



**Soil Association**

healthy soil, healthy people, healthy planet

# Report & Accounts 2012

# The Soil Association Limited

## REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2012

### CONTENTS

---

	Page
Trustees, officers, professional advisers and other administrative information	1
<b>Trustees' report</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>10</b>
Consolidated statement of financial activities	12
Charity statement of financial activities	14
Group balance sheet	16
Charity balance sheet	17
Consolidated cash flow statement	18
Charity cash flow statement	18
Notes to the financial statements	19

# The Soil Association Limited

## TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

---

### ROYAL PATRON

HRH The Prince of Wales

### HONORARY PRESIDENT

Monty Don

### HONORARY VICE PRESIDENTS

George McRobie  
Charlotte Mitchell  
Jonathan Dimpleby  
Trudie Styler

### TRUSTEES

Orna NiChionna (Chair)  
Graham Keating (Vice Chair)  
Annabel Allott  
Gaye Donaldson  
Renée Elliott  
Martin Fitton  
Graham Harvey  
Phil Haughton  
John McCormick  
**Timothy O’Riordan**  
Dennis Overton  
Geetie Singh  
Charles Weston  
Nigel Woodhouse

#### *Appointed*

David Main	16 November 2011
Gabriel Scally	16 November 2011
Anna Rosier	2 February 2012

#### *Resigned*

Roger Cadbury	16 November 2011
Peter Segger	16 November 2011
Huw Bowles	2 February 2012

### GOVERNING DOCUMENT

Memorandum of Association

### CONSTITUTION

Company limited by guarantee

### REGISTERED OFFICE

South Plaza  
Marlborough Street  
Bristol  
BS1 3NX

### BANKERS

Triodos Bank  
Deanery Road  
Bristol  
BS1 5AS

### SOLICITORS

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

Burges Salmon  
1 Glass Wharf  
Bristol  
BS2 0ZX

### AUDITOR

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

### HON. TREASURER AND DIRECTOR

Neil Canetty-Clarke

### CHIEF EXECUTIVE

Helen Browning

### COMPANY SECRETARY

Geoff Truscott

### DEPUTY DIRECTOR

Roger Mortlock

# 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 2012.

### 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 0409726.

### STRUCTURE GOVERNANCE AND MANAGEMENT

#### **Governance**

The Charity is a company limited by guarantee and governed by a Memorandum and Articles of Association (last revised on 1 October 2005).

**The governing body of the Charity is the Council of Trustees who are elected by the Charity's members.** The Council meets four times per year to conduct the regular business of the Charity with an additional two-day meeting to discuss and set policy direction. Council elects a Chair for a term of three years, which may be renewed.

Council consists of a maximum of 18 trustees, consisting of 12 general representatives elected **by the whole membership, three devolved nations' representatives elected by members** resident in the relevant devolved nation and three co-opted members.

One third of the longest serving trustees, since their last election to Council, resign annually and are eligible for re-election. One devolved nations representative resigns each year and is eligible for re-election. Election is by postal vote of eligible members.

#### **Key Committees**

##### *Management Committee*

This committee consists of the Chair, Vice-Chair and Hon. Treasurer plus two elected Council members. It has delegated authority from Council to oversee the management of the Charity, oversee the performance of the Group and to act as the Audit Committee. The Chief Executive and key members of the management team also attend these meetings when required.

##### *Farmer and Grower Board*

This committee consists of one trustee (appointed by Council) plus other members who are elected by farmers and growers.

##### *Standards Board*

This committee consists of three lay representatives, three industry representatives and three chairs of the technical committees plus an independent chair. Other technical committee chairs attend if a specific topic relevant to their committee is on the agenda. The Standards Board's role is to oversee the formulation and maintenance of the **Charity's** standards on behalf of Council.

##### *Executive Team*

The day-to-day running of the organisation is delegated to and undertaken by the Chief Executive and the senior management team.

##### *Relationships with subsidiaries*

The Charity operates the following wholly owned subsidiaries:

- Soil Association Certification Limited;
- Soil Association Sales and Services Limited;
- Ascisco Limited (directly owned by Soil Association Certification Limited); and
- Soil Association Land Trust Limited (a charity).

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

#### **Key Committees (*continued*)**

##### *Relationships with subsidiaries (continued)*

The performance of each subsidiary is reported to the trustees through the Management Committee.

#### **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 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. 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 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.

#### **Risk and internal control**

The trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise. The systems of financial control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- The annual budget, approved by Council;
- Regular consideration by the trustees of financial results and variance from budgets; and
- Identification and management of risks.

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

#### **Risk and internal control (*continued*)**

The Management Committee, on behalf of trustees, is presented with an assessment of the risks facing the Charity. These risks are evaluated by the Executive Team and ranked in order of priority and impact. Recommendations to avert or manage these risks are then presented to Council for approval.

The major non-financial risk has been identified as reputation 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.

The major financial risks to the Charity in the following year include:

- Shortfalls in income from major donors, members and supporters;
- Ongoing impact of the continuing downturn in the economy on the sale of organic products and consequent effect on Group income; and
- Effect of the introduction of **Soil Association Certification Limited's** new computer system on its income.

In order to mitigate these risks, a strategic plan has been finalised during the year which includes the reduction of our overhead base and plans to increase our income from major donors, membership and supporters.

The budget for 2012-13 takes into account the continuing downturn in the economy and thus the risk inherent in not achieving the budgeted income is reduced. In addition the cash position of the charity is stable.

Finally, the introduction of the new computer system will not take place until it has been thoroughly tested and a period of parallel running has taken place.

As a consequence, the trustees believe that the Charity is well placed to manage its business risks despite the current uncertain economic outlook.

After making due enquiries, including review of the latest financial data and future projections, the trustees are confident that the charity 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.

### OBJECTIVES AND ACTIVITIES

The Soil Association is a membership charity campaigning for planet-friendly food and farming. We promote the connection between the health of the soil, animals, people and the planet.

#### **Our Vision**

##### **Campaigning for 65 years**

These are pivotal and challenging times for our organisation. Over the last 65 years we have endeavoured to bring the organic principles of care, ecology, fairness and health, into a world seemingly determined to ignore these values and put its faith instead in excessive consumerism and unconstrained growth. We know there is only one planet with finite resources to provide for the needs of our growing world population. We must find ways of meeting our needs without compromising the prospects of future generations.

The Soil Association seeks solutions that balance the needs of all: society, consumers, business, the natural environment and farm animals, both in the UK and globally. We work with those businesses and community initiatives which are putting organic principles into practice. We help policy makers both with pragmatic next steps and with adjusting the economic and legal framework to ensure that the right incentives are in place to encourage best practice to become the norm, not the exception.

