

Ethical Consumer Research Association Limited

Annual Review July 2020

1. Financial Performance

In the year to March 2020 ECRA made a profit of £15,881 on a turnover of £693,802. This is a much improved performance on the loss last year of £40,029 and was a result of strong growth both of magazine subscriptions sales as well as in demand for its consulting services.

The profit would likely have been greater had the coronavirus pandemic not struck right at the year and prevented us from supplying the usual six magazine issues in the financial year in question (our printers had to close and furlough staff). This means our deferred subscription income figure for the year was larger than usual. We plan to get back into our usual production cycle during the course of the current year.

This production delay led us to sense check the way we account for deferred subscription income, which we have now changed to more accurately reflect the digital element of the subscription offering. We have also agreed with the Board to change the period over which we are depreciating the cost of building our new websites from five years to seven.

Forward projections

Since the COVID 19 lockdown we have seen some disruption to the consultancy side of the business as our commercial clients have paused work. However the publishing side of the business continues to see strong growth and subscription levels are now above 11,000.

In last year's review we announced that we had just agreed a new three year plan to take Ethical Consumer from April 2019 to March 2022. Although we have achieved many of the targets within it already (see highlights below), we have had to revise the financial forecasts it contained for this year. It is currently very difficult to predict forward financial pictures for all businesses at this time and, to be cautious, we are now projecting a loss for the current financial year. We do hope to do better and there are encouraging signs.

The COVID 19 Pandemic

Like most businesses, ECRA began working remotely following the lockdown which began on March 23rd. We were helped by the fact that we already had a few staff working remotely from different cities and so had technical systems in place.

We also implemented a number of cost saving measures, such as making use of government assistance schemes for two of our seventeen staff, and voluntary reductions in staff hours. We have also been adapting our research and content for the world in which we now find ourselves. The new content has been very well received on our website and we have nearly 200,000 monthly readers now. We also ran a successful crowdfunding project to help migrant workers in Spain during the pandemic (see below).

Our investors and interest rate

During the year, share capital increased from £525,368 to £536,110 with £5,415 being withdrawn during the period and £16,157 of new investment attracted.

It is clear that our investor capital plays an important part in our resilience in periods of uncertainty such as this.

The Board regularly reviews the rate of interest (currently at 3.25%), and any proposed changes agreed by the board will be brought to the AGM.

2. The Financial Years to March 31st 2019 and March 31st 2020

Ethical Consumer Research Association Ltd Profit and loss accounts

| | For year to 31 March 2019 | For year to 31 March 2020 |
|---|---------------------------|---------------------------|
| TURNOVER | 718,126 | 693,245 |
| COST OF SALES | 328,328 | 239,655 |
| GROSS PROFIT | 389,798 | 453,590 |
| DISTRIBUTION COSTS | - | - |
| ADMINISTRATIVE EXPENSES | 417,867 | 422,669 |
| OPERATING PROFIT/LOSS | (28,069) | 31,633 |
| INTEREST RECEIVABLE | 3,453 | 1,208 |
| INTEREST PAYABLE | (15,413) | (16,962) |
| TAX ON PROFIT ON ORDINARY ACTIVITIES | 0 | 0 |
| PROFIT/LOSS FOR THE YEAR | (40,029) | 15,881 |

Ethical Consumer Research Association Ltd Balance Sheet

| | | |
|--|----------------|----------------|
| Fixed assets | | |
| Intangible Assets | 109,879 | 126,981 |
| Tangible assets | 9,747 | 5,265 |
| Investments | 28,885 | 29,228 |
| Subtotal | 148,511 | 161,474 |
| Current assets | | |
| Stock | 500 | 500 |
| Debtors | 55,300 | 123,497 |
| Cash at bank and in hand | 307,497 | 303,859 |
| Subtotal | 363,297 | 427,856 |
| Creditors: amounts falling due in less than one year | (181,037) | (231,938) |
| Net current assets/(liabilities) | 182,260 | 195,918 |
| Net assets/(liabilities) | 330,771 | 357,392 |
| Share Capital | 525,368 | 536,110 |
| Accumulated Reserves | (194,597) | (178,718) |
| Shareholders Funds | 330,771 | 357,392 |

3. Highlights of the year



Print magazine redesign

Our print magazine, Ethical Consumer, underwent a successful redesign in time for our 180th issue and 30th birthday in September 2019. This was the first major visual upgrade we had made since 2005 and was, to some extent, intended to give continuity between the new website and the magazine.

