

**ETHICAL CONSUMER RESEARCH ASSOCIATION LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Ethical Consumer Research Association Limited
Directors' Report and Financial Statements
For The Year Ended 31 March 2021

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**Ethical Consumer Research Association Limited
Society Information
For The Year Ended 31 March 2021**

Directors

Rob Harrison
Shaun Fensom
Tim Hunt
Dan Welch
Anna Clayton
Fiona Nicholls
Elizabeth Chater
Alex Crumbie

Secretary

Rob Harrison

Society Number

30575R

Registered Office

Unit 21, 41 Old Birley Street
Manchester
M15 5RF

Accountants

Third Sector Accountancy Limited
Chartered Accountants and Registered Auditors
Holyoake House
Hanover Street
Manchester
M60 0AS

Ethical Consumer Research Association Limited
Society No. 30575R
Directors' Report For The Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under society law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the society and of the profit or loss of the society for that period. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Review of Business

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 £24,259.

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.

The final results stated in this way combines the £41,287 profit for the financial year shown on page 5 with the £17,028 in interest paid to shareholders shown on page 7 and is more consistent with our long-standing reporting history. When we compare this to the losses we were projecting for this year in last year's Annual Report and Accounts), these results are all the more remarkable.

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. 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 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 material 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 annual subscriptions income by around £10,000 and has also positively affected the last financial year.

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Ethical Consumer Research Association Limited
Directors' Report (continued)
For The Year Ended 31 March 2021

Review of Business - continued

(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/Jun 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.

Balance Sheet and Members Share Capital

At the year end, our Net Assets had risen from £357,392 last year to £381,658 in March. Net Current Assets were also up at £226,254. The bulk of the difference is subscriptions income apportioned across the year end.

Members share capital also remained very stable during the pandemic, ending the year virtually unchanged on £536,117. During the year, around £25,000 was withdrawn, around £8,000 of new investment was attracted and around £17,000 of new shares issued in lieu of interest.

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.

Directors

The directors who held office during the year were as follows:

Rob Harrison
Shaun Fensom
Tim Hunt
Dan Welch
Anna Clayton
Fiona Nicholls
Elizabeth Chater
Alex Crumbie

By order of the board

Date

Ethical Consumer Research Association Limited
Accountant's Report
For The Year Ended 31 March 2021

Chartered Accountant's report to the directors on the preparation of the unaudited statutory accounts of Ethical Consumer Research Association Limited For The Year Ended 31 March 2021

In order to assist you to fulfil your duties under the Co-operative and Community Benefit Societies Act 2014, I have prepared for your approval the accounts of Ethical Consumer Research Association Limited For The Year Ended 31 March 2021 which comprise the Revenue Account, the Balance Sheet and the related notes from the society's accounting records and from information and explanations you have given to us.

As a practising member of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the directors of Ethical Consumer Research Association Limited, as a body, in accordance with the terms of our engagement letter dated 24 October 2018. Our work has been undertaken solely to prepare for your approval the accounts of Ethical Consumer Research Association Limited and state those matters that we have agreed to state to the directors of Ethical Consumer Research Association Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ethical Consumer Research Association Limited and its directors, as a body, for our work or for this report.

It is your duty to ensure that Ethical Consumer Research Association Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit or loss of Ethical Consumer Research Association Limited. You consider that Ethical Consumer Research Association Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit of the accounts of Ethical Consumer Research Association Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Date
Third Sector Accountancy Limited
Chartered Accountants and Registered Auditors
Holyoake House
Hanover Street
Manchester
M60 0AS

Ethical Consumer Research Association Limited
Revenue Account
For The Year Ended 31 March 2021

	Notes	2021 £	2020 £
TURNOVER		707,434	693,245
Cost of sales		(233,338)	(246,111)
GROSS PROFIT		474,096	447,134
Administrative expenses		(433,340)	(416,213)
Other operating income		190	712
OPERATING PROFIT		40,946	31,633
Other interest receivable and similar income		339	1,208
PROFIT FOR THE FINANCIAL YEAR		41,285	32,841

The notes on pages 8 to 12 form part of these financial statements.

Ethical Consumer Research Association Limited
Balance Sheet
As at 31 March 2021

	Notes	2021		2020	
		£	£	£	£
FIXED ASSETS					
Intangible Assets	4		121,018		126,981
Tangible Assets	5		5,157		5,265
Investments	6		29,228		29,228
			<u>155,403</u>		<u>161,474</u>
CURRENT ASSETS					
Stocks	7	500		500	
Debtors	8	136,476		123,497	
Cash at bank and in hand		379,303		303,859	
			<u>516,279</u>		<u>427,856</u>
Creditors: Amounts Falling Due Within One Year	9		(290,024)		(231,938)
			<u>226,255</u>		<u>195,918</u>
NET CURRENT ASSETS (LIABILITIES)			226,255		195,918
TOTAL ASSETS LESS CURRENT LIABILITIES			381,658		357,392
NET ASSETS			381,658		357,392
CAPITAL AND RESERVES					
Called up share capital	10		536,119		536,110
Revenue Account			(154,461)		(178,718)
			<u>381,658</u>		<u>357,392</u>

The notes on pages 8 to 12 form part of these financial statements.

For the year ending 31 March 2021 the society was entitled to disapply the requirement to have its financial statements for the financial year audited. The members passed a resolution in general meeting to disapply the audit requirement, as required by S84(2) Co-operative and Community Benefit Societies Act 2014.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the members on _____ and signed on their behalf by:

 (Elizabeth Chater, Director)

 (Tim Hunt, Director)

 (Rob Harrison, Secretary)

Ethical Consumer Research Association Limited
Statement of Changes in Equity
For The Year Ended 31 March 2021

	Share Capital	Revenue Account	Total
	£	£	£
As at 1 April 2019	525,368	(194,597)	330,771
Profit for the year and total comprehensive income	-	32,841	32,841
Interest paid on members' shares	-	(16,962)	(16,962)
New shares issued	16,157	-	16,157
Shares redeemed	(5,415)	-	(5,415)
As at 31 March 2020 and 1 April 2020	<u>536,110</u>	<u>(178,718)</u>	<u>357,392</u>
Profit for the year and total comprehensive income	-	41,285	41,285
Interest paid on members' shares	-	(17,028)	(17,028)
New shares issued	57,670	-	57,670
Shares redeemed	(57,663)	-	(57,663)
As at 31 March 2021	<u><u>536,119</u></u>	<u><u>(154,461)</u></u>	<u><u>381,658</u></u>

Interest on society shares is required by Financial Reporting Standard 102 to be included in the statement of equity rather than in the Revenue account. However, this interest is not a distribution of profit but a cost of capital and an expense of the business and remains tax-deductible.

Ethical Consumer Research Association Limited
Notes to the Financial Statements
For The Year Ended 31 March 2021

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Section 1A Small Entities - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Co-operative and Community Benefit Societies Act 2014.

1.2. Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

1.3. Intangible Fixed Assets and Amortisation - Other Intangible

Other intangible assets include the customer and reference databases used by the society, and the website. The databases are fully amortised, and the website is amortised to Revenue account over its estimated economic life of seven years.

1.4. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer Equipment	20% per annum straight line
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1.5. Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Work-in-progress is reflected in the accounts on a contract by contract basis by recording turnover and related costs as contract activity progresses.

2. Average Number of Employees

Average number of employees, including directors, during the year was: 17 (2020: 16)

Ethical Consumer Research Association Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2021

3. Tax on Profit

	Tax Rate		2021	2020
	2021	2020	£	£
UK Corporation Tax	19.0%	19.0%	-	-
			<u>2021</u>	<u>2020</u>
			<u>£</u>	<u>£</u>
Profit before tax			<u>41,285</u>	<u>32,841</u>
Breakdown of Tax Charge is:				
Tax on profit at 19% (UK standard rate)			7,844	6,240
Goodwill/depreciation not allowed for tax			4,826	4,702
Expenses not deductible for tax purposes			36	10
Capital allowances			(4,107)	(7,161)
Tax relief for share interest paid			(3,299)	(3,223)
Tax losses for which no deferred tax was recognised			(5,300)	(568)
Total tax charge for the period			<u>-</u>	<u>-</u>

The society had trading losses brought forward of £54,612, due to historic losses. The society made a tax profit in the year of £27,889, after deducting the share interest paid and the capital allowances. Trading losses carried forward at 31 March 2021 were £26,723.

In addition, the society has trading losses available of £173,060 which were transferred from its subsidiary Ethical Consumer Information Services Ltd ("ECIS") when the entire trade and assets of that society were transferred to the holding society in 2008. HM Revenue and Customs have agreed that if the society makes a taxable profit after using up its own losses, it can offset the ECIS losses against 50% of those profits.

Ethical Consumer Research Association Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2021

4. Intangible Assets

	Database software £	Website development £	Total £
Cost			
As at 1 April 2020	21,811	236,464	258,275
Additions	18,000	-	18,000
Disposals	-	(2,028)	(2,028)
As at 31 March 2021	<u>39,811</u>	<u>234,436</u>	<u>274,247</u>
Amortisation			
As at 1 April 2020	19,019	112,275	131,294
Provided during the period	616	-	616
Impairment losses	-	21,319	21,319
As at 31 March 2021	<u>19,635</u>	<u>133,594</u>	<u>153,229</u>
Net Book Value			
As at 31 March 2021	<u>20,176</u>	<u>100,842</u>	<u>121,018</u>
As at 1 April 2020	<u>2,792</u>	<u>124,189</u>	<u>126,981</u>

5. Tangible Assets

	Computer Equipment £
Cost	
As at 1 April 2020	58,352
Additions	3,355
Disposals	(26,684)
As at 31 March 2021	<u>35,023</u>
Depreciation	
As at 1 April 2020	53,087
Provided during the period	3,463
Disposals	(26,684)
As at 31 March 2021	<u>29,866</u>
Net Book Value	
As at 31 March 2021	<u>5,157</u>
As at 1 April 2020	<u>5,265</u>

Ethical Consumer Research Association Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2021

6. Investments

	Unlisted £
Cost	
As at 1 April 2020	29,228
As at 31 March 2021	<u>29,228</u>
Provision	
As at 1 April 2020	-
As at 31 March 2021	<u>-</u>
Net Book Value	
As at 31 March 2021	<u>29,228</u>
As at 1 April 2020	<u>29,228</u>

7. Stocks

	2021 £	2020 £
Stock - finished goods	500	500
	<u>500</u>	<u>500</u>

8. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	118,612	107,259
Prepayments and accrued income	1,259	7,903
Other debtors	16,605	8,335
	<u>136,476</u>	<u>123,497</u>

Ethical Consumer Research Association Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2021

9. Creditors: Amounts Falling Due Within One Year

	2021	2020
	£	£
Trade creditors	10,052	15,261
Other taxes and social security	3,471	3,783
VAT	19,308	37,093
Other creditors	735	1,634
Accruals and deferred income	224,846	174,167
Other grants	31,612	-
	<u>290,024</u>	<u>231,938</u>

10. Share Capital

	2021	2020
Members' shares	<u>536,119</u>	<u>536,110</u>

11. General Information

Ethical Consumer Research Association Limited is a registered community benefit society, limited by shares, incorporated in England & Wales, registered number 30575R. The registered office is Unit 21, 41 Old Birley Street, Manchester, M15 5RF.