### OBJECTIVES AND ACTIVITIES (*continued*)

#### **Our Vision (*continued*)**

Through our trading subsidiary, Soil Association Certification, we give confidence to people wishing to support the pioneering practitioners who meet tough organic and ethical standards in food and other products. With our mix of philosophy and values, real world knowledge and experience, we are well placed to provide solutions to the food and farming challenges ahead.

#### **Strategic priorities**

During 2011-12 we refreshed our strategy and focused our priorities. Our new strategy – The Road to 2020: Towards healthy, humane and sustainable food, farming and land use – was formally launched at our annual conference in London, in March 2012.

The strategy seeks to both build on our past successes and to focus on the new challenges of our changing environment. We will organise our future work under two **key themes: 'facing the future' and 'good food for all'**. These themes will help us to find the right balance between setting organic standards and other ways of improving the performance of our farming, food and land use systems, as well as enhancing our role in public health.

Whilst we put a large amount of energy into our new strategy during 2011, engaging our stakeholders and supporters as part of its evolution, we also continued to deliver our core work programmes. We faced the challenge of the final phase of funding for two major pieces of work: the Food for Life Partnership and our Making Local Food Work programme. We are actively seeking further funds to build on the success of these and were delighted that the BIG Lottery extended funding for Food for Life Partnership for the period 2012-13, to help the **project establish a 'commissionable model', working with local authorities and clusters of schools.**

We also continued to build our advocacy case for organic and sustainable food, farming and land use systems with the publication of a major report on the overuse of antibiotics in farm animals (E.coli superbugs on farms and foods) and a report called Feeding the Future, which argues that organic and agro-ecological systems could feed the world, sustainably. Building on the success of our work in this area, we have developed a new programme of work, the Duchy Future Farming Programme, with the generous support of the **Prince of Wales's Charitable Foundation**. The programme will involve farmers across the country in developing innovative techniques aimed at improving yields and nutritional performance in organic and low-input agriculture.

In addition, we continued to develop our advocacy programme: on reform of the Common Agricultural Policy (CAP), **through our ongoing campaigning against the 'mega' pig farm in Foston** and with the high profile launch of a campaign to improve food in our hospitals, with the support of HRH The Prince of Wales and The Sun newspaper.

#### **Key achievements 2011-12**

At the core of our activity is a connection to the beliefs and philosophy of our founders: that one of our primary aims must be to support the growth of an informed and active citizen **movement, who would campaign to transform the UK's food culture. We do this through our members, our licensees, and also through our advocacy and communications work.** Some of our key achievements this year include:

- Launch of key policy briefings and campaigns – including Feeding the Future, E.coli on farms and food, our better hospital food initiative, our programme for CAP reform and the launch of our two-year Low Carbon Farm project;
- Recruitment of 1,170 new members; and
- Development of our digital communications activity: we increased our twitter followers by nearly 10,000 during 2011-12, to over 20,000 followers;

### OBJECTIVES AND ACTIVITIES (*continued*)

#### **Key achievements 2011-12 (*continued*)**

- The 23rd year of our prestigious Food Awards, with 400 entrants of the finest organic food and an awards ceremony held at the START festival at Clarence House, attended by our Patron, HRH The Prince of Wales; and
- Our annual conference, which attracted nearly 500 delegates and was generously supported by Yeo Valley, Ocado and Southern Solar. Delegates heard from, amongst others, Ann Pettifor (fellow of the New Economics Foundation, London), Professor Hans Herren (co-Chair of the IAASTD report) and Phil Bloomer, Director of Campaigns at Oxfam.

A key driver behind our work is showing that change to our food systems is possible, necessary and desirable and that engaging communities in changing local food culture can lead to lasting, sustainable change. Two of our flagship campaigns, Food for Life Partnership (funded by BIG Lottery and led by the Soil Association in partnership with Garden Organic, the Health Education Trust and Focus on Food Campaign) and Making Local Food Work, which championed Community Supported Agriculture, Organic Buying Groups and co-operatives, both came to an end of their first tranche of funding in early 2012. We are actively seeking ongoing support for these valuable programmes to ensure that their learning and benefit continue long into the future. Some headlines from the work included:

- Over 4,300 schools are enrolled in the Food for Life Partnership and over 500,000 children are eating Food for Life accredited meals every day;
- The impact report from the Partnership demonstrated that children enrolled in the programme more than doubled their intake of fresh fruit and vegetables and 45% of parents of children involved reported their family eating more fresh fruit and vegetables;
- Disadvantaged pupils are benefiting from the Partnership: over a two-year period, free school meal take-up increased by 13% in FFLP primary schools, 21% in secondary schools, and by 21% across the board in schools achieving the Gold or Silver award.
- Community Supported Agriculture (CSA) schemes in England comprise at least 5,000 trading members and feed around 12,500 people a year; and
- CSAs are helping people to develop and share skills, with over three-quarters offering training programmes. Local employment is also boosted, with CSAs showing high levels of employment relative to the land available (equivalent to 0.14 employees/hectare compared with a mean of 0.027 employees/hectare across UK agriculture as a whole). CSA farmers are reaping the benefits, – the schemes provide a life-line to many and an opportunity to diversify their businesses.

Supporting lasting change also means undertaking research and standards development to ensure that there is a rigorous framework within which we can measure progress, and work with others to bring food systems, farming and land use closer to organic principles of care, ecology, health and fairness. Primary areas of work this year included:

- Our continuing AssureWel partnership (with the RSPCA and the University of Bristol) focused on laying hen measures, and initial discussions about the principles for **assuring a 'good life' for animals**;
- Developing training measures for Soil Association inspectors in AssureWel dairy measures; **Red Tractor Farm Assurance's technical advisory team will also** be recommending the use of a set of the measures in the Red Tractor dairy farm assurance scheme; and
- The low carbon farm programme reviewed carbon calculators for on-farm use; work is now underway to develop an online benchmarking facility. The eventual toolkit will take into account carbon sequestration, livestock management, nutrient and manure management and energy and fuel use, to help farmers run the most energy-efficient farms possible, for maximum environmental and financial efficiency.

OBJECTIVES AND ACTIVITIES (*continued*)

**Building an effective and sustainable organisation**

We are absolutely committed to the sustainable and effective use of charitable resources, even more so in the current tough economic climate. We work closely with a staff forum to foster the best possible relationship between staff and management, and place a priority on staff development opportunities. Much of our focus this year has been to:

- Review our performance management system as part of our ongoing commitment to organisational development and to ensure that performance is properly mapped against our values and workstreams;
- Work with the staff forum, which continues to be an important voice of staff views, ensuring a good flow of information to the Executive Team to support effective communications across the organisation; and
- Evaluate our business model to remove risk from our income streams wherever possible, to diversify our income sources and we have developed a more robust approach to risk management as part of this.

