

##### *Services*

As beneficiaries' needs evolve, so will our support: we'll continue to take the agile approach to grants and services product development that we've displayed since early 2020. In terms of grants disbursement, we will continue to evolve our grant streams to answer the changing needs of our beneficiaries, as we did in 2021 with the introduction of grants specifically aimed at people who had lost out from the £20 reduction of Universal Credit, and in winter 2022 with the introduction of our cost-of-living grants.

In the services area, operational and digital improvements will provide faster triage and routing of applications and improve applicants' user experience.

Building on our use of open-banking software will allow us to automate the laborious process of financial verification and thereby reduce the potential for fraudulent or ineligible applications. These efficiencies will help us more effectively gear our grant-making efforts according to fluctuations in income, and to scale operations should another emergency or income surge emerge.

In response to the increased complexity of cases we will continue our move towards a more holistic offering by providing greater 'aftercare' support for grants recipients. This will be delivered by upskilling the team, building alliances with other organisations such as housing charities, and routing more cases into means-tested counselling, self-guided learning and other services.

## ACHIEVEMENTS AND PERFORMANCE (continued)

### Review of the year and future plans (continued)

#### *Plans for 2023 (continued)*

##### *Services (continued)*

Our Golden Friends outreach scheme will continue to support hospitality retirees, and we will aim to grow membership through promoting the scheme to our EAP clients. In 2022, we did not recommence the in-person Golden Friends events a minority of GFs enjoyed, and in 2023 we will continue to focus on benefits that are available to all scheme members.

Ongoing work to position the charity as a trusted source of wellbeing content, products and thought leadership for hospitality operators will continue in 2023. We will develop more free-to-view wellbeing content for our online Wellbeing Hub.

##### *Employee Assistance Programme (EAP)*

While grant-giving remains at the core of the charity's beneficiary provision, it is increasingly clear that a more scalable way to better improve the lives of many more hospitality workers is via the growth of our EAP provision.

In 2023 the charity is embarking on a period of development to consolidate its operational capacity and aggressively scale our EAP provision and reach, with the aspiration of balancing our income mix equally between fundraising and EAP services within three to five years.

We will look to maintain the exponential growth of the EAP (we added 79 clients and 29k lives in 2022, with income growth of £180k), and to broaden its product set, by migrating to a new partner and platform. While maintaining our reputation for clinical excellence and service, we will launch a web- and app-based digital wellbeing platform that will deliver a range of new clinical pathways, self-guided learning, new training streams, and a rewards and benefits platform in the second half of 2023.

This new product development will be guided by user research that will be in the field in Q2. These planned developments will help us to grow usage and product penetration amongst existing clients; and to increase market share assisted by content marketing, bought media acquisition, and business development support.

##### *Brand*

To sustain the surge in awareness of our work around the hospitality sector and the public that we've experienced since 2020, we will continue to grow paid-for social media advertising and look to develop more structured lead generation and customer acquisition programmes.

As we grow, it is important to maintain the balance in our messaging. We will continue to focus on how we meet beneficiaries' needs, while also growing the share of voice given to more business-focused EAP messaging. And we will optimise the promotional potential of National Hospitality Day, a concept we launched in 2021.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Review of the year and future plans** (continued)

#### ***Plans for 2023*** (continued)

##### *Operational capacity building*

The growth we experienced during the Pandemic clearly demonstrates the market potential for us to further scale our operations. To capitalise on this opportunity, in 2023 we are embarking on a period of transformation, to improve operational capacity across all functions of fundraising and service provision. We are reviewing, upgrading, and optimising systems, processes, and technology.

##### *Governance*

Hospitality Action is committed to demonstrating and encouraging equality, diversity, and inclusion among its workforce, in its day-to-day work and in its beneficiary support, and to eliminating unlawful discrimination of any kind. We have a duty to make a positive impact on our people, our beneficiaries and service users, our stakeholders, and the wider world.

We are fully committed to making a positive contribution to the world, one that goes in tandem with our charitable work. We will keep this commitment in sharp focus in 2023 and beyond.

We continue to work hard to ensure that our cohort of Trustees, patrons and ambassadors reflects and represents the ethnic diversity of the workforce we serve. Our ongoing aim is to continue our journey to embodying a truly diverse and inclusive charity.

We will continue to focus hard on identifying and eliminating fraudulent applications.

##### ***Longer term***

We are committed to delivering structural improvement to the sector we serve in terms of the way it supports employee wellbeing. With the benefit of insight gained from increased usage data and from our EAP and free-to-market wellbeing content, our ambition is to develop a set of independently accredited educational qualifications and standards for physical and mental health management and empathetic leadership for managers across the sector.

## **FINANCIAL REVIEW**

Income for the year was £3,015,551 (2021: £2,860,825) and expenditure £2,851,495 (2021: £2,667,207) giving rise to an operating surplus of £164,056 (2021: surplus of £193,618). The year witnessed the second highest income in the charity's history, second only to 2020.

Third-party and institutional fundraising remained strong. And we saw growth from our virtual and in-person events, with October's Walk for Wellbeing initiative raising £79k, and our biennial Back to the Floor dinner raised £260k, making it the charity's single most successful fundraising instance ever. Our employee assistance programme saw an exponential growth in income, clients and number of lives covered.

**FINANCIAL REVIEW** (continued)

Expenditure of £2,851,495 was up £184,288 on 2021. Expenditure on charitable activity associated with grants, advice and support was £1,929,895, an increase of £103,842.

After losses on investments of £356,006 the overall result for the year was a deficit of £191,950 resulting in a corresponding decrease in the balance of funds which stood at £7,466,658 as at 31 December 2022.

**Reserves policy and financial position**

The total funds held by the group at the end of the year were £7,466,658 (2021: £7,658,608).

Of the above total £47,490 (2021: £32,400) related to restricted funds not available for the general purposes of the Charity. As at 31 December 2022 £251,842 of funds were held within the subsidiary company (2021: £222,002). All of the remaining funds of the Charity totalling £7,167,326 (2021: £7,404,206) have been set aside in a designated fund by the trustees.

