

The Soil Association Limited

The Soil Association Limited

TRUSTEES' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

for the year ended
31 March 2019

The Soil Association Limited

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The Soil Association Limited

REFERENCE AND ADMINISTRATIVE DETAILS

ROYAL PATRON

HRH The Prince of Wales

HONORARY VICE PRESIDENTS

Charlotte Mitchell
Jonathan Dimbleby
Trudie Styler

TRUSTEES

Gabriel Scally (Chair)
Graeme Matravers (Vice-Chair)
John Carson
Oliver Dowding
Isabel Oliver
Martin Nye
Rosemary Radcliffe
Thomas Bourne

Resigned

Rachel Martino	28 February 2019
Joanne Ingleby	30 October 2018

CHIEF EXECUTIVE

Helen Browning

CHIEF OPERATING OFFICER

Martin Dawson

COMPANY SECRETARY

Emma Hussey

GOVERNING DOCUMENT

Articles of Association

CONSTITUTION

Company limited by guarantee

REGISTERED OFFICE

Spear House
51 Victoria Street
Bristol
BS1 6AD

BANKERS

Triodos Bank
Deanery Road
Bristol
BS1 5AS

Lloyds Bank
Canons House
Canons Way
Bristol
BS99 7LB

SOLICITOR

Veale Wasbrough Vizards
Narrow Quay House
Narrow Quay
Bristol
BS1 1QA

AUDITOR

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

The Soil Association Limited

TRUSTEES' REPORT

The Trustees present their annual report and the consolidated audited financial statements of the Group for the year ended 31 March 2019.

REFERENCE AND ADMINISTRATIVE INFORMATION

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

STRUCTURE GOVERNANCE AND MANAGEMENT

Governance

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

The governing body of the Charity is the Board of Trustees, who are also the directors for the purposes of company law. The Board meets six times per year. The Board elects a Chair for a term up to three years, which may be renewed once.

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

Under the guidance of its Trustee Recruitment and Succession Committee, the Charity assesses the skills and experience it requires on the Board of Trustees and when vacancies arise candidates are sought who meet these requirements. The Charity advertises opportunities to join the Board of Trustees using a variety of methods including features in its members magazine, posting vacancies on its website and through the use of specialist trustee recruitment services. Applications received are reviewed by the Trustee Recruitment and Succession Committee and short-listed candidates are invited to meet with members of the Committee. The Committee will then recommended potential trustees to the Board, with the full Board responsible for making the appointments. An induction process exists for newly appointed trustees which includes meeting with senior managers of the Group to learn about its operation, attendance at a number of key committees and boards, as well as the opportunity to visit beneficiaries of the Charity and see our work on the ground.

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.

Key Committees and Boards

Trustee Recruitment and Succession Committee

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

Audit and Risk Committee

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

Remuneration Committee

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

Farmer and Grower Board

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

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRUCTURE GOVERNANCE AND MANAGEMENT *(continued)*

Standards Board

This advisory board consists of lay representatives and experts drawn from industry sectors in which the Soil Association operates. The Board is chaired by an independent lay member. The role of the Standards Board is to provide independent oversight of the integrity of the Soil Association's standards and to make recommendations for their improvement to the Board of Trustees.

Executive Team

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

Pay setting for key management personnel

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

Relationships with Group entities

The Charity operates the following wholly owned subsidiaries:

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

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

The Charity is sole member of the Soil Association Land Trust Limited, a separate charity. By virtue of this control Soil Association Land Trust is deemed to be a subsidiary of the Charity and is consolidated into the Group accounts.

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 Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRUCTURE GOVERNANCE AND MANAGEMENT *(continued)*

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware there is no relevant audit information of which the Charity's auditor is unaware and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

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

CHARITABLE OBJECTS

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

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

STRATEGIC REPORT

CHIEF EXECUTIVE'S FOREWORD

It has been an unpredictable year as the UK has prepared to withdraw from the EU. We've been working harder than ever to influence the development of a holistic UK farming policy that has public objectives such as animal welfare, human health, soils and the natural environment at its core. This has meant influencing Brexit and post Brexit planning whilst also keeping our work focused on the urgency of the global challenges, especially climate change and biodiversity loss, and the short ten-year window we have to transition to a much more sustainable way of farming that can address these challenges.

We have come a long way in 12 short months, with most of the eight themes we identified as vital for us to campaign on gaining traction with policy makers, as they determine the way forward for farming, food and land use outside of the EU.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

STRATEGIC REPORT *(continued)*

These eight themes are: organic farming, agroforestry, soils, animal welfare, farmer-led innovation, children's food, public procurement and hospitals as beacons of good food.

We hope that governments also heed our warnings on the very real threat that a no deal scenario would present to citizens and farmers. We're doing all we can to deliver certainty for our licensees and other food businesses in this period of change, in order that they can continue to deliver the wholesome produce which is vital for society's wellbeing, and the public goods which flow from good farming and forestry.

Research this year has confirmed what we've known for a long time; organic methods can feed the world. Significant studies, especially the IDDRI report 'Ten years to agro-ecology', have shown that we can feed a growing European population healthy and delicious food, while reducing climate impacts and reversing biodiversity declines. This important evidence gives us confidence to push even harder for a transition to sustainable agriculture – backed by government and citizen support.

We've raised the political profile of agroecological farming through calling for amendments to the Agriculture Bill and our influence continues to grow in policy circles. We've worked closely with Government departments and hosted Cabinet ministers, including Michael Gove, on visits to organic farms, showing them firsthand the benefits of these systems. We've begun to reap the rewards of our farmer-led Research & Development network, with Innovative Farmers, part of the Duchy Future Farming Programme, clearly influencing DEFRA's approach to publicly funded agricultural research.

Other successes include:

- Agroforestry moving further into mainstream thinking.
- With our partners, we have influenced further restrictions on pesticide use, and the European Union agreed to a ground-breaking ban on the use of medically important antibiotics in livestock.
- We've boosted public awareness of food and farming issues further through our campaigns and programmes.
- 'Out to Lunch' turned public attention to food at visitor attractions, stimulating them, with great success, to change their children's menus and 1.8 million meals are now served to our Food for Life standards in the UK every day.
- After a thorough 2-year review process, we launched our updated organic standards in April 2019, to help ensure that organic agriculture increases in impact and integrity.

Given that a shift to more sustainable production and consumption habits is so pressing, we have been thinking hard about our role in making this happen. We've merged our food and farming policy teams in order to deliver a more compelling narrative around the interconnectedness of food production and healthy diets. This team are now leading the development of a new organisational strategy due for publication later this year, to take our work forward to 2030.

Funding the scale of our work remains a challenge, but we've just had a huge boost with a £5million National Lottery grant to deliver our new Food for Life Get Togethers programme, bringing together generations through food, to mutual benefit. And we are determined to extend our reach to many more people, enabling them to engage with our mission in ways that are helpful and appropriate for them. To this end we have begun an exciting new stream of work looking to revolutionise the way we communicate with people as citizens rather than simply as consumers, inspiring them to join and help create a thriving organic movement.

To achieve our ambitions, the Soil Association needs to be in the best shape it can be – as proactive, efficient and forward-thinking as possible. So it was with huge excitement in May 2018 that we finally moved into a home of our own: "Spear House", the purchase made possible with generous support from the Spear Charitable Trust. The new building has allowed us to make many changes to how we work, both technological and cultural, encouraging collaboration and innovation.

And of course, none of our work would be possible without our brilliant staff. One especially special man was Peter Melchett, our Policy Director for 18 years, who died last August. We were privileged to work with him for so long and have established a memorial lecture in his name.

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TRUSTEES' REPORT (*continued*)

STRATEGIC REPORT (*continued*)

As we write, the year ahead promises to be another challenging and uncertain one, with no resolution in sight to Brexit. But with public consciousness rapidly shifting on issues such as climate, we believe that this is our time to be bold; we have so many of the solutions that the world needs, and is increasingly interested in. With the backing of our funders and members we will make the most of the opportunities that present themselves in the coming year and continue our work to secure a greener, healthier food, farming and forestry future.

REPORT AGAINST STRATEGY THEMES

Our 2012 organisational strategy, "Road to 2020", comprises two strategic themes that laid out our vision for the future: *Good food for all, produced with care for the natural world.*

These strategic themes are:

- Farming for the Future
- Good Food For All

Underpinning much of the work we do as a charity is our impact as a certifier. We also report against this activity here, along with how we are building our organisation to be as proactive, efficient and forward thinking as possible.

FARMING FOR THE FUTURE

Objectives and activities

Our vision is a thriving landscape, farmed in harmony with nature, providing good food and livelihoods. Organic farmers have pioneered progress towards this; we work with them and others to improve farming practice, share their learning, and bring more farmland into organic management.

We do this through: Innovative Farmers and the Rural Innovation Support Service (RISS) – our partnerships supporting farmer-led R&D; leading UK efforts, alongside partners and European research bodies, to improve organic and other sustainable farming practices, and running events to further the understanding of agroecological practices.

