

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 2005

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

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SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

LEGAL AND ADMINISTRATIVE INFORMATION For the year ended 31 March 2005

Trustees

David Buffin (resigned 28/10/2004)
Simon Bullock
Peta Cottee
Kath Dalmeny (resigned 30/07/2004)
Anne Dolamore
Jeremy Faull
Michael Hart (resigned 28/10/2004)
Joe Harvey , Treasurer
Vicky Hird (co-opted January 2005)
Professor Tim Lang , Chair
Paul Lincoln
Michael Rayner
Patricia Rundall
Paul Sander - Jackson
Robin Simpson
Rachel Sutton
Bill Vorley

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 2005

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 ended 31 March 2005. 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.

Governance

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.

Sustain is governed by its membership, which is open to national organisations which do not distribute profits to private shareholders and which therefore operate in the public interest. Members must be wholly or partly interested in food or farming issues and support the general aims and work of the alliance. Sustain's membership meets at least twice a year in general session (one of these meetings is the Annual General Meeting), and members also attend a range of specialist policy and project working party meetings, all of which are chaired by a Sustain Council member.

The Council members are elected by the membership to form a governing body of 15 trustees who guide the work of the alliance, subject to approval by the members. The Council meets quarterly, and during the year the Council appointed two Deputy Chairs, Anne Dolamore and Dr. Mike Rayner, to work alongside the Chair, Professor Tim Lang.

The Council also discussed and agreed a proposal that would allow its members to serve more than two consecutive three-year terms of office. These limitations are not drawn from our constitution, but were developed as informal rules by Sustain when it was established in 1999. Since that time we have been successful both in retaining expertise on the Council and in attracting new members because, each year, a minimum of one third of the Council membership is required, by our constitution to be elected. However, as the Council is large (15 members) and a number of members have been willing to continue to serve since 1999, in 2006 we would face having to lose a significant number of members, including our Chair, Treasurer and newly appointed Deputy Chairs.

The proposal to remove these limits on terms of office was put to the Annual General Meeting in October 2004. The meeting discussed a number of options for attaining a desirable balance between experienced and new Council members. It was agreed that, as of this AGM, Sustain would remove the self-imposed restriction on the length of terms of office of Council members, but keep the issue under regular review.

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.

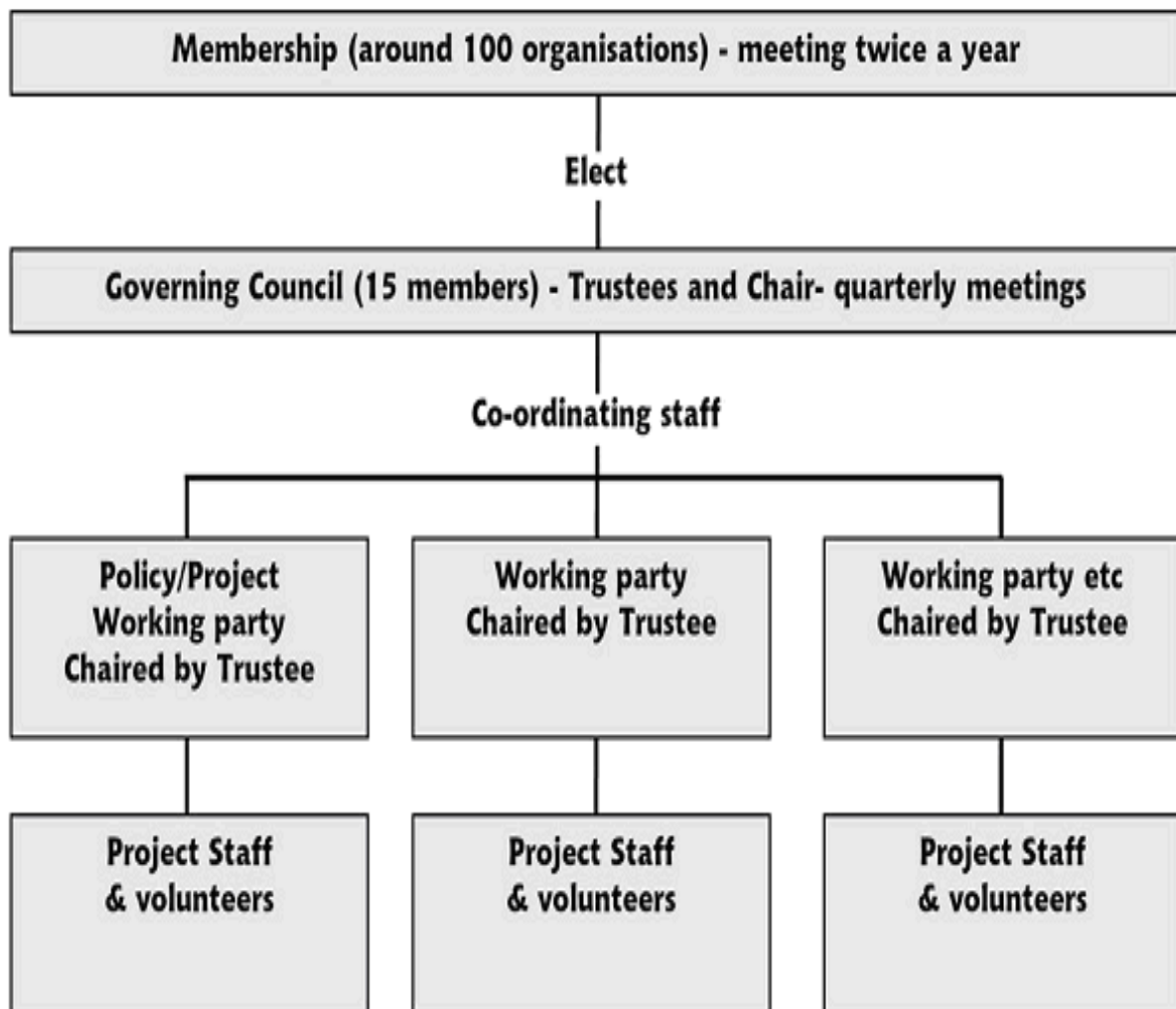
Sustain represents around 100 national public interest organisations working at international, national, regional and local level. It advocates food and agriculture policies and practices that enhance the health and welfare of people and animals, improve the working and living environment, promote equity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

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

The organisation of the charity's work

The Governing Council is responsible for the overall control of the Charity's operations and meets quarterly to review the performance of the charity, and authorise strategic decisions. The Charity's Co-ordinator manages the Charity's business on a day-to-day basis.



SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued)
For the year ended 31 March 2005

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

Review of activities and future developments

Common Agricultural Policy (CAP) reform

Early in 2004 the Secretary of State for Agriculture, Margaret Beckett, announced her decision on how to implement CAP reform decoupled payments in England. The devolved administrations did the same, and all four policies were different. Despite strong pressure to the contrary Beckett opted in England for full decoupling based on regional area payments phased in over eight years. Farmers will initially get 90% of their payment based on their historical subsidy receipts. By 2012 they will get 100% based on a regional average.