In order to ensure that the charity is able to sustain its capacity to provide support for its beneficiaries in perpetuity, the Trustees' policy is to seek to maintain the approximate current levels of reserves after allowing for fluctuations in the value of its investment portfolio.

The Charity's investment portfolio is intended to generate returns to maintain or add to minimum reserve levels. Income generated from the portfolio is to be reinvested where possible or can be transferred to the current account of the Charity for working capital or charitable purposes.

The reserves are maintained to safeguard the Charity's ability to operate and provide essential services to its beneficiaries in the case of unforeseeable reductions in fund raising income. The reserves are also available for investment in opportunities that may have an enduring benefit to the Charity and its beneficiaries.

The Charity aims to maintain or increase moderately its level of charitable activity in each financial year. It is intended to reinvest into the portfolio any funds in excess of the working capital and charitable requirements of the Charity to bolster the capital and ensure that the portfolio will be available well into the future.

From time to time the Charity may need to draw on the capital of the investment portfolio to meet working capital or charitable obligations where fundraising income has not been at expected levels. Such drawdowns require the approval of the Finance and Investment Committee. As a result, the Charity does not currently maintain any free reserves, as it is possible to meet any requirement for free reserves from the designated fund if required. The Charity is aiming to reach a position in the future where any such drawdown is not required and free reserves can be maintained separately from the designated fund.

The investment portfolio is monitored daily and reserve balances are reported to the Finance and Investment Committee each quarter.

The Trustees are required to review this reserves policy annually.

## FINANCIAL REVIEW (continued)

### Reserves policy and financial position (continued)

We have not drawn down cash from our investment portfolio since early 2020, and our intention remains to maintain sufficient cash reserves to avoid future drawdowns. Since the investment portfolio's year-end valuation of £5.739m, we have seen its value fluctuate through the first half of 2023 between a high of £5.965m in February and a low of £5.674m in March, due to the ongoing conflict in Ukraine, the continuing impact of rising energy costs, and other global market forces. By the second half of May, the portfolio had rallied to a value of £5.777m. As at 19 May the portfolio stood at £5.777m.

For the moment, our policy continues to be to maintain the portfolio in its current state and direct any income it generates into the charity's wider work. With the benefit of having seen the impact on our reserves of the past three extraordinary years, in Q3 we plan to launch a formal review of our reserves policy, involving representatives of the charity's Board of Trustees and Finance Committee.

For approximately the last 10 years, the Trustees' strategy has been to fund any operating losses through capital drawdowns from the investment portfolio. The impact of this upon the investment portfolio has been tracked closely and long-term financial forecasting undertaken to ensure that the level of retained reserves remains sufficient.

Each year, the Charity aims to reduce as much as practical, its reliance on capital drawdowns from the portfolio and to be self-sufficient from fundraising income. When circumstances allow, excess funds will be used to top up the portfolio to previous levels. Once this has been achieved, the Charity will review its charitable activities and may release excess funds for charitable purposes. At present we continue to rely upon income from the investment portfolio to finance our charitable activity.

### Going Concern

Hospitality Action serves an industry sector that continues to suffer the fallout of the unprecedented set of socio-economic factors that has defined the past three years.

Hospitality operators are negotiating a perfect storm of soaring energy and produce process, diminishing out-of-home spend, and staffing shortages. We expect to see a steady rise in hospitality business closures through 2023.

Counter-intuitively, against this backdrop, Hospitality Action has achieved record levels of income and expenditure and has seen a rapid scaling of its employee assistance programme, as operators have looked to build in their employee benefits to keep staff attrition rates in check. We have also grown awareness of our work, which has led to more widespread take-up of our various fundraising activations.

Our Trustees are satisfied that the charity is well-positioned to continue as a going concern for the next twelve months and beyond. Reasons for this confident outlook include:

- ♦ The exponential growth of our Employee Assistance Programme and our plans to evolve and expand the programme's benefits and therefore its appeal.

## **FINANCIAL REVIEW (continued)**

### **Going Concern (continued)**

- ◆ The growth in third-party fundraising relationships.
- ◆ The fact that awareness and recognition of the charity's existence and work has soared since 2020.
- ◆ The fact that the charity's long-term asset base as represented by our investment portfolio has coped well with the challenges of the past three years.
- ◆ Our healthy cash reserves.

### **Investment policy**

Under the Constitution the Trustees have general powers to invest in any trust funds or in the purchase of land or buildings. The agreed investment objectives were to achieve an annual income of 3.5% with the preservation of capital in real terms over the long term. The investment objectives are supported by an agreed asset allocation that is socially, environmentally and ethically sound, and which is approved by the Finance and Investment Committee and Trustees. The Investment Managers meet periodically with the Charity's Finance and Investment Committee to review investment performance against agreed indices.

### **Grant Policy**

The charity provides financial assistance, support and advice to serving, former and retired workers in the hospitality industry. Qualification for assistance is as follows:

- ◆ currently working in the industry within the UK
- ◆ have worked 5 or more years in the industry in the UK

Applicants or the supporting agent from a referring organisation (with the consent of the applicant) are required to complete a Hospitality Action application form. The majority of applications need to be supported by an appropriate independent organisation such as Social Services, Citizens Advice Bureau, Housing Association or charities such as Macmillan, Crisis etc. A copy of the grant rules is sent out on request by the Grants & Advisory Team.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT**

### **Legal status and governing document**

Hospitality Action is a charitable company limited by guarantee, incorporated in England and registered with Companies House. It is also registered with the Charity Commission in England and Wales.

It is governed by its memorandum and articles of association which are publicly available via [www.companieshouse.co.uk](http://www.companieshouse.co.uk)



## **GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)**

### **Structure**

Hospitality Action has a wholly-owned subsidiary, Hospitality Action (Trading) Limited, (registered company 03332706 – England and Wales), which administers the Employee Assistance Programme. The results and net assets of the subsidiary are consolidated into these accounts.

### **Appointment and training of trustees**

Trustees are elected at the annual general meeting and serve for two years when they may offer themselves for re-election for two further terms of office. Trustees are drawn from senior management across the industry, retired members of the industry and those with specialist skills pertinent to the aims and objectives of the Charity. All new trustees go through a formal induction process with the Chief Executive and are issued with an induction pack that includes the memorandum and articles of association of the charity, a Charity Commission summary of responsibilities of charity trustees, a copy of the annual accounts and a formalised outline of the role of a trustee. Trustees meet quarterly.

