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Registered Charity Number (in Scotland): SC039168

The Soil Association Limited
TRUSTEES' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 March 2016

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The Soil Association Limited

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The Soil Association Limited

REFERENCE AND ADMINISTRATIVE DETAILS

ROYAL PATRON

HRH The Prince of Wales

HONORARY PRESIDENT

Monty Don

HONORARY VICE PRESIDENTS

George McRobie
Charlotte Mitchell
Jonathan Dimpleby
Trudie Styler

TRUSTEES

Dennis Overton (Chair)
Annabel Allott (Vice-Chair)
Matt Brown
Neil Canetty-Clarke
John Carson
Oliver Dowding
Graeme Matravers
Gabriel Scally
Charles Weston

Resigned

Orna NiChionna	11 July 2015
Nigel Woodhouse	11 July 2015
David Main	11 July 2015
Renée Elliott	11 July 2015
John McCormick	11 July 2015
Clare Owens	11 July 2015

CHIEF EXECUTIVE

Helen Browning

CHIEF OPERATING OFFICER

Martin Dawson

COMPANY SECRETARY

Geoff Truscott

GOVERNING DOCUMENT

Articles of Association

CONSTITUTION

Company limited by guarantee

REGISTERED OFFICE

South Plaza
Marlborough Street
Bristol
BS1 3NX

BANKERS

Triodos Bank
Deanery Road
Bristol
BS1 5AS

Lloyds Bank
Canons House
Canons Way
Bristol
BS99 7LB

SOLICITORS

Burges Salmon
1 Glass Wharf
Bristol
BS2 0ZX

Lyons Davidson
Bridge House
48-52 Baldwin Street
Bristol
BS1 1QD

AUDITOR

RSM UK Audit LLP
Hartwell House
55 – 61 Victoria Street
Bristol
BS1 6AD

The Soil Association Limited

TRUSTEES' REPORT

The trustees present their annual report and the consolidated audited financial statements of the group for the year ended 31 March 2016.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Soil Association Limited ('the Charity') is registered as a charity, number 206862 (England and Wales) and number SC039168 (Scotland) and is a company limited by guarantee, number 00409726.

STRUCTURE GOVERNANCE AND MANAGEMENT

Governance

The Charity is a company limited by guarantee and governed by Articles of Association.

The governing body of the Charity is the Board of Trustees. The Board meets six times per year. The Board elects a Chair for a term up to three years, which may be renewed once. A process exists for the recruitment, appointment and induction of trustees.

The Board consists of 8 to 12 trustees, the majority of whom are elected by the Charity's members. Trustee appointments are for a term of up to four years and a trustee may ordinarily serve a maximum of two terms, with a third term possible only if the Board determine it to be in the best interests of the Charity.

In July 2015 an Extraordinary General Meeting of the Charity's members was held to vote upon a Special Resolution proposing the adoption of new Articles of Association. The Resolution was passed by the members and the new articles adopted bringing the Charity's governance arrangements into line with current best practice and up to date with company law changes.

Key Committees and Boards

Trustee Recruitment and Succession Committee

This executive committee consists of the Vice-Chair, one to two other trustees and the Charity's Chief Executive. It has delegated authority from the Board of Trustees to oversee the identification, selection and nomination of candidates for appointment as trustees.

Audit and Risk Committee

This executive committee consists of three to four trustees. It has delegated authority from the Board of Trustees to review the effectiveness of the Charity's risk management processes, financial reporting and systems of internal control.

Remuneration Committee

This executive committee consists of two trustees. It has delegated authority from the Board of Trustees to oversee policies relating to the remuneration and employment terms of employees. The committee also has two members who are non-executive directors from the Charity's trading subsidiary, Soil Association Certification Limited.

Farmer and Grower Board

This advisory board consists of representatives elected from organic producers. The Soil Association consults with the board on a range of topics relevant to producers.

Standards Board

This advisory board consists of lay representatives, industry representatives and the chairs of individual standards committees. The board is chaired by an independent lay member. The role of the Standards Board is to provide independent oversight of the integrity of the Soil Association's standards and to make recommendations for their improvement to the Board of Trustees

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRUCTURE GOVERNANCE AND MANAGEMENT *(continued)*

Executive Team

The day-to-day running of the organisation is delegated to and undertaken by the Chief Executive and the senior management team. The Chief Executive operates under a scheme of delegation agreed with the Board of Trustees.

Pay setting for key management personnel

The Trustees consider the chief executive and director level appointments within the Charity and the Soil Association Certification executive teams are the key management personnel of the Group. The pay of such staff is overseen by the Remuneration Committee. Starting pay levels for these senior roles are determined using a combination of the Group's job-scoring mechanism, internal benchmarking of comparative roles and assessment of the external job market. Pay progression is reviewed annually and normally increased in line with the standard pay award given to all other staff.

Relationships with subsidiaries

The Charity operates the following wholly owned subsidiaries:

- Soil Association Certification Limited;
- SA Sales and Services Limited; and
- Soil Association Land Trust Limited (a charity).

The performance of each subsidiary is monitored by the Board of Trustees.

Statement of trustees' responsibilities

The trustees (who are also directors of The Soil Association Limited 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).

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 Charity and the Group and of the incoming resources and application of resources, including the income and expenditure of the Group 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

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 financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Charity and the Group 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 Charity's auditor is unaware and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRUCTURE GOVERNANCE AND MANAGEMENT *(continued)*

The trustees confirm they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. When reviewing the aims and objectives of the Group and in planning its future activities the trustees refer to the guidance and consider, in particular, how planned activities will contribute to the aims and objectives they have set.

CHARITABLE OBJECTS

The Soil Association is the UK's leading membership charity campaigning for healthy, humane and sustainable food, farming and land use. The objects of the charity are as follows:

- To advance the education of the public by promoting a full understanding of the vital relationship between the health of the soil, plants, animals, people and the environment;
- To advance the education of the public by carrying out research (and disseminating the results) into agricultural and forestry production methods and the effects of these methods on the quality of food and other outputs on human health and the environment;
- To preserve, conserve and protect the environment through the prudent use of natural resources, including by the promotion of organic and sustainable farming techniques;
- To promote and enhance human health through providing information and advice in relation to healthy eating and nutrition; and
- To promote high standards in the care and welfare of farm animals to prevent cruelty to and suffering by farm animals

STRATEGIC REPORT

In 2011-12 we published our group strategy, entitled the *Road to 2020*.

The strategy (available online at <https://www.soilassociation.org/about-us/our-strategy/> or on request) organised our work and activity into four strategic areas: three public facing - Enabling Change, Facing the Future and Good Food for All, and one Building the Organisation which focused on improving our own operational effectiveness. Below we describe the achievements and performance of the Group in each of these strategic areas in turn.

ACHIEVEMENTS AND PERFORMANCE

1 Enabling Change

We advocate for change, and we work to enable that change to happen. Through Soil Association Certification licensees across Food, Beauty, Farming, Textiles, Forestry and Catering, we effect real change on the ground – from the farming they do and the food that they produce to providing sustainable solutions for land use. Soil Association Certification works with over 6,000 businesses including farmers, growers, foresters, caterers, processors and manufacturers and actively works to grow the market in these sectors to support sustainable business practice.

This activity concentrates on delivering four key aims:

Deliver world-class organic and sustainable certification

This year, Soil Association Certification saw sustained growth across all the main schemes that we offer and a stabilisation within farming. We continue to demonstrate our reputation for integrity within the industries that we operate. The accreditation that we hold means that we undergo a robust series of external audits delivered through both UK and international accreditation bodies. We remain successful in maintaining our accreditation for all the required schemes.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

The organic market saw its third year of sustained growth and the market for organically certified health and beauty products also grew. The improving market conditions and demand for organic food from the consumer are increasing the number of new applications for processor licenses. The survey that is carried out for the Organic Market Report showed that growth was being driven primarily by customer demand helped by the increase in online and press coverage.

There has been a positive increase in the number of new applicants (+72% on budget for the year) to farming and we have actively been promoting our offer and our work alongside improving the marketing materials and support that we have available.

Rapidly extend new schemes

The Food for Life Catering Mark grew rapidly, achieving its highest number of new Catering Marks and successfully launching a training and support package option to caterers. There are now over 1.6 million meals served daily to Catering Mark standards and over 850,000 of these are at Silver and Gold (where caterers achieve points for organic and other assurance schemes) with Gold showing the fastest rate of growth as caterers upgrade. Success has come by growing the scheme outside of the schools market, however this also continues to grow and now reaches 50% of all English Primary Schools. We have also expanded into Hospitals where there are now 13 million meals served per year across 41 sites.

The Food for Life Catering Mark continues to be recognised within public procurement and we have enhanced its alignment with DEFRA's balanced scorecard through the development of an extension product; the Sustainable Catering Standard in partnership with the Carbon Trust. We are extending the scheme into new sectors with a focus on business and workplace catering and visitor attractions.

Forestry Certificate numbers have continued to grow with a net increase of around 150 certificates. There appears to have been a slight upturn in demand towards the end of the year. There has been initial uptake in some of our newer offerings e.g. Grown in Britain, and Monitoring Organisation. Two funding proposals have been successful – one to assist accreditation of a new scheme in the UK – the Woodland Carbon Code; and one to set up a forestry training Centre of Excellence.

Health and Beauty has performed strongly this year both in numbers of licensees and growth of the market. COSMOS, the international health & beauty organic standard, becomes our main standard at the end of 2016 and we took part in a joint stand launch at Biofach with the other partners in February.

Organic textile licensee numbers remained static this year. Across the group we will continue to work on policy and advocacy to provide the best foundations to develop this scheme further as the market grows.

We launched two pilots this year; the "Organic Served Here" scheme for restaurants serving organic and a Sustainable Catering Standard as a joint award with the Carbon Trust (as above). These have to date generated significant interest. We have developed a pipeline process to enable us to develop and bring other new products to market during the coming year.

Supply chain development

Organic product supplied into the Food for Life Catering Mark has increased to £9.2 million and we have continued to develop our Catering Mark Supplier Scheme to support this. We now have 170 members actively supplying the catering market. We have certified 8 major catering wholesalers with organic licenses and there have been significant step changes in the organic offer provided by the two largest catering wholesalers.