Throughout the year, Sustain attended meetings, with the Department for the Environment, Food and Rural Affairs (DEFRA) and others, on how these new policies would be implemented. There were fierce negotiations on the details of cross compliance rules, orchard eligibility, Single Farm Payments, Rural Development Regulations and other complex issues.

- **Reform of the Sugar Regime**

In the previous financial year Sustain submitted a paper to DEFRA on the principles for reform of the Sugar Regime (the current regime expires in 2006). Throughout the year, Sustain continued to attend meetings at DEFRA on this highly contentious issue, and run a small sub-group for information sharing and strategy development. The issue of how to address public health concerns remains difficult, as few want to discuss this aspect of reform.

During the year, the European Commission 'leaked' its new proposals for reform. The compromise proposals - which combined price cuts, quota cuts and direct payments - fell far short of what many development agencies hoped for but went too far for many sugar producer groups in the European Union (EU) and in poor countries (with preferential market access). When the proposals were officially presented, some commentators suggested that a World Trade Organisation (WTO) ruling on the non-legality of the sugar regime (relating to the fact that seemingly non-subsidised sugar exports are, actually, indirectly subsidised) meant that the Commission would have to revise its proposals significantly. Others disagreed, and in the event the European Commission was granted an extension on their right to appeal against the WTO ruling against sugar exports.

Mariann Fischer Boel, who replaced Franz Fischler as the Agriculture Commissioner, continued to push through the sugar regime reforms, and new proposals are expected in summer. The proposals remain very controversial and sugar will be a major area for debate and decision making during the UK's presidency of the EU in the second half of 2005.

International dialogue on trade, subsidies and small farmers

During the year Sustain worked with the UK Food Group to facilitate more co-ordinated and collaborative work on trade, subsidies and small farmers, and an international dialogue meeting was held in London in June. The two-day meeting was well attended and lively, and focused around a paper which collated material from a range of organisations on this topic. Supply management, as a policy option, continues to be the subject of intense debate.

As Sustain Chairs the UK Food Group working group on Transnational Corporations, we have also been monitoring developments on the impact on farmers, and others, of the growing power of multiple retailers in Europe and globally. Sustain was involved in the production of two useful documents, published by the UK Food Group:

- ⇒ EU Competition Rules and Future Developments from the Perspective of Farmers and Small Suppliers, commissioned by the UK Food Group from the British Institute of International and Comparative Law

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

- ⇒ Supermarket practices: The need for EU wide action, produced by the Breaking the Armlock Alliance, is also available in French and Spanish.

The joint Sustain/UK Food Group working party met in February and October 2004 and, during the year, regular email updates were circulated on the all the developments summarised above. In addition, there was a small sub-group meeting in November on the future of the 'family farm' where proposals for future work were developed. Vicki Hird, and a number of other Sustain staff members, gave presentations on these issues at a number of events and conferences during the year.

At the end of December 2004 Vicki left Sustain to become Senior Campaigner on Food and Farming at Friends of the Earth. Vicki's contribution to Sustain's development has been invaluable and, as one of the longest serving members of staff, she will be sorely missed. Sustain is currently undertaking a review of Sustain's agriculture and trade work in the light of her departure, and given the current state of policy developments in these areas. We are very grateful to a number of Sustain members, and other organisations, who generously supported this work during the past year.

DEFRA Food Industry Strategy on Sustainability (FISS)

The long awaited and very overdue draft FISS appeared at the beginning of December 2004. This draft, though flawed, was an improvement on previous versions, and even includes a target to reduce food miles. Sustain continued to participate in DEFRA meetings on this strategy during the year, and it was clear that there was widespread exasperation with the food industry's apparently endless delaying tactics on this initiative. The FISS document was finally issued for formal consultation at the end of the financial year, with a 30 June deadline for comment. Sustain will be working with its membership to prepare a response.

Agri-Food Network (AFN)

An AFN meeting was held on 16 June 2004 and was addressed by Bruce Traill, Professor of Agricultural Economics at Reading University, and Dr Tim Lobstein, from the International Obesity Task Force and the Food Commission. The papers and the stimulating discussion focused around the implications of diet and health recommendations for the food supply in Europe, including the effects on the CAP. The papers and notes from the meeting are on the Sustain website. A number of subjects for meetings in 2005 are under discussion with the Centre for Food Policy at City University, with whom the Network is co-ordinated, and we are grateful to the Network for Social change for supporting this work.

The Food Standards Agency (FSA)

Sustain continues to meet regularly with the FSA to discuss a wide range of issues, including at the twice-yearly consumer stakeholder meetings. We also continue to be regularly interviewed by researchers, undertaking work for the Agency on various aspects of their activities. Sustain was also interviewed by Baroness Dean (as part of the Agency's independent review of its work). Baroness Dean's review has now been published, and recommendations include that the Agency should do more to support work with low income consumers.

Over 40 member organisations agreed to endorse Sustain's response to the FSA's consultation on its draft strategic plan for 2005-2010. The incorporation of sustainable development was one of the key proposals in that response, and we are delighted that this was, in fact, included in the FSA's final strategic plan, which was published later in the year.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

Sustain's Co-ordinator, Jeanette Longfield, attended all four Consumer Committee meetings held during the 12 month period. Issues discussed included: sustainable development, the FSA's draft strategic plan, the salt reduction campaign, the draft action plan for promoting food to children, lack of progress with work to support low income consumers, and the Sudan I product recall crisis. The future of the Committee will be assessed as part of a broader review of the Agency's "stakeholder relationships".

Professor Sir John Krebs stood down as Chair of the FSA at the end of the year, and will be replaced in the summer of 2005 by Deirdre Hutton, currently Chair of the National Consumer Council and member of the European Food Safety Authority.

The Department of Health/Foods Standards Agency Nutrition Forum meeting in June discussed the government's long-awaited Food and Health Action Plan (see below) and the FSA's draft five-year strategy. The FSA also reported on its review of the structure and function of the Nutrition Forum. Dr. Mike Rayner - Sustain's representative - expressed frustration at the lack of progress in improving the effectiveness of the Forum and, as the year drew to a close, there were signs that the Forum may be reformed in the near future.

Department of Health (DH) consultations on the Food and Health Action Plan and the Public Health White Paper

Following discussions with members, Sustain responded to two consultation documents from the DH, Choosing Health? and Choosing a Better Diet. A significant proportion of members agreed that Sustain should be highly critical both of the lack of progress in producing a food and health action plan, and the poor quality of the consultation documents. Choosing Health, the Public Health White Paper was eventually, and belatedly published in November, and Sustain was asked to speak at a number of events highlighting its weaknesses.

The White Paper was particularly weak, despite media reports to the contrary, on protecting children from junk food marketing (see Children's Food Bill report below). More than three years since the Curry Commission recommended the production of a Food and Health Action, it was finally published, to no public acclaim, in March 2005.

