



Soil Association Limited  
**Trustees' Report  
and Consolidated  
Financial Statements**

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For the year ending 31st March 2021



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## Why we exist

The Soil Association is the charity that digs deeper to transform the way we eat, farm and care for our natural world.

### Our vision

Regeneration – a world with good health, in balance with nature and a safe climate restored for all.

### Our mission

To help everyone understand and explore the vital relationship between the health of soil, plants, animals, and people.

### Our values

Our charity is built on the core organic principles of health, ecology, care, and fairness\*.



\*The Principles of Organic Agriculture were established by the International Federation of Organic Agriculture Movements (IFOAM), the principles of organic farming were approved by the General Assembly of IFOAM in 2005. More information can be found [here](#).

## Chair's introduction

I am pleased to present the Soil Association's Annual Report and Accounts for the year ending 31 March 2021. There is much here to encourage us all, with some very real achievements over the last 12 months, and the launch of an ambitious new plan for the next ten years. This year has obviously been highly challenging, and on behalf of the Trustees, I want to start by thanking all our staff for their commitment, professionalism and resilience that has ensured that our broad-ranging work continues to have such a positive impact.

Our work has undoubtedly played a role in helping a wide variety of people see the connections between the health of soil, plants, animals, and humans with fresh eyes. Many companies are realising that they must think more seriously about sustainability if they want to survive and thrive and are looking to the Soil Association to help them take action. Philanthropists and foundations wanting to ensure that their financial support has maximum impact are keen to work with us. Other NGOs seek our advice. Increasing numbers of farmers and food producers want support from Soil Association Certification with developing their businesses on organic principles. Policy makers and politicians are receptive too. Across the board, input from our highly regarded teams is being sought to help 'Grow Back Better'.

The combination of a track-record proven over 75 years, a range of successful programmes and the launch of some exciting new initiatives is proving to be compelling to all sorts of individuals and organisations who are concerned about the threats to climate, nature and health, and who are attracted by the regenerative potential of nature-based solutions that are based on data and real-world experience.

However there remains much to do, and we have set ourselves some ambitious goals in this crucial decade. We want to help bring about a ten-year farming and land use transition to agroecology and sustainable forest management, and a ten-year transition to healthy and sustainable diets for all, and a reduced fashion and forestry footprint.

Behind these headlines are clearly specified, bold (and somewhat daunting) objectives which are critically important if we are going to learn to live within planetary boundaries in harmony with the natural world. I encourage you to read more about our strategy to 2030 on page 9. At the heart of our plan are practical programmes that use proven techniques and the most appropriate new technologies to enable farming, forestry, and food systems to drive positive and measurable change.

Funding remains a constraint. Although our unrestricted free reserves have increased this year to just under £1 million, we have recently signed off a budget that will see us operating at a significant

deficit as we look to grow and expand our activities at this critical time. We will continue to actively fund-raise and to grow our membership. You will also see that our assets have increased markedly this year – that is because of the generous gift of Woodoaks Farm to the Soil Association Land Trust whose assets are consolidated within the group total, although it is a legally separate entity. We are all excited by the opportunity to develop an exemplar organic farm and visitor centre close to London.

Please continue to support our work in any way you can - it will make a very significant difference to what our charity can deliver.

A handwritten signature in black ink that reads "Martin Nye". The signature is written in a cursive, flowing style.

Martin Nye  
Chair of the Board of Trustees

# Trustees' Report

## a. Chief Executive's foreword

It has been another year in which, for many of us, the only certainty has been extraordinary uncertainty. Covid-19 has brought great challenges, Brexit has impacted trade and much else in an unprecedented way, and public attitudes are shifting rapidly. In this fluid, fast changing environment, we have been reflecting deeply, as well as acting with agility - taking stock on the state of the world, how it's evolving, and what role we can best play to ensure that out of disruption and confusion comes a better future for next generations.

Over time we've become increasingly disconnected from each other and from nature. But as our comfort blanket of 'normality' was drawn away this year, many people developed a new found appreciation for the simplest, but most precious things in our lives such as the health and happiness of our loved ones and the natural world around us which has provided beauty and solace during frightening and lonely times.

It's never been clearer that change is urgently needed, wanted and possible; we must refocus and reconnect with what really matters. At the Soil Association we asked ourselves how can our achievements and activity best support the regeneration of nature, good health, and a safe climate for all?

Our new strategy is a therefore a bold one. In our 75<sup>th</sup> year, we know that we have the wisdom and solutions that the world now craves. So we have set ourselves on course to do everything in our power to turn the tide, and enable two vital transitions on our land and in our lives over this crucial decade for humanity, to transform the way we all eat, farm and care for our natural world – do see our full strategy on p9.

This year we have achieved a great deal towards our ambitious goals, and we have done so while having to be massively flexible and adaptable. We continue to evaluate where our expertise and experience can have the greatest impact, and how we can work well with our members and many partners, to ensure that our collective actions are synergistic.

This year children's food has been in the spotlight more than ever, and we've continued our work to secure healthy, sustainable diets for all. I am incredibly proud of all the work that has been done in our Food for Life programme this year, where despite school closures our teams brought communities together to ensure primary school children have a healthy nutritious lunch.

Our focus on agroecology and sustainable land use continues too, both through our work on the ground with field labs and Innovative Farmers networks, and through the academic work we are doing with policy research institute IDDRI and the Food, Farming and Countryside Commission, demonstrating how agroecological systems like organic farming could reverse the biodiversity crash, mitigate and help us adapt to climate change, while feeding a growing population well.

We will be growing support for the practical solutions we propose as we build up to UN Climate Change conference (COP26) later this year. We're working closely with the climate coalition and policy makers to table practical solutions, and rallying citizens behind our belief that together, a nature-friendly future is possible.

Our Soil Association Certification business has been amazing this year; it had to establish a remote auditing process, work with government to clarify the complexities that Brexit brought, support businesses to adapt to this new world and cope with the burgeoning demand but ever shifting retail patterns for organic food, while providing continuing support to many affected organic farmers. Our international forestry certification activities have likewise been challenged by growth, the impossibility of travel and the new opportunities such as ecosystem audits and their success in rising to these challenges means that over 25M/ha of forest in 66 countries is now protected by us.

The massive disruption we have all faced can be, must be, the springboard into a brighter future. We have laid out some of the foundation stones for that in our 'Grow Back Better' manifesto, and we have clear plans for the work we will aim to do, funding permitting, to enable our ambitious goals to be achieved. There are many ways that you can be part of our collective regenerative movement, and I hope that this report will inspire you to do so if you are not already involved. For those of you who are, thank you so much, and I look forward to working with you over the coming year and beyond.



**Helen Browning**  
Chief Executive

## b. Charitable objects

The Soil Association is the charity that digs deeper to transform the way we eat, farm & care for our natural world.

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.

## c. Overview of progress

### i. Highlights from 2020/2021

Despite a period of huge uncertainty there have been many key moments this year. Together with our members, certification clients and friends, we've continued to work towards a greener future - supporting people to make choices that balance the needs of climate, nature and health.

Some of this years' highlights include:

#### **Showing what's possible on the ground**

We're supporting more farmers than ever to explore and adopt nature-friendly practices through Innovative Farmers and FABulous Farmers. In 2020/21 Soil Association Certification saw a 10% year-on-year increase in the number of new organic farming applicants.

In a year that has seen school meals in the spotlight, our Food For Life programme is collaborating with more schools than ever, with over 50% of Primary schools in England now engaged through Food for Life Served Here.

#### **Campaigning for change**

We secured strong commitments to agroecology in The [Climate Coalition's 'Glasgow Action Plan'](#) for COP26 and we acted as key advisor to a UK [agroecology model by IDDRI](#)— showing policymakers how a transition to agroecology is possible, and would deliver benefits, in a UK context. We also published our ultra-processed food report and have convened an expert group on ultra-processed foods to influence the National Food Strategy.

#### **Building supportive food networks and helping people make nature-friendly, healthy choices**

We believe it is vital that the relationship between farmers, growers and wider society is mutually beneficial. By understanding the needs at both ends of the chain, we can work together creating and supporting systems that care for each other in how we live. Despite added complications of Brexit and Covid-19, many certified organic businesses have launched new and innovative routes to market supported by our Certification business. The UK organic market saw its biggest growth for 15 years at over 13%; it's now worth £2.79 billion with almost 90% of households buying something organic last year. To support this upward trend, Soil Association Certification also launched a new toolkit of marketing materials to help organic businesses to engage their customers on the impact of choosing well at the checkout.

## ii. Grow better together: Our path to 2030

We achieved much last year, and it is heartening to see more people recognising and responding to the crises we are facing. Despite this, the world is not changing fast enough to regenerate itself –we must do more and act quickly.

The Soil Association has chosen this crucial moment to build on the successes of the ‘Road to 2020’ and raise our ambitions still further. We have solutions and the means to connect farmers, policymakers, businesses, and citizens to enable faster and more holistic change. In order to achieve this, we need to reach more people, to engage them with our solutions, to enable and empower them so that we can join together to act in support of climate, nature, and health.

### **Our new strategy: Grow Better Together**

The Soil Association’s mission is to help everyone explore and understand the vital relationship between the health of soil, plants, animals, and people. In practice, this means helping people connect – with each other, and with nature. For farmers, this is especially important; over the coming decade the way we grow food and manage land must become a key solution to climate change and nature depletion rather than a major contributor to the problem’s humanity faces.

Our new strategy involves making more of our convening role, connecting people and ideas across the areas we operate in so we can all ‘grow better together’.

Bridging diverse knowledge and skills, we’ll find and test solutions on the ground, use learnings to campaign for positive change, and provide support for communities to work together and better care for each other through the work they do.

Through this wide-ranging work with partners and communities, we will strive to support:

- **A ten-year farming and land use transition** - to agroecology and sustainable forest management
- **A ten-year consumption transition** - to healthy and sustainable diets for all and a radically reduced fashion and forest footprint

Focusing on both ‘how we produce’ and ‘how we consume’ allows us to see the sector from all angles. In doing so, we can then understand and implement the integrated food, farming and forestry transition our world needs to secure a better future – with nature-friendly living as the norm.

To do this, we also need to be as fit as we can be internally. Operationally, our focus will also be on supporting our colleagues, affirming our brand and culture, and ensuring the right capabilities and financial support is in place to deliver the strategy.

## What success looks like

We're working through plans to evolve our activity and focus over the next three years to support our vision of 'regeneration'.

### By 2030, we want to see:

1. **Connections:** We all experience meaningful connections with each other and with nature through food
2. **Soil health:** Soil carbon loss is reversed, and all soils are sustainably managed
3. **Biodiversity:** Declines in abundance and diversity of pollinator, butterfly and bird species are reversed
4. **Diversity:** We all understand the value of diversity in what we grow, eat, and consume, and the value of different perspectives on food, farming, and land use
5. **Clean air and water:** Environmental pollution from farms is reduced by 90%
6. **All farmed animals experience a 'good life':** Reducing antibiotic use in UK livestock farming and aquaculture by 90%
7. **A fairer deal for food producers and citizens:** A healthy, ethical, and sustainable diet is affordable, accessible and the norm for all
8. **Healthy diets for children:** Childhood obesity (and inequalities) is halved and all children eat at least 5-a-day fruit and veg
9. **Trade:** No net environmental harm is associated with the UK's food, farming & forestry consumption footprint
10. **Values-based living:** We all live by the organic principles of fairness, care, health & ecology

We are building improved reporting measures and processes to help ensure we are on track to contribute to the delivery of these outcomes.

We are confident that our new strategy will sharpen our focus and streamline our activity, so the Soil Association is an even stronger 'force for good' and 'force for change'.

We know that working together we can make a real difference, so that we can all live in a world in balance with nature and enjoy a future with good health and a safe climate.

## d. Our achievements and performance this year

### i. Farming and land use transition

The global pandemic and the complexities of Brexit have had a huge impact on farmers, foresters, and businesses during 2020/21. Despite these difficult circumstances, the Soil Association has continued to connect farmers, policy makers, citizens, supporters, organisations, and businesses to support the development, adoption and success of sustainable farming and land use practices, to help make them the norm.

We do this by **showing what's possible on the ground, campaigning for change and building supportive food networks and helping people make nature-friendly, healthy choices** – supporting people to make choices that balance the needs of climate, nature and health.

#### 1) Showing what's possible on the ground:

##### Supporting farmers with the transition to nature-friendly farming

We are continuing our work on [FABulous Farmers](#), a European project designed to support farmers in the transition to more agroecological practices. This year we held four National Demonstration Events online, ran three Learning Network sessions and recruited a further 14 farms. We held a stakeholder meeting on herbal lays and produced and launched an agroforestry film.