The Catering Mark Supplier Scheme provides training to members and supporting materials to help them supply caterers. We have provided webinars directly with caterers and also have focused sector meetings on hard-to-source ingredients, for example, charcuterie.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

A third of organic food and farming licensees now supply catering or food service, with growth of over 10% through this route for many. We are actively working to support more to enter this market. We held a number of forums for meat and produce suppliers which have included introductions to catering.

Throughout the year we continued to hold 'Meet the Buyer' events to ensure licensees have the opportunity to be exposed to the major retailers and to new routes to market, along with a 'Dragons Den' event to support new innovation. Over 1,000 new products were certified in the past year showing the new growth in the market and we showcased many of these to buyers on our stand at Natural and Organic Products Show.

Build markets

The Organic Market has continued its sustained growth for the third year and is now at £1.96 billion; a 4.9% increase on last year, reaching the 2008 peak and forecast to continue to grow into the coming year. This is strong growth against a deflationary market in food and drink overall, which has decreased 0.6%. Growth is being seen across categories with the exception of meat.

Independent shops, online and other routes to market outside of the multiples are growing quickly, (+9% in the year) and we have been building supply chain strategies to encourage more independents to stock and sell organic, including supporting marketing materials. The new Organic Served Here Restaurant scheme will also build supply chain opportunities into catering for licensees.

Certified Organic Health and Beauty sales are growing strongly supported by Organic Beauty Week and continued exposure through press and online for our licensees. The certified organic beauty market grew by 22% in the year and is now worth £54.2 million.

There is an increased interest in organic across press. We have achieved increased coverage of all our key campaigns and events, including the launch of the Organic Market Report and the Newcastle University nutritional research where the press coverage reached over 70 million (press and radio). There has been an increase in sales of dairy since the launch of the report and our aim has been to maintain press momentum. We have provided supporting materials to our licensees.

We are working with all the main retailers and the new entrants to organic to support them with their sourcing and promotion and we are seeing significant interest and growth from non-traditional retailers for example Amazon, Costco and the discounters (Aldi and Lidl).

We continue to develop and provide campaign platforms to our licensees and Organic September was our most successful yet in terms of coverage, with sales increasing across the board. We reached over 30 million people through press coverage and a further 20 million through our social media coverage. Organic Beauty Week reached over 9 million through the press. The Organic Awards attracted over 1,000 entrants and has achieved exceptionally good coverage for our finalists.

2 Facing the Future

Britain is farming like there's no tomorrow. Across much of our countryside, relentless crop production has sapped nutrients from the soil, and pesticides are killing the pollinators, fungi and other wildlife that food production depends on.

Our mission is to turn that around. Over the year, we sharpened our focus on three vital goals; to rebuild our soils, to step off the chemical treadmill and to ensure every farm animal has a good life.

Thousands of thriving organic farms prove that these goals are possible. Their evidence underpins our campaigns – we strive for policies and regulations that back what they achieve.

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TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

Yet nobody has all the answers. So we also help farmers across the country, organic or otherwise, to develop and test new ways to improve their farms' sustainability and resilience.

Save our Soils

2015's International Year of Soils saw a welcome surge in attention on soil in the farming press and among governments. Our work played a significant part in bringing soil up the agenda in the UK.

A new report, '7 ways to save our soils', called on government to adopt a target to build soil organic matter 20% in 20 years. This is the average difference that organic farmers already achieve.

GREAT Soils, a new project that we lead, funded by the Agriculture and Horticulture Development Board, is providing a chance to help vegetable and fruit growers understand and improve their soils. With the Organic Research Centre and Earthcare Technical, we began with a practical comparison of the many different soil tests now available.

We highlighted practical ways to improve soils to hundreds of farmers, landowners and advisors at events around the country.

As well as promoting these practical steps, we shone a spotlight on the most damaging practices, particularly maize production. In a new investigation, 'Runaway Maize', we showed how growing maize to fuel power plants that should instead rely on food waste, was being subsidised twice over.

Beyond Pesticides

It took more than 20 years from the publication of Rachel Carson's 'Silent Spring' for DDT to be banned in the UK. The decades since have seen history repeated. New chemicals come to the market in spite of warnings over their hazards, the evidence of their harm becomes overwhelming and they are eventually withdrawn, only to be succeeded by more powerful compounds.

To get off this treadmill we need better regulation and standards, and ways of farming that don't rely on chemical inputs. The current focus of our drive for better regulation has been on glyphosate (an herbicide) and neonicotinoids (a class of systemic insecticides).

We held an event in Parliament, attended by policy makers, journalists and other influencers, on the health risks of glyphosate, which heard from the co-author of a World Health Organisation report that had found the chemical was "probably carcinogenic".

We called to end the practice of spraying wheat with glyphosate just before harvest, which sees it end up in a third of bread. We wrote to supermarkets, millers and bakers urging them to ensure their bread does not contain glyphosate, after more than 20,000 people signed our petition. The EU Parliament has since voted to restrict its use.

Neonicotinoids, meanwhile, have been temporarily banned from use in flowering crops because of concerns that they are harming pollinators. New research by the University of Sussex, supported by the Soil Association, found that the danger is not only confined to the crops. Professor Dave Goulson and his colleagues found that neonicotinoids spread through the soil into the flowering plants around the edges of fields. The result? Bees and other creatures collecting pollen from these field margins, which farmers are urged to seed with flowers that provide a refuge for pollinators, will be exposed to a harmful cocktail of fungicides and insecticides. Sometimes, this is more toxic than the crop.

A Good Life for Animals

We believe that every farm animal should feel the sun on its back. Farming systems that treat animals like machines are wrong.

Following the Environment Agency's decision last year not to award a permit to the 24,500-pig indoor farm at Foston, opposed by our 'Not in my Banger' campaign, our focus has been on the overuse of antibiotics.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

We announced evidence that pig meat farmed in Britain and sold in British supermarkets is contaminated with MRSA, which we commissioned through the Alliance to Save our Antibiotics.

Following decades of research and advocacy by the Soil Association, which we now pursue through the Alliance, the tide is turning. Vets and the meat industry are under increasing pressure to use antibiotics as prudently as doctors have to.

Alongside these campaigns, we are working with farmers across the industry to raise standards of animal welfare. Through AssureWel, our partnership with the University of Bristol and the RSPCA, we piloted new measures of animal welfare for beef cattle, sheep and broilers and trained Red Tractor inspectors. AssureWel measures are already used across more than 90% of UK dairy and free-range egg production.

Organic Farming

Organic farming is living proof that it is possible to step off the chemical treadmill, rebuild soils and meet the highest standards of animal welfare. We want to see more of it. Our efforts this year have focused on securing fair payments through the EU's Rural Development Programme (RDP) for the public benefits that organic farmers provide, and improving organic standards.

Joint input by us and other organic bodies influenced the payment rates for organic farmers. In England, maintenance payments are higher than in the previous RDP, which had left farmers struggling to compete with imports from other EU countries that had higher payment rates.

Even before the new payment rates, the evidence showed that going organic was generally a good bet for farming businesses. Supported by the John Ellerman Foundation and working with the Royal Institute of Chartered Surveyors, our Farm Business Advisor toured the country to present this evidence to groups of land agents and advisors.

The second big EU influence on organic farming is through the organic regulation, which sets common standards. Working closely with DEFRA and the International Federation of Agriculture Movements, we played a leading part in negotiations about the future of the regulation. The EU Commission's initial proposals would have dealt a heavy blow to the organic movement in Europe. The revised proposals we have helped to shape are better, but negotiations continue and the final outcome is still unknown.

Meanwhile, we are reviewing the Soil Association's private standards, where our symbol holders go over and above the EU regulation, to ensure they achieve the maximum added value.

We have also continued work to secure the future of organic farming. It has been a lively year for Future Growers – our apprenticeship in organic horticulture – with 22 current apprentices and trainees. We now have 85 graduates, with more than half still farming or growing.

Our Land Trust, which protects organic farmland and showcases viable models for family and community farming, has begun to see the first fruits of the small-scale solar PV and biomass boiler systems recently installed on its farms in Devon and Somerset.

Practical Innovation

Nobody has all the answers to the challenges facing farming, so innovation is vital. Since its earliest days, the organic movement has stood for innovation with purpose.

Many of the best ideas in farming are home-grown. That is why in 2012, backed by the Prince of Wales's Charitable Foundation, we launched the Duchy Future Farming Programme, to recognise and support sustainable innovation by farmers, organic or otherwise.

This year the programme came of age, re-launching as Innovative Farmers. In addition to our original partners, the Organic Research Centre and Waitrose, LEAF and Innovation for Agriculture joined the team. Some of the best research institutions in the country, such as Rothamsted and Reading University, have pledged support, alongside the Pasture Fed Livestock Association, National Federation of Young Farmers' Clubs and other farming groups. Produce World, Robin Appel, Anglia Farmers and BBSRC are sponsors.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

Innovative Farmers is a network, aiming to provide more than 100 groups of farmers across the country with peer and expert support. We match the groups with relevant researchers, provide funding, and link them together through a new web portal (www.innovativefarmers.org), where they share their progress and findings.

During the first three years, more than 750 farmers took part in 'field labs', teaming up in groups to investigate and test solutions to 35 practical challenges they had identified. Since launching Innovative Farmers in October, we have focused on recruiting and equipping a team of farmers, vets, agronomists and other professionals, to coordinate new farmer groups. Sixty would-be coordinators have attended our induction sessions, and the first wave of new groups has formed.

Innovative Farmers has caught the imagination of the farming press, with coverage reaching an average farming audience over 80,000 per week. It has also engaged DEFRA and the European Commission, as they implement a likeminded EU initiative called the European Innovation Partnership (EIP). DEFRA invited us to share the lessons learned from the Duchy Future Farming Programme at their four regional events to launch the EIP in England.

3 Good Food for All

The Soil Association's Good Food for All theme works to make good food the easy choice for everyone, whoever and wherever they are. Good food means:

- A healthy and sustainable diet – less sugary, salty, fatty processed food. Less but better quality meat. More fruit and vegetables and whole grains and sustainable fish.
- Quality food you can trust – fresher, local, seasonal sustainable food, with low climate impact and high welfare standards.
- Eating together – more opportunities for social contact through food, enriching families and communities and tackling loneliness.

Food for Life ('FFL') is the Soil Association's flagship good food brand. It is changing diets on a large scale and building markets for good food across the UK.