This practical work underpins our campaigns; we gather evidence and present it to policymakers to help inform agricultural policies that will last into the future. Notably, this year we called for support for agroecological farming to be included in the Agriculture Bill, showcased the benefits of agroforestry and the soil carbon impacts of different tillage practices. We have supported a DEFRA report ('The opportunities, barriers and constraints for the wider adoption of organic management techniques', September 2018) outlining the financial and environmental benefits of organic farming.

Impact

- By hosting one of DEFRA's Health and Harmony consultations we engaged 100 members of the farming community to influence future farming policy.
- After pushing for recognition of organic farming in the planned Environmental Land Management Scheme, we secured a DEFRA trial of a 'landscape scale approach' to organic farming, taking a holistic approach.
- As a founding partner of the Alliance to Save our Antibiotics, we kept up the pressure to reduce industry antibiotic use, resulting in the European Union agreeing to a ground-breaking ban on the preventative use of medically important antibiotics in livestock.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

REPORT AGAINST STRATEGY THEMES *(continued)*

- Through the Sustainable Soils Alliance, we contributed to the creation of an agreed set of soil health indicators, which were presented to DEFRA. This is the first time an agreed set of metrics for nationwide soil health has ever been formally requested.
- In line with the recommendations in our GM 2.0 briefing, the European Court of Justice has made gene-editing subject to the same risk-based regulatory regime as GMOs.
- We coordinate the DEFRA roundtable group on edible horticulture and co-chairing the new Fruit and Vegetables Roundtable provided a voice for UK growers in parliament.

This influence has drawn on evidence and experience from our work on the ground:

- Farmer-led research continues to be recognised as vital, with the Agriculture and Horticulture Development Board increasing funding for the Innovative Farmers programme over the next three years. The network has over 1,100 subscribers and supported 44 farmer-led field labs this year. In Scotland, we helped set up 25 Rural Innovation Support Service groups to help farmers, foresters and crofters find practical, sustainable solutions to everyday challenges.
- New initiatives to support on-farm research projects have been launched including the Rothamsted FARMINN programme, with Innovative Farmers on the steering group, and several European research projects with our involvement.
- More than 1,600 farmers engaged with Soil Association Scotland knowledge and skills programmes, with 88% adopting new management practices as a result, amounting to 830 square miles of farmland being managed more sustainably. Over 80% of attendees to Scottish events and workshops reported an increase in their knowledge, skills and confidence, with over 400 farmers who attended the Farming with Nature themed events undertaking projects to benefit wildlife and peatland.

Plans for the future

- Consolidating the UK governments' commitments to grow organic production, through recognising the public benefits that this brings, will be a key focus of our policy work.
- Building on evidence that agroecological farming can feed a growing population and support climate change mitigation, we will be showing how a transition to sustainable agriculture can work for food production, climate, wildlife and healthier diets.
- To evidence the benefits of organic, we aim to collect ever more data on antibiotic usage within the UK livestock sector and pushing for the UK to implement the EU ban on preventative use of antibiotics for livestock.
- To support farmers to adopt new farming practices that are designed to enhance functional agricultural biodiversity we launched the FAB Farmers programme, which will continue for four years.
- Launching our Landscape Leadership Lab in Scotland will enable us to work with land managers to make change at landscape scale – delivering environmental benefits across large areas of land.
- In Scotland, we will be exploring opportunities to develop our Farming with Nature work with a focus on the conservation of the natural heritage dependent on farmed landscapes.

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TRUSTEES' REPORT *(continued)*

REPORT AGAINST STRATEGY THEMES *(continued)*

GOOD FOOD FOR ALL

Objectives and activities

Our vision is a healthy, thriving population, buying, growing, cooking and eating good food. We'll achieve this by making good food the easy choice for everyone, whoever and wherever they are.

We are driving change through programmes that take a holistic approach to food, considering education and wellbeing, and utilising partnerships and public procurement to increase the availability of good food.

We take learnings from this work to the government to influence the development of policies that consider children and vulnerable communities, and to protect their right to access good food.

Key influencing activity this year included supporting MPs to lead a debate on the risks to food quality in the event of a 'no deal' Brexit and delivering a report on the state of children's diets, recommending more British, local and organic produce be included in the School Fruit and Veg Scheme.

Impact

- In 18/19 our Out to Lunch campaign improved one million meals offered to children at UK attractions, building on the 70 million improved since the campaign began. Legoland committed to introducing a portion of veg with every meal and the Science Museum opened the first fully vegetarian café at a major UK attraction.
- More than 30 local authorities have commissioned Food for Life programmes in England since 2012. Children in Food for Life schools and early years settings eat, cook and grow good food, improving their wellbeing and understanding of food production.
- The percentage of Food for Life enrolled settings actively working on their Food for Life Awards has been steadily increasing over the last 12 months. This is evidence of the fantastic work being done by schools and early years settings across the country to provide healthy meals, great lunchtimes and to deliver food education.
- Food for Life Served Here (FFLSH) has maintained its position as the recognised standard for quality and sustainability in school meals. In Scotland, 12 local authorities are serving a total of 18 million FFLSH standard school meals per year and celebrated their 100 millionth FFLSH school meal in December alongside Mairi Gougeon a Member of the Scottish Parliament.
- More organic ingredients are being used in food service than ever before. FFLSH's expansion means caterers in public settings are spending 20% more than last year on climate-friendly food, totaling £18 million.
- Six new cities enrolled with the Sustainable Food Cities (SFC) programme. 56 cities now benefit from healthy and sustainable food programmes tailored to their needs, with 17 achieving SFC awards and a "race" for the first ever Gold award.

Plans for the future

- We plan to improve public and school food by:
 - advocating for Ofsted to recognise a Healthy Rating Scheme for schools.
 - calling for a 'plant-based protein day' within the statutory School Food Standards, which as well as increasing fibre in children's diets, allows better sourced meat to be affordable for the rest of the week.
 - encouraging DEFRA to commit to a long-promised 'food strategy'.

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TRUSTEES' REPORT *(continued)*

REPORT AGAINST STRATEGY THEMES *(continued)*

- Our Out to Lunch league table will shine a spotlight on children's food on the high street, including supermarket cafes for the first time, to help make good food the norm in public places.
- We will provide more opportunities for Food for Life schools and nurseries to be funded through corporate sponsorship, supporting schools with challenging finances to join the network.
- Over the next three years, Food For Life Scotland will deliver FFLSH in new local authorities, thanks to £1.2million in funding from the Scottish Government. We will help award holders scale up to include more secondary schools and continue to facilitate links between local authorities and suppliers to put more Scottish food on school plates, with 5 councils participating in supply chain projects.
- Our Better Care pilot, aiming to help with isolation and improve the nutrition of older people, will be concluded with a national conference - sharing its impacts and reaching out to local authorities and care providers to get involved.
- By March 2020, our goal is to have 20 Bronze, 5 Silver and 2 Gold awarded Sustainable Food Cities.
- Our new National Lottery funded programme, Food For Life Get Togethers, will help scale up our intergenerational food activities and for the first time Food for Life will be working in all devolved nations in the UK.

CERTIFICATION – ENABLING CHANGE

Objectives and activities

Our vision is a market where organic food, farming and sustainable land use is the norm.

This is led and supported by high integrity assurance schemes and transparent supply chains, helping citizens to understand where the products they buy come from, how they are produced, and the wider impact that has. Enabling change through our certification business, we provide solutions to help achieve this and work to grow demand for organic and sustainably produced products.

Impact

- The organic market grew by over 5% this year - its seventh year of sustained growth. Around 85% of households bought something organic in 2018, and £45m a week is now spent on organic products.
- In Scotland, the number of Soil Association certified businesses increased by 3.2% and demand for organic continues to rise with licensees reporting growth of 2%. Soil Association Certification certified two of the first organic tea farms and sales of organic fresh produce and box schemes in Scotland are booming.
- In 2018, Soil Association certified textiles sales increased by 18% in the UK. Our organic textiles certification scheme – Global Organic Textiles Standard (GOTS) – provides sustainable alternatives to everyday textile products, to help businesses meet a growing demand for sustainable clothing.
- With the certified organic and natural beauty market in the UK at an all-time high more and bigger brands, including L'Oréal Garnier, are signing up to Soil Association COSMOS certification.
- The Soil Association organic symbol remains the most recognised organic symbol in the UK and, through our partnership with international certifier Ecocert, we now offer international certification to Soil Association standards, enabling change across the globe.
- We ran a trial of risk assessment software that allows licensees to assess the risks within their supply chains to help make sourcing decisions and build relationships with suppliers.

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TRUSTEES' REPORT *(continued)*

REPORT AGAINST STRATEGY THEMES *(continued)*

- In Forestry, our accreditation scopes have increased, and we are now able to accredit additional countries for Programme for the Endorsement of Forest Certification (PEFC) forest management. We delivered a series of Forest Stewardship Council (FSC) training programmes and courses around the world, to build capacity and promote the uptake of responsible management of forests.

