

FOOD ETHICS COUNCIL
(A Company Limited by Guarantee)

Company Number: 3901671
Charity Number: 1101885

UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 4 JANUARY 2008

FOOD ETHICS COUNCIL
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FOOD ETHICS COUNCIL
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REPORT OF THE DIRECTORS AND TRUSTEES

The Trustees are pleased to present their report together with the financial statements for the year ended 4 January 2008.

LEGAL AND ADMINISTRATIVE INFORMATION

Status

The organisation is a charitable company limited by guarantee, incorporated on 4 January 2000 and registered as a charity on 3 February 2004.

The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, the Trustees are elected at the Annual General Meeting to serve a period of 3 years.

The Members have guaranteed to contribute a maximum of £10 each in the event of the company being wound up.

Organisational Structure

The charity is run by the Board comprising the Trustees who delegate the day to day running to the Principal Officer.

Trustees: Helen Browning (Chair)
Geoff Tansey
John Verrall
Elizabeth Dowler
Peter Lund (Resigned 18 October 2007)
Colin Tudge (Resigned 18 October 2007)

Company Secretary and Principal Officer: Thomas MacMillan

Registered Office and Operations Address: 39-41 Surrey Street
Brighton
BN1 3PB

Accountants: Clark Brownscombe
8 The Drive
Hove
BN3 3JT

Solicitors: Griffith Smith
47 Old Steyne
Brighton
BN1 1NW

Bankers: Triodos Bank
Brunel House
11 The Promenade
Bristol
BS8 3NN

Registered Charity Number: 1101885

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Registered Company Number: 03901671

REPORT OF THE DIRECTORS AND TRUSTEES – continued

STRUCTURE, GOVERNANCE AND MANAGEMENT

About The Food Ethics Council

The Food Ethics Council challenges government, business and society to make wise choices that lead to better food and farming. Uniquely, we focus on how choices are made and we champion decisions that are:

- **Principled** – aiming to benefit people, animals and the planet, and to treat each fairly and with dignity.
- **Informed** – based on sound knowledge and diverse experience, but ready for surprises.
- **Inclusive** – involving and answerable to the people they affect.

Who we are

We are a charity and our work is not for profit. We are not affiliated to any political party or religious organisation. Our fifteen Council Members – all leaders in relevant fields – are appointed as individuals. They bring a broad range of expertise to our work, from academic research through to practical knowledge of farming, business and policy.

What we do

We work as an independent think tank and advisory body, challenging government, business and the public on ethical issues and championing better decision-making. Our Members lead this work in a voluntary capacity and our staff supports them through research, analysis and advocacy. We publish reports and a magazine, we organise deliberative workshops and events, and we develop tools for ethical decision-making. We extend our reach by working with others, including public bodies, companies, campaign groups and research institutes.

What we work on

We focus on how choices are made about difficult problems and emerging controversies. Our work has spanned genetically modified foods, drug use in farm animals, public involvement in science, functional foods, gene-tailored diets, patents, poverty, farm subsidies and food transport. Our work starts in the UK but its scope is global.

Who funds us

The charity is independent of government and industry and is not affiliated to any political party or religious organisation. Members take part as individuals. The Directors do not accept funds that might compromise the charity's independence.

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REPORT OF THE DIRECTORS AND TRUSTEES – continued

Membership

The Council consists of up to twenty Members at any time, including scientists, philosophers, farmers and consumer advocates. The Members elect Trustees/Directors who are responsible for managing the charity. These are listed on page 1. At the end of this year, there were fifteen Council Members:

- **Ms Helen Browning OBE:** (Chair) Organic farmer; Food and Farming Director, Soil Association
- **Professor Ruth Chadwick:** Director, ESRC Centre for the Economic and Social Aspects of Genomics
- **Dr Charlie Clutterbuck:** Director, Environmental Practice @ Work
- **David Croft:** Director of Conformance and Sustainability, Cadbury plc.
- **Dr Elizabeth Dowler:** Department of Sociology, University of Warwick, researching food and social policy
- **Ms Julia Hailes MBE:** Freelance writer and consultant
- **Ms Jeanette Longfield OBE:** Coordinator of Sustain – the alliance for better food and farming
- **Dr Peter Lund:** Senior Lecturer, School of Biological Sciences, University of Birmingham
- **Professor Ben Mepham:** Special Professor in Applied Bioethics, University of Nottingham
- **Professor Kevin Morgan:** Director, Regeneration Institute; Urban and Regional Governance Research Group, School of City and Regional Planning, Cardiff University
- **Dr Kate Rawles:** Freelance consultant and philosopher
- **Prof Christopher Ritson:** Professor of Agricultural Marketing, University of Newcastle upon Tyne
- **Professor Doris Schroeder:** Professor of Moral Philosophy and Head, Centre for Professional Ethics, University of Central Lancashire
- **Mr Geoff Tansey:** Joseph Rowntree Visionary for Just and Peaceful World; Freelance writer and consultant
- **Mr John Verrall:** (Treasurer) Pharmaceutical chemist