Food for Life's philosophy is built on a "whole setting approach" which believes that to achieve lasting change it is insufficient to rely on individuals 'making the right choice'. Rather, systemic and sustainable change requires the availability, affordability and acceptability of good food to be tackled. We work to make good food consistently available in nurseries, schools, universities, workplaces, hospitals and care homes. We help towns, cities, boroughs and counties make healthy and sustainable food a defining characteristic. Through our campaigning work, we also create space for change in food on the high street, by shining the spotlight on poor quality food, especially food that is targeted at children or vulnerable groups, and recognising and celebrating positive change-makers.

Creating the Space for Change: policy and campaigns

The last year has been another highly successful period in our policy and campaigning work. We have played an important role in helping the Government shape its Childhood Obesity strategy, hosting a roundtable event in October with representatives from across the education and food sectors including schools, public health experts, high street restaurant chains and other NGOs. The event was attended by the Department of Health, the Department for Education and the Prime Minister's Health Advisor. Despite the delay in its publication due to the EU Referendum, we are confident that the government will recognise in the strategy the important role played by Food for Life in tackling this most urgent and important issue, and will provide fresh drivers for the uptake of the Food for Life School and Early Years Awards.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

We have also been highly influential in the emerging debate around staff, patient and visitor food in the NHS, and in particular the link between the often-poor availability of good food in hospitals and NHS staff health and wellbeing, championed by Simon Stevens the CEO of NHS England.

This year has also seen the success of our Out to Lunch campaign. Out to Lunch is working with restaurants and pub chains to improve the food and service offered to children and families when they eat out. Ahead of the launch of the Out to Lunch league table in October 2015, the campaign successfully engaged with Harvester, Prezzo, Giraffe, and Jamie's Italian to introduce healthier options, higher quality ingredients, and more flexible menus. This led to over 5.5 million improved meals last year. The campaign launch received excellent coverage in the national media, reaching 22 million people.

As a result, Café Rouge have removed fizzy drinks from the menu and discontinued the offer of free refills, Frankie & Benny's have introduced children's cutlery in all restaurants, and Strada have significantly revamped their children's menu, introducing organic ingredients, fresh fruit, and salads with every main. The campaign is engaging an ever-growing group of the UK's largest restaurant and pub chains.

Other highlights in 2015/16 include the role we played, along with others, in:

- Successfully lobbying the government for the retention of Universal Infant Free School Meals as part of the Comprehensive Spending Review announced in November.
- Successfully lobbying the government for the inclusion of healthy eating within Ofsted's common inspection framework – the Food for Life Schools Award is cited in documents accompanying inspector training.
- Supporting calls for a Mandatory Sugar Tax, and leading action to tackle the over-availability of sugary drinks in high street restaurants.
- Ensuring the legacy of the Department for Education's School Food Plan following the end of its funding period in March 2016. The School Food Plan Expert Panel has been replaced by a new body representing the interests of good school food to government and others, the School Food Plan Alliance, which is being co-chaired in its inaugural year by Jeanette Orrey, co-Founder of Food for Life.

In addition, Food for Life:

- Was subject to a debate in the Welsh National Assembly led by Jenny Rathbone MP, who said "Enabling all our schools to achieve the Food for Life Catering Mark is the next step to making sure all our children are properly fed."
- Sat on the commissioning board for the Fabian Commission into poverty in the food system.

Innovation

2015/16 was the first year of delivery for our new Food for Life Hospital Leaders programme, based on the 'whole setting approach' we co-developed in 2014/15 with three NHS Trusts. We have supported South Warwickshire Foundation NHS Trust and Calderdale & Huddersfield NHS Trust as members of the FFL Hospital Leaders Circle, to drive a range of improvements across food retail and vending, staff health and wellbeing, catering quality and the patient food experience.

We have also supported six NHS Trusts to develop ambitious food and drink strategies covering sustainability, health and wellbeing, and nutritional care. This work has been funded directly by NHS Trusts, but also by local public health commissioners and CCGs.

We organised a 'Food for Life Better Care' conference, bringing together commissioners, care providers, NHS and local authority managers, clinicians and community organisations responsible for supporting

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

older people, to share the learning from our care setting pilots with Milestones Trust and HC-One. This work is informing a funding bid to the Big Lottery to enable us to pilot work with local stakeholders to make the connections between food, health and wellbeing for older people across care homes, hospitals and the community.

We continued to pilot the FFL Early Years programme through commissioned training for early years settings in Warwickshire, Kirklees and Cambridgeshire. We also completed the development of the Food for Life Early Years Award webpages, ready for national launch of the Award as a paid scheme from April 2016.

Solutions delivery

It has been a year of transition for our delivery programmes – ultimately successful, but not without significant challenges.

The two-year Big Lottery funding of £3.6 million for the Food for Life Partnership (FFLP) ran until June 2015. The 2015/16 plan for Food for Life, saw the Soil Association continuing to invest in the work after the funding ended but under a slightly revised branding, Soil Association Food for Life (SA FFL), which was launched in July. All four of the other Partners in FFLP – Garden Organic, Focus on Food, Health Education Trust and the Royal Society of Public Health remained as National Partners of SA FFL.

The contracts to deliver various components of the Government's School Food Plan, which were scheduled to run until March 2016, experienced mixed fortunes. The "Lot 1" contract, under which we were appointed to assist with the implementation of Universal Infant Free Schools Meals went well and was completed as scheduled in December. The "Lot 2" contract, under which we were appointed to support secondary schools with below average school meal take-up in around half of England to increase their meal take-up rate, was proceeding well, with agreed targets on track for achievement, but was unexpectedly and disappointingly terminated by the Department for Education shortly after the General Election.

This was particularly poor timing from both a financial perspective and, more importantly, because much of the effort in the project to that point had been spent on engaging the target schools (many of which were in the "hard to reach" category), and the project was poised to commence its main period of delivery of support to schools. The termination was on a "no fault" basis and, we were informed, simply as a result of financial savings that the Department were required to make. The early termination of the contract had a significant impact on our finances and therefore our capacity for ongoing policy and advocacy work under our "Good Food for All" theme.

Following the transition out of Big Lottery funding, we needed to re-shape our Food for Life Schools Award framework, which had previously been available free of charge to schools in England. We decided to retain a nationally available schools award, which has been reshaped to include site visits at all award levels (Bronze, Silver and Gold), improved resources, and to introduce a charge for participation.

There is also a low cost Membership level, which allows schools to access some resources before committing to the main package. We launched the new programme in the autumn and take-up from schools outside commissioned areas in the test phase was good. We also began to develop an equivalent national Food for Life Award scheme for Early Years settings, to launch early next year.

A key part of the second Big Lottery funded period was to develop a clear model and proposition to enable local authorities to commission Food for Life in their areas, both for schools and other settings. Our schools commissionable programme continued to develop in the year, with new programmes won and/or commenced in Wiltshire, Hull and Greenwich (our first commissioned programme in London), as well as many of our current programmes being recommissioned, often with an expanded remit. The new programme also makes more use of local providers to manage and deliver training, helping local authorities demonstrate they are using local skills and retaining money in the local economy.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

An emerging trend within our commissioned programmes is to work across multiple settings, such as schools, early years, hospitals and older people care settings. This is now happening in half of our commissioned areas. In a few vanguard areas including Calderdale, Warwickshire, we work across three or four of those settings, driving change at the whole "placed-based" level.

Our independent Phase 2 impact evaluation for Food for Life was completed, showing excellent results. Pupils in Food for Life schools are twice as likely to eat five fruit and vegetables per day as pupils in equivalent schools which are not participating, and they eat one third more fruit and veg overall (including significantly more at home). Equally importantly, in FFL schools there are 50% fewer pupils who eat no fruit and vegetables at all. Impacts are greater in FFL Silver and Gold schools than in Bronze-awarded schools, demonstrating that it is the awards framework which underpins Food for Life which is driving the dietary change.

We saw excellent results on other measures of impacts too, including Social Return on Investment where it was demonstrated that every £1 invested in a FFL programme generates an average return of £4.41 for the local economy. This independent evidence is vital in helping us demonstrate the proven value of FFL programmes to commissioners and funders.

Over the past year, the Sustainable Food Cities ('SFC') programme has continued to grow. SFC is our primary vehicle for promoting place-based systems approaches to transforming food culture. The programme supports towns, cities, boroughs and counties to develop cross-sector (Local Authority, public health, business and NGO) partnerships that develop and deliver a strategy to make healthy and sustainable food a defining characteristic of where they live. It ensures that organic is recognised in any local definition of sustainable food and to create a positive operating environment in which Food for Life, Catering Mark and other aspects of the Soil Association's work can flourish.

The number of places in the UK that have joined the SFC Network has grown to 44 with a further 15 in the process of establishing local SFC programmes. An increasing number of FFL commission areas are establishing SFC programmes as a way of augmenting and providing a framework for their settings-based interventions. Guided by the SFC framework and award structure - which specifically references Catering Mark and Food for Life in schools and other settings - many places have increased their uptake of these programmes. The SFC programme is also now being replicated in other countries in Europe.

As we move towards the end of the first three year phase of the programme, many local SFC programmes are starting to mature and to deliver across all aspects of healthy and sustainable food - from tackling food poverty and waste to promoting sustainable food businesses - and this has been reflected in the number of SFC Award holders, which now includes two silver and seven bronze. We are currently in discussion with the Esmée Fairbairn Foundation about a second phase programme to run through to 2020 that would enable the SFC programme to really fulfil its potential in transforming cities' food culture for the wellbeing of their inhabitants.

4 Building the Organisation

To achieve our ambitions we need a solid foundation of excellent and motivated staff, a secure business model, sufficient reserves to allow for the unexpected and the strong support of members, donors and funders.

The costs of Development and Fundraising are shown on the Statement of Financial Activities under 'Raising funds', while the costs of our campaigns and communications department has been shown under Building the Organisation. All other costs have been assigned on a pro-rata basis across Facing the Future, Good Food for All and Enabling Change because, operationally, they support the activities of the other parts of the group.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

ACHIEVEMENTS AND PERFORMANCE *(continued)*

We have four main focuses in building our organisation:

Development and Fundraising

We successfully led a bid to the Agriculture and Horticulture Development Board, receiving a grant of £217k over 3 years for a programme working with farmers and growers to improve soil quality. A grant of £57k was secured from the Heritage Lottery Fund to continue our Farm Links work with schools in Durham. We also received a grant of £60k from the Garfield Weston Foundation for our Innovative Farmers programme and secured a grant of £90k from the Joseph Rowntree Charitable Trust to fund our policy and public affairs programme related to food consumption for three years.