### **Chief executive and staff**

The Chief Executive, Mark Lewis, is responsible for the day to day operations of the Charity. Staff remuneration including that of Key Management is set to be competitive for the role in the charity sector and based in London.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the relevant Charity (Accounts and Reports) Regulations and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

### **Risk management, and principal risks and uncertainties**

The Trustees continue to review and identify the major risks faced by the Charity and have implemented systems and controls to mitigate the risks wherever practicable.

The Board of Trustees and Finance and Investment Committee periodically review the major risks to the charity and have implemented systems and controls to mitigate these risks wherever practicable. The charity's risk register is being enhanced in 2023 to enable us to better monitor risks on an ongoing gross and net basis, and therefore track the impact of the steps being taken to mitigate them. The register keeps issues around financial fraud in sharp focus. And we continue to work with other charities to share best practice in this area.

**GOVERNANCE, STRUCTURE AND MANAGEMENT (continued) Risk management, and principal risks and uncertainties (continued)**

We continue to experienceprecedented demand for beneficiary support. Our policy of closing the grants application portal periodically to manage the volume of cases ensures that we are not overwhelmed by demand, and that we can limit spend on beneficiary services to what our cash reserves allow.

In response to the charity's growth in scale over the past three years, we are undertaking a process, systems, and technology mapping review to futureproof our operational resilience and improve operational capacity.

**Equal Opportunities Statement For Employees**

Hospitality Action complies fully with all statutory requirements and has robust policies regarding what it expects of its staff and trustees. The charity has given consideration to the Charity Governance Code, in particular the latest updates to the Code surrounding equality, diversity and inclusion. This is of particular relevance in recruiting new trustees, new members of staff and ensuring all personnel are treated equally and fairly.

Hospitality Action is strongly committed to equal opportunities for all. Every possible step will be taken to ensure that individuals are treated equally and fairly and that decisions on recruitment, selection and training of employees are based on solely objective and role related criteria regardless of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Our policy is to respect both the spirit and the letter of the laws regarding equality of opportunity and non-discrimination in Hospitality Action's activities and to value the diversity of individuals throughout the community. We consider this to be an integral part of our ethos when recruiting employees to Hospitality Action.

This commitment extends to all areas, both within the working environment, as well as in relation to social and recreational programmes.

No employee or potential employee will be disadvantaged by any conditions of employment or requirements that cannot be justified as necessary on operational grounds.

Decisions about appointments, training, developments and promotion will be made on the basis of merit or ability.

All employees and volunteers are expected to support and co-operate in these efforts to ensure equal opportunity for all.

Any complaints of discrimination will be dealt with under Hospitality Action's Complaints Procedure.

Any employee who conducts himself or herself in a discriminatory manner (whether on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) towards another employee, beneficiary or member of the public will be subject to disciplinary action for gross misconduct.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)**

### **Fundraising Statement**

We continue to receive donations, event bookings and Regular Giving payments via our website. We host an annual Summer Challenge and another in person 20k walk at hosted cities across the UK using a new platform, Enthuse. We also use Enthuse to receive funds raised by third parties alongside JustGiving and we use Givergy to host online auctions and raffles. Our guest-pays activation, Invisible Chips, is still live, with all participating operators instructed in how to pay in funds and manage any VAT implications. No moneys are raised via public, on-street collections. When collecting monies, we at all times adhere to GDPR best practice guidelines. We renew our PCI DSS Compliance annually. We adhere to the conditions that credit card details should not be stored or sent electronically and are to be destroyed as soon as a payment is processed. We do not store credit card details in any form. And as soon as the fundraising team has processed a credit card payment, they destroy the card details. Our compliance requirements are relatively light since any receipts via our website are through Stripe and GoCardless and we are not an e-commerce provider.

We are members of the Association of Charitable Organisations (ACO) and the Fundraising Regulator and follow and track their fundraising due diligence recommendations and code. Hospitality Action has not received any complaints about its fundraising activities

### **Trustees' Responsibilities**

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

The law applicable to charities in England & Wales 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 charity and of the incoming resources and application of resources of the charity 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

## GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

### Trustees' Responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors also confirm that:-

- ◆ So far as each director is aware, there is no relevant information of which the company's auditors are unaware; and
- ◆ Each director has taken all steps that he/she ought to have taken to make himself/herself aware of any relevant matters and to ensure that the company's auditors are aware of such information.

Approved by order of the board of Trustees and signed on its behalf by



William Baxter

Chairman

Approved by the board of trustees on: 6<sup>th</sup> June 2023

**Independent auditor's report to the members of Hospitality Action**

**Opinion**

We have audited the financial statements of Hospitality Action for the year ended 31 December 2022, which comprise the consolidated statement of financial activities, the charity-only statement of financial activities, the consolidated and charity-only balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2022 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

**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 group 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 the charity'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.

## **Independent auditor's report Year ended 31 December 2022**

### **Other information**

The other information comprises the information included in the Trustee's 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' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, 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' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of trustees**

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

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

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

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

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 is detailed below:

- ◆ We obtained an understanding of the legal and regulatory frameworks applicable to the charity and the sector in which it operates. We determined that the following laws and regulations were most significant: 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), the Companies Act 2006 and the Charities Act 2011.
- ◆ We understood how the charity is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Finance and investment Committee.
- ◆ We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - ◇ Identifying and assessing the design effectiveness of controls in place to prevent and detect fraud;

## Independent auditor's report Year ended 31 December 2022

### Auditor's responsibilities for the audit of the financial statements (continued)

- ◇ Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- ◇ Challenging assumptions and judgements made by management in its significant accounting estimates;
- ◇ Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- ◇ Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the relevant financial statement item to which they relate.

We did not identify any irregularities, including fraud.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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. 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.