Organic Action Plan

During the year Catherine Fookes represented Sustain (on a consultancy basis) at DEFRA's Organic Action Plan meetings. The Organic Action Plan - Two Years On report was launched by DEFRA in July 2004. It examines the progress made since the first plan was published, and sets out new recommendations to help develop the organic sector in England. Significant progress has been made, with an increase in the proportion of organic food supplied by UK farmers from 30% - when the action plan was written - to around 44%. The priorities for further action in the report are:

- ⇒ working with the Sustainable Farming and Food Strategies in the regions to ensure that organic farming is included in regional plans;
- ⇒ ensuring that the DEFRA sustainable food procurement initiative increases purchasing of organic food;
- ⇒ encouraging retailers to buy more UK organic food, and extending this to the food service and manufacturing sectors;
- ⇒ getting organic food into local supply networks;
- ⇒ advising on how organic produce can contribute to the Government's public health agenda;
- ⇒ examining and advising on issues of social exclusion.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

In November over 50 key people - from organic farms, Regional Development Agencies and DEFRA - came together in Harrogate to explore the benefits, opportunities and challenges of organic farming for the English Regions. The event was sponsored by DEFRA and organised by Catherine Fookes (for Sustain) with the Soil Association. Some of the ideas generated by the conference included encouraging greater co-operation amongst organic farmers, identifying organic entrepreneurs and supporting them, and spreading concise, understandable information about organic farming.

Catherine also represents Sustain on the new Advisory Committee on Organic Standards (ACOS). Issues discussed during the year included new aquaculture standards, new catering standards, and the derogation on stocking densities and flock sizes for organic poultry. Despite ACOS's advice the Minister responsible, Ben Bradshaw, decided that, in line with other European countries, the derogation would extend to December 2010. This means that organic poultry flocks could be up to 12,000 birds, instead of the maximum 3,000 recommended by the Soil Association.

Finally, Catherine attended a meeting in Brussels about the European Organic Action Plan's promotional activities. The meeting discussed developing an EU-wide promotional campaign and concerns were expressed that:

- ⇒ an EC organic logo should not undermine existing national logos,
- ⇒ the science underpinning any health claims about organic food should be robust, and
- ⇒ the approach to promotion should be flexible, with the Commission providing information, data, images etc. for Member States to use or adapt as appropriate.

Sustain will continue to engage in these important developments at UK and EU level, as staff time and funding allows, in the coming year.

Food Poverty

The independent evaluation of the Food Poverty Project, which took place in May 2004, was very positive. The consultants who carried out the evaluation noted high approval of the Project's networking activities and information provision, and gave a clear mandate from the membership for the project to continue. Following the evaluation, a special meeting of the Project's working party was held, where the future direction of the Project was discussed and agreed. Despite this thorough preparatory work, the Community Fund (now the Big Lottery) turned down our revised application to continue funding the project.

We were able to maintain the Project, including producing the newsletter, providing an enquiry service, and maintaining the project database, thanks to membership fees and publication sales, until the end of 2004. At that point, most active work on the Project ceased, but we were still able to agree to send the project officer, Courtney Van de Weyer, to visit Dublin in Spring 2005 to share experiences with a fledgling Irish food poverty initiative.

Thankfully, in March 2005, we were informed that a funding bid submitted during the previous summer to the Department of Health Section 64 grant programme had been successful. This will provide three years of funding to run the Food Poverty Network and we are currently recruiting for this position.

We have continued to work with the Food Standards Agency on its work around food poverty issues. We have attended several meetings with its officers and are growing confident that, in the coming year, part of its work will include supporting the Food Poverty Project.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

The Social Enterprise Project is being undertaken for Sustain by the consultancy Food Matters, with funding from the Lloyds TSB Foundation. The project has made good progress during the year and, based on desk research, interviews and questionnaires from community food projects around the country, an online toolkit is in development. The website will have case studies, information and guidance, and will help projects to determine whether becoming a social enterprise is a viable option, and whether they can achieve some degree of independence from grant funding. A policy paper is also in preparation, and dates to launch these materials and run seminars will be set for the summer and autumn 2005.

Grab 5! - Promoting fruit and vegetables.

Grab 5! continues to be popular with an ever-increasing number of schools and practitioners. This reflects the rising public profile of food in schools and the value of Grab 5! as a programme that supports schools in adopting a whole school approach to improving food education and skills. Another reprint of the Grab 5! Pack, kindly funded by the Department of Health, was arranged towards the end of 2004, and since April 2004, Grab 5! training events have been delivered in Bexley, the East Midlands, Greenwich, the Isle of Wight, Knowsley, North Devon, St Helens, Taunton, Torbay, Wiltshire and York. In addition to these training courses, several Grab 5! partners have provided courses for their local schools, including in London, Norfolk and Oldham, and the number of partners implementing Grab 5! across the country exceeds 30.

Grab 5! training courses are designed for both teachers/school staff and people working with schools on healthy eating (for example, Healthy School co-ordinators, school nurses, school caterers, School Fruit and Vegetable Scheme and 5 A DAY co-ordinators, health promotion specialists and oral health experts). The courses equip participants with knowledge and confidence around food in schools, including how to adopt a whole school approach to promoting fruit and vegetables and healthy eating, and setting up school based fruit and vegetable related activities (such as fruit tuck shops, tasting sessions, growing clubs and cooking clubs and school meals). It is anticipated that, with the launch of the Department of Health's Food in Schools toolkit and the increasing expectation on schools to improve their food provision, Healthy Schools co-ordinators and others will continue to be keen to provide Grab 5! style training courses to their schools. Sustain aims to facilitate this by sharing experiences and materials as widely as possible.

The Grab 5! School Meal Challenge 2004 was a huge success with the semi-finals taking place during October in eight primary schools across the country, and the final at the Thomas Danby College, Leeds in November. The winning menu came from Southlands High School, Chorley with their 'Somersault Stir-Fry and Forward Roll'. The runners up were from Allerton High School, Leeds, with 'Fun Fishes and Ready to go Rice' and St Philip Howard Catholic High School, Bognor Regis, with 'Poulet avec Pâtes and Pancakes USA Style'. The menus, designed by secondary school children, as in the two previous years, had to be healthy, full of fruit and veg, appealing to primary school children and suitable for a primary school canteen. Primary school children are involved in the judging at the semi-final, regional stage, and the final. Sustain is grateful to the Processed Vegetable Growers' Association for their continued sponsorship of the School Meal Challenge and we are pleased to report that plans are already underway for the 2005 challenge. Secondary school students have until the end of July to devise and submit their healthy menus.

In March 2005, a survey of the 26 primary schools that were involved in the pilot phase of Grab 5! (September 2001 to July 2002) was completed. The results were collated and showed that, despite the pilot phase ending two and a half years ago, many schools still regularly implement a wide range of healthy eating activities, the most popular being breakfast clubs, growing clubs and healthy tuck-shops. Many schools have also reported that the Grab 5! Pack is very useful for healthy eating lesson plans and ideas. This feedback is very encouraging, illustrating the sustainability of the Grab 5! programme.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

In August 2004 the Grab 5! project officer, Kate Bowie, ended a nine-month part-time secondment at the Department of Health, developing a package of materials to support the Government's School Fruit and Vegetable Scheme (SFVS). Kate was then appointed part-time officer for the SFVS in Bristol for the Government Office for the South West. This means that, for over a year, the impressive achievements outlined above have been undertaken by Kate on a part time basis, with a number of invaluable volunteers. Income from Grab 5! Pack sales and from running training courses has supported this work. It is envisaged that this arrangement will continue for the coming year, allowing Kate to focus increasingly on opportunities for sustainable food procurement in schools and, potentially, a secondary school food project.