The [Innovative Farmers](#) programme supported a further nine groups to launch farmer-led research 'field labs' during the last 12 months. Our expertise has helped to inform future Innovate UK funding programmes to improve farmer engagement. Innovative Farmers is now embedded in a number of UK research programmes to provide ground truthing for the innovations being researched.

As part of the European Union's Horizon 2020 research programme [Replacement of Contentious Inputs in Organic Farming Systems](#) (RELACS), we have been involved with a number of projects exploring innovative and agroecological farm practices including:

- A farmer focus group testing alternative anti-parasitic measures (anthelmintics) such as heather extracts from fungal extracts in Scotland
- Three farmer field schools, to support the reduction of antibiotics, with eight Mastitis cases entering trial which used essential oil treatments as an alternative to antimicrobials for "mild" cases of mastitis
- A trial looking at copper replacement spray programmes for fruit production

- A field lab looking at alternative mulches to plastic for horticulture

We delivered one of nine Defra funded [future farm resilience](#) pilots. Initially targeting Soil Association organic livestock farmers in the South West of England, we supported 205 farm businesses through a change management programme of webinars, farm walks and telephone support. A resource book and toolkit were developed to help farm businesses analyse and understand the changes to funding and receive support during the agricultural transition.

We recruited a group of nature-friendly farmers across the UK who are committed to using agroecological practices on their farms as our [agroecology ambassadors](#). They support each other through regular help and advice and, following media training that we provided, they created a series of films to promote their work and to help explain agroecology to a wider audience.

We supported farmers to connect and learn more about nature-friendly farming by providing a range of information sources to our networks through producing the [Organic Farming Magazine](#) three times per year, monthly Organic Farming News sent out electronically to our 4,000 strong network and by responding to an average of 40-50 producer support enquiries every month.

The [agroforestry handbook](#) has now had nearly 5,000 downloads since publication and the content has been further developed to create an online learning course to support farmers and land managers to explore incorporating trees on farmland.

### **Supporting climate-friendly food production**

We have assembled a group of over 100 farmers (organic and non-organic) to work with us on the [Carbon Assets for Soil Health](#) project. This research project will support farmers to measure key indicators and demonstrate carbon sequestration in their soil and relate this to farming practices. The ability to test, monitor and verify the carbon in their soil offers a way for farmers to monetise their regenerative farming practices, thereby accelerating the adoption of these practices and soil restoration. It also helps to build an important body of evidence that soil management is a 'public good'.

In early 2021, Soil Association joined with Duchy College, Farm Carbon Toolkit and others to implement 'Farm Net Zero', a five-year funded lottery funded programme to support farmers in the Cornwall to move towards net zero carbon emissions.

We are also working towards reducing the reliance on contentious feedstuffs such as soya, which can be unsustainable and is linked to deforestation, and have just concluded the [Ecofeed project](#) which involved testing a number of alternative sources of protein for organic livestock. We are now starting to utilise all the assets developed by this project in our day-to-day work with farmers and growers.

We set up a 'Deforestation Task and Finish Group' to better understand the extent to which organic standards guarantee that palm oil is free from deforestation. This data will be further analysed in 2021/22.

### **Soil Association Certification work to support organic businesses and standards**

In 2020/21 Soil Association Certification saw a 10% year-on-year increase in the number of new organic farming applicants and a significant reduction in organic farmers leaving certification. We had a total of 1,763 producer licenses by end of March 2021 with more farmers looking to convert to organic and a 24% year on year increase in certified land in conversion. Although we could not hold in-person events, a move to digital events proved successful with over 200 farmers and licensees attending our seven events about organic certification and the changing policy landscape. We had a strong presence at external digital farming events including [Oxford Real Farming Conference](#) and [Cereals](#), engaging 500 additional farmers and industry representatives with the outlook for organic.

### **Soil Association Certification work to support forestry businesses and standards**

We are working hard towards our aim of all UK woodland being sustainably managed and a reduced environmental impact from the UK footprint for imported forest products. At the end of 2020/21 Soil Association Certification forestry now have 3,779 certification holders in 66 countries, an increase of 13% year on year. In the UK we now certify 93.1% of the 1,634,236 certified hectares (ha) and globally we have certified an area the size of the entire UK.

Our Woodland Carbon Code work has expanded dramatically, and we have now validated or verified projected carbon sequestration of 1,607,904 tCO<sub>2</sub>e from 5,558 ha of new woodlands.

We adapted our certification services to work in a Covid-19 safe way and continued to offer training services remotely to a global audience, with 100 trainees from 25 countries joining 11 courses.

In December 2020 we became the first certification body accredited to provide PEFC Forest Management certification in South Africa under the South African Forestry Assurance Scheme (SAFAS), a milestone for sustainable forestry certification in the country. We issued FSC Ecosystem Service certificates in Borneo (Indonesia), Sardinia (Italy), Portugal and France

### **Supporting the welfare of farm animals**

We are working as part of AssureWel to measure the effects of living conditions and inputs (like feed) on farm animal welfare. To support high welfare practice, we have delivered three [AssureWel Welfare Outcome](#) Training sessions for Red Tractor assessors, and one training session for Synergy vets. We have also been working on the development of enrichment measures for Belpork.

### **Supporting businesses and standards**

During the last year, Soil Association Certification has supported more farmers than ever to convert to organic farming by providing direct support and guidance for new entrants, hosting organic conversion events, and providing information about the economics and practicalities of organic conversion and production.

## **2) Campaigning for change:**

### **Campaigning for the transition to nature-friendly farming**

We secured strong commitments to agroecology in The [Climate Coalition's 'Glasgow Action Plan'](#) for COP26 and in Wildlife and Countryside Link's new 'Vision for Agriculture' (an umbrella position for conservation NGOs).

We acted as key advisor to a UK [agroecology model by IDDRI](#), published by the Food, Farming and Countryside Commission, translating their ground-breaking work in Europe to a UK context. This provides key evidence as to how an agroecological transition can work in practice at a UK level.

As partners in the Defra Environmental Land Management (ELM) Test we are working with partners to secure a separate agroforestry standard in the Sustainable Farming Incentive to ensure farmers are rewarded for the high level of public goods they deliver through their farming practices.

We have also worked on two Defra test and trials: correlating public goods with farm practice in the South West and West Midlands and a national test investigating the barriers to the uptake of agroforestry on farms. Both trials will support the development of informed policy.

### **Campaigning for climate-friendly farming practices**

Our report '[Fixing Nitrogen](#)', with Woodland Trust and Plantlife, was warmly received by Climate Change Committee Chair Lord Deben and policy makers working on the Wales Agriculture White Paper. We chaired an international panel event on the 'nitrogen problem' at the Oxford Real Farming Conference and are now leading a special environmental NGO group to put nitrogen at the heart of the climate and nature policy agenda.

Our Motion to the IFOAM World Board calling on the organic movement to prioritise the issue of deforestation and ensure that areas of High Conservation Value (HCV's) have suitable protection within baseline organic standards, such as the [EU Organic Regulation](#), has been accepted. They will be recommending it for approval at the Global Organic Congress in September.

We helped to secure Soil Health as a Public Good in the Agriculture Act, ensuring farmers can be rewarded for improving soil health and carbon storage.

### **Campaigning to support organic and nature-friendly businesses and standards**

After months of pressure from the Soil Association, Defra have announced that organic farming businesses in England will now be able to roll over their [Organic Higher Level Stewardship](#) (OHLs) agreements annually subject to the same criteria as general Higher Level Stewardship schemes, providing continuing support to many organic farmers to keep agreements in place until the new Environmental Land Management (ELM) scheme comes in to force in 2024.

This year, the Agriculture Act finally made it into statute – mass lobbying, involving a thousand actions from Soil Association supporters, secured Parliamentary scrutiny for trade deals, and a more substantial Trade and Agriculture Commission to report on them.

Soil Association have also contributed to a new report from the [English Organic Forum](#) (EOF) which makes the case for organic and includes how organic land management must be integrated into England's agricultural policy through the ELM scheme.

This year, we continued to play key roles in the international organic movement. Chris Atkinson, Head of Standards, was elected to the Board of [IFOAM Organics Europe](#) (OE) and Sarah Compson, International Development Manager was re-elected as Chair of the IFOAM OE Interest Group of Organic Processors and Traders. Our engaged involvement with IFOAM continues to be vital - the announcement of the EU Commission's [Farm to Fork](#) strategy target of 25% organic land by 2030 was heavily driven by IFOAM's advocacy efforts, and we played an important role in influencing the updated [EU Organic Regulation](#) through IFOAM EU.

A new standard banning the use of nanomaterials, and new standards around beak trimming in organic food, have been included in the updated EU Organic Regulation, both of which are based on [Soil Association higher standards](#).

Our '[Alliance to Save our Antibiotics](#)' got US antibiotic use onto the media agenda alongside chlorinated chicken with a report highlighting the massively higher antibiotic use in the US.

### **3) Building supportive food networks and helping people make nature-friendly, healthy choices:**

Our work with the [New Economics Foundation](#) and [Growing Communities](#) concluded with the publication of a report entitled 'An evaluation of the social, environmental, and economic contributions of Growing Communities', a Soil Association Certification Licensee, which assessed the financial value of the growing communities business model to all supply chain actors.

Its key finding was the significant multiplier effect of buying food locally on the local community. The report highlighted that for every £1 spent by customers on veg box schemes or farmers' markets a further £3.70 is generated in social, economic, and environmental value. The greatest benefit for farmers was wellbeing – the feeling that their work was more appreciated, they were able to manage better financially and felt more secure in their job. The value of reduced pressure to scale up their operations was also significant at £625 per farmer, as was the increased autonomy over what they can produce.

## ii. Healthy and sustainable diets and reduced fashion and forest footprint

The impact of the global pandemic on our work supporting healthy diets for children has been huge, with schools closed for much of the year and physical connection reduced, coming up with innovative ways to maintain our work has been vital. In addition, the complexities of Brexit are still being felt, with companies having to add increased processes, time, and effort to try and maintain their business. Despite these difficulties, during 2020/21 the Soil Association has continued to encourage and inspire citizens, organisations, and businesses to support sustainable food, fashion, forestry, and farming.

We do this by **showing what's possible on the ground, campaigning for change and building supportive food networks and helping people make nature-friendly, healthy choices** – supporting people to make choices that balance the needs of climate, nature and health.

### 1) Showing what's possible on the ground:

#### Supporting healthy food for all

Despite school closures related to the pandemic, our [Food For Life](#) programme awarded 39 Food for Life (FFL) Awards this year (32 schools and 7 early years settings have received awards) recognising excellence in food standards and culture in these settings. 431 organisations have started their FFL journey with us by enrolling on the membership package, and there were 111 enrolments on the awards packages from organisations who have made the commitment to work towards a FFL award.

In England over 50% of all Primary schools are now engaged through [Food for Life Served Here](#) (FFLSH) and in Scotland, 16 local authorities are now FFLSH award holders for their primary schools' meals service (which is half of all local authorities in Scotland), with five more actively pursuing the FFLSH award. The award symbolises the gold standard in children's food, with more than 1.8 million meals served each day.

During this period and despite widespread Covid-19 disruption to catering services across sectors, 106 Served Here licensees engaged with our inspection process and were issued licences (14 at Gold and 38 at Silver). In addition, we've seen a strong uptake during this time with 12 caterers joining the scheme.

We have seen an increased interest in our Green Kitchen Standard Award (GKS) with examples such as the Jersey Government commissioning a project to get the prison, hospital, and schools on the island certified.

Following a thorough review of the *Making healthy eating easy* standards, which brought them into alignment with the Government Buying Standards, we received feedback from caterers and auditors that the updated standards were not having the intended impact. These standards have now been adjusted and a new standard has been introduced which reward caterers who offer an enhanced selection of vegetarian or vegan meals, making their catering more inclusive.

Sustainable Food Places (SFP) is a partnership between The Soil Association, Food Matters and Sustain that supports sustainable food partnerships in towns, cities, boroughs and counties across the UK to build a healthy, sustainable and equitable local food system through collaborative, cross sector action. Those SFP partnerships became key local organisers in the community food response to Covid-19 during this year, meeting the urgent food needs of those most seriously impacted by the pandemic and supporting the post Covid-19 recovery of the local and sustainable food sector.

Interest in the SFP approach has continued to grow, with grants and support to 18 prospective new partnerships across the UK, which will increase the number of partnerships in the SFP Network to about 75 by the end of 2021. SFP members have continued to raise the bar in making healthy and sustainable food a defining characteristic of where they live, most notably in Brighton and Hove, which became the first city in the UK to achieve a Sustainable Food Places Gold Award. The National Lottery Community Fund committed an additional £300k of funding to support SFP in 2021 in recognition of the incredible work we have done during the Covid-19 pandemic.

