

Company Registration Number: 00409726  
Registered Charity Number (in England and Wales): 206862  
Registered Charity Number (in Scotland): SC039168

**The Soil Association Limited**  
**TRUSTEES' REPORT AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended  
31 March 2013

# The Soil Association Limited

## CONTENTS

---

	Page
Trustees, officers and professional advisers	1
Trustees' report	2
Independent auditor's report	13
Consolidated statement of financial activities	15
Charity statement of financial activities	17
Group balance sheet	19
Charity balance sheet	20
Consolidated cash flow statement	21
Charity cash flow statement	21
Notes to the financial statements	22

# 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 Dimbleby  
Trudie Styler

### TRUSTEES

Orna NiChionna (Chair)	Phil Haughton
Dennis Overton (Vice Chair)	David Main
Annabel Allott	John McCormick
Renée Elliott	Gabriel Scally
Martin Fitton	Geetie Singh
Graham Harvey	Charles Weston
	Nigel Woodhouse

#### *Appointed*

Joanna Blythman	1 November 2012
Pat Thomas	1 November 2012
Andrew Whitley	1 November 2012

#### *Resigned*

Graham Keating	26 July 2012
Timothy O'Riordan	29 August 2012
Gaye Donaldson	1 November 2012
Anna Rosier	19 March 2013

### HON. TREASURER

Neil Canetty-Clarke

### CHIEF EXECUTIVE

Helen Browning

### COMPANY SECRETARY

Geoff Truscott

### DEPUTY DIRECTOR

Roger Mortlock (resigned 22 February 2013)

### 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

# 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 2013.

### 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. A policy exists for the recruitment, appointment and training of trustees, which is available on request.

Council consists of a maximum of 18 trustees, consisting of 12 general representatives elected by the whole membership, 3 devolved nations' representatives elected by members resident in the relevant devolved nation and 3 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).

# The Soil Association Limited

## TRUSTEES' REPORT (*continued*)

---

### 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.

# The Soil Association Limited

## TRUSTEES' REPORT (*continued*)

---

### 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.

As was the case last year, the major financial risks to the Charity in the following year include:

- Shortfalls in income from major donors, members and supporters;
- Impact of the current state of 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, there is already a strategic plan in place which includes the reduction of our overhead base over time and plans to increase our income from major donors, membership and supporters.

The budget for 2013-14 has been prepared cautiously on this basis. 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.

After making due enquiries, including a 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. 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;
- To promote high standards in the care and welfare of farm animals to prevent cruelty to and suffering by farm animals.

# The Soil Association Limited

## TRUSTEES' REPORT (*continued*)

---

### OBJECTIVES AND ACTIVITIES (*continued*)

To further these objectives, we launched an organisational strategy in early 2012 that concentrates our activity into four strategic strands— we feel that organising our work in these areas allows us to really focus on areas where we can be most effective. In general terms we are aiming to provide practical schemes and opportunities which allow the public to make positive decisions about how their food is produced, ensure that we can share best practice at farm level to ensure both the environment and animal welfare is protected, positively influence both the food and farming policy and research agendas, and extend our work in schools and communities to embed a healthy approach to food and eating further in the public consciousness.

The four strategic strands are:

#### **1 Facing the future**

There is widespread consensus that business as usual in our food and farming system is not an option. In response our strategic focus on 'facing the future' advocates the development of a more human scale, diverse and equitable approach to farming with low use of non-renewable inputs and more skilled jobs.

Our central aim in facing the future is to forge a sustainable path for agriculture, land use and food systems that respects the organic principles of health, ecology, care and fairness. This means improving organic systems, increasing their uptake and sharing best practice beyond the organic sector.

- ***Improving organic systems***

In the first year of our three year Duchy Organic Future Farming (DOFF) programme we supported over 1,000 farmers in training, farm walks and other events. More than 200 took part in 'field labs' – hands-on workshops where farmers sharpen their research skills, trying new things out and sharing the knowledge of what works. We also launched a £125,000 farmer-led research fund, with the first grants to be awarded early in 2013/14. In Scotland, our Future Proofing Scotland's Farming programme has held events on topics including animal productivity and health, nutrient management, water and wetland management, woodland management and biomass, anaerobic digestion and an introduction to low carbon farming, with the aim of preparing agricultural businesses for the impacts, opportunities and risks that both climate and economic change bring.

Elsewhere our AssureWel programme has now developed improved inspection criteria for laying hens, pigs, and dairy cows, and in conjunction with the RSPCA and Red Tractor, 95% of the UK's non-caged laying hens, and 95% of the UK dairy herd is being inspected using AssureWel criteria. We are also overhauling our standards line by line to make sure they're always delivering the outcomes they're meant to and are driving innovation. Currently we are reviewing our poultry and aqua-culture standards.

- ***Increasing the uptake of organic farming***

We have been engaging with policy makers to ensure they focus on the policy issues that make most difference on the ground in ensuring increased uptake of organic farming, in particular actively lobbying in the areas of CAP reform and removing unnecessary red-tape. We have also been active in challenging the myth that we are 'anti-science' – for example in being clearer why our opposition to GM crops is consistent with our support for innovation – and we have had enthusiastic feedback from the science policy-makers we have taken to organic farms.

On a more practical front our Future Growers apprenticeship scheme is ongoing. With nearly 500 people on the apprentice list, demand has far outstripped the available opportunities, and in response, in January we refined the scheme to offer shorter 'traineeships' – which can take place over a six month season rather than a full two years.

# The Soil Association Limited

## TRUSTEES' REPORT (*continued*)

---

### OBJECTIVES AND ACTIVITIES (*continued*)

- ***Sharing best practice***

In addition to the field labs we have held as part of the DOFF programme, our producer support team has been active in delivering events, advice and resources to producers. In November our National Soil Symposium saw over 150 farmers, growers and soil experts gather to share know-how and get to grips with relevant policy over two days. Since July we have also held 14 'farm walks' with approximately 300 producers attending to share best practice and learn from each other, and we produced five new briefing sheets in response to common queries from our licensees. As part of our 'Low Carbon Farming' project we developed and launched an online 'Farm Carbon Assessment Toolkit' (FCAT), and supporting factsheets – these tools enable farmers to minimise their on-farm carbon emissions as far as is practicable.

### **Plans for the coming year**

- We will continue to improve and update Soil Association standards;
- We will provide organic producers and processors across the UK with training, benchmarking and other activities to continually improve performance and ensure wide uptake of practices with the greatest potential impact;
- We will continue to build a solid evidence base as to the benefits of organic systems and seek to influence wider policy and research agendas;
- We will make the first research grants from the Duchy Organic Future Farming research fund;
- In Scotland we will begin a three year initiative to develop a Farming Innovation Network to share best practice.