We continue to build our philanthropy programme, with an aim of securing multi-year pledges of financial support from the Soil Association's higher level supporters. In this first phase we have received five £10k three year pledges, built an events programme and identified a pipeline of potential donors to work with in 2016/17.

We also took the first steps to establishing a Corporate Fundraising programme. We developed and tested a Soil Association Corporate Membership product, which is to launch in 2016. We are pursuing significant interest for bespoke partnerships from retailers and others.

Communications

The focus this year has been on digital with the launch of a new charity CRM and Group website, which has been received positively by all stakeholders. Our media profile continued to grow across national, farmer and trade press. Particular successes were the coverage achieved by the Newcastle University meat and dairy nutritional research story reaching over 70 million; and the Organic Market report reaching over 15 million. We continue to build our supporter base and our social media following now exceeds 132,000 people. Since the launch of Innovative Farmers in October, our marketing activity has resulted in 300 members and 5 new groups of farmers working on trials.

People

Overall staff numbers have been stable through the year with increases in fundraising and communication resources offset by reductions in Food for Life. The results of our annual staff survey once again demonstrated high levels of staff motivation.

Operations

We have made significant progress in updating our computer systems with 2015/16 seeing the implementation of a new customer database in the Charity and the launch of a new website for the Group. We plan to replace the current computer system in our certification business in 2016/17.

We continue to carefully manage our assets and cost base and in 2015/16 made further strategic investments in IT systems and in increasing our fundraising and communications capability.

After many years of attempting to develop a site that we own on Bristol Harbourside to provide a permanent home, the Charity trustees undertook a review of our options and determined that the likely financial commitments presented too great a potential burden. With the approaching expiry of the extant planning permission and after consultation with the principal funders of the original acquisition, the decision was taken to dispose of the site and seek lower risk alternatives for a permanent home. Following a competitive tender process, contracts for the sale of the site to a developer were exchanged in March 2016 with completion following in April.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

PLANS FOR FUTURE PERIODS

Our plans for the coming year in each strategic area of the business are below. We intend to:

Enabling Change

- Continue to build the Soil Association Certification business in a sustainable and profitable way.
- Review our whole farming offer to ensure we provide the right service and support to our Licensees
- Focus on communicating our offer and added value clearly and effectively to increase new licensees and retain existing; be a valued partner.
- Build on the support for our Licensees to develop supply chains into the growing organic catering market.
- Develop a pipeline of new products to ensure we have a strong portfolio of schemes to meet the future.
- Embrace fully the agenda to build a strong demand for sustainable wood and timber products within the UK, and internationally seeking synergies to benefit the wider business through international networks.
- Complete the investment in the new certification CRM system to provide a better outward facing service and to enable operational performance improvements to be achieved.

Facing the Future

- Develop our campaigns to rebuild soils, move past pesticides and ensure a good life for farm animals
- Complete the current review of the Soil Association's organic standards, to ensure they have the maximum added value
- Work with other organic groups to start developing an organic action plan for England
- See 25 thriving farmer groups running field labs with support from Innovative Farmers

Good Food for All

- Re-run the Out to Lunch campaign, with a focus on children's food at major visitor attractions
- Launch national Food for Life Early Years award and campaign for free food to be provided with the free childcare for 3-4 year olds
- Investigate and test a FFL neighbourhoods and convenience store campaign
- Develop our support package for NHS Trusts to help them improve their approach to food within their overall staff health and wellbeing strategies
- Continue to develop the commissionable training and support programme for local authorities and Clinical Commissioning Groups – grow portfolio by 15%+ and increase "multi-settings" commissions.
- Increase the number of self-funded Food for Life schools and early years settings to around 500
- Fund the Sustainable Food Cities programme beyond November 2017
- Secure funding from Big Lottery for 3 regional pilot programmes to transform approaches to older peoples food in care settings, domiciliary care and in hospital discharge
- Investigate FFL membership and corporate partnerships to improve unrestricted funding base

Building the Organisation

- Continue to build our brand, using our big four themes of soil, pesticides, children's food and animal welfare, re-inspiring existing supporters and generating new ones;
- Maximise the investment in our new CRM and website, building a digital first organisation which underpins all our communications and fundraising;
- Continue to develop the Philanthropy and Corporate fundraising programmes, and significantly grow the number of Trusts and statutory funders we work with. Investigate and test new sources of funding such as crowdfunding.
- Grow our membership/committed giving numbers to provide sustainable unrestricted income.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

FINANCIAL REVIEW

Principal sources of funding

The principal sources of funding for the Group are:

- Membership subscriptions to the Charity
- Donations made to the Charity
- Contract income generated by Food for Life activities
- Trusts, foundations and statutory bodies providing restricted grants for projects undertaken within the Charity
- Sales of certification and other services/products by Soil Association Certification Limited

Performance in the year

Total Group Funds

The Group made a deficit of £1,908,000 in total funds in the year, compared with a surplus of £984,000 in the previous year. The overall deficit comprised a deficit of £1,524,000 in unrestricted funds and a deficit of £384,000 in restricted funds. Total Group funds as at 31 March 2016 were £4,975,000.

Unrestricted Funds

The Group incurred a deficit of £1,524,000 in unrestricted funds in the year, compared with a surplus of £254,000 in the previous year. This deficit arose for three principal reasons, unique to this year:

- An underlying operating deficit of £227,000. Of this amount, £261,000 is attributable to lost contribution budgeted to have been received in the year under the contract with the Department of Education to deliver activity under the Government's School Food Plan initiative. The contract did not run to term and was ended by the Department in June 2015. This was a no-fault termination, caused by an in-year review of the Department's spending priorities. In addition the fundraising environment for charities remained challenging given the state of the general economy;
- £332,000 of the deficit relates to expenditure incurred in the year on the delivery of our Food for Life Commissions, where the corresponding income generated was recognised in the previous year in accordance with Generally Accepted Accounting Practice.
- An accounting loss on the disposal of our freehold property asset at Anchor Road, Bristol. The net disposal proceeds were £965,000 less than the carrying value of the asset on the balance sheet so this variance is recognised as a loss on disposal within the "Consolidated Statement of Financial Activities".

Restricted Funds

The £384,000 decrease in restricted funds representing the net impact of expenditure incurred in the year for which the related funding has been recognised in the Consolidated Statement of Financial Activities in previous financial years.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

FINANCIAL REVIEW *(continued)*

Movements in overall unrestricted funds in the year

The movements in overall funds in the year were:

- A £91,000 increase in unrestricted general funds due principally to the sale of freehold property at Anchor Road, Bristol. After deducting sale costs, repayment of monies to donors and allowing for a clawback trigger activated in relation to a grant used to obtain planning permission on the site, the Charity generated a surplus on disposal of £631,000 which is applied to general funds.
- A £1,614,000 reduction in unrestricted designated funds. These funds represent investment in tangible fixed assets and the reduction is almost entirely due to the disposal of our freehold property asset at Anchor Road, Bristol,

Charity reserves

The Board of Trustees have set a reserves policy that determines a desired range of free unrestricted reserves based upon future expenditure plans and the risks and opportunities inherent within our Group business model. In this respect free unrestricted reserves are considered to be readily available cash or cash equivalents that the Trustees can call upon to mitigate adverse events or to exploit unexpected opportunities.

In 2015/16 the desired reserves range was set at between £559,000 and £747,000. Having reserves within this range was believed to provide an adequate level of financial resilience for the year that importantly would allow the Group to continue to deliver its core activities should risks to the Group's finances materialise. Throughout the year the Group operated at an average level of £432,000 and ended the year with a reserves level of £403,000, which is below the desired reserves range.

The desired reserves range for 2016/17 is set at between £570,000 and £756,000. The Board of Trustees recognise that the level of free unrestricted reserves needs to increase and have sought to set financial targets going forward that will produce unrestricted operating surpluses enabling the Group to achieve its desired reserves range within an acceptable timeframe.

Principal financial risks and uncertainties

The Audit and Risk Committee, on behalf of the Board of Trustees, oversees the effectiveness of the Charity's risk management framework. Risks are identified and evaluated by the Executive, and mitigation measures put in place. These risk assessments and mitigation plans are shared with Trustees.

The principal financial risks to the Group include:

- Reputational damage, from an organic food scare or infraction of organic standards that undermines public trust in the Soil Association brand and organic principles more generally;
- Shortfalls in income from major donors, members and supporters;
- Shortfalls in income due to contractions in public sector spending;
- Impact of the economy on the sale of organic products and consequent effect on Group income; and
- Disruption to revenue generating activities caused during new computer system implementations.

To mitigate these risks, there is a financial plan in place to diversify and increase our funding base alongside ensuring the Charity builds an appropriate level of reserves. The Group has and continues to invest in improved IT systems to provide better tools for the engagement of our supporters, business support to our licensees and marketing of the Soil Association brand and organic in general. Our investment in a new website and bolstering communications resource means we are better equipped to respond to external events, both positive and negative. IT system implementations are overseen by senior managers and experienced project management staff.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

FINANCIAL REVIEW *(continued)*

Auditor

The auditor, RSM UK Audit LLP, (formerly Baker Tilly UK Audit LLP), is deemed to be reappointed under section 487(2) of the Companies Act 2006.

The report, including the strategic report, was approved by the Board of Trustees on 19 July 2016 and signed on their behalf by:



Dennis Overton
Trustee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOIL ASSOCIATION LIMITED

We have audited the group and parent charitable company's financial statements of The Soil Association Limited ('the financial statements') for the year ended 31 March 2016 on pages 20 to 45. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's trustees 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, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 3, 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.