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REPORT OF THE DIRECTORS AND TRUSTEES – continued

Governing instrument and objects

The Food Ethics Council was established in 1998. It became a company limited by guarantee on 4 January 2000 and was registered as a charity on 3 February 2004. The company was previously called the Independent Council for Ethical Standards in Food and Agriculture Limited. The company name was changed to the Food Ethics Council by special resolution at a meeting on 4 November 2003. By special resolution at the same meeting the following objects were adopted, amending the Memorandum and Articles of Association:

1. To promote education for the public benefit in issues of ethics, economic and social studies, politics, science and public policy, as they relate to food and agriculture.
2. To promote for the public benefit research in any of the above fields of education and to publish the useful results of that research.

ACTIVITIES AND DEVELOPMENTS

Overview of the year

This was the year that global concern mounted over rising food commodity prices, that major UK and international supermarkets launched high-profile environmental initiatives, the European Commission began a ‘health check’ on its Common Agricultural Policy and the UK government’s Cabinet Office began a major review of its policies affecting food.

The Food Ethics Council contributed to policy development and public debate on these issues and more.

A crucial outlet for our work has been our magazine, *Food Ethics*. Having launched the publication successfully in 2006 as a vehicle for stimulating debate on food ethics, we this year introduced a strong thematic focus that turned each edition into a significant public statement on a timely ethical issue. The magazines have prompted national and international press coverage and put challenging ideas to an influential policy audience.

The issues we covered in 2007 were: worker exploitation in the food sector; the structural barriers to supermarkets meeting their environmental and social promises; an ethical agenda for CAP reform; and the challenges facing the meat and dairy sectors in tackling climate change and improving public health.

We launched a major initiative to help food sector executives understand how ethical issues relate to their business through dialogue with experts, stakeholders and other companies. Our Business Forum promotes good corporate citizenship by fostering a community of interest in food ethics, and challenging the widespread view within the food industry that ‘ethics’ is a more a market trend than a moral responsibility. The forum members, who have met every two months since July 2007, include household name brands, industry associations and business consultants. The meetings in 2007 focused on: seasonality in sustainable food chains; consumer attitudes and behaviour relating to sustainable food; and the environmental implications of meat production and consumption.

Our research work focused on the ethics of ‘food miles’, examining the environmental and social impacts of food distribution under a range of future scenarios. We held a series of stakeholder workshops and undertook analysis that will form the basis of an agenda-setting report on food distribution in 2008. We also continued to advocate policy changes based on previous research, particularly in the fields of Common Agricultural Policy reform, veterinary drug regulation and agricultural science policy.

Over the year we held seven formal events. We wrote, edited or published fourteen publications, and we received growing coverage in the national and trade press. At the same time, we have steadily built the organisation’s capacity to ensure that we will make a bigger difference than ever in 2008, gaining funding and staff.

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REPORT OF THE DIRECTORS AND TRUSTEES – continued

This year saw us pass the halfway point in a core funding grant of £100,000 over two years from the Joseph Rowntree Charitable Trust. We have also continued to receive funding from the Esmée Fairbairn Foundation under a grant of £97,875 over two years (received in 2006) towards our project on Road Pricing and Sustainable Food. We also received a £4,818 from the Network for Social Change to fund a series of workshops on food airfreight.

We recruited two new part-time members of staff to take on development and communications roles from January 2008, in addition to our full-time Executive Director, part-time Research Fellow and part-time Office Manager. We have benefited from the help of 15 volunteers over the course of the year, under our new internship programme.

Our council members remain the foremost group of experts and opinion formers in the organisation's field of work. One council member (Colin Tudge) stood down during the year.

The remainder of this section of the annual report describes our activities and capacity-building in greater detail. All our publications mentioned below are available via our website (www.foodethicscouncil.org). With the exception of our magazine, they can be downloaded free of charge.

Common Agricultural Policy

Europe's Common Agricultural Policy (CAP) is expensive and controversial: it costs EU citizens €100 billion per year; it makes it harder for people in poor countries to earn a living from farming; and, perversely, it supports some practices that harm the environment and public health. Reforms in 2003 began to address some of these problems and further change is expected in 2008-9, with the UK government pressing for a leaner, meaner CAP where subsidies and tariffs have been slashed.

