

Registered number: 02673194
Charity number: 1018643

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

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LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2003

Trustees

David Buffin (re-elected 12/12/02)
Simon Bullock (co-opted 12/12/02)
Peta Cottee (elected 26/10/00)
Anne Dolamore (re-elected 13/12/01)
Jeremy Faull (re-elected 12/12/02)
John Grigg (elected 13/12/01 - resigned 12/12/02)
Michael Hart (co-opted 12/12/02)
Joe Harvey (Treasurer) (re-elected 12/12/02)
Paul Knuckle (elected 29/4/99 - resigned 12/12/02)
Professor Tim Lang (Chair) (re-elected 12/12/02)
Iona Lidington (re-elected 26/10/00)
Paul Lincoln (elected 13/12/01)
Jagdish Patel (elected 13/12/01 - resigned 12/12/02)
Matthew Rayment (re-elected 26/10/00 - resigned 12/12/02)
Michael Rayner (re-elected 26/10/00)
Patricia Rundall (elected 29/4/99 - re-elected 13/12/01)
Robin Simpson (elected 29/4/99 - re-elected 12/12/02)
Bill Vorley (co-opted 12/12/02)

One Council place remained vacant as one resignation took place too late to be filled during the election process. Susan George continued as Honorary President, along with Patrick Holden and Geoffrey Cannon as Vice Presidents.

Company Registered Number

02673194

Charity Registered Number

1018643

Registered Office

94 White Lion Street, London, UK, N1 9PF

Auditors

Trustient, Buckingham House East, The Broadway, Stanmore, Middlesex, HA7 4EB

Bankers

The Cooperative Bank Plc, PO Box 101, 1 Balloon Street, Manchester, M60 4EP

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT For the year ended 31 March 2003

The trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the financial statements of SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING (the company) for the year ended 31 March 2003. The trustees confirm that the annual report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000.

Method of appointment or election of trustees

The management of the company is the responsibility of the trustees who are elected and co-opted under the terms of the Memorandum and Articles of Association.

Charitable company's aims and objectives

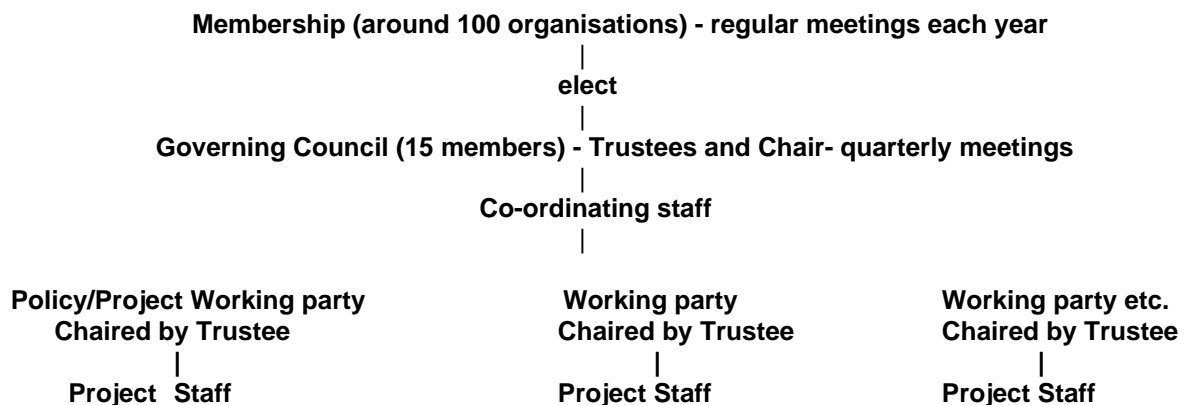
The company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 29th March 1999.

Sustain represents over 100 national public interest organisations working at international, national, regional and local level. It advocates food and agriculture policies and practices that enhance the health and welfare of people and animals, improve the working and living environment, promote equity and enrich society and culture.

There have been no changes in the objectives since the last annual report.

The organisation of the charity's work

Sustain's structure is outlined in the diagram below. It is governed by its membership, which meets regularly. The membership elects a Council of 15 trustees who guide the work of the alliance, subject to approval by the members. Membership is open to national organisations which do not distribute profits to private shareholders and which therefore operate in the public interest. The organisations must be wholly or partly interested in food or farming issues and support the general aims and work of the alliance.



The above is schematic representation and does not indicate actual numbers of working parties.

TRUSTEES' REPORT (CONTINUED)
For the year ended 31 March 2003

Review of activities and future developments

This year the Department for Environment Food and Rural Affairs (DEFRA) began to develop a programme of work to pursue the largely positive recommendations of the **Policy Commission on the Future of Farming and Food**, which were published last year. Sustain submitted a detailed response to DEFRA's consultation document on this issue, but the resulting departmental strategy document was largely disappointing.