Combined with the success of the new website, these new developments helped ECRA to breach the 10,000 subscriptions barrier for the first time in December.

These crucial developments would not have been possible without your investment.

Corporate Research Database Rebuild

Our Corporate Research Database, used by charities to screen their commercial partnerships, was also redesigned and rebuilt and was successfully rolled out to existing users in February 2020. Formerly called Corporate Critic Database, it was re-branded to bring it more in line with the other Ethical Consumer products and services. We now have a new marketing team to help promote it in 2020. Investor capital has been vital here too.



Conference on the Climate Crisis

It was standing room only at Amnesty's Human Rights Action Centre in October as we held our most successful conference yet on how consumers, businesses and campaigners can work together to help tackle climate change and environmental breakdown. One high point was a barnstorming speech from Asad Rehman at War on Want about the impact of global inequalities which, along with contributions from other speakers, remains available on our website. (www.ethicalconsumer.org/ethical-consumer-conference-2019).



Growth of crowdfunding

For some of the work that Ethical Consumer does, using investor capital does not make sense as the projects may not be directly income generating. For these we have started using crowdfunding platforms more systematically, and we have used these twice in the last year.

In the winter we raised more than £28,000 for an experimental project to devise, in collaboration with other groups, an Ethical Lifestyle Toolkit and Training (ELT) programme. This will be tailored for individuals and communities that are seeking to make a difference by establishing more regenerative ways of living.

In April, with the onset of the COVID 19 pandemic, we raised more than £25,000 to support migrant workers in the poly tunnels of Southern Spain. Over the years we have built contacts with specific projects there and we were addressing an urgent need for support.

4. Virtual AGM on September 25th 2020

Our Annual General Meetings are the main opportunity during the year for investors to meet and share ideas and plans. This year we will be holding the event remotely for the first time. We do hope you will be able to attend. If you would like to join us, please email finance@ethicalconsumer.org. We will then send a zoom link or number to call on the morning of the event to your email address.

AGM

Date **Friday 25th September**
Time **12.00 noon – 1.30 pm**

| | |
|-------------------|--|
| 12.00 noon | Introductions of attendees. Presentations from ECRA staff updating attendees on the current position and highlights since this report. |
| 12.30 pm | Formal AGM – including approval of accounts. |
| 1.00 pm | Questions and answers between ECRA investors and our Board |
| 1.30 pm | Close |

5. New Staff Recruited in 2020

This year we recruited 3 new staff members. They only had a few weeks with us in the office before lockdown started and they we all had to work from home. We are pleased to say that, despite this, they are fitting in well and making useful contributions.



Nadine Oliver

Nadine has joined our subscription team to help with the growing subscriptions. Nadine previously worked as a marketing executive for a recruitment organisation. She is active with her local XR group.



Jasmine Owens

Jasmine is an activist mainly involved with Palestinian and animal rights causes. For the last three years she has worked as an information officer with V for Life, a charity that supports older vegan and vegetarians. She joins us as a writer and researcher.



Billy Saundry

Last year Billy completed an MSc in Ecological Economics at Leeds University which will no doubt be increasingly useful in his role as one of the newest writers and researchers at Ethical Consumer.

They were recruited to add to our capacity during this period of growth and to replace Joanna Long who left at the end of 2019. Joanna moved to Scotland to be nearer to her family and is now Finance Project Manager at the Scottish Wildlife Trust.

Joanna, as well as being a writer and researcher, played a key role in strategic planning in her work on the finance team and as a Worker Director on the ECRA board. You may have come across her in her work with our members. We would like to thank Joanna for her important contribution at Ethical Consumer and wish her well in her new job.

6. Board of Directors and Elections

Currently the Directors are:

5 worker directors (elected by the staff)

- Rob Harrison
- Tim Hunt
- Anna Clayton
- Elizabeth Chater
- Alex Crumbie

1 non-executive director (appointed by the board)

- Shaun Fensom

2 investor member directors (elected by the members)

- Fiona Nicholls
- Dan Welch

Investor-Member Director elections

This year, possibly as a result of nominations being open during a pandemic, we received only two nominations from our current directors Fiona and Dan. Since there are two Investor Director posts we will not be holding a contested election this year. We have included their nominations by way of information.



Fiona Nicholls

I'm well into my second year on the EC Board and, having settled in, it would be great to continue for a further term.

I've been an Ethical Consumer (EC) supporter for several years, investing in loanstock in 2003 and enjoying EC resources ever since. I was a Founder Member and Director (2012-2016) of community energy enterprise St John's sunshine, and continue to be an investor member of Stockport Hydro and The Phone Coop. I was also a Non Exec-Director and Vice Chair of the latter (2015-2018), now part of The Midcounties Co-operative. As well as a passion for co-ops, the environment is extremely dear to my heart and I've built a career around doing my best to protect it. After 20 years consultancy, including as part of Sustainable Change Co-operative, a business I help found, I've taken a change of direction. Up until 2015 I'd mostly been part of smaller sustainability-focussed enterprises but I've long believed that much more can be done to engage people not already as deeply engaged as subscribers to EC. Currently, I'm Head of Assurance & Environment at Gowling WLG UKLLP, a global corporate law firm, driving environment and audit strategy, overseeing international standards/certifications (e.g. ISO14001, ISO9001) and supporting good governance. My professional and personal goals include a desire to make environmental leaders of my 1,200 colleagues and myself redundant in that role!

I would love to continue to be part of the team, building on a tide of change, and supporting ECRA through the COVID-19 pandemic.



Dan Welch

From 2006-2011 I was a writer-researcher at Ethical Consumer, becoming a co-editor of the magazine. This gives me a unique perspective into the challenges and potentials of the organisation. I joined the Board in 2008 when the organisation became a multi-stakeholder co-operative, initially as a Worker Director and subsequently representing Investor-Members, and so have long term experience and understanding of how the Board can contribute to the organisation and its mission. I left Ethical Consumer to concentrate on finishing a PhD in sustainability communications and since then have worked as a researcher at the University of Manchester's Sustainable Consumption Institute and as a lecturer in the Sociology Department. I can bring this expertise and experience to the Board: including working with a range of stakeholders, such as funding agencies, research groups, corporations, and NGOs; managing major project funding; research and writing for different audiences; as well as an in-depth understanding of a number of the topics and issues with which Ethical Consumer is engaged. I have also worked in a consultancy capacity for organisations including academic publishers, ethical businesses, Defra and, most recently, the Stanley Center for Peace and Security. I can thus also bring to Ethical Consumer an experience in, and an understanding of, the consultancy market – which has over the years become an important source of revenue for Ethical Consumer.

7. 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 £200 on their holdings in the preceding period. Most of our investors do not fall into this bracket.

8. Forms for Increasing, Reducing or Converting your Investment

- If you are already a member and would like to invest further money in ECRA, please fill in Form A on page 8. Shares attract interest at 3.25%. Alternatively you may send an email to 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 below. Alternatively you may send an email to 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 below. 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

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

I wish to invest a further: £ _____

Amount in words: _____

I wish to pay by:

Cheque (enclosed, made payable to **Ethical Consumer**)

Bank transfer (Sort code: **08-90-00** Account number: **70923146**)

Title: Mr | Mrs | Miss | Ms | Other _____ (please delete)

Name(s): _____

Address: _____

Postcode: _____

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

I wish to withdraw/be repaid: £ _____

Amount in words: _____

Title: Mr | Mrs | Miss | Ms | Other _____ (please delete)

Name(s): _____

Address: _____

Postcode: _____

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

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. Investments can be made by cheque or bank transfer Please use your name as a reference.

I wish to invest: £ _____

Amount in words: _____

I wish to pay by:

Cheque (enclosed, made payable to **Ethical Consumer**)

Bank transfer (Sort code: **08-90-00** Account number: **70923146**)

Title: Mr | Mrs | Miss | Ms | Other _____ (please delete)

Name(s): _____

Address: _____

Postcode: _____

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**.

The Society's rules are available to download on the Ethical Consumer website at **www.ethicalconsumer.org/aboutus/membersarea/uniquestructure.aspx**