Food for Life Get Togethers continues to play an important connecting role between a diverse group of community organisers interested in bringing people together through good food. This year 427 Get Togethers – community-led, social good food activities – were registered, involving around 20,098 people. The programme has a growing base of community organisers across the UK, with 451 new organisers this year joining a network of over a thousand since the programme started in June 2019.

Our practical support for community organisers helps overcome barriers to participation and builds capacity to sustain good food activities and active food citizenship. For example, this year we have distributed 281 small grants for cooking and growing equipment and had 312 unique sign ups to our free online Get Growing and Get Cooking training courses. This approach has helped us reach disadvantaged and/or diverse communities, with 59% of Get Together organisers in our ‘test and learn’ regions based in the 30% most deprived areas in the UK, and 33% based in the 10% most deprived areas.

### **Soil Association Certification work supporting organic businesses**

In response to the pandemic, many organic businesses launched new and innovative routes to market, many selling direct to citizens as food service was closed and at the same time, demand for box schemes and home delivery grew. Soil Association Certification took all events and learning days online. Over 300 people attended the virtual trade conference and we spoke to over 2,000 people across all our events.

Soil Association Certification provided extensive support to organic businesses both in the lead-up to, and following, the end of the Brexit transition period, helping them prepare for potential trade disruption with:

- Extensive and continually updated web guidance and regular fortnightly eNews technical/trade updates (from Nov) reaching 6.4k certification clients
- Three webinars attended by total of 453 businesses

To help businesses talk to people more effectively about organic food, Soil Association Certification launched a new set of marketing materials including a tool kit on how to market organic successfully, and accurately and supported licensees with webinars and case studies including on using organic marketing claims successfully.

Soil Association Certification worked alongside the Organic Trade Board and many organic businesses and retailers to hold the largest and most successful Organic September to date. Growth across the month was over 12% year on year and levels of engagement increased significantly as the message that nature has the answer hit home.

Soil Association Certification had to increase resource quickly and significantly to deal with the new administrative and legislative requirements to ensure clients can continue to trade as smoothly as possible.

To support small certification clients that are just setting off on their organic journey, Soil Association Certification launched a free start up package. This gives access to supporting organisations at discounted rates and access to 'meet the buyer' events. Over 30 joined our first webinar to introduce the free package.

## 2) Campaigning for change:

### **Campaigning for healthy and sustainable food for all**

As members of the Eating Better Alliance, we influenced The Climate Change Committee's 6th Carbon Budget, which acknowledged the significant impact of animal feed production on climate and biodiversity and called for a 20% reduction in all meat and dairy consumption, including grain-fed poultry and pork alongside red meat for the first time.

In collaboration with advocacy partners in England over Free School Meals and school meal provision, our campaigning resulted in a Government U-turn, with commitment to extending provision over the 2020 summer holidays.

In Scotland, we helped secure a Government commitment to scale up Food for Life quality standards and funding alongside extensions to free school meal provision.

We published our [ultra-processed food report](#) in conjunction with a Peter Melchett Memorial Lecture, engaging citizens with the concept of ultra-processed foods and inviting fresh ideas from food writer Bee Wilson; we have since convened an expert group on ultra-processed foods to influence the National Food Strategy.

We gave evidence to the EFRA select committee inquiry into public food procurement, highlighting the achievements of Food for Life. The resulting report carried many of our recommendations and our advice on transforming procurement has been sought by the National Food Strategy team.

We were a key advisor to the Hospital Food Review, commissioned by Health Secretary Matt Hancock and chaired by Prue Leith, which recommended investment in kitchens for freshly prepared meals and that food standards should be put in law and monitored. The Review also advises NHS Trusts to seek accreditation with the Soil Association's Food for Life Served Here scheme. Government has committed to act on the recommendations and The Health (Amendment) Bill 2021 includes provisions to embed hospital food standards in law.

## 3) Building supportive food networks and helping people make nature-friendly, healthy choices:

### **Choosing organic**

The UK organic market saw its biggest growth for 15 years at over 13% and is now worth £2.79 billion with almost 90% of households buying something organic in the year. Shopping trips to all the multiple supermarkets have increased and shoppers are spending more across products.

(Nielsen RMS Scantrack, Kantar, March 2021).

Due to the pandemic, desire for veg boxes and online shopping was higher than ever, with an increase in sales of 36.2% ([Soil Association Certification Organic Market report 2020](#)). We helped connect those shoppers with retailers with our [veg box listings](#) page on our website, which saw an increase in page views of 900%. Soil Association Certification held a number of webinars on pivoting businesses successfully to support those who had been impacted by the pandemic to sell online or direct to customers.

The Soil Association plays an instrumental role in influencing the development of international standards: [The Global Organic Textiles Standard](#) (GOTS) and the [COSMOS](#) standards for organic and natural textile and cosmetic products respectively. GOTS grew by 34% in 2020, and there are now over 10,000 GOTS certified facilities in 72 countries. 2020 saw the publication of version six of the standards which included important amendments such as the prohibition of plastics in tampons, and a requirement to calculate and start closing the living wage gap for workers - over 3 million workers are protected under the standards.

COSMOS is now the leading international organic and natural standard for cosmetic products with over 23,000 certified products available worldwide – over three times more than the next leading natural and organic global cosmetics standards. 76% of these meet the COSMOS Organic standard and 24% are certified COSMOS Natural. Certification makes it easier for shoppers to understand and choose products which align to their values. The market for certified organic and natural beauty grew +13% in 2020/21.

### **Sustainable packaging**

This year, Soil Association Certification Forestry produced the [Sustainable Packaging Report; The case for paper](#). Aimed at packaging manufacturers, brands and certification clients and containing many helpful case studies, it aims to drive a reduced reliance on plastics by highlighting paper packaging innovations and the important role of FSC and PEFC certified paper in sustainable packaging.

### iii. Our fundraising

#### **Fundraising in 2020/2021**

In 2020/21 the Soil Association's supporters, members, grant funders, corporate partners and fundraising activities raised over £8.4m supporting projects to transform the way we eat, farm and care for the natural world.

In 2020 we quickly adapted our fundraising plans to cope with the effects of the pandemic; our events turned virtual, we created video content to share our plans and updates, and instead of meetings, farm visits and events we relied on virtual get-togethers and more traditionally, post, to keep in touch with our supporters and to bring them closer to the work that they made possible.

In October 2020 we launched our 5-year programme to significantly grow the number of regular supporters to the charity. This year saw the team embed a new supporter database and emailing system, and test different recruitment methods to find new membership audiences. We invested in the team to grow our ability to find and look after our valuable supporters. We end this year with 10,587 members who regularly support the charity with a monthly or annual donation.

Our philanthropy programme raised almost half a million from generous individuals who support our work either to see a specific project carried out or more generally because they believe in our vision and work.

In 2020/21 we received 5 legacy gifts where people had generously decided to include the Soil Association in their will.

Our new Citizen marketing team was appointed in mid-2020 to help us talk to potential new supporters, largely through digital storytelling. We kicked off activity with Organic September creating new and compelling stories and information across Twitter, Facebook, and Instagram. This month-long campaign delivered 1.5m impressions which led to nearly 2,000 people signing up to Nurture, our supporter email programme.

In 2020 we continued to increase the number of corporate partners we work with, and we are especially pleased to enter in the third year of our partnership with Pukka Herbs who support our work with their 1% for the planet contribution. We create partnerships with companies that deliver against mutual objectives and that help to make the change in the world we want to see. Partners support our projects, deliver income through affinity schemes or corporate membership, and they sponsor publications and events throughout the year.

This year the Soil Association received over £6m in restricted grants which funded our core costs, defined projects, and programmes such as Innovative Farmers and provided unrestricted support. We are particularly grateful to Esmée Fairbairn Foundation for a multi-year core grant and the National Lottery Community Fund for their longstanding support.

## iv. Our people

### **Impact of Coronavirus Pandemic on our workforce**

2020/21 presented significant challenges for our workforce. In line with Government requirements our Bristol and Edinburgh offices were shut throughout the year with office-based staff having to operate from home. Rapid re-engineering of business processes supported by existing technology solutions, combined with our adaptable and well-motivated workforce meant we were able to continue many of our activities and services with minimal disruption. Having ensured the organisation could continue to operate, our focus for the year has then been on supporting employee wellbeing and maintaining employee engagement during this difficult period.

In areas where work was temporarily unavailable, and in instances where employees had reduced capacity to work due to providing dependent childcare, we made use of the Government's Coronavirus Job Retention Scheme. Through the support of this scheme, our charitable donors and careful financial management, no jobs have so far been lost as a direct result of business disruption caused by the pandemic.

Over the last year employee headcount in the Group has actually increased by just over 3% from 303 to 313, with the most notable growth area being resources in Soil Association Certification required to process additional documentation for clients as a result of the UK's exit from the EU.

### **Employee health, safety, and wellbeing**

A major focus for the year has been on supporting employee wellbeing. Where possible we have re-prioritised non-business critical activities and bolstered resources to support those teams under most pressure because of the pandemic disruption, and increased workload in Soil Association Certification due to Brexit.

We have put in place Covid-19 health and safety risk assessments for our activities and we have promoted use of these alongside continual messaging to teams and individuals about looking after their personal wellbeing and that of their colleagues.

Employees have a number of resources available to them if they have questions or issues, including access to health and safety advice, a confidential external counselling and advice service (for employees and their immediate family) as well as support through managers, the Human Resources team and colleagues who are trained mental health first aiders.

## **Employee engagement**

The Soil Association operates a framework for employee information and consultation. During this year, the approach to providing employees information about the organisation has continued through a twice-monthly staff newsletter and through all staff briefings.

Given disruption to face-to-face communication caused by the pandemic, we put additional efforts into our internal communications. We increased the frequency of our all staff briefings which we conducted online and through these we provided information on organisational planning and performance as impacted by Coronavirus. During the year a significant proportion of the workforce had opportunity to attend workshops assisting with and inputting to thinking on the development of the Group's new strategy.

The Soil Association has a recognition agreement with the UNITE trade union and consults with union representatives on relevant matters relating to the employment terms of staff. In addition there is a staff representative forum with members drawn from across the Soil Association Group at which senior management listen and respond to issues and questions raised by staff, this forum also provides a mechanism for senior management to seek feedback on proposals for change and to explain performance of the Group.

We are pleased to report that we retained our 1-star 'Best Companies' accreditation and improved our engagement score from the previous 2018 survey. By doing so we continue to demonstrate very good levels of workplace engagement.

## **Diversity and Inclusion**

The Soil Association was already in the process of better understanding how it could improve matters of diversity and inclusion within its own workforce as well as through the impact of its charitable activity. The events of 2020 and those that sadly continue to this day have undoubtedly caused us to reflect ever more deeply and galvanised our commitment to do more.

As a result of work so far, we have improved internal recruitment practices and we continue to engage staff and look at our behaviours to ensure we are as open and welcoming of diversity among prospective and existing employees as possible.

Through significant staff engagement, and with the assistance of external expertise, we have made a clear statement of commitment to improve in this area, we have established a Diversity and Inclusion Steering Group and agreed a plan of action for the next 12 months.

Through the operation of its recruitment policy and equal opportunities policy, the Soil Association gives full consideration to applications for employment from people with a disability where the

candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to people with a disability for training, career development and promotion. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

As part of our efforts we have committed to the following accreditations and initiatives: [The Real Living Wage](#), [Disability Confident Scheme](#), [The Good Business Charter](#) and the [Bristol Equality Charter](#).

## e. Our future plans

### i. Farming and land use transition

#### 1) Showing what's possible on the ground:

- We will publish new research reviewing how technology can accelerate a transition to agroecology, timed to influence the National Food Strategy.
- We are influencing manifestos in the May elections in Scotland around agroecology and diet transition.
- The [Carbon Assets for Soil Health](#) project will continue to collect soil data with 102 farmers being sent a testing kit in Spring 2021. We will be running workshops and producing fact sheets based on the findings of the first round of soil testing.
- We have a further four demonstration events, eight learning sessions and three stakeholder meetings planned for the [FABulous Farmers](#) project. We aim to recruit a minimum of 25 farms and will be creating a FAB policy paper to be launched at a suitable policy event as well as developing economic incentives to further support farmers transitioning to more agroecological farming systems.
- A minimum of 12 farmer-led field labs will be launched annually from 2021 to help farm businesses adopt more sustainable farming practices with all our field labs focussing on topics which will support the transition to agroecological farming practices.
- We are planning further [AssureWel Welfare Outcome](#) Training for 2021/22 including one session for Fibl researches and two-three for Red Tractor assessors as well as a funding bid to enable an increase in our focus on ensuring a good life for all farm animals.
- We are developing a new initiative called Soil Association Exchange (SAX). SAX will be a digital platform to help farmers and land managers; learn about agroecological practices and how to implement them, enable them to measure the environmental and social impact outcomes of farming agroecologically across their land, and connect farmers with financial rewards for managing the land in a way that's good for people and planet.
- The programmes we are involved to improve organic farming and reduce our reliance on contentious inputs will come to fruition with plans to produce information on best practice changes as a result of the research.
- We are developing new programmes to support our future strategic ambitions in the areas of increases in organic farming, increases in agroforestry and farm woodland and a doubling of fruit and vegetable production in the UK.
- Soil Association Certification will continue to hold engagement events to support those farmers interested in conversion to organic.

