



Sustainable Food Trust

A global voice for sustainable food and health

Trustees Report and Financial Statements for the Year Ended 31 March 2017

Company Number: 07577102

Charity Number: 1148645

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LEGAL AND ADMINISTRATIVE INFORMATION

Organisation Name: Sustainable Food Trust

Company Registration Number: 07577102

Charity Registration Number: 1148645

Registered office and operational address: 38 Richmond Street
Totterdown
Bristol
BS3 4TQ

Trustees/Company Directors: Thomas Harttung (Denmark) – Chair
Peter Segger (UK)
George Kailis (Australia)
Christina Lee Brown (USA)

Company Secretary: Claire Peeters

Chief Executive: Patrick Holden, CBE

Senior Management Team: Chief Executive, Policy Director, Head of Operations and Development, External Relations Manager.

Auditors: Burton Sweet, The Clock Tower, Farleigh Court, Old Weston Road, Flax Bourton, Bristol, BS48 1UR

Bankers: Triodos Bank, Deanery Road, Bristol, BS1 5AS

Funders: The SFT would like to extend our thanks to the following funders for supporting our work during the year:

- | | |
|---|---|
| • Agricology | • Lots Road Auctions |
| • The Ashden Trust | • The Mark Leonard Trust |
| • B & J Lloyd Family Charitable Trust | • Bryan and Tara Meehan |
| • The Birthday House Trust | • Christine Page – Smiling Tree Farm |
| • Sarah Brook | • Sir Alan and Lady Parker |
| • Brunswick Group LLP | • The Prince of Wales's Charitable Foundation |
| • Mrs Anne Crossland | • The Raphael Trust |
| • EOSTA | • The RH Southern Trust |
| • The Esmée Fairbairn Charitable Foundation | • Ridgeview Wines |
| • Farmcare | • The Rothschild Foundation |
| • Bevis Gillett | • The Sustainable Food Alliance, Inc (USA) |
| • The Lady R Foundation | • Anonymous Donors |

The Sustainable Food Alliance (SFA)

The SFA is a US tax-exempt 501(c)(3) organisation which works in partnership with the Sustainable Food Trust and raises funds to support sustainable food programmes.

Donors whose generous support of the SFA benefitted the SFT during the year included:

The 11th Hour Project; Bi-Rite Markets; Bon Appétit Management Company; California Endowment; The Frances and Benjamin Benenson Foundation; The Grace Communications Foundation; JPB Foundation; Jo Ann Kaplan; The Marisla Foundation; Mrs Jacqueline Mars; The McKnight Foundation; Michigan State University; The Gordon and Betty Moore Foundation; John & Jessica Moussouris; The National Resources Defense Council; The Owsley Brown II Charitable Foundation; The Owsley Brown III Philanthropic Foundation; The Panta Rhea Foundation; RSF Social Finance; San Francisco Free Clinic; The Thread Fund; The TomKat Charitable Trust.

TRUSTEES' REPORT

CHARITABLE PURPOSES

The **charitable purposes** of the Sustainable Food Trust (SFT), as set out in the objects contained in the company's Articles of Association, are:

- a) The preservation, conservation and protection of the environment and the prudent use of natural resources, including by the promotion of sustainable food production methods;
- b) The advancement of health, including the relief of disease and human suffering by
 - a. Encouraging the cultivation of foods and the uptake of diets (tailored to local circumstances in different countries and regions) to bring health benefits to individuals and populations in terms of better nutrition and lower incidence of diet related diseases.
 - b. The identification of food production methods that improve the nutritional value of foods and the dissemination of this information; and
 - c. The relief of malnutrition.
- c) To advance the education of the public in food production methods and their impact on the environment and public health.

In service of these objectives, the SFT's **mission** is to accelerate the transition towards more sustainable food systems. We work in three areas:

Leadership and Collaboration: Influencing individuals and organisations in leadership positions.

Research and Policy: Using sound evidence to advocate better policy and practice.

Communications: Encouraging and empowering individual and collective action.

We work catalytically on a global scale to influence and enhance the work of other organisations, rather than replicating existing initiatives.

During 2016/17, the focus of our work has been informed by the urgent threats to the environment and public health resulting from the industrialisation and globalisation of food production systems and the rise of diet-related diseases. Damaging impacts from the continuing intensification of large areas of agricultural land include climate change, soil degradation, environmental pollution, loss of biodiversity and social injustice. In relation to human health, evidence is mounting that the current high levels of cardiovascular disease, cancer, obesity, type-2 diabetes and even (more controversially) dementia are caused in part by unhealthy diets which are themselves made up from the products of food systems which are under stress.

Although these critical issues are beginning to receive public attention, until now there has been a tendency for different sectors to work in silos, and a failure to recognise that the causes of and the solutions to these problems are systemic and interrelated. Examples include the separation of nature conservation from food production, the failure to grasp the opportunity to mitigate climate change by re-building the soil carbon bank, and, in the area of public health, governments treating symptoms rather than causes, resulting in vast increases in spending on healthcare, rather than investments in the kinds of food systems which promote public health. We believe that only with the application of systemic and integrated policy and practice and through the creation of more resilient and sustainable food systems will it be possible to prevent irreversible damage to the environment and public health.