## **2 Enabling change**

Unlike many organisations which advocate for change, we have the extraordinary advantage of working with the people who make it happen on the ground. Our strategic focus on Enabling Change concentrates on working with the organic pioneers who license with us to help them thrive, as well as reaching out to other businesses – both organic and non-organic – to improve the sustainability of all farming and food systems.

Operationally much of the activity in this strand is naturally delivered through the operation of our trading subsidiary Soil Association Certification. The activity concentrates on four strategic aims:

- ***Deliver world-class organic and sustainable certification***

Accrediting over 4,000 organic businesses, Soil Association Certification is the UK's largest organic certification body. In addition to our core activity, this year saw Soil Association Certification partner with the Fairtrade Foundation, enabling it to inspect businesses to Fairtrade standards alongside organic standards. Furthermore, to help our licensees in this tough economic climate we have launched a new fee level for small producers and a small hardship fund for our farmers and growers. Finally we are investing heavily in a new IT system to continue to reduce the cost and administrative burden of certification.

- ***Rapidly extend new schemes***

This year has seen the rapid expansion of our Food for Life Catering mark scheme – which provides an independent guarantee for caterers that what's on their menu is freshly prepared, free from undesirable additives and made up of higher welfare and organic ingredients. The scheme has doubled in size over the last year, and now certifies over 750,000 meals a day across schools, restaurants, hospitals, universities, nurseries and workplaces. We also, in partnership with Global Organic Textile Standards (GOTS), launched the Cotton On campaign to promote and grow the organic textiles market.

# The Soil Association Limited

## TRUSTEES' REPORT (*continued*)

---

### OBJECTIVES AND ACTIVITIES (*continued*)

- ***Supply chain development***

Launched in August 2012, the Catering Mark Supplier Scheme brings together caterers with suppliers of products that meet the requirements of the Catering Mark scheme – 80 supplier members are now signed up and finding new routes to market for their produce.

We have also been working with individual businesses and helping our licensees source more organic produce and meet new buyers. We are developing online resources to help suppliers and businesses trade more efficiently.

- ***Build markets***

We have put on a number of trade events to provide assistance and support for licensees that have led to increased orders and new marketing activity. Our Organic September activity engaged with licensees, independent and multiple retailers to offer promotional activity – Kantar data showed a 7.7% increase in the organic (multiple retailer) market in September compared with August. Earlier planning and more investment in marketing toolkits will make 2013's Organic September even more successful.

### **Plans for the coming year**

- We will continue to ensure that Soil Association Certification is a viable and profitable business;
- Optimise our operational efficiency and minimise bureaucracy to ensure that costs are minimised for certified producers and processors;
- Ensure the Catering Mark is adopted as best practice across food service catering;
- Increase the public recognition of the Soil Association symbol to communicate the wider values of the UK organic sector and stimulate organic production and markets in the retail sector.

### **3 Good food for all**

Good food is a right, not a privilege. We want to promote solutions which make sure everyone can access food that is healthy for them, and the planet. This is not just about the health benefits of a good diet, but about mainstreaming our values, encouraging people to connect with, and care for, each other and the natural world through their relationship with food.

Operationally much of our work under this theme is delivered through the Food for Life Partnership ('FFLP'), although it also encompasses work to promote the Food for Life catering mark, policy and campaigning work, and development of other projects.

- ***Normalising and securing Food for Life activity in schools***

Our work with FFLP has enabled us to work with thousands of schools to promote a healthier food culture to young people based on growing, cooking and eating fresh food, as well as connecting pupils with farmers through farm visits. While the initial five year funding came to an end at the beginning of this financial year, a one year transition grant from the Big Lottery allowed us to continue to support individual schools enrolled in the programme, while also developing a Local Authority commissioning model for future funding. This new model has already led to nine Local Authority commissions being confirmed, with more in the pipeline. Towards the end of the financial year we were invited by the Big Lottery to bid for another stream of funding to allow us to continue and further develop the activity of the Partnership – we were delighted to hear in April that the bid was successful, securing funding of £3.6m for 2 years from July 2013.

# The Soil Association Limited

## TRUSTEES' REPORT (*continued*)

---

### OBJECTIVES AND ACTIVITIES (*continued*)

We were also actively involved in the Department for Education ('DfE') school food review, presenting the FFLP model as an existing and proven scheme that can provide many of the outcomes the review sought to promote. As part of this work, we have now submitted a business plan which asks for core support for the FFLP programme in schools.

- ***Extending the Food for Life approach to other sectors***

The Food for Life Catering Mark was developed out of our FFLP work, and enables caterers to provide assurances they are serving freshly prepared, responsibly sourced food. This year the scheme has doubled in size, into a number of different sectors. Highlights have included working closely with Busy Bees, the UK's largest chain of nurseries, which has achieved a bronze mark for 140 sites across England and Wales, certifying three of the top five environmentally friendly universities, and certifying the workplace catering of Pearson, a FTSE100 company. We also received significant funding from the Scottish Government to develop a dedicated Food for Life Scotland programme, which is working with caterers, producers, suppliers, policy makers and communities north of the border to transform Scotland's food culture.

In Scotland we also received additional funding to secure a further three years of our Crofting Connections educational project, which enables young people aged 5 to 16 living in remote rural communities throughout the Highlands & Islands to learn about crofting past, present and future and sustain a way of life that promotes shared environmental, economic and social goals.

Elsewhere we began working on the Out to Lunch campaign, investigating the quality of food offered to children at high street restaurants, with 1,600 parent volunteers recruited to feedback their views. We have also contributed to a Department of Health review into hospital food, seeking to embed some of our approach in this challenging sector.

- ***Developing Food for Life community models***

While much of our focus this year has been on securing and normalising our work with schools, we have also been looking to develop our approach as a broader public health model. Following ongoing discussions with the Royal Society for Public Health throughout the year, we were pleased to welcome the Society as a fifth member of the Food for Life Partnership for the coming year – this link up will enable us to better promote the programme within the public health arena. In light of feedback from public health commissioners, we are also looking to develop models with other organisations that can join the FFLP healthy eating intervention with complementary approaches that promote broader health and wellbeing.