Plans for the future

- We will continue to update our licensees on dialogues with DEFRA, the EU Commission and other Control Bodies on concerns surrounding trade post-Brexit. A key focus is ensuring that our certification schemes are ready for the transition and that we have the appropriate tools in place to provide the best support possible in these uncertain times.
- Leading supply chain projects to increase the supply of organic into retail, wholesale and food service is a cornerstone of our work. We're looking at developing innovative supply models to make organic more accessible.
- Through reports, seminars and webinars, we will continue talking to farmers about the benefits of converting to organic as the need for organic production in specific sectors increases.
- We will continue to grow the forestry certification business through international partnership work and developing our training and capacity building activities.
- Ensuring organic remains at the forefront of sustainability by providing support to licensees and sharing best practice and solutions to concerns around issues like plastics, palm oil and sugar.
- Plans for introducing technology to improve our certification processes and aid data sharing to support stronger and more visible supply chains will be delivered.

BUILDING THE ORGANISATION

Objectives and activities

Our vision is for a thriving and engaging organisation, financially secure and well governed.

To achieve our ambitions, the Soil Association needs to:

- Communicate widely, influencing a spectrum from policy makers and public authorities to private enterprises and citizens, encouraging and supporting them all to make more sustainable choices. We will do this by facilitating informed discussion, presenting compelling evidence and evaluating the impact of our work.
- Continue to nurture relationships with existing supporters, donors, grant funders and businesses that together provide the organisation with the means to deliver its aims. We will also seek to attract new supporters to our cause, growing our income to allow ever more to be achieved.
- Invest in our staff to ensure we can attract and retain a motivated and engaged workforce focused on delivering our strategy. Invest in new technology and improved ways of working to ensure we operate smartly and with customer focus. Invest in our organisational governance to ensure trustees and board members provide high quality support and scrutiny in respect of our strategic direction and delivery.
- Operate a resilient financial model, mitigating the risk of economic shocks by diversifying our income streams, exercising good financial management and holding an appropriate level of financial reserves.

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TRUSTEES' REPORT *(continued)*

REPORT AGAINST STRATEGY THEMES *(continued)*

Impact

People

- This year, the average number of employees in the Group increased by 15 (11%). This growth was in the Charity and largely within our Food for Life and Scotland teams.
- 2018/19 saw the second year of our participation in the "Sunday Times Best Companies to Work For" survey. The group achieved a 1-star rating, demonstrating very good levels of workplace engagement, and the senior management team has instituted a programme of regular employee engagement and associated actions, responding to the feedback.
- In May 2018 the Soil Association successfully relocated to its new head office in Bristol. This move to a permanent home, owned by the Charity, completed a project many years in the making and was only made possible with the generous support of the Spear Charitable Trust and other donors.

Income generation - Fundraising and Membership

- More companies are supporting the work of the Soil Association as corporate fundraising continues to grow through affinity partnerships, sponsorship and bespoke arrangements. At March 2019 we were actively working with 19 companies, many of which are multi-year partnerships which grow in size, year on year.
- Fundraising from grant-giving Trusts and Foundations was extremely successful with over £6.5m of new grants secured, including £5.1m from the National Lottery for the 'Food for Life Get Togethers' programme.
- Obtaining new members continues to be a challenge given the external fundraising environment, but early tests of our 'From the Ground Up' acquisition campaign are showing great promise. We've seen an increase in the average number of sign-ups to membership per week, and average monthly donations from new members have increased by 26.5%. Loyalty from members continues as we broke our financial targets for member appeals this year delivering a total of £152,000.

Communications

- Our new communications strategy launched, focusing on building awareness of the Charity through thought leadership and influence, building our supporter base, and demonstrating that organic is open for all.
- We delivered influential national media campaigns including a State of the Nation report and Organic September, which reached over 5 million people, as well as leading calls against the use of Glyphosate on food crops and in public spaces. As public attention fell on Brexit, we focused on communicating the risks of a no deal scenario to farming communities and food supply chains. Across our work, we promoted green farming practices that support a healthy environment and a healthy population.
- Using press and online media, our Certification marketing campaigns also reached an estimated 550 million people, helping us to engage with citizens about the benefits of organic food and farming.
- The number of users visiting our website has increased by 15% on last year, totaling nearly 690,000 users. Engagement statistics are also high, with users visiting over 2 million pages (12% increase since last year). 27% more traffic is coming from internet users searching for the term "organic", highlighting the importance of our ongoing search engine optimisation work.
- Social media followers grew from 178,095 to 190,015 (6.7% increase). Our following has grown steadily throughout the year, and across all platforms, increasing our reach and ability to engage a wider audience with our message.

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TRUSTEES' REPORT *(continued)*

REPORT AGAINST STRATEGY THEMES *(continued)*

Plans for the future

Income generation – Fundraising and Membership:

- Our aim in the fundraising team is for all supporters to have the very best giving experience. This means that we have a strong focus on donor stewardship, always seeking ways to delight the people, companies and Trusts who support our work. In order to do this well we work hard to look externally for best practice, ensure our fundraising processes are up-to-date and the tools that we use in-house, for example our fundraising database, are efficient and effective.
- We are launching a legacy giving programme, initially focused on members and supporters leaving gifts to the Charity in their wills. Leaving a gift in a will to a charity is likely to be the largest donation an individual gives to a charity, so we have invested time and resource into our legacy materials and conducting research with current legacy pledgers. Building a strong legacy programme is a long-term investment with the objective of providing an enduring source of income for the Charity in the future.
- The year ahead will see our most significant member recruitment activity for some years, with the aim of recruiting 2,000 new people. We are working to more closely integrate our policy public affairs strategy with our social media and press work, to increase influence to key targets. The website will continue to be a focus, to significantly improve user experience and drive action.
- High quality events, brilliant relationship building, looking after supporters and meeting new people who are interested in the Soil Association's vision will continue to be a priority. To secure funding for policy work we will develop a Giving Club and work is underway to deliver an insight-led legacy campaign.

Communications:

- We have begun a significant piece of work on citizenship – aiming to create an organic movement that treats people as citizens rather than as consumers – which will shape how we engage with our audiences across our public facing work over the next year.
- Building demand for organic products and engaging more citizens in their benefits through campaigns including Organic September and the Best of Organic Market (BOOM) Awards plays a key part of our communications strategy.
- Focus will be on delivering our influencing, thought leadership and public affairs plan, in line with our policy objectives, and reaching more audiences through our public facing communications activity.
- We have begun development of an organisation-wide digital transformation strategy, which we will implement alongside a short-term programme focused on digital skills development, business processes, digital project management, and operational efficiency.

GROUP KEY PERFORMANCE INDICATORS

A number of KPIs are used to indicate progress made through the year in achieving our strategy the Road to 2020.

- **22% increase in land area in organic conversion:**
Certified organic farm land has remained relatively stable, with a slight drop of 1.6%. The area in organic conversion overall in the UK has risen this year by 22% compared to the previous year (DEFRA to May 2017).

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TRUSTEES' REPORT *(continued)*

REPORT AGAINST STRATEGY THEMES *(continued)*

- **1,100 subscribers to our Innovative Farmers network:**
This also supported 44 farmer-led Field Labs by the end of the year. In an independent survey of subscribers, 29% of whom had taken part in Field Labs, 60% of respondents reported learning and 44% had been inspired by the Field Labs to make, plan or think about changes to their business.
- **22 Rural Innovation Support Service groups formed in Scotland.**
- **5.5% growth in total client numbers within Soil Association Certification Limited:**
The highest levels of growth were seen in forestry (10%), with increases in farming both for us and as a sector as more farmers look to convert, alongside sustained growth across our textiles, food and beauty schemes.
- **4.7% increase in Forestry area certified, and we now certify c.15m hectares across the globe.**
- **1.8 million daily meals served to our Food for Life Served Here standards in the UK.**
(remaining stable in comparison to last year)
- **8% drop in the number of Food for Life enrolled schools and nurseries:**
While average monthly enrolment figures have held fairly consistently over the year, we have improved processes around removing 'old' settings from the programme who have expired subscriptions or have come to the end of a commission. However, the percentage of enrolled settings actively working on their awards has been increased over the last year, demonstrating that those we are losing from the scheme are not well engaged settings.
- **6.8% fall in public membership of the Charity over the year:**
As at 31st March 2019 our current number of public members is 12,200 a reduction on the prior year that we are seeking to address through a number of initiatives. Since December 2018 and as a result of renewed membership recruitment and retention activities we have seen the number of new members joining the Charity exceed the number of members leaving. We have also been working to improve our Charity CRM to give us better marketing and engagement tools.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities and Consolidated Balance Sheet incorporate the financial performance of The Soil Association Limited (the "Charity"), Soil Association Certification Limited ("SA Certification"), SA Sales and Services Limited ("SASS") and The Soil Association Land Trust (the "Land Trust") – collectively we refer to these entities as the "Group".