The Children's Food Bill

In Spring 2004, the Children's Food Bill was drafted, placing a duty on the Food Standards Agency to specify criteria to ensure that all school meals are health-promoting, taking into account not only nutritional composition, but also the presence of additives, contaminants and food production techniques, such as genetic modification. It will also protect children from all junk food marketing, and junk food vending in school and ensure that they learn practical food skills, including cooking and growing food.

The Bill was presented to Parliament for the first time on 18 May 2004 by Debra Shipley MP. A well-attended launch event took place in the Palace of Westminster and a House of Commons Early Day Motion, EDM 1256, was tabled in support of the Bill. As well as continuing to persuade MPs to support the Bill, Charlie Powell - the project officer - increasingly focused on raising public awareness and involvement. An eye-catching campaign leaflet was developed which incorporated postcards for individual public supporters to send to their MP and also to the Sustain office. Many supporting organisations included the campaign leaflets in their members' mailings and 50,000 were distributed. The Children's Food Bill website - www.childrensfoodbill.org.uk - was also developed to encourage individuals to write to their MPs and register their support.

The Parliamentary Health Select Committee Obesity Inquiry published its eagerly anticipated report on 27 May 2004. Although the report contains many positive recommendations and a recognition of the relentless and exploitative nature of food promotions targeted at children, Sustain's campaign criticised the Committee for proposing a three year period of delay before introducing statutory controls, and for their misplaced confidence in voluntary action by industry.

In June the campaign submitted its response to the Food Standards Agency's consultation on its Action Plan on Food Promotions and Children's Diets. Whilst welcoming the aims and goals, the consultation response once again highlighted the ineffectiveness of voluntary approaches, which is central to the FSA's Plan's success.

In summer, the campaign also submitted copies of its Children's Food and Health report to the Children and Young People and the Consumer and Markets task groups, established as part of the Department of Health's Choosing Health consultation. The campaign also submitted critical comments to Ofcom following a briefing to discuss its research on television food advertising to children. The research is far from rigorous, and unlike the FSA's earlier systematic review, has still not been peer-reviewed.

By the end of the Parliamentary session in November, 248 MPs had signed EDM 1256 in support of the Children's Food Bill, making it the twelfth most signed EDM out of nearly 2000 that were tabled during the session. Lobbying by supporting organisations, and also by concerned members of the public who sent their MPs the postcards provided in the campaign leaflet, were important factors in this success, alongside the hard work and determination of the project officer, Charlie Powell.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

The Bill was re-introduced to Parliament in early February 2005 by Debra Shipley MP. During February we also circulated a campaign newsletter to all registered supporters and 120,000 redesigned campaign leaflets were printed and distributed during the first half of 2005. This leaflet provided a postcard for people to send to Ofcom, the broadcasting regulator, calling for its forthcoming Code review to prohibit junk food advertising on TV when large numbers of children are viewing. This review was initially requested in September 2003 by Tessa Jowell, Secretary of State for Culture, Media and Sport and again in the Government's Public Health White Paper published in November 2004.

Also in February, the campaign submitted a response to the House of Commons Health Committee's Inquiry into the Public Health White Paper. The submission explained how undue reliance on voluntary codes of practice and voluntary advice for schools means that the Government is unlikely to meet its target to halt the rise in childhood obesity by 2010. In the same month, the campaign submitted a response to an FSA consultation on a proposed model for the nutrient profiling of foods, which warmly welcomed the FSA's commitment and work towards developing a scientifically credible model for nutrient profiles for food. This FSA nutrient profiling work is expected to be completed in summer 2005 and should form the basis of Ofcom's over due Code review.

In early April, the Government at last published its long awaited Food and Health Action Plan, which sets a somewhat less than urgent timetable for the action detailed in November's Public Health White Paper. The project wrote to the Deputy Chief Medical Officer requesting representation on the proposed forum to 'strengthen' voluntary codes on food advertising and promotion.

The campaign also responded to a consultation by the Department of Education and Skills on the role of the proposed School Food Trust. Our response questioned its purpose, pointing to improvements in Scotland, which have been brought about without the establishment of yet another organisation.

Over the year, the campaign continued to generate press interest and most national newspapers carried articles about the Bill. There has also been considerable coverage on national and local radio and television. In addition, many supporting organisations have carried articles in their newsletters and magazines and both Charlie and Jeanette (Sustain's Co-ordinator) have spoken regularly about the Bill at a wide range of conferences and debates, including one organised by Jamie Oliver's team in the aftermath of his Channel 4 series Jamie's School Dinners.

By the end of the financial year, over 8,000 individuals had registered their support for the Children's Food Bill, and the campaign had also secured the support of almost 140 national organisations. We are grateful for the continued support of these organisations, a number of which have also kindly made financial donations towards some campaign costs. These include: the British Heart Foundation, the British Heart Foundation Health Promotion Research Group, Cancer Research UK, the Co-operative Group, National Federation of Women's Institutes, National Heart Forum, National Union of Teachers, Organix Brands, Unison, and the World Cancer Research Fund. We are also grateful to the JMG Foundation, the Polden-Puckham Foundation, and the an anonymous Trust for financial support, and for the generosity of individual supporters.

However, it was with much sadness that we heard that Debra Shipley MP, who had become a steadfast ally over the year, was to stand down at the May 2005 general election due to ill-health. After the election we will co-ordinate the efforts of the growing coalition of supporting organisations to lobby the MPs who are successful in the Private Member's Ballot. These MPs have a crucial advantage in introducing legislation as they are more likely to secure time for debate at the Bill's second reading.

To coincide with the Bill's reintroduction in the next Parliamentary session, we will publish a major report on the ineffectiveness of voluntary agreements. We also plan to reintroduce a new Early Day Motion, and to print tens of thousands more campaign leaflets to maintain and build the public pressure necessary to ensure the success of this vital campaign.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

Joint Health Claims Initiative (JHCI)

Dr. Mike Rayner continues to represent Sustain on the JHCI. The Food Standards Agency published the report of one of the projects it has funded the JHCI to carry out - the development of a list of well-established statements about the functions of vitamins and minerals that might be used as the basis of nutrient function claims. JHCI submitted its second report to the FSA "Audit and analysis of the range of health claims on the UK market" in September 2004 and is awaiting its publication on the FSA website.

Details of generic health claims for oats and blood cholesterol, and for omega-3 PUFA and heart health were approved by the JHCI during the year. Another generic claim was considered recently by the JHCI Expert Committee and will be reported on in the near future. In addition, three innovative claims have been considered, though due to agreements with the submitters, details are currently confidential.