**Plans for the coming year**

The environment for all charities, and the wider economy, is likely to continue to be a tough during the coming year. This means we will focus our work where we can make most impact. Our new strategy, The Road to 2020, creates an explicit framework against which we will seek to make the fullest impact we can. Priorities include:

- Influencing more effectively food and farming research agendas – through both campaigns and practical projects;
- Working with academic experts in the UK to improve the methodology and data sets for determining the environmental impact of organic farming and food;
- Ensuring that farm practice delivers a good life for farm animals through the developing work of the AssureWel project;
- Securing a future for the Food for Life Partnership, ensuring that the success of the programme is extended throughout the UK;
- Launching a Sustainable Food Cities Network, inspiring action across towns and cities;
- Extending the reach of the Food for Life Catering Mark throughout the public sector and to encourage its take-up in restaurants and workplaces;
- Testing new approaches to food injustice amongst those communities experiencing the greatest health inequalities; and
- Sharing and enabling best practice among the pioneering organic businesses we work with.

To achieve our ambitions we need a solid foundation of excellent, motivated staff, a secure business model, and the continued strong support of our members, donors and trustees.

### FINANCIAL REVIEW

This was another challenging year for the Soil Association. Income fell, mainly due to the **ending of the first stage of the Food For Life Partnership ('FFLP') project and the weak economy** impacting donations, grants and the organic market. However, the decline in income has been matched largely by cost savings which limited the reduction in total Group funds in the year to only £63,000 – a little better than expected.

### **Consolidated Statement of Financial Activities**

#### **Total Group Funds**

The Group suffered a deficit of £63,000 in total funds in the year, compared with a surplus of £30,000 in the previous year. The overall deficit comprised a surplus of £49,000 in unrestricted funds offset by a deficit of £112,000 in restricted funds. Total Group funds as at 31 March 2012 were £4,409,000.

During the year, there was a 3.8% decline in the organic market. However, the market is expected to stabilise during 2012-13 and our trading subsidiary Soil Association Certification Limited ('Certification') expects that its licensees will experience a small increase in their organic sales next year.

#### **Incoming Resources**

Incoming resources are both unrestricted and restricted. Unrestricted funds are those available for use at the discretion of the trustees and restricted funds are those which are to be used in accordance with specific restrictions imposed by donors. The main sources of income were the FFLP, certification, grants and membership.

Unrestricted income fell by £552,000 from the previous year to £5,926,000. This comprised mainly a reduction of £273,000 in legacy income, a reduction in income from activities of £128,000 (mostly due to a transfer of income to Certification) and reductions in donations & gifts and membership income of £119,000 and £78,000 respectively. These reductions were mitigated partly by an increase of £51,000 in Certification income.

Restricted income fell by £999,000 to £3,940,000, primarily due to a £1,265,000 reduction in income in the FFLP project funded by BIG Lottery Fund as the first stage of the project came to its end in March 2012. Continuity funding of £1,004,000 has now been agreed that will take the project through to March 2013. It should be noted that, as the lead partner in the FFLP, the Soil Association accounts for the full grant even though 60% of the grant is immediately passed to the other partners. Restricted income also included an increase in grants receivable of £276,000 in the year, partly reflecting new funding successes such as:

- FFL Lincolnshire - to introduce a Food for Life type project to schools in Lincolnshire;
- DEFRA - a pilot designed to identify the opportunities, challenges and barriers that may be associated with the application of a voluntary minimum procurement standard for healthy and sustainable catering in schools in England;
- NHS South of England – to develop a training package addressing the procurement and provision of healthy and sustainable food in schools, hospitals, residential care, **community meals and early years' centres**; and
- Warwickshire CC - to establish self-sustaining Food for Life communities in ten central Warwickshire villages.

FINANCIAL REVIEW (*continued*)

**Resources Expended**

Group unrestricted expenditure decreased by £547,000 to £5,876,000 and Group restricted expenditure fell by £916,000 to £4,051,000. The main cost categories were the FFLP, certification, education and awareness, and sustainable food and farming.

Significant variations in total expenditure from the previous year occurred in the following areas:

- Food for Life costs: Fell by £1,265,000 to £2,435,000 of which £716,000 was due to a reduction in the amount paid to the other partners and the remainder was due to the ending of the first stage of the project;
- Fundraising costs: Fell by £147,000 to £159,000 due to reductions in staff costs, professional charges and support costs;
- Education and awareness costs: Declined by £62,000 mainly reflecting the transfer of certain activities to Certification and a reduction in support costs, offset by an increase in restricted costs, primarily as a result of project work undertaken where the income had been received in previous years.
- Certification costs : Rose by £252,000 to £3,639,000 as certain activities were transferred in from the Charity, as noted above, mitigated by cost savings of £43,000 in other areas; and
- National Centre costs: Decreased by £218,000 to £232,000 reflecting the final planning costs of the proposed National Centre (funded by a SWRDA grant to the Soil Association). Planning permission has now been granted.

**Group Balance Sheet and Cashflow Statement**

Total funds decreased from £4,472,000 to £4,409,000 due to the small deficit made in the year. However, the increase in unrestricted reserves of £49,000 moves the Group slightly closer to the reserves policy of aiming to cover **three months' payroll costs and six months' rent and service charges** with free unrestricted reserves (excluding certain fixed assets).

Cash balances decreased by only £15,000 to £1,618,000 in the year due to a net cash outflow from operating activities of £242,000 (largely due to the working capital impact of the ending of the first stage of the FFLP) offset by cash received by the Land Trust following the sale of a freehold property.

**Auditor**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

A resolution to reappoint Baker Tilly UK Audit LLP as auditor will be put to the members at the annual general meeting.

The report was approved by the Council of Trustees on 19 July 2012 and signed on their behalf by:



**Graham Keating**  
Trustee

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 2012 on pages 12 to 33. 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).

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 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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 2012; and of the group's and the parent charitable company's incoming resources and application of resources, including their 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).

**Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Report of the Trustees 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, in our opinion:

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

Baker Tilly UK Audit LLP

HEATHER WHEELHOUSE (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Hartwell House,  
55 – 61 Victoria Street  
Bristol  
BS1 6AD

Date: 26 October 2012

BAKER TILLY 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)  
for the year ended 31 March 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income:					
Donations and gifts		357,910	45,552	403,462	531,583
Legacies	2	79,180	-	79,180	352,545
Membership		880,584	-	880,584	959,547
Activities for generating funds:					
Mail order sales		50,886	-	50,886	59,330
Other		50,406	-	50,406	49,372
Investment income:					
Interest receivable		3,483	-	3,483	1,059
		<u>1,422,449</u>	<u>45,552</u>	<u>1,468,001</u>	<u>1,953,436</u>
Incoming resources from charitable activities					
Grants receivable		23,151	1,458,892	1,482,043	1,210,006
Food for Life		-	2,435,159	2,435,159	3,699,542
Certification income		4,319,909	-	4,319,909	4,268,635
Income from activities		160,589	-	160,589	284,683
		<u>4,503,649</u>	<u>3,894,051</u>	<u>8,397,700</u>	<u>9,462,866</u>
Total incoming resources		<u>5,926,098</u>	<u>3,939,603</u>	<u>9,865,701</u>	<u>11,416,302</u>
<b>RESOURCES EXPENDED</b>					
Cost of generating funds					
Cost of generating voluntary income:					
Fund raising		159,332	-	159,332	306,318
Mail order costs		45,151	-	45,151	63,318
		<u>204,483</u>	<u>-</u>	<u>204,483</u>	<u>369,636</u>
Charitable activities					
Education and awareness		1,335,637	336,146	1,671,783	1,734,735
Food for Life		-	2,435,159	2,435,159	3,699,542
Policy and standards		117,877	8,175	126,052	122,065
Sustainable food and farming		537,751	1,039,488	1,577,239	1,586,797
Certification costs		3,639,335	-	3,639,335	3,386,964
National Centre		-	232,364	232,364	449,511
		<u>5,630,600</u>	<u>4,051,332</u>	<u>9,681,932</u>	<u>10,979,614</u>
Governance costs		40,498	-	40,498	40,486
		<u>5,671,098</u>	<u>4,051,332</u>	<u>9,722,430</u>	<u>11,020,100</u>
Total resources expended	4	<u>5,875,581</u>	<u>4,051,332</u>	<u>9,926,913</u>	<u>11,389,736</u>

The Soil Association Limited  
 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
 (incorporating an income and expenditure account) (*continued*)  
 for the year ended 31 March 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Net incoming/(outgoing) resources before other recognised gains and losses		50,517	(111,729)	(61,212)	26,566
Net (loss)/gain on investment assets	12	(1,434)	-	(1,434)	3,553
Net movement in funds		49,083	(111,729)	(62,646)	30,119
Total funds brought forward		1,885,322	2,586,678	4,472,000	4,441,881
Total funds carried forward	17	1,934,405	2,474,949	4,409,354	4,472,000

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 19 to 33 are an integral part of the consolidated financial statements.

The Soil Association Limited  
 CHARITY STATEMENT OF FINANCIAL ACTIVITIES  
 (incorporating an income and expenditure account)  
 for the year ended 31 March 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income:					
Donations and gifts		528,084	37,000	565,084	591,868
Legacies	2	79,180	-	79,180	352,545
Membership		880,584	-	880,584	959,547
Activities for generating funds:					
Licence fee income		550,666	-	550,666	761,924
Other		50,406	-	50,406	49,372
Investment income:					
Interest receivable		3,483	-	3,483	1,059
		<u>2,092,403</u>	<u>37,000</u>	<u>2,129,403</u>	<u>2,716,315</u>
Incoming resources from charitable activities					
Grants receivable		23,151	1,458,892	1,482,043	1,210,006
Food for Life		-	2,435,159	2,435,159	3,699,542
Income from activities		48,545	-	48,545	60,157
		<u>71,696</u>	<u>3,894,051</u>	<u>3,965,747</u>	<u>4,969,705</u>
Total incoming resources		<u>2,164,099</u>	<u>3,931,051</u>	<u>6,095,150</u>	<u>7,686,020</u>
<b>RESOURCES EXPENDED</b>					
Cost of generating funds					
Cost of generating voluntary income:					
Fund raising		159,332	-	159,332	305,667
		<u>159,332</u>	<u>-</u>	<u>159,332</u>	<u>305,667</u>
Charitable activities					
Education and awareness		1,256,063	313,040	1,569,103	1,603,361
Food for Life		-	2,435,159	2,435,159	3,699,542
Policy and standards		117,877	8,175	126,052	122,065
Sustainable food and farming		537,751	1,039,488	1,577,239	1,551,122
National Centre		-	232,364	232,364	449,511
		<u>1,911,691</u>	<u>4,028,226</u>	<u>5,939,917</u>	<u>7,425,601</u>
Governance costs		38,923	-	38,923	38,642
		<u>1,950,614</u>	<u>4,028,226</u>	<u>5,978,840</u>	<u>7,464,243</u>
Total resources expended	4	<u>2,109,946</u>	<u>4,028,226</u>	<u>6,138,172</u>	<u>7,769,910</u>

The Soil Association Limited  
 CHARITY STATEMENT OF FINANCIAL ACTIVITIES  
 (incorporating an income and expenditure account) *(continued)*  
 for the year ended 31 March 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Total 2012 £	Total 2011 £
Net resources before other recognised gains and losses		54,153	(97,175)	(43,022)	(83,890)
Net (loss)/gain on investment assets	12	(1,434)	-	(1,434)	3,553
Net movement in funds		52,719	(97,175)	(44,456)	(80,337)
Total funds brought forward		1,839,034	145,286	1,984,320	2,064,657
Total funds carried forward	17	1,891,753	48,111	1,939,864	1,984,320

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 19 to 33 are an integral part of the consolidated financial statements.

# The Soil Association Limited

## GROUP BALANCE SHEET

At 31 March 2012

	Note	2012 £	2012 £	2011 £	2011 £
<b>FIXED ASSETS</b>					
Tangible assets	9		3,961,070		4,198,298
<b>CURRENT ASSETS</b>					
Stocks	10	12,334		11,062	
Debtors	11	1,502,255		1,680,176	
Investments	12	47,311		48,745	
Cash at bank and in hand		1,618,308		1,633,101	
			<u>3,180,208</u>		<u>3,373,084</u>
CREDITORS: Amounts falling due within one year	13	<u>(2,731,774)</u>		<u>(3,099,232)</u>	
<b>NET CURRENT ASSETS</b>			<u>448,434</u>		<u>273,852</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,409,504</u>		<u>4,472,150</u>
CREDITORS: Amounts falling due after more than one year	14		<u>(150)</u>		<u>(150)</u>
<b>NET ASSETS</b>			<u>4,409,354</u> =====		<u>4,472,000</u> =====
<b>FUNDS AND RESERVES</b>					
Unrestricted funds	17		1,934,405		1,885,322
Restricted funds	17		2,474,949		2,586,678
<b>TOTAL FUNDS</b>	17		<u>4,409,354</u> =====		<u>4,472,000</u> =====

The accompanying notes on pages 19 to 33 are an integral part of the consolidated financial statements.