Our work on the CAP challenges UK negotiators to develop a reform agenda that directly supports its commitment to promote sustainable development in the UK and wherever else our food is produced. This means tackling tricky issues, such as how to improve environmental standards without exporting problems we are trying to solve.

A paper we published on the CAP in December 2006 (*Sustainable farming and food: emerging challenges*) was used as a discussion document by the UK Sustainable Development Commission for a meeting they organized on the future of agriculture policy. Our staff and members took part in the event, which involved the Secretary of State for Environment Food and Rural Affairs and senior officials at the Department for Environment Food and Rural Affairs and HM Treasury.

We submitted written evidence to the House of Lords European Union Committee, which it cited in its report on 'The Future of CAP'. We also presented our paper to leading agricultural economists at the Centre for Rural Economy, University of Newcastle, and at the University of Reading.

We pursued our work to support a progressive approach to CAP reform by making this the focus of the autumn edition of *Food Ethics* magazine. The magazine refocused reform efforts away from spending cutbacks towards how public funds devoted to agriculture could be invested to promote sustainable farming, healthy eating and international development. The magazine included contributions from the EU Agriculture Commissioner, the UK the Secretary of State for Environment Food and Rural Affairs and many of the most challenging commentators and analysts of agricultural policy. It was featured in *European Voice*, the leading newspaper on EU politics.

Road pricing and sustainable food

Transport is an important source of greenhouse gas emissions and food accounts for a quarter of the miles trucks travel in the UK. Road pricing, whereby drivers are charged according to their use of roads, could help to reduce this. Yet, depending on the detail, it could equally do the opposite. It is important to find out what factors tip it one way or another, and to understand the knock-on effects of road pricing for communities in the UK and other countries, for the environment and for people's daily lives.

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REPORT OF THE DIRECTORS AND TRUSTEES – continued

In September 2006, we began an 18-month project, funded by the Esmée Fairbairn Foundation, which is one of the first attempts to do this. By January 2007 we had completed the first phase of this project, which explored the assumptions behind road pricing and its possible effects on food distribution. We launched the second phase in 2007, led by our Research Fellow, Paul Steedman.

Our work on this project in 2007 focused on preparing, carrying and writing up a series of ‘scenario’ workshops. The aims of these workshops were to understand what wider factors could shape the environmental, social and other ethical implications of different food distribution systems. We researched the scenarios method in depth and met leading practitioners from the Henley Centre, Demos and the Food Standards Agency. We contracted Wendy Schultz of Infinite Futures to lead the workshop series. This included four full-day events involving people from across the UK including major supermarkets and food service companies, people from the freight and transport industry, NGOs, researchers, policy makers and leading futurists.

The second half of the year was dedicated to analysing the outcomes of these workshops alongside the research during the first phase of the project. We reviewed the focus of this project in light of changes in transport policy, which saw a national road pricing scheme fall from favour, and other developments such as rising fuel and food prices. We also began to develop projects on air freight and on seasonality that will provide opportunities to put project findings into practice. In 2008, we will launch a series of reports based on this work, centring on an ethical agenda for food distribution.

Drug use in farm animals

Following on from previous research on drug use in farm animals, we have been working with the Veterinary Medicines Directorate, which is undertaking a long overdue rethink of its approach to freedom of information. They drew heavily on our advice in redrafting their guidance on handling access to information requests. We took part in a meeting with VMD staff, as well as a meeting of the working group on access to information, made up mainly of people from the veterinary drug industry. We suggested extensive changes to new draft guidance that was already an improvement on what came before.

Airfreight

We received a small grant of £4,818 from the Network for Social Change to fund a series of workshops on food airfreight. This work is intended to support our project on road pricing. The workshops were scheduled to take place in spring 2008.

Magazine

We produced four quarterly issues of our magazine, *Food Ethics*. The magazine aims to challenge accepted opinion and spark constructive debate on ethical issues in food and farming. Outside contributions are edited by staff at the Food Ethics Council. The magazine goes to subscribers across industry, the media, policy, campaign groups, research institutions and the public at large.

The first issue of 2007 marked a new direction for the magazine – instead of every edition of the magazine providing a forum for discussion on a wide variety of topics, each one would be carefully themed and structured to make a significant contribution to public and policy debate on a timely issue of major concern. The four editions we published in 2007 focused, respectively, on:

- Worker exploitation in food and farming. Contributors included the investigative journalist Felicity Lawrence, Jez Lewis who wrote the film *Ghosts* about the deaths of Chinese cockle pickers in Morecambe Bay, workers’ and employers’ representatives, and a government minister. Our analysis raised the issue of worker exploitation in the farming press and on the BBC, and prompted a meeting with the Gangmasters’ Licensing Authority.