We have been appointed auditors 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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006 the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOIL ASSOCIATION LIMITED

(continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report (and the incorporated Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the parent charitable company has not kept proper and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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

Rsm UK audit LLP

HEATHER WHEELHOUSE (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

Hartwell House,

55 – 61 Victoria Street

Bristol

BS1 6AD

Date: 6/9/16

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Soil Association Limited

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account and statement of recognised gains and losses)

for the year ended 31 March 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:					
Donations and legacies	3	1,270,267	215,684	1,485,951	1,504,600
Charitable activities	4	8,947,761	2,115,450	11,063,211	13,105,467
Other trading activities	5	17,256	-	17,256	8,908
Investment income	6	10,280	-	10,280	5,027
Total income		<u>10,245,564</u>	<u>2,331,134</u>	<u>12,576,698</u>	<u>14,624,002</u>
EXPENDITURE ON:					
Raising funds		582,258	-	582,258	493,810
Charitable activities	7	10,217,298	2,715,529	12,932,827	13,149,286
Loss on disposal of freehold property	8	965,085	-	965,085	-
Total expenditure		<u>11,764,641</u>	<u>2,715,529</u>	<u>14,480,170</u>	<u>13,643,096</u>
Net (loss)/gain on investments	16	(4,684)	-	(4,684)	3,434
Net (expenditure)/income and net movement in funds for the year		<u>(1,523,761)</u>	<u>(384,395)</u>	<u>(1,908,156)</u>	<u>984,340</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>2,570,539</u>	<u>4,312,853</u>	<u>6,883,392</u>	<u>5,899,052</u>
Total funds carried forward	23	<u>1,046,778</u>	<u>3,928,458</u>	<u>4,975,236</u>	<u>6,883,392</u>

All the results derive from continuing activities and there were no gains and losses other than those recognised above.

The accompanying notes on pages 25 to 45 are an integral part of the consolidated financial statements.

The Soil Association Limited

CHARITY STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account and statement of recognised gains and losses)

for the year ended 31 March 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:					
Donations and legacies	3	1,270,267	-	1,270,267	1,240,802
Charitable activities	4	1,860,130	2,115,450	3,975,580	6,239,680
Other trading activities	5	462,414	-	462,414	494,513
Investment income	6	71,186	-	71,186	79,414
		<u>3,663,997</u>	<u>2,115,450</u>	<u>5,779,447</u>	<u>8,054,409</u>
EXPENDITURE ON:					
Raising funds		576,130	-	576,130	490,307
Charitable activities	7	3,641,860	2,631,733	6,273,593	6,778,939
Loss on disposal of freehold property	8	965,085	-	965,085	-
		<u>5,183,075</u>	<u>2,631,733</u>	<u>7,814,808</u>	<u>7,269,246</u>
Net (loss)/gain on investments	16	(4,684)	-	(4,684)	3,434
		<u>(1,523,762)</u>	<u>(516,283)</u>	<u>(2,040,045)</u>	<u>788,597</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		2,525,237	1,586,840	4,112,077	3,323,480
Total funds carried forward	23	<u>1,001,475</u>	<u>1,070,557</u>	<u>2,072,032</u>	<u>4,112,077</u>

All of the above results derive from continuing activities and there were no gains and losses other than those recognised above.

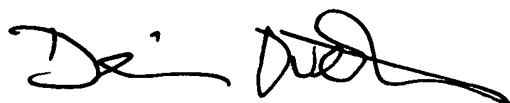
The accompanying notes on pages 25 to 45 are an integral part of the consolidated financial statements

The Soil Association Limited
CONSOLIDATED BALANCE SHEET
As at 31 March 2016

	Note	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Intangible assets	14	1,342,260		1,635,120	
Tangible assets	15	2,859,651		4,473,839	
Investments	16	63,202		67,886	
			4,265,113		6,176,845
CURRENT ASSETS					
Stocks	17	6,392		6,710	
Debtors	18	7,058,646		3,470,140	
Cash at bank and in hand		2,338,483		3,084,860	
		9,403,521		6,561,710	
CREDITORS: Amounts falling due within one year	19	(7,455,610)		(4,371,645)	
NET CURRENT ASSETS			1,947,911		2,190,065
TOTAL ASSETS LESS CURRENT LIABILITIES			6,213,024		8,366,910
CREDITORS: Amounts falling due after more than one year	20		(1,237,788)		(1,483,518)
NET ASSETS			4,975,236		6,883,392
FUNDS AND RESERVES					
Designated fund	23	62,232		1,676,967	
General funds	23	984,546		893,572	
Unrestricted funds			1,046,778		2,570,539
Restricted funds	23		3,928,458		4,312,853
TOTAL FUNDS	23		4,975,236		6,883,392

The accompanying notes on pages 25 to 45 are an integral part of the consolidated financial statements.

These financial statements were approved by the Board of Trustees on 19 July 2016 and signed on their behalf by:


D Overton
Chair

The Soil Association Limited

CHARITY BALANCE SHEET

As at 31 March 2016

	Note	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Tangible assets	15		62,232		1,665,979
Investments	16		63,307		67,991
			<u>125,539</u>		<u>1,733,970</u>
CURRENT ASSETS					
Debtors	18	4,909,492		1,304,749	
Cash at bank and in hand		<u>1,494,957</u>		<u>2,410,345</u>	
		6,404,449		3,715,094	
CREDITORS: Amounts falling due within one year	19	<u>(4,457,806)</u>		<u>(1,336,837)</u>	
NET CURRENT ASSETS			<u>1,946,643</u>		<u>2,378,257</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,072,182</u>		<u>4,112,227</u>
CREDITORS: Amounts falling due after more than one year	20		<u>(150)</u>		<u>(150)</u>
NET ASSETS			<u><u>2,072,032</u></u>		<u><u>4,112,077</u></u>
FUNDS AND RESERVES					
Designated fund	23	62,232		1,665,979	
General funds	23	<u>939,243</u>		<u>859,258</u>	
Unrestricted funds			1,001,475		2,525,237
Restricted funds	23		<u>1,070,557</u>		<u>1,586,840</u>
TOTAL FUNDS	23		<u><u>2,072,032</u></u>		<u><u>4,112,077</u></u>

The accompanying notes on pages 25 to 45 are an integral part of the consolidated financial statements.

These financial statements were approved by the Board of Trustees on 19 July 2016 and signed on their behalf by:



D Overton
Chair

The Soil Association Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2016

	Note	2016 £	2015 £
Net cash (outflow)/inflow from operating activities	24	(599,885)	124,662
Cash flow from investing activities:			
Purchase of plant and equipment		(21,492)	(473,669)
Cash flows from financing activities:			
(Repayment)/acquisition of borrowing		(125,000)	125,000
Decrease in cash in the year	24	<u>(746,377)</u>	<u>(224,007)</u>

The accompanying notes on pages 25 to 45 are an integral part of the consolidated financial statements.

The Soil Association Limited
CHARITY STATEMENT OF CASH FLOWS
for the year ended 31 March 2016

	Note	2016 £	2015 £
Net cash (outflow)/inflow from operating activities	24	(897,550)	289,906
Cash flow from investing activities:			
Purchase of plant and equipment		(17,838)	(81,016)
(Decrease)/increase in cash in the year	24	<u>(915,388)</u>	<u>208,890</u>

The accompanying notes on pages 25 to 45 are an integral part of the consolidated financial statements.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice ('SORP') applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Soil Association Limited 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 notes.

RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. Although there have been minor presentational adjustments to the comparative items to comply with the new requirements, there has been no need for material adjustments to the opening balances.

PREPARATION OF THE ACCOUNTS ON A GOING CONCERN BASIS

After making due enquiries, including a review of the latest financial data and future projections, the trustees are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

COMPANY STATUS

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £5 per member of the charity.

FUND ACCOUNTING

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work.

GROUP FINANCIAL STATEMENTS

The financial statements consolidate the results of the Charity and its wholly owned subsidiaries listed on page 3 on a line by line basis.

INCOME

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably

- Legacies: Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution;
- Income from grants 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;
- Certification fees are recognised at the date that the licences are granted or renewed. Application fees for new licences are recognised as income when formal appraisal of the application takes place. In the

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2016

1. ACCOUNTING POLICIES *(continued)*

- event of suspension or termination of licences, or rejection of an application, fees are not refundable and no obligation for this is therefore recognised at the balance sheet date;
- Contracted donations and gifts are recognised according to the contract terms;
- Donations and gifts are recognised when receivable; and
- Activity income is recognised when the activity takes place.

FINANCIAL INSTRUMENTS

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds are those incurred in seeking voluntary contributions, including membership and do not include the costs of disseminating information in support of the charitable activities;
- Expenditure on charitable activities include the costs incurred to further the purposes of the charity including associated support costs.
- Other expenditure represents those items not falling into any other heading.

ALLOCATION OF SUPPORT COSTS

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. These costs have been allocated between the cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 11.

INTANGIBLE FIXED ASSETS

Goodwill is calculated as the difference between the fair value of the consideration on the acquisition of a business and the fair value of the identifiable assets and liabilities.

Amortisation is calculated so as to write off the cost of an intangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - Over 7 years

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are capitalised and included at cost including any incidental expenses of acquisition, net of depreciation and any provision for impairment.

Donated assets are included in the balance sheet at their current value at the date of the gift and also included in the SOFA as an incoming resource.

Depreciation is provided on all tangible fixed assets other than freehold land and at rates calculated to write off the cost on a straight-line basis over their expected useful economic life as follows:

Leasehold improvements	evenly over the lease term
Office equipment and software	three years straight-line method
Farm machinery – renewable energy systems	twenty years straight-line method

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2016

1. ACCOUNTING POLICIES *(continued)*

The Companies Act 2006 requires tangible fixed assets to be depreciated over a finite period. The trustees consider that the land and buildings has an infinite life, and residual values to be high enough to ensure that there is no significant annual depreciation. Consequently, the trustees consider that to depreciate these assets would not provide a true and fair view and so the financial statements depart from this specific requirement in the Companies Act 2006. If this departure from the Companies Act 2006 had not been made, the surplus for the financial period may have been decreased by depreciation. The amount of this depreciation is not considered material because of the indefinite life of these assets and the trustees have invoked a true and fair override.

IMPAIRMENTS

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairment losses are recognised in the SOFA.

INTANGIBLE ASSETS – GOODWILL

Goodwill is capitalised and written off evenly over 7 years as this is the period over which the consideration payments are due. The net book value of the goodwill is reviewed annually for any significant change in useful life or residual value.

FIXED ASSET INVESTMENTS

Investments in the group are held to generate income or for their investment potential. They are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and from disposals throughout the year.

In the charity balance sheet, investments in subsidiaries are also included, stated at the cost of the nominal value of the shares issued.

STOCK

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

DEBTORS

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

CREDITORS

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts used.

PENSION COSTS

The group contributes to money purchase schemes to which employees also contribute. The amount charged to the SOFA is the contribution payable in the year. The group has no other pension liabilities.