Funding is classified as either unrestricted or restricted. Unrestricted funds are those that charity trustees may spend as they see fit in the delivery of the Charity's objectives. Restricted funds are those that must be spent according to the funder's wishes in delivery of the Charity's objectives.

2018/19 Consolidated Statement of Financial Activities

Charitable giving from individual supporters (donations, legacies and membership subscriptions) totalled £1,740k, some 10% lower than the prior financial year. The reduction relates to one-off donations received in 2017/18 relating to our HQ project, lower receipts from legacies – an income stream that cannot be predicted with certainty – as well as a challenging fundraising climate that weighs on membership recruitment and retention.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

FINANCIAL REVIEW *(continued)*

Income from charitable activities, which is a mixture of earned income and grant funding, showed a significant increase from £11,837k to £15,387k. This increase of £3,550k relates to:

- An additional £327k of funding earned by the Charity through providing contract and consultancy services to the public and private sectors. These revenues are principally associated with (a) our Food for Life work commissioned by local authorities and others as well as the associated Food for Life Served Here scheme being adopted by caterers; and (b) our contract with the Scottish Government to facilitate farmer led innovation.
- Continuing growth in services provided by SA Certification with revenues increasing by £370k (4.6%). All sectors of the business grew with organic food and forestry achieving significantly increased revenues.
- Income from restricted grants increased by £2,853k compared to the prior financial year. These restricted grants are often for multi-year projects and charity accounting rules dictate that unless there are clear performance criteria upon which funding in future years is dependent, the entire value of the grant must be recognised in the year of award, even though the associated expenditure will be recognised over future years. This accounting treatment complicates prior year comparisons of restricted funding, so it is perhaps more informative to report upon the grant awards won in 2018/19, of which the highest value are:
 - £5,161k from The National Lottery Community Fund for our four year Food For Life Get Togethers programme (of which £3,235k recognised in 2018/19);
 - £276k Guy's and St Thomas' Charity for our one year Lambeth & Southwark Food For Life commission (recognised in full in 2018/19);
 - £257k from Erasmus + for the two year Field To School programme on which we are the project co-ordinator (£183k recognised in 2018/19);
 - £120k from Compassion in World Farming for our share of the three year Alliance to Save Our Antibiotics grant from Esmée Fairbairn Foundation (£46k recognised in 2018/19); and
 - £120k from Joseph Rowntree Charitable Trust for our three year FFL policy and public affairs programme (recognised in full in 2018/19).

Total income received from other trading activities remained largely unchanged. Within this, rental income from the Charity's HQ building decreased by £115k following the tenant's departure to allow refurbishment to commence ahead of the Charity's occupation, and SASS generated an additional £104k of income through non-primary purpose trading such as through corporate affinity partnerships.

Expenditure on fundraising activities was £521k down from £622k in the prior financial year. The reduction in expenditure is partly attributable to one off costs incurred in 2017/18 on the Charity's 70th anniversary event as well as an element of fundraising costs being allocated to income generating activities conducted through SASS and consequently reported as 'expenditure on other trading activities'.

Expenditure on charitable activities during 2018/19 increased by £1,609k over the prior financial year to £15,003k. Of this increase:

- An additional £987k was spent on delivering our Farming for the Future and Good Food For All work with higher spend in some of our established projects such as Better Care, Sustainable Food Cities, Innovative Farmers and Rural Innovation Support as well as new projects including Horizon 2020 projects, Lambeth & Southwark Food For Life Commission and Erasmus+ funded projects.
- SA Certification incurred additional costs of £622k. £373k is related to increased activity arising from business growth and £249k relates to the write down of the book value of an intangible asset, namely their core business IT system. Following management review of this system's functionality and its likely future upgrade path, most of the system is to be replaced with a new application, hence the write-down in the asset value.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

FINANCIAL REVIEW *(continued)*

The amounts received, and resources expended during the year generated a net income in unrestricted funds of £109k. As our HQ project is now complete, there is a one-off transfer of £238k of donations received for the refurbishment from restricted into unrestricted funds, matching the investment in the corresponding unrestricted asset (the building). This gives a total net increase in unrestricted funds of £347k.

Restricted income and expenditure show a net income, after the transfer for the HQ donations described above, of £1,421k. This figure is boosted by the grant income recognition rules previously described.

2018/19 Consolidated Balance Sheet

UNRESTRICTED

Unrestricted funds and reserves increased from £2,177k at the end of March 2018 to £2,524k at the end March 2019.

Of this unrestricted funds and reserves figure, the Charity considers its free reserves- those amounts readily available to support charitable activities in the event of unexpected reductions in income / increases in cost- to be best represented by the unrestricted net current assets of the Group plus amounts held in fixed asset investments (listed investments). As at the end of March 2019, this figure is £361k. This level of free reserves is below the target set by the Board of Trustees which is to hold a minimum of £400k in 2019/20. The Trustees recognise that the level of free reserves is below the desired level and have sought to set appropriate financial targets to generate unrestricted cash surpluses going forward that will build free reserves.

The balance of unrestricted funds and reserves represents fixed assets (excluding listed investments) less long-term creditors. Fixed assets, including the HQ building, are required for operational activities and are therefore not considered part of the Group's readily available free reserves.

RESTRICTED

Restricted funds and reserves increased from £6,634k at the end of March 2018 to £8,055k at the end of March 2019.

This balance largely comprises fixed assets (land, buildings and machinery) totalling £2,740k within the Land Trust, plus £5,115k of grant funding held by the Charity for future expenditure on restricted projects as directed by funders.

Principal financial risks and uncertainties

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

The principal financial risks to the Group include:

- 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.
- Shortfalls in income from major donors, members and supporters;
- Shortfalls in income due to contractions in public sector spending;
- Impact of the economy on the sale of organic products and consequent effect on Group income; and
- Funding uncertainty associated with the UK's exit from the EU and also the impact this will have on our licensees who import or export from the UK to Europe. This uncertainty is linked to both the timing of the UK's exit and whether there will be a deal in place or no deal.

The Soil Association Limited

TRUSTEES' REPORT *(continued)*

FINANCIAL REVIEW *(continued)*

We are mitigating these risks as follows:

- There is a financial plan in place to diversify and increase our funding base alongside ensuring the Group builds an appropriate level of reserves.
- We continue to have regular dialogue with Defra and are contingency planning for no deal Brexit. We are gearing up to needing increased administration resource for licensees importing / exporting due to the new UK requirements for imports and the EU requirements for exports into Europe from non-EU countries.

Auditor

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

The report, including the strategic report, was approved by the Board of Trustees on 18th July 2019 and signed on their behalf by:

G Scally
Trustee



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

Opinion on financial statements

We have audited the financial statements of The Soil Association Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Consolidated and Charity Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Consolidated and Charity Balance Sheets, the Consolidated and Charity Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

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

(continued)

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, and the incorporated Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report, and the incorporated Strategic Report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, and the incorporated Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Act 2011, and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the parent charitable company 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 charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 3, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

(continued)

Use of our report

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) and the Charities Act 2011. 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.

RSM UK Audit LLP

KERRY GALLAGHER (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House,
55 – 61 Victoria Street
Bristol
BS1 6AD

Date: *12 August 2019*

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

The Soil Association Limited

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating a consolidated income and expenditure account)

for the year ended 31 March 2019

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018* £000
INCOME FROM:					
Donations and legacies	3	1,588	152	1,740	1,934
Charitable activities	4	10,322	5,065	15,387	11,837
Other trading activities	5	185	37	222	228
Investment income	6	7	-	7	9
Total income		<u>12,102</u>	<u>5,254</u>	<u>17,356</u>	<u>14,008</u>
EXPENDITURE ON:					
Raising funds		510	11	521	622
Charitable activities	7	11,419	3,584	15,003	13,394
Other trading activities		65	-	65	47
Total expenditure	9	<u>11,994</u>	<u>3,595</u>	<u>15,589</u>	<u>14,063</u>
Net gain / (loss) on investments	15	<u>1</u>	<u>-</u>	<u>1</u>	<u>(1)</u>
Net income / (expenditure)		<u>109</u>	<u>1,659</u>	<u>1,768</u>	<u>(56)</u>
Transfer between Funds	21	238	(238)	-	-
Net movement in funds		<u>347</u>	<u>1,421</u>	<u>1,768</u>	<u>(56)</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>2,177</u>	<u>6,634</u>	<u>8,811</u>	<u>8,867</u>
Total funds carried forward	21	<u>2,524</u>	<u>8,055</u>	<u>10,579</u>	<u>8,811</u>

* The prior year comparative has been restated to simplify the presentation of financial information and / or more accurately represent the substance of the income and expenditure.