However, Sustain has been invited to participate in DEFRA's stakeholder group to develop a Food Industry Strategy on Sustainability, and will be commenting on the Food and Health Action Plan, which is expected to be produced later in 2003. This latter, although part of the process of pursuing the Policy Commission's recommendations, is being co-ordinated by the Department of Health, rather than DEFRA.

DEFRA is also continuing to develop its work on animal health and disease, in the aftermath of a number of official reports into Foot and Mouth Disease. Sustain's Co-ordinator was appointed to one of these (the Royal Society Inquiry into Infectious Diseases in Livestock) which reported in July 2002. Sustain responded, following consultation with the membership, to DEFRA's draft animal health and welfare strategy, and will be monitoring developments over the coming year, including through our regular meetings with DEFRA officials and ministers.

A regular agenda item for these and other meetings has been **reform of the Common Agricultural Policy**. Sustain, in conjunction with the UK Food Group and our respective member organisations, has published several background briefings and developed a number of policy positions during the year, including *The CAP Doesn't Fit* in July 2002, and *Land of Milk and Money?* (on the dairy industry) due to be published in June 2003. As a result of this work Sustain was asked, during the year, to meet the European Commission official responsible for drafting the recent round of CAP reforms, and to speak at a number of events, including at Parliamentary Select Committees, national conferences, and ministerial meetings.

Unfortunately, at the time of writing, the promised improvements in the Mid-Term Review of the CAP have largely failed to materialise. As a result, many Sustain members remain convinced that the CAP will continue to waste large amounts of taxpayers money on policies which damage the environment, undermine public health and animal welfare, and fail to support a decent standard of living for either the EU's farmers or those in poorer countries. Future work, again in association with the UK Food Group, will focus on the impact of current agriculture policies on small farmers in both rich and poor countries.

In the broader international context, some of these "non trade" concerns, such as animal welfare and the environment, are beginning to gain some legitimacy in negotiations with, for example, the **World Trade Organisation** (WTO). However, the process of international trade negotiations has been muddied somewhat by the US Farm Bill which, in autumn 2002, substantially increased US government subsidies for its farmers, having previously argued vigorously that other countries - particularly in the EU - should reduce them.

Against this background Sustain was pleased to have been invited to join a steering group which aimed to develop a pilot project to examine how fair trade principles might be extended to UK farmers. We also continue our membership of the Advisory Panel for the Countryside Agency's *Eat the View* initiative.

The **Food Standards Agency** (FSA)'s Consumer Committee, on which Sustain is represented, met four times during this period, but has been slow to find a role. This has been partly due to a high turnover of Committee members, and staffing shortages at the FSA. More progress might be made in the coming year, with a special meeting being called in April 2003 to focus on genetically modified food, and the Committee's first open meeting scheduled for June.

Similar problems have beset the Nutrition Forum, jointly established last year by the FSA and the Department of Health and on which Sustain is also represented. It had not been permitted, for example, to make a significant contribution to either the FSA's nutrition action plan (published in December 2002) or the forthcoming Food and Health Action Plan (see above).

TRUSTEES' REPORT (CONTINUED)
For the year ended 31 March 2003

Review of activities and future developments (continued)

More positively, the FSA's Waste Food Task Force, which included a Sustain representative, published its report in January 2003. The report made a number of recommendations to reduce the risk of waste meat fraudulently re-entering the human food chain and is currently the subject of a consultation exercise. Sustain also continues, like the membership, to attend a wide range of consultative meetings and to respond, where possible, to the very high volume of consultation documents generated by the Agency.

Towards the end of the period the FSA's Chief Executive, Geoffrey Podger, took up his new post as Executive Director of the **European Food Safety Authority**. Sustain is among those organisations invited by the Authority's Vice-Chair, Deirdre Hutton (who is also Chair of the National Consumer Council) to contribute to the development of the new Authority's work.

Sustain continued to maintain a watching brief on international issues outside the European Union, engaging in FSA activities where possible and appropriate, on the **Codex Alimentarius Commission**, the international body responsible for setting standards for traded foods. Sustain was also among a number of organisations expressing support for the World Health Organisation's new global food and nutrition strategy. Two Sustain Council members were present at a Geneva meeting with the outgoing WHO Director General, Gro-Harlem Brundtland, and Sustain also participated in a delegation to the Department of Health. It was hoped that this would be the first of a regular series of meetings in which the Department consults public interest groups before establishing policy positions at international meetings, such as the World Health Assembly.

The **Agri-Food Network**, supported by the Centre for Food Policy (formerly at Thames Valley University and now at City University), continued to bring together invited researchers and public interest bodies from very diverse backgrounds. During the year the Network held its second, third and fourth meetings on, respectively, the costs of diet-related diseases, mechanisms for involving citizens in the food policy making process, and the implications of increasing regionalisation for the development of sustainable food economies. The latter was generously hosted by Coventry University and the papers from this, and the previous meetings are on the Network's new website. A small grant from a charitable foundation will allow us to continue to develop this Network in the coming year.