## 2) Campaigning for change:

- As part of the RELACS wP4 and 5 projects we hope to deliver eight outstanding farmer field schools, and national workshops covering antibiotic replacement.
- We will launch a 'Food Not Feed' campaign calling for action to reduce the climate and nature footprint of animal feed production and switch land to fruit, veg and nut production.
- We will redouble advocacy efforts with key partner NGOs to get England's Sustainable Farming Incentive proposals, which are the first tier of the Environmental Land Management Scheme (ELM), to properly recognise organic farming and reward whole farm transition to agroecology and agroforestry.
- We will continue to work with partners to secure an agroforestry standard and will be running an All-Party Parliamentary Group event to raise the profile of agroforestry.
- Post Brexit, IFOAM OE is our main route for influencing the development of the [EU organic regulation](#), which will continue to have a significant impact for all Soil Association Certification organic clients importing or exporting to Europe.
- During 2021/22 we will continue to respond and react to changing agricultural policy landscape to represent the needs of organic farmers.

## 3) Building supportive food networks and helping people make nature-friendly, healthy choices:

- We have strong land conversion targets to support the Soil Association strategy's aim of achieving 25% organic land by 2030.
- We will continue to focus on our core forestry certification business and aim to maintain steady growth at around 10% a year. We will build upon our recent growth around Carbon and other Ecosystem services with a review of these markets and potential further business offerings.
- As part of the Groups Climate Nature Health agenda and Strategy to 2030 we will also carry out feasibility work into the impacts of UK commodity supply chains that impact upon forests and contribute to global deforestation, as well as work with Policy, Standards, Campaigns and Soil Association Exchange to develop approaches to sustainable landscapes, agroecological approaches and the promotion of sustainable forest management and integration of more trees and forests into the UK landscape.

## **ii. Healthy and sustainable diets and reduced fashion and forest footprint**

### **1) Showing what's possible on the ground:**

- We will be preparing for the 2022/23 review of the FFLSH standards, with the aim of more closely aligning some standards with our new strategy goals, whilst ensuring they remain achievable for caterers.
- In our work on FFLGTs, we will focus on delivering three mobilisation campaigns, connecting Get Together organisers through a series of networking activities.
- We will co-produce a learning space for local good food champions and explore research into what motivates, supports, or creates barriers to participation in social food citizenship activities.
- Soil Association Certification will be running engagement and supplier events with major retailers as they look to increase their ranges and make the connection between organic and a sustainable future. They will continue to increase reach with events by delivering hybrid (physical and digital) engagement sessions.
- Alongside that, they will continue to work with retailers on sustainable and less packaging and with brands on communicating the organic message and importance to the Soil Association Organic symbol.
- Soil Association Certification will deliver a series of events to provide insight and knowledge to clients surround the ongoing complexities of Brexit and ensure that clients can react to the changing trade environment supporting the on-going growth of organic markets.

### **2) Campaigning for change:**

- We will be securing bold recommendations on Public Food Procurement in the National Food Strategy and a positive Government White Paper response.
- We will be leading a coalition of the Faculty of Public Health, the Food, Farming and Countryside Commission and Bee Wilson to influence the National Food Strategy on ultra-processed food.
- Building on the success of the Organic September campaign, 2021 will see an increased organic presence and choice available in all major retailers and an even bigger campaign.

### **3) Building supportive food networks and helping people make nature-friendly, healthy choices:**

- The [BOOMS](#) (Best of Organic Market Awards) will take place in July 2021 sponsored by OCADO retail for which we have a record number of entries to date. Entry was made free to smaller organic businesses to support them in a challenging year.
- Four new packaging standards have been proposed by our internal working group to further enhance the sustainability of packaging used by Soil Association certification clients.
- Consultation on Version 4 of the [COSMOS](#) standards is taking place in spring 2021, with the updated standard due to be released in 2022 and we will be undertaking a number of activities to engage stakeholders with the COSMOS standards consultation.

### iii. Our fundraising

This year we will develop our three-year fundraising plan to match the ambition and deliver the income needed to reach our strategic goals for the charity. We will continue to look to outside trends in fundraising to ensure that we can maintain and grow income across all streams in this post-Covid-19 era.

Between June and October 2021 we will launch our Regeneration Fund – a funding appeal based on a collection of six projects that will massively accelerate progress towards our ambitious ten-year strategy. We want to reach more philanthropists, companies and charitable trusts and inspire them with our vision for the next decade.

We plan to continue to hold virtual events for our supporters, who are based across the UK and some even further afield, who enjoy the opportunity to hear about our work from the comfort of their own homes. But we will also look to hold in-person events as soon as we are able. We will continue to promote the benefits of becoming a member to new audiences, using innovative techniques, to grow the number of supporters and members to the charity as we continue to adapt, review, and implement our five-year growth plan.

In 2021 we are focussing on a legacy marketing campaign to explain to all of our committed members what an impact a gift in their Will could mean for the Soil Association. We want to grow the number of Balfour Society members – people who have let us know that they have left a gift in their will – by 10% to 330 people.

Our citizen marketing strategy aims to build an inclusive, empowered movement by giving people opportunities to know more (inform), to do more (act) and to get involved (support the movement). People taking action also gives greater legitimacy to our policy and campaigning activity which is a key lever to enable us to change both government policy and how corporates operate. Alongside this we have identified specific improvements to our digital infrastructure that are needed to enable citizens to take actions, sign-up for events and make pledges, and to integrate this with our existing supporter database.

Next year we will continue to develop relationships with our current corporate partners to deliver long-term benefits that suit their individual needs. We will embed our new partnership with Blue Diamond Garden Centres showing our respective audiences how to embrace nature-friendly gardening. As we continue to seek out more companies to help realise our vision and strategic goals we are looking forward to developing partnerships with people who share our vision for a more

sustainable future and in particular are looking to work with companies who understand benchmarking, data collection, and the impact of system-level change.

We know that we will need to work with partners to see our ten-year vision realised and we look forward to jointly creating projects and funding bids in a collaborative way with a wide range of other charities and organisations.

## **iv. Our people**

### **Impact of Coronavirus Pandemic on our workforce**

As we progress through 2021, we anticipate a reopening of our offices in line with Government advice. Even then, and in line with many organisations, we anticipate transitioning to a hybrid working model where employees will now be encouraged to spend a greater proportion of their time working at home or elsewhere. This should bring long-term benefits for both employees, in terms of flexibility and job satisfaction, as well as for the employer in terms of staff recruitment and retention.

### **Employee health, safety, and wellbeing**

Wellbeing will continue to be a major focus for the next 12 months. Employees will continue to have access to health and safety advice, a confidential external counselling and advice service (for them and their immediate family) as well as support from the HR team and their colleagues. As the more long-term impact from the pandemic begins to present itself, we will continue to look at new ways to support our staff.

### **Employee engagement**

We intend to utilise the Best Companies survey again this year to gauge and measure our employee engagement. We will maintain the increased frequency of our all staff briefing and a new dedicated Internal Comms Officer will be working on new ways to further listen to and engage all employees alongside the HR team.

### **Diversity and Inclusion**

Our Diversity and Inclusion Steering Group have an agreed a plan of action for the next 12 months. We are beginning to explore how we deliver and make our charitable work ever more relevant to beneficiaries within marginalised and disadvantaged communities and as a prominent organisation in sectors, farming and environment, that historically suffer from a lack of diversity we are working towards finding our voice and using our position to influence change at a sectoral level.

# Financial review and results for the year

## a. 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.

### 2020/21 Consolidated Statement of Financial Activities

Charitable giving from individual supporters (donations, legacies and membership subscriptions) totalled £6,493k, which was £4,752k higher than the prior financial year. £4,183k of this increase was in the Land Trust, classified as restricted in the Group accounts, resulting from the gift of Woodoaks Farm to the Trust in the year as well as a significant individual donation. Unrestricted donations increased by £473k compared to the prior year due to a significant multi-year pledge accrued at the year end while Membership income fell by £22k or 3%. Legacy income fluctuates from year to year and was £84k lower in 2020/21 than in the previous financial year.

Income from charitable activities, which is a mixture of earned income and grant funding, increased from £13,003k to £16,421k. The £3,418k increase compared to the prior year breaks down as follows:

- £4,014k increase in income from restricted grants. This was mainly due to recognition of two further years of funding for our Food for Life Get Togethers programme as well as significant funding received for our Sustainable Food Places phase three programme in the year. We also accrued the full value of funding for several new grants awarded in the year where delivery will take place in future years. Restricted grants are often awarded 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 can complicate prior year comparisons of restricted income.

Grant awards won in 2020/21 included the following:

- £675k from Esmée Fairbairn Foundation. £525k of this is to be put towards core costs of the Charity over a three year period and £150k was for our Ten Year Transition to Agroecology socio-economic research project (recognised in full in 2020/21)
- €449k from Erasmus + for the three year Planet Friendly Schools programme, where we are the lead partner (£161k income recognised in 2020/21)

- £431k from National Lottery Community Fund's Covid-19 Emergency Funding (recognised in full in 2020/21)
- £375k from Scottish Government to fund the continuation of Food for Life in Scotland in 2021/22 (no income recognised in 2020/21)
- £334k (18.5%) decrease in 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. Our Food for Life Served Here Scheme was particularly impacted by the Covid-19 pandemic as it faces into the catering sector so saw a significant decrease in income from the prior year. Our local authority commissions also saw a fall in income due to a decrease in the number of commissions we are running.
- £262k (2.9%) fall in income in SA Certification is primarily due to Covid-19 lockdown restrictions which delayed projects and training and business development events. Licence fee income held up well despite difficult conditions.

Total income received from other trading activities decreased by £55k compared to the prior year due to SASS income from non-primary purpose trading such as corporate sponsorship and affinity partnerships falling by £63k.

Other income of £270k relates to claims under the Coronavirus Job Retention Scheme in the year. This scheme was made available to employers to protect jobs during the Covid-19 pandemic.

Expenditure on fundraising activities, including membership, was £613k, up £86k (16%) from £527k in the prior financial year.

Expenditure on charitable activities during 2020/21 decreased by £540k over the prior financial year to £15,384k. Of this decrease:

- £454k was in SA Certification due to measures taken to control expenditure when it was difficult to predict the impact that the pandemic would have on income. Travel restrictions also led to cost savings.
- £86k was within farming and land use transition and healthy and sustainable diets work driven by reduced travel and events costs in the year due to the Covid-19 pandemic limiting travel.
- £67k reduced expenditure in Land Trust due to reduced property maintenance costs.

The amounts received, and resources expended during the year generated a net income in unrestricted funds of £1,110k, up from £262k in the prior year.

Restricted income significantly exceeded restricted expenditure leading to a net surplus of £6,235k in the year, compared to a restricted deficit of £1,805k in the prior year. £4,185k of this increase

was in Land Trust funds due to significant donations in the year. The remaining movement is due to grant income recognised where the related expenditure will be seen in future financial years.

## **Reserves at 31 March 2021**

At 31 March 2021 the total funds held by the Group were £16,381k, up from £9,036k at 31 March 2020. Of the total funds at 31 March 2021, £12,485k were restricted funds and £3,896k were unrestricted.

### **Unrestricted**

Unrestricted funds and reserves increased to £3,896k at the end March 2021 from £2,786k at the end of March 2020.

The Trustees have set a reserves policy that determines a desired range of free unrestricted reserves based upon future expenditure plans and the risks and opportunities inherent within our Group business model. Free unrestricted reserves are those amounts readily available to support charitable activities in the event of unexpected reductions in income, cost increases and to provide a source of funds for planned investment in future years. The Group deems its unrestricted free reserves to be total unrestricted funds less designated funds less unrestricted pledged donations where the cash has not yet been received.

