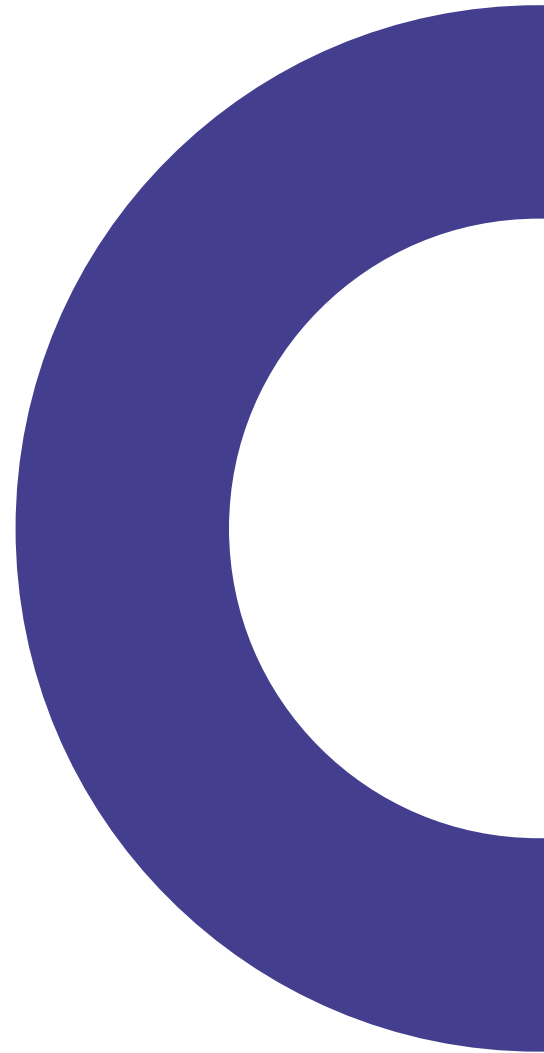




ethical  
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Annual Review

2018

Ethical Consumer Research Association Limited



# Welcome to our Annual Review for 2017/18

## 1 Financial Performance

Ethical Consumer Research Association has had its best financial year since the new multi-stakeholder co-op with investor share capital began in 2009. Its draft accounts show a profit of £20,356. The table below gives a sense of this, and of the growth in revenue of nearly 22% over last year.

<b>Year End</b>	<b>Turnover</b>	<b>Profit (net)</b>
2012	£231,571	-£17,379
2013	£368,842	£3,717
2014	£428,517	£7,967
2015	£506,091	£9,739
2016	£556,720	-£2,569
2017	£629,475	£66
2018	£762,876	£20,356

This big financial growth has been down to an unexpectedly successful performance from the consultancy side of the business with our team exceeding its targets by 40%. Subscriptions also performed well with an 11% growth in sales.

Although we began our project to build a new Ethical Consumer website in July last year, it did not go live in April as we hoped and is now scheduled for launch in August. There is more on this project in section 6 below and we also plan to have a session on this for our investors at our AGM on September 22nd (see section 4). Our current five year plan runs until 2019 and we have begun the process of imagining where Ethical Consumer could be in 2024. There is also a session for investors on this at the AGM.

During the year investors chose to withdraw only £10,777 of share capital and we attracted £84,964 of new investment. At the year end we had £498,475 of share capital on the balance sheet. We have also continued to recruit great new staff to help with the growing workload and now have 15 permanent staff on the payroll (see section 5).

Close readers of our Annual Reviews will have noted that we are calculating one or two things differently this year – such as cost of sales. Do please contact us at [finance@ethicalconsumer.org](mailto:finance@ethicalconsumer.org) if you want more detail on this.

## 2 Interest rate for shareholders

The Board is agreed that the current rate of interest (3.25%) should continue in place in the medium term. We believe that our current share capital should be adequate to fund the new website build discussed in Section 6 below. This is our most significant project for capital and is now on a five year cycle of renewal.

### 3 Financial Years to March 31 2017 & March 31 2018

#### Profit and loss accounts

	Year to 31 March 2017	Year to 31 March 2018
Turnover	629,475	763,759
Cost Of Sales	(311,799)	(347,526)
<b>Gross Profit</b>	<b>317,436</b>	<b>416,233</b>
Distribution Costs	(14,973)	-
Administrative Expenses	(305,414)	383,879
<b>Operating Profit/loss</b>	<b>(12,022)</b>	<b>32,354</b>
Interest Receivable	1,422	984
Interest Payable	(13,379)	(12,982)
Tax On Profit On Ordinary Activities	0	0
<b>Profit/loss For The Year</b>	<b>66</b>	<b>20,356</b>

#### Balance sheet

	as at 31 March 2017	as at 31 March 2018
<i>Fixed assets</i>		
Intangible assets	11,416	48,016
Tangible assets	18,433	14,313
Investments	20,080	27,486
<b>Subtotal</b>	<b>49,939</b>	<b>89,815</b>
<i>Current assets</i>		
Stock	500	500
Debtors	79,600	171,285
Investments	1,000	1,000
Cash at bank and in hand	231,685	285,725
<b>Subtotal</b>	<b>312,785</b>	<b>458,510</b>
Creditors (falling due less than 1 yr)	(123,912)	(203,360)
<b>Net current assets/(liabilities)</b>	<b>188,873</b>	<b>255,150</b>
<b>Net assets/(liabilities)</b>	<b>238,812</b>	<b>344,965</b>
Share capital	412,703	498,501
Accumulated reserves	(173,891)	(153,536)
Shareholders funds	238,812	344,965

## 4 Ethical Consumer Annual General Meeting 2018

Our Annual General Meetings are the main opportunity during the year when we can meet with investors and share ideas and plans. Our last two have been held on a Saturday in Manchester and have been successful and friendly events, so we are continuing this format for a third year. We do hope you can come along.

Details are as follows [TBC], but we will also be contacting you with reminders and formal agendas nearer the time.

**Date:** Saturday 22nd September 2018  
**Time:** 1.30 – 5.00pm  
**Venue:** Friends' Meeting House  
6 Mount Street, Manchester M2 5NS



- 1.30 Registration and meet Ethical Consumer with buffet lunch
- 2.00 Formal AGM – including approval of accounts and directors' elections.
- 3.00 Ethical Consumer's New Website: feedback, questions and initial responses.
- 3.15 Refreshment break
- 3.30 Shaping Ethical Consumer 2024 – what has changed in the outside world since our last five year plan? How should this affect our plans for 2024? (group discussion)
- 4.00 Shaping Ethical Consumer 2024 – our new five-year plan (break-out groups)
- 4.45 Closing reflections
- 5.00 Close



Investors may also attend via our conference line -  
participant code: 922057  
Call freephone: 0800 254 0230 or for overseas callers:  
+ 44 (0)203 559 0230

**Do please let us know if you'd like to attend by RSVP-ing to:**  
[finance@ethicalconsumer.org](mailto:finance@ethicalconsumer.org) or by phoning the office on: 0161 226 2929.

## 5 New staff recruited in 2017

In 2017, we added four new staff to the payroll to replace leavers and to increase our capacity to deliver the new business the co-op is generating.



### Mackenzie Denyer

Mackenzie graduated from the University of Bradford in Peace Studies in 2016 and had been volunteering at ECRA before we took him on to help with consultancy work in February 2017. He now also performs research for the magazine.

### Clare Carlile

Clare graduated in English from Oxford University in 2017 and joined us soon after as a full time writer and researcher. She had been working on persuading the university to adopt sustainable procurement policies.



### Francesca De La Torre

Francesca has been working with social justice and sustainable economy campaign groups in Bristol prior to joining ECRA in September. She is also working primarily as a writer and researcher.

### Fran Thomas

Our second Francesca joined in October to boost our subscriptions team and help with other administrative tasks across the co-op.

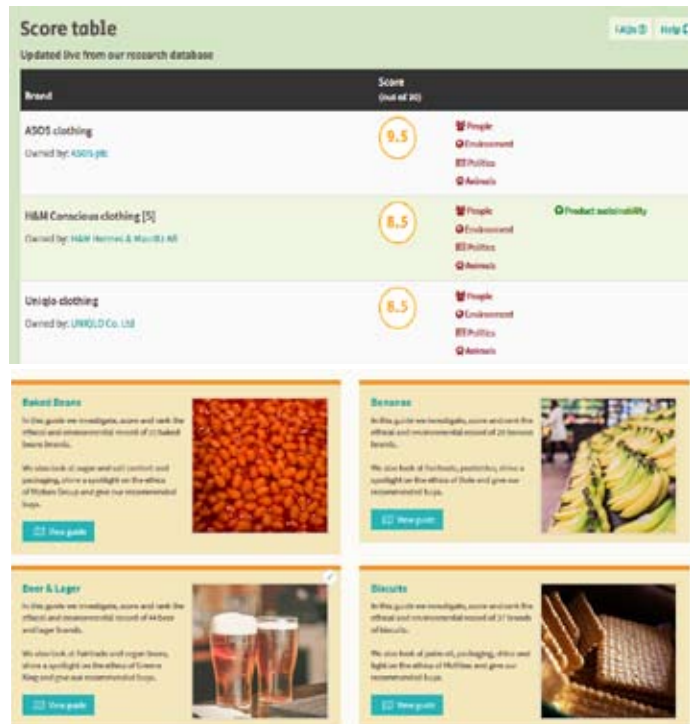
Fran's background was in health service administration.



Profiles of our other staff appear on our website at [www.ethicalconsumer.org/aboutus/staffprofilepage](http://www.ethicalconsumer.org/aboutus/staffprofilepage)

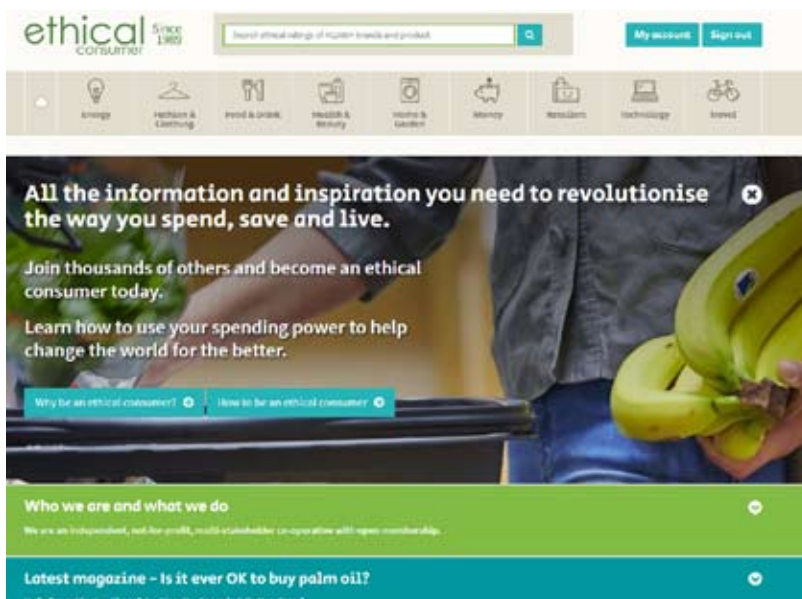
## 6 New Ethical Consumer website

Ethical Consumer's website is now visited by more than 1 million people a year. It processes hundreds of credit card transactions per month and serves up thousands of pages of content daily based on more than a decade of research reports and other features. It is linked in real time to our main company ranking database which also allows individuals to personalise their rankings. It is also linked in real time to our main customer database so that it can operate a paywall, giving subscriber-only access to some types of content. It has been the cornerstone of our relatively successful publishing strategy in a decade when many other major players have struggled to grow.



The need to rebuild it, particularly so that it will work effectively on smartphones, tablets and other devices which people increasingly use to access information, has been discussed for more than three years at Ethical Consumer.

After receiving a number of proposals, ECRA decided in September last year to engage Agile Collective, a worker's co-operative of web developers based in Oxford, to perform the build to a design created by our own web team. And although we are late delivering it, there is a such complexity in the task, that we are mostly unsurprised. At a cost of more than £80,000, it is ECRA's most capital intensive undertaking, but it likely to replay its investment in a couple of years at most.



It is due for launch in mid August now (hopefully!), and its core goal is to communicate our research to even more consumers and thereby impact on even more companies to improve their ethical performance. It is the main activity for which we require investor capital which is why we are providing some detail here. We could not have done this without you, and we hope you will be as excited as us with it, when it finally arrives.



## 7 Highlights of the Year

### Stop Funding Hate

Stop Funding Hate is a UK campaign group which chose to target the advertisers in the Daily Mail, the Sun and the Express to ask them whether they were comfortable with funding the hate speech which was becoming common in these newspapers. In 2017, Ethical Consumer was engaged by them to conduct formal research into the top thirty businesses advertising in each of these papers and the likely revenue they were generating. In doing so we helped to spread awareness of the companies advertising there beyond their own readers, who presumably approved of the support that the advertisers were giving their paper. It was a privilege to be working on a campaign which our staff supported and which has clearly also had a big impact in a very short time.



### Conference on Challenging Corporate Power

Perhaps it was the political moment we found ourselves in, but our conference on challenging corporate power in a changing political landscape proved to be our biggest yet, selling out early, and filling Amnesty International's hall in Shoreditch with enthusiastic speakers and participants. We asked whether corporations were now ruling the planet and whether we needed to get them out of politics, or whether some of them be could be allies in our renewed battle against the rise of racism, intolerance and climate denial? We learned many things, not least the value of coming together with like-minded people and the potential for driving change that such events can create.





## Fair Tax Mark

Fair Tax Mark, the accreditation project incubated within the offices of Ethical Consumer, really took off in the last 12 months. It has now attracted significant grant funding from a range of trusts and will soon take on its fourth staff member. Its range of accredited companies now extends across the high street to include Timpsons shoe repairs, Co-op supermarkets, Richer Sounds, AMT coffee and Lush cosmetics. It has also created

its first Fair Tax Fortnight and received the support of many MPs and Peers in Parliament.

## Ethical finance guides covered in national press

Our recent research into transparency and ethics at banks, insurance companies and investment firms continues to generate wider interest in our work. The arrival of Triodos Bank, and Monzo as new players in the field, as well as a range of new campaigns around insurance and investment, creates a sense of movement at the edges of this most troublesome of industries and was picked up in the Guardian in April this year.



## Political awards projects with Lush continue to grow

Our two joint global awards projects with Lush Cosmetics, designed to drive changes in attitudes towards animal testing and regenerative agriculture, continue to grow in impact.

The Lush Prize held its largest-ever awards event in London in November, handing out more than £300,000 to nineteen scientists and campaigners working on alternatives to animal tests.

And the Lush Spring Prize, which supports projects working for social and environmental regeneration, made awards to projects from South America to the Sahara in May.



## Ethical Consumer trials sociocracy inside its co-operative structure

Ethical Consumer has long married its campaigning for social justice with a commitment to cutting-edge participatory management styles internally. In June 2017 we agreed to train some of our team in sociocratic decision-making, and to apply some of its ideas to helping us build a effective structure to meet the needs of our now fast-growing business. So far, we have managed to blend its participatory techniques with the democratic nature of our co-operative to quite good effect. We continue to learn.



## 8 Board of Directors and this year's elections

The Directors at 31st March 2018 were:

### 5 worker directors (staff elected)



Rob Harrison



Heather Webb



Tim Hunt



Jane Turner



Joanna Long

### 2 non-exec directors (board appointments)



Sam Kimmins



Shaun Fensom

### 2 investor member directors

(member elected)

Ruth Rosselson and Dan Welch

In February, Ruth Rosselson told us that she had decided to stand down after nearly 10 years as our Chair. We would like to thank Ruth for all her hard work supporting Ethical Consumer throughout that period of sometimes quite tricky times. We definitely find ourselves in a better position at the point she is leaving us than at the point when she joined.



## This year's elections

We trialled opening nominations for a replacement investor member director prior to this Newsletter, and contacted you all previously about this. Thank you to everyone who expressed an interest in being a director.

We only received two eligible nominations by June 30th, meaning that both candidates may go forward to election at our AGM in September uncontested. Edited statements from each of the candidates appear below.



### Fiona Nicholls

I've been an Ethical Consumer (EC) supporter for umpteen years, investing in loanstock in 2003 and enjoying the magazine/online resource ever since. It can be hard at times to determine what is and isn't ethical or even what is less bad, and I'm thankful EC takes much of the pain out of a sometimes bewildering choice. I'm also an investor member (and was a Founder Director 2012-2016) in St John' Sunshine in Old Trafford, as well as Stockport Hydro and The Phone Coop (and Non Exec-

Director/Vice Chair 2015-2018), the latter of which is now part of The Midcounties Co-operative. As well as a passion for co-ops, the environment is extremely close to my heart and I've built my career around doing my best to protect it.

In my most recent role (from 2015) I was employed as Environment Manager for a global law firm called Gowling WLG. In March this year I accepted a more senior role as Head of Assurance and Head of Environment, overseeing internal audit, five international standards/certifications (e.g. ISO14001, ISO9001) and supporting Board governance. Although in the past I've mostly been part of smaller sustainability-focussed enterprise, I've long realised that much more can be done by engaging the unengaged, those that aren't like me or you.

Most people fundamentally care about something we might define in some way as ethical, it's just that ethical consumers/green ambassadors, whatever we call ourselves, have often failed to make a strong enough case. We must work with, and alongside, enterprises that we might feel are beyond our usual boundaries, finding new ways to influence. EC is clearly at the forefront of transparent ethical consumerism, research and has genuine passion, already punching above its weight.



**Dan Welch**

I have been a Director on the Board of Ethical Consumer since the organisation was reconstituted as a multi-stakeholder co-operative in 2008, first as a Worker Director and subsequently as an Investor Member Director. I worked for Ethical Consumer as a writer and researcher from 2006 until 2011, and was Co-Editor of the magazine 2009-2011.

I left Ethical Consumer to spend more time on studying for a PhD and I am now a Research Fellow at the Sustainable Consumption Institute at the University of Manchester, where I also teach in the Sociology department. I have also worked in a freelance consultancy capacity, specialising in issues around sustainability, ethics and consumption for a range of organisations, from major companies such as BT Plc and the Co-operative Asset Management, to small NGOs, publishers and academic organisations. Most recently, I have undertaken consultancy for Defra on the future of sustainable food and for the Stanley Foundation, a US philanthropic foundation, advising international policy makers on sustainable consumption.

Over the years Ethical Consumer's business model has adapted from a publishing company with a small consultancy to one in which consultancy financially underpins the organisation's core mission of publishing and campaigning. I fully support Ethical Consumer's objectives, through the tireless integrity of its research, to bring corporate power to democratic accountability, to support progressive social, ethical and environmental campaigns and to inform citizen-consumers.

**More information about how our co-operative works, including the duties of a Director and the Society's rules are available on the Ethical Consumer website at [www.ethicalconsumer.org/aboutus/membersarea/uniquestructure](http://www.ethicalconsumer.org/aboutus/membersarea/uniquestructure)**

## 9 Tax on interest accrued on your shareholding

When ECRA converted to an Industrial and Provident Society in October 2008, we were no longer permitted by law to deduct tax from interest accrued in shares. Investors may therefore need to do this in their own tax returns.

We are however required to send Revenue and Customs a list of all the names and addresses of investor members who have earned interest of more than £250 on their holdings in the preceding period. Most of our investors do not fall into this bracket.

## 10 Forms for increasing, reducing or converting your investment

If you are already an investor member and would like to invest further money in ECRA, please fill in Form A on page 12. Shares attract interest at 3.25%. Alternatively you may send an email to [finance@ethicalconsumer.org](mailto:finance@ethicalconsumer.org) using the same wording as the form if you wish to invest by bank transfer.

If you are a shareholder and you would like to reclaim some or all of your investment, please fill in Form B on page 13. Alternatively you may send an email to [finance@ethicalconsumer.org](mailto:finance@ethicalconsumer.org) using the same wording as the form.

If you wish to become a new investor you will need to fill in the new member application form at Form C on page 14. Shares attract interest at (currently) 3.25% and have additional member benefits.

### Code of Practice

ECRA, unlike banks and building societies, is not subject to prudential supervision by the Financial Conduct Authority. Ethical Consumer abides by a code of practice which requires it to provide a statement to its shareholders on the nature of their investment and any change affecting it.

The position you occupy as a shareholder of ECRA is no different from that of a shareholder in any other corporate body in the sense that, if ECRA fails, you may not have all, or any of your investment returned to you.

Your liability, however, does not extend beyond your own investment. Your investment is withdrawable without penalty.

If you have any questions regarding the code, please address them to:  
The Secretary, ECRA, Unit 21, 41 Old Birley St, Manchester M15 5RF

Please contact Ethical Consumer for more information where required on 0161 226 2929.

**Thank you for investing in Ethical Consumer Research Association Limited.**

## Form A: Share Account Investment Form

Members of Ethical Consumer Research Association Ltd are advised that investments can be made by cheque or bank transfer to 089000 70923146. Please use your name as a reference.

**I wish to invest a further £** .....

**Amount in words** .....

**I wish to pay by:**

- cheque (enclosed)
- bank transfer

**Name(s)** .....

**Address** .....

.....

.....

.....

**Signature** ..... **Date** .....

**Please sign and return this form to:**

Ethical Consumer Research Association Ltd, Unit 21, 41 Old Birley Street,  
Manchester M15 5RF.

Please contact Ethical Consumer for more information where required on  
0161 226 2929.



## Form B: Share Account Withdrawal Form

I wish to withdraw/be repaid £.....

Amount in words .....

Name(s) .....

Address .....

.....

.....

.....

Signature ..... Date .....

**Please sign and return this form to:**

Ethical Consumer Research Association Ltd, Unit 21, 41 Old Birley Street,  
Manchester M15 5RF.

Please contact Ethical Consumer for more information where required on  
0161 226 2929.

## Form C: New Member Application Form

**Full Name(s)**.....

**Address** .....

.....

.....

.....

**Telephone number**.....

**Email** .....

I wish to apply for membership of Ethical Consumer Research Association Ltd.  
I confirm that I agree to be bound by the rules of the co-operative.

I enclose a cheque, payable to Ethical Consumer, for the initial investment of

**£**.....

OR

I have made a bank transfer to 08-90-00 70923146 on (date) .....  
using my name as a reference for (amount):

**£**.....

**Signature** ..... **Date** .....

Please sign and return this form to:

Ethical Consumer Research Association Ltd,  
Unit 21, 41 Old Birley Street, Manchester M15 5RF

Please contact Ethical Consumer for more information where required on  
0161 226 2929.

Our rules are available to download on the Ethical Consumer website at  
[www.ethicalconsumer.org/aboutus/membersarea/uniquestructure](http://www.ethicalconsumer.org/aboutus/membersarea/uniquestructure)

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## Consultancy Services

- Ethical screening of companies, products & services
- Supply chain analysis
- Policy Development
- Event co-ordination using ethically screened suppliers
- Organisational ethics survey design and analysis



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