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

The accompanying notes on pages 25 to 48 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 2019

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
INCOME FROM:					
Donations and legacies	3	1,588	129	1,717	1,896
Charitable activities	4	2,268	5,065	7,333	4,147
Other trading activities	5	20	-	20	124
Investment income	6	138	-	138	139
Total income		<u>4,014</u>	<u>5,194</u>	<u>9,208</u>	<u>6,306</u>
EXPENDITURE ON:					
Raising funds		510	11	521	622
Charitable activities	7	3,396	3,520	6,916	5,764
Total expenditure	9	<u>3,906</u>	<u>3,531</u>	<u>7,437</u>	<u>6,386</u>
Net gain / (loss) on investments	15	1	-	1	(1)
Net Movement in Funds		<u>109</u>	<u>1,663</u>	<u>1,772</u>	<u>(81)</u>
Transfer between Funds	21	238	(238)	-	-
Net income and net movement in funds		<u>347</u>	<u>1,425</u>	<u>1,772</u>	<u>(81)</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		2,132	3,693	5,825	5,906
Total funds carried forward	21	<u>2,479</u>	<u>5,118</u>	<u>7,597</u>	<u>5,825</u>

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

The accompanying notes on pages 25 to 48 are an integral part of the consolidated financial statements

The Soil Association Limited

CONSOLIDATED BALANCE SHEET

As at 31 March 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
FIXED ASSETS					
Intangible assets	13	853		1,395	
Tangible assets	14	6,341		5,528	
Investments	15	102		75	
			7,296		6,998
CURRENT ASSETS					
Debtors	16	7,052		5,271	
Cash at bank and in hand		4,455		4,248	
		11,507		9,519	
CREDITORS: Amounts falling due within one year	17	(5,933)		(5,584)	
NET CURRENT ASSETS			5,574		3,935
TOTAL ASSETS LESS CURRENT LIABILITIES			12,870		10,933
CREDITORS: Amounts falling due after more than one year	18		(2,291)		(2,122)
NET ASSETS			10,579		8,811
FUNDS AND RESERVES					
Unrestricted funds	21		2,524		2,177
Restricted funds	21		8,055		6,634
TOTAL FUNDS	21		10,579		8,811

The accompanying notes on pages 25 to 48 are an integral part of the consolidated financial statements.

These financial statements were approved by the Board of Trustees on 18th July 2019 and signed on their behalf by:

G Scally
Chair



The Soil Association Limited

CHARITY BALANCE SHEET

As at 31 March 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
FIXED ASSETS					
Intangible assets	13	224		264	
Tangible assets	14	3,565		2,752	
Investments	15	102		75	
			3,891		3,091
CURRENT ASSETS					
Debtors	16	4,930		3,455	
Cash at bank and in hand		2,735		2,800	
		7,665		6,255	
CREDITORS: Amounts falling due within one year	17	(1,938)		(2,011)	
NET CURRENT ASSETS			5,727		4,244
TOTAL ASSETS LESS CURRENT LIABILITIES			9,618		7,335
CREDITORS: Amounts falling due after more than one year	18		(2,021)		(1,510)
NET ASSETS			7,597		5,825
FUNDS AND RESERVES					
Unrestricted funds	21		2,479		2,132
Restricted funds	21		5,118		3,693
TOTAL FUNDS	21		7,597		5,825

The accompanying notes on pages 25 to 48 are an integral part of the consolidated financial statements.

These financial statements were approved by the Board of Trustees on 18th July 2019 and signed on their behalf by:

G Scally
Chair



The Soil Association Limited

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 March 2019

	Note	2019 £000	2018* £000
Net cash inflow from operating activities	22	727	102
Cash flow from investing activities:			
Additions to land and buildings		(664)	(142)
Purchase of software, plant and equipment		(352)	(56)
		<u>(1,016)</u>	<u>(198)</u>
Cash flows from financing activities:			
Repayments of borrowing		(146)	(70)
Cash inflows from new borrowing		699	-
Interest paid on borrowing		(57)	(45)
		<u>496</u>	<u>(115)</u>
Increase / (decrease) in cash and cash equivalents in the year		207	(211)
Cash and cash equivalents at the beginning of the year		4,248	4,459
Cash and cash equivalents at the end of the year	22	<u>4,455</u>	<u>4,248</u>

The Soil Association Limited

CHARITY STATEMENT OF CASH FLOWS for the year ended 31 March 2019

	Note	2019 £000	2018* £000
Net cash inflow / (outflow) from operating activities	22	340	(133)
Cash flow from investing activities:			
Additions to land and buildings		(664)	(142)
Purchase of software, plant and equipment		(237)	(25)
		<u>(901)</u>	<u>(167)</u>
Cash flows from financing activities:			
Repayments of borrowing		(146)	(70)
Cash inflows from new borrowing		699	-
Interest paid on borrowing		(57)	(45)
		<u>496</u>	<u>(115)</u>
Decrease in cash and cash equivalents in the year		(65)	(415)
Cash and cash equivalents at the beginning of the year		2,800	3,215
Cash and cash equivalents at the end of the year	22	<u>2,735</u>	<u>2,800</u>

The accompanying notes on pages 25 to 48 are an integral part of the consolidated financial statements

* The prior year comparatives have been restated to show the interest paid on the face of the cash flow statement rather than within net cash inflow / (outflow) from operating activities.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice ('SORP') applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2018) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Soil Association Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

PREPARATION OF THE ACCOUNTS ON A GOING CONCERN BASIS

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

COMPANY STATUS

The Charity is a company limited by guarantee. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £5 per member of the Charity.

FUND ACCOUNTING

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

GROUP FINANCIAL STATEMENTS

The financial statements consolidate the results of the Charity and other Group entities listed on page 3 on a line by line basis.

INCOME

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

- Legacies: Entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution;
- Income from grants is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred;
- Certification fees are recognised at the date that the licences are granted or renewed. Application fees for new licences are recognised as income when formal appraisal of the application takes place. In the event of suspension or termination of licences, or rejection of an application, fees are not refundable and no obligation for this is therefore recognised at the balance sheet date;
- Contracted donations and gifts are recognised according to the contract terms;
- Donations and gifts are recognised when receivable; and
- Activity income is recognised when the activity takes place.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

1. ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS

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

EXPENDITURE

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

- Costs of raising funds are those incurred in seeking voluntary contributions, including membership and do not include the costs of disseminating information in support of the charitable activities.
- Expenditure on charitable activities include the costs incurred to further the purposes of the Charity, including associated support costs.
- Expenditure on trading activities represents the costs incurred to undertake trading activities such as those undertaken by SA Sales & Services Ltd.

ALLOCATION OF SUPPORT COSTS

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

INTANGIBLE FIXED ASSETS

Goodwill is calculated as the difference between the fair value of the consideration on the acquisition of a business and the fair value of the identifiable assets and liabilities. Software is initially recorded at cost and subsequently measured at cost less amortisation and impairment.

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

Goodwill	seven years straight-line method
Software	eight years straight-line method

The net book value of the goodwill is reviewed annually for any significant change in useful life or residual value.

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

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

Leasehold improvements	evenly over the lease term
Client hardware (IT)	three years straight-line method
Network hardware (IT)	eight years straight-line method
Fixtures and fittings	five to ten years straight-line method
Farm machinery – renewable energy systems	twenty years straight-line method
Freehold buildings	fifty years straight-line method

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

1. ACCOUNTING POLICIES *(continued)*

The Companies Act 2006 requires tangible fixed assets to be depreciated over a finite period. The trustees of the Soil Association Land Trust Limited consider that the freehold land and buildings held by the trust have an infinite life, and residual values to be high enough to ensure that there is no significant annual depreciation. Consequently, the trustees consider that to depreciate these assets would not provide a true and fair view and so the financial statements depart from this specific requirement in the Companies Act 2006.

If this departure from the Companies Act 2006 had not been made, the surplus for the financial period may have been decreased by depreciation. The amount of this depreciation is not considered material because of the indefinite life of these assets and the trustees have invoked a true and fair override.

IMPAIRMENTS

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

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

FIXED ASSET INVESTMENTS

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

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

DEBTORS

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

CREDITORS

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

PENSION COSTS

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

FINANCE AND OPERATING LEASES

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

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

1. ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCIES

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

TAXATION

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key judgements made in these financial statements are considered to be:-

- Income recognition, particularly around restricted grants, where management need to make a judgement, with reference to the grant agreement, whether the income is probable or not.
- No depreciation is charged on the freehold land and buildings held by the Soil Association Land Trust Limited due to the judgement made by the trustees of the trust that these assets have an infinite life and that their residual values are high enough to ensure that there is no significant annual depreciation
- The level of provision held against debts which may not be fully recoverable, particularly within Soil Association Certification Limited
- The anticipated useful life of the Group's intangible assets

2. LEGACIES

Accruals for legacies not received by 31 March 2019 amounting to £nil (2018: £49,000) have been included in the financial statements.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS (*continued*)
for the year ended 31 March 2019

3. INCOME FROM DONATIONS AND LEGACIES

<i>Group</i>	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018*
Donations	681	152	833	961
Legacies	143	-	143	177
Membership	764	-	764	796
	<u>1,588</u>	<u>152</u>	<u>1,740</u>	<u>1,934</u>
<i>Charity</i>	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Donations	681	129	810	923
Legacies	143	-	143	177
Membership	764	-	764	796
	<u>1,588</u>	<u>129</u>	<u>1,717</u>	<u>1,896</u>

* The prior year comparative has been restated to simplify the presentation of financial information and / or more accurately represent the substance of the income and expenditure.

