In a year when the pandemic’s impact began to ease, turnover at Ethical Consumer grew by an impressive 24% to £877,434. Subscriptions are at their highest ever level and our consultancy order books are full.

Concern around environmental and social issues remains high amongst business and consumers and, although we are growing, we are experiencing increasing competition as more organisations look to provide advice and information in this space.

Growing at this speed, and learning how to do this when the majority of our staff are now working remotely, has been hard work for the team. We are also at a point where the size of the team means that we have needed to begin building new management structures within the co-operative to function well amid all this complexity.

Because of this we have developed a five year plan which is explained in more detail below. Central to the plan is using some of our investor share capital to bring in new people now to create the extra capacity we believe we need to continue to lead the narrative on ethical company choices in the fast changing environment around us. We do therefore hope that most of our investors will be able to keep their capital with ECRA during this period.

Our investors and interest rate

During the year investor share capital fell slightly to £530,941 as withdrawals exceeded new investment by a small degree.

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.

The Board is agreed that the current rate of interest (3.25%) should continue in the medium term.
# 2. The Financial Years to March 31st 2021 and March 31st 2022

## Ethical Consumer Research Association Ltd

### Profit and loss accounts

<table>
<thead>
<tr>
<th></th>
<th>For year to 31 March 2021</th>
<th>For year to 31 March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TURNOVER</strong></td>
<td>707,434</td>
<td>887,302</td>
</tr>
<tr>
<td><strong>COST OF SALES</strong></td>
<td>233,338</td>
<td>315,902</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>474,096</td>
<td>571,400</td>
</tr>
<tr>
<td><strong>ADMINISTRATIVE EXPENSES</strong></td>
<td>433,338</td>
<td>543,995</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT/LOSS</strong></td>
<td>40,758</td>
<td>27,406</td>
</tr>
<tr>
<td><strong>INTEREST RECEIVABLE</strong></td>
<td>339</td>
<td>1,233</td>
</tr>
<tr>
<td><strong>INTEREST PAYABLE</strong></td>
<td>(17,028)</td>
<td>(17,179)</td>
</tr>
<tr>
<td><strong>TAX ON PROFIT ON ORDINARY ACTIVITIES</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>PROFIT/LOSS FOR THE YEAR</strong></td>
<td><strong>24,069</strong></td>
<td><strong>11,459</strong></td>
</tr>
</tbody>
</table>

## Ethical Consumer Research Association Ltd

### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>As at 31 March 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>121,018</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>5,158</td>
</tr>
<tr>
<td>Investments</td>
<td>29,228</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>155,404</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>500</td>
</tr>
<tr>
<td>Debtors</td>
<td>136,476</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>379,303</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>516,279</strong></td>
</tr>
<tr>
<td>Creditors: amounts falling due in less than one year</td>
<td>(290,025)</td>
</tr>
<tr>
<td><strong>Net current assets/(liabilities)</strong></td>
<td><strong>381,658</strong></td>
</tr>
<tr>
<td><strong>Net assets/(liabilities)</strong></td>
<td><strong>381,658</strong></td>
</tr>
<tr>
<td>Share Capital</td>
<td>536,117</td>
</tr>
<tr>
<td>Accumulated Reserves</td>
<td>(154,459)</td>
</tr>
<tr>
<td>Shareholders Funds</td>
<td>381,658</td>
</tr>
</tbody>
</table>
This year we came to the end of a strategic planning period which ran from 2019 to 2022. Although the pandemic made most people’s forward plans look pretty daft, we somehow came out of the end of it more or less where we thought we might be.

This year we have developed a new five year plan. It begins with a couple of years of planned deficits as we make the investments we think we need to grow and develop. In subsequent years we return to the kind of surpluses we have been making over the last three years.

The table below shows our current best estimates for income and expenditure during this period. We also have six narrative goals as part of this plan as follows:

1. To increase our reach and impact at a time of high political and economic volatility, when our contribution of a practical alternative economic approach is most in need.
2. To refine and optimise the ranking approach in our buyers guides to improve its communicability and uptake.
3. To do this in a way which meets the challenge of larger competitors entering our market, and which allows us to continue to lead the narrative on ethical company choices.
4. To create a resilient financial model to help safely navigate the economic volatility around us.
5. To support our staff to work well wherever they are.
6. To get better at measuring and increasing our impact, and to increase our impact without losing our unique voice and our integrity.

**Financial forecast 2022-27**

<table>
<thead>
<tr>
<th></th>
<th>2022/23</th>
<th>2023/24</th>
<th>2024/25</th>
<th>2025/26</th>
<th>2026/27</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL INCOME</td>
<td>1,064,108</td>
<td>999,045</td>
<td>1,164,522</td>
<td>1,186,889</td>
<td>1,402,281</td>
</tr>
<tr>
<td>TOTAL COST OF SALES</td>
<td>438,712</td>
<td>334,294</td>
<td>406,494</td>
<td>380,675</td>
<td>474,259</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>645,274</td>
<td>677,953</td>
<td>727,688</td>
<td>759,937</td>
<td>793,823</td>
</tr>
<tr>
<td>NET OPERATING INCOME</td>
<td>-19,878</td>
<td>-13,202</td>
<td>30,341</td>
<td>46,277</td>
<td>134,200</td>
</tr>
<tr>
<td>INTEREST INCOME</td>
<td>1,421</td>
<td>1,563</td>
<td>1,719</td>
<td>1,891</td>
<td>2,080</td>
</tr>
<tr>
<td>INTEREST ON SHARE CAPITAL</td>
<td>-18,281</td>
<td>-18,876</td>
<td>-19,489</td>
<td>-20,122</td>
<td>-20,776</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>-36,739</td>
<td>-30,514</td>
<td>12,571</td>
<td>28,046</td>
<td>115,504</td>
</tr>
<tr>
<td>TOTAL AVERAGE SUBSCRIBERS</td>
<td>14,212</td>
<td>16,093</td>
<td>17,702</td>
<td>19,473</td>
<td>21,420</td>
</tr>
</tbody>
</table>

Income is projected to fall from 2023 to 2024 because two of our biggest pieces of contract work, the Lush Prize and the Lush Spring Prize, are planning to shift their award schedules back to a pre-pandemic plan.