Roger Manley, who has chaired JHCI since it began several years ago, will be retiring to France so has tendered his resignation. However, the JHCI Council has asked him to remain in post until mid 2005 to allow time to find an appropriate replacement. Similarly, Carol Stevens, Chair of the JHCI Expert Committee since early 2002, also wishes to resign, but will also remain in post until mid 2005. For family reasons the JHCI Executive Director, Melanie Ruffell, returned home to New Zealand for a number of months, but continued to work part-time for JHCI and plans to come back to the UK in 2005. Dr Jennifer Garry was appointed Acting Executive Director to provide services from the UK office.

Sustain notes that the financial viability of JHCI is still a cause for concern. The anticipated main source of income (fees from companies for assessing claims) has been slow to yield sufficient money, so membership fees from companies contribute significantly to the operation of JHCI.

Food labelling

Sustain submitted evidence in 2004 to the Parliamentary Environment Food and Rural Affairs sub-committee inquiry into food information. Sustain also attended a meeting in November, held by the National Consumer Council to discuss how to incorporate into assurance schemes (e.g. with a "little red tractor" logo) public interest organisations' concerns on issues such as environmental standards, animal welfare, and public health. More such meetings may be held in 2005.

Negotiations on the EU regulation on health and nutrition claims resumed after the European Elections in June 2004. In the form that was agreed by the European Commission, it looked as if the EU proposal would offer some protection for consumers against misleading claims. However, throughout the year industry continued vigorously to oppose tough controls and the final form of the proposals remains unclear.

Sustain continues to be involved in ad hoc initiatives on the significant proportion of food labels that are misleading, and the rarity of prosecutions for these offences. The nature of the offences ranges from longstanding problems such as health claims, newer (but still unresolved) issues such as water in chicken, and novel problems such as water and salt in "fresh" pork. Shropshire Trading Standards continues to lead the field in drawing attention to these fraudulent practices.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

London Food Link (LFL)

The year started with the recruitment of Ben Reynolds as the new project officer, to replace Dan Keech, who had been seconded to the London Development Agency (LDA) at the end of the last financial year to help form the London Food Board. In fact, this year has been dominated by exciting projects for the LDA, with work on sustainable procurement, food access, research into the potential for a local food centres in London (see Sustainable Food Chains below), and LFL contributing to the development of a sustainable food and farming strategy for London, which is due to be published in summer 2005.

- Food access and sustainable public procurement

LFL was delighted to be awarded a major contract from the LDA to do this work, which we undertook with colleagues in the Food Commission. The Food Access component of the work was completed on 15th March, and the Food Commission submitted the following documents to the LDA:

- ⇒ Guidance for borough planners on how to improve access to healthy and affordable food for low-income communities.
- ⇒ Guidance for housing associations working in the London area on how to develop and implement food access work.

The Food Commission also submitted a detailed report to the LDA on the six month project to:

- ⇒ Support people working in London boroughs towards development of neighbourhood retailing strategies, to improve food access in their area.
- ⇒ Support promotion of the Open College Network food access course, coordinated by Community Food Enterprise in Newham.

Sustain and the Food Commission are discussing with the Food Unit at the LDA how best to promote this work in the coming months. Options include holding a series of seminars, linked to the forthcoming consultation by the Food Unit on the draft Sustainable Food and Farming strategy for London, which is likely to take place during summer 2005.

The work on public sector procurement is not due to conclude until July 2005 but very good progress has already been made. One strand has focused on improving the sustainability of food in schools in one Local Education Authority. Camden has been an ideal partner in this work and LFL has been closely involved in the best value review of their school meals contract. A new tender document is due to be issued in summer 2005 and will include new criteria on the nutritional and environmental quality of the meals. The second strand concentrates on the Greater London Authority 'family' of organisations, including the Metropolitan Policy Authority. It is likely that, as a result of this work, food will be mentioned in the Met's environmental policy, and a number of workshops are planned with suppliers and caterers.

- Bread Street

The Bread Street exhibition, which was launched in March 2004 along with the Bread Street report, has been touring throughout London this year, thanks to support from the Arts Council and the Association of London Government. The exhibition has been housed in Gunnersbury Park Museum in Acton, Oxford House art gallery in Bethnal Green, the Hub community centre in Newham, and The Crown organic pub in Hackney. The exhibition is currently being held in the Stoney Street café in London Bridge, and there is interest in hosting it in Harringey in the coming year. A selection of pictures from the Bread Street exhibition have been converted into electronic cards that can be sent, free, from the LFL website.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

- Capital Eats

The report Capital Eats, which was commissioned by the LDA, was launched in June 2004 and generated much press interest. This report analysed London's food economy and the potential for increasing the size of the sustainable food sector. Work on restaurants and London's diverse ethnic cuisines will be the focus for a new project funded by DEFRA (see below).

- New London Food Link projects

In March 2005 we were delighted to be informed that we had received a three year grant from DEFRA's Environmental Action Fund. The new projects aim to show how private sector restaurants and cafes in general, and ethnic minority-run food businesses in particular, can contribute to sustainable development by providing their customers with more and better choices of sustainable food.

- Services for members

The LFL website has been developed over this year to house an online version of the members directory: this is much like the paper version, but is searchable by area, profession and, where applicable, type of food. This is housed in a members area on the site along with an online library with links to documents and websites covering issues such as food access, sustainable public procurement and school food. It also includes back issues of our newsletter The Jellied Eel and three editions have been published this year.

The London farmers newsletter is a new communication that resulted from the conference we helped to arrange in March 2004. London's farming community is relatively small so, despite their particular needs and interests, they have been largely overlooked. Working with the National Farmers Union, we now produce a regular electronic bulletin for London farmers. We also draw on the networks of the London Farmers Market, the London Food Unit (run by the London Development Agency) and the National Trust, to pull together as much relevant information as possible.

LFL has also organised a number of project visits to encourage members to learn from each other's experience. So far members have visited the Alara muesli factory, as part of a Camden Fairtrade event, the Community Food Enterprise project, and Brooker Farm. LFL also hosted a visit from the Scottish Community Diet Project and some of its members at the start of March 2005. Over the course of three days the group visited community food projects in Greenwich and Newham, and had presentations on the Hospital Food project (see below), on the LDA's London Food board, and on the Bread Street exhibition. A return trip, to Edinburgh, will be organised for early summer 2005.

We would like to thank the Bridgehouse Trust for their support over the last three years.

Hospital food project

This project, which is part-funded by DEFRA, aims to increase the supply of local and or organic food served in four London NHS hospitals to 10% of their routine catering provision. The longer term benefits should be better health, by providing fresher food for patients, staff and visitors, a more vibrant local economy, from increased sales from farm and food businesses in the South East and London, and a more sustainable environment. The four hospitals involved in the scheme are St George's, the Royal Brompton, Ealing, and Bethlem.