- ***Developing a network of Sustainable Food Cities***

In 2011/12 we helped to develop the Sustainable Food Cities Network – an alliance of public, private and third sector organisations committed to promoting sustainable food for the benefit of people and the planet. The Network aims to help people and places to share challenges, explore practical solutions and develop best practice in all aspects of sustainable food. This year has seen much effort to develop this network, and in March we were finally able to secure a bid worth over £1 million from the Esmée Fairbairn Foundation (EFF) which will enable us to develop the network much further next year. We will be working in partnership with Sustain and Food Matters on this project.

### **Plans for the coming year**

- Further extend the impact of the Food for Life Partnership, to help at least 200 more schools achieve Food for Life Partnership awards and secure at least nine new commissioned Food for Life Partnership projects at Local Authority level by March 2014;
- Continue to engage closely with DfE school food review;

# The Soil Association Limited

## TRUSTEES' REPORT (*continued*)

---

### OBJECTIVES AND ACTIVITIES (*continued*)

- Support and work with at least five early years' centres, two universities, two colleges and the older community in one locality, and seek to increase the number of Catering Mark caterers to 220 by March 2014;
- Develop a sustainable economic model and education framework for FFL Scotland;
- Mainstream Crofting Connections across the crofting regions and extend food education opportunities to the rest of Scotland
- Renew our Open Farm Network and other activities to engage the public in farm-based learning;
- Establish the Sustainable Food cities network nationwide;
- Scope campaigns which address key issues in food and health across the UK.

### **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 other funders.

The costs of Development and Fundraising are shown on the Statement of Financial activity under 'costs of fundraising', while the costs of our campaigns and communications department has also been shown under Building the Organisation. All other costs have been assigned on a pro-rata basis across the other three strands of activity, because operationally they support the activities of the other parts of the group.

We have four main focuses in our organisation:

- ***Development and fundraising***

We have been working hard to build a secure business and diversify our income streams. This year we had some notable successes in securing significant funding from the Big Lottery Fund to continue supporting the Food for Life Partnership, from the Prince of Wales' Charitable Foundation to support the Duchy Organic Future Farming programme, and the Scottish Government to support our work on Food for Life in Scotland. We have also been successful in engaging with supporters – our Keep Britain Buzzing appeal raised more than £80,000 – four times more than we budgeted.

- ***Communications***

This year saw significant change in our communications team, with a new Director of Communications starting in December. We have been working to review and refresh our brand identity, review our supporter proposition, and we will be continuing this work in the coming year.

- ***People***

Through our staff forum, staff survey and training we have focused on recruiting and supporting the best staff. We have put a particular focus this year on developing our organisational values and translating these into tangible behaviours.

- ***Operations***

This year we have put a large investment into developing a new customer database for both the Certification business and the wider group. This has been a complicated task, and is still ongoing, but will pay dividends in the long-run.

We have carefully managed our assets and cost base this year, and are in the position of being able to increase our reserves at the year-end. In addition to the day-to-day focus on controlling costs, we have also

# The Soil Association Limited

## TRUSTEES' REPORT (*continued*)

---

### OBJECTIVES AND ACTIVITIES (*continued*)

been working to develop a site that we own on Bristol harbourside to provide new office accommodation, with the goal of minimising our office costs in future.

#### **Plans for the coming year**

- Refresh our public brand communication to ensure we can increase engagement from our supporters;
- Diversify our funding base, and increase core funding;
- Proactive media outreach will be embedded in all programmes and for Soil Association Scotland;
- Embed our wider values in culture and performance management systems.

### FINANCIAL REVIEW

2012/13 saw the charity make a significant step forward to achieving its reserves policy by increasing its unrestricted reserves by £211,000 despite continuing difficult economic conditions. Both income and costs fell significantly from the previous year, but the major reason for these falls was the ending of the first stage of the FFLP project. Other income streams showed a significant increase from the previous year, accounting for the improved results overall.

#### **Consolidated Statement of Financial Activities ('CSOFA')**

##### **Total Group Funds**

The Group achieved a surplus of £558,000 in total funds in the year, compared with a deficit of £63,000 in the previous year. The overall surplus comprised a surplus of £211,000 in unrestricted funds and a surplus of £347,000 in restricted funds. Total Group funds as at 31 March 2013 were £4,967,000.

However, it is very important to note that the surplus in restricted funds arises from a requirement of The Charities Statement of Recommended Practice which governs the way charity accounts are presented. This requirement is to include grants received without pre-conditions in the Statement of Financial Activities on receipt, even though the related expenditure may not have been incurred by the year end, rather than treat the income as deferred income in the balance sheet, to be transferred to the Statement of Financial Activities as the expenditure is incurred. The schedule on page 38 shows that the group would have had an overall surplus of £166,000 in the year if the latter treatment had been adopted, £392,000 less than presented in these accounts. It is important to note that the Group's accounts are likely to be impacted every year in this way, with restricted revenue and costs not being matched.

As expected the organic market began to stabilise during the year, with a 1.5% decline in the organic market compared to a 3.8% decline the previous year. Our trading subsidiary Soil Association Certification Limited ('Certification') expects that this improvement in the organic market will continue and it will eventually turn to growth, although the exact timing remains unclear.

##### **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 £88,000 from the previous year to £5,838,000. This fall comprised mainly a reduction of £67,000 in legacy income and a reduction in Certification income of £38,000. These reductions were mitigated by increases in donations and gifts and membership income of £25,000 and £22,000 respectively.

# The Soil Association Limited

## TRUSTEES' REPORT (*continued*)

---

### FINANCIAL REVIEW (*continued*)

Restricted income fell by £854,000 to £3,085,000, primarily due to a £1,448,000 reduction in income in the FFLP project funded by the BIG Lottery Fund ('BLF') as the first stage of the project came to an end in March 2012. Continuity funding was agreed that took the project through to the end of this year and further funding has been agreed with BLF and other funders to continue the project. The new funding from BLF amounts to £3.6m to support the development of the FFLP project for two years from July 2013. Restricted income also included an increase in grants receivable of £404,000 in the year, partly reflecting new funding successes such as:

- 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;
- Esmée Fairbairn Foundation - to develop a UK wide sustainable food cities programme;
- European Union (Interreg) 'DEAL' project - to facilitate the interface between supply and demand for food at the local level to promote economic development;
- Scottish Government and European Agricultural Fund for Rural Development - to support Food for Life Scotland and uptake of the Food for Life Catering Mark; and
- Scottish Government, Highlands & Islands Enterprise and Heritage Lottery Fund for Crofting Connections - to involve children and young people in learning about their food and farming heritage.

We have also included a new income stream this year, contract income receivable, where the group is using its expertise in FFL to enter into contracts with local authorities to develop such schemes in their areas. We believe that this will be an area of growth in the next few years.