At 31 March 2021 the Trustees have chosen to designate £2,522k of unrestricted funds in two funds, as detailed in note 21. The first designated fund is a fixed asset fund and represents fixed assets (tangible plus intangible, excluding listed investments) less long-term loan creditors. Fixed assets, including the HQ building, are not considered part of the Group's readily available free reserves as they are required for operational activities. The second designated fund is a bank covenant fund of £350k and represents the amount of unrestricted reserves we are required to hold to ensure we comply with the covenant on our mortgage so these funds are also not freely available to be spent. By designating the £350k of bank covenant reserves requirement at March 2021, this has effectively removed this amount from our free reserves and means our level of free reserves is calculated on a different basis from previous financial years. The prior year free reserves are therefore restated below to be comparable.

As at the end of March 2021, the Group's free reserves were considered to be £974k (2020: £246k restated) which exceeds the target maximum level of free reserves set by the trustees for 2020/21 of £300k. The increase in free reserves from 31 March 2020 is due to the unrestricted surplus made in the year, mainly driven by expenditure across the Group having been constrained in light of the economic risks presented by the pandemic. Looking forward, the Trustees feel that free reserves should be in the range of £200k to £400k. As the Group emerges from the pandemic it has set an operating budget in 2021/22 that draws on unrestricted reserves, reducing them to within the target range set by the Board of Trustees by 31 March 2022.

The Soil Association's reserves are generated by and held for the benefit of both the Soil Association Charity and also its trading subsidiary Soil Association Certification. The Trustees approved an amendment to the Group's reserves policy post year end which clarifies that SA Sales & Services Ltd is also covered by the Group's unrestricted reserves.

### **Restricted**

Restricted funds and reserves increased to £12,485k at the end of March 2021 from £6,250k at the end of March 2020, the increase mainly being driven by significant donations to the Land Trust and an increase in accrued income on our restricted projects.

This balance largely comprises fixed assets (land, buildings and machinery) totalling £5,966k within the Land Trust and £5,437k of grant funding held by the Charity for future expenditure on restricted projects as directed by funders.

## **b. Going concern**

The Trustees have reviewed the ability of the Charity and the Group to continue as a going concern and noted no material uncertainties that would mean it would be inappropriate to prepare the accounts on a going concern basis. They have therefore continued to adopt the going concern basis in the preparation of the Group and Charity accounts. In making this judgment the Trustees have had regard to the following:

- Going concern assessments have been made by the respective boards of Soil Association Certification Limited, SA Sales and Services Limited and Soil Association Land Trust Limited with no issues identified.
- Cashflow forecasts have been prepared for all Group companies up to September 2022 that show sufficient cash balances to meet liabilities when they fall due.
- Financial budgets have been prepared for all Group companies up to September 2022 and there has been no indication to date that financial performance will not be within anticipated parameters.
- The Group benefits from a diverse mix of revenue sources, spanning individual charitable giving, corporate partnerships, grants from charitable funders and the public sector, public sector service contracts, and private sector service contracts within the UK and overseas.
- The only material long-term financial liability in the Group is mortgage borrowing on the Charity's Bristol Head Office. This borrowing is fixed at a low interest rate over the long-term and despite recent falls in commercial property values it is estimated that there remains equity in the asset which if required could be realised through a sale or increased borrowing.
- The Charity holds £974k in unrestricted free reserves at March 2021 providing a buffer against unforeseen adverse financial performance. Despite significant challenges faced during the Covid-19 pandemic in 2020/21 the Group maintained an appropriate level of reserves through careful management of costs, including utilising Government support

where available, and the continued support of the funders, businesses and public sector authorities that we work with.

## c. Significant risks and uncertainties

The Soil Association Group faces two areas that continue to generate significant uncertainty and in turn present financial risk. The first is the impact of the global Covid-19 pandemic and the second is the turbulence within the food and farming sectors generated by the UK's exit from the EU.

The financial risks include:

- Continuing public health restrictions may disrupt inspection regimes within Soil Association Certification, in particular forestry, which is undertaken internationally, as well as certain programmes of activity within the Charity such as with schools
- Income is generated from customers operating within the catering and hospitality sector and market conditions for this sector have and remain particularly challenging under lockdown and social distancing restrictions
- The worsening of public sector finances may cause the Government to reduce or deprioritise funding into those areas currently aligned with and funding aspects of our and our partner's charitable work, whether public health, education, farming or the wider environment
- The unwinding of the Government's Covid-19 support measures for employers may cause business and consumer confidence to materially decline, in turn impacting financial markets; to varying degrees all this would feed through into the Soil Association Group's funding whether in level of individual or institutional charitable giving or on demand for our services from the private sector
- Cross border trade with the EU is now more complex placing additional cost burdens on and causing disruption to businesses and associated services such as those provided by Soil Association Certification; the degree to which these problems subside or how they are absorbed within supply chains is still to be seen
- Post-Brexit trade deals will have a significant impact on the shape and prospects of UK food and farming sectors over the next decade, opening up the UK's market to allow import of products at lower cost risks undermining sections of the domestic market that operate to higher standards; and it is these current operators that help fund the Soil Association Group and by doing so partner with us in delivering our charitable aims
- The transition out of the EU Common Agricultural Policy into the Environmental Land Management Scheme (ELMS) has the potential to significantly disrupt the economics of farming

and growing, we need ELMS to reward high standards of environmental stewardship in order to support a healthy and expanding organic sector

Currently these risks are counterbalanced to some degree by a continued resurgence in interest about food provenance, food security and the health of populations supported by a desire from individuals, communities and Governments to 'build back better'. All of this plays into the ongoing work and positioning of the Soil Association Group such that during these challenging times we have renewed confidence in our collective mission.

The Group benefits from a diverse mix of income revenue sources which means we are not over-reliant on one source of funding. Notwithstanding this, if the Group does experience a material and sustained reduction in revenue, the impact of which cannot be accommodated within reserves, the Group does have a flexible cost base with much of its expenditure relating to payroll costs. There is sufficient scope within expenditure plans to sensibly scale back headcount without jeopardising continuation of the Group's core activities or contractual commitments.

## **d. Structure, governance, and management**

### **Structure and 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 eight 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 recommend 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.

### **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.

### **How we secure funding**

Soil Association supporters can be assured that we are registered with the Fundraising Regulator and we comply with the regulatory standard for fundraising.

We fundraise by submitting applications to grant giving trusts, by partnering with companies to deliver joint benefits, by securing donations and gifts-in-wills from individuals and members. Our fundraising from supporters takes the form of funding appeals, and direct asks; face-to-face, by letter and by email.

Last year, we used Ethicall telemarketing agency to deliver telemarketing campaigns to fundraise and reactivate lapsed or cancelled members. We always ensure that any agency we use to assist us with our fundraising is fully accredited with the relevant industry bodies and registered with the Fundraising Regulator. We expect them to also observe the highest standards in terms of fundraising practice and deliver the most sustainable and ethical business practices.

The fundraising, supporter development and citizen marketing team – an in-house team of 19 full and part-time fundraisers and marketeers – are familiar with, and work in accordance with, the Fundraising Regulator’s code of practice. The team keep abreast of new fundraising trends and practices, always ensuring that the interest of the supporter is at the heart of all we do.

Our focus is to strive for all supporters to have the very best giving experience when they support the work of the Soil Association, and we work hard using up-to-date policies, procedures and informal training to look after the needs of vulnerable people. This financial year we received no complaints about our fundraising. All donors are given the opportunity to update their preferences in how we communicate with them. They can contact us by phone, post or email to change their

preferences at any time, and all of our emails offer a one-click unsubscribe option to facilitate easy change of preferences. We also update our records whenever we are notified of undelivered mail, or if we are notified by an official institution such as a bank that a member is deceased. Everyone we contact has the opportunity to remove themselves from future communications and we are committed to carefully monitoring the content and frequency of our approach to individuals.

On our website there are easy to find policies, including: privacy policy, complaints, safeguarding, our approach to GDPR and our supporter promise.

## **e. Statement of Trustees' responsibilities**

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the Group and of the incoming resources and application of resources, including the income and expenditure of the Group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

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

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the

preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The 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.

**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 20 July 2021 and signed on their behalf by:

A handwritten signature in black ink that reads "Martin Nye". The signature is written in a cursive, flowing style.

**Martin Nye**

Chair of the Board of Trustees

# Independent auditor's report to the members of the Soil Association Limited

## Opinion

We have audited the financial statements of Soil Association Ltd (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Charity Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements and notes to the financial statements, including 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 2021 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 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 and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustee's Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustee's 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 their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustee's Report.

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

- adequate accounting records have not been kept by the parent charitable company, 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.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 42, 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and

implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to ongoing accreditations with International Organic and Sustainable Accreditation, United Kingdom Accreditation Service and Assurance Services International, fundraising regulations and GDPR compliance. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates, performing substantive analytical review over income, testing

a sample of invoices, funding agreements and donations around year end to confirm cut-off, and agreeing a sample of invoices raised and income recognised in the year to source contracts, funding agreements, and other donation and legacy documentation.

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

### **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). 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 11 August 2021

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

# Financial Statements

## a. Consolidated statement of financial activities

(incorporating a consolidated income and expenditure account)  
for the year ended 31 March 2021

	Note	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
INCOME FROM:					
Donations and legacies	2	1,899	4,594	6,493	1,741
Charitable activities	3	10,241	6,180	16,421	13,003
Other trading activities	4	155	41	196	251
Investment income	5	5	-	5	9
Other income	6	270	-	270	-
Total income		<u>12,570</u>	<u>10,815</u>	<u>23,385</u>	<u>15,004</u>
EXPENDITURE ON:					
Raising funds		598	15	613	527
Charitable activities	7	10,819	4,565	15,384	15,924
Other trading activities		61	-	61	79
Total expenditure	9	<u>11,478</u>	<u>4,580</u>	<u>16,058</u>	<u>16,530</u>
Net gain / (loss) on investments	15	<u>18</u>	<u>-</u>	<u>18</u>	<u>(17)</u>
Net income / (expenditure) and net movement in funds		<u>1,110</u>	<u>6,235</u>	<u>7,345</u>	<u>(1,543)</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>2,786</u>	<u>6,250</u>	<u>9,036</u>	<u>10,579</u>
Total funds carried forward	22	<u>3,896</u>	<u>12,485</u>	<u>16,381</u>	<u>9,036</u>

The accompanying notes on pages 55 to 89 are an integral part of the consolidated financial statements.

## b. Charity statement of financial activities

(incorporating an income and expenditure account)  
for the year ended 31 March 2021

	Note	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
INCOME FROM:					
Donation and legacies	2	1,899	382	2,281	1,711
Charitable activities	3	1,939	6,180	8,119	4,339
Other trading activities	4	15	-	15	16
Investment income	5	369	-	369	314
Other income	6	145	-	145	-
<b>Total income</b>		<b>4,367</b>	<b>6,562</b>	<b>10,929</b>	<b>6,380</b>
EXPENDITURE ON:					
Raising funds		598	15	613	527
Charitable activities	7	2,678	4,497	7,175	7,319
<b>Total expenditure</b>	9	<b>3,276</b>	<b>4,512</b>	<b>7,788</b>	<b>7,846</b>
Net gain / (loss) on investments	15	18	-	18	(17)
<b>Net income / (expenditure) and net movement in funds</b>		<b>1,109</b>	<b>2,050</b>	<b>3,159</b>	<b>(1,483)</b>
RECONCILIATION OF FUNDS					
Total funds brought forward		2,727	3,387	6,114	7,597
<b>Total funds carried forward</b>	22	<b>3,836</b>	<b>5,437</b>	<b>9,273</b>	<b>6,114</b>

The accompanying notes on pages 55 to 89 are an integral part of the consolidated financial statements.

## c. Consolidated balance sheet

As at 31 March 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
<b>FIXED ASSETS</b>					
Intangible assets	13	433		614	
Tangible assets	14	9,461		6,333	
Investments	15	103		85	
			9,997		7,032
<b>CURRENT ASSETS</b>					
Debtors	16	7,318		5,890	
Cash at bank and in hand		7,486		4,817	
		14,804		10,707	
CREDITORS: Amounts falling due within one year	17	(6,664)		(6,704)	
<b>NET CURRENT ASSETS</b>			8,140		4,003
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			18,137		11,035
CREDITORS: Amounts falling due after more than one year	18		(1,756)		(1,999)
<b>NET ASSETS</b>			16,381		9,036
<b>FUNDS AND RESERVES</b>					
Unrestricted funds:					
Designated funds	21	2,522		-	
General unrestricted funds		1,374		2,786	
			3,896		2,786
Restricted funds	22		12,485		6,250
<b>TOTAL FUNDS</b>	22		16,381		9,036

The accompanying notes on pages 55 to 89 are an integral part of the consolidated financial statements.