*Buzzacott LLP*

21 July 2023

Hugh Swainson (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL



**Consolidated statement of financial activities (including an income and expenditure account)**  
**Year ended 31 December 2022**

		Year ended 31 December 2022			Year ended 31 December 2021		
	Notes	Unrestricted funds £	Restricted funds £	£	Unrestricted funds £	Restricted funds £	£
<b>Income and endowments from:</b>							
<i>Donations and legacies</i>							
Donations	1	932,535	—	932,535	1,179,127	—	1,179,127
Donated services and facilities	1	85,350	—	85,350	92,000	—	92,000
Members donations		11,012	—	11,012	12,037	—	12,037
Grants receivable	2	51,500	95,000	146,500	226,000	68,500	294,500
<i>Other trading activities</i>							
Fundraising events		908,014	—	908,014	536,832	—	536,832
<i>Charitable activities</i>							
Employee assistance programme		812,861	—	812,861	633,111	—	633,111
Investments	3	119,279	—	119,279	113,218	—	113,218
<b>Total</b>		<b>2,920,551</b>	<b>95,000</b>	<b>3,015,551</b>	<b>2,792,325</b>	<b>68,500</b>	<b>2,860,825</b>
<b>Expenditure on:</b>							
<i>Raising funds</i>							
Cost of raising voluntary income		727,388	—	727,388	654,688	—	654,688
Fundraising events and activities		173,090	—	173,090	166,332	—	166,332
Investment management fees		21,122	—	21,122	20,134	—	20,134
<b>Sub-total</b>		<b>921,600</b>	<b>—</b>	<b>921,600</b>	<b>841,154</b>	<b>—</b>	<b>841,154</b>
<i>Charitable activities</i>							
Welfare	4, 6	1,288,966	79,910	1,368,876	1,358,178	57,250	1,415,428
Employee assistance programme	4	561,019	—	561,019	410,625	—	410,625
Other support and advice	4	—	—	—	—	—	—
<b>Sub-total</b>		<b>1,849,985</b>	<b>79,910</b>	<b>1,929,895</b>	<b>1,768,803</b>	<b>57,250</b>	<b>1,826,053</b>
<b>Total</b>	4	<b>2,771,585</b>	<b>79,910</b>	<b>2,851,495</b>	<b>2,609,957</b>	<b>57,250</b>	<b>2,667,207</b>
Net income before net (losses)/gains on investments							
		148,966	15,090	164,056	182,368	11,250	193,618
Net (losses)/gains on investments	11	(356,006)	—	(356,006)	562,382	—	562,382
<b>Net (expenditure) income</b>		<b>(207,040)</b>	<b>15,090</b>	<b>(191,950)</b>	<b>744,750</b>	<b>11,250</b>	<b>756,000</b>
Transfer between funds							
	14	—	—	—	87,573	(87,573)	—
<b>Net movement in funds</b>		<b>(207,040)</b>	<b>15,090</b>	<b>(191,950)</b>	<b>832,323</b>	<b>(76,323)</b>	<b>756,000</b>
<b>Reconciliations on fund:</b>							
Fund balances brought forward		7,626,208	32,400	7,658,608	6,793,885	108,723	6,902,608
<b>Fund balances carried forward</b>		<b>7,419,168</b>	<b>47,490</b>	<b>7,466,658</b>	<b>7,626,208</b>	<b>32,400</b>	<b>7,658,608</b>

The notes on pages 31 to 40 form part of these financial statements.

# Statement of financial activities (charity only) Year ended 31 December 2022

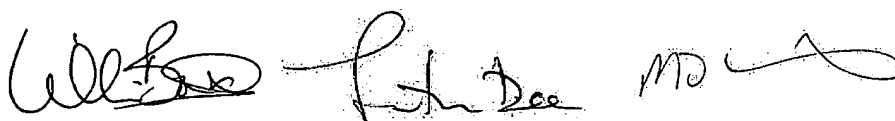
	Year ended 31 December 2022			Year ended 31 December 2021		
	Unrestricted funds £	Restricted funds £	£	Unrestricted funds £	Restricted funds £	£
<b>Income and endowments from:</b>						
<i>Donations and legacies</i>						
Donations	932,535	—	932,535	1,179,127	—	1,179,127
Gift Aid from subsidiary company	222,002	—	222,002	233,101	—	233,101
Donated services and facilities	85,350	—	85,350	92,000	—	92,000
Members donations	11,012	—	11,012	12,037	—	12,037
Grants receivable	51,500	95,000	146,500	226,000	68,500	294,500
<i>Other trading activities</i>						
Fundraising events	908,014	—	908,014	536,832	—	536,832
<i>Investments</i>	119,279	—	119,279	113,218	—	113,218
<b>Total</b>	<b>2,329,692</b>	<b>95,000</b>	<b>2,424,692</b>	<b>2,392,315</b>	<b>68,500</b>	<b>2,460,815</b>
<b>Expenditure on:</b>						
<i>Raising funds</i>						
Cost of raising voluntary income	727,388	—	727,388	654,688	—	654,688
Fundraising events and activities	173,090	—	173,090	166,332	—	166,332
Investment management fees	21,122	—	21,122	20,134	—	20,134
<b>Sub-total</b>	<b>921,600</b>	<b>—</b>	<b>921,600</b>	<b>841,154</b>	<b>—</b>	<b>841,154</b>
<i>Charitable activities</i>						
Welfare	1,288,966	79,910	1,368,876	1,358,178	57,250	1,415,428
Support and advice	—	—	—	—	—	—
<b>Sub-total</b>	<b>1,288,966</b>	<b>79,910</b>	<b>1,368,876</b>	<b>1,358,178</b>	<b>57,250</b>	<b>1,415,428</b>
<b>Total</b>	<b>2,210,566</b>	<b>79,910</b>	<b>2,290,476</b>	<b>2,199,332</b>	<b>57,250</b>	<b>2,256,582</b>
Net income before net (losses)/gains on investments	119,126	15,090	134,216	192,983	11,250	204,233
Net (losses)/gains on investments	(356,006)	—	(356,006)	562,382	—	562,382
<b>Net (expenditure) income</b>	<b>(236,880)</b>	<b>15,090</b>	<b>(221,790)</b>	<b>755,365</b>	<b>11,250</b>	<b>766,615</b>
Transfer between funds	—	—	—	87,573	(87,573)	—
<b>Net movement in funds</b>	<b>(236,880)</b>	<b>15,090</b>	<b>(221,790)</b>	<b>842,938</b>	<b>(76,323)</b>	<b>766,615</b>
<b>Reconciliations on fund:</b>						
Fund balances brought forward	7,404,206	32,400	7,436,606	6,561,268	108,723	6,669,991
<b>Fund balances carried forward</b>	<b>7,167,326</b>	<b>47,490</b>	<b>7,214,816</b>	<b>7,404,206</b>	<b>32,400</b>	<b>7,436,606</b>