### **Resources Expended**

The classification of group activities in these accounts has changed from the previous year in order to reflect the charity's four focus areas as outlined in our organisational strategy document, 'The Road to 2020' launched in early 2012. The comparative figures have been restated accordingly.

Group unrestricted expenditure decreased by £244,000 to £5,632,000 and Group restricted expenditure fell by £1,313,000 to £2,738,000. The main cost categories were fundraising, facing the future, good food for all, FFLP, enabling change and building our organisation.

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

- Facing the future: Rose by £388,000 due to the commencement of a major project in April 2012;
- Food for Life costs: Fell by £1,598,000 to £837,000 as the first phase of the project ended in March 2012.
- Communications costs: Fell by £170,000 to £563,000 due to reductions in staff costs; and
- National Centre costs: Decreased by £232,000 to £Nil following receipt of planning permission.

### **Group Balance Sheet, Reserves Policy and Cashflow Statement**

Total funds increased from £4,409,000 to £4,967,000 due to the surplus made in the year. The increase in unrestricted reserves of £211,000 moves the Group closer to the reserves policy of The Soil Association which is to cover three months' payroll costs and six months' rent and service charges with free unrestricted reserves (excluding certain fixed assets).

Cash balances increased by £287,000 to £1,906,000 in the year due mainly to a net cash inflow from operating activities of £429,000 offset by a repayment by the Land Trust of a £130,000 loan.

# The Soil Association Limited

## TRUSTEES' REPORT *(continued)*

---

FINANCIAL REVIEW *(continued)*

### **Investments Policy & Performance**

Under the Memorandum and Articles of Association, the charity has the power to make any investment that the Board of Trustees sees fit. The investment assets are performing in line with expectations.

### **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 18 July 2013 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 2013 on pages 15 to 36. 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 2013; 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).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE SOIL ASSOCIATION LIMITED (*continued*)

---

**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:

*14/08/13*

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 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Restated</i> Total funds 2012 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income:					
Donations and gifts		383,081	2,072	385,153	403,462
Legacies	2	11,971	-	11,971	79,180
Membership		902,669	-	902,669	880,584
Activities for generating funds:					
Mail order sales		45,778	-	45,778	50,886
Other		58,402	-	58,402	50,406
Investment income:					
Interest receivable		13,389	-	13,389	3,483
		<u>1,415,290</u>	<u>2,072</u>	<u>1,417,362</u>	<u>1,468,001</u>
Incoming resources from charitable activities					
Grants receivable		4,445	1,861,831	1,866,276	1,430,584
Contract income receivable		-	233,316	233,316	51,459
Food for Life		-	987,528	987,528	2,435,159
Certification income		4,281,899	-	4,281,899	4,319,909
Income from activities		135,980	-	135,980	160,589
		<u>4,422,324</u>	<u>3,082,675</u>	<u>7,504,999</u>	<u>8,397,700</u>
Total incoming resources		<u>5,837,614</u>	<u>3,084,747</u>	<u>8,922,361</u>	<u>9,865,701</u>
<b>RESOURCES EXPENDED</b>					
Cost of generating funds					
Cost of generating voluntary income:					
Fund raising		461,654	39,411	501,065	475,497
Mail order costs		51,819	-	51,819	45,151
		<u>513,473</u>	<u>39,411</u>	<u>552,884</u>	<u>520,648</u>
Charitable activities					
Facing the future		534,325	868,919	1,403,244	1,015,047
Good food for all		365,056	967,502	1,332,558	1,311,092
Food for Life		-	837,245	837,245	2,435,159
Enabling change:					
Certification costs		3,625,423	-	3,625,423	3,639,335
Other		-	24,800	24,800	-
Communications and campaigns		563,154	-	563,154	732,770
National Centre		-	-	-	232,364
		<u>5,087,957</u>	<u>2,698,466</u>	<u>7,786,424</u>	<u>9,365,767</u>
Governance costs		30,484	-	30,484	40,498
		<u>5,118,442</u>	<u>2,698,466</u>	<u>7,816,908</u>	<u>9,406,265</u>
Total resources expended	4	<u>5,631,915</u>	<u>2,737,877</u>	<u>8,369,792</u>	<u>9,926,913</u>

# The Soil Association Limited

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account) (*continued*)

for the year ended 31 March 2013

---

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Net incoming/(outgoing) resources before other recognised gains and losses		205,699	346,870	552,569	(61,212)
Net gain/(loss) on investment assets	12	5,298	-	5,298	(1,434)
Net movement in funds		<u>210,997</u>	<u>346,870</u>	<u>557,867</u>	<u>(62,646)</u>
Total funds brought forward		<u>1,934,405</u>	<u>2,474,949</u>	<u>4,409,354</u>	<u>4,472,000</u>
Total funds carried forward	17	<u><u>2,145,402</u></u>	<u><u>2,821,819</u></u>	<u><u>4,967,221</u></u>	<u><u>4,409,354</u></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 22 to 36 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 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Restated</i> Total funds 2012 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income:					
Donations and gifts		383,081	-	383,081	399,054
Legacies	2	11,971	-	11,971	79,180
Membership		902,669	-	902,669	880,584
Activities for generating funds:					
Licence fee income		552,833	-	552,833	550,666
Other		58,402	-	58,402	50,406
Investment income:					
Gift aid from subsidiaries		163,344	-	163,344	166,030
Interest receivable		13,389	-	13,389	3,483
		<u>2,085,689</u>	<u>-</u>	<u>2,085,689</u>	<u>2,129,403</u>
Incoming resources from charitable activities					
Grants receivable		4,445	1,861,831	1,866,276	1,430,584
Contract income receivable		-	233,316	233,316	51,459
Food for Life		-	987,528	987,528	2,435,159
Income from activities		36,437	-	36,437	48,545
		<u>40,882</u>	<u>3,082,675</u>	<u>3,123,557</u>	<u>3,965,747</u>
<b>Total incoming resources</b>		<u><u>2,126,571</u></u>	<u><u>3,082,675</u></u>	<u><u>5,209,246</u></u>	<u><u>6,095,150</u></u>
<b>RESOURCES EXPENDED</b>					
Cost of generating funds					
Cost of generating voluntary income:					
Fund raising		460,239	39,411	499,650	475,353
		<u>460,239</u>	<u>39,411</u>	<u>499,650</u>	<u>475,353</u>
Charitable activities					
Facing the future		505,267	868,919	1,374,186	980,321
Good food for all		350,661	924,300	1,274,961	1,263,915
Food for Life		-	837,245	837,245	2,435,159
Enabling change:					
Other		-	24,800	24,800	-
Communications and campaigns		552,317	-	552,317	712,137
National Centre		-	-	-	232,364
		<u>1,408,245</u>	<u>2,655,264</u>	<u>4,063,509</u>	<u>5,623,896</u>
Governance costs		27,960	-	27,960	38,923
		<u>1,436,205</u>	<u>2,655,264</u>	<u>4,091,469</u>	<u>5,622,819</u>
<b>Total resources expended</b>	4	<u><u>1,896,444</u></u>	<u><u>2,694,675</u></u>	<u><u>4,591,119</u></u>	<u><u>6,138,172</u></u>