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REPORT OF THE DIRECTORS AND TRUSTEES – continued

- The structural barriers preventing supermarkets from living up to their social and environmental promises. Contributors included leading researchers and analysts from universities, industry and NGOs, Slowfood founder Carlo Petrini and Ella Heeks of Abel & Cole. The issue was covered in the *Ecologist* magazine and the farming press. Our analysis pre-empted a subsequent major report on supermarkets by the Sustainable Development Commission.
- EU farm policy reform. Contributors included the EU Agriculture Commissioner, the UK farming minister, the heads of UK agencies including the Sustainable Development Commission, Natural England and the Environment Agency, and outspoken advocates of CAP reform. We publicised our argument in articles on the *Guardian* website and in *European Voice*, the leading English language newspaper in Brussels.
- The environmental and health challenges associated with meat production and consumption. Contributors included prominent researchers, commentators and campaigners on animal welfare, such as Joyce D'Silva (Compassion in World Farming) and Temple Grandin, a pioneer in the field of in vitro meat, and senior figures in the meat industry.

Business Forum

In July 2007 we launched our Business Forum, a major initiative to help food sector executives understand how ethical issues relate to their business through dialogue with experts, stakeholders and other companies. The forum promotes good corporate citizenship by fostering a community of interest in food ethics, and challenging the widespread view within the food industry that 'ethics' is a more a market trend than a moral responsibility.

The forum is a series of evening roundtable seminars, held every other month. Each meeting includes a talk by an expert, followed by a structured discussion around the issue over dinner. Membership is by invitation and the members pay a subscription fee to take part in the meetings. This year we recruited 15 members.

The forum members, who have met every two months since July 2007, include household name brands, industry associations and business consultants. By taking part, they gain a more thorough grasp of ethical issues that are becoming core business concerns within the food sector.

The three meetings in 2007 focused on:

- Seasonality in sustainable food chains chaired by Julia Hailes, with two speakers – food miles expert Prof Gareth Edward-Jones and Richard Perkins from WWF.
- Consumer attitudes and behaviour around sustainable food, chaired by Helen Browning. The speakers were Graham Brown and Hazel Seaman from Opinion Leader, who have been researching this topic for Defra.
- The environmental implications of meat production and consumption. Julia Hailes chaired, and Tara Garnett from the Food Climate Research Network spoke.

Commissioned work

We undertake commissioned work that supports the organisations' aims. Our goal is for commissioned work to reduce our reliance on charitable grants for core funding. In 2007 we did the following three pieces of commissioned work.

IPPR North commissioned us to review how environmental policies and regulations affect food and farming as part of their project on food policy. We contracted Frances Pollitzer to contribute research to this project. We reported to IPPR by the end of April.

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The Rural Economy and Land Use (RELU) programme commissioned us to extract policy implications from a series of projects they funded that focused on sustainable food chains. The projects included the high-profile work on ‘food miles’ that Professor Gareth-Edwards Jones is leading at the University of Wales, Professor Bruce Traill’s research on the land use implications of healthier eating, and an innovative project on farming Tilapia fish on small UK farms using waste heat. We presented our findings at RELU’s conference in November.

Transforum, a Dutch organisation that promotes innovation in sustainable agriculture commissioned us to take part in a review of their work, for which we attended a two-day meeting in the Netherlands.

Outreach and advocacy

We have continued to promote better decision-making around other issues in food and farming based on our previous research and analysis.

We have long championed putting ethical principles explicitly at the heart of policy. In particular, we have encouraged policies to set out how they respect wellbeing, autonomy and justice. We were delighted that Welsh Assembly Government’s *Quality of Food Strategy*, launched in 2007, was built on a variant of these three key principles.

Much of our work has also used a decision-making tool called the Ethical Matrix, developed by the leading ethicist and Food Ethics Council member Professor Ben Mepham. To promote the wider use of this tool we produced a business-card sized version, which we distributed at a presentation to the Parliamentary Food and Health Forum on ‘the ethics of food policy’. The card was well-received, prompting follow-up meetings with participants at that event.

In 2007, the UK Cabinet Office initiated a major review of policies relating to food. Due to culminate in 2008, this is expected to be an influential process, with policy makers, major food businesses and NGOs following it carefully. Our Executive Director has been a member of the expert advisory panel for this review and several of our council members have taken part in workshops to inform the project.