To give some context to the forward plan, a summary of our growth over the preceding ten years appears in the small table below. We have also recruited more staff this year, taking our total to 22 now.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>331,517</td>
<td>366,842</td>
<td>428,517</td>
<td>506,091</td>
<td>556,720</td>
<td>629,475</td>
<td>763,621</td>
<td>718,126</td>
<td>693,245</td>
<td>707,434</td>
<td>887,152</td>
</tr>
<tr>
<td>Profit</td>
<td>-12,316</td>
<td>-16,878</td>
<td>7,697</td>
<td>9,514</td>
<td>-2,569</td>
<td>66</td>
<td>33,214</td>
<td>-24,616</td>
<td>32,841</td>
<td>41,285</td>
<td>19,889</td>
</tr>
<tr>
<td>Staff</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>13</td>
<td>15</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>20</td>
</tr>
</tbody>
</table>

We are planning to run a couple of sessions at our AGM this year on elements in this plan where we can answer any questions that our investor members may have (See below). Do please contact us at the address in section 5 below, if you have questions in the interim too.
4. Highlights from the year

Campaigns

During the year our Spring Prize Team held its awards event in Glasgow alongside the 26th UN Climate Change Conference, where it highlighted the work of small scale agro-ecological producers, regenerative businesses and Indigenous-led groups amongst others.

Our partnership with the Fair Tax Foundation helped them to launch their first international accreditation, and our work with Save Our Bank helped the Co-operative Bank get its new, refreshed, ethical policy right.

Our Amazon boycott campaign continued to be one of our most popular interventions, and our Lush Prize held a successful online conference on the role of big data in replacing animal testing.

Consultancy

Our consultancy team continued to see strong demand for its corporate partnership risk screening products, with major new charities and universities signing up as clients. We also designed and launched a new annual report on the state of the consumer ‘climate gap’ in the UK. This has found a new partner with the Ecology Building Society to take this project forwards in 2022.

Publishing

During the year we have continued to have success with our core buyers guides, publishing reports into Clothing, Booksellers, Supermarkets and Eggs to name but four. Increasing subscriptions has led to increased advertising and Best Buy logo licencing income too.

We have also seen impressive increases in our social media reach, and we have launched a new video channel with introductory content on YouTube with Sarah, our new ‘face of EC’.

Personnel

With a permanent staff team now of twenty two people, we have been building systems to manage the regular recruitment, training and ongoing support that a team of this size needs. We have also been working on adapting and integrating sociocracy into the coop - to design a system whereby our various management teams can make effective decisions and work more independently within our increasingly complex co-operative structure. To help with all this we are also trialling bringing in help from a new specialist provider in the North West - People Support Co-op.

Research

Our investments in making the core research database software easier to use for our researchers came to fruition this year, and have helped to automate data entry for many of the most common pieces of text in a ranking report. We have also begun a systematic review of our entire ranking system with a view to further optimising its impact and communicability to both consumers and companies. Implementing this forms a core part of our five year plan mentioned above.

5. Virtual AGM, Thurs 29 Sept 2022, 6.30pm

Our Annual General Meetings are one of the main opportunities during the year when we can meet with investors and share ideas and plans.

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.

And don’t forget our annual conference too!

For the first time since 2019 we’ll be holding an in person event. We are planning a one day event on Friday November 4th at Conway Hall in London. More details will appear on our website and in our print magazine as we get closer to the date.
6. Board of Directors and Elections

In May 2022 the Directors were:

- **5 worker directors**
  (elected by the staff)
  - Elizabeth Chater
  - Anna Clayton
  - Alex Crumbie
  - Rob Harrison
  - Ruth Strange

- **2 non-executive directors**
  (appointed by the board)
  - Shaun Fensom
  - Tim Hunt

- **2 investor member directors**
  (elected by the members)
  - Fiona Nicholls
  - Dan Welch

**Investor-Member Director elections**

In May we contacted our investors asking whether anyone would like to stand for election this year. We were also informed by Fiona Nicholls that she was planning to stand down after the end of her two year term in September.

Only two people, Dan Welch and Tim Hunt, indicated that they were interested in standing for the investor member director posts. Because there will be two vacant posts, this means that both can be elected without a contested election at the AGM in September and we will not be holding an online election as in previous years.

Because Tim will be moving from his non-executive post to the investor director post, this creates a vacancy for another non executive director which we plan to fill in due course.

If you are interested in finding out more about standing as an investor director in future years, or about our non-executive role, 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 at:

[www.ethicalconsumer.org/about-us/board-directors](http://www.ethicalconsumer.org/about-us/board-directors)

We like to thank Fiona for her four years on the board and for the sound advice she gave us whilst there.

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 below. Shares currently 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 (details below). 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