These financial statements were approved by the Council of Trustees on 19 July 2012 and signed on their behalf by:



**O NiChionna**  
Chair



**N Canetty-Clarke**  
Hon. Treasurer

# The Soil Association Limited

## CHARITY BALANCE SHEET

At 31 March 2012

	Note	2012 £	2012 £	2011 £	2011 £
<b>FIXED ASSETS</b>					
Investments	8		105		105
Tangible assets	9		1,609,899		1,647,150
			<u>1,610,004</u>		<u>1,647,255</u>
<b>CURRENT ASSETS</b>					
Stock	10	600		-	
Debtors	11	865,845		889,234	
Investments	12	47,311		48,745	
Cash at bank and in hand		910,037		1,090,428	
		<u>1,823,793</u>		<u>2,028,407</u>	
CREDITORS: Amounts falling due within one year	13	(1,493,783)		(1,691,192)	
<b>NET CURRENT ASSETS</b>			<u>330,010</u>		<u>337,215</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,940,014</u>		<u>1,984,470</u>
CREDITORS: Amounts falling due after more than one year	14		(150)		(150)
<b>NET ASSETS</b>			<u>1,939,864</u>		<u>1,984,320</u>
<b>FUNDS AND RESERVES</b>					
Unrestricted funds	17		1,891,753		1,839,034
Restricted funds	17		48,111		145,286
<b>TOTAL FUNDS</b>	17		<u>1,939,864</u>		<u>1,984,320</u>

The accompanying notes on pages 19 to 33 are an integral part of the consolidated financial statements.

These financial statements were approved by the Council of Trustees on 19 July 2012 and signed on their behalf by:



**O NiChionna**  
Chair



**N Canetty-Clarke**  
Hon. Treasurer

# The Soil Association Limited

## GROUP CASHFLOW STATEMENT for the year ended 31 March 2012

---

	Note	2012 £	2011 £
Net cash (outflow)/inflow from operating activities	18	(242,499)	269,820
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets		(13,918)	(512,873)
Proceeds disposal of tangible fixed assets		241,624	50
Decrease in cash in the year	18	<u>(14,793)</u>	<u>(243,003)</u>
		=====	=====

The accompanying notes on pages 19 to 33 are an integral part of the consolidated financial statements.

# The Soil Association Limited

## CHARITY CASHFLOW STATEMENT for the year ended 31 March 2012

---

	Note	2012 £	2011 £
Net cash (outflow)/inflow from operating activities	18	(167,950)	153,502
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets		(12,441)	(512,873)
Decrease in cash in the year	18	<u>(180,391)</u>	<u>(359,371)</u>
		=====	=====

The accompanying notes on pages 19 to 33 are an integral part of the consolidated financial statements.

# The Soil Association Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

---

### 1. ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') "Accounting and Reporting by Charities" and in accordance with applicable United Kingdom accounting standards. The accounting policies as disclosed below have been applied consistently throughout the current and preceding year.

The financial statements have also been prepared on a going concern basis. In common with other charities, the charity faces uncertainties arising from current economic conditions. The 'Risks and internal control' section of the Trustees' report on page 4 of the financial statements comments on these uncertainties and explains why the trustees have concluded that the charity remains a going concern.

The statement of financial activities ('SOFA'), balance sheet and cash flow statement consolidate the financial statements of the charity and its subsidiary undertakings, Soil Association Land Trust Limited, Soil Association Certification Limited, SA Sales and Services Limited and Ascisco Limited. The results of the subsidiaries are consolidated on a line by line basis.

#### 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 £1 per member of the charity.

#### FUND ACCOUNTING

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### INCOMING RESOURCES

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. These specific policies apply to the following categories of income:

- Legacies: where the amount can be quantified with reasonable accuracy, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received;
- Grants: where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance. Where income is received in advance of performance its recognition is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued;
- Membership fees are recognised upon renewal;
- 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 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 upon receipt; and
- Activity income is recognised when the activity takes place.

# The Soil Association Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*)

for the year ended 31 March 2012

---

### 1. ACCOUNTING POLICIES (*continued*)

#### RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Direct charitable expenditure comprises direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources.

- **Fund raising costs** are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities;
- **Support costs** include the remaining salary cost (after direct attribution to relevant departments) of the support teams (finance, human resources and information technology) and a proportion of premises costs for these staff; and
- **Governance costs** include a proportion of salary costs for the officers of the company in line with the time spent on statutory and constitutional matters. In line with this, an apportionment of premises costs is included. Also included are the audit costs, bank charges, legal costs, insurance costs, and the cost of trustees' meetings.

#### 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 Statement of Financial Activities as an incoming resource.

Depreciation is provided on all tangible fixed assets other than freehold land (which is not depreciated) 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

Farm machinery, office equipment and software three years straight-line method

#### 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.

#### FIXED ASSET INVESTMENTS

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

#### CURRENT ASSET INVESTMENTS

Investments 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.

#### STOCK

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

#### PENSION COSTS

The group contributes to a money purchase scheme to which the employee also contributes. The amount charged to the SOFA is the contribution payable in the year. The group has no other pension liabilities.

# The Soil Association Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*)

for the year ended 31 March 2012

---

### 1. ACCOUNTING POLICIES (*continued*)

#### 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.

#### FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the SOFA. The results of overseas operations and their balance sheets are translated and consolidated at the closing rate of exchange on the balance sheet date.

#### TAXATION

No corporation tax has been provided in the financial statements of the Charity or Soil Association Land Trust as the income of these charities is covered by the exemption granted by Section 505 of the Income and Corporation Taxes Act 1988.

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

- Soil Association Certification Limited;
- Soil Association Sales and Services Limited;
- Ascisco Limited (directly owned by Soil Association Certification 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 totalling £33,000 for legacies not received by 31 March 2012 (2011: Enil) has been included in the financial statements as notification of impending distribution has been received.

### 3. STAFF NUMBERS AND COSTS

#### *Group*

	2012	2011
	No.	No.
The average number of employees during the year was:		
Direct charitable	177	179
Fund raising and mail order	5	6
Governance	-	-
	<hr/>	<hr/>
	182	185
	=====	=====
	2012	2011
	£	£
The aggregate payroll costs were as follows:		
Wages and salaries	4,859,822	4,877,632
Social security costs	465,890	477,345
Pension costs	159,789	163,956
	<hr/>	<hr/>
	5,485,501	5,518,933
	=====	=====

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS (*continued*)  
 for the year ended 31 March 2012

3. STAFF NUMBERS AND COSTS (*continued*)

*Charity*

	2012 No.	2011 No.
The average number of employees during the year was:		
Direct charitable	93	101
Fundraising	5	6
Governance	-	-
	98	107
	=====	=====

	2012 £	2011 £
The aggregate payroll costs were as follows:		
Wages and salaries	2,904,724	3,157,063
Social security costs	271,097	310,575
Pension costs	87,811	101,338
	3,263,632	3,568,976
	=====	=====

	<i>Group</i> 2012 £	<i>Group</i> 2011 £	<i>Charity</i> 2012 £	<i>Charity</i> 2011 £
Amounts outstanding at the year end in relation To the defined contribution pension schemes	23,266	24,735	12,064	14,531
	=====	=====	=====	=====