**The Soil Association Limited**  
**CHARITY STATEMENT OF FINANCIAL ACTIVITIES**  
 (incorporating an income and expenditure account) *(continued)*  
 for the year ended 31 March 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Total 2013 £	Total 2012 £
Net incoming/(outgoing) resources before other recognised gains and losses		230,127	388,000	618,127	(43,022)
Net gain/(loss) on investment assets	12	5,298	-	5,298	(1,434)
Net movement in funds		235,425	388,000	623,425	(44,456)
Total funds brought forward		1,891,753	48,111	1,939,864	1,984,320
Total funds carried forward	17	2,127,178	436,111	2,563,289	1,939,864

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 22 to 36 are an integral part of the consolidated financial statements.

# The Soil Association Limited

## GROUP BALANCE SHEET

As at 31 March 2013

	Note	2013 £	2013 £	2012 £	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	9		3,964,958		3,961,070
<b>CURRENT ASSETS</b>					
Stocks	10	16,008		12,334	
Debtors	11	1,956,942		1,502,255	
Investments	12	58,768		47,311	
Cash at bank and in hand		1,905,591		1,618,308	
			<u>3,937,309</u>	<u>3,180,208</u>	
CREDITORS: Amounts falling due within one year	13	(2,934,896)		(2,731,774)	
<b>NET CURRENT ASSETS</b>			<u>1,002,413</u>		<u>448,434</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,967,371</u>		<u>4,409,504</u>
CREDITORS: Amounts falling due after more than one year	14		(150)		(150)
<b>NET ASSETS</b>			<u><u>4,967,221</u></u>		<u><u>4,409,354</u></u>
<b>FUNDS AND RESERVES</b>					
Unrestricted funds	17		2,145,402		1,934,405
Restricted funds	17		2,821,819		2,474,949
<b>TOTAL FUNDS</b>	17		<u><u>4,967,221</u></u>		<u><u>4,409,354</u></u>

The accompanying notes on pages 22 to 36 are an integral part of the consolidated financial statements.

These financial statements were approved by the Council of Trustees on 18 July 2013 and signed on their behalf by:

**O NiChionna**  
Chair



**D Overton**  
Vice Chair



# The Soil Association Limited

## CHARITY BALANCE SHEET

As at 31 March 2013

	Note	2013 £	2013 £	2012 £	2012 £
<b>FIXED ASSETS</b>					
Investments	8		105		105
Tangible assets	9		1,607,327		1,609,899
			<u>1,607,432</u>		<u>1,610,004</u>
<b>CURRENT ASSETS</b>					
Stock	10	-		600	
Debtors	11	1,062,437		865,845	
Investments	12	58,768		47,311	
Cash at bank and in hand		1,424,734		910,037	
		<u>2,545,939</u>		<u>1,823,793</u>	
CREDITORS: Amounts falling due within one year	13	(1,589,932)		(1,493,783)	
<b>NET CURRENT ASSETS</b>			<u>956,007</u>		<u>330,010</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,563,439</u>		<u>1,940,014</u>
CREDITORS: Amounts falling due after more than one year	14		(150)		(150)
<b>NET ASSETS</b>			<u><u>2,563,289</u></u>		<u><u>1,939,864</u></u>
<b>FUNDS AND RESERVES</b>					
Unrestricted funds	17		2,127,178		1,891,753
Restricted funds	17		436,111		48,111
<b>TOTAL FUNDS</b>	17		<u><u>2,563,289</u></u>		<u><u>1,939,864</u></u>

The accompanying notes on pages 22 to 36 are an integral part of the consolidated financial statements.

These financial statements were approved by the Council of Trustees on 2013 and signed on their behalf by:

**O NiChionna**  
Chair



**D Overton**  
Vice Chair



**The Soil Association Limited**  
**GROUP CASHFLOW STATEMENT**  
for the year ended 31 March 2013

---

	Note	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	18	428,573	(242,499)
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets		(11,290)	(13,918)
Repayment of borrowings		(130,000)	-
Proceeds disposal of tangible fixed assets		-	241,624
Increase/(decrease) in cash in the year	18	<u>287,283</u>	<u>(14,793)</u>

The accompanying notes on pages 22 to 36 are an integral part of the consolidated financial statements.

**The Soil Association Limited**  
**CHARITY CASHFLOW STATEMENT**  
for the year ended 31 March 2013

---

	Note	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	18	518,177	(167,950)
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets		(3,480)	(12,441)
Increase/(decrease) in cash in the year	18	<u>514,697</u>	<u>(180,391)</u>

The accompanying notes on pages 22 to 36 are an integral part of the consolidated financial statements.

# The Soil Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

---

### 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 are generally recognised upon receipt. However, where grants are related to performance and specific deliverables, they are accounted for as the charity earns the right to consideration by its performance. Where such 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

for the year ended 31 March 2013

---

### 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.

The resources expended as disclosed in the Statement of Financial Activities has been restated from the previous period to better reflect how the organisation operates. This has resulted in new headings for costs of charitable activities. Costs have been allocated to these new headings resulting in presentational differences with the previous period but overall there has been no change to the total resources expended.

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

No depreciation is charged on freehold land and buildings as the lives of the properties are considered to be indefinite and residual values to be high enough to ensure that there is no significant annual depreciation. An annual review is made to establish any permanent diminution in the value of the properties.

#### 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.

# The Soil Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2013

---

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

##### 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.

##### 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

No accruals for legacies not received by 31 March 2013 (2012: £33,000) have been included in the financial statements. There is one legacy which we have been notified of prior to the year end which does not meet the recognition criteria as set out in the SORP. The estimate of this legacy income is £270,000.