These financial statements were approved by the Board of Trustees on 20 July 2021 and signed on their behalf by:



**Martin Nye, Chair of the Board of Trustees**

## d. Charity balance sheet

for the year ended 31 March 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
<b>FIXED ASSETS</b>					
Intangible assets	13	252		228	
Tangible assets	14	3,425		3,517	
Investments	15	103		85	
			3,780		3,830
<b>CURRENT ASSETS</b>					
Debtors	16	5,079		3,770	
Cash at bank and in hand		4,251		2,989	
		9,330		6,759	
<b>CREDITORS: Amounts falling due within one year</b>	17	(2,081)		(2,476)	
<b>NET CURRENT ASSETS</b>			7,249		4,283
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			11,029		8,113
<b>CREDITORS: Amounts falling due after more than one year</b>	18		(1,756)		(1,999)
<b>NET ASSETS</b>			9,273		6,114
<b>FUNDS AND RESERVES</b>					
Unrestricted funds:					
Designated funds	21	2,271		-	
General unrestricted funds		1,565		2,727	
			3,836		2,727
Restricted funds	22		5,437		3,387
<b>TOTAL FUNDS</b>	22		9,273		6,114

The accompanying notes on pages 55 to 89 are an integral part of the consolidated financial statements.

These financial statements were approved by the Board of Trustees on 20 July 2021 and signed on their behalf by:



**Martin Nye**, Chair of the Board of Trustees

## e. Consolidated statement of cash flows

for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Net cash inflow from operating activities	23	2,898	935
Cash flow from investing activities:			
Purchase of software, plant and equipment		(125)	(381)
		<u>(125)</u>	<u>(381)</u>
Cash flows from financing activities:			
Repayments of borrowing		(42)	(147)
Cash inflows from new borrowing		-	20
Interest paid on borrowing		(62)	(65)
		<u>(104)</u>	<u>(192)</u>
Increase in cash and cash equivalents in the year		<u>2,669</u>	<u>362</u>
Cash and cash equivalents at the beginning of the year		4,817	4,455
Cash and cash equivalents at the end of the year	23	<u>7,486</u>	<u>4,817</u>

The accompanying notes on pages 55 to 89 are an integral part of the consolidated financial statements

## f. Charity statement of cash flows

for the year ended 31 March 2021

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	Note	2021 £000	2020 £000
Net cash inflow from operating activities	23	1,471	633
Cash flow from investing activities:			
Purchase of software, plant and equipment		(105)	(187)
		<u>(105)</u>	<u>(187)</u>
Cash flows from financing activities:			
Repayments of borrowing		(42)	(147)
Cash inflows from new borrowing		-	20
Interest paid on borrowing		(62)	(65)
		<u>(104)</u>	<u>(192)</u>
Increase in cash and cash equivalents in the year		<u>1,262</u>	<u>254</u>
Cash and cash equivalents at the beginning of the year		<u>2,989</u>	<u>2,735</u>
Cash and cash equivalents at the end of the year	23	<u>4,251</u>	<u>2,989</u>

The accompanying notes on pages 55 to 89 are an integral part of the consolidated financial statements

## g. Notes to the Financial Statements

for the year ended 31 March 2021

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### 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 2019) – (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. Values in the financial statements have been rounded to the nearest thousand pounds.

#### **Preparation of the accounts on a going concern basis**

The trustees have reviewed the ability of the Charity and the Group to continue as a going concern and noted no material uncertainties that would mean it would be inappropriate to prepare the accounts on a going concern basis. They have therefore continued to adopt the going concern basis in the preparation of the group and Charity accounts.

In reviewing the going concern basis, the trustees have considered the going concern assessments made by the subsidiaries and the cashflow forecasts and budgets up to September 2022 for all Group companies. Furthermore, the trustees have considered the likely requirements for maintaining reserves across the group, liquidity expectations given the already secured longer-term mortgage borrowing and contingency requirements. More detail on this review can be found in the Trustees' report on page 37.

#### **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.

## 1. Accounting policies (continued)

### Group financial statements

The financial statements consolidate the results of the Charity and other Group entities listed on page 41 on a line by line basis. Intra-group income and expenditure transactions are eliminated on consolidation.

### 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;
- Grant income, including income from government grants, is recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.
- 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.

### 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.

## 1. Accounting policies (continued)

### **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.

### **Employee Benefits**

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday year for Soil Association Group ends at the reporting date and employees were entitled to carry forward up to 7 days of any unused holiday entitlement for a full time employee (pro-rated for part-time employees) at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

### **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	three to eight years straight-line method

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

## 1. Accounting policies (continued)

### **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 fair 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, at rates calculated to write off the cost on a straight-line basis over their expected useful economic life as follows:

Freehold buildings	fifty years straight-line method
Leasehold improvements	evenly over the lease term
Building improvements	ten years straight-line method
Office equipment: Fixtures and fittings	five to ten years straight-line method
Office equipment: IT network hardware	five to eight years straight-line method
Office equipment: other IT equipment	three years straight-line method
Machinery: renewable energy systems	twenty years straight-line method

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.

## *1. Accounting policies (continued)*

### **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.

### **Employee benefits**

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.

### **Termination payments**

The best estimate of the expenditure required to settle an obligation for termination benefits, is recognised immediately as an expense, when the Group is demonstrably committed to terminate the employment of an employee, or to provide termination benefits.

### **Finance and operating leases**

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

### **Foreign currencies**

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.

## 1. Accounting policies (continued)

### Taxation

The Soil Association Limited and Soil Association Land Trust Limited are registered charities and as such are exempt from taxation of their 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 receipt of the income is probable or not.
- The level of provision held against debts which may not be fully recoverable, particularly within Soil Association Certification Limited where a provision of £340k (2020: £290k) was recognised in respect of debts not deemed to be recoverable. In the Charity a much smaller provision of £17k (2020: £27k) was recognised in respect of debts not deemed to be recoverable.
- 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
- Valuation of Woodoaks Farm donated to Soil Association Land Trust Limited in 2020/21. This asset was brought into the accounts at a value of £3,243k in the year with the market value of this asset was estimated at the point of acquisition by a registered valuer and Fellow of the Royal Institute of Chartered Surveyors.

## 2. Income from Donations and Legacies

### Group

	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Donations	1,087	4,594	5,681	614	209	823
Legacies	82	-	82	155	11	166
Membership	730	-	730	752	-	752
	<u>1,899</u>	<u>4,594</u>	<u>6,493</u>	<u>1,521</u>	<u>220</u>	<u>1,741</u>

### Charity

	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Donations	1,087	382	1,469	614	190	804
Legacies	82	-	82	155	-	155
Membership	730	-	730	752	-	752
	<u>1,899</u>	<u>382</u>	<u>2,281</u>	<u>1,521</u>	<u>190</u>	<u>1,711</u>

### 3. Income from Charitable Activities

#### Group

	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Contract and consultancy income	1,471	-	1,471	1,805	-	1,805
Certification income	8,770	-	8,770	9,032	-	9,032
Grants receivable	-	6,180	6,180	-	2,166	2,166
	<u>10,241</u>	<u>6,180</u>	<u>16,421</u>	<u>10,837</u>	<u>2,166</u>	<u>13,003</u>

#### Charity

	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Contract and consultancy income	1,471	-	1,471	1,805	-	1,805
Symbol licence fee	468	-	468	368	-	368
Grants receivable	-	6,180	6,180	-	2,166	2,166
	<u>1,939</u>	<u>6,180</u>	<u>8,119</u>	<u>2,173</u>	<u>2,166</u>	<u>4,339</u>

## 4. Income from Other Trading Activities

### Group

	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Royalty income	4	-	4	6	-	6
Rental income	-	34	34	-	22	32
Sundry income	7	7	14	6	10	6
Other trading income	144	-	144	207	-	207
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	155	41	196	219	32	251
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### Charity

	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Royalty income	4	-	4	6	-	6
Rental income	4	-	4	4	-	4
Sundry income	7	-	7	6	-	6
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	15	-	15	16	-	16
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## 5. Investment Income

<b>Group</b>	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Bank interest	3	-	3	6	-	6
Dividends	2	-	2	3	-	3
	<u>5</u>	<u>-</u>	<u>5</u>	<u>9</u>	<u>-</u>	<u>9</u>

<b>Charity</b>	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Gift Aid from subsidiaries	364	-	364	305	-	305
Bank interest	3	-	3	6	-	6
Dividends	2	-	2	3	-	3
	<u>369</u>	<u>-</u>	<u>369</u>	<u>314</u>	<u>-</u>	<u>314</u>

## 6. Other Income

<b>Group</b>	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Coronavirus Job Retention Scheme	270	-	270	-	-	-
	<u>270</u>	<u>-</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>-</u>

<b>Charity</b>	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Coronavirus Job Retention Scheme	145	-	145	-	-	-
	<u>145</u>	<u>-</u>	<u>145</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 7. Expenditure on Charitable Activities

### Group

	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Farming and land use transition	1,224	1,178	2,402	1,326	1,317	2,643
Healthy and sustainable diet	1,454	3,387	4,841	1,785	2,901	4,686
Certification costs	8,141	-	8,141	8,595	-	8,595
	<u>10,819</u>	<u>4,565</u>	<u>15,384</u>	<u>11,706</u>	<u>4,218</u>	<u>15,924</u>

### Charity

	Unrestricted Funds £000	Restricted funds £000	2021 Total £000	Unrestricted Funds £000	Restricted funds £000	2020 Total £000
Farming and land use transition	1,224	1,110	2,334	1,326	1,181	2,507
Healthy and sustainable diet	1,454	3,387	4,841	1,911	2,901	4,812
	<u>2,678</u>	<u>4,497</u>	<u>7,175</u>	<u>3,237</u>	<u>4,082</u>	<u>7,319</u>

## 8. Staff Numbers and Costs, Trustee Remuneration and Expenses and the Cost of Key Management Personnel

<b>Group</b>	2021 No.	2020 No.
Average number of employees during the year	313	303

The aggregate payroll costs were as follows:	£000	£000
Wages and salaries	8,655	8,140
Social security costs	851	802
Pension costs	392	367
	<u>9,898</u>	<u>9,309</u>

<b>Charity</b>	2021 No.	2020 No.
Average number of employees during the year	171	163

The aggregate payroll costs were as follows:	2021 £000	2020 £000
Wages and salaries	4,612	4,358
Social security costs	443	417
Pension costs	209	182
	<u>5,264</u>	<u>4,957</u>

Redundancy and termination payments	<i>Group</i> 2021 £000	<i>Group</i> 2020 £000	<i>Charity</i> 2021 £000	<i>Charity</i> 2020 £000
Statutory redundancy payments	9	7	3	7
Other termination payments	-	2	-	2
	<u>9</u>	<u>9</u>	<u>3</u>	<u>9</u>

Of the above, £3,000 of statutory redundancy payments were accrued at 31 March 2021 and paid post year end (2020: £4,000).

8. Staff Numbers and Costs, Trustee Remuneration and Expenses and the Cost of Key Management Personnel  
(continued)

	<i>Group</i> 2021 £000	<i>Group</i> 2020 £000	<i>Charity</i> 2021 £000	<i>Charity</i> 2020 £000
Amounts outstanding at the year end in relation To defined contribution pension schemes	63	64	35	31

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> 2021 No.	<i>Group</i> 2020 No.	<i>Charity</i> 2021 No.	<i>Charity</i> 2020 No.
£60,001 to £70,000	1	1	1	1
£70,001 to £80,000	3	3	2	3
£80,001 to £90,000	1	1	1	-
£90,001 to £100,000	1	1	-	-
	<u>6</u>	<u>6</u>	<u>4</u>	<u>4</u>

	<i>Group</i> 2021 £000	<i>Group</i> 2020 £000	<i>Charity</i> 2021 £000	<i>Charity</i> 2020 £000
Contributions to defined contribution pension schemes for the above higher paid staff amounted to	33	31	23	22

The trustees neither received nor waived any emoluments during the year (2020: £nil). Expenses incurred by 2 trustees (2020: 11), either out of pocket expenses reimbursed to trustees or paid directly to third parties, were as follows:

	<i>Group</i> 2021 £000	<i>Group</i> 2020 £000	<i>Charity</i> 2021 £000	<i>Charity</i> 2020 £000
Travel and subsistence	-	4	-	4

*8. Staff Numbers and Costs, Trustee Remuneration and Expenses and the Cost of Key Management Personnel (continued)*

**Key Management Personnel**

The key management personnel of the parent Charity comprise the trustees, Chief Executive Officer, Chief Operating Officer, Deputy CEO, Director of Communications, Impact and Insights Director / 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 £511,000 (2020: £513,000)

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 totalled £256,000 (2020: £250,000). The total employee benefits of key management personnel for the Group were therefore £767,000 (2020: £763,000).