Our staff attended and spoke at a large number of meetings over the course of the year, in addition to those mentioned above, including:

- A workshop organised by the National Consumer Council to refine criteria for their next *Greening supermarkets* report.
- A meeting with a member of the Conservative Party Quality of Life Commission to discuss its approach to agriculture and the CAP.
- Speaking on a panel about ‘Ethical foodscapes’ at the annual conference of British Geographers.
- A workshop that informed the Food Standards Agency’s sustainability strategy.
- Speaking at a ‘Social science week’ debate on consumer autonomy organised by the Rural Economy and Land Use programme.
- Speaking at a seminar on ‘Food policy’ organised by the Institute for Public Policy Research.
- Speaking on the ethical challenges associated with meat and dairy production and consumption at a seminar organised by the Cabinet Office.
- Taking part in meetings of the ‘Real steps towards sustainable food’ project organised by the New Economics Foundation and Sustain.
- A workshop to feed into the Sustainable Development Commission’s project on sustainable retail.

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REPORT OF THE DIRECTORS AND TRUSTEES – continued

Awards

- The Caroline Walker Trust, best known for setting expert nutritional guidelines for vulnerable groups, recognised the Food Ethics Council with a special award.

The trust was established in 1988 to continue to the work of the distinguished nutritionist, writer and campaigner Caroline Walker.

The judges made the special award to the Food Ethics Council "for the outstanding work that they are doing on many of the topics relating to food, nutrition and public health that were very close to Caroline's heart".

- On behalf the Food Ethics Council, Executive Director Tom MacMillan was shortlisted for the Independent Spirit Award at the 2007 Glenfiddich Food & Drink Awards. Previous winners of the award include Jamie Oliver and Jeanette Orrey for their work on school dinners.

The FEC was highly commended by the judges. Presenting the award, Hugh Fearnley-Whittingstall, praised the Food Ethics Council's "fearlessness" and "complete independence" noting that:

"The Food Ethics Council has been working since 1998, often behind the scenes but often with significant results, to change the way public food policy is formulated."

Staff, Volunteers and Members

Our staff team grew from three to five at the end of 2007. Throughout the year, we had in post a full-time Executive Director (Dr Tom MacMillan), part-time Research Fellow for the Road Pricing and Sustainable Food Project (Paul Steedman) and part-time Office Manager (Ann Baldrige). To join them in January 2008, we recruited a Development Manager (Susan Kerry Bedell), and a Communications Manager (Liz Barling).

In addition, we benefited greatly this year from the help of volunteers, including 15 people who have worked for us under our internship programme. Our interns learnt new skills by helping with work ranging from research to marketing and communications. We have also benefited from the continued support of Ben Wilson, who provides IT expertise, Tony Winders, who monitors our accounts on a monthly basis, and Lucy Rundle, who assists in finding event venues.

There was only one change to the membership of the council. Colin Tudge retired from the council to focus on other projects.

Performance Indicators

Our aim is to encourage wise choices that promote better food and farming. Our focus on influencing decision-making, combined with the fact that we contribute to change across a large and complex system, both make it difficult for us to know, except anecdotally, where our work has prompted significant change. This is a problem faced by many research and advocacy organisations, yet such work clearly makes a difference, and the impact of such organisations depends in part on the level and quality of the outputs they produce. We therefore monitor our performance against the following indicators of output:

Media coverage

Coverage of our work in the national or trade press included:

- *Daily Mail* (11th January 2007) Animal cloning.
- *Food Manufacture* (5th February 2007) Views sought on the future of food distribution
- *Guardian* (15th February 2007) Is the price right?

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- *BBC Farming Today* (2nd March 2007) Workers' rights issues.
- *Farmers' Guardian* (2nd March 2007) Supermarket pressure driving worker abuse.
- *Independent* (13th March 2007) Gangmaster raids expose illegal working conditions.
- *RSA Journal* (1st April 2007) Taking a toll.
- *Farmers' Guardian* (1st June 2007) Retail sector warning [FEC warns the retail food sector it may need to restructure radically in the face of climate change].
- *BBC Farming Today* (10th June 2007) Farmers facing climate change.
- *Ecologist* (1st July 2007) Supermarkets – short shelf life [News item on the summer issue of *Food Ethics*, quoting the FEC editorial querying whether the big retail model is able to truly 'go green'].
- *FCRN* website (20th August 2007) Case study of the FEC and the Road Pricing project.
- *The Argus* (1st September 2007) Interview with Tom MacMillan on whether eating meat can be good for the environment.
- *Farmers' Guardian* (21st August 2007) Consumer moral confidence.
- *CAP Health Check* website (1st September 2007) FEC and CAP reform.