**Balance sheet** Year ended 31 December 2022

	Notes	2022		2021	
		Group £	Charitable Company £	Group £	Charitable Company £
<b>Fixed assets</b>					
Tangible assets	9	907,104	907,104	911,119	911,119
Intangible assets	10	21,650	21,650	52,291	52,291
Investments	11	5,739,357	5,739,357	6,115,292	6,115,292
		<u>6,668,111</u>	<u>6,668,111</u>	<u>7,078,702</u>	<u>7,078,702</u>
<b>Current assets</b>					
Debtors	12	433,647	569,180	312,079	215,897
Cash at bank and in hand		1,037,024	241,190	1,114,488	706,512
		<u>1,470,671</u>	<u>810,370</u>	<u>1,426,567</u>	<u>922,409</u>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	13	(672,124)	(263,665)	(846,661)	(564,505)
<b>Net current assets</b>		<u>798,547</u>	<u>546,705</u>	<u>579,906</u>	<u>357,904</u>
<b>Net assets</b>		<u>7,466,658</u>	<u>7,214,816</u>	<u>7,658,608</u>	<u>7,436,606</u>
<b>Funds:</b>					
Restricted funds	15	47,490	47,490	32,400	32,400
Unrestricted funds:					
General funds		—	—	—	—
Subsidiary		251,842	—	222,002	—
Designated funds (fixed assets and investments)		<u>7,167,326</u>	<u>7,167,326</u>	<u>7,404,206</u>	<u>7,404,206</u>
		<u>7,466,658</u>	<u>7,214,816</u>	<u>7,658,608</u>	<u>7,436,606</u>

The notes on pages 31 to 40 form part of these financial statements.

The financial statements were approved and authorised for issue by the board of the Trustees and signed on their behalf by:



William Baxter CBE  
Chairman

Jon Dee ACA  
Treasurer

Mark Lewis  
Chief Executive

Approved on: 6<sup>th</sup> June 2023

Company registration number: 04914871

# Consolidated statement of cash flows Year ended 31 December 2022

	Notes	2022 £	2021 £
<b>Net cash flows from operating activities:</b>			
Net cash used in operating activities	A	(206,789)	(28,404)
<b>Cash flows from investing activities:</b>			
Investment income		124,279	113,218
Payment to acquire tangible and intangible fixed assets		(14,883)	(26,115)
Proceeds from sales of investments		1,895,002	1,571,795
Payments to acquire investments		(1,875,073)	(1,545,295)
<b>Net cash provided by investing activities</b>		<b>129,325</b>	<b>113,603</b>
<b>Change in cash for the year</b>		<b>(77,464)</b>	<b>85,199</b>
<b>Cash at bank and in hand at the start of the year</b>		<b>1,114,488</b>	<b>1,029,289</b>
<b>Cash at bank and in hand at the end of the year</b>	B	<b>1,037,024</b>	<b>1,114,488</b>

## A Reconciliation of net (expenditure)/income to net cash (used in)/provided by operating activities

	2022 £	2021 £
Net (expenditure) income	(191,950)	756,000
Depreciation and amortisation	49,539	59,353
Losses (gains) on investments	356,006	(562,382)
Investment income	(124,279)	(113,218)
Increase in debtors	(400,791)	(135,411)
Increase (decrease) in creditors	104,686	(32,746)
<b>Net cash used in operating activities</b>	<b>(206,789)</b>	<b>(28,404)</b>

## B Analysis of cash

	2021 £	Cash flow £	2022 £
Cash at bank and in hand	1,114,488	(77,464)	1,037,024

## C Analysis of changes in net debt

	At 1 January £	Cash flows £	At 31 December £
Cash at bank and in hand	1,114,488	(77,464)	1,037,024
Cash held by the investment manager	559,346	169,431	728,777
Loan	(300,227)	300,227	—
<b>Total net debt</b>	<b>1,373,607</b>	<b>392,194</b>	<b>1,765,801</b>

## **Accounting policies Year ended 31 December 2022**

### **Basis of accounting**

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)), and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are presented in sterling and rounded to the nearest pound.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value. Investments are restated at fair value at the balance sheet date.

All transactions are derived from continuing activities. All recognised gains and losses are included in the Statement of Financial Activities. These accounts consolidate the results, assets and liabilities of Hospitality Action's subsidiary company on a line by line basis.

### **Critical accounting estimates and areas of judgement**

There are no areas of material estimation uncertainty affecting the accounts and no significant areas of judgment affecting the figures, aside from the following:

- ♦ The value attributed to the charity's leasehold property included in tangible fixed assets.

### **Going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect of a period of one year from the date of approval of these financial statements.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. With regard to the next accounting period, the year ending 31 December 2023, the most significant areas that affect the carrying value of the assets held by the Trust are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees report for more information).

### **Fund accounting**

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives. Restricted funds comprise monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions. Designated funds represent those funds which the trustees have earmarked for specific purposes and equate to the carrying value of the charity's fixed assets.

## Accounting policies Year ended 31 December 2022

### Income

Income is recognised on a receivable basis and principally comprises grants, events income, income from the delivery of services and donations receivable. Any income received which is not attributed to the year of receipt, is included within deferred income in creditors. Donated services and facilities (gifts in kind) are included in the financial statements at the best estimate of the value to the charity. Legacy income is recognised when the criteria of entitlement, probability and measurability have been met.