Looking ahead, the SFT will focus increased attention and resources on aligning healthy diets with the productive outputs of sustainable farming, since we believe that current dietary guidelines worldwide fail to take into account how much healthy food can be sustainably produced in different global regions and, in turn, agricultural advice often neglects to take into account what ratio of different foods are needed to support healthy diets across a given population.

ACHIEVEMENTS AND FUTURE PLANS

1. Building Collaborative Partnerships

To accelerate the transition towards more sustainable food systems a key element of the SFT's work is to mobilise individuals and organisations in leadership positions to catalyse change within their collective and often considerable spheres of influence. In this way, whilst the SFT remains a small organisation, the impact of our interventions can be multiplied many times over.

Our aims are to:

- Engage with key individuals at a personal level to share new thinking about sustainable food production.
- Inspire and educate leaders of organisations about the nature and scale of the changes needed to reform our food systems.
- Foster the development of collaborative partnerships to support the delivery of the change that is needed.

Achievements during the year included:

- **Governments and Policymakers** – Forged closer relationships with policymakers and government advisors globally, including strengthening links with key representatives from the UK's Department for the Environment, Food and Rural Affairs, which puts us in a strong position to advocate post-Brexit agricultural policies that reward positive change. Patrick Holden spoke at the COP22 summit at the invitation of the German Minister for Food and Agriculture, Christian Schmidt, and worked with him to encourage our respective countries to adopt the 4 per 1000 soil carbon target.
- **Foundations and Philanthropists** – Worked with the Global Alliance for the Future of Food (GAFF), and supported their strategic sub-groups including the externalities working group and health and wellbeing working group. Continued to build our influence with major foundations including the Bill and Melinda Gates Foundation and Gordon and Betty Moore Foundation in the US and Esmée Fairbairn Foundation in the UK.
- **Food Businesses** – Met with major global food retailers and manufacturers, including ongoing dialogue on sustainable agriculture with Brown-Forman and hosting a gathering at the Prince of Wales's Highgrove estate for nine members of the Nestlé leadership team – an event which was well received and has influenced their thinking, particularly in relation to human nutrition and soil health.
- **NGOs and Development Organisations** – Influenced the approach taken on food and farming issues by many organisations including Greenpeace, Friends of the Earth, the Eating Better Alliance (UK), Compassion in World Farming, the Pasture Fed Livestock Association, and many more. As a result of attending one of our events, John Sauven, Chief Executive of Greenpeace was inspired to write an article for the UK's Guardian newspaper entitled *Why Meat Eaters Should Think Much More About Soil*.
- **Conservation Organisations** – Continued to advocate agricultural methods that incorporate sustainable approaches across the whole farmed area, rather than marginalising biodiversity around the edges of otherwise intensively farmed land. We extended our influence in this area by joining the Wildlife and Countryside Link – a coalition of the most influential conservation organisations in the UK. Patrick Holden spoke about these issues when he was interviewed by Sally Challoner for BBC Radio 4.
- **Recognition for our Work** – SFT Chief Executive Patrick Holden was awarded an Ashoka Fellowship in 2016 – a lifetime programme for leading global social entrepreneurs; and was given a *Judge's Choice* award at the Fortnum and Mason Food and Drink Awards for his contribution to widening understanding of food in the UK.

Plans for 2017/18 include:

- An ongoing programme of international travel to build on existing partnerships with leaders in the field of food and agriculture.
- High-level meetings with UK government representatives and other key influencers to discuss the way forward for UK agricultural policy post-Brexit.
- Continued work with the Global Alliance for the Future of Food, building on the capacity of the international network of grant making organisations with an interest in sustainable food.
- Development of a new project focusing on linking advice about healthy diets with the productive capacity of sustainable agriculture.

2. True Cost Accounting (TCA) and Sustainability Metrics

This area of our work addresses two key barriers that are preventing the widespread uptake of sustainable agriculture:

- 1) A global economic system that fails to take account of the full social and environmental impacts of food production – meaning there is a better business case for farming intensively and depleting natural capital than for farming sustainably and generating a wide range of benefits.
- 2) Lack of a unified means of measuring food system sustainability. This makes it impossible for consumers, farmers, food businesses and policymakers to assess the relative sustainability of different production methods and food products, and therefore less able to make incremental improvements.

Our aims are to:

- Encourage collaborative research and thought leadership in the area of true cost accounting to help identify, quantify and monetise agricultural externalities.
- Move towards convergence of existing schemes for measuring sustainability, so that a unified set of sustainability metrics can be developed.
- Influence and help to develop frameworks for policy change which better align profitability with the degree of sustainability of different food production systems.