Publications

The following publications were written by FEC staff or published by the FEC:

- Paul Steedman (2007) Food for thought. *Transport Times*. February 2007
- Tom MacMillan (2007) The role of the Food Ethics Council. *Network Health Dieticians*.
- Tom MacMillan (2007) Eco-labelling and communicating ethics. *The European Society for Agriculture and Food Ethics*.
- Tom MacMillan (2007) Spend better, not less. *Guardian* (Comment is Free).
- Tom MacMillan (2007) Maybe the CAP will fit after all. *European Voice*. 30th August.
- Tom MacMillan (2007) *RELU food chain research – implications for policy*. Rural Economy and Land Use Programme. November.
- Food Ethics Council (2007) 'Food Miles' or 'Food Minutes'. A report of the Business Forum meeting on 27th June.
- Food Ethics Council (2007) 'Sustainable behaviour: if we really cared, wouldn't we pay more?' A report of the Business Forum meeting on 13th September.
- Food Ethics Council (2007) *Meat consumption: Trends and environmental implications*. A report of the Business Forum meeting on 20th November 2007.
- Food Ethics Council (2007) *The future of the CAP*. Consultation response to the House of Lords European Union Committee inquiry. May.
- Food Ethics Council (2007) Working for food: suffering and success stories behind the dinner on our plates. *Food Ethics*. Spring 2007.
- Food Ethics Council (2007) Big retail: supermarkets want to go green, fair and healthy – can they? *Food Ethics*. Summer 2007.

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REPORT OF THE DIRECTORS AND TRUSTEES – continued

- Food Ethics Council (2007) EU farm policy: what should we want from reform? *Food Ethics*. Autumn 2007.
- Food Ethics Council (2007) Meat: facing the dilemmas. *Food Ethics*. Winter 2007.
- Monthly editions of the Food Ethics Council electronic newsletter.

Events

We organised the following events:

- *Food Miles 2022*. A series of four futures workshops for FEC's road pricing project
- *Food Miles or Food Minutes?* The first of three Business Forum meetings, organised and hosted by FEC.
- *Sustainable behaviour: if we really cared, wouldn't we pay more?* The second Business Forum meeting organised and hosted by FEC.
- *Meat consumption: Trends and environmental implications*. The third Business Forum meeting organised and hosted by FEC.

Trustees' responsibilities

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the company and of the results of the company for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies as shown in note 1 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue on that basis.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985, and Charities Act 1993. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results

The net incoming resources for the year amounted to £35,126 (2007: outgoing £474). Net income of £24,778 (2007: £4,222) is to be used on restricted projects which now total £29,735 (2007: £4,957). Net income of £10,348 (2007: £4,696) is for general reserves which now stand at £11,957 (2007: £1,609).

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REPORT OF THE DIRECTORS AND TRUSTEES – continued

Reserves Policy

It is the policy of the charity to have adequate resources in place to undertake its planned charitable activities for the foreseeable future and to meet all obligations to staff and creditors if, at any time during the period, it becomes apparent that the charity's objects are no longer achievable or appropriate.

At a meeting of the Directors on 14 October 2004, the following policy on reserves was agreed:

1. Excluding those funds represented by Fixed Assets, general reserves should not exceed more than 8 months forecasted expenditure.
2. There are adequate funds to ensure that the charity is able to meet all current and known future liabilities.

The Treasurer of the Food Ethics Council is responsible for monitoring reserves at least quarterly.

Risk Review

The Trustees have conducted their own review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. Significant external risks to funding have led to the development of a strategic plan, which will allow for the diversification of funding and activities. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspects of the charitable company. These procedures are periodically reviewed to ensure that they still meet the needs of the charity.

Directors

The Directors, who are also the Trustees, who served during the year and up to the date of this report are as set out on page 1.

Accountants

The Reporting Accountants, Clark Brownscombe, are willing to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Trustees onand signed on their behalf by:

.....
Chair

Food Ethics Council
39-41 Surrey Street
Brighton
BN1 3PB

FOOD ETHICS COUNCIL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 4 JANUARY 2008

	Notes	Unrestricted Funds £	Restricted Funds £	2008 Total £	2007 Total £
Incoming Resources					
Incoming resources from generated funds:					
Donated Services - Volunteers Time	2	26,216	-	26,216	-
Donations		-	-	-	90
Bank Interest		1,729	-	1,729	891
Charitable Grants	2	50,000	70,068	120,068	65,031
Incoming resources from charitable activities:					
Delegate fees, subscriptions and report sales		<u>26,864</u>	<u>-</u>	<u>26,864</u>	<u>9,018</u>
Total Incoming Resources		<u>104,809</u>	<u>70,068</u>	<u>174,877</u>	<u>75,030</u>
Resources Expended					
Charitable activities		92,360	45,290	137,650	72,911
Governance costs		<u>2,101</u>	<u>-</u>	<u>2,101</u>	<u>2,593</u>
Total Resources Expended	3	<u>94,461</u>	<u>45,290</u>	<u>139,751</u>	<u>75,504</u>
Net (Outgoing)/Incoming Resources before transfers	4	10,348	24,778	35,126	(474)
Transfers Between Funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Movements in Funds		10,348	24,778	35,126	(474)
Fund Balances brought forward		<u>1,609</u>	<u>4,957</u>	<u>6,566</u>	<u>7,040</u>
Fund Balances carried forward	11	<u>11,957</u>	<u>29,735</u>	<u>41,692</u>	<u>6,566</u>

All amounts relate to continuing activities.