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

	2012 No.	2011 No.
£60,001 to £70,000	1	1
£70,001 to £80,000	1	2
£80,001 to £90,000	1	-
£100,001 to £110,000	1	1
	4	4
	=====	=====

	2012 £	2011 £
Contributions to defined contribution pension schemes for the above higher paid staff amounted to	16,747	14,524
	=====	=====

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS (*continued*)  
 for the year ended 31 March 2012

4. NET INCOMING RESOURCES AND TOTAL RESOURCES EXPENDED

<i>Group</i>	Support costs £	Direct costs £	Total 2012 £	Total 2011 £
Fund raising	7,656	151,676	159,332	306,318
Mail order costs	-	45,151	45,151	63,318
Education and awareness	39,623	1,632,160	1,671,783	1,734,735
Food for Life	-	2,435,159	2,435,159	3,699,542
Policy and standards	10,145	115,907	126,052	122,065
Sustainable food and farming	51,680	1,525,559	1,577,239	1,586,797
Certification costs	-	3,639,335	3,639,335	3,386,964
Governance costs	-	40,498	40,498	40,486
National Centre	-	232,364	232,364	449,511
	109,104	9,817,809	9,926,913	11,389,736

<i>Charity</i>	Support costs £	Direct costs £	Total 2012 £	Total 2011 £
Fund raising	7,656	151,676	159,332	305,667
Education and awareness	39,623	1,529,480	1,569,103	1,603,361
Food for Life	-	2,435,159	2,435,159	3,699,542
Policy and standards	10,145	115,907	126,052	122,065
Sustainable food and farming	51,680	1,525,559	1,577,239	1,551,122
Governance costs	-	38,923	38,923	38,642
National Centre	-	232,364	232,364	449,511
	109,104	6,029,068	6,138,172	7,769,910

*Group*

	2012 £	2011 £
Net incoming resources before transfers is stated after charging the following:		
<b>Auditor's remuneration for audit of the parent charity financial statements and consolidation</b>	7,740	7,140
<b>Auditor's remuneration for audit of subsidiary undertakings</b>	11,760	11,760
<b>Auditor's remuneration for other services</b>	13,700	8,700
Profit on disposal of fixed assets	41,624	-
Depreciation of owned assets	49,692	79,301
Operating lease rentals - land and buildings	236,873	277,006
Operating lease rentals - other	108,710	108,710

*Charity*

	2012 £	2011 £
Net incoming resources before transfers is stated after charging the following:		
<b>Auditor's remuneration for audit of the parent charity financial statements</b>	7,740	7,140
<b>Auditor's remuneration for other services</b>	13,700	8,700
Depreciation of owned assets	49,692	74,550
Operating lease rentals - land and buildings	236,873	277,006

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS (*continued*)  
 for the year ended 31 March 2012

5. SUPPORT COSTS

*Group and Charity*

	Human resources £	Office mgmt £	Premises £	Finance and legal £	IT £	Total £
Cost of generating voluntary income:						
Fund raising	1,199	931	4,791	(3,923)	4,658	7,656
Charitable activities:						
Education and awareness	6,207	4,816	24,794	(20,301)	24,107	39,623
Policy and standards	1,589	1,233	6,348	(5,198)	6,172	10,144
Sustainable food and farming	8,096	6,281	32,340	(26,480)	31,444	51,681
<b>Total support costs</b>	<b>17,091</b>	<b>13,261</b>	<b>68,273</b>	<b>(55,902)</b>	<b>66,381</b>	<b>109,104</b>

The basis for the allocation of support costs has been applied consistently in both years and can be summarised as follows:

- Human resources - number of staff.
- Office management - number of head office-based staff.
- Premises - estimated floor space occupied by head office based staff.
- Finance and legal - number of staff. (this category also includes overhead recharges to projects which results in an overall negative balance).
- Information technology (IT) - number of staff.

6. TRUSTEES' REMUNERATION

*Group and Charity*

The trustees neither received nor waived any emoluments during the year (2011: £nil). Out of pocket expenses were reimbursed to 11 trustees (2011: 10) as follows:

	2012 £	2011 £
Travel	6,364	4,495

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.

7. TAXATION

*Group and charity*

The Charity is a registered charity and under section 505 of the Income and Corporation Taxes Act (ICTA) 1988 is exempt from payment of corporation and capital gains taxes on its charitable activities. 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 profits will be gift aided to the Charity.

- Soil Association Certification Limited; and
- Soil Association Sales and Services Limited; and
- Ascisco Limited (directly owned by Soil Association Certification Limited).

# The Soil Association Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*)

### for the year ended 31 March 2012

#### 8. FIXED ASSET INVESTMENTS

##### *Group*

The group had no fixed asset investments at the balance sheet date (2011: £nil).

##### *Charity*

Subsidiary undertakings £  
 Cost and net book value at 1 April 2011 and 31 March 2012 105  
=====

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 Certification Limited owns the whole of the issued ordinary share capital of Ascisco Limited, also incorporated in the UK. Soil Association Land Trust Limited (incorporated Company limited by guarantee) is deemed to be a subsidiary of the Soil Association by virtue of control. Control of the Friends of the Soil Association Inc (incorporated in the USA) passed from the charity during the year and it is no longer consolidated in these accounts.

The principal activity of Soil Association Certification Limited and Ascisco 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 are that of the preservation, conservation and protection of the environment of the countryside for the public benefit.

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

	Ascisco Limited £	Soil Association Certification Limited £	SA Sales & Services Limited £	Soil Association Land Trust Limited £	Total 2012 £	Total 2011 £
Profit and loss account/Statement of financial activities						
Donations	-	-	-	8,552	8,552	16,166
Income from sales	18,886	4,176,881	162,930	56,059	4,414,756	4,436,159
Grants receivable	-	124,142	-	-	124,142	165,432
Turnover	18,886	4,301,023	162,930	64,611	4,547,450	4,617,757
Cost of sales	(5,384)	(2,014,105)	(98,624)	(79,165)	(2,197,278)	(2,400,149)
Gross profit	13,502	2,286,918	64,306	(14,554)	2,350,172	2,217,608
Administration	(5,189)	(2,165,525)	(27,675)	-	(2,198,389)	(2,030,754)
Interest receivable	15	187	-	-	202	52
Net profit	8,328	121,580	36,631	(14,554)	151,985	186,906
Gift aid to The S A Ltd	(6,337)	(123,062)	(36,631)	-	(162,215)	(76,451)
Retained in subsidiaries	1,991	(1,482)	-	(14,554)	(10,230)	110,455
Balance sheet						
Fixed assets	-	2,173	-	2,349,000	2,351,173	2,551,148
Current assets	22,906	1,563,968	108,118	213,969	1,908,961	1,703,630
Current liabilities	(17,905)	(1,541,435)	(95,068)	(136,131)	(1,786,724)	(1,766,994)
Net assets	5,001	24,706	13,050	2,426,838	2,473,410	2,487,784