In partnership with the Soil Association, the project is negotiating with local producers and suppliers, with an emphasis on using existing supply chains to reduce administration for the hospitals. A number of successful research and training events have taken place during the year.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

These include: a farm visit for hospital staff to a potential supplier's premises, a tour and seminar at New Covent Garden Market, a workshop from two experts on sustainable food in schools (Jeanette Orrey and Kay Knight), organic certification training for hospital staff and distributors, and a workshop for potential producers to help them understand the public sector's requirements.

A number of promotional events have also taken place. Thanks to the King's Fund, the project's other funder, we were fortunate to receive a visit from HRH The Prince of Wales in summer 2004. The Prince toured a mini farmer's market, with stalls showing the types of organic and local produce that will be made available to the hospitals through the project. The visit coincided with the first deliveries of 300 punnets of organic strawberries to the hospital. In October 2004, an "Apple Day" highlighted the local apples being supplied to the hospitals, with tasting of different varieties, and freshly made apple pies. The launch of the 'healthy organic breakfast' took place at the Royal Brompton in January 2005, and encouraged staff, visitors and patients to start the day with a well-balanced and nutritious breakfast, and showcased some of the local and organic products, which are available at the Brompton.

There are two evaluation elements to the project and both are making good progress. The New Economics Foundation is examining the economic impact of the project, and is now working with the NHS Purchasing And Supply Agency on agreed "case study" foods. A model sustainable supply chain for these goods will then be developed using data from actual suppliers. In summer 2005, the independent health evaluation team will begin the second stage of their work, interviewing staff, visitors, and patients to gauge the response to the local and organic food which is being supplied to the Royal Brompton hospital.

The Royal Brompton has already reached the 10% local and/or organic target, over six months ahead of schedule. Products being supplied include organic beef and other meat products from Hampshire, organic dry goods from a local, family-run dry goods supplier, Kentish vegetables, free-range eggs delivered with vans run on recycled bio-diesel, high quality dairy ice-cream, and fair trade and organic tea, coffee and sugar. The project is now working with a new company to supply organic fruit and vegetable boxes to hospital staff and visitors, which can be picked up from a designated space in the hospital on a weekly basis. Trials are already underway, and initial results have been very positive.

The project also runs a replication network, not only so that the lessons learned from the project can be widely spread, but also so the project can learn from others' experience with sustainable food procurement. The network continues to be a popular forum, attracting a wide range of participants from as far away as Scotland and Northern Ireland. The network has already generated material on potential barriers to sustainable food procurement and what can be done to overcome them.

Finally, the artist who produced the Bread Street exhibition for London Food Link (see above) has been commissioned to develop a set of photographs to illustrate the project from 'farm to plate'. Case studies will highlight the stories of producers, suppliers, catering staff, clinical staff and patients associated with the project. The exhibition is likely to be launched in late summer 2005, and will be displayed in the hospitals.

This considerable success has been achieved despite a number of staff changes during the project's life. Emma Hockridge replaced Fiona Cairncross as project officer in July 2004, but Fiona continued to work closely with the project on a consultancy basis. However, Fiona's work will be taken on by Kate Bowie (see Grab 5! above) when Fiona has her first baby in summer 2005. This two-year project concludes at the end of December 2005, and Emma is now working on proposals to extend the project's scope to cover an entire strategic health authority.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

Sustainable Food Chains (SFC)

In autumn, Dan Keech returned from his secondment at the London Development Agency (LDA) to work on this project. Throughout the year the public procurement electronic news roundup was circulated every month to six-weeks to a growing list of around 600 people. Dan also promoted the SFC project at a number of events during the year, most recently at the Food Standards Agency Local Food Vision conference in March 2005, and at the Centre for Public Policy Seminars event on better public food later that month.

In addition, Sustain continues to support Food Links UK (FLUK) in its work with its membership to develop and strengthen sustainable food systems. Following a positive meeting between some FLUK Board members (including Sustain) and grants officers at the Esmée Fairbairn Foundation, a bid to support a full-time FLUK co-ordinator was submitted. A decision is due in September 2005.

- Infrastructure for sustainability

The main focus for the project this year, thanks to funding from the LDA and the Gulbenkian Foundation, was work to explore the availability of and opportunities for infrastructure to support and improve a sustainable food supply chain, especially in the cities of London, Manchester and Bristol. Dan is working with Professor John Whitelegg of Ecologica/Stockholm Environment Institute to develop a plan for a sustainable food logistics centre in London by summer 2005. A seminar to introduce the concept and gauge support from potential users was hosted by the King's Fund in February 2005 and a report of the discussion was published on Sustain's website.

In Manchester, Dan is working with Manchester City Council, with advice from Somerset Food Link, and a seminar was hosted at Manchester City Hall to explore the extent of and potential for local food chains. The City's Food Strategy already aims to get more regional food into the city.

In Bristol, initial work with the Primary Care Trust to develop sustainable food procurement practices before a new hospital is built in the city unfortunately had to be abandoned. The hospital planners decided to concentrate on nutrition, rather than sustainable development more broadly, and as a result decided to fit the new hospital with a regeneration kitchen rather than a traditional one where cooking from fresh ingredients would be possible. Work with Bristol City Council, however, was positive and plans are developing to introduce Somerset food into both city centre speciality markets and ordinary neighbourhood street markets.

- Policy development

A developing relationship with the National Association of Care Caterers has led to a joint bid to DEFRA to plan a sustainable procurement project in the Midlands or the South West of England. Dan spoke at the NACC Midlands Regional meeting in October 2004, and subsequently at the South West Regional meeting in March 2005.

Also in March 2005, Dan joined a visit to Florence, organised by Bill Vorley of the International Institute of Environment and Development, to learn from their experience with sustainable supply chains. Meetings took place with the Tuscan agency for innovation and development in agriculture, and with regional food producers supplying the equivalent to the Co-operative supermarket (the local purchasing manager for the UK Co-op's northern region also came on the trip).

In January 2005 the Sustainable Development Commission launched a review of the sustainability implications of the "little red tractor" Scheme. The authors found the scheme to be inadequate in this respect and have initiated discussions on the next steps.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

The SFC working party was asked to develop suggestions and proposals for such a labelling and assurance scheme. While not reaching the organic "gold standard", the project suggested that an improved scheme could not only encourage producers to improve the sustainability of their systems far beyond that required by the current "little red tractor", but also encourage consumers to buy such products in place of non-assured ones.

The evident divergence of sustainable food and farming policy at DEFRA and the practice of consolidation and cost-cutting at NHS food procurement level led to meetings, during the year, with the Public Administration and Supply Agency (PASA) to try to ensure that any supply chain efficiencies can better support sustainable hospital food.

- Sustainable orchards

Working with four Leader+ partners in England (Cumbria, Devon, Kent and Somerset) Dan submitted proposals to lead a national scheme to conserve old and traditional orchards for wildlife, weave them back into local economic use and increase knowledge and care of such orchards. English Nature awarded a grant for this project in March 2005 and in the coming year we will be seeking the remainder of the project budget funds so that the initiative can operate at full capacity.