### Expenditure recognition

Expenditure including irrecoverable VAT is charged to the Statement of Financial Activities on an accruals basis. Expenditure is classified as either costs of raising funds (which includes fundraising and events costs as well as investment manager's fees) or charitable activities costs being the costs the charity incurs in furthering its charitable objectives. Direct costs are allocated to the activity headings to which they relate. Support costs relate to indirect costs including the costs of governance. These are directly allocated where possible and otherwise apportioned on a consistent basis.

### Grants

Grants expenditure is recognised when there is a constructive obligation to pay monies to a beneficiary, that is, when the charity has notified the beneficiary of the payment of the grant. It includes the payment of monetary grants to beneficiaries, expenditure made in providing beneficiaries with goods and services and the costs of distributing and administering such direct provision. The cost of such provision, and that in respect of monetary grants in particular, is recognised as it becomes payable according to the Charity's rules.

### Tangible fixed assets

Tangible assets are shown at cost less provision for depreciation. Provision is made for depreciation on all tangible assets at rates calculated to write off the cost, less estimated residual value over their useful lives which are estimated to be:

Leasehold property	over the length of the lease
Furnishing	20% straight line
Office refurbishment	10% straight line
Computer equipment	33% straight line

**Intangible fixed assets**

Intangible assets are shown at cost less provision for amortisation. Provision is made for amortisation on all intangible assets at rates calculated to write off the cost, less estimated residual value over their useful lives which is estimated to be four years.

**Investments**

Investments are restated at fair value as at the balance sheet date. Investment gains and losses are disclosed in the Statement of Financial Activities.

**Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**Pension costs**

The Charity operates a stakeholder pension scheme. Contributions are charged to expenditure as they fall due.

**Financial instruments**

The charity only holds basic financial instruments as defined by FRS102. The financial assets and liabilities of the charity are as follows:

Financial assets – donations due and trade debtors are basic financial instruments and are debt instruments measured at amortised cost. Investments are basic financial instruments held at fair value. Accrued income and prepayments are not financial instruments. Cash at bank and short term deposits are classified as basic financial instruments and measured at face value.

## **Accounting policies** Year ended 31 December 2022

### **Financial instruments** (continued)

Financial liabilities – trade creditors, grants payable, and accruals are financial instruments and are measured at amortised cost. Social security and other taxes are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability as the cash settlement has already taken place and there is no obligation to deliver services rather than cash or another financial instrument.



Notes to the financial statements Year ended 31 December 2022

1 Donations

	2022 £	2021 £
<b>Unrestricted</b>		
Bidfood	36,307	26,727
Country Range	25,000	5,360
Corinthia Hotel	5,282	—
D&D Group	16,728	—
Farncombe Estate	941	12,800
Fazenda	112	10,177
Gleneagles Hotel	12,500	1,268
GoodGood	5,003	—
Hawksmoor	—	25,259
Hilton	16,262	4,231
Home Grown Hotels	6,804	30,000
Iconic Hotels	11,320	13,835
In-Bev	162,000	—
Knight Frank	5,000	65,874
Master of Malt	—	36,510
Navarac	12,719	13,566
No15 Grand Pulteney	—	2,145
Provenance Inns	10,311	—
Remy Cointreau	—	35,000
Sir Richard Sutton Ltd	5,500	—
Sketch	44,016	20,603
Society of Golden Keys	5,235	—
Super Skills	5,000	—
Table Talk Foundation	—	11,000
The Berkeley	—	10,000
The Coaching Inn	8,000	8,000
The Dorchester Collection	—	25,000
The Fat Duck	5,209	2,331
The Ned	7,675	—
Uber Eats	5,000	—
Whitbread	175,000	50,000
Z Hotels	10,000	—
Other donations	335,611	769,441
<b>Total unrestricted donations</b>	<b>932,535</b>	<b>1,179,127</b>
<b>Restricted</b>		
<b>Total donations</b>	<b>932,535</b>	<b>1,179,127</b>
<b>Donated services and facilities</b>		
The Caterer	29,500	38,000
Design & creative	—	—
Staff Canteen, Dewberry, H2O	55,850	54,000
<b>Total gifts in kind</b>	<b>85,350</b>	<b>92,000</b>

Notes to the financial statements Year ended 31 December 2022

**2 Grants receivable**

	2022 £	2021 £
<b>Unrestricted:</b>		
Worshipful Company of Innholders	10,000	10,000
Savoy Educational Trust	—	150,000
Master Innholders	25,000	12,500
Others	16,500	53,500
<b>Total unrestricted grants</b>	<b>51,500</b>	<b>226,000</b>
<b>Restricted fund:</b>		
<b>Drug and Alcohol awareness programme/welfare</b>		
Savoy Educational Trust	5,500	—
Worshipful Company of Innholders	88,000	67,000
Excel Trust	1,500	1,500
<b>Total restricted grants</b>	<b>95,000</b>	<b>68,500</b>
<b>Total grants</b>	<b>146,500</b>	<b>294,500</b>

**3 Investment income**

	2022 £	2021 £
From listed investments	118,574	113,186
Interest on cash deposits	705	32
	<b>119,279</b>	<b>113,218</b>

**4 Expenditure**

Analysis of 2022 expenditure	Notes	Grants	Other direct costs £	Support costs £	Total 2022 £
Raising funds:					
Cost of raising voluntary income		—	471,802	255,586	727,388
Fundraising events and activities		—	173,090	—	173,090
Investment management		—	21,122	—	21,122
Charitable activities:					
Welfare	6	824,589	298,728	245,559	1,368,876
Employee assistance programme		—	495,898	65,121	561,019
<b>Total</b>		<b>824,589</b>	<b>1,460,640</b>	<b>566,266</b>	<b>2,851,495</b>

Analysis of 2022 support costs	Expenditure on raising funds £	Expenditure on charitable activities £	Total 2022 £
Staff costs	202,099	247,957	450,056
Office rent and shared office costs	53,487	62,723	116,210
	<b>255,586</b>	<b>310,680</b>	<b>566,266</b>