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS *(continued)*  
 for the year ended 31 March 2012

9. TANGIBLE FIXED ASSETS

**Group**

	Freehold land £	Leasehold improvements £	Farm mach, office equipment and software £	Total £
Cost				
At 1 April 2011	4,549,000	261,383	643,265	5,453,648
Additions	-	9,336	4,582	13,918
Disposals	(200,000)	-	(1,850)	(201,850)
At 31 March 2012	4,349,000	270,719	645,997	5,265,716
Depreciation				
At 1 April 2011	404,000	225,903	625,447	1,255,350
Charge for year	-	36,103	15,043	51,146
Disposals	-	-	(1,850)	(1,850)
At 31 March 2012	404,000	262,006	638,640	1,304,646
Net book value				
At 31 March 2012	3,945,000	8,713	7,357	3,961,070
At 31 March 2011	4,145,000	35,480	17,818	4,198,298

**Charity**

	Freehold land £	Leasehold improvements £	Office equipment and software £	Total £
Cost				
At 1 April 2011	2,000,000	261,383	555,760	2,817,143
Additions	-	9,336	3,105	12,441
At 31 March 2012	2,000,000	270,719	558,865	2,829,684
Depreciation				
At 1 April 2011	404,000	225,903	540,090	1,169,993
Charge for year	-	36,103	13,589	49,692
At 31 March 2012	404,000	262,006	553,679	1,219,685
Net book value				
At 31 March 2012	1,596,000	8,713	5,186	1,609,899
At 31 March 2011	1,596,000	35,480	15,670	1,647,150

10. STOCKS

	Group 2012 £	Group 2011 £	Charity 2012 £	Charity 2011 £
Books and packaging	12,334	11,062	600	-

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS (*continued*)  
 for the year ended 31 March 2012

11. DEBTORS

	Group 2012 £	Group 2011 £	Charity 2012 £	Charity 2011 £
Trade debtors	998,860	1,019,408	152,200	47,495
Amounts owed by subsidiaries	-	-	375,990	335,889
Prepayments and accrued income	503,395	660,768	337,655	505,850
	<u>1,502,255</u>	<u>1,680,176</u>	<u>865,845</u>	<u>889,234</u>
	=====	=====	=====	=====

12. CURRENT ASSET INVESTMENTS

	2012 £	2011 £
<i>Group and Charity</i>		
Market value at start of year	48,745	45,192
Revaluation	(1,434)	3,553
	<u>47,311</u>	<u>48,745</u>
	=====	=====
	2012 £	2011 £
Historic cost at 31 March	12,886	12,886
	=====	=====
	2012 £	2011 £
Unrealised gains at 31 March	34,425	35,859
	=====	=====

In line with the preferred treatment of the Charities Statement of Recommended Practice, current asset investments have been revalued to their market value at 31 March 2012.

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS (*continued*)  
 for the year ended 31 March 2012

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>Group</i> 2012 £	<i>Group</i> 2011 £	<i>Charity</i> 2012 £	<i>Charity</i> 2011 £
Other loan	130,000	130,000	-	-
Trade creditors	283,154	327,305	199,026	232,779
Amounts owed to subsidiaries	-	-	157,779	7,153
Other taxes and social security	329,835	305,562	72,763	82,893
Other creditors	187,022	212,175	62,159	80,159
Accruals	166,235	346,715	160,180	344,892
Deferred income	1,592,179	1,236,895	798,527	402,736
Deferred income - Big Lottery Fund - FFL	43,349	540,580	43,349	540,580
	<u>2,731,774</u>	<u>3,099,232</u>	<u>1,493,783</u>	<u>1,691,192</u>

The loan is unsecured and attracts interest at a rate of 2% per annum

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

	<i>Group</i> 2012 £	<i>Group</i> 2011 £	<i>Charity</i> 2012 £	<i>Charity</i> 2011 £
3% perpetual debentures	150	150	150	150
	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>

BORROWINGS

*Group*

The aggregate amount of borrowings was as follows:

	2012 £	2011 £
--	-----------	-----------

Falling due after more than one year:

3% perpetual debentures	150	150
	<u>150</u>	<u>150</u>

*Charity*

The aggregate amount of borrowings were as follows:

	2012 £	2011 £
--	-----------	-----------

Falling due after more than one year:

3% perpetual debentures	150	150
	<u>150</u>	<u>150</u>

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS (*continued*)  
 for the year ended 31 March 2012

---

15. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

**Group and Charity**

Capital Commitments

The Group has entered into a contract for a new computer system for Soil Association Certification Limited. The outstanding amount to be paid at 31 March 2012 under the contract was £103,000.

Contingent liability

The Harbourside property received planning permission during the year. Under the terms of the SWRDA grant which funded the work to obtain planning permission, the grant is conditional on a construction contract being in place by 31 December 2015.

16. LEASING COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

<b>Group</b>	2012	2012	2011	2011
	Land and buildings £		Other £	
Expiry date:				
- within one year	17,640	63,786	375,538	115,230
- between two and five years	257,892	4,940	17,640	4,940
	<u>275,532</u>	<u>68,726</u>	<u>393,178</u>	<u>120,170</u>
	=====	=====	=====	=====
 <b>Charity</b>				
Expiry date:				
- within one year	17,640	-	375,538	-
- between two and five years	257,892	-	17,640	-
	<u>275,532</u>	<u>-</u>	<u>393,178</u>	<u>-</u>
	=====	=====	=====	=====

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS (*continued*)  
 for the year ended 31 March 2012

17. TOTAL FUNDS

<i>Group</i>	Balance at 1 April 2011	Incoming resources £	Resources expended £	Realised and unrealised gains and taxation £	Balance at 31 March 2012 £
Charitable funds	1,903,859	5,824,806	(5,830,430)	(1,434)	1,896,801
Non-charitable funds	(18,537)	101,292	(45,151)	-	37,604
<b>Unrestricted funds</b>	<b>1,885,322</b>	<b>5,926,098</b>	<b>(5,875,581)</b>	<b>(1,434)</b>	<b>1,934,405</b>
Land Trust	2,441,392	8,552	(23,106)	-	2,426,838
Education and awareness	64,000	297,146	(336,146)	-	25,000
Policy and campaigns	2,309	7,000	(8,175)	-	1,134
Food for Life	-	2,435,159	(2,435,159)	-	-
Membership	62,000	(62,000)	-	-	-
Dougal Campbell	2,339	-	-	-	2,339
Food and farming	14,638	1,021,382	(1,016,382)	-	19,638
National Centre	-	232,364	(232,364)	-	-
<b>Restricted funds</b> 2,474,949	<b>2,586,678</b>	<b>3,939,603</b>	<b>(4,051,332)</b>	<b>-</b>	
<b>Total funds</b> 4,409,354	<b>4,472,000</b>	<b>9,865,701</b>	<b>(9,926,913)</b>	<b>(1,434)</b>	
=====					
<i>Charity</i>	Balance at 1 April 2011	Incoming resources £	Resources expended £	Realised and unrealised gains and taxation £	Balance at 31 March 2012 £
<b>Unrestricted funds</b>	1,839,034	2,164,099	(2,109,946)	(1,434)	1,891,753
<b>Restricted funds</b>	145,286	3,931,051	((4,028,226))	-	48,111
<b>Total funds</b>	<b>1,984,320</b>	<b>6,095,150</b>	<b>(6,138,172)</b>	<b>(1,434)</b>	<b>1,939,864</b>
=====					

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.