4. INCOME FROM CHARITABLE ACTIVITIES

<i>Group</i>	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018*
Contract and consultancy income	1,907	-	1,907	1,580
Certification income	8,415	-	8,415	8,045
Grants receivable	-	5,065	5,065	2,212
	<u>10,322</u>	<u>5,065</u>	<u>15,387</u>	<u>11,837</u>
<i>Charity</i>	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018*
Contract and consultancy income	1,907	-	1,907	1,580
Symbol licence fee	361	-	361	355
Grants receivable	-	5,065	5,065	2,212
	<u>2,268</u>	<u>5,065</u>	<u>7,333</u>	<u>4,147</u>

* The prior year comparative has been restated to simplify the presentation of financial information and / or more accurately represent the substance of the income and expenditure.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

5. INCOME FROM OTHER TRADING ACTIVITIES

<i>Group</i>	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018* £000
Royalty income	4	-	4	6
Rental income	-	37	37	154
Sundry income	12	-	12	3
Other trading income	169	-	169	65
	<u>185</u>	<u>37</u>	<u>222</u>	<u>228</u>
<i>Charity</i>	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Royalty income	4	-	4	6
Rental income	4	-	4	115
Sundry income	12	-	12	3
	<u>20</u>	<u>-</u>	<u>20</u>	<u>124</u>

* The prior year comparative has been restated to simplify the presentation of financial information and / or more accurately represent the substance of the income and expenditure.

6. INVESTMENT INCOME

<i>Group</i>	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018* £000
Bank interest	4	-	4	7
Dividends	3	-	3	2
	<u>7</u>	<u>-</u>	<u>7</u>	<u>9</u>
<i>Charity</i>	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Gift Aid from subsidiaries	131	-	131	130
Bank interest	4	-	4	7
Dividends	3	-	3	2
	<u>138</u>	<u>-</u>	<u>138</u>	<u>139</u>

* The prior year comparative has been restated to simplify the presentation of financial information and / or more accurately represent the substance of the income and expenditure.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

7. EXPENDITURE ON CHARITABLE ACTIVITIES

<i>Group</i>	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018* £000
Farming for the Future	1,181	1,256	2,437	1,980
Good Food For All	1,891	2,328	4,219	3,689
Certification costs	8,347	-	8,347	7,725
	<u>11,419</u>	<u>3,584</u>	<u>15,003</u>	<u>13,394</u>

<i>Charity</i>	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018* £000
Farming for the Future	1,181	1,192	2,373	1,927
Good Food For All	2,215	2,328	4,543	3,837
	<u>3,396</u>	<u>3,520</u>	<u>6,916</u>	<u>5,764</u>

* The prior year comparative has been restated to simplify the presentation of financial information and / or more accurately represent the substance of the income and expenditure.

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

<i>Group</i>	2019 No.	2018 No.
Average number of employees during the year	<u>268</u>	<u>253</u>

The aggregate payroll costs were as follows:	£000	£000
Wages and salaries	7,603	7,025
Social security costs	752	639
Pension costs	312	274
	<u>8,667</u>	<u>7,938</u>

<i>Charity</i>	2019 No.	2018 No.
Average number of employees during the year	<u>153</u>	<u>138</u>

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

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

	2019 £000	2018 £000
The aggregate payroll costs were as follows:		
Wages and salaries	4,038	3,669
Social security costs	392	314
Pension costs	150	128
	<u>4,580</u>	<u>4,111</u>

Redundancy and termination payments

	<i>Group</i> 2019 £000	<i>Group</i> 2018 £000	<i>Charity</i> 2019 £000	<i>Charity</i> 2018 £000
Statutory redundancy payments	2	36	2	36
Other termination payments	-	16	-	6
	<u>2</u>	<u>52</u>	<u>2</u>	<u>42</u>

	<i>Group</i> 2019 £000	<i>Group</i> 2018 £000	<i>Charity</i> 2019 £000	<i>Charity</i> 2018 £000
Amounts outstanding at the year end in relation to defined contribution pension schemes	48	49	26	21

The number of higher paid staff whose employee benefits (excluding employer pension contributions) exceeded £60,000 in the year was as follows:

	<i>Group</i> 2019 No.	<i>Group</i> 2018 No.	<i>Charity</i> 2019 No.	<i>Charity</i> 2018 No.
£60,001 to £70,000	2	4	2	3
£70,001 to £80,000	3	2	2	2
£90,001 to £100,000	1	1	-	-
	<u>6</u>	<u>7</u>	<u>4</u>	<u>5</u>

	<i>Group</i> 2019 £000	<i>Group</i> 2018 £000	<i>Charity</i> 2019 £000	<i>Charity</i> 2018 £000
Contributions to defined contribution pension schemes for the above higher paid staff amounted to	29	31	20	23

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2019

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

The trustees neither received nor waived any emoluments during the year (2018: £nil). Expenses incurred by 6 trustees (2018: 4), either out of pocket expenses reimbursed to trustees or paid directly to third parties were as follows:

	<i>Group</i>	<i>Group</i>	<i>Charity</i>	<i>Charity</i>
	2019	2018	2019	2018
	£000	£000	£000	£000
Travel and subsistence	2,085	2,046	1,918	1,992

Key management personnel

The key management personnel of the parent Charity comprise the trustees, Chief Executive Officer, Chief Operating Officer, Director of Communications, Director (Food & Farming), Director of Innovation, SA Scotland Director, Director of Fundraising and Policy & Strategy Director. The total employee benefits (including employers National Insurance and pension contributions) of the key management personnel of the Charity were £520,000 (2018: £543,000)

The key management personnel of the group comprise those of the Charity and those of its wholly owned subsidiary Soil Association Certification Limited. The key management personnel of Soil Association Certification are the Chief Executive Officer, Business Development Director and Operations Director whose employee benefits total £244,000 (2018: £231,000). The total employee benefits of key management personnel for the group were therefore £764,000 (2018: £774,000).

9. ANALYSIS OF EXPENDITURE

<i>Group</i>	Support costs	Direct costs	Total	Total
	£000	£000	2019	2018*
	£000	£000	£000	£000
Fund raising	27	494	521	622
Farming for the Future	66	2,371	2,437	1,980
Good Food For All	117	4,102	4,219	3,689
Certification costs	-	8,347	8,347	7,725
Other trading activities	-	65	65	47
	210	15,379	15,589	14,063

<i>Charity</i>	Support costs	Direct costs	Total	Total
	£000	£000	2019	2018*
	£000	£000	£000	£000
Fund raising	27	494	521	622
Farming for the Future	66	2,307	2,373	1,927
Good Food For All	117	4,426	4,543	3,837
	210	7,227	7,437	6,386

* The prior year comparative has been restated to simplify the presentation of financial information and / or more accurately represent the substance of the income and expenditure.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

10. NET INCOME FOR THE YEAR

This is stated after charging/(crediting):

<i>Group</i>	2019 £000	2018 £000
Auditor's remuneration:		
Audit fees:	24	24
Tax advisory services	3	6
Interest payable	57	45
Foreign exchange losses / (gains)	1	(12)
Depreciation of owned assets	110	42
Amortisation	635	385
Operating lease rentals - land and buildings	15	330
Operating lease rentals - other	86	77
	<hr/>	<hr/>
<i>Charity</i>	2019 £000	2018 £000
Auditor's remuneration:		
Audit fees	10	10
Tax advisory services	-	4
Interest payable	57	45
Foreign exchange gains	(3)	(2)
Depreciation of owned assets	88	25
Amortisation	40	38
Operating lease rentals - land and buildings	67	330
Operating lease rentals - other	15	19
	<hr/>	<hr/>

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the year ended 31 March 2019

11. SUPPORT COSTS

Group and Charity

	HR	Premises	Finance	IT	Govern- ance	support costs	Total support costs	Recharge to projects	Total costs allocated 2019	Total costs allocated 2018*
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fund raising	12	11	24	39	3	89	(62)	27	41	
Charitable activities:										
Farming for the Future	30	28	60	99	7	224	(158)	66	92	
Good Food For All	54	49	107	176	12	398	(281)	117	159	
Support costs	<u>96</u>	<u>88</u>	<u>191</u>	<u>314</u>	<u>22</u>	<u>711</u>	<u>(501)</u>	<u>210</u>	<u>292</u>	
Costs recharged to Group entities						620				
Total support costs						<u>1,331</u>				

* The prior year comparative has been restated to simplify the presentation of financial information and / or more accurately represent the substance of the income and expenditure.

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.