## 9. Analysis of Expenditure

<b>Group</b>	Support costs £000	Direct costs £000	2021 Total £000	Support costs £000	Direct costs £000	2020 Total £000
Fundraising	16	597	613	18	509	527
Farming and land use transition	43	2,359	2,402	59	2,584	2,643
Healthy and sustainable diet	81	4,760	4,841	108	4,578	4,686
Certification costs	-	8,141	8,141	-	8,594	8,594
Other trading activities	-	61	61	-	79	79
	<u>140</u>	<u>15,918</u>	<u>16,058</u>	<u>185</u>	<u>16,344</u>	<u>16,529</u>

<b>Charity</b>	Support costs £000	Direct costs £000	2021 Total £000	Support costs £000	Direct costs £000	2020 Total £000
Fundraising	16	597	613	18	509	527
Farming and land use transition	43	2,291	2,334	59	2,448	2,507
Healthy and sustainable diet	81	4,760	4,841	108	4,704	4,812
	<u>140</u>	<u>7,648</u>	<u>7,788</u>	<u>185</u>	<u>7,661</u>	<u>7,846</u>

## 10. Net (Expenditure) / Income for the Year

This is stated after charging / (crediting):

<b>Group</b>	2021	2020
	£000	£000
Auditor's remuneration:		
Audit fees:	30	27
Tax advisory services	8	10
Other fees	15	19
Interest payable	62	65
Foreign exchange losses / (gains)	39	(14)
Depreciation of owned assets	155	132
Amortisation	252	496
Loss on disposal of fixed assets	14	-
Operating lease rentals - land and buildings	15	15
Operating lease rentals - other	61	66
	<u>          </u>	<u>          </u>

<b>Charity</b>	2021	2020
	£000	£000
Auditor's remuneration:		
Audit fees	13	12
Tax advisory services	3	5
Interest payable	62	65
Foreign exchange losses / (gains)	30	(9)
Depreciation of owned assets	112	104
Amortisation	47	127
Loss on disposal of fixed assets	14	-
Operating lease rentals - land and buildings	27	26
Operating lease rentals - other	15	15
	<u>          </u>	<u>          </u>

## 11. Support Costs

### Group and Charity

	HR	Premises	Finance	IT	Govern- ance	Total support costs	Recharge to projects	2021 Total costs allocated	2020 Total costs allocated
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fundraising	10	7	32	39	5	93	(77)	16	18
Farming and land use transition	26	19	84	101	14	244	(201)	43	59
Healthy and sustainable diets	49	35	160	190	26	460	(379)	81	108
Support costs	<u>85</u>	<u>61</u>	<u>276</u>	<u>330</u>	<u>45</u>	<u>797</u>	<u>657</u>	<u>140</u>	<u>185</u>
Costs recharged to Group entities						766			
Total support costs						<u>1,563</u>			

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 plus an allocation of staff time.

## 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.

## 13. Intangible Assets

### Group

	Software £000	Goodwill £000	Total £000
Cost			
At 1 April 2020	1,099	2,050	3,149
Additions	80	-	80
Disposals	(168)	-	(168)
At 31 March 2021	<u>1,011</u>	<u>2,050</u>	<u>3,061</u>
Amortisation			
At 1 April 2020	614	1,921	2,535
Charge for the year	123	129	252
Amortisation on disposals	(159)	-	(159)
At 31 March 2021	<u>578</u>	<u>2,050</u>	<u>2,628</u>
Net book value			
At 31 March 2021	<u>433</u>	<u>-</u>	<u>433</u>
At 31 March 2020	<u>485</u>	<u>129</u>	<u>614</u>

### Charity

	Software £000
Cost	
At 1 April 2020	452
Additions	80
Disposals	(168)
At 31 March 2021	<u>364</u>
Amortisation	
At 1 April 2020	224
Charge for the year	47
Amortisation on disposals	(159)
At 31 March 2021	<u>112</u>
Net book value	
At 31 March 2021	<u>252</u>
At 31 March 2020	<u>228</u>

Amortisation is included in support costs in the SOFA and split between costs of fundraising, farming and land use transition and healthy and sustainable diets based on headcount (see note 11).

## 14. Tangible Fixed Assets

### Group

	Freehold land and buildings £000	Leasehold / building improvements £000	Machinery and office equipment £000	Total £000
Cost				
At 1 April 2020	6,005	37	1,184	7,226
Additions	3,243	-	45	3,288
Disposals	-	-	(569)	(569)
At 31 March 2021	9,248	37	660	9,945
Depreciation				
At 1 April 2020	88	-	805	893
Charge for year	51	5	99	155
Disposals	-	-	(564)	(564)
At 31 March 2021	139	5	340	484
Net book value				
At 31 March 2021	9,109	32	320	9,461
At 31 March 2020	5,917	37	379	6,333

The addition to Freehold land and buildings in the year relates to land and farm buildings at the Woodoaks Farm near Maple Cross, which were gifted to the Soil Association Land Trust in November 2020. The market value of this asset was estimated at the point of acquisition by a registered valuer and Fellow of the Royal Institute of Chartered Surveyors.

14. Tangible Fixed Assets (continued)

**Charity**

	Freehold land and buildings £000	Leasehold improvements £000	Office equipment £000	Total £000
Cost				
At 1 April 2020	3,386	12	928	4,326
Additions	-	-	25	25
Disposals	-	-	(564)	(564)
At 31 March 2021	<u>3,386</u>	<u>12</u>	<u>389</u>	<u>3,787</u>
Depreciation				
At 1 April 2020	88	-	721	809
Charge for year	51	3	58	112
Disposals	-	-	(559)	(559)
At 31 March 2021	<u>139</u>	<u>3</u>	<u>220</u>	<u>362</u>
Net book value				
At 31 March 2021	<u>3,247</u>	<u>9</u>	<u>169</u>	<u>3,425</u>
At 31 March 2020	<u>3,298</u>	<u>12</u>	<u>207</u>	<u>3,517</u>

Charity freehold land and buildings represents the Soil Association head office, Spear House.

## 15. Fixed Asset Investments,

### Group and Charity

	2021 £000	2020 £000
Listed investments		
Market value at start of year	85	102
Additions in year	-	-
Revaluation	18	(17)
	<u>103</u>	<u>85</u>
Market value at end of year	<u>103</u>	<u>85</u>

### Group and Charity

	2021 £000	2020 £000
Historic cost at 31 March	<u>45</u>	<u>45</u>

	2021 £000	2020 £000
Unrealised gains at 31 March	<u>58</u>	<u>40</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 2021. 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 2020 and 31 March 2021	<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 works with corporate partners on affinity schemes and sponsorship of Soil Association work and sells advertising space in Soil Association magazines and at Soil Association organised events.

## 15. Fixed Asset Investments (continued)

The principal activities of Soil Association Land Trust Limited are that of the preservation, conservation and protection of the countryside for the public benefit.

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 subsidiary trading results is shown below.

	Soil Association Certification Limited £000	SA Sales & Services Limited £000	Soil Association Land Trust Limited £000	2021 Total £000	2020 Total £000
<b>Income statement/ Statement of financial activities</b>					
Donations	-	-	4,212	4,212	19
Legacies	-	-	-	-	11
Income from sales	8,677	144	41	8,862	9,177
Grants receivable	94	-	5	99	105
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Turnover	8,771	144	4,258	13,173	9,312
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cost of sales	(4,407)	(57)	(73)	(4,537)	(4,783)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit	4,364	87	4,185	8,636	4,529
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Administration expenses	(4,207)	(4)	-	(4,211)	(4,284)
Other income	124	-	-	124	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net profit	281	83	4,185	4,549	245
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gift Aid payable	(281)	(83)	-	(364)	(305)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Retained in subsidiaries	-	-	4,185	4,185	(60)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance sheet</b>					
Fixed assets	228	-	5,988	6,216	3,200
Current assets	4,873	135	1,173	6,181	4,568
Current liabilities	(5,069)	(108)	(114)	(5,291)	(4,847)
Long term liabilities	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	32	27	7,047	7,106	2,981
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## 16. Debtors

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Trade debtors	3,310	3,231	600	731
Amounts owed by subsidiary undertakings	-	-	706	619
Prepayments and accrued income	4,008	2,659	3,773	2,420
	<u>7,318</u>	<u>5,890</u>	<u>5,079</u>	<u>3,770</u>

## 17. Creditors: Amounts Falling Due Within One Year

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Bank loan	113	10	113	10
Trade creditors	1,052	938	472	392
Payments received on account for contracts or performance-related grants	190	752	190	752
Accruals and deferred income	2,487	2,195	239	347
Other taxes and social security	617	587	110	106
Interest free loans	105	7	105	7
Financing agreement	25	25	25	25
Other creditors	2,075	2,190	827	837
	<u>6,664</u>	<u>6,704</u>	<u>2,081</u>	<u>1,938</u>

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

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
At beginning of year	1,314	1,416	55	48
Provided during year	1,532	1,314	4	55
Released during year	(1,314)	(1,416)	(55)	(48)
	<u>1,532</u>	<u>1,314</u>	<u>4</u>	<u>55</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.

## 18. Creditors: Amounts Falling Due After More Than One Year

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Bank loans:				
Secured bank loans (falling due in one-two years)	127	113	127	113
Secured bank loans (falling due in two-five years)	407	394	407	394
Secured bank loans (falling due after five years)	1,181	1,321	1,181	1,321
Other creditors:				
Interest-free loan (falling due in one-two years)	7	-	7	-
Interest-free loan (falling due in two-five years)	8	120	8	120
Financing agreement (falling due in one-two years)	26	25	26	25
Financing agreement (falling due in two-five years)	-	26	-	26
	<u>1,756</u>	<u>1,999</u>	<u>1,756</u>	<u>1,999</u>

The bank loans are secured on Spear House, a freehold property purchased in 2016-17, which has a carrying value of £3,247,000 at 31 March 2021 (2020: £3,298,000). 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 16 years, ending 13 September 2032 at a fixed rate of interest of 3.11% for the first 15 years.
- A loan of £900,000, repayable over 16 years, ending 6 September 2034 at a fixed rate of interest of 3.572% in the first 10 years.

The terms of these loans were both extended by one year in May 2020 as Soil Association Limited agreed a 12-month capital repayment holiday on the loans.

## 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 £411,000 (2020: £382,000).

## 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:

<b>Group</b>	2021	2021	2020	2020
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
- within one year	27	33	27	62
- later than one year and not later than five years	41	18	14	42
	<u>68</u>	<u>51</u>	<u>41</u>	<u>104</u>

<b>Charity</b>	2021	2021	2020	2020
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
- within one year	27	14	27	15
- later than one year and not later than five years	41	18	14	21
	<u>68</u>	<u>32</u>	<u>41</u>	<u>36</u>

Amounts receivable:

	<i>Group</i> 2021 £000	<i>Group</i> 2020 £000	<i>Charity</i> 2021 £000	<i>Charity</i> 2020 £000
Land and Buildings				
- within one year	33	21	-	-
- later than one year and not later than five years	52	43	-	-
- later than five years	32	38	-	-
	<u>117</u>	<u>102</u>	<u>-</u>	<u>-</u>

## 21. Designated Funds

### Group

	Balance at 31 Mar 2020 £000	Transfers from income and expenditure account £000	Balance at 31 Mar 2021 £000
Fixed asset fund	-	2,172	2,172
Bank loan covenant fund	-	350	350
Total designated funds	-	2,522	2,522

### Charity

	Balance at 31 Mar 2020 £000	Transfers from income and expenditure account £000	Balance at 31 Mar 2021 £000
Fixed asset fund	-	1,921	1,921
Bank loan covenant fund	-	350	350
Total designated funds	-	2,271	2,271

Trustees have taken the decision to create the following designated funds at 31<sup>st</sup> March 2021:

- Fixed asset fund: This fund represents the amount of our unrestricted reserves which are held as tangible and intangible fixed assets, including the HQ building. These assets are required for operational activities and are therefore not considered part of the Group's readily available free reserves. The fund is reduced by bank loan repayments due in more than one year as these would be repaid were the HQ building to be sold. The less than one-year bank loan repayments are not deducted as if a decision was taken to sell the HQ building, mortgage payments would still have to be made while the sale went through. This fund will be designated for the life of the assets included in it, reduced by the depreciation charge and increased by mortgage repayments.
- Bank loan covenant fund: a condition of our mortgage is that we maintain free reserves of a minimum of £350k, so by designating these funds we are reflecting that these funds are not freely available for expenditure. These funds will be designated until both long-term loans are fully repaid in September 2034.