Food and Mental Health

Sustain continues to develop the new policy area of diet and mental health. A grant was received from the Tudor Trust in June 2004 to explore the evidence linking food to mental health, behaviour, and well-being. To complement this, the Mental Health Foundation also agreed to provide funding to Sustain to research and publish a report on the evidence. We have been working closely with Mental Health Foundation, and aim to publish the report in autumn 2005.

Courtney Van de Weyer, the project officer, has pulled together a considerable body of research evidence during the year. It shows that the same unhealthy and unsustainable diet that causes diseases such as coronary heart disease, some cancers and diabetes, is also strongly implicated in the development of a range of mental disorders, such as depression, schizophrenia and Alzheimer's Disease, as well as behavioural problems in children and young people

In the course of collating this evidence and drafting the forthcoming report, Courtney has continued to expand Sustain's contacts in a range of professions and organisations, including attending meetings (as the sole public interest organisation) of a special interest group of psychiatrists. These contacts, along with growing public interest in the links between food and mental health, and the assistance of the Mental Health Foundation's PR and press team should ensure a good reception for the planned report.

We will also be applying to the Big Lottery in May 2005 for a research grant. A team of researchers in the NHS is developing methods of incorporating diet into the treatment for depression and, if our bid is successful, we will be working with them to promote these methods throughout the NHS. We also plan to link with the Hospital Food Project (see above) to develop proposals to improve the quality of food in mental health wards and, thereby, improve the quality of life for patients in those wards.

Finance and administration

Sustain continues to be fortunate in having access to two high quality consultants, Gavin Dupee and Quoc-anh Tran, who provide excellent services in, respectively, Information Technology and finance and administration. Without their invaluable contribution, Sustain's policy work and project campaigns simply would not be possible

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Review of activities and future developments (continued)

Volunteers

As in previous years, Sustain continued to recruit a steady stream of high quality volunteers to undertake very worthwhile tasks on a range of projects. One volunteer, for example, has been working on a popular guide to sustainable fish production and consumption. We are aiming to publish the report on Sustain's website during summer 2005. Not only has Sustain obtained excellent value from its volunteers but, as usual, a number of volunteers have been able to use the experience gained at Sustain to enhance their academic work or find employment elsewhere.

Funding

Sustain would like to thank the following funders for grants received for core and project work:

Arts Council
Bridge House Trust
British Heart Foundation
British Heart Foundation (Health Promotion Research Group)
CAFOD
Calouste Gulbenkian Foundation
Cobb Charity
Cooperative Group
Department of Health
Department for Environment and Development and Rural Affairs (DEFRA)
Institute for European Environmental Policy
Kings Fund
London Development Agency
Mental Health Foundation
National Heart Forum
National Union of Teachers
National Federation of Women's Institute
Network for Social Change
Oxfam
Polden Puckham Charitable Foundation
Tudor Trust
UNISON

Financial review

The fund balance carried forward at 31st March 2005 was £202,216 (2004: £162,440) on unrestricted general reserves. The restricted reserves on ongoing projects was £121,734 at 31st March 2005 (2004: £83,782). The full Statement of Financial Activities is set out on page 22 of these accounts.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

Reserves policy

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

Excluding those funds represented by fixed assets, general reserves do not exceed more than 6 months anticipated expenditure. This is equivalent to £242,046 based on current costs. At present free funds amount to £201,610. 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.

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. At the present time the Trustee's policy is to maintain such monies on deposits earning a market rate of interest.

Risk management

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.

Trustees' responsibilities

Company and charity law applicable to charities in England and 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 Company 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.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

TRUSTEES' REPORT (continued) For the year ended 31 March 2005

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 21 July 2005 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 2005 which comprise the Statement of Financial Activities and Balance Sheet, with the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) 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.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

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 2005 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 2005

	Note	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	Total Funds 2004 £
INCOMING RESOURCES					
Awards, contributions and donations	2	31,204	43,188	74,392	44,048
Activities in furtherance of the charity's objects	3	348,220	103,957	452,177	388,483
Investment income		-	2,844	2,844	2,910
TOTAL INCOMING RESOURCES		379,424	149,989	529,413	435,441
RESOURCES EXPENDED					
<i>Costs of generating funds:</i>					
Fund raising costs	4	-	18,248	18,248	16,870
<i>Charitable expenditure:</i>					
Costs of activities in furtherance of the charity's objects	5	397,182	45,864	443,046	395,526
Resources expended on managing and administering the charity	6	108	22,691	22,799	33,152
TOTAL RESOURCES EXPENDED		397,290	86,803	484,093	445,548
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
		(17,866)	63,186	45,320	(10,107)
Transfers between Funds	12	55,818	(55,818)	-	-
NET INCOME / (EXPENDITURE) AFTER TRANSFERS		37,952	7,368	45,320	(10,107)
NET MOVEMENT IN FUNDS FOR THE YEAR		37,952	7,368	45,320	(10,107)
TOTAL FUNDS AT 1 APRIL 2004		83,782	198,078	281,860	291,967
TOTAL FUNDS AT 31 MARCH 2005		£ 121,734	£ 205,446	£ 327,180	£ 281,860

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

The notes on pages 25 to 33 form part of these financial statements.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

BALANCE SHEET As at 31 March 2005

	Note	£	2005 £	£	2004 £
FIXED ASSETS					
Tangible fixed assets	9		606		909
CURRENT ASSETS					
Debtors	10	58,978		40,980	
Cash at bank		273,878		247,656	
		332,856		288,636	
CREDITORS: amounts falling due within one year	11	(6,282)		(7,685)	
			326,574		280,951
NET ASSETS	13		£ 327,180		£ 281,860
CHARITY FUNDS					
Restricted Funds	12		121,734		83,782
Unrestricted - Designated Funds	12		3,230		35,638
Unrestricted - General Funds	12		202,216		162,440
			£ 327,180		£ 281,860

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Trustees on 21 July 2005 and signed on their behalf, by:

Professor Tim Lang - Chair

Joe Harvey , Treasurer

The notes on pages 25 to 33 form part of these financial statements.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000, applicable accounting standards and the Companies Act 1985.

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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Management and administration costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

1.6 Cash flow

The financial statements do not include a cash flow statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

1. ACCOUNTING POLICIES (continued)

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

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

	Total Funds 2005 £	<i>Total Funds 2004 £</i>
British Heart Foundation	5,000	-
CAFOD	5,000	-
Cobb charity	1,000	-
DEFRA	3,150	6,100
Department for Education & Skills	-	3,000
East Thames Housing	-	2,500
Foods Standards Agency Wales	-	2,800
International Institute for Environment and Development	-	2,000
London Development Agency	25,389	3,600
National Union of Teachers	5,000	-
National Federation of Women's Institute	1,500	-
National Heart Forum	5,000	-
UNISON	5,000	-
Others	18,353	24,048
	<hr/>	<hr/>
Awards, contributions and donations	£ 74,392	£ 44,048
	<hr/> <hr/>	<hr/> <hr/>