Achievements during the year included:

- **Events** - Organised *The True Cost of American Food* conference in San Francisco, which included a one-day strategic meeting for influential leaders, and two-day public conference and was a landmark event in laying the foundations for the establishment of a community of interest focusing on TCA. Published the summary proceedings from the conference and videos of all conference sessions.
- **Partnerships** – Inspired others to take the TCA initiative forward in their own spheres of influence. Organisations engaged include the Global Alliance for the Future of Food, IFOAM, Nature and More, the EAT Forum, Food Ethics Council and Food Tank – as well as those involved in our own UK TCA working group.
- **TEEBAgriFood¹** - Played an active role in guiding and developing the *Scientific and Economic Foundations Report*, which is the second of four major reports and which will set the core theoretical context for evaluation of policy options.
- **Methodological Framework** - Made a significant contribution to the convergence of methodologies used for TCA assessments, including through publication of systemic case studies undertaken for the SFT by Dr Harpinder Sandhu on 4 US farms.
- **Communications** - Continued to give considerable focus to TCA and related issues on our website and in social media – helping to secure our position as the go-to organisation on True Cost Accounting in the UK and globally.
- **Policy** - Continued to build alliances with policymakers, including active engagement from Defra in both TCA and sustainability metrics initiatives, and meetings with UK ministers including Oliver Letwin, the (then) minister responsible for the cabinet office and Rory Stewart, the (then) Undersecretary of State for Defra.
- **Sustainability Metrics** - Established a working group of farmers – both conventional and organic – to guide the development of unified sustainability metrics for use on farms and had positive conversations with others about the scheme including Defra, the FAO, Nestlé, the NFU and several of the major UK certifiers.

Plans for 2017/18 include:

- Publish and carry out a major press launch for our True Cost of Food in the UK report to make the case for the application of TCA in decision making at all levels.
- Strengthen the momentum of the UK TCA steering group and work with the group to see implemented TCA farm-level case studies in the UK and the ongoing development of a valuation framework and methodology.
- Extend the sustainability metrics working group to include certification bodies, research institutes, government representatives, food companies and NGOs, and work with the group to oversee a research project to pilot existing metrics schemes on UK farms with the aim of identifying gaps and working towards convergence.
- Use our work on true cost accounting and sustainability metrics and relationships with key influencers to inform global policy development initiatives, including new agricultural policies and subsidy regimes in the UK

¹ TEEBAgriFood: The Economics of Ecosystems and Biodiversity for Agriculture and Food. This is a major global study that aims to quantify the various external costs associated with food and farming systems so that a better understanding of food systems impacts can be incorporated into decision making at all levels.

3. Mixed Farming

There is sound evidence that only through the adoption of farming systems which are underpinned by nature's principles of diversity and the law of return can we address the key challenges of soil degradation, climate change, resource depletion and pollution. The SFT is working in a number of areas which are informed by our belief that a return to mixed farming (including crop rotations, companion planting, use of nitrogen-fixing plants and mixed crop/livestock systems) should be at the heart of the transition towards more sustainable food systems.

Our **aims** are to:

- Improve knowledge about the health and environmental impacts of farming methods and food products by advocating more relevant research, and by communicating the issues widely.
- Encourage the uptake of farming practices which rebuild soil organic matter and soil carbon and reduce antibiotic usage, and promote these issues as central components of agricultural policy and business decision-making.
- Build support for more sustainable methods of livestock farming amongst NGOs, the research community, farmers, food businesses, the media, policymakers and the public.

Achievements during the year included:

- **Educational Events** - Organised a 3-day speaking tour as part of which sustainable farmer, Joel Salatin from Virginia, USA shared stories and insights into his farming methods which have been described as 'beyond organic' and include advanced rotational and mob-grazing strategies. The events included a high-level breakfast meeting in London; a debate at Bristol University; and a two-day symposium for farmers and influential landowners which successfully persuaded several farmers present to incorporate more mixed farming approaches into the management of their estates.
- **Sustainable Livestock** - Continued to unpick the complex issues connected to different livestock production practices, and consumption of meat and animal fats, including writing a chapter for Joyce D'Silva and John Webster's forthcoming book *The Meat Crisis: Developing More Sustainable Production and Consumption*. Participated in an Ashoka-organised high level Roundtable event on post-industrial livestock farming. Produced an analysis of the relative efficiency of using soymeal in dairy farming in the UK, with the use of whole soybeans to make soy 'milk.' Had a letter published by the British Medical Journal in response to a cohort study linking mortality from different causes with red meat consumption.
- **Antibiotics in Farming** - Continued to play a leading role in national and international collaborative partnerships on antibiotic resistance. This included active participation in a UK Government meeting on antimicrobial resistance.
- **Soil Carbon** - Made the case for adopting farming practices that deliver better soil carbon outcomes, including Patrick Holden speaking on this subject at the COP22 summit in Marrakesh. Drafted a discussion paper assessing the viability of introducing a nitrogen tax to fund soil carbon stewardship. Supported the *4 per 1000* soil carbon project², including collaborating with Jean-François Soussana, the leading French scientist behind the initiative, and joined an advisory group to take this forwards.

Plans for 2017/18 include:

- Continue to work towards a more complete understanding of the health and environmental impacts of different dietary options and farming practices, including encouraging more academic research.
- Complete and publish a report comparing the health and environmental impacts of obtaining dietary fats from meat and dairy products with obtaining fats from soybean and palm oil.
- Produce a series of 'farm stories' films to showcase examples of sustainable farming approaches and help the public to understand complex food system issues from a farmers' perspective.

² The 4 per 1000 initiative sets to bring together global partners at all levels to make a commitment to resilient agriculture and sustainable soil management that would improve soil carbon stocks by at least 0.4% every year. This annual growth rate would make it possible to halt the increase in atmospheric CO₂ levels.

4. Harmony and Education

In 2016 we commenced a new programme of work inspired by the philosophy and principles of Harmony.³ Through this work, we hope to move away from reductionist thinking towards a true understanding of interconnectedness and the patterns of cycles of nature, and to embed these principles into approaches to food and farming and perhaps even more importantly, into mainstream primary and secondary education – to inspire young people to think in a new way, thus preparing them for their role as the planetary stewards of the future.

Our aims are to:

- Raise awareness about the positive impacts of food and farming practices that take a holistic approach – working with nature, rather than against it.
- Inspire teachers in schools, colleges and universities to use Harmony principles to inform teaching practices.
- Embed principles of harmony and an 'enquiries of learning'⁴ approach into the mainstream school curriculum.

Achievements during the year included:

- **Harmony in Mainstream Education** - Commenced a partnership with pioneering Head Teacher, Richard Dunne, from Ashley CofE Primary School in Walton on Thames, to carry out a research project to explore the benefits of integrating Harmony principles into education practices throughout the UK and further afield. Work has included:
 - Beginning to develop a Harmony in Education *Teacher's Guide* that will set out how to embed seven principles of harmony into how the curriculum is planned and delivered.
 - Building a number of teacher training partnerships with establishments keen to use the Harmony work to bring a fresh approach to learning. Fifteen partnerships have so far commenced, including primary and secondary schools, colleges, universities and teacher training establishments.
 - Building relationships and strategic partnerships with key influencers, including Tim Oates from Cambridge Assessment and Review and advisor to the Department of Education with whom we are working to develop learning materials for sustainability research projects for 11-14 year olds; Professor Andrew Parker, Professor of Biomimicry at Oxford University who is exploring ways of establishing a biomimicry curriculum for infants; Sir Anthony Seldon, political historian and educational commentator with whom we are exploring links between Harmony and happiness; and Ashoka, who Richard Dunne is working with to influence their change-maker schools programme.
 - Engagement with a number of overseas projects and institutions including the Kentucky Harmony in Nature Project, Bhutan Gross National Happiness Centre and McGill University Institute for International Development.
- **Communications** - Introduced the theme through a series of SFT website articles including *Finding harmony: How nature can teach our children* and *Teaching Children Where Their Food Comes From and Why it Really Matters*.
- **Harmony in Food and Farming** – Established a programme of work to look at how the harmony principles can be applied to food and farming to support the transition to sustainable practices. This included commencing arrangements for a major conference on this theme.

Plans for 2017/18 include:

- Complete the Harmony in Education *Teacher's Guide* and use this resource to promote the Harmony in Education approach, and to help teachers embed the principles into their own plans for the classroom.
- Develop additional collaborative partnerships to explore wider themes such as *Harmony, Health and Wellbeing*; and *Harmony and Nature*.
- Organise and host a major conference on the theme of Harmony in Food and Farming, which is planned for July 2017 and will take place at Llandovery College in Wales.

³ Our work on Harmony has been inspired by the Prince of Wales's 2010 Book, *Harmony: A New Way of Looking at Our World*.

⁴ The enquiries of learning approach encourages students to use multiple core subjects to address real-life projects to give context and meaning to their learning. For example, they may tackle issues such as the energy usage of their school, or how to grow more fruit and vegetables for the school kitchen, and learn maths, English or science as they do so.

DELIVERING PUBLIC BENEFIT

The trustees have referred to the information contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning its future activities.

All of the SFT's work is directed towards meeting one or more of the Charity's purposes, as described on page 4. It is our belief that these purposes will be best served by a return to more integrated and holistic food and farming systems. Research has shown that such systems deliver greater protection of the environment, more prudent use of natural resources and greater health benefits than their intensive and industrialised counterparts.

However, further research is needed to clarify and confirm certain aspects of this. Advancing the case for this research is an ongoing concern for the SFT, with priorities for further research being the role of livestock in sustainable farming, sustainability metrics and valuation frameworks for measuring food systems impacts, connecting sustainability and health – implications for dietary advice, and measurement of soil carbon and fertility.

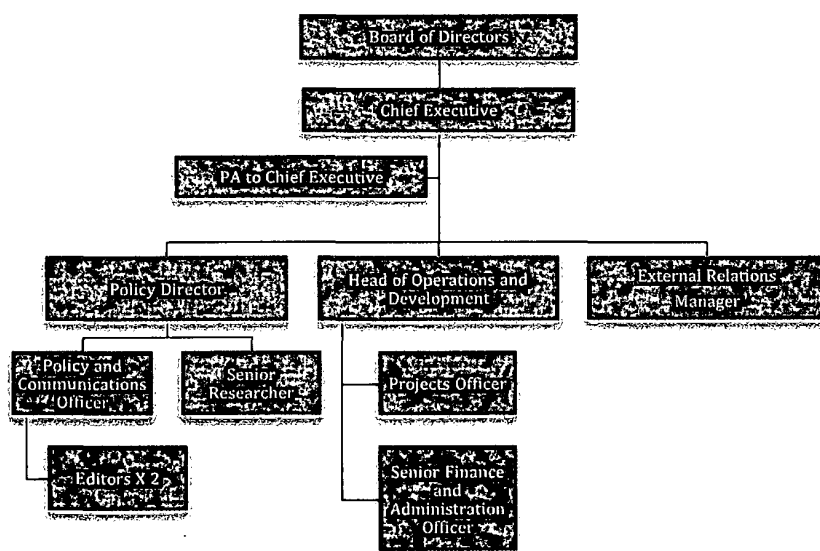
There is a vast and untapped need for educational programmes which improve public understanding of the environmental and human health benefits arising from different food production systems, and the SFT is committed to serving this need.

GOVERNANCE AND MANAGEMENT

The SFT is a company limited by guarantee, and was incorporated on 24th March 2011. It became a registered charity with the Charity Commission for England and Wales in August 2012. The company was established under a set of Articles of Association, which set out the objects and powers of the organisation. In the event that the company is wound up, members are required to contribute an amount not exceeding £1.

The directors of the company are also the trustees of the charity. Trustees have control of the organisation, its funds and assets, and are responsible for overall strategic and operational management. They are not subject to retirement by rotation and there shall not be fixed periods of service. All trustees give their time voluntarily and receive no benefits. They are inducted and trained by other trustees and in consultation with the Chief Executive.

Day to day management of the organisation is delegated to the Chief Executive, who manages a team of staff, consultants and interns. The structure of the SFT on 31 March 2017, is shown below:



The SFT's remuneration procedure stipulates that the pay of all senior staff, including the Chief Executive, is reviewed and set by the Board of Trustees at their regular Board meetings and, as for all staff, should be guided by the principles of internal equity and external parity. Except in instances of staff roles changing, salaries are reviewed yearly and any changes based on both internal and external factors, including staff performance.

We support volunteers / interns to assist with specific tasks, which this year were predominantly associated with running the *True Cost of American Food* conference and preparations for next year's *Harmony in Education* conference. Over the last 12 months, we have worked with 17 volunteers.

Board meetings are scheduled quarterly. Prior to meetings, the Chief Executive's report is circulated along with management accounts and any other relevant documents. In between meetings, the Board is kept up to date with regular emails from the Chief Executive and senior staff.

The trustees have assessed the major risks to which the organisation is exposed and are satisfied that systems are in place to mitigate exposure. Policies and procedures have been drawn up to ensure compliance with relevant legislation and which enable appropriate authorisation of transactions and activities. The Board has identified the top three risks posed to the organisation, which are outlined in the table below, along with the controls that have been put in place to mitigate those risks:

Risks	Controls Implemented
Poor relationships with funders or unsatisfactory returns on fundraising.	<ul style="list-style-type: none"> Fundraising plan developed and regularly updated System in place to monitor and record outcomes of funded activities Income streams diversified where possible, although this is weighed up against time and resources available to cultivate new potential funders Major funders briefed on progress regularly Funder terms and conditions reviewed carefully and complied with, including reports sent.
Poor public perception / adverse publicity resulting in loss of influence or income	<ul style="list-style-type: none"> Communicate effectively with supporters and beneficiaries Ensure good quality reporting of the charity's activities and financial situation Ensure campaigns and communications are based on good practice and credible science Ensure partner organisations are carefully chosen and worked with effectively.
Government policy has negative impact	<ul style="list-style-type: none"> Legal and regulatory changes monitored.

FINANCIAL REVIEW

Reserves Policy

The Board of Trustees has examined the organisation's requirements for reserves in light of the main risks to which it may be exposed. It has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the organisation should ideally be between four and six months' worth of expenditure. The total unrestricted reserves at 31 March 2017 was £235,530 (equivalent to approximately 4 and a half months' worth), with free reserves (following a deduction of the value of fixed assets) being £228,941. The intention is to achieve a surplus in the coming year, with a view to growing unrestricted reserves by approximately £30,000.

Reserves are needed to safeguard the work of the SFT and the board of trustees are confident that at this level they would be able to continue the main core services in the event of a significant drop in funding. The reserves policy will be reviewed regularly, and in particular as a result of any significant changes to the organisation's activities. In the short term the trustees have considered the extent to which existing activities and expenditure could be curtailed, should circumstances arise that would require this.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are directors for the purpose of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the 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 charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for the year. 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 judgements 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
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company 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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. The trustees confirm that, so far as each Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and each trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Small Company Provisions

This report and the financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" and in accordance with the special provisions of the Companies Act 2006 (s419(2)) relating to small entities.

Burton Sweet, the charitable company's auditors, have indicated that they are prepared to continue in office and a resolution to reappoint them as auditors will be put at the Annual General Meeting.

Approved by the Board of Trustees on Dec. 18 2017 and signed on its behalf by:


Thomas Hartung, Chair

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE SUSTAINABLE FOOD TRUST

We have audited the financial statements of Sustainable Food Trust for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, 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.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its 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 requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Neil Kingston FCA
Senior Statutory Auditor
For and on behalf of Burton Sweet, Statutory Auditor

The Clock Tower
Farleigh Court
Old Weston Road
Flax Bourton
Bristol BS48 1UR

Date

SUSTAINABLE FOOD TRUST
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2017

		Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total funds 2017 £	Total funds 2016 (Restated) £
	Notes					
Income and endowments from:						
Donations and legacies	2	424,553	225,541	100,000	750,094	756,184
Charitable activities	3	7,035	-	-	7,035	25,288
Other trading activities		20,000	272	-	20,272	20,000
Investments		465	-	-	465	262
Total income		452,053	225,813	100,000	777,866	801,734
Expenditure on:						
Charitable activities	4	423,971	200,245	-	624,216	619,262
Total expenditure		423,971	200,245	-	624,216	619,262
Net income/(expenditure) and net movement in funds	5	28,082	25,568	100,000	153,650	182,472
Reconciliation of funds:						
Total funds brought forward	11	207,448	36,950	150,000	394,398	211,926
Total funds carried forward		235,530	62,518	250,000	548,048	394,398

The comparative funds are detailed in note 7

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 18 to 24 form part of these financial statements

SUSTAINABLE FOOD TRUST

SUMMARY INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
Total Income	677,866	651,734
Total Expenditure	624,216	619,262
	<hr/>	<hr/>
Net Income/(Expenditure) for the year	<u>53,650</u>	<u>32,472</u>

The notes on pages 18 to 24 form part of these financial statements

SUSTAINABLE FOOD TRUST

BALANCE SHEET

AT 31 MARCH 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	8	6,589	11,550
Current assets			
Debtors	9	8,859	6,687
Cash at bank		552,291	417,130
		<u>561,150</u>	<u>423,817</u>
Creditors: Amounts falling due within one year	10	(19,691)	(40,969)
Net current assets		<u>541,459</u>	<u>382,848</u>
Total net assets		<u>548,048</u>	<u>394,398</u>
The funds of the charity:			
Endowment funds	11	250,000	150,000
Restricted funds	11	62,518	36,950
Unrestricted funds	11	235,530	207,448
		<u>548,048</u>	<u>394,398</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard 102.

These financial statements were approved and signed by the directors and authorised for issue on

December 18, 2017



Thomas Hartung (Trustee)

Company registration number 07577102

The notes on pages 18 to 24 form part of these financial statements

SUSTAINABLE FOOD TRUST

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Net cash inflow from operating activities	A	134,696	201,393
Non-operational cashflows:			
Investing activities			
Payments for tangible assets		-	(12,311)
Investment income		465	262
Net cash inflow for the year	B	<u>135,161</u>	<u>189,344</u>

A Reconciliation of net movement in funds to net cash inflow from operating activities

	2017 £	2016 £
Statement of Financial Activities: Net movement in funds	153,650	182,472
Depreciation	4,961	4,960
Investment income	(465)	(262)
(Decrease)/increase in creditors	(21,278)	13,593
(Increase)/decrease in debtors	(2,172)	630
Net cash inflow from operating activities	<u>134,696</u>	<u>201,393</u>

B Analysis of changes in cash during the year

	2017 £	2016 £	Change £
Cash at bank and in hand	<u>552,291</u>	<u>417,130</u>	<u>135,161</u>
	2016 £	2015 £	Change £
Cash at bank and in hand	<u>417,130</u>	<u>227,786</u>	<u>189,344</u>

C Cash flow restrictions

Charity law forbids the use of net cash inflows on any endowed or other restricted fund to offset net cash outflows on any fund outside its own Objects, except on special authority. In practice this restriction has not had any effect on cash flows for the year.

The notes on pages 18 to 24 form part of these financial statements

SUSTAINABLE FOOD TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1 Accounting Policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, Charities Act 2011, Financial Reporting Standard 102 and the Charities Statement of Recommended Practice based thereon (SORP FRS102). In adopting SORP FRS102; there was no cause to restate net income in the prior-year, or restate brought forward fund balances.

The charity is a public benefit entity as defined under FRS102.

These financial statements have been prepared on the going concern basis. There are no material uncertainties affecting the ability of the charity to continue as a going concern.

b) Income

All income is recognised when receivable and included in the income and expenditure account exclusive of value added tax.

Grants, including grants for the purchase of fixed assets, are recognised in the income and expenditure account as they become receivable. Grants received in the accounting period in respect of future accounting periods are deferred until those periods.

Gifts in kind are valued at estimated open market value at the date of the gift, in the case of assets for retention or consumption, or at the value to the organisation in the case of donated services or facilities.

c) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that activity exclusive of VAT. Support costs and where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resource.

Governance costs include the costs of governance arrangements which relate to the general running of the company. These costs are associated with constitutional and statutory requirements and include costs associated with the strategic management of the company's activities. These are included within support costs.

d) Transactions in foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the SOFA.

e) Fund accounting

Unrestricted funds contain accumulated surplus and deficits on general funds and can be used in accordance with the company objects at the discretion of the Board of Directors.

Restricted funds represent monies received for specific purposes. All income and expenditure relating to the restricted funds' movements is included in the income and expenditure account. Further details of restricted funds are shown in note 11.

SUSTAINABLE FOOD TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1 Accounting Policies (*continued*)

f) Fixed assets

Fixed assets are held at cost less accumulated depreciation. Assets costing less than £500 are not capitalised.

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

Fixtures, fittings and Equipment	25% straight line
----------------------------------	-------------------

g) Trade debtors

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

i) Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

j) Pensions

The charity has arranged a defined contribution scheme for its staff. Pension costs charged in the SOFA represent the contributions payable by the charity in the period.

SUSTAINABLE FOOD TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

2 Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Total 2016 £
Donations	402,019	225,541	100,000	727,560	756,184
Donated goods & services	16,200	-	-	16,200	-
Gift aid	6,334	-	-	6,334	-
	424,553	225,541	100,000	750,094	756,184

The donated goods and services in the current year relates to a number of days visiting farm and garden managers of Highgrove, Parker events and provision of goods for events. The trustees have valued these services at the value to the charity.

3 Income from: Charitable activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Total 2016 Restated £
True cost accounting	2,000	-	-	2,000	3,053
Leadership & collaboration	4,461	-	-	4,461	5,908
Research	-	-	-	-	252
Communications	574	-	-	574	16,075
	7,035	-	-	7,035	25,288

4 Expenditure on: Charitable activities

	Staff Costs £	Direct Costs £	Support Costs £	Total 2017 £	Total 2016 £
True cost accounting	131,492	89,628	42,868	263,988	283,751
Leadership & collaboration	65,866	63,648	20,000	149,514	118,681
Research	61,390	14,114	15,362	90,866	80,815
Communications	70,607	29,241	20,000	119,848	136,015
	329,355	196,631	98,230	624,216	619,262

Support costs

	Staff Costs £	Premises costs £	Office costs £	Total 2017 £	Total 2016 £
True cost accounting	21,644	7,966	13,258	42,868	16,317
Leadership & collaboration	11,038	3,364	5,598	20,000	7,173
Research	9,231	2,301	3,830	15,362	6,100
Communications	9,152	4,072	6,776	20,000	8,779
	51,065	17,703	29,462	98,230	38,369

SUSTAINABLE FOOD TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

5 Net income/(expenditure) for the year

Stated after charging:	Total 2017 £	Total 2016 £ (Restated)
Depreciation	4,961	4,960
<i>Auditor's remuneration:</i>		
Audit fees	3,500	3,400
Accountancy fees	1,060	800

6 Staff costs and numbers

The aggregate payroll costs were:

	Total 2017 £	Total 2016 £
Wages and salaries	337,280	338,413
Social security costs	33,426	37,266
Pension costs	9,712	-
	380,418	375,679

The number of employees whose total employments benefits (excluding employer pension costs) for the reporting period were in excess of £60,000 fall within the bands as follows:

	Total 2017	Total 2016
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-
£100,000 - £109,999	1	1

The total employment benefits received by key management personnel in the year were £226,325 (2016: £207,873).

The average number (headcount) of employees in the year was as follows:

	Total 2017	Total 2016
Employees	8.9	8.5

No trustees received remuneration or were reimbursed expenses in the current or prior year.

SUSTAINABLE FOOD TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

7 Comparative Statement of Financial Activity

	Unrestricted Fund (Restated) £	Restricted Funds £	Endowment Funds £	Total funds 2016 (Restated) £
Income and endowments from:				
Donations and legacies	415,312	190,872	150,000	756,184
Charitable Activities	25,288	-	-	25,288
Other trading activities	20,000	-	-	20,000
Investments	262	-	-	262
Total income	460,862	190,872	150,000	801,734
Expenditure on:				
Charitable activities	352,014	267,248	-	619,262
Total expenditure	352,014	267,248	-	619,262
Net income/(expenditure) and net movement in funds	108,848	(76,376)	150,000	182,472
Reconciliation of funds:				
Total funds brought forward	98,600	113,326	-	211,926
Total funds carried forward	207,448	36,950	150,000	394,398

8 Tangible fixed assets

	Fixtures fittings & equipment £	Total £
Cost		
At 1 April 2016	19,842	19,842
At 31 March 2017	19,842	19,842
Depreciation		
At 1 April 2016	8,292	8,292
Charge for the year	4,961	4,961
At 31 March 2017	13,253	13,253
Net book value		
At 31 March 2017	6,589	6,589
At 31 March 2016	11,550	11,550

SUSTAINABLE FOOD TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

9 Debtors

	2017	2016
	£	£
Trade debtors	2,303	1,287
Prepayments	6,556	5,400
	8,859	6,687

10 Creditors: amounts falling due within one year

	2017	2016
	£	£
Other creditors	4,892	24,543
Accruals	4,560	5,055
Taxation and social security costs	10,239	11,371
	19,691	40,969

11 Movement in funds

	At		At
	01-Apr-16	Income Expenditure	31-Mar-17
	£	£	£
Expendable Endowment fund	150,000	100,000	-
			250,000
Restricted funds			
True cost accounting - UK	-	67,552	(67,552)
True cost accounting - International	36,950	68,261	(105,211)
Leadership & collaboration	-	40,000	(12,482)
Communications	-	50,000	(15,000)
	36,950	225,813	(200,245)
			62,518
Unrestricted funds	207,448	452,053	(423,971)
			235,530
Total funds	394,398	777,866	(624,216)
			548,048

Expendable endowment - To be retained to improve the financial security of the charity.