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

12. TAXATION

Group and Charity

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

The profits of the following wholly-owned subsidiaries of the Charity are subject to UK corporation tax, however no UK corporation tax charge will arise as any taxable profits will be gift aided to the Charity:

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

In 2018-19 there was a tax charge in SA Sales and Services of £3,331 as the 2017-18 profits were gift aided to the Charity after the required deadline.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the year ended 31 March 2019

13. INTANGIBLE ASSETS

<i>Group</i>	Software £000	Goodwill £000	Total £000
Cost			
At 1 April 2018	749	2,050	2,799
Additions	93	-	93
At 31 March 2019	842	2,050	2,892
Amortisation			
At 1 April 2018	111	1,293	1,404
Charge for the year	342	293	635
At 31 March 2019	453	1,586	2,039
Net book value			
At 31 March 2019	389	464	853
At 31 March 2018	638	757	1,395
<i>Charity</i>			Software £000
Cost			
At 1 April 2018 and 31 March 2019			321
Amortisation			
At 1 April 2018			57
Charge for the year			40
At 31 March 2019			97
Net book value			
At 31 March 2019			224
At 31 March 2018			264

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS (*continued*)
for the year ended 31 March 2019

14. TANGIBLE FIXED ASSETS

Group

	Freehold land and buildings £000	Leasehold improvements £000	Machinery and office equipment £000	Total £000
Cost				
At 1 April 2018	5,341	288	864	6,493
Additions	664	-	259	923
Disposals	-	(271)	(18)	(289)
At 31 March 2019	6,005	17	1,105	7,127
Depreciation				
At 1 April 2018	-	283	682	965
Charge for year	38	3	69	110
Disposals	-	(271)	(18)	(289)
At 31 March 2019	38	15	733	786
Net book value				
At 31 March 2019	5,967	2	372	6,341
At 31 March 2018	5,341	5	182	5,528

Charity

	Freehold land and buildings £000	Leasehold improvements £000	Office equipment £000	Total £000
Cost				
At 1 April 2018	2,722	288	647	3,657
Additions	664	-	237	901
Disposals	-	(271)	-	(271)
At 31 March 2019	3,386	17	884	4,287
Depreciation				
At 1 April 2018	-	283	622	905
Charge for year	38	3	47	88
Disposals	-	(271)	-	(271)
At 31 March 2019	38	15	669	722
Net book value				
At 31 March 2019	3,348	2	215	3,565
At 31 March 2018	2,722	5	25	2,752

Charity freehold land and buildings represents the new Soil Association head office, Spear House which was brought into use in 2018-19 with depreciation starting to be charged in the year.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the year ended 31 March 2019

15. FIXED ASSET INVESTMENTS

Group and Charity

	2019 £000	2018 £000
Listed investments		
Market value at start of year	75	76
Additions in year	26	-
Revaluation	1	(1)
Market value at end of year	<u>102</u>	<u>75</u>
	2019 £000	2018 £000
Historic cost at 31 March	<u>45</u>	<u>19</u>
	2019 £000	2018 £000
Unrealised gains at 31 March	<u>57</u>	<u>56</u>

In line with the preferred treatment of the Charities Statement of Recommended Practice, fixed asset investments have been revalued to their market value at 31 March 2019. The above relates to listed investments which have no restrictions imposed upon them.

Charity

Equity investment in group undertakings	£
Cost and net book value at 1 April 2018 and 31 March 2019	<u>105</u>

The Charity owns the whole of the issued ordinary share capital of Soil Association Certification Limited (Co. No. 00726903) and SA Sales and Services Limited (Co. No. 02313146), which are incorporated in the UK. Soil Association Land Trust Limited (Co. No. 06359578), limited by guarantee, registered charity number 1121011, is deemed to be a subsidiary of the Soil Association Limited by virtue of control. All of these entities have the same registered office as the Soil Association Limited.

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

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

15. FIXED ASSET INVESTMENTS *(continued)*

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

	Soil Association Certification Limited £000	SA Sales & Services Limited £000	Soil Association Land Trust Limited £000	Total 2019 £000	Total 2018 £000
Income statement/ Statement of financial activities					
Donations	-	-	23	23	38
Income from sales	8,311	169	37	8,517	8,033
Grants receivable	104	-	-	104	116
Turnover	8,415	169	60	8,644	8,187
Cost of sales	(4,201)	(58)	(64)	(4,323)	(4,077)
Gross profit	4,214	111	(4)	4,321	4,110
Administration expenses	(4,186)	(8)	-	(4,194)	(3,956)
Interest receivable	-	-	-	-	1
Net profit	28	103	(4)	127	155
Gift Aid payable	(28)	(103)	-	(131)	(130)
Retained in subsidiaries	-	-	(4)	(4)	25
Balance sheet					
Fixed assets	667	-	2,740	3,407	3,907
Current assets	3,659	98	316	4,073	3,699
Current liabilities	(4,024)	(85)	(120)	(4,229)	(4,008)
Long term liabilities	(270)	-	-	(270)	(611)
Net assets	32	13	2,936	2,981	2,985

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

16. DEBTORS

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Trade debtors	2,535	2,583	404	538
Amounts owed by subsidiary undertakings	-	-	233	420
Prepayments and accrued income	4,517	2,688	4,293	2,497
	<u>7,052</u>	<u>5,271</u>	<u>4,930</u>	<u>3,455</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Bank loan	119	70	119	70
Trade creditors	617	458	302	213
Amounts owed to group undertakings	-	-	-	15
Payments received on account for contracts or performance-related grants	269	390	269	390
Accruals and deferred income	2,306	2,041	283	273
Other taxes and social security	561	534	99	90
Other creditors	2,061	2,091	866	960
	<u>5,933</u>	<u>5,584</u>	<u>1,938</u>	<u>2,011</u>

Deferred income reconciliation
(included with accruals and deferred income above)

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
At beginning of year	1,137	1,225	-	-
Provided during year	1,416	1,137	48	-
Released during year	(1,137)	(1,225)	-	-
	<u>1,416</u>	<u>1,137</u>	<u>48</u>	<u>-</u>

Deferred income relates to licensing fees received in advance of the period to which the licence relates, which is deferred and transferred to the SoFA in the relevant period.

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

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

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Bank loans:				
Secured bank loans (falling due in 1-2 years)	123	401	123	401
Secured bank loans (falling due in 2-5 years)	393	311	393	311
Secured bank loans (falling due after 5 years)	1,322	698	1,322	698
Other creditors:				
Interest-free loan (falling due in 1-2 years)	7	-	7	-
Interest-free loan (falling due in 2-5 years)	100	100	100	100
Financing agreement (falling due in 1-2 years)	25	-	25	-
Financing agreement (falling due in 2-5 years)	51	-	51	-
Deferred consideration (falling due in 1-2 years)	270	342	-	-
Deferred consideration (falling due in 2-5 years)	-	270	-	-
	<u>2,291</u>	<u>2,122</u>	<u>2,021</u>	<u>1,510</u>

The bank loans are secured on Spear House, a freehold property purchased in 2016-17, which has a carrying value of £3,386,000 at 31st March 2019 (2018: £2,722,000). The terms of the security provide for the lender to claim title to the property in the event of a default of principal and interest payments.

The loan financing comprises of two secured loans as follows:

- A loan of £1,250,000, repayable over 15 years, ending 13 September 2031 at a fixed rate of interest of 3.11%.
- A loan of £900,000, repayable over 15 years, ending 6 September 2033 at a fixed rate of interest of 3.572%. This loan was converted from an interest-only loan on 6th September 2018. The balance on the interest-only loan at 31st March 2018 was £329,011 and the additional £570,989 was drawn down prior to conversion.

19. CONTINGENT LIABILITIES

Group and Charity

The charitable group is registered under a group VAT scheme and all group companies are jointly liable for the group VAT Liability, which at the year end amounted to £369,000 (2018: £358,000).

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2019

20. LEASING COMMITMENTS

At the year end, the total future minimum lease payments and amounts receivable under non-cancellable operating leases are as follows:

Amounts payable:

<i>Group</i>	2019 Land and buildings £000	2019 Other £000	2018 Land and buildings £000	2018 Other* £000
- within one year	6	68	55	53
- later than one year and not later than five years	-	104	6	50
	<u>6</u>	<u>172</u>	<u>61</u>	<u>103</u>

<i>Charity</i>	2019 Land and buildings £000	2019 Other £000	2018 Land and buildings £000	2018 Other* £000
Amounts payable:				
- within one year	6	15	55	15
- later than one year and not later than five years	-	36	6	50
	<u>6</u>	<u>51</u>	<u>61</u>	<u>65</u>

* Prior year comparatives have been restated to include Charity operating leases omitted in the prior year.