#### 3. STAFF NUMBERS AND COSTS

##### *Group*

The average number of employees during the year was:	2013 No.	2012 No.
Direct charitable	160	177
Fund raising and mail order	4	5
Governance	-	-
	<u>164</u>	<u>182</u>

**The Soil Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2013

3. STAFF NUMBERS AND COSTS (*continued*)

	2013	2012
	£	£
The aggregate payroll costs were as follows:		
Wages and salaries	4,614,380	4,859,822
Social security costs	413,106	465,890
Pension costs	156,948	159,789
	<u>5,184,434</u>	<u>5,485,501</u>

*Charity*

	2013	2012
	No.	No.
The average number of employees during the year was:		
Direct charitable	80	93
Fundraising	4	5
Governance	-	-
	<u>84</u>	<u>98</u>

	2013	2012
	£	£
The aggregate payroll costs were as follows:		
Wages and salaries	2,624,528	2,904,724
Social security costs	217,006	271,097
Pension costs	79,934	87,811
	<u>2,921,468</u>	<u>3,263,632</u>

	<i>Group</i>	<i>Group</i>	<i>Charity</i>	<i>Charity</i>
	2013	2012	2013	2012
	£	£	£	£
Amounts outstanding at the year end in relation				
To the defined contribution pension schemes	<u>23,775</u>	<u>23,266</u>	<u>12,330</u>	<u>12,064</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>	<i>Group</i>	<i>Charity</i>	<i>Charity</i>
	2013	2012	2013	2012
£60,001 to £70,000	2	1	2	1
£70,001 to £80,000	1	1	1	1
£80,001 to £90,000	1	2	-	1
£90,001 to £100,000	1	-	1	-
£100,001 to £110,000	-	1	-	1
	<u>5</u>	<u>5</u>	<u>4</u>	<u>4</u>
	<i>Group</i>	<i>Group</i>	<i>Charity</i>	<i>Charity</i>
	2013	2012	2013	2012
	£	£	£	£
Contributions to defined contribution pension schemes				
for the above higher paid staff amounted to	<u>19,386</u>	<u>20,747</u>	<u>15,334</u>	<u>16,747</u>

**The Soil Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2013

4. NET INCOMING RESOURCES AND TOTAL RESOURCES EXPENDED

<i>Group</i>	Support	Direct	Total	<i>Restated</i>
	costs	costs	2013	Total
	£	£	£	£
Fund raising	63,193	437,872	501,065	475,497
Mail order costs	-	51,819	51,819	45,151
Facing the future	159,451	1,243,793	1,403,244	1,015,047
Good Food for all	114,318	1,218,240	1,332,558	1,311,092
Food for Life	-	837,245	837,245	2,435,159
Certification costs	-	3,625,423	3,625,423	3,639,335
Enabling change – other	-	24,800	24,800	-
Communications and campaigns	62,878	500,276	563,154	732,770
Governance costs	-	30,484	30,484	40,498
National Centre	-	-	-	232,364
	<u>399,840</u>	<u>7,969,952</u>	<u>8,369,792</u>	<u>9,926,913</u>

<i>Charity</i>	Support	Direct	Total	<i>Restated</i>
	costs	costs	2013	Total
	£	£	£	£
Fund raising	63,193	437,457	499,650	475,353
Facing the future	159,451	1,214,735	1,374,186	980,321
Good Food for all	114,318	1,160,643	1,274,961	1,263,915
Food for Life	-	837,245	837,245	2,435,159
Enabling change	-	24,800	24,800	-
Communications and campaigns	62,878	489,439	552,317	712,137
Governance costs	-	27,960	27,960	38,923
National Centre	-	-	-	232,364
	<u>399,840</u>	<u>4,191,279</u>	<u>4,591,119</u>	<u>6,138,172</u>

<i>Group</i>	2013	2012
	£	£
Net incoming resources before transfers is stated after charging the following:		
Auditor's remuneration for audit of the parent charity financial statements and consolidation	7,700	7,740
Auditor's remuneration for audit of subsidiary undertakings	11,200	11,760
Auditor's remuneration for other services	8,882	13,700
Profit on disposal of fixed assets	-	41,624
Depreciation of owned assets	7,402	49,692
Operating lease rentals - land and buildings	266,308	236,873
Operating lease rentals - other	99,199	108,710
	<u>399,840</u>	<u>6,138,172</u>

<i>Charity</i>	2013	2012
	£	£
Net incoming resources before transfers is stated after charging the following:		
Auditor's remuneration for audit of the parent charity financial statements	7,700	7,740
Auditor's remuneration for other services	850	13,700
Depreciation of owned assets	6,052	49,692
Operating lease rentals - land and buildings	266,308	236,873
	<u>399,840</u>	<u>6,138,172</u>

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**  
for the year ended 31 March 2013

---

5. SUPPORT COSTS

*Group and Charity*

	Human resources £	Office mgmt £	Premises £	Finance and legal £	IT £	Total £
Cost of generating voluntary income:						
Fund raising	15,052	18,994	23,047	(24,001)	30,100	63,193
Charitable activities:						
Facing the future	37,363	47,146	57,208	(59,577)	77,312	159,451
Good food for all	27,231	34,361	41,694	(43,421)	54,453	114,318
Communications	14,978	18,899	22,933	(23,882)	29,950	62,878
<b>Total support costs</b>	<b>94,624</b>	<b>119,400</b>	<b>144,882</b>	<b>(150,881)</b>	<b>191,815</b>	<b>399,840</b>

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.

6. TRUSTEES' REMUNERATION

*Group and Charity*

The trustees neither received nor waived any emoluments during the year (2012: £nil). Out of pocket expenses were reimbursed to 14 trustees (2012: 11) as follows:

	2013 £	2012 £
Travel	5,002	6,364

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).

8. FIXED ASSET INVESTMENTS

*Group*

The group had no fixed asset investments at the balance sheet date (2012: £nil).