FINANCE AND OPERATING LEASES

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the SOFA in proportion to the remaining balance outstanding. All other leases are "operating leases" and the annual rentals are charged to the SOFA on a straight line basis over the lease term.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2016

1. ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the surplus.

TAXATION

The Soil Association Limited and Soil Association Land Trust Limited are registered charities and as such are exempt from taxation of its income and gains falling within part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charges have arisen in the year.

The profits of the following subsidiaries of the Charity are subject to corporation tax. However no tax charge will arise as any taxable profits will be distributed to the Charity.

- Soil Association Certification Limited; ..
- SA Sales and Services Limited;

Provision for deferred taxation is made in the subsidiary companies at the appropriate rates in respect of all material timing differences only to the extent that, in the opinion of the trustees, there is a reasonable probability that an asset or liability will crystallise in the foreseeable future.

2. LEGACIES

Accruals for legacies not received by 31 March 2016 amounting to £40,932 (2015: £33,000) have been included in the financial statements.

3. INCOME FROM DONATIONS AND LEGACIES

<i>Group</i>	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Donations	405,862	210,395	616,257	531,071
Legacies	37,649	5,289	42,938	130,876
Membership	826,756	-	826,756	842,653
	<u>1,270,267</u>	<u>215,684</u>	<u>1,485,951</u>	<u>1,504,600</u>
<i>Charity</i>	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Donations	405,862	-	405,862	347,273
Legacies	37,649	-	37,649	50,876
Membership	826,756	-	826,756	842,653
	<u>1,270,267</u>	<u>-</u>	<u>1,270,267</u>	<u>1,240,802</u>

The Soil Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

4. INCOME FROM CHARITABLE ACTIVITIES

<i>Group</i>	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Contract income receivable	1,826,083	55,350	1,881,433	1,704,209
Certification income	7,004,390	-	7,004,390	6,754,207
Grants receivable	-	2,060,100	2,060,100	2,445,448
Food for Life	-	-	-	2,052,516
Other income	117,288	-	117,288	149,087
	<u>8,947,761</u>	<u>2,115,450</u>	<u>11,063,211</u>	<u>13,105,467</u>
<i>Charity</i>	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Contract income receivable	1,826,083	55,350	1,881,433	1,704,209
Grants receivable	-	2,060,100	2,060,100	2,445,448
Food for Life	-	-	-	2,052,516
Other income	34,047	-	34,047	37,507
	<u>1,860,130</u>	<u>2,115,450</u>	<u>3,975,580</u>	<u>6,239,680</u>

5. INCOME EARNED FROM OTHER TRADING ACTIVITIES

<i>Group</i>	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Royalty income	8,075	-	8,075	5,364
Consultancy income	3,828	-	3,828	140
Rental income	3,558	-	3,558	3,234
Sundry income	1,795	-	1,795	170
	<u>17,256</u>	<u>-</u>	<u>17,256</u>	<u>8,908</u>
<i>Charity</i>	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Symbol licence fee	445,158	-	445,158	485,606
Royalty income	8,075	-	8,075	5,364
Consultancy income	3,828	-	3,828	140
Rental income	3,558	-	3,558	3,234
Sundry income	1,795	-	1,795	170
	<u>462,414</u>	<u>-</u>	<u>462,414</u>	<u>494,513</u>

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2016

6. INVESTMENT INCOME

<i>Group</i>	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Bank interest	8,310	-	8,310	2,837
Dividends	1,970	-	1,970	2,190
	<u>10,280</u>	<u>-</u>	<u>10,280</u>	<u>5,027</u>
	=====	=====	=====	=====
<i>Charity</i>	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Dividends from subsidiaries	60,992	-	60,992	74,681
Bank interest	8,224	-	8,224	2,543
Dividends	1,970	-	1,970	2,190
	<u>71,186</u>	<u>-</u>	<u>71,186</u>	<u>79,414</u>
	=====	=====	=====	=====

7. EXPENDITURE ON CHARITABLE ACTIVITIES

<i>Group</i>	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Facing the future	598,970	1,235,431	1,834,401	1,723,288
Good food for all	2,490,192	871,307	3,361,499	2,590,279
Food for Life	-	608,791	608,791	2,011,711
Enabling change:				
Certification costs	6,528,197	-	6,528,197	6,209,042
Other	-	-	-	1,412
Building the organisation:				
Communications and campaigns	599,939	-	599,939	613,554
	<u>10,217,298</u>	<u>2,715,529</u>	<u>12,932,827</u>	<u>13,149,286</u>
	=====	=====	=====	=====
<i>Charity</i>	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Facing the future	573,462	1,235,431	1,808,893	1,682,991
Good food for all	2,475,425	787,511	3,262,936	2,490,297
Food for Life	-	608,791	608,791	2,011,711
Enabling change:				
Other	-	-	-	1,412
Building the organisation:				
Communications and campaigns	592,973	-	592,973	592,528
	<u>3,641,860</u>	<u>2,631,733</u>	<u>6,273,593</u>	<u>6,778,939</u>
	=====	=====	=====	=====

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2016

8. LOSS ON DISPOSAL OF FREEHOLD PROPERTY

The loss on disposal relates to the sale of land at Anchor Road, Bristol. The property was acquired in 2008 with the intention of constructing the Charity's headquarters onsite. A strategic review by trustees determined that no acceptable scheme presented itself and with the support of professional advisors the site was sold in March 2016. Disposal of the site requires repayment of donors and activates a clawback trigger within a grant used to obtain planning permission on the site. After allowing for the repayments the net disposal proceeds are lower than the asset's balance sheet value and produce a loss on disposal.

9. STAFF NUMBERS AND COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

Group

	2016	2015
	No.	No.
The average monthly head count of staff was:		
Direct charitable	246	233
Fund raising	12	10
	<u>258</u>	<u>243</u>
The aggregate payroll costs were as follows:	£	£
Wages and salaries	6,987,368	6,714,590
Social security costs	615,950	599,153
Pension costs	274,704	246,036
	<u>7,878,022</u>	<u>7,559,779</u>

Charity

	2016	2015
	No.	No.
The average monthly number of employees during the year was:		
Direct charitable	112	101
Fundraising	10	10
	<u>122</u>	<u>111</u>
The aggregate payroll costs were as follows:	£	£
Wages and salaries	3,699,011	3,596,247
Social security costs	310,763	321,202
Pension costs	127,263	111,444
	<u>4,137,037</u>	<u>4,028,893</u>

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2016

9. STAFF NUMBERS AND COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL *(continued)*

Redundancy and termination payments

	<i>Group</i> 2016	<i>Group</i> 2015	<i>Charity</i> 2016	<i>Charity</i> 2015
Statutory redundancy payments	23,397	9,744	11,284	9,744
Other termination payments	-	12,529	-	12,529
	<u>23,397</u>	<u>22,273</u>	<u>11,284</u>	<u>22,273</u>

	<i>Group</i> 2016 £	<i>Group</i> 2015 £	<i>Charity</i> 2016 £	<i>Charity</i> 2015 £
Amounts outstanding at the year end in relation to defined contribution pension schemes	<u>60,080</u>	<u>35,453</u>	<u>20,307</u>	<u>17,889</u>

The number of higher paid staff whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	<i>Group</i> 2016	<i>Group</i> 2015	<i>Charity</i> 2016	<i>Charity</i> 2015
£60,001 to £70,000	1	3	1	2
£70,001 to £80,000	2	1	1	1
£90,001 to £100,000	2	1	1	1
	<u>5</u>	<u>5</u>	<u>3</u>	<u>4</u>

	<i>Group</i> 2016 £	<i>Group</i> 2015 £	<i>Charity</i> 2016 £	<i>Charity</i> 2015 £
Contributions to defined contribution pension schemes for the above higher paid staff amounted to	<u>22,384</u>	<u>16,373</u>	<u>16,394</u>	<u>15,031</u>

Group and Charity

The trustees neither received nor waived any emoluments during the year (2015: £nil). Expenses incurred by 9 trustees (2015: 15), either out of pocket expenses reimbursed to trustees or paid directly to third parties were as follows:

	2016 £	2015 £
Travel and subsistence	<u>4,397</u>	<u>8,804</u>

The Charity provides directors' and officers' indemnity insurance which covers the trustees, directors of subsidiary companies and any other member of staff of the group.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2016

9. STAFF NUMBERS AND COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL *(continued)*

Key management personnel

The key management personnel of the parent charity comprise the trustees, Chief Executive Officer, Chief Operating Officer, Director of Communications, Director of Innovations, Scotland Director and Director of Food for Life. The total employee benefits of the key management personnel of the charity were £414,967 (2015: £405,487)

The key management personnel of the group comprise those of the charity and the key management personnel of its wholly owned subsidiary Soil Association Certification Ltd. The key management personnel of Soil Association Certification are the Chief Executive Officer, Business Development Director and Operations Director whose employee benefits total £231,192 (2015: £163,155). The total employee benefits of key management personnel for the group were therefore £640,169 (2015: £568,642).

10. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

<i>Group</i>	Support costs £	Direct costs £	Total 2016 £	Total 2015 £
Fund raising	27,343	554,915	582,258	493,810
Facing the future	67,107	1,767,294	1,834,401	1,723,288
Good food for all	89,481	3,272,018	3,361,499	2,590,279
Food for Life	-	608,791	608,791	2,011,711
Certification costs	-	6,528,197	6,528,197	6,209,042
Enabling change – other	-	-	-	1,412
Communications and campaigns	22,373	577,566	599,939	613,554
	<u>206,304</u>	<u>13,308,781</u>	<u>13,515,085</u>	<u>13,643,096</u>
<i>Charity</i>	Support costs £	Direct costs £	Total 2016 £	Total 2015 £
Fund raising	27,343	548,787	576,130	490,307
Facing the future	67,107	1,741,786	1,808,893	1,682,991
Good food for all	89,481	3,173,455	3,262,936	2,490,299
Food for Life	-	608,791	608,791	2,011,711
Enabling change - other	-	-	-	1,412
Communications and campaigns	22,373	570,600	592,973	592,528
	<u>206,304</u>	<u>6,643,419</u>	<u>6,849,723</u>	<u>7,269,248</u>

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2016

11. NET (EXPENDITURE)/INCOME FOR THE YEAR

This is stated after charging:

<i>Group</i>	2016 £	2015 £
Auditor's remuneration:		
Audit fees - parent company	9,470	8,720
Audit fees - subsidiaries	12,750	12,000
Tax advisory services	9,589	8,134
Loss on disposal of fixed assets	965,085	-
Depreciation of owned assets	39,680	29,511
Foreign exchange loss	515	12,906
Amortisation of goodwill	292,860	292,857
Operating lease rentals - land and buildings	274,284	254,504
Operating lease rentals - other	87,485	87,159
	<u> </u>	<u> </u>
<i>Charity</i>	2016 £	2015 £
Auditor's remuneration:		
Audit fees - parent company	9,470	8,720
Tax advisory services	3,400	2,390
Loss on disposal of fixed assets	965,085	-
Depreciation of owned assets	25,585	21,035
Operating lease rentals - land and buildings	274,284	254,504
	<u> </u>	<u> </u>

12. SUPPORT COSTS

<i>Group and Charity</i>	Human resources £	Office mgmt £	Premises £	Finance and legal £	IT £	Governance £	Total £
Cost of fund raising	8,994	14,373	23,875	(49,855)	26,099	3,857	27,343
Charitable activities:							
Facing the future	22,073	35,275	58,606	(122,371)	64,059	9,466	67,107
Good food for all	29,431	47,035	78,141	(163,161)	85,413	12,622	89,481
Communications	7,358	11,759	19,536	(40,789)	21,353	3,156	22,373
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total support costs	67,856	108,442	180,158	(376,176)	196,923	29,101	206,304

The basis for the allocation of support costs, being the number of staff, has been applied consistently in both this year and the prior year. The finance and legal category also includes overhead recharges to projects which results in an overall negative balance.

Governance costs are those incurred for compliance with constitutional and statutory requirements, such as the annual audit and professional fees.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2016

13. TAXATION

Group and charity

The Charity is a registered charity and as such is exempt from taxation of its income and gains falling within part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the year. This also applies to its wholly-owned subsidiary, Soil Association Land Trust, which is also a charity.

The profits of the following subsidiaries of the Charity are subject to corporation tax. However no tax charge will arise as any taxable profits will be gift aided to the Charity.

- Soil Association Certification Limited; and
- SA Sales and Services Limited.

14. INTANGIBLE ASSETS

<i>Group</i>	Goodwill £
Cost	
At 1 April 2015 and 31 March 2016	2,050,000
Amortisation	
At 1 April 2015	414,880
Charge for the year	292,860
At 31 March 2016	707,740
Net book value	
At 31 March 2016	1,342,260
At 31 March 2015	1,635,120

15. TANGIBLE FIXED ASSETS

<i>Group</i>	Freehold land and buildings £	Leasehold improvements £	Machinery and office equipment £	Total £
Cost				
At 1 April 2015	4,619,429	288,025	891,456	5,798,910
Additions	-	-	21,492	21,492
Disposals	(2,000,000)	-	-	(2,000,000)
At 31 March 2016	2,619,429	288,025	912,948	3,820,402
Depreciation				
At 1 April 2015	404,000	269,626	651,445	1,325,071
Charge for year	-	5,328	34,352	39,680
Disposals	(404,000)	-	-	(404,000)
At 31 March 2016	-	274,954	685,797	960,751
Net book value				
At 31 March 2016	2,619,429	13,071	227,151	2,859,651
At 31 March 2015	4,215,429	18,399	240,011	4,473,839

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2016

15. TANGIBLE FIXED ASSETS (continued)

Charity

	Freehold land and buildings £	Leasehold improvements £	Office equipment £	Total £
Cost				
At 1 April 2015	2,000,000	288,025	609,746	2,897,771
Additions	-	-	17,838	17,838
Disposals	(2,000,000)	-	-	(2,000,000)
At 31 March 2016	-	288,025	627,584	915,609
Depreciation				
At 1 April 2015	404,000	269,626	558,166	1,231,792
Charge for year	-	5,328	20,257	25,585
Disposals	(404,000)	-	-	(404,000)
At 31 March 2016	-	274,954	578,423	853,377
Net book value				
At 31 March 2016	-	13,071	49,161	62,232
At 31 March 2015	1,596,000	18,399	51,580	1,665,979

16. FIXED ASSET INVESTMENTS

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Listed investments	63,202	67,886	63,202	67,886
Equity investment in group undertakings	-	-	105	105
	63,202	67,886	63,307	67,991

Group and Charity

	2016 £	2015 £
Listed investments		
Market value at start of year	67,886	64,452
Revaluation	(4,684)	3,434
Market value at end of year	63,202	67,886

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2016

16. FIXED ASSET INVESTMENTS *(continued)*

	2016 £	2015 £
Historic cost at 31 March	<u>19,045</u>	<u>19,045</u>
	2016 £	2015 £
Unrealised gains at 31 March	<u>44,157</u>	<u>48,841</u>

In line with the preferred treatment of the Charities Statement of Recommended Practice, fixed asset investments have been revalued to their market value at 31 March 2016. The above relates to listed investments which have no restrictions imposed upon them.

Charity

Equity investment in group undertakings	£
Cost and net book value at 1 April 2015 and 31 March 2016	<u>105</u>

The Charity owns the whole of the issued ordinary share capital of Soil Association Certification Limited and SA Sales and Services Limited, companies which are incorporated in the UK. Soil Association Land Trust Limited (incorporated company limited by guarantee, registered charity number 06259578) is deemed to be a subsidiary of the Soil Association Limited by virtue of control.

The principal activity of Soil Association Certification Limited is that of a certification body granting licences to trade. SA Sales and Services Limited receives sponsorship income as well as selling advertising services and mail order goods. The principal activities of Soil Association Land Trust Limited are that of the preservation, conservation and protection of the countryside for the public benefit.

The Soil Association Limited
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the year ended 31 March 2016

16. **FIXED ASSET INVESTMENTS** *(continued)*

Soil Association Certification Limited and SA Sales and Services Limited distribute most of their taxable profits, net of taxable losses brought forward from previous years to the Soil Association Limited as dividends. A summary of their trading results is shown below.

	Soil Association Certification Limited £	SA Sales & Services Limited £	Soil Association Land Trust Limited £	Total 2016 £	Total 2015 £
Income statement/Statement of financial activities					
Donations	-	-	175,242	175,242	161,150
Legacies	-	-	5,289	5,289	80,000
Income from sales	6,866,000	83,241	35,816	6,985,057	6,747,337
Grants receivable	138,390	-	-	138,390	140,668
Turnover	7,004,390	83,241	216,347	7,303,978	7,129,155
Cost of sales	(3,317,553)	(30,389)	(83,796)	(3,431,738)	(3,321,414)
Gross profit	3,686,837	52,852	132,551	3,872,240	3,807,741
Administration expenses	(3,655,802)	(22,981)	-	(3,678,783)	(3,538,041)
Interest receivable/(payable)	-	86	(663)	(577)	694
Net profit	31,121	29,871	131,888	192,880	270,424
Dividends payable	(31,121)	(29,871)	-	(60,992)	(74,681)
Retained in subsidiaries	-	-	131,888	131,888	195,743
Balance sheet					
Fixed assets	1,352,018	-	2,787,659	4,139,677	4,442,980
Current assets	2,933,135	16,366	171,270	3,120,771	2,975,078
Current liabilities	(3,015,150)	(3,316)	(101,028)	(3,119,494)	(3,163,270)
Long term liabilities	(1,237,638)	-	-	(1,237,638)	(1,483,368)
Net assets	32,365	13,050	2,857,901	2,903,316	2,771,420

The Soil Association Limited
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the year ended 31 March 2016

17.	STOCKS	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
	Books and packaging	6,392	6,710	-	-
18.	DEBTORS	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
	Trade debtors	2,094,797	2,020,836	414,533	347,568
	Amounts owed by subsidiary undertakings	-	-	89,705	128,218
	Prepayments and accrued income	4,963,849	1,449,304	4,405,254	828,963
		<u>7,058,646</u>	<u>3,470,140</u>	<u>4,909,492</u>	<u>1,304,749</u>
19.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
	Trade creditors	450,316	439,495	249,848	218,955
	Amounts owed to group undertakings	-	-	5,401	-
	Payments received on account for contracts or performance –related grants	544,201	611,859	544,201	611,859
	Accruals and deferred income	1,697,697	1,694,820	323,498	325,611
	Other taxes and social security	1,133,685	464,459	720,366	91,839
	Other creditors	3,629,711	1,161,012	2,614,492	88,573
		<u>7,455,610</u>	<u>4,371,645</u>	<u>4,457,806</u>	<u>1,336,837</u>

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2016

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<i>Group</i> 2016 £	<i>Group</i> 2015 £	<i>Charity</i> 2016 £	<i>Charity</i> 2015 £
Deferred consideration due within one to five years	1,237,638	1,312,534	-	-
Deferred consideration due in more than five years	-	170,834	-	-
	<u>1,237,638</u>	<u>1,483,368</u>	<u>-</u>	<u>-</u>
Deferred consideration 3% perpetual debentures	150	150	150	150
	<u>1,237,788</u>	<u>1,483,518</u>	<u>150</u>	<u>150</u>

BORROWINGS

Group

	2016 £	2015 £
The aggregate amount of borrowings was as follows:		
Falling due after more than one year:		
3% perpetual debentures	150	150

Charity

	2016 £	2015 £
The aggregate amount of borrowings was as follows:		
Falling due after more than one year:		
3% perpetual debentures	150	150

21. CONTINGENT LIABILITIES

Group and Charity

The charitable group is registered under a group VAT scheme and all group companies are jointly liable for the group VAT Liability.