## 22. Total Funds

Group	At 31 Mar			Unrealised gains	At 31 Mar
	2020	Income	Expend		
	£000	£000	£000	£000	£000
Unrestricted funds	2,786	12,570	(11,478)	18	3,896
Restricted funds:					
SA Land Trust	2,862	4,253	(68)	-	7,047
Farming and land use transition:					
The Prince of Wales's Charitable Fund	-	500	(250)	-	250
Other	609	1,058	(758)	-	909
Total Farming and land use transition	609	1,558	(1,008)	-	1,159
Healthy and sustainable diets:					
The National Lottery Community Fund – Better Care	49	-	(38)	-	11
The National Lottery Community Fund – Food For Life Get Togethers	2,070	1,926	(1,511)	-	2,485
The National Lottery Community Fund and Esmée Fairbairn Foundation - Sustainable Food Places phase three	351	1,426	(958)	-	819
Esmée Fairbairn Foundation - Sustainable Food Cities phase two	5	-	(5)	-	-
The National Lottery Community Fund – Covid-19 Emergency Funding	-	431	(11)	-	420
Joseph Rowntree Charitable Trust	80	-	(40)	-	40
Other	219	696	(732)	-	183
Total Healthy and sustainable diets	2,774	4,479	(3,295)	-	3,958
Esmée Fairbairn Core Funding	-	525	(209)	-	316
Fundraising	5	-	-	-	5
Total restricted funds	6,250	10,815	(4,580)	-	12,485
Total funds	9,036	23,385	(16,058)	18	16,381

22. Total funds (continued)

**Group prior year**

	At 31 Mar 2019*	Income	Expend	Unrealised losses	At 31 Mar 2020
	£000	£000	£000	£000	£000
Unrestricted funds	2,524	12,586	(12,306)	(17)	2,787
Restricted funds:					
SA Land Trust	2,935	62	(135)	-	2,862
Farming and land use transition:					
The Prince of Wales' Charitable Foundation	34	250	(284)	-	-
Other	806	700	(897)	-	609
Total Farming and land use transition	840	950	(1,181)	-	609
Healthy and sustainable diets:					
The National Lottery Community Fund – Better Care	145	-	(96)	-	49
The National Lottery Community Fund – Development Grant	1	-	(1)	-	-
The National Lottery Community Fund – Food For Life Get Togethers	3,235	-	(1,165)	-	2,070
The National Lottery Community Fund and Esmée Fairbairn Foundation - Sustainable Food Places phase three	-	675	(324)	-	351
Esmée Fairbairn Foundation - Sustainable Food Cities phase two	371	-	(366)	-	5
Joseph Rowntree Charitable Trust	120	-	(40)	-	80
Other	403	726	(910)	-	219
Total Healthy and sustainable diets	4,275	1,401	(2,902)	-	2,774
Fundraising	5	5	(5)	-	5
Total restricted funds	8,055	2,418	(4,223)	-	6,250
Total funds	10,579	15,004	(16,529)	(17)	9,037

\* The prior year comparative was restated due to a mis-allocation between Farming and land use transition and Healthy and sustainable diets.

## 22. Total funds (continued)

### Charity

	Balance at 31 Mar 2020 £000	Income £000	Expenditure £000	Unrealised gains £000	Balance at 31 Mar 2021 £000
Unrestricted funds	2,727	4,367	(3,276)	18	3,836
Restricted funds	3,387	6,562	(4,512)	-	5,437
Total funds	<u>6,114</u>	<u>10,929</u>	<u>(7,788)</u>	<u>18</u>	<u>9,273</u>

### Charity prior year

	Balance at 31 Mar 2019 £000	Income £000	Expenditure £000	Unrealised losses £000	Balance at 31 Mar 2020 £000
Unrestricted funds	2,479	4,024	(3,759)	(17)	2,727
Restricted funds	5,118	2,356	(4,087)	-	3,387
Total funds	<u>7,597</u>	<u>6,380</u>	<u>(7,846)</u>	<u>(17)</u>	<u>6,114</u>

### 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.

#### SA Land Trust

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

#### Farming and land use transition and Healthy and sustainable diets

Funds received with a restriction to our work in Farming and land use transition and Healthy and sustainable diets.

#### Esmée Fairbairn Core Funding

Multi-year grant from Esmée Fairbairn Foundation to support salary costs of key staff in the organisation.

#### Fundraising

Donations restricted to Fundraising activities within the organisation.

22. Total funds (continued)

**Net assets by fund**

**Group**

	Fixed assets £000	Net current assets £000	Long-term creditors £000	2021 Total £000
Unrestricted funds	4,031	1,621	(1,756)	3,896
Restricted funds	5,966	6,519	-	12,485
Total group funds	<u>9,997</u>	<u>8,140</u>	<u>(1,756)</u>	<u>16,381</u>

**Charity**

	Fixed assets £000	Net current assets £000	Long-term creditors £000	2021 Total £000
Unrestricted funds	3,780	1,812	(1,756)	3,836
Restricted funds	-	5,437	-	5,437
Total Charity funds	<u>3,780</u>	<u>7,249</u>	<u>(1,756)</u>	<u>9,273</u>

## 23. Cash Flow Information

### Group

<b>Reconciliation of changes in resources to net cash inflow from operating activities</b>	2021 £000	2020 £000
Net income / (deficit) for the year	7,345	(1,543)
Add back depreciation charged	155	132
Add back amortisation charged	252	496
Add back loss on disposal of fixed assets	14	-
Deduct unrealised (gain) / loss on investments	(18)	17
Add back interest paid	62	65
(Increase) / decrease in debtors	(1,428)	1,162
(Decrease) / increase in creditors	(283)	479
Add back decrease in creditors from financing activities (shown on face of cashflow)	42	127
Deduct value of donated asset	(3,243)	-
	<u>2,898</u>	<u>935</u>
Net cash inflow from operating activities	<u>2,898</u>	<u>935</u>

### Analysis of cash and cash equivalents

	At 1 April 2020 £000	Cash flow £000	At 31 March 2021 £000
Cash at bank and in hand	<u>4,817</u>	<u>2,669</u>	<u>7,486</u>

### Analysis of changes in net debt

	At 1 April 2020 £000	Cash flow £000	Other non-cash changes £000	At 31 March 2021 £000
Cash at bank and in hand	4,817	2,669	-	7,486
Loans falling due within one year	(42)	42	(243)	(243)
Loans falling due after one year	(1,999)	-	243	(1,756)
Total	<u>2,776</u>	<u>2,711</u>	<u>-</u>	<u>5,487</u>

### 23. Cash flow information (continued)

#### Charity

<b>Reconciliation of changes in resources to net cash inflow from operating activities:</b>	<b>2021</b>	<b>2020</b>
	£000	£000
Net income / (deficit) for the year	3,159	(1,483)
Add back depreciation charged	112	104
Add back amortisation charged	47	127
Add back loss on disposal of fixed assets	14	-
Deduct unrealised (gain) / loss on investments	(18)	17
Add back interest paid (shown on face of cashflow statement)	62	65
(Increase) / decrease in debtors	(1,309)	1,160
(Decrease) / increase in creditors	(638)	516
Add back decrease in creditors from financing activities (shown on face of cashflow)	42	127
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>1,471</u>	<u>633</u>

#### Analysis of cash and cash equivalents

	At 1 April 2020 £000	Cash flow £000	At 31 March 2021 £000
Cash at bank and in hand	<hr/> 2,989	<hr/> 1,262	<hr/> 4,251

#### Analysis of changes in net debt

	At 1 April 2020 £000	Cash flow £000	Other non-cash changes £000	At 31 March 2021 £000
Cash at bank and in hand	2,989	1,262	-	4,251
Loans falling due within one year	(42)	42	(243)	(243)
Loans falling due after one year	(1,999)	-	243	(1,756)
Total	<hr/> 948	<hr/> 1,304	<hr/> -	<hr/> 2,252

## 24. Financial Instruments

The financial instruments of the Group and Charity are as follows -

	<i>Group</i> 2021 £000	<i>Group</i> 2020 £000	<i>Charity</i> 2021 £000	<i>Charity</i> 2020 £000
<b>Financial assets held at fair value</b>				
Listed investments	103	85	103	85
Financial assets held at amortised cost	7,023	5,585	4,907	3,579
Financial liabilities held at amortised cost	5,634	5,474	3,085	2,984

## 25. 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 £468,360 (2020: £368,000) 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 £750,465 (2020: £639,996) for the supply of accommodation, Finance, HR and IT services and other central costs.
- A charge of £50,589 (2020: £177,380) from Certification to the Charity of staff costs and support costs for the Charity's unrestricted contracts.
- A charge of £30,066 (2020: £13,750) 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 £280,936 (2020: £191,754).
- The amount due from Certification to the Charity at 31 March 2021 was £518,418 (2020: £351,494).

#### Soil Association Land Trust Limited ('Land Trust')

- A charge of £17,747 (2020: £20,627) was made from the Charity to the Land Trust of staff costs and overheads. Grant income of £4,913 (2020: £11,792) was passed from the Charity to the Land Trust.
- The amount due from Land Trust to the Charity at 31 March 2021 was £101,882 (2020: £103,811).

## 25. Related Party Transactions (continued)

### SA Sales and Services Limited (SASS)

- Commercial income of £1,660 (2020: £45,074) transferred from the Charity to SASS.
- Cost of sales relating to the commercial income, including staff costs of £43,240 (2020: £75,278) charged from the Charity to SASS.
- The transfer under gift aid of the trading profits of SASS to the Charity of £82,816 (2020: £128,381).
- The amount due from SASS to the Charity at 31 March 2021 was £86,173 (2020: £135,279).

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 £101 (2020: £nil).

Total donations received from Trustees and key management personnel in the year, including Gift Aid, were £12,500 (2020: £8,125). In addition, one trustee made an interest-free loan to the Group of £10,000 in 2018-19. The final repayment was made on this loan in 2020-21 and there is no outstanding balance on this loan at 31 March 2021.

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 owned by Helen Browning totalled £5,850 inclusive of VAT (2020: £6,965). Amounts outstanding at 31 March 2021 on sales made during the year were £488 incl. VAT (2020: £872).

Purchases from companies owned by or linked to Helen Browning totalled £6,071 inclusive of VAT (2020: £8,559). Amounts outstanding at 31 March 2021 on purchases made during the year were £nil (2020: £90 incl. VAT).

## 26. Capital Commitments

### Group and Charity

At the year end the Group had capital commitments of £nil (2020: £10,000) and the Charity £nil (2020: £10,000).

## 27. Comparative Consolidated Statement of Financial Activities

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
INCOME FROM:				
Donations and legacies	2	1,521	220	1,741
Charitable activities	3	10,837	2,166	13,003
Other trading activities	4	219	32	251
Investment income	5	9	-	9
Total income		<u>12,586</u>	<u>2,418</u>	<u>15,004</u>
EXPENDITURE ON:				
Raising funds		522	5	527
Charitable activities	7	11,706	4,218	15,924
Other trading activities		79	-	79
Total expenditure	9	<u>12,307</u>	<u>4,223</u>	<u>16,530</u>
Net loss on investments	15	<u>(17)</u>	<u>-</u>	<u>(17)</u>
Net income / (expenditure) and net movement in funds		<u>262</u>	<u>(1,805)</u>	<u>(1,543)</u>
RECONCILIATION OF FUNDS				
Total funds brought forward		<u>2,524</u>	<u>8,055</u>	<u>10,579</u>
Total funds carried forward	22	<u>2,786</u>	<u>6,250</u>	<u>9,036</u>

## h. Reference and administrative details

### REGISTERED CHARITY NUMBER

206862 (England and Wales)  
SCO39168 (Scotland)

### ROYAL PATRON

HRH The Prince of Wales

### HONORARY VICE PRESIDENTS

Charlotte Mitchell  
Jonathan Dimbleby  
Trudie Styler

### TRUSTEES

Martin Nye (Chair)  
Graeme Matravers (Vice-Chair)  
Thomas Bourne  
Andrew Burgess  
John Carson, resigned 31 October 2020  
Oliver Dowding, resigned 31 October 2020  
Phil Fearnley, appointed 20 July 2021  
Sepideh Golzari  
Steven Lizars, appointed 20 July 2021  
Caroline Missen, appointed 20 July 2021  
Isabel Oliver  
Rosemary Radcliffe  
Jez Rose, appointed 1 September 2020,  
resigned 14 June 2021  
Jonathan Spencer

### CHIEF EXECUTIVE

Helen Browning

### CHIEF OPERATING OFFICER

Martin Dawson

### COMPANY SECRETARY

Emma Hussey

### REGISTERED COMPANY

00409726

### 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 4QA

### AUDITOR

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



### **Soil Association**

Spear House, 51 Victoria Street  
Bristol BS1 6AD  
T 0300 330 0100  
F 0117 314 5001

Company registration no. 00409726  
Registered charity no. 206862

### **Soil Association Scotland**

20 Potterrow  
Edinburgh  
EH8 9BL  
T 0131 370 8150  
F 0131 666 1684

Registered charity no. SC039168

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



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