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

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

	Total Funds 2005 £	<i>Total Funds 2004 £</i>
Arts Council	356	3,209
Association of London Government	-	4,000
Bridge House Trust	20,000	-
British Heart Foundation (Health Promotion Research Group)	5,000	-
Calouste Gulbenkian Foundation	12,473	-
Community Fund - Grab 5	-	95,091
Community Fund - Food Poverty	-	23,711
Community Fund - Evaluation	-	30,000
Co-operative Group	7,000	10,000
Countryside Agency	-	10,000
Department of Health	25,500	19,000
DEFRA	90,391	12,535
International Institute for Environment and Development	-	7,700
Institute for European Environmental Policy	4,000	-
JMG Foundation	-	15,200
Kings Fund	40,000	20,000
Lloyds TSB Foundation	-	29,790
London Development Agency	133,000	-
Mental Health Foundation	10,000	-
Network for Social Change	4,740	13,500
Oxfam	4,000	-
Polden Puckham Charitable Foundation	5,000	5,000
Royal Society for the Protection of Birds	-	5,000
Tudor Trust	25,000	10,000
Sales and publications	28,227	40,395
Subscriptions and other income	4,170	9,100
Membership fees	19,655	16,260
Other income	13,665	8,992
Total	£ 452,177	£ 388,483

4. FUND RAISING COSTS

	Total Funds 2005 £	<i>Total Funds 2004 £</i>
Staff costs	18,248	16,194
Other costs	-	676
Total	£ 18,248	£ 16,870

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

5. CHARITABLE EXPENDITURE

SUMMARY BY EXPENDITURE TYPE

	Staff Costs 2005 £	Depreciation 2005 £	Other Costs 2005 £	Total 2005 £	<i>Total</i> 2004 £
Research, events and publications	£ 197,533	£ 303	£ 245,210	£ 443,046	£ 395,526
Resources expended on managing and administering the charity	12,322	-	10,477	22,799	33,152
Total	£ 209,855	£ 303	£ 255,687	£ 465,845	£ 428,678

RESEARCH, EVENTS AND PUBLICATIONS

	2005 £	2004 £
Staff costs	197,533	186,552
Grants payable	20,440	9,312
Consultancy costs	142,851	75,235
Volunteers	1,361	1,040
Printing and photocopying	21,310	47,198
Postage and distribution	6,131	5,441
Telephone and fax	4,738	3,805
Office cost (including rent)	30,476	22,305
Travel, meetings and conferences	9,331	27,121
Depreciation	303	1,892
Project development	4,295	9,532
Other charitable expenditure	4,277	6,093
Total	£ 443,046	£ 395,526

6. RESOURCES EXPENDED ON MANAGING AND ADMINISTERING THE CHARITY

	Total Funds 2005 £	<i>Total</i> Funds 2004 £
Staff costs	12,322	16,195
Bookkeeping and accountancy fees	4,921	9,783
Audit and accountancy fees	5,170	4,935
Bank charges	313	242
Other management and administration expenses	73	1,997
Total	£ 22,799	£ 33,152

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

7. NET INCOME / (EXPENDITURE)

This is stated after charging:

	2005 £	2004 £
Depreciation of tangible fixed assets: - owned by the charity	303	1,892
Auditors' remuneration - audit services - non audit	5,170 588	4,935 -
	<u>5,473</u>	<u>6,827</u>

During the year, no Trustees received any remuneration (2004 - £NIL).

During the year, no Trustees received any benefits in kind (2004 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2004 - £NIL).

8. STAFF COSTS AND NUMBERS

Staff costs were as follows:

	2005 £	2004 £
Wages and salaries	206,680	197,758
Social security costs	21,423	21,183
	<u>£ 228,103</u>	<u>£ 218,941</u>

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

	2005 No.	2004 No.
Research, events and publications	7	8
Management and administration	1	1
	<u>8</u>	<u>9</u>

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

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

9. TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
Cost	
At 1 April 2004 and 31 March 2005	<u>29,492</u>
Depreciation	
At 1 April 2004	28,583
Charge for the year	303
At 31 March 2005	<u>28,886</u>
Net book value	
At 31 March 2005	£ <u>606</u>
<i>At 31 March 2004</i>	£ <u>909</u>

10. DEBTORS

	2005 £	2004 £
Due within one year		
Debtors	26,821	29,373
Prepayments	2,815	-
Grants Receivable	29,342	11,607
	<u>£ 58,978</u>	<u>£ 40,980</u>

11. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Other creditors	-	1,340
Accruals	6,282	6,345
	<u>£ 6,282</u>	<u>£ 7,685</u>

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

12. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Carried Forward £
DESIGNATED FUNDS					
Designated Funds	35,638	42,406	3,250	(71,564)	3,230
GENERAL FUNDS					
General Funds	162,440	107,583	83,553	15,746	202,216
Total unrestricted funds	198,078	149,989	86,803	(55,818)	205,446

Designated funds are allocated to specific projects when the existing funds for those projects are fully spent and it is intended to continue with the project. The transfers out of the designated funds are either to fund projects where there is a shortfall of restricted funds or to general funds where replacement funds have been sought and it is no longer necessary to designate funds.

RESTRICTED FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Carried Forward £
Fruit and Veg	-	-	33,373	33,373	-
Food Poverty	51,507	-	38,295	1,019	14,231
Childrens' Food Bill	16,445	46,986	61,352	-	2,079
London Food Link	1,952	120,574	81,939	3,184	43,771
Hospital Food project	13,878	130,391	132,115	-	12,154
Sustainable Food Chains	-	46,473	25,783	18,242	38,932
Mental Health Project	-	35,000	24,433	-	10,567
Subtotal	83,782	379,424	397,290	55,818	121,734
Total of Funds	£ 281,860	£ 529,413	£ 484,093	£ -	£ 327,180

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 2005 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 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.

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

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.

Childrens' Food Bill - This private member's bill would introduce legal protection against junk food marketing, and improve the quality of food, and food education and skills in schools.

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

Hospital Food project - The project aims to increase the supply of local and/or organic food served in four London NHS hospitals to 10% of their routine catering provision.

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

Mental Health Project - This project highlights the growing evidence of a link between nutrition and mental health and behaviour. Its aim is to promote mental health as a diet-related health issue.

SUMMARY OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Carried Forward £
Designated Funds	35,638	42,406	3,250	(71,564)	3,230
General Funds	162,440	107,583	83,553	15,746	202,216
Subtotal	<u>198,078</u>	<u>149,989</u>	<u>86,803</u>	<u>(55,818)</u>	<u>205,446</u>
Restricted Funds	83,782	379,424	397,290	55,818	121,734
Total of Funds	<u>£ 281,860</u>	<u>£ 529,413</u>	<u>£ 484,093</u>	<u>£ -</u>	<u>£ 327,180</u>

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	Total Funds 2004 £
Tangible fixed assets	-	606	606	909
Current assets	121,734	211,122	332,856	288,636
Creditors due within one year	-	(6,282)	(6,282)	(7,685)
Total	<u>£ 121,734</u>	<u>£ 205,446</u>	<u>£ 327,180</u>	<u>£ 281,860</u>

SUSTAIN: THE ALLIANCE FOR BETTER FOOD AND FARMING

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

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.