22. LEASING COMMITMENTS

At 31 March, the total future minimum lease payments under non-cancellable operating leases are as follows:

<i>Group</i>	2016 Land and buildings £	2016 Other £	2015 Land and buildings £	2015 Other £
Amounts payable:				
- within one year	124,932	90,938	183,980	63,565
- later than one year and not later than five years	31,152	135,910	156,084	25,757
	<u>156,084</u>	<u>226,848</u>	<u>340,064</u>	<u>89,322</u>

The Soil Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

22. LEASING COMMITMENTS (continued)

<i>Charity</i>	2016 Land and buildings £	2015 Land and buildings £
Amounts payable:		
- within one year	124,932	183,980
- later than one year and not later than five years	31,152	156,084
	<u>156,084</u>	<u>340,064</u>

23. TOTAL FUNDS

<i>Group</i>	Balance at 1 April 2015 £	Incoming resources £	Resources expended £	Realised and unrealised gains/(losses) £	Transfer £	Balance at 31 March 2016 £
Designated fund						
Tangible fixed asset fund	1,676,967	-	(1,596,000)	-	(18,375)	62,232
General funds	893,572	10,245,564	(10,168,641)	(4,684)	18,375	984,546
Unrestricted funds	<u>2,570,539</u>	<u>10,245,564</u>	<u>(11,764,641)</u>	<u>(4,684)</u>	<u>-</u>	<u>1,046,778</u>
Land Trust	2,726,013	215,684	(83,796)	-	-	2,857,901
Facing the Future	439,354	1,078,037	(1,235,431)	-	-	281,960
Good food for all	538,695	1,017,423	(787,511)	-	-	768,607
Food for Life	608,791	-	(608,791)	-	-	-
Building the organisation	-	19,990	-	-	-	19,990
Restricted funds	<u>4,312,853</u>	<u>2,331,473</u>	<u>(2,715,529)</u>	<u>-</u>	<u>-</u>	<u>3,928,458</u>
Total funds	<u>6,883,392</u>	<u>12,576,698</u>	<u>(14,480,170)</u>	<u>(4,684)</u>	<u>-</u>	<u>4,975,236</u>
<i>Charity</i>	Balance at 1 April 2015 £	Incoming resources £	Resources expended £	Realised and unrealised gains £	Transfer £	Balance at 31 March 2016 £
Designated fund						
Tangible fixed asset fund	1,665,979	-	(1,596,000)	-	(7,747)	62,232
General funds	859,258	3,663,997	(3,587,075)	(4,684)	7,747	939,243
Unrestricted funds	<u>2,525,237</u>	<u>3,663,997</u>	<u>(5,183,075)</u>	<u>(4,684)</u>	<u>-</u>	<u>1,001,475</u>
Restricted funds	<u>1,586,840</u>	<u>2,115,450</u>	<u>(2,631,733)</u>	<u>-</u>	<u>-</u>	<u>1,070,557</u>
Total funds	<u>4,112,077</u>	<u>5,779,447</u>	<u>(7,814,808)</u>	<u>(4,684)</u>	<u>-</u>	<u>2,072,032</u>

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2016

23. TOTAL FUNDS *(continued)*

Designated fund

The tangible fixed asset fund was created at the year end to facilitate the identification of those funds that require time to be made liquid and should therefore be excluded from the freely available reserves calculation. It represents the net book value of unrestricted tangible fixed assets.

Restricted funds

The following restricted funds were in use during the year and any funds at the year end were all held in cash with the exception of the farms, machinery and stock donated from Land Heritage in previous years.

Land Trust

This fund represents the land owned by and activities undertaken in Soil Association Land Trust Limited.

Facing the Future

The main funds included under this heading are funds received from The Prince of Wales Charitable Foundation – to involve farmers across the country in developing innovative approaches to improve productivity, quality and environmental performance in organic and low-input agriculture; from the Tubney Charitable Trust for a collaborative project led by the RSPCA, Soil Association and University of Bristol to develop a practical system of welfare outcome assessment for the major farm animal types (laying hens, dairy, pigs, beef, sheep and broilers), which can be used in farm assurance schemes to improve animal welfare and from a number of funders to research and distribute best practice in low carbon farming.

Good food for all

Funds have been received to support our work in three main areas:

- To extend the reach of the FFL approach to schools, by taking on contracts with the Department of Health, local authorities or other regional authorities to work with their schools and supply chains;
- To develop 'model' sustainable food communities and work with cities to launch a Sustainable Food Cities Network, inspiring action across towns and cities. This work is largely sponsored by the Esmée Fairbairn Foundation; and
- To engage schools in the Highlands working on gardens, community gardens and crofts to promote the case for sustainable, healthy food. This Crofting Connections project is funded by local authorities with funds supplied by the EU.

Food for Life

This fund, as sponsored by the Big Lottery Fund, supports the Food for Life campaign that aims to transform the quality of Britain's school meals.

Net Assets by Fund

<i>Group</i>	Fixed assets £	Net current assets £	Long-term creditors £	Total 2016 £
Designated fund				
Tangible fixed asset fund	62,232	-	-	62,232
General funds	1,415,222	807,112	(1,237,788)	984,546
Unrestricted funds	1,477,454	807,112	(1,237,788)	1,046,778
Restricted funds	2,787,659	1,140,799	-	3,928,458
Total group funds	4,265,113	1,947,911	(1,237,788)	4,975,236

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2016

23. TOTAL FUNDS *(continued)*

<i>Charity</i>	Fixed assets £	Net current assets £	Long-term creditors £	Total 2016 £
Designated fund				
Tangible fixed asset fund	62,232	-	-	62,232
General funds	63,307	876,086	(150)	939,243
Unrestricted funds	125,539	876,086	(150)	1,001,475
Restricted funds	-	1,070,557	-	1,070,557
Total group funds	125,539	1,946,643	(150)	2,072,032

24. CASH FLOW INFORMATION

Group

Reconciliation of changes in resources to net cash (outflow)/inflow from operating activities	2016 £	2015 £
Net movement in funds	(1,908,156)	984,340
Depreciation	39,680	29,511
Amortisation	292,860	292,857
Loss on disposal of fixed assets	965,085	-
Decrease/(increase) in investments	4,684	(3,434)
Decrease/(increase) in stocks	318	10,791
Decrease/(increase) in debtors	201,494	(900,508)
Decrease in creditors	(195,532)	(288,895)
Net cash (outflow)/inflow from operating activities	(599,885)	124,662

Disposal of freehold property

The contract for the disposal of the Charity's land at Anchor Road, Bristol was completed before the end of the financial year and has been accrued for in these accounts. However, the sales proceeds were received in April 2016 and thus form no part of the movement in cash flow in the year.

Reconciliation of net cash flow to movement in net funds	2016 £	2015 £
(Decrease) in cash in the year	(746,377)	(224,007)
Loan repaid/(acquired) in the year	125,000	(125,000)
Movement in net funds in the year	(621,377)	(349,007)
Net funds at the beginning of year	2,959,710	3,308,717
Net funds at the end of year	2,338,333	2,959,710

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2016

24. CASH FLOW INFORMATION *(continued)*

Analysis of net funds	At 1 April 2015 £	Cash flow £	At 31 March 2016 £
Cash at bank and in hand	3,084,860	(746,377)	2,338,483
Debt due within one year	(125,000)	125,000	-
Debt due after one year	(150)	-	(150)
	<u>2,959,710</u>	<u>(621,377)</u>	<u>2,338,333</u>

Cash at bank and in hand figures in the notes include bank loans and overdrafts.

Charity

Reconciliation of changes in resources to net cash (outflow)/inflow from operating activities:	2016 £	2015 £
Net movement in funds	(2,040,045)	788,597
Depreciation	25,585	21,035
Loss on disposal of fixed assets	965,085	-
Decrease/(increase) in investments	4,684	(3,434)
Increase in debtors	(444,743)	(69,507)
Increase/(decrease) in creditors	591,884	(446,785)
Net cash (outflow)/inflow from operating activities	<u>(897,550)</u>	<u>289,906</u>

Reconciliation of net cash flow to movement in net funds	2016 £	2015 £
(Decrease)/increase in cash in the year	(915,388)	208,890
Movement in net funds in the year	(915,388)	208,890
Net funds at beginning of year	2,410,195	2,201,305
Net funds at end of year	<u>1,494,807</u>	<u>2,410,195</u>

Analysis of net funds	At 1 April 2015 £	Cash flow £	At 31 March 2016 £
Cash at bank and in hand	2,410,345	(906,388)	1,494,957
Debt due after one year	(150)	-	(150)
	<u>2,410,195</u>	<u>(906,388)</u>	<u>1,494,807</u>

Cash at bank and in hand figures in the notes include bank loans and overdrafts.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2016

25. RELATED PARTY TRANSACTIONS

Group and charity

In the financial year the following transactions took place between the Charity and its wholly owned subsidiaries:

Soil Association Certification Limited ('Certification')

- A symbol licence charge to Certification of £445,100 (2015: £485,606) for the right to certify to the Charity's standards and to issue the symbol to its licensees for use in their products, letterheadings and advertisements.
- A Service Level Agreement charge to Certification of £460,000 (2015: £460,000) for the supply of accommodation, finance, HR and IT services.
- A total charge of £181,000 (2015: £192,000) from Certification to the Charity of staff costs and overhead to the Charity's unrestricted contracts and restricted projects.
- The transfer under gift aid of the trading profits of Certification to the Charity of £31,000 (2015: £57,000)

Soil Association Land Trust Limited ('Land Trust')

- A charge of £15,000 (2015: £15,000) from the Charity to the Land Trust of staff costs and overheads.

SA Soils and Services Limited (SASS)

- Net commercial income, less related costs of £21,000 (2015: £17,000) transferred from the Charity to SASS.
- The transfer under gift aid of the trading profits of SASS to the Charity of £22,000 (2015: £18,000)

Board members do not receive remuneration for the provision of their services as trustees of The Soil Association Limited. Board members receive reimbursement of out of pocket expenses for attendance at meetings and events.

The Soil Association Limited made sales to and purchases from Board members. Clare Owens, a Board member, who resigned in July 2015, is a director of Squash Nutrition Limited, a supplier to our Sustainable Food Cities programme. Up to the date of her resignation, this company was thus deemed to be a related company of The Soil Association Limited who purchased goods and services from said company totalling £2,130, (2015: £20,820) during the period she was a Board member.

Subsidiary companies purchased services from and also made sales to Board members. These transactions were all under normal commercial terms and conditions. Amounts outstanding at 31 March 2016 on sales made were £76 (2015: £8,720). Amounts outstanding on purchases at 31 March 2016 were £558 (2015: £5,287).

	£	£
Expenses paid to Board members	6,527	30,033
Subsidiary company sales to Board members	11,719	20,326
Subsidiary company purchases from Board members	96	226
	<u> </u>	<u> </u>

26. CAPITAL COMMITMENTS

	<i>Group</i>	<i>Charity</i>
	2016	2016
	£	£
Expenditure committed	36,000	36,000
	<u> </u>	<u> </u>