Food Poverty

The project experienced another year of change and development, with our newly appointed project officer returning, after a year with us, to her home in the USA. A replacement was recruited just before Christmas, along with another part-time worker to complement the work of our most experienced project officer, who is working part-time. These changes make the project's achievements even more impressive.

The database of food poverty projects had existing entries fully updated and new projects added, the software was entirely redesigned to become more user friendly, and the database was renamed and launched on a new website. A printed directory of all the entries was also distributed free to Food Poverty Network members and those listed on the database.

Food Poverty Network members also received, during the year, four issues of the project's newsletter, *Let us eat cake!*, and continued to benefit from discounts on project publications and events. This year publications included:

- *Food with Latitude: a report exploring the food project links across the North-South divide;*
- *Hunger from the Inside: the experience of food poverty in the UK;*
- *SRBs to PCTs: an essential guide to area-based initiatives and government support to tackle food poverty.*

TRUSTEES' REPORT (CONTINUED)
For the year ended 31 March 2003

Review of activities and future developments (continued)

The latter two publications were launched at a very successful conference in the autumn that examined the success of the Community Mapping project, from which the two reports were developed. The Participatory Appraisal approaches used in the project were explored for their potential to address food poverty and social exclusion in future, and the Food Poverty Project aims to build on these experiences in the coming year.

The project will also be taking forward issues raised in a seminar organised with the UK Public Health Association and the Child Poverty Action Group, which discussed how to tackle the impact of food poverty on children and their families.

The series of community seminars came to a successful conclusion this year, with well-attended events being held in Shropshire, Hereford and the Isle of Wight. Unfortunately, a planned seminar in Northern Ireland had to be postponed, although this will allow us to take advantage of research into community food activity in the area, which the project is currently carrying out. Excellent links continue with the Scottish Community Diet Project, and with colleagues in Wales. A national seminar will be held in summer 2003 to build on the success of these local events and gauge network members' views on possible new directions for the Food Poverty Project when its current Community Fund grant comes to an end in autumn 2003.

Meanwhile, project officers continue to be in demand to speak at events around the country, including national conferences hosted by Oxfam, and by the Food Standards Agency in association with the National Consumer Council. The project has also responded to a number of government policy initiatives such as the changes to the welfare food scheme, and has highlighted the possible impact on low income consumers of increasing concentration of ownership among the major supermarket chains.

Sadly, a number of funding opportunities we had explored with partners, including in Europe, did not come to fruition, so planned work on school meals, with ethnic minority groups and on fruit and vegetable promotion will not take place. Similarly, our links with the independent Food Justice Campaign have not made as much progress this year as we had hoped, as this campaign has also experienced fundraising difficulties.

Grab 5! - Promoting fruit and vegetables

Early in the year the project completed the first editions of the set of materials, by publishing the curriculum pack and the model school food policy to complement the action pack published last year. These publications, available free on the website and for purchase in ring-bound form, are proving very popular, not only with primary schools promoting fruit and vegetables in Lambeth, Leeds and Plymouth (the project's "experimental" areas), but also all over the country. The same is true of the training courses, originally developed to support participants in the pilot project locations, which are finding appreciative audiences in many areas.

Grab 5!'s wider popularity may well be due, at least in part, to the sell-out, two-day national conference in Lincolnshire held in November in association with *The Grower* magazine. As well as an impressive array of workshops and exhibitions, the conference saw the publication of the summary results of the project evaluation. The independent researchers found that there had been a dramatic increase in the number and variety of activities in schools to encourage children to eat more fruit and veg. They concluded that this, and other aspects of the project's integrated, whole school approach, had helped to increase the children's consumption by a modest but significant amount, in line with the results found by previous similar projects. As well as these very encouraging results, it was clear that all those involved in the project had found it a highly enjoyable and worthwhile experience.

TRUSTEES' REPORT (CONTINUED)
For the year ended 31 March 2003

Review of activities and future developments (continued)

So worthwhile, in fact, that even though the project officers are no longer directly supporting activities in the pilot project areas, Grab 5! is continuing to develop in each location in different ways. Proposals are also well-advanced for integrating Grab 5! into the National Healthy School Standards, following a successful testing phase in a London borough. In addition, a number of Primary Care Trusts have integrated Grab 5! into their plans to promote "five a day" in their neighbourhoods, supported by the national lottery's New Opportunities Fund. Moreover, the project officers spoke at a number of conferences and events around the country.

The project also ran a very successful competition with the Processed Vegetable Growers Association. Secondary schools were asked to design a primary school dinner incorporating five portions of fruit and veg, with primary school children helping to judge the winners. The final was held in London in November, and winning entries are recipes are on the project website. Plans are well in hand to repeat the event next year.