There have been no recognised gains or losses other than the result for the financial year and all surpluses or deficits have been accounted for on an historical cost basis.

The notes on page 15 to 18 form part of these financial statements

FOOD ETHICS COUNCIL
(A Company Limited by Guarantee)

BALANCE SHEET
AS AT 4 JANUARY 2008

	Notes	2008	2007
		£	£
	£	£	£
Fixed Assets			
Tangible Assets	8	2,340	2,013
Current Assets			
Debtors	9	594	468
Cash at Bank and in hand		<u>58,177</u>	<u>53,174</u>
		58,771	53,642
Creditors: Amounts falling due within one year	10	<u>19,419</u>	<u>49,089</u>
Net Current Assets		<u>39,352</u>	<u>4,553</u>
Net Assets		<u>41,692</u>	<u>6,566</u>
Funds			
Restricted Funds		29,735	4,957
Unrestricted Funds		<u>11,957</u>	<u>1,609</u>
Total Funds	12	<u>41,692</u>	<u>6,566</u>

In the directors' opinion the company was entitled under Section 249A(1) of the Companies Act 1985 to exemption from the audit of its accounts for the year ended 4 January 2008. No notice from Members requiring an audit has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its accounts for the year.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the Trustees on and signed on their behalf by -

.....
Chair

The notes on pages 15 to 18 form part of these financial statements

FOOD ETHICS COUNCIL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 4 JANUARY 2008

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

(a) *Accounting basis and standards*

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), the Companies Act 1985 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice issued in March 2005.

(b) *Income*

This represents income from grants, donations and other fund raising activities. Donations are credited to the income and expenditure account in the year in which they are received.

Other income is credited to the income and expenditure account in the year to which it relates.

Grants are recognised on an accruals basis, accounted for in relation to the period to which they relate.

Where grants are received during the year under review but relate to a later period the amount is deferred under Grants in Advance in the Balance Sheet (see Notes 2 and 10).

Donated services, being time spent by volunteers engaged in Research, Design and Marketing work, is measured by actual hours worked and valued at either entry level salary to Food Ethics Council or a commercial rate commensurate with the services provided.

(c) *Resources expended*

These are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration on each activity, comprising the salary and overhead costs of the central function, is apportioned on a basis which is an estimate, based on staff time, of the amount attributable to each activity.

(d) *Depreciation*

Depreciation is calculated on a reducing balance. Depreciation is provided to write down the cost less estimated residual values of tangible fixed assets over their estimated lives at annual rates of:

Fixtures, Fittings and Equipment	25% per annum
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The company capitalises fixed assets with a value in excess of £100.

(e) *Funds*

Unrestricted Funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

FOOD ETHICS COUNCIL
(A Company Limited by Guarantee)

FOOD ETHICS COUNCIL
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NOTES TO THE FINANCIAL STATEMENTS - continued

2	INCOMING RESOURCES			2008	2007
	Grants Received	Unrestricted	Restricted	Total	Total
		£	£	£	£
	Project Funds				
	JRCT	50,000	-	50,000	40,000
	Allen Lane Foundation	-	-	-	5,000
	Network for Social Change	-	4,818	4,818	-
	Esmée Fairbairn Foundation	-	34,750	34,750	63,125
	EC Graham Cumbrian Charitable Settlement	-	-	-	1,000
		<u>50,000</u>	<u>39,568</u>	<u>89,568</u>	<u>109,125</u>
	Less: Received in the current year but deferred until next year	-	(13,594)	(13,594)	(44,094)
	Add: Received last year but deferred until the current year	-	<u>44,094</u>	<u>44,094</u>	<u>-</u>
		<u>50,000</u>	<u>70,068</u>	<u>120,068</u>	<u>65,031</u>

Donated Resources- Volunteer Time

Donated services being time spent by volunteers engaged in Research, Design and Marketing work, is measured by actual hours worked and valued at either entry level salary to Food Ethics Council or a commercial rate commensurate with the services provided.

The total number of hours donated in the year was 2,247 by 13 workers volunteers amounting to the equivalent of 1 ¼ full time employees.