Notes to the financial statements Year ended 31 December 2022

**4 Expenditure (continued)**

<i>Analysis of 2021 expenditure</i>	<i>Notes</i>	<i>Grants</i>	<i>Other direct costs £</i>	<i>Support costs £</i>	<i>Total 2021 £</i>
<i>Raising funds:</i>					
<i>Cost of raising voluntary income</i>		—	413,352	241,336	654,688
<i>Fundraising events and activities</i>		—	166,332	—	166,332
<i>Investment management</i>		—	20,134	—	20,134
<i>Charitable activities:</i>					
<i>Welfare</i>	6	902,290	271,882	241,256	1,415,428
<i>Employee assistance programme</i>		—	347,916	62,709	410,625
<i>Total</i>		<u>902,290</u>	<u>1,219,616</u>	<u>545,301</u>	<u>2,667,207</u>

<i>Analysis of 2021 support costs</i>	<i>Expenditure on raising funds £</i>	<i>Expenditure on charitable activities £</i>	<i>Total 2021 £</i>
<i>Staff costs</i>	185,462	236,043	421,505
<i>Office rent and shared office costs</i>	55,875	67,921	123,796
	<u>241,337</u>	<u>303,964</u>	<u>545,301</u>

The allocation of support costs is on a per capita basis, having regard to time spent by staff on either fundraising or charitable activities.

**5 Analysis of governance costs**

	<b>2022 £</b>	<b>2021 £</b>
Audit fees	14,096	13,664
Legal and professional	1,326	1,026
Trustees' expenses	1,029	279
Other	19,436	10,137
	<u>35,887</u>	<u>25,106</u>

**Notes to the financial statements** Year ended 31 December 2022

**6 Welfare expenditure**

	2022 £	2021 £
Top up grants	48,871	49,495
Essential needs grants	145,164	267,468
Short term crisis grants	38,427	28,402
Christmas grants	25,208	37,943
Winter fuel grants	58,410	43,350
Covid-19 grants	473,998	451,600
TV licence and phone grants	3,434	3,153
Golden Friends' scheme	19,020	12,463
Other grants	12,057	8,316
Volunteers' expenses	—	100
	<b>824,589</b>	<b>902,290</b>
Grant management and other beneficiary support services	<b>544,287</b>	<b>513,138</b>
Total cost of grant making and other beneficiary support services	<b>1,368,876</b>	<b>1,415,428</b>

**7 Employees and staff costs**

	2022 Number	2021 Number
The average number of persons employed by the Charity during the year	<b>18</b>	<b>17</b>

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	758,859	685,026
Social security costs	87,395	75,763
Pension costs	78,404	71,917
	<b>924,658</b>	<b>832,706</b>

The number of employees who received remuneration in excess of £60,000 is analysed as follows:

	2022 No.	2021 No.
£70,001 - £80,000	1	1
£110,001 - £120,000	—	1
£120,001 - £130,000	1	—

The charity considers that the Key Management Personnel for financial reporting purposes comprises the trustees and the Chief Executive. The total Key Management Remuneration, including employer's national insurance and pension contributions, was £148,405 (2021: £143,287).

**Trustees' remuneration and reimbursed expenses**

In 2022 £424 was spent on a gifts and awards to trustees (2021 - £45), £100 was spent on hosting a trustee meeting (2021 - £234) and £505 on a dinner for trustees.

Notes to the financial statements Year ended 31 December 2022

**8 Net movement in funds**

	2022 £	2021 £
This is stated after charging:		
Depreciation	18,898	19,131
Amortisation	30,641	40,222
Auditor's remuneration:		
· Parent charitable company audit	11,300	9,800
· Subsidiary company audit	1,800	1,650
· Other (tax)	1,750	1,600

**9 Tangible fixed assets – group and charitable company**

	Leasehold property £	Office refurbishments £	Furniture and fittings £	Office and other equipment £	Total £
<b>Cost</b>					
At 31 December 2021	863,339	116,065	31,982	58,873	1,070,259
Additions	—	—	6,972	7,911	14,883
Disposals	—	—	—	—	—
At 31 December 2022	863,339	116,065	38,954	66,784	1,085,142
<b>Depreciation</b>					
At 31 December 2021	13,200	71,965	31,590	42,385	159,140
Charge for the year	880	5,040	385	12,593	18,898
On disposals	—	—	—	—	—
At 31 December 2022	14,080	77,005	31,975	54,978	178,038
<b>Net book value</b>					
At 31 December 2022	849,259	39,060	6,979	11,806	907,104
At 31 December 2021	850,139	44,100	392	16,488	911,119

The depreciation charge on the long leasehold property reflects the length of the leasehold which is 978 years.

**10 Intangible fixed assets – group and charitable company**

	Total £
<b>Cost</b>	
At 31 December 2021	129,036
Additions	—
At 31 December 2022	129,036
<b>Amortisation</b>	
At 31 December 2021	76,745
Charge for the year	30,641
At 31 December 2022	107,386
<b>Net book value</b>	
At 31 December 2022	21,650
At 31 December 2021	52,291

# 11 Investments – group and charitable company

	2022 £	2021 £
Market value		
As at 1 January	6,115,292	5,579,410
Additions at cost	1,875,073	1,545,295
Disposals	(1,895,002)	(1,571,795)
Realised gains (losses)	9,687	(4,381)
Unrealised (losses) gains	(365,693)	566,763
As at 31 December	5,739,357	6,115,292
Analysed as follows:		
United Kingdom investments	1,832,052	1,949,869
Non-United Kingdom investments	3,178,528	3,606,077
Cash and commodities held for investment	728,777	559,346
	5,739,357	6,115,292
Historical cost	5,324,743	5,147,049

The following holdings exceed 5% of portfolio value – Vanguard S&P 500 UCITS ETF (10%), JP Morgan Liquidity LVNAV Fund (9%) and the Charities Property Fund (7%). The cash balances are not available for day to day transactions but are for the trading of investment assets.