Positive meetings were held, throughout the year, with Public Health Minister, Hazel Blears, Schools Minister, Stephen Twigg and officials at the Food Standards Agency. All of these sought not only to promote the project, but also propose a number of ways in which each department or agency could offer more support for efforts to promote fruit and vegetable consumption, particularly in ways that are economically, environmentally and socially sustainable.

In the coming year the project will publish the full evaluation report (following on from the earlier summary results), along with a promotional video in CD Rom format, an updated and revised action pack and a practical guide for others who want to encourage primary school children to eat more fruit and veg. As the Community Fund grant comes to an end in autumn 2003, the project will also be exploring how best to take its work forward.

Food Labelling and Marketing/Children's Food

Sadly, our project officer could no longer sustain the long commute into London and left us early in the year. Before he left, an excellent briefing paper was produced for the National Clinical Director for Children, outlining why the forthcoming Children's National Service Framework (for health) should acknowledge and tackle the influence of unhealthy food advertising on children's health. The project officer also met representatives of the Independent Television Commission, who remain unwilling to take action in this area. In the coming year broadcast advertising regulation is likely to come under the auspices of a new regulatory body - Ofcom - but the signs are that advertising controls will be weakened rather than strengthened.

As fundraising efforts to replace the project officer have not yet been successful, his departure has meant much of the work in this area has been put on hold. However, it is testament to the project officer's effectiveness that some initiatives had gained enough momentum to continue - albeit at a slower pace - throughout the year.

The campaign to protect children from unhealthy food advertising, for example, had gathered support from more than 80 national organisations by the end of the year, with the issue showing little sign of fading from the public interest. Next year the Food Standards Agency's review of research on this issue will be completed, and we expect to engage - with others - in efforts to convince the Agency and government that tougher action is long overdue.

TRUSTEES' REPORT (CONTINUED)
For the year ended 31 March 2003

Review of activities and future developments (continued)

We were able to offer limited support to Debra Shipley, MP, who is seeking to prohibit all TV advertising - not just for food - which is targeted at pre-school children. Sustain also supported the efforts of its member organisations - particularly the Food Commission - who continued to expose the activities of major companies promoting consumption of foods and drinks of poor nutritional quality directly to children.

Sustain continues to be represented on the Joint Health Claims Initiative which is currently the only mechanism for protecting consumers from misleading health claims in the UK. In the absence of progress in developing an EU Regulation on health claims, it looks like being so for some time to come.

London Food Link

This new project has not only successfully developed its own programme of work this year, but has also contributed to the development of a new organisation, Food Links UK, which will act as a national voice for local food networks - like London Food Link - all over the country.

London Food Link's newsletter, *The Jellied Eel*, has helped to recruit members throughout the year, with three editions produced and widely distributed. In consultation with the membership, the project submitted comments on the draft London Plan and the London Wholesale Markets Review. These pointed out the contribution local food economies can make to urban regeneration and to improving access to better food for poorer communities, and also the need for better infrastructure to support small food businesses. The project has also worked hard throughout the year with a range of government bodies based in London and the South-East, to convince them of the importance of developing a strategic and integrated approach to food policy in the capital. The effectiveness of this work will be revealed when a number of policy documents are published early next year, including the Regional Delivery Plan for the Strategy for Sustainable for Farming and Food.

The project has also supported food policy development in East London, and developed good links with a number of inner and outer London boroughs. A survey of London caterers, exploring the opportunities for and difficulties around buying more local supplies was published in the autumn at a London Sustainability Exchange conference. A new report - on the importance of bread, baking and culture in London - should be published in summer 2003.

A major piece of work for the London Development Agency should also be completed in June 2003, which will assess the size and potential of the local food sector in London, including farming, markets, food manufacturing, retailing, catering and social enterprises.

The project officer has been involved in a number of events, not only speaking at a conference in Germany, but also organising a celebration of Apple Day in October, at a London farmers' market, and hosting a trade event at the end of this period. This introduced an organic farmer co-operative to organic retailers and caterers in the capital.

The Bridge House Estates Trust Fund has confirmed another year of support, and next year, the project will begin to administer a small grants programme, supported by another London-based foundation.

Organic Targets Campaign

Like the food labelling and marketing project, this campaign was unlucky to lose its excellent project officer this year, also to live and work outside London. Fortunately, she left towards the end of the year, and not before notching up yet more successes for the campaign.

TRUSTEES' REPORT (CONTINUED)
For the year ended 31 March 2003

Review of activities and future developments (continued)

The project officer had been an active participant in the group, convened by the Department of Environment, Food and Rural Affairs (DEFRA), to develop the details of government's Organic Action Plan. The previous two years of patient work in Parliament, in the media and with the help of the wide range of campaign supporters meant that the project officer carried considerable authority. The campaign continued to have a high Parliamentary and media presence and in summer we were delighted to be able to inform supporters that an Organic Action Plan had been formally approved by government.

The main points of the plan are as follows:

- The share of the organic market taken by UK organic producers will rise from the current 30% to at least 70%.
- Payments to farmers who have converted to organic systems will continue after conversion.
- Public bodies such as schools and hospitals will be encouraged to increase the proportion of organic food in their meals.
- Supermarkets will commit themselves to buying more UK organic produce.

Initially, no date had been set by which the target would be reached but, by the end of the year, government agreed that it would be 2010 - the date originally proposed by the Organic Targets Campaign.

Less positively, the Food Standards Agency's policy on organic food and farming continues to cause concern. In autumn, a second meeting was held to discuss how the Agency might help fund research to fill the gaps in the evidence, particularly about the health effects of eating organic food. So far, no new research programme or funds have been made available. In the meantime, the Agency continues to make public announcements which imply that the small number of research papers is equivalent to there being *no* evidence to support the view that organic produce is healthier.

This issue, along with others raised by the Organic Action Plan - particularly evaluating progress towards the targets - will continue to be monitored by the project officer. We are delighted to be able to retain her on a consultancy basis for one day a month for the coming year.

A planned project on nutrient pollution, which developed out of the Organic Targets Campaign, was unable to come to fruition. The aim had been to develop support for government to introduce an economic instrument - e.g. a fertilizer tax - to tackle nutrient pollution. Unfortunately, the main interested groups were unable to agree on which economic instrument would be the most effective. However, the information gathered in the process of developing the project will make a valuable contribution to the debate, and will be published as a background briefing next year.

Sustainable Food Chains

The main task during the first year of this two year project, supported by the Esmée Fairbairn Foundation, has been the development of a major new report. Early next year we will publish a unique manual on how to integrate sustainable development into the procurement of public sector food and catering, including meals in schools, hospitals and social services as well as many other government-funded bodies. The manual is being developed with East Anglia Food Link and has been informed by consultations with a wide range of individuals and organisations in the public and voluntary sectors.

TRUSTEES' REPORT (CONTINUED)
For the year ended 31 March 2003

Review of activities and future developments (continued)

A number of briefing papers have already been produced, and are available on Sustain's website:

- *Local food: benefits, obstacles and opportunities*
- *The English Regional Development Agencies: what are they doing to support sustainable food economies?*
- *Public sector catering: Opportunities and issues relating to sustainable food procurement*
- *Public procurement of sustainable food: current, planned and related initiatives*

A calendar of over 60 annual food events has also been compiled, under the auspices of the project, and made available on the website.

At the same time, the project officer has been engaged in a variety of events. As well as visiting sustainable food projects in Italy, and speaking at an international event in Austria, he has also been a regular speaker at the series of Better Hospital Food conferences, and been engaged in conferences held by the King's Fund. A series of seven pilot projects has also been arranged by the project officer in a number of English regions and in Wales, most of which have involved workshops to bring together those interested in increasing the proportion of sustainable food in public sector catering. Alongside this, the project officer has been closely following the Food Standards Agency food and catering contract, which will be issued for tender next year, to ensure that sustainable development criteria are incorporated.

Responding to relevant government consultation documents has also formed part of the project officer's work, including on "best value", the sustainable development strategy, the cross-departmental working group on local food, and Temporary Use Provisions. This latter proposal, had it not been changed, would have restricted the development of farmers' markets.

Along with the London Food Link officer, the project officer has also helped develop the new organisation, Food Links UK. In particular, a logo, website and email group have been established.

Race to the Top

The International Institute for Environment and Development is creating a sustainability index - *Race to the Top* - for supermarkets, and Sustain is part of the group of organisations assisting in the process. The project is part-funded by DEFRA, and a Scientific Review Panel has been appointed to ensure scientific rigour in the research and analysis. Sustain's focus, as part of the wider project, has been on the degree of supermarkets' commitment to buying local goods, and has involved holding a number of workshops as well as developing and refining a questionnaire for supermarkets to complete. Store surveys to verify the supermarkets' responses to the questionnaire have been devised in association with local branches of the Women's Institutes and the Women's Food and Farming Union, and these will be carried out next year.

Finance and administration

Sustain continues to be fortunate in having access to high quality consultants who provide excellent services in Information Technology, finance and administration. Too often this "invisible" work is forgotten, but without it Sustain's policy work and project campaigns simply would not be possible.

Volunteers

Thanks to the skills of two staff members, throughout the year Sustain continued to recruit a steady stream of high quality volunteers, whose work for the projects and for Sustain's core work has been invaluable. We are pleased to report that, not only has Sustain obtained excellent value from its volunteers, but several volunteers have gone onto employment in the voluntary sector, while others have found the experience has been a worthwhile adjunct to their academic work.