3	RESOURCES EXPENDED	Unrestricted	Airfreight	Road	2008	2007
		£	Project	Pricing	Total	Total
		£	£	£	£	£
	Charitable activities					
	Staff Costs	67,200	-	28,537	95,737	52,324
	Expenses	4,788	-	1,619	6,407	4,759
	Premises	4,956	-	-	4,956	5,380
	Office Costs	2,474	-	-	2,474	1,730
	Activity Costs	15,946	-	11,178	27,124	7,686
	Other	171	-	-	171	361
	Depreciation	781	-	-	781	671
	Allocated Overheads	(3,956)	-	3,956	-	-
		<u>92,360</u>	<u>-</u>	<u>45,290</u>	<u>137,650</u>	<u>72,911</u>
	Governance costs					
	Accountancy				1,140	1,178
	Trustees Expenses				946	1,415
	Other				15	-
					<u>2,101</u>	<u>2,593</u>

4 NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR

	2008	2007
	£	£
This is stated after charging :		
Depreciation	781	671
Accountancy	<u>1,140</u>	<u>1,178</u>

FOOD ETHICS COUNCIL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS – continued

5 STAFF COSTS 2008 2007

	£	£
Staff costs were as follows:		
Donated Services - Volunteer Time	26,216	-
Salaries	62,490	47,024
Social security costs	6,019	4,502
Recruitment	1,253	798
On-line filing bonus	(250)	-
	<u>95,737</u>	<u>52,324</u>

	<u>Number</u>	<u>Number</u>
Average number of employees during the year (excluding volunteers - see note 2), calculated on a full time equivalent basis, was	<u>3</u>	<u>2</u>

6 TRUSTEES

No Trustee received any remuneration during this or last year.
Out of pocket expenses were reimbursed to Trustees as follows:

	2008	2008	2007	2007
	Number	£	Number	£
Travel	<u>6</u>	<u>946</u>	<u>6</u>	<u>1,415</u>

7 TAXATION

The company is a registered charity and under Section 505(1) of the Income and Corporation Taxes Act 1988 is exempt from taxation.

8 TANGIBLE FIXED ASSETS

	Fixtures, Fittings And Equipment
	£
Cost	
At 5 January 2007	7,191
Additions	<u>1,108</u>
At 4 January 2008	<u>8,299</u>
Depreciation	
At 5 January 2007	5,178
Charge for the year	<u>781</u>
At 4 January 2008	<u>5,959</u>
Net Book Value	
At 4 January 2008	<u>2,340</u>
At 4 January 2007	<u>2,013</u>

9 DEBTORS

	2008	2007
	£	£

FOOD ETHICS COUNCIL
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Prepayment and accrued income	<u>594</u>	<u>468</u>
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NOTES TO THE FINANCIAL STATEMENTS - continued

10 CREDITORS – Amounts falling due within one year

	2008	2007
	Total	Total
	£	£
Deferred Income	13,594	44,094
Accruals	<u>5,825</u>	<u>4,995</u>
	<u>19,419</u>	<u>49,089</u>

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted	Restricted	2008
	Funds	Funds	Total
		£	£
	£		
Tangible Fixed Assets	2,340	-	2,340
Net Current Assets	<u>9,617</u>	<u>29,735</u>	<u>39,352</u>
Net Assets	<u>11,957</u>	<u>29,735</u>	<u>41,692</u>

12 MOVEMENT IN FUNDS

	Balance	Incoming	Outgoing	Transfers	Balance
	04.01.07	Resources			04.01.08
	£	£	£	£	£
Restricted Funds					
Road Pricing Project	4,957	65,250	(45,290)	-	24,917
Airfreight Project	-	4,818	-	-	4,818
	<u>4,957</u>	<u>70,068</u>	<u>(45,290)</u>	<u>-</u>	<u>29,795</u>
Unrestricted Funds					
General Fund	<u>1,609</u>	<u>104,809</u>	<u>(94,461)</u>	<u>-</u>	<u>11,957</u>
	<u>6,566</u>	<u>174,877</u>	<u>(139,751)</u>	<u>-</u>	<u>41,692</u>

FOOD ETHICS COUNCIL
(A Company Limited by Guarantee)

CHARTERED ACCOUNTANTS' REPORT TO THE MEMBERS
ON THE UNAUDITED ACCOUNTS OF
FOOD ETHICS COUNCIL

We report on the accounts for the year ended 4 January 2008 set out on pages 13 to 18.

Respective responsibilities of Trustees and reporting accountants.

As described on page 11, the Trustees are responsible for the preparation of the accounts and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act (as modified by section 249A(5)) and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 259B(1).

Clark Brownscombe
Reporting Accountants

8 The Drive
Hove
East Sussex
BN3 3JT

Date: