

Ethical Consumer Research Association Limited

Annual Review July 2021

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1. Financial Performance

Despite the pandemic, Ethical Consumer managed to deliver a strong financial performance in 2020/21 and showed a profit for the year of £24,258. It seems that a rising awareness around climate change, perhaps combined with more time to reflect and more time spent shopping online, have led people to Ethical Consumer's door in greater numbers than ever before.

We have seen growth across all areas of the business with subscriptions increasing to nearly 15,000 and increasing demand from organisations to help align themselves with this growing ethical consciousness. We report in a bit more detail on these different areas in section 3 below.

When we compare this to the losses we were projecting in last year's Annual Review (published as Covid lockdowns were just beginning to hit economic activity), this is all the more remarkable.

Now, our central concern is being able to manage this growth carefully without too much stress falling on the current staff and systems. On a practical level, with remote working, home schooling, and other pandemic-related issues, it has been a particularly difficult year for our personnel team. We have also (since the last newsletter) recruited five additional staff taking the core team size up to 21 - the largest it has ever been. For the first time, we recruited people that could work from home, bringing in people from Scotland, Watford, Brighton and London. A big thanks should go to the personnel team particularly.

Other key points to note

(a) Since May 2020, due a new ruling by HMRC, VAT has not been charged on the magazine element of digital subscription sales. This will improve our subscriptions income by around £10,000 annually and also affected last financial year positively.

(b) In the 2019/20 financial year, we only accounted for income from five issues of the magazine as the pandemic lockdown meant that we were late in sending out the May/June issue. We have caught up in the 2020/21 financial year by delivering seven issues in that period. This means that proportionally more publishing income has been recognised in this period.

(c) Like all small businesses renting premises in England during the pandemic, ECRA received a coronavirus support grant of £10,000 in the year in question.

Our investors and interest rate

Despite the pandemic, share capital remained very stable, ending the year virtually unchanged on £536,117. During the year, around £18,000 was withdrawn, around £8,000 of new investment was attracted and around £10,000 of new shares issued in lieu of interest.

The Board is agreed that the current rate of interest (3.25%) should continue in place in the medium term.

Share capital was used during the year to further develop the software behind our ethical ranking database and on the websites that consumers use to access it, as well as helping us to invest in new staff to help meet the rising demand we are seeing.

2. The Financial Years to March 31st 2020 and March 31st 2021

Ethical Consumer Research Association Ltd Profit and loss accounts

	For year to 31 March 2020	For year to 31 March 2021
TURNOVER	693,245	707,434
COST OF SALES	246,111	233,338
GROSS PROFIT	447,134	474,096
DISTRIBUTION COSTS	-	-
ADMINISTRATIVE EXPENSES	416,213	433,338
OPERATING PROFIT/LOSS	31,633	40,948
INTEREST RECEIVABLE	1,208	339
INTEREST PAYABLE	(16,962)	(17,028)
TAX ON PROFIT ON ORDINARY ACTIVITIES	0	0
PROFIT/LOSS FOR THE YEAR	15,881	24,258

Ethical Consumer Research Association Ltd Balance Sheet

	As at 31 March 2020	As at 31 March 2021
Fixed assets		
Intangible Assets	126,981	121,018
Tangible assets	5,265	5,158
Investments	29,228	29,228
Subtotal	161,474	155,404
Current assets		
Stock	500	500
Debtors	123,497	136,476
Cash at bank and in hand	303,859	379,303
Subtotal	427,856	516,279
Creditors: amounts falling due in less than one year	(231,938)	(290,025)
Net current assets/(liabilities)	195,918	226,254
Net assets/(liabilities)	357,392	381,658
Share Capital	536,110	536,117
Accumulated Reserves	(178,718)	(154,459)
Shareholders Funds	357,392	381,658

3. Highlights of the year

Research

As part of a core political strategy review in (pre-pandemic) 2020, we decided to focus significantly more research on providing better resources for consumers and companies to address the climate crisis.

As part of this we created and rolled out a new Carbon Management and Reporting rating for all companies which was launched in August 2020. This has created a new focus for our buyers guides as well as a popular new service for consultancy clients.

In addition we have revamped our Palm Oil ranking and invested in making the core research database easier to use for the increasingly complex subjects it needs to address.

Publishing



Subscriptions saw their fastest rate of growth since 1989. Web readers have also increased to nearly 200,000 monthly too. Much of this was down to refinement of what we offer, with greater pre-research analysis of what people are looking for around their ethical buying, more content tailored to people new to the subject, and smoother payment options.

Our core research also swivelled quickly to take account of new pandemic-related questions such as a ranking of the most ethical video conferencing software providers.

We invested in new roles, new staff and new suppliers to help this growth with resources going into web editors, press and PR, and social media. We also put resources into responding to what what was the news, and being flexible around content creation.

In line with our climate crisis strategy, we also worked on buyers guides where consumer choice is important including home heating, electrical products, pensions and banking.

Consultancy

With the revival of projects that had been paused by clients earlier in the pandemic, our consultancy team also overshot its financial targets by some way.

- Ethical risk screenings income was almost double of what was projected, with clients including universities and other public bodies.
- Our events moved (more or less) seamlessly online with two well-received online conferences and a successful online awards ceremony.
- Our supply chain auditing work was also able to occur remotely with a considerably lower carbon impact.

And, in alignment with our political strategy, we are also developing strong partnerships around consumer actions in a time of climate crisis and around ranking the performance of ethical funds around fossil fuels.

Our Research Associates Network now comprises, on average, six additional people regularly working on consultancy projects with Ethical Consumer.

Personnel

As mentioned above, our personnel team had a busy year with:

- supporting ECRA in adapting to remote working conditions
- developing a diversity strategy
- overseeing the recruitment and supervision of five new people
- supporting co-op members with personal challenges and re-shaping roles
- helping design new sociocratic and co-operative systems to address the growing size of our management teams.

New staff recruited since the last newsletter are:



Alyson Tyler

Alyson is our newest web editor and digital editorial assistant. A long time Ethical Consumer reader, Alyson is based in Dumfries and also works as a Yoga instructor.



Robbie Kearney

Robbie is joining Ethical Consumer in a new role of 'partnerships co-ordinator' to help us work more effectively with other organisations. He is currently working on a Masters course on political thought and previously worked with the ethical brand Patagonia.

We have also recently appointed three new writer/researchers who are:



Nabila Ahmed

Nabila is a human rights and Labour party activist. In 2019 she stood as the Labour Parliamentary Candidate for Hemel Hempstead, and is currently also volunteering as a China and Taiwan Country Coordinator for Amnesty International.



Shanta Bhavnani

Shanta has a background in human rights research and advocacy. She has been working as a freelancer on issues of corporate accountability for the past three years and before that she spent five years in Cambodia working for a human rights NGO.



Anoushka Zoob Carter

Anoushka is a recent Human Ecology MSc graduate from Lund University in Sweden where she was also involved in campaigns to join up anti-fascist and climate justice movements across borders.

Campaigns

- Our Amazon boycott campaign has proved particularly popular during the pandemic - for some reason!
- Our campaign for workers rights in Almeria in Spain received significant coverage during the year from publishers and broadcasters including the BBC and the Guardian.
- Our work with Lush around non-animal chemical safety research held a well-attended online international conference on the role of big data and AI in replacing animal use.



We also raised some grant funding in September 2020 to launch a new campaign designed to focus attention on tax avoidance amongst giant technology companies during the pandemic.

Our campaign is asking for a 'windfall' level of digital services tax during the pandemic to support public services.

The proliferation of digital services taxes globally is one of the reasons that global tax reforms, hopefully bringing to an end the era of tax havens, were agreed and announced by the OECD in July.

4. Virtual AGM on Thursday 23 Sept 2021, 7pm

AGM

Date
Thursday 23rd September
Time
7pm – 8:30pm

Our Annual General Meetings are the main opportunity during the year when we can meet with investors and share ideas and plans. This year our AGM falls within Big Green Week.

As last year, we will be holding the event remotely by zoom. We do hope you will be able to attend. If you would like to, please email finance@ethicalconsumer.org to add your name to the list. We will then send a link on the morning of the event to your email address.

7:00 pm	Introductions of attendees. Four short presentations from ECRA staff updating attendees on the current position regarding our publishing successes, campaigns work, climate-related projects and dealing with growth. (Possibly using the Pecha Kucha approach).
7:30 pm	Formal AGM – including approval of accounts.
8:00 pm	Questions and answers between ECRA investors and our Board and Staff
8:30 pm	Close

And don't forget our annual conference too!

As last year, we'll be running a whole 'Ethical Consumer Week' of events online. This year it will run in October from Saturday 16th to Friday 22nd. We'll be looking at how consumers can help to 'Close the Climate Gap' between where we are now and where we need to be by 2030. More details will appear on our website as we get closer to the event.

5. Board of Directors and Elections

In May 2021 the Directors were:

- **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

Tim Hunt, although still working weekly for Ethical Consumer, went freelance in June to form a new digital marketing company for purpose driven organisations (<https://datacontentreach.co>). We are currently in the process of replacing him as a staff director.

Investor-Member Director elections

In September 2020 our two current investor directors were each elected unopposed for an additional two year term. This means that we are not holding investor director elections this year. If you are however interested in finding out more about standing as an investor director in 2022 we would be interested to hear from you. You can email Liz at elizabeth@ethicalconsumer.org and there is also more information on our website about our current directors and how to stand at: www.ethicalconsumer.org/about-us/board-directors

6. 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.

7. 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 7. 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 on page 8. 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 on page 9. 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**