TRUSTEES' REPORT (CONTINUED)
For the year ended 31 March 2003

Funding

Sustain continues its endeavours to increase the security of core funding through members' subscriptions and sales of publications. Sustain would like to thank the following funders for grants received for core and project work:

Calouse Gulbenkian Foundation
Cobb Charity
Community Fund
Corporation of London
Corporation of London - Bridge House Estates Trust Fund
Earth Resources Research
Ecological Foundation
Esmée Fairbairn Foundation
European Regional Development Fund
International Institute for Environment and Development
London Borough of Newham
London Development Agency
Newham Mind Ltd
Newham Primary Care Trust
Network for Social Change
Rainford Trust
Royal Society for the Protection of Birds
UK Food Group

Financial review

The fund balance carried forward at 31st March 2003 was £56,301 (2002: £37,063) on unrestricted reserves. The restricted reserves on ongoing projects was £235,666 at 31st March 2003 (2002: £234,985). The full Statement of Financial Activities is set out on page 12 of these accounts.

Reserves policy and risk management

In accordance with guidelines issued by the Charity Commissioners, the Trustees have adopted a policy regarding reserves, which should ensure that:

- a) Excluding those funds represented by Fixed Assets, general reserves do not exceed more than 6 months anticipated expenditure;
- b) There are adequate funds to ensure that the charity is able to meet all current and known future liabilities.

The level of reserves is considered and reviewed at regular intervals by the Council.

The trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems are in place to mitigate our exposure to the major risks.

Investment policy

Under the memorandum and articles of association, the charity has the power to invest the moneys of the Company not immediately required for the furtherance of its objects in or upon such investments, securities or property as may be thought fit, subject nevertheless to such condition (as any) and such consents (if any) as may for the time being be imposed or required by law.

Trustees' responsibilities

Company and charity law applicable to charities in England/Wales 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 company and of the surplus or deficit of the company for that period. In preparing those financial statements the trustees have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the Trust will continue in operation).

The trustees have overall responsibility for ensuring that the company has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

Auditors

A resolution proposing that Trustient be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the trustees on 27 July 2003 and signed on its behalf, by:

Professor Tim Lang - Chair of the
Board of Trustees

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

We have audited the financial statements of SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING for the year ended 31 March 2003 which comprise the Statement of Financial Activities and Balance Sheet, with the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

As described in the Statement of Trustees' Responsibilities the Trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", published in October 2000. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the company is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUSTAIN: THE ALLIANCE FOR BETTER
FOOD AND FARMING**

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Trustient

Chartered Accountants & Registered Auditors
Buckingham House East
The Broadway
Stanmore
Middlesex
HA7 4EB

Date:

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
For the year ended 31 March 2003

	Note	Restricted Funds 2003 £	Unrestricted Funds 2003 £	Total Funds 2003 £	Total Funds 2002 £
INCOMING RESOURCES					
Awards, contributions and donations	2	1,516	17,814	19,330	23,668
Activities in furtherance of the charity's objects	3	458,595	53,332	511,927	429,108
Investment income		-	3,427	3,427	9,502
TOTAL INCOMING RESOURCES		460,111	74,573	534,684	462,278
RESOURCES EXPENDED					
<i>Costs of generating funds:</i>					
Fund raising costs	4	9,674	4,895	14,569	14,211
<i>Charitable expenditure:</i>					
Costs of activities in furtherance of the charity's objects	5	449,756	10,672	460,428	478,621
Resources expended on managing and administering the charity	6	-	39,768	39,768	43,605
TOTAL RESOURCES EXPENDED		459,430	55,335	514,765	536,437
NET INCOME/(EXPENDITURE) FOR THE YEAR		681	19,238	19,919	(74,159)
TOTAL FUNDS AT 1 APRIL 2002		234,985	37,063	272,048	346,207
TOTAL FUNDS AT 31 MARCH 2003		£ 235,666	£ 56,301	£ 291,967	£ 272,048

The Statement of Financial Activities includes all gains and losses recognised in the year.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

BALANCE SHEET
As at 31 March 2003

	Note	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible fixed assets	9		1,589		4,824
CURRENT ASSETS					
Debtors	10	38,873		5,000	
Cash at bank		273,729		314,720	
		<u>312,602</u>		<u>319,720</u>	
CREDITORS: amounts falling due within one year	11	(22,224)		(52,496)	
NET CURRENT ASSETS			<u>290,378</u>		<u>267,224</u>
NET ASSETS	13		<u>£ 291,967</u>		<u>£ 272,048</u>
CHARITY FUNDS					
Restricted Funds	12		235,666		234,985
Unrestricted - General Funds	12		56,301		37,063
			<u>£ 291,967</u>		<u>£ 272,048</u>

Professor Tim Lang

Joe Harvey

The notes on pages 16 to 23 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000 and applicable accounting standards.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

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

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

1.4 Incoming resources

Subscription income and donations are accounted for on a receipts basis. Grant income is accounted for only when conditions for its receipt have been fulfilled and deferred only when it relates entirely to future accounting periods. Income and expenditure generated from the publication and sale of material is allocated to the appropriate fund.