# The Soil Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2013

#### 8. FIXED ASSET INVESTMENTS (continued)

##### 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 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 2013 £	Total 2012 £
Profit and loss account/Statement of financial activities						
Donations				7,640	7,640	8,552
Income from sales	15,728	4,142,028	145,322	13,284	4,316,362	4,414,756
Grants receivable	-	124,143	-	-	-	124,142
Turnover	15,728	4,266,171	145,322	20,924	4,448,148	4,547,450
Cost of sales	(4,400)	(1,995,909)	(66,998)	(65,240)	(2,132,547)	(2,197,278)
Gross profit	11,328	2,270,262	78,324	(44,316)	2,315,547	2,350,172
Administration	(16,347)	(2,164,582)	(43,052)	-	(2,223,981)	(2,198,389)
Interest receivable	19	2,963	-	3,186	6,168	202
Gift aid to The S A Ltd	-	(128,072)	(35,272)	-	(163,344)	(162,215)
Net loss	(5,000)	(19,429)	-	(41,130)	(65,559)	(10,230)
Retained in subsidiaries	(5,000)	(19,429)	-	(41,130)	(65,559)	(10,230)
Balance sheet						
Fixed assets	-	821	-	2,356,810	2,357,631	2,351,173
Current assets	8,267	1,653,216	56,556	52,176	1,756,225	1,908,961
Current liabilities	(8,266)	(1,648,760)	(43,506)	(23,278)	(1,685,391)	(1,786,724)
Net assets	1	5,277	13,050	2,385,708	2,428,465	2,473,410

**The Soil Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2013

9. TANGIBLE FIXED ASSETS

<i>Group</i>	Freehold	Leasehold	Farm mach, office equipment and software	Total
	land	improvements		
	£	£	£	£
Cost				
At 1 April 2012	4,349,000	270,719	645,997	5,265,716
Additions	7,810	-	3,480	11,290
Disposals	-	-	-	-
At 31 March 2013	4,356,810	270,719	649,477	5,277,006
Depreciation				
At 1 April 2012	404,000	262,006	638,640	1,304,646
Charge for year	-	1,867	5,535	7,402
Disposals	-	-	-	-
At 31 March 2013	404,000	263,873	644,175	1,312,048
Net book value				
At 31 March 2013	3,952,810	6,846	5,302	3,964,958
At 31 March 2012	3,945,000	8,713	7,357	3,961,070

*Charity*

	Freehold	Leasehold	Office equipment and software	Total
	land	improvements		
	£	£	£	£
Cost				
At 1 April 2012	2,000,000	270,719	558,865	2,829,584
Additions	-	-	3,480	3,480
At 31 March 2013	2,000,000	270,719	562,345	2,833,064
Depreciation				
At 1 April 2012	404,000	262,006	553,679	1,219,685
Charge for year	-	1,867	4,185	6,052
At 31 March 2013	404,000	263,873	557,864	1,225,737
Net book value				
At 31 March 2013	1,596,000	6,846	4,481	1,607,327
At 31 March 2012	1,596,000	8,713	5,186	1,609,899

10. STOCKS

	Group 2013 £	Group 2012 £	Charity 2013 £	Charity 2012 £
Books and packaging	16,008	12,334	-	600

**The Soil Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2013

---

11. DEBTORS

	Group 2013 £	Group 2012 £	Charity 2013 £	Charity 2012 £
Trade debtors	1,341,335	998,860	355,470	152,200
Amounts owed by subsidiaries	-	-	352,485	375,990
Prepayments and accrued income	615,607	503,395	354,482	337,655
	<u>1,956,942</u>	<u>1,502,255</u>	<u>1,062,437</u>	<u>865,845</u>

12. CURRENT ASSET INVESTMENTS

<i>Group and Charity</i>	2013 £	2012 £
Market value at start of year	47,311	48,745
Additions in year	6,159	-
Revaluation	5,298	(1,434)
Market value at end of year	<u>58,768</u>	<u>47,311</u>
	2013 £	2012 £
Historic cost at 31 March	<u>19,045</u>	<u>12,886</u>
	2013 £	2012 £
Unrealised gains at 31 March	<u>39,723</u>	<u>34,425</u>

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 2013. The above relate to listed investments which have no restrictions imposed upon them.

The Soil Association Limited  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 March 2013

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>Group</i> 2013 £	<i>Group</i> 2012 £	<i>Charity</i> 2013 £	<i>Charity</i> 2012 £
Other loan	-	130,000	-	-
Trade creditors	388,912	283,154	277,486	199,026
Amounts owed to subsidiaries	-	-	12,144	157,779
Other taxes and social security	329,228	329,835	73,092	72,763
Other creditors	204,944	187,022	89,662	62,159
Accruals	161,038	166,235	148,773	160,180
Deferred income	1,850,774	1,592,179	988,775	798,527
Deferred income - Big Lottery Fund - FFL	-	43,349	-	43,349
	<u>2,934,896</u>	<u>2,731,774</u>	<u>1,589,932</u>	<u>1,493,783</u>

	<i>Group</i> 2013 £	<i>Charity</i> 2013 £
Deferred income at 1 April 2012	1,635,528	841,876
Resources deferred in the year	3,710,966	2,958,736
Amounts released from previous years	(3,495,720)	(2,811,837)
Deferred income at 31 March 2013	<u>1,850,774</u>	<u>988,775</u>

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

	<i>Group</i> 2013 £	<i>Group</i> 2012 £	<i>Charity</i> 2013 £	<i>Charity</i> 2012 £
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:

	2013 £	2012 £
--	-----------	-----------

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:

	2013 £	2012 £
--	-----------	-----------

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**  
for the year ended 31 March 2013

---

15. CONTINGENT LIABILITIES

*Group and Charity*

The Harbourside property received planning permission last 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:

<i>Group</i>	2013	2013	2012	2012
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date:				
- within one year	17,640	6,236	17,640	63,786
- between two and five years	257,892	89,738	257,892	4,940
	<u>275,532</u>	<u>93,586</u>	<u>275,532</u>	<u>68,726</u>
	<u><u>275,532</u></u>	<u><u>93,586</u></u>	<u><u>275,532</u></u>	<u><u>68,726</u></u>
 <i>Charity</i>				
Expiry date:				
- within one year	17,640	-	17,640	-
- between two and five years	257,892	-	257,892	-
	<u>275,532</u>	<u>-</u>	<u>275,532</u>	<u>-</u>
	<u><u>275,532</u></u>	<u><u>-</u></u>	<u><u>275,532</u></u>	<u><u>-</u></u>

The Soil Association Limited  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2013

17. TOTAL FUNDS

<i>Group</i>	Balance at 1 April 2012	Incoming resources £	Resources expended £	Realised and unrealised gains and taxation £	Balance at 1 March 2013 £
Charitable funds	1,896,801	5,733,434	(5,580,096)	5,298	2,055,437
Non-charitable funds	37,604	104,180	(51,819)	-	89,965
<b>Unrestricted funds</b>	<b>1,934,405</b>	<b>5,837,614</b>	<b>(5,631,915)</b>	<b>5,298</b>	<b>2,145,402</b>
Land Trust	2,426,838	2,072	(43,202)	-	2,385,708
Fundraising	-	39,411	(39,411)	-	-
Facing the future	1,134	1,110,747	(868,919)	-	242,962
Good food for all	44,638	920,189	(924,300)	-	40,527
Food for Life	-	987,528	(837,245)	-	150,283
Enabling change – other	-	24,800	(24,800)	-	-
Dougal Campbell	2,339	-	-	-	2,339
<b>Restricted funds</b>	<b>2,474,949</b>	<b>3,084,747</b>	<b>(2,737,877)</b>	<b>-</b>	<b>2,821,819</b>
<b>Total funds</b>	<b>4,409,354</b>	<b>8,922,361</b>	<b>(8,369,792)</b>	<b>5,298</b>	<b>4,967,221</b>

  

<i>Charity</i>	Balance at 1 April 2012	Incoming resources £	Resources expended £	Realised and unrealised gains and taxation £	Balance at 31 March 2013 £
<b>Unrestricted funds</b>	1,891,753	2,126,571	(1,896,444)	5,298	2,127,178
<b>Restricted funds</b>	48,111	3,082,675	(2,694,675)	-	436,111
<b>Total funds</b>	<b>1,939,864</b>	<b>5,209,246</b>	<b>(4,591,119)</b>	<b>5,298</b>	<b>2,563,289</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.

*Fundraising*

This fund from the Esmée Fairbairn Foundation is to expand the level of membership and supporters.

*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 5 year (2010-2015) 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 species (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.

# The Soil Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2013

---

#### 17. TOTAL FUNDS (continued)

##### *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 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;

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.

##### *Enabling change*

This fund, from Global Organics Textiles Standards is for running a campaign to promote organic cotton.

##### *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.

#### NET ASSETS BY FUND

<i>Group</i>	Fixed assets	Net current	Long-term	Total
	£	assets £	creditors £	2013 £
Unrestricted funds	1,608,148	537,404	(150)	2,145,402
Restricted funds	2,356,810	465,009	-	2,821,819
<b>Total group funds</b>	<b>3,964,958</b>	<b>1,002,413</b>	<b>(150)</b>	<b>4,967,221</b>

  

<i>Charity</i>	Fixed assets	Net current	Long-term	Total
	£	assets £	creditors £	2013 £
Unrestricted funds	1,607,432	519,896	(150)	2,127,178
Restricted funds	-	436,111	-	436,111
<b>Total group funds</b>	<b>1,607,432</b>	<b>956,007</b>	<b>(150)</b>	<b>2,563,289</b>

**The Soil Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2013

---

18. CASH FLOW INFORMATION

*Group*

Reconciliation of changes in resources to net cash inflow from operating activities	2013 £	2012 £
Net incoming/(outgoing) resources	552,569	(61,212)
Depreciation	7,402	51,146
Profit on disposal of fixed assets	-	(41,624)
Increase in investments	(6,159)	-
Increase in stocks	(3,674)	(1,272)
(Increase)/decrease in debtors	(454,687)	177,921
Increase/(decrease) in creditors	333,122	(367,458)
Net cash inflow/(outflow) from operating activities	<u>428,573</u>	<u>(242,499)</u>

Reconciliation of net cash flow to movement in net funds	2013 £	2012 £
Increase/(decrease) in cash in the year	287,283	(14,793)
Repayment of borrowings	130,000	-
Movement in net funds in the year	<u>417,283</u>	<u>(14,793)</u>
Net funds at the beginning of year	1,488,158	1,502,951
Net funds at the end of year	<u>1,905,441</u>	<u>1,488,158</u>

Analysis of net funds	At 1 April 2012 £	Cash flow £	At 31 March 2013 £
Cash at bank and in hand	1,618,308	287,283	1,905,591
Debt due within one year	(130,000)	130,000	-
Debt due after one year	(150)	-	(150)
	<u>1,488,158</u>	<u>417,283</u>	<u>1,905,441</u>

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	2013 £	2012 £
Net incoming/(outgoing) resources	618,127	(43,022)
Depreciation	6,052	49,692
Increase in investments	(6,159)	-
Decrease/(increase) in stocks	600	(600)
(Increase)/decrease in debtors	(196,592)	23,389
Increase/(decrease) in creditors	96,149	(197,409)
Net cash inflow/(outflow) from operating activities	<u>518,177</u>	<u>(167,950)</u>

**The Soil Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2013

---

18. CASH FLOW INFORMATION (*continued*)

*Charity (continued)*

Reconciliation of net cash flow to movement in net funds	2013 £	2012 £
Increase/(decrease) in cash in the year	514,697	(180,391)
Repayment of borrowings	-	-
	<hr/>	<hr/>
Movement in net funds in the year	514,697	(180,391)
Net funds at beginning of year	909,887	1,090,278
	<hr/>	<hr/>
Net funds at end of year	<u>1,424,584</u>	<u>909,887</u>

Analysis of net funds	At 1 April 2012 £	Cash flow £	At 31 March 2013 £
Cash at bank and in hand	910,037	514,697	1,424,734
Debt due within one year	-	-	-
Debt due after one year	(150)	-	(150)
	<hr/>	<hr/>	<hr/>
	<u>909,887</u>	<u>514,697</u>	<u>1,424,584</u>

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 2013 on sales made were £13,612 (2012: £420). Amounts outstanding on purchases at 31 March 2013 were £211 (2012: £ 656).

	2013 £	2012 £
Purchases from Council members	11,652	10,620
Sales to Council members	17,099	-
Subsidiary company sales to Council members	41,007	120,280
Subsidiary company purchases from Council members	-	7,800
	<hr/>	<hr/>

**The Soil Association Limited**  
SUPPLEMENTARY INFORMATION  
for the year ended 31 March 2013

---

The following page does not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 13 and 14.

**The Soil Association Limited**  
**SUPPLEMENTARY INFORMATION**  
for the year ended 31 March 2013

---

ALTERNATIVE PRESENTATION OF GROUP RESULTS FOR THE YEAR

As explained in the financial review section of the Trustees' Report, this schedule, which does not form part of the statutory financial statements, has been included to show the group results for the year if restricted income is only included in the Statement of Financial Activities when the relevant expenditure has been incurred. This is contrary to The Charities Statement of Recommended Practice which requires income to be recognised when receivable and expenditure to be recognised when incurred. This schedule shows that £392,000 of restricted costs will be incurred in future years on current projects without any matching revenue.

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Net movement in funds as per the CSOFA on page 16	210,997	346,870	557,867	(62,646)
Transfer of restricted income to deferred income in the balance sheet	-	(392,111)	(392,111)	-
Adjusted net movement in funds for the year	<u>210,997</u>	<u>(45,241)</u>	<u>165,756</u>	<u>(62,646)</u>