# 12 Debtors

	Group 2022 £	Charitable company 2022 £	Group 2021 £	Charitable company 2021 £
Fundraising debtors	16,800	16,800	—	5,175
Trade debtors	141,280	—	96,460	—
Amounts due from trading subsidiary	—	279,223	—	31,268
Prepayments and accrued income	275,567	273,157	215,619	179,454
	433,647	569,180	312,079	215,897

# 13 Creditors: amounts falling due within one year

	Group 2022 £	Charitable company 2022 £	Group 2021 £	Charitable company 2021 £
Grants approved but unspent at year end	21,919	21,919	13,566	13,566
Trade creditors	94,867	32,149	47,412	23,757
Taxation and social security	27,333	27,333	19,184	19,184
Accruals and deferred income	479,705	133,964	406,092	147,591
Loan from Cazenove*	—	—	300,227	300,227
Amounts due to related charity (note 21)	48,300	48,300	60,180	60,180
	672,124	263,665	846,661	564,505

Notes to the financial statements Year ended 31 December 2022

**13 Creditors: amounts falling due within one year (continued)**

Deferred income comprises:

	2022 £
Balance at the beginning of the year	75,275
Amount released to income in the year	(74,415)
Amount deferred in the year	69,480
Balance at the end of the year	70,340

Income is deferred until the charity has met any performance related conditions attached to the income.

\* The loan was drawn down in June 2020 and was subject to 1.5% interest per annum. The loan was technically repayable on demand, however in reality it could be paid back in instalments over five years. The loan was secured over a portion of the charity's investment portfolio. The full loan was paid off in the year.

**14 Unrestricted funds**

	Balance at 31 December 2021 £	Income £	Expenditure £	Transfers £	Gains on investments £	Balance at 31 December 2022 £
<b>Charity</b>						
General	—	2,107,690	(2,161,027)	53,337	—	—
Designated	7,404,206	—	(49,539)	168,665	(356,006)	7,167,326
<b>Subsidiary company</b>	222,002	812,861	(561,019)	(222,002)	—	251,842
<b>Total</b>	7,626,208	2,920,551	(2,771,585)	—	(356,006)	7,419,168

Transfers from the subsidiary company fund to the general and designated funds relate to the payment of the company's profit to the parent charity via a gift-aided donation. Transfers from designated funds to general funds are made to cover the charity's general day-to-day expenses.

*Comparative information*

	Balance at 31 December 2020 £	Income £	Expenditure £	Transfers £	Gains on investments £	Balance at 31 December 2021 £
<b>Charity</b>						
General	—	2,159,214	(2,139,979)	(19,235)	—	—
Designated	6,561,268	—	(59,353)	339,909	562,382	7,404,206
<b>Subsidiary company</b>	232,617	633,111	(410,625)	(233,101)	—	222,002
<b>Total</b>	6,793,885	2,792,325	(2,609,957)	87,573	562,382	7,626,208

Notes to the financial statements Year ended 31 December 2022

**15 Restricted funds**

	Balance at 31 December 2021 £	Income £	Expenditure £	General fund Transfers £	Balance at 31 December 2022 Total £
Welfare	32,400	95,000	(79,910)	—	47,490
	32,400	95,000	(79,910)	—	47,490

*Comparative information*

	Balance at 31 December 2020 £	Income £	Expenditure £	General fund Transfers £	Balance at 31 December 2021 Total £
Welfare	21,150	68,500	(57,250)	—	32,400
Alcohol and drug awareness	87,573	—	—	(87,573)	—
	108,723	68,500	(57,250)	(87,573)	32,400

The longstanding Alcohol and Drug Awareness Programme for students in the hospitality industry was wound down in the early months of 2019. It was felt appropriate to release the surplus funds to the charity's General Funds.

Welfare covers three specific programmes: the Golden Friends scheme, Winter Fuel grants and phone line rentals.

**16 Pensions obligations**

**Stakeholder pensions**

The Charity operates a stakeholder pension scheme. The assets of the scheme are held separately from those of the Charity, being invested with an insurance company.

	2022 £	2021 £
Total employer cost	90,533	71,917

**17 Analysis of net assets between funds**

	General funds £	Designated funds £	Restricted funds £	Total 2022 £	Total 2021 £
<b>Fund balances at 31 December 2022 are represented by:</b>					
Tangible assets	—	928,754	—	928,754	963,410
Investments	—	5,739,357	—	5,739,357	6,115,292
Net current assets	—	751,057	47,490	798,547	579,906
Net assets	—	7,419,168	47,490	7,466,658	7,658,608



## 17 Analysis of net assets between funds (continued)

### Comparative information

	General funds £	Designated funds £	Restricted funds £	Total 2021 £
<i>Fund balances at 31 December 2021 are represented by:</i>				
Tangible assets	—	963,410	—	963,410
Investments	—	6,115,292	—	6,115,292
Net current assets	—	547,506	32,400	579,906
Net assets	—	7,626,208	32,400	7,658,608

## 18 Financial instruments

	Group 2022 £	Charitable company 2022 £	Group 2021 £	Charitable company 2021 £
Financial assets held at fair value	5,739,357	5,739,357	6,115,292	6,115,292
Financial assets held at amortised cost	1,195,103	257,990	96,171	—
Financial liabilities held at amortised cost	(174,124)	(80,311)	(796,209)	(545,322)

## 19 Taxation

Hospitality Action is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities. Whilst the Charity's trading subsidiary company is not exempt from corporation tax on its taxable profits it is not expected that any taxation will arise as it is the intention of the company's directors to donate any such profits to the parent Charity.

## 20 Subsidiary undertaking

The subsidiary undertaking is Hospitality Action (Trading) Limited (registered company 03332706) which is incorporated in England and had net assets of £251,852 as at 31 December 2022 (2021: net assets of £222,012). In the year ended 31 December 2022 it had turnover of £812,861 (2021: £633,111) and expenditure of £561,019 (2021: £410,625). It will gift aid its taxable profit to the parent charity in 2022.

## 21 Related charity

The Charity was incorporated in 2003 and took over the majority of the assets of an unincorporated charity also known as Hospitality Action (Charity Number 208855). The unincorporated charity continues to own a leasehold flat which was vacated by the longstanding assured tenant in February 2022.

## 22 Related party

The Charity holds 20% of the shares of 62 Britton Street Ltd, a company, which holds the Charity's interest in the freehold of its premises. There are no outstanding balances between the Charity and the company.

**23 Other related party transactions**

Owing to the nature of the charity's operations and the composition of the Board of Trustees being drawn from the hospitality sector, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and on normal business terms.