1.5 Resources expended

Costs are allocated to funds based on specific charges or on the directors' best estimates of usage. The split of indirect costs between cost of fund-raising, cost of charitable activities, and management and administration cost, is based on the best estimate of staff time spent on each respective class of activities.

1.6 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small charitable company.

1.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office Equipment	-	25%	straight line
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

1.8 VAT

The charity is not registered for VAT. In common with many other similar registered charities, Sustain's expenses are inflated by VAT, which cannot be recovered.

1.9 Tax status

The company is a registered charity and is not subject to corporation tax on its current activities.

2. AWARDS, CONTRIBUTIONS AND DONATIONS

	2003	<i>2002</i>
	£	£
Centre For Food Policy, TVU	3,000	<i>3,000</i>
Co-operative Retail	-	<i>5,000</i>
Polden Puckham Charitable Foundation	-	<i>3,000</i>
Unicom Administration Limited	-	<i>2,000</i>
Others	16,330	<i>10,668</i>
	<hr/>	<hr/>
Awards, contributions and donations	£ 19,330	<i>£ 23,668</i>
	<hr/> <hr/>	<hr/> <hr/>

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

3. INCOMING RESOURCES FROM ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	2003	<i>2002</i>
	£	£
Community Fund	269,606	<i>222,437</i>
Corporation of London	30,000	<i>30,000</i>
Co-operative Group (CSW) Limited	6,000	<i>9,950</i>
Elm Farm Research Centre	-	<i>18,000</i>
Esmée Fairbairn Foundation	50,000	<i>50,000</i>
Foods Standard Agency	-	<i>25,000</i>
JMG Foundation	-	<i>10,000</i>
Polden Puckham	-	<i>13,000</i>
Sheepdrove Trust	-	<i>10,000</i>
Centre for Food Policy, TVU	-	<i>5,767</i>
Wakefield Health Action Zone	-	<i>5,000</i>
International Institute for Environment and Development	8,700	-
Network for Social Change	13,702	-
Calouse Gulbenkian Foundation	8,000	-
London Development Agency	25,000	-
	<hr/>	<hr/>
Grants subtotal	411,008	<i>399,154</i>
Sales and publications	33,804	<i>10,147</i>
Subscriptions and other income	9,615	<i>4,445</i>
Membership fees	16,431	<i>14,962</i>
Conference and workshops	34,125	-
Other income	6,944	<i>400</i>
	<hr/>	<hr/>
Total	£ 511,927	<i>£ 429,108</i>
	<hr/> <hr/>	<hr/> <hr/>

4. FUND RAISING COSTS

	2003	<i>2002</i>
	£	£
Staff costs	12,465	<i>11,570</i>
Postage and stationery	575	<i>803</i>
Depreciation	185	<i>149</i>
Telephone and fax	304	<i>327</i>
Office costs (including rent)	1,040	<i>1,362</i>
	<hr/>	<hr/>
Total	£ 14,569	<i>£ 14,211</i>
	<hr/> <hr/>	<hr/> <hr/>

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

5. CHARITABLE EXPENDITURE

SUMMARY BY EXPENDITURE TYPE

	Staff Costs 2003 £	Depreciation 2003 £	Other Costs 2003 £	Total 2003 £	Total 2002 £
Research, events and publications	223,201	3,378	233,849	460,428	478,621
Resources expended on managing and administering the charity	8,187	138	31,443	39,768	43,605
Total	£ 231,388	£ 3,516	£ 265,292	£ 500,196	£ 522,226

RESEARCH, EVENTS AND PUBLICATIONS

	2003 £	2002 £
Staff costs	223,201	210,356
Consultancy costs	96,552	109,003
Volunteers	2,841	2,182
Printing and distribution	36,110	31,327
Postage and stationery	10,520	14,511
Photocopying	2,504	209
Telephone and fax	5,572	6,104
Office cost (including rent)	24,785	28,330
Travel, meetings and conferences	43,841	33,385
Depreciation	3,373	2,703
Project development	11,129	36,511
Other charitable expenditure	-	4,000
Total	£ 460,428	£ 478,621

6. RESOURCES EXPENDED ON MANAGING AND ADMINISTERING THE CHARITY

	2003 £	2002 £
Staff costs	8,187	9,474
Depreciation	138	103
Consultants costs - IT	3,048	3,800
Bookkeeping and accountancy fees	21,641	18,750
Professional fees	-	3,052
Audit and accountancy fees	4,935	4,700
Bank charges	214	64
Other management and administration expenses	1,605	3,662
Total	£ 39,768	£ 43,605

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

7. NET INCOME / (EXPENDITURE)

This is stated after charging:

	2003	<i>2002</i>
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	3,701	<i>2,954</i>
Auditors' remuneration - audit services	4,935	<i>4,700</i>
	=====	=====

During the year, no Trustees received any remuneration (2002 - £NIL).