Amounts receivable:

	<i>Group</i> 2019 £000	<i>Group</i> 2018 £000	<i>Charity</i> 2019 £000	<i>Charity</i> 2018 £000
Land and Buildings				
- within one year	17	18	-	-
- later than one year and not later than five years	22	22	-	-
- later than five years	25	29	-	-
	<u>64</u>	<u>69</u>	<u>-</u>	<u>-</u>

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the year ended 31 March 2019

21. TOTAL FUNDS

Group

	At 31 Mar 2018*	Income £000	Expend £000	Un- realised gains £000	Trans- fers £000	At 31 Mar 2019 £000
Unrestricted funds	2,177	12,102	(11,994)	1	238	2,524
Restricted funds:						
Land Trust	2,940	59	(64)	-	-	2,935
Farming for the Future:						
The Prince of Wales' Charitable Foundation	95	481	(542)	-	-	34
Other	760	506	(683)	-	-	583
Total Farming for the Future	855	987	(1,225)	-	-	617
Good Food For All:						
The National Lottery Community Fund – Better Care	743	-	(598)	-	-	145
The National Lottery Community Fund – Development Grant	-	40	(39)	-	-	1
The National Lottery Community Fund – Food For Life Get Togethers	-	3,235	-	-	-	3,235
Esmée Fairbairn Foundation	949	-	(578)	-	-	371
Joseph Rowntree Charitable Trust	30	120	(30)	-	-	120
Other	899	677	(950)	-	-	626
Total Good Food For All	2,621	4,072	(2,195)	-	-	4,498
Building the Organisation	218	136	(111)	-	(238)	5
Total restricted funds	6,634	5,254	(3,595)	-	(238)	8,055
Total funds	8,811	17,356	(15,589)	1	-	10,579

* The prior year comparative has been restated to simplify the presentation of financial information and / or more accurately represent the substance of the income and expenditure.

Charity

	Balance at 31 Mar 2018 £000	Income £000	Expenditure £000	Unrealised gains £000	Transfers £000	Balance at 31 Mar 2019 £000
Unrestricted funds	2,132	4,014	(3,906)	1	238	2,479
Restricted funds	3,693	5,194	(3,531)	-	(238)	5,118
Total funds	5,825	9,208	(7,437)	1	-	7,597

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

21. TOTAL FUNDS *(continued)*

RESTRICTED FUNDS

The following restricted funds were in use during the year. All funds at the year end were held in cash with the exception of the farms, machinery and stock donated from Land Heritage to Soil Association Land Trust Limited in previous years.

Land Trust

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

Farming for the Future and Good Food For All

Funds received with a restriction to our work in Farming for the Future and Good Food For All.

Building the Organisation

Donations received to enable us to purchase, refurbish and move into our new headquarters.

Transfers

The transfer from restricted funds to unrestricted funds relates to the balance of funding for the Charity's new headquarters. As the building has now been brought into use and is an unrestricted asset, the remaining funding can be transferred to unrestricted funds to be set against future depreciation costs.

NET ASSETS BY FUND

<i>Group</i>	Fixed assets £000	Net current assets £000	Long-term creditors £000	Total 2019 £000
Unrestricted funds	4,556	259	(2,291)	2,524
Restricted funds	2,740	5,315	-	8,055
Total group funds	7,296	5,574	(2,291)	10,579
<i>Charity</i>	Fixed assets £000	Net current assets £000	Long-term creditors £000	Total 2019 £000
Unrestricted funds	3,891	609	(2,021)	2,479
Restricted funds	-	5,118	-	5,118
Total Charity funds	3,891	5,727	(2,021)	7,597

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the year ended 31 March 2019

22. CASH FLOW INFORMATION

Group

Reconciliation of changes in resources to net cash inflow from operating activities	2019	2018
	£000	£000
Net income / (deficit)	1,768	(56)
Depreciation	110	42
Amortisation	635	385
Increase / (decrease) in investments	(27)	1
Add back interest paid	57	45
Increase in debtors	(1,781)	(140)
Decrease in creditors	(35)	(175)
Net cash inflow from operating activities	<u>727</u>	<u>102</u>

Analysis of cash and cash equivalents	At 1 April	Cash flow	At 31 March
	2018		2019
	£000	£000	£000
Cash at bank and in hand	<u>4,248</u>	<u>207</u>	<u>4,455</u>

Charity

Reconciliation of changes in resources to net cash inflow / (outflow) from operating activities:	2019	2018
	£000	£000
Net income / (deficit)	1,772	(81)
Depreciation	88	26
Amortisation	40	38
Increase / (decrease) in investments	(27)	1
Add back interest paid	57	45
Increase in debtors	(1,474)	(350)
(Decrease) / increase in creditors	(116)	187
Net cash inflow / (outflow) from operating activities	<u>340</u>	<u>(133)</u>

Analysis of cash and cash equivalents	At 1 April	Cash flow	At 31 March
	2018		2019
	£000	£000	£000
Cash at bank and in hand	<u>2,800</u>	<u>(65)</u>	<u>2,735</u>

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

23. FINANCIAL INSTRUMENTS

The financial instruments of the Group and Charity are as follows

	<i>Group</i> 2019 £000	<i>Group</i> 2018 £000	<i>Charity</i> 2019 £000	<i>Charity</i> 2018 £000
Financial assets held at fair value				
Listed investments	102	74	102	74
Financial assets held at amortised cost	6,832	5,157	4,786	3,335
Financial liabilities held at amortised cost	5,525	4,935	3,360	2,942

24. RELATED PARTY TRANSACTIONS

Group and Charity

In the financial year the following transactions took place between the Charity and other Group entities:

Soil Association Certification Limited ('Certification')

- A licence charge from the Charity to Certification of £361,000 (2018: £355,200) for the right to certify to the Charity's standards and to issue the symbol to its licensees for use in relation to their products.
- A Service Level Agreement charge from the Charity to Certification of £617,846 (2018: £650,000) for the supply of accommodation, finance, HR and IT services and other central costs.
- A charge of £330,137 (2018: £160,400) from Certification to the Charity of staff costs and overhead to the Charity's unrestricted contracts and restricted projects.
- A charge of £12,144 (2018: £7,865) from the Charity to Certification of staff costs and desk rental.
- The transfer under gift aid of the trading profits of Certification to the Charity of £27,590 (2018: £112,941)

Soil Association Land Trust Limited ('Land Trust')

- A charge of £17,474 (2018: £15,800) from the Charity to the Land Trust of staff costs and overheads.

SA Sales and Services Limited (SASS)

- Commercial income of £49,057 (2018: £63,634) transferred from the Charity to SASS.
- Cost of sales relating to the commercial income, including staff costs of £57,424 (2018: £38,054) charged from the Charity to SASS.
- The transfer under gift aid of the trading profits of SASS to the Charity of £103,411 (2018: £17,533)

Board members do not receive remuneration for the provision of their services as trustees of The Soil Association Limited. Board members receive reimbursement of out of pocket expenses for attendance at meetings and events (see note 8).

During the year, gifts were made to departing Trustees, with a cash value of £42 (2018: £496).

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

24. RELATED PARTY TRANSACTIONS *(continued)*

Total donations received from Trustees and key management personnel in the year, including Gift Aid, were £24,042 (2018: £4,374). In addition, one trustee made an interest-free loan of £10,000 (2018: £nil) to the Group, £3,000 of which is repayable in less than one year from the balance sheet date and the remaining £7,000 within two to five years.

The Charity and Group purchased services from and made sales to companies whose directors are also Trustees or key management personnel of the Charity.

The majority of sales to companies whose directors are related parties related to certification services to licensees and were under normal commercial terms so are not disclosed.

Non-certification sales to companies whose directors are related parties totalled £15,009 (2018: £8,201). Amounts outstanding at 31 March 2019 on sales made during the year were £3,169 (2018: £nil).

Purchases from companies whose directors are related parties totalled £3,641 (2018: £2,546). Amounts outstanding at 31 March 2019 on purchases made during the year were £nil (2018: £ nil).

25. CAPITAL COMMITMENTS

Group and Charity

At the year end the Group had capital commitments of £60,000 (2018: £561,000) and the Charity £nil (2018: £561,000).

The Soil Association Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 March 2019

26. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018* £000
INCOME FROM:			
Donations and legacies	1,709	225	1,934
Charitable activities	9,625	2,212	11,837
Other trading activities	189	39	228
Investment income	8	1	9
	<hr/>	<hr/>	<hr/>
Total income	11,531	2,477	14,008
	<hr/>	<hr/>	<hr/>
EXPENDITURE ON:			
Raising funds	622	-	622
Charitable activities	10,805	2,589	13,394
Other trading activities	47	-	47
	<hr/>	<hr/>	<hr/>
Total expenditure	11,474	2,589	14,063
	<hr/>	<hr/>	<hr/>
Net loss on investments	(1)	-	(1)
	<hr/>	<hr/>	<hr/>
Net income and net movement in funds	56	(112)	(56)
	<hr/>	<hr/>	<hr/>
RECONCILIATION OF FUNDS			
Total funds brought forward	2,121	6,746	8,867
	<hr/>	<hr/>	<hr/>
Total funds carried forward	2,177	6,634	8,811
	<hr/>	<hr/>	<hr/>

* The prior year comparative has been restated to simplify the presentation of financial information and / or more accurately represent the substance of the income and expenditure.