Restricted funds

True cost accounting UK - incoming resources represent grants given towards the SFT's strategic work on True Cost Accounting in the UK.

True cost accounting International - incoming resources represent grants given towards the SFT's strategic work on True Cost Accounting internationally, including the True Cost of American Food Conference.

SUSTAINABLE FOOD TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

11 Movement in funds (*continued*)

Leadership & collaboration - incoming resources represent grants given towards the SFT's work to educate individuals and organisations in leadership positions about the changes needed to enable a widespread transition to sustainable, healthy food systems.

Communications - incoming resources represent grants given towards the SFT's work to educate citizens about sustainable and healthy food.

12 Analysis of net assets between funds

	Tangible Fixed assets	Other Net assets	Total
	£	£	£
Expendable Endowment funds	-	250,000	250,000
Restricted funds			
Leadership & collaboration	-	27,518	27,518
Communications	-	35,000	35,000
	-	62,518	62,518
Unrestricted funds	6,589	228,941	235,530
	<u>6,589</u>	<u>541,459</u>	<u>548,048</u>

13 Company limited by guarantee

The Company is limited by guarantee and as such has no issued share capital. In the event of the company being wound up the liability of the members is limited £1 each.

14 Related party transactions

Patrick Holden, chief executive of the charity, is an executive director of The Sustainable Food Alliance Inc. USA in the year and has disclosed his interest in Sustainable Food Trust. The charity received £336,959 in the year (2016: £493,791) from The Sustainable Food Alliance Inc. USA.

Patrick Holden owns the rental property in which the charity operates. A rent of £10,800 was paid by the charity in the year (2016: £10,800). At the year end £nil was outstanding (2016 - £nil).

SUSTAINABLE FOOD TRUST
MANAGEMENT INFORMATION
YEAR ENDED 31 MARCH 2017

The following pages do not form part of the statutory financial statements

SUSTAINABLE FOOD TRUST
DETAILED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2017

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Total 2016 £ (Restated)
Income from:					
<i>Donations and legacies</i>					
Donations	130,600	20,000	100,000	250,600	242,393
Sustainable Food Alliance	237,253	40,552	-	277,805	493,791
General grants	34,166	-	-	34,166	-
Prince of Wales	-	70,000	-	70,000	-
Sainsburys Family Trusts	-	40,000	-	40,000	-
True Cost Accounting Global	-	34,989	-	34,989	-
Esmee Fairbairn	-	20,000	-	20,000	20,000
Highgrove farms donated service	9,000	-	-	9,000	-
Parker Events donated service	7,000	-	-	7,000	-
Other gifts in kind	200	-	-	200	-
Gift aid	6,334	-	-	6,334	-
<i>Charitable activities</i>					
Speaking events	7,035	-	-	7,035	4,665
Sponsorship & Advertising	-	-	-	-	20,623
<i>Other trading activities</i>					
Management fees	20,000	-	-	20,000	20,000
Other	-	272	-	272	-
<i>Investments</i>	465	-	-	465	262
Total income	452,053	225,813	100,000	777,866	801,734

SUSTAINABLE FOOD TRUST

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2017

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Total 2016 £
Expenditure on:					
Charitable activities					
Wages and salaries	282,244	98,176	-	380,420	375,679
Consultancy fees	26,032	26,663	-	52,695	55,971
Travel and subsistence	26,129	38,555	-	64,684	63,890
Rent and rates	12,641	-	-	12,641	12,793
Insurance	5,062	-	-	5,062	6,587
Office expenses and equipment	6,362	-	-	6,362	7,691
Training	316	-	-	316	1,091
Events	11,647	24,689	-	36,336	14,302
Grants paid out	5,000	-	-	5,000	35,365
Gifts in kind	16,200	-	-	16,200	-
Marketing	5,018	-	-	5,018	3,209
Telephone	8,116	247	-	8,363	1,896
Campaigns/Education	3,310	11,242	-	14,552	20,311
Website Design	5,052	673	-	5,725	9,581
Bank charges	961	-	-	961	736
HR Costs	-	-	-	-	760
Payroll services	600	-	-	600	240
Depreciation	4,961	-	-	4,961	4,960
Governance costs				-	
<i>Auditor remuneration:</i>					
Audit fees	3,500	-	-	3,500	3,400
Accountancy fees	1,060	-	-	1,060	800
Prior-year over provision of fees	(240)	-	-	(240)	-
Total expenditure	423,971	200,245	-	624,216	619,262
Net income/(expenditure)	28,082	25,568	100,000	153,650	182,472