During the year, no Trustees received any benefits in kind (2002 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2002 - £NIL).

8. STAFF COSTS AND NUMBERS

Staff costs were as follows:

	2003	<i>2002</i>
	£	£
Wages and salaries	222,130	<i>203,496</i>
Social security costs	21,723	<i>20,338</i>
	=====	=====
	£ 243,853	<i>£ 223,834</i>
	=====	=====

The average monthly number of full-time equivalent employees during the year was as follows:

	2003	<i>2002</i>
	No.	No.
Core	2	<i>3</i>
Food Poverty/Community Mapping	2	<i>2</i>
Fruit & Veg	2	<i>2</i>
Sustainable Food Chain	1	<i>1</i>
Target Organics	1	<i>1</i>
London Food Links	1	<i>1</i>
	=====	=====
	9	<i>10</i>
	=====	=====

No employee received remuneration amounting to more than £50,000 in either year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

9. TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
Cost	
At 1 April 2002	27,814
Additions	466
	28,280
At 31 March 2003	28,280
Depreciation	
At 1 April 2002	22,990
Charge for the year	3,701
	26,691
At 31 March 2003	26,691
Net book value	
At 31 March 2003	£ 1,589
<i>At 31 March 2002</i>	<i>£ 4,824</i>

10. DEBTORS

	2003 £	2002 £
Due within one year		
Other debtors	5,373	-
Grants receivable	33,500	5,000
	£ 38,873	£ 5,000
	£ 38,873	£ 5,000

**11. CREDITORS:
Amounts falling due within one year**

	2003 £	2002 £
Social security and other taxes	-	5,655
Other creditors	16,222	28,443
Accruals and deferred income	6,002	18,398
	£ 22,224	£ 52,496
	£ 22,224	£ 52,496

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2003

12. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Carried Forward £
UNRESTRICTED FUNDS				
General funds	37,063	74,573	55,335	56,301
 RESTRICTED FUNDS				
Fruit and Veg - Grab 5!	65,682	234,218	214,757	85,143
Food Poverty	69,624	79,867	86,969	62,522
Community Mapping	31,059	4,127	35,186	-
Target Organic	18,077	19,027	29,643	7,461
London food Link	15,673	59,449	47,147	27,975
Sustainable Food Chain	34,870	63,423	45,728	52,565
 Total restricted funds	 234,985	 460,111	 459,430	 235,666

Grants, which are received for specific projects, are accounted for as restricted funds. Where grants are overspent a transfer is made from unrestricted funds. The balances on restricted funds as at 31 March 2003 arise from grants received for specific projects on which some expenditure is still to be incurred in the coming financial year. Each of the projects is described in more detail:

Fruit and veg - Grab 5! The project has set up multi-sector partnerships as part of a national campaign to increase fruit and vegetable consumption. The focus is 7-11 year olds living in low income areas of Lambeth, Leeds and Plymouth and uses a whole school approach.

Food Poverty - Working with a range of local, national and international organisations, this project aims to reduce food-related health inequalities by providing information and support through a database, events and a range of publications.

Community Mapping. This is a new way of engaging with low income communities to map out food poverty and develop appropriate policies to tackle it.

Organic Targets campaign - Sustain is the secretariat for a large and growing coalition arguing for a government strategy to ensure 30% of land is in organic production by 2010.

London Food Link - In the nation's capital this project aims to help producers, consumers and retailers make positive choices for sustainable, local food.

Sustainable Food Chains - The project will develop appropriate policies to support the development of local food economies, focusing particularly on the use of sustainable food in public sector catering.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

SUMMARY OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Carried Forward £
General Funds	37,063	74,573	55,335	56,301
Restricted Funds	234,985	460,111	459,430	235,666
Total of Funds	£ 272,048	£ 534,684	£ 514,765	£ 291,967

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2003 £	Unrestricted Funds 2003 £	Total Funds 2003 £	<i>Total Funds 2002 £</i>
Tangible fixed assets	-	1,589	1,589	4,824
Current assets	251,888	60,714	312,602	319,720
Creditors due within one year	(16,222)	(6,002)	(22,224)	(52,496)
Total	£ 235,666	£ 56,301	£ 291,967	£ 272,048

14. SHARE CAPITAL

SUSTAIN: The Alliance For Better Food & Farming is a company Limited by Guarantee and has no share capital. Each member is liable to contribute a sum not exceeding £1 in the event of the charity being wound up.

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