**Education and awareness**

This fund is to support some of the Charity's information building and educational work including the provision of local educational facilities through the organic farms network.

**Policy and campaigns**

This fund is to research, lobby and campaign on organic, agricultural and environmental issues.

**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.

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS (*continued*)  
 for the year ended 31 March 2012

17. TOTAL FUNDS (*continued*)

**Membership**

This fund is to expand the level of membership and supporters.

**Dougal Campbell**

Established in 1995 in memory of the life and work of a former trustee of the Association, this fund has been created to support causes appropriate to his memory.

**Food and farming**

This fund covers the costs of supporting organic farmers and growers and those considering conversion to organic, with particular emphasis on providing support in the English regions and devolved nations.

**National Centre**

This fund is to purchase land at the Harbourside Bristol for a National Centre for the group and the activities to develop the site.

NET ASSETS BY FUND

<b>Group</b>	Fixed assets £	Net current assets £	Long-term creditors £	Total 2012 £
Unrestricted funds	1,612,070	322,485	(150)	1,934,405
Restricted funds	2,349,000	125,949	-	2,474,949
Total group funds	3,961,070	448,434	(150)	4,409,354
	=====	=====	=====	=====
<b>Charity</b>	Fixed assets £	Net current assets £	Long-term creditors £	Total 2012 £
Unrestricted funds	1,610,004	281,899	(150)	1,891,753
Restricted funds	-	48,111	-	48,111
Total group funds	1,610,004	330,010	(150)	1,939,864
	=====	=====	=====	=====

18. CASH FLOW INFORMATION

**Group**

Reconciliation of changes in resources to net cash inflow from operating activities	2012 £	2011 £
Net (outgoing)/ incoming resources	(61,212)	26,566
Depreciation	51,146	79,301
Profit on disposal of fixed assets	(41,624)	(42)
(Increase)/decrease in stocks	(1,272)	11,673
Decrease/(increase)/ in debtors	177,921	(214,181)
(Decrease)/increase in creditors	(367,458)	366,503
Net cash (outflow)/inflow from operating activities	(242,499)	269,820
	=====	=====

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS (*continued*)  
 for the year ended 31 March 2012

18. CASH FLOW INFORMATION (*continued*)

*Group (continued)*

Reconciliation of net cash flow to movement in net funds		2012 £	2011 £
Decrease in cash in the year		(14,793)	(243,003)
Repayment of borrowings		-	-
Movement in net funds in the year		(14,793)	(243,003)
Net funds at the beginning of year		1,502,951	1,745,954
Net funds at the end of year		1,488,158	1,502,951
=====			
Analysis of net funds	At 1 April 2011 £	Cash flow £	At 31 March 2012 £
Cash at bank and in hand	1,633,101	(14,793)	1,618,308
Debt due within one year	(130,000)	-	(130,000)
Debt due after one year	(150)	-	(150)
	1,502,951	(14,793)	1,488,158
	=====	=====	=====

Cash at bank and in hand figures in the notes include bank **loans and overdrafts**. Creditors' movement (including short-term and long-term creditors) excludes finance leases, bank loans and overdrafts.

*Charity*

Reconciliation of changes in resources to net cash inflow from operating activities		2012 £	2011 £
Net outgoing resources		(43,022)	(83,890)
Depreciation		49,692	74,550
Increase in stocks		(600)	-
Decrease/(increase) in debtors		23,389	(33,768)
(Decrease) in creditors		(197,409)	199,610
Net cash (outflow)/inflow from operating activities		(167,950)	153,502
		=====	=====

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS (*continued*)  
 for the year ended 31 March 2012

18. CASH FLOW INFORMATION (*continued*)

*Charity (continued)*

Reconciliation of net cash flow to movement in net funds		2012 £	2011 £
Decrease in cash in the year		(180,391)	(359,371)
Repayment of borrowings		-	-
Movement in net funds in the year		(180,391)	(359,371)
Net funds at beginning of year		1,090,278	1,449,649
Net funds at end of year		909,887	1,090,278
		=====	=====
Analysis of net funds	At 1 April 2011 £	Cash flow £	At 31 March 2012 £
Cash at bank and in hand	1,090,428	(180,391)	910,037
Debt due within one year			
Debt due after one year	(150)	-	(150)
	1,090,278	(180,391)	909,887
	=====	=====	=====

**Cash at bank and in hand figures in the notes include bank loans and overdrafts.** Creditors' movement (including short-term and long-term creditors) excludes finance leases, bank loans and overdrafts).

19. RELATED PARTY TRANSACTIONS

*Group and charity*

The charity has taken advantage of the exemption available under Financial Reporting Standard 8 (Related Party Disclosures) not to disclose transactions with group companies.

Council members do not receive remuneration for the provision of their services as trustees of The Soil Association Limited.

The Soil Association Limited made sales to and purchases from Council members.

Subsidiary companies purchased services from and also made sales to Council members. These transactions were all under normal commercial terms and conditions. Amounts outstanding at 31 March 2012 on sales made were £420 (2011: £nil). Amounts outstanding on purchases at 31 March 2012 were £656 (2011: £ nil).

	2012 £	2011 £
Purchases from Council members	10,620	6,751
Subsidiary company sales to Council members	120,280	196,408
Subsidiary company purchases from Council members	7,800	21,630
	=====	=====



# Soil Association

## **Soil Association**

South Plaza | Marlborough Street | Bristol BS1 3NX  
T 0117 314 5000 | F 0117 314 5001

[www.soilassociation.org](http://www.soilassociation.org)

Registered charity no. 206862

## **Soil Association Scotland**

Tower Mains | 18C Liberton Brae | Edinburgh EH16 6AE  
T 0131 666 2474 | F 0131 666 1684

[www.soilassociationscotland.org](http://www.soilassociationscotland.org)

Registered charity no. SC039168

© Soil Association 2012