1. Introduction

The following sections appear below:

2. Financial Performance
3. Interest rate reduction and new investment
4. Future Projections
5. The Lush Prize
6. Investor survey
7. Campaigning
8. Book and Conference
9. The Board of Directors
10. Standing and Participating in Elections
11. AGM in London - Friday September 27th
12. Profit and Loss and Balance Sheets
13. Tax on interest accrued on shareholdings and loanstock
14. Forms for Increasing, Reducing and Converting your investments.

Highlights

- Profit - the co-operative has made a profit in the context of an increased turnover
- Olympics – there was a significant campaign success over tax avoidance by Olympics sponsors initiated by Ethical Consumer. We have remained at the forefront of tax campaigning which has seen huge public and political change and increased the focus at ECRA on campaigning.
  - Lush Prize – we have managed a successful high-profile event working towards strategic global change over product safety testing. This is the first step in a planned long term campaign with a key commercial partner.

2. Financial Performance

At section 12 below we reproduce draft profit and loss accounts and balance sheets for ECRA for the year to April 2013.

Profit and Loss

After four years of losses, the Directors are delighted to report that Ethical Consumer returned to profit in 2012/13. The new investment from shareholders from 2009 has allowed us to complete the restructure of the co-operative as a modern on-line publisher and campaigning research organisation. The big increase in turnover from £231,571 to £368,842 contains almost £90,000 of costs paid out to third parties as a result of managing external projects (much of it for the Lush Prize - see section 6 below). However there was still an underlying increase in real turnover of roughly 15%. All our core revenue streams - subscription, consultancy, best buy logo, and grants - contributed to this year-on-year increase.

Balance Sheet

During the 2012/13 financial year we attracted around £100,000 of new investment giving us an overall share capital of £356,929. Our net assets have risen from £33,000 to £123,000 - an increase of nearly 300%. During the year we also implemented a formal Treasury Management Plan:
- repaying all outstanding 2003 loan-stock
- repaying our Co-operative Bank loan early
- moving a proportion of assets into higher interest term accounts at the Co-operative and Triodos banks.
3. Interest rate reduction and new investment

The board is pleased to report a healthy balance sheet with current share capital of £356,000. This stands the co-operative in good stead for the medium term. While we continue to welcome new investments by members, the board agreed that it would be prudent to reduce the rate of interest paid on ordinary shares to 3.25% from August 1st 2013, so reducing the ongoing cost of maintaining this capital. Interest rates had remained at 4% for over two years prior to this. The Board's goal is to offer investors stability by holding rates steady over a similar period in the future, and to maintain share capital at similar or higher levels in the medium term.

4. Future projections

ECRA has been operating under a five year business plan running from 2009 to 2014 where the core goals were to:
(a) diversify income streams
(b) invest in new e-publishing and e-commerce technologies
(c) develop a more collaborative publishing approach with our community of users.

We are still following this plan in which we are projecting another small profit in 2013/14 and similar growth in real turnover. In the third quarter of 2013 we will be working on a new plan for the 2014 to 2019 five year period. At this stage this appears likely to involve pursuing a similar direction with the addition of 'campaigning' as a formal element in the planning process. More work on campaigning has received broad approval from our investors in a survey (see below), but we welcome any formal or informal input from our investors on our forward planning generally.

5. The Lush Prize

Dr Elizabeth Woehrling from Aston University receives one of five Young Researcher Awards for her work on the development of a new in vitro test for neurotoxicity.

In 2010 we were approached by Lush Ltd and asked to help design an intervention which would help bring about an end to (regulatory requirements for) product safety testing on animals internationally. The resulting project - the Lush Prize - is a long-term partnership between Lush and Ethical Consumer whereby Lush provides the funding and ECRA provides the management. It seeks to focus attention among campaigners, regulators and scientists on '21st century' safety testing technologies - such as genomics, robotics, microscopy, systems biology and computational
modelling - and away from 'Victorian technologies' like systemic animal poisoning and dissection. The prize has already made an impact in the sector as well as an important contribution to ECRA's revenue. The first round of prizes were awarded in November 2013 to 13 groups in eight countries.

6. Investor survey

In April 2013 we contacted our investor members by email and asked them to complete a short online survey. Thank you to those investors who contributed to the nearly 50% response rate we had. The answers to four of the questions are summarised below:

(a) Why do you invest in Ethical Consumer?

65% of investors gave 'Enthusiasm for ethical consumption' as their top rated answer. 'Is a co-operative' came second with 'Financial Return' and 'Quality of Management' a close third and fourth. 'Lack of opportunities to invest elsewhere' was in clear last place.

(b) Does our recent involvement in campaigning make you more or less likely to invest?

(c) Which political areas that we are involved in receive you highest support?

Challenging corporate power - 1st
Product sustainability - 2nd
Environment - 3rd
People - 4th
Animals – 5th

(d) Do you invest in other social businesses?

No, ECRA is my only such investment
Yes, a few 1 – 5
Yes, quite a few 5 – 10
Yes, lots. More than 10
7. Campaigning

Campaigning has proved to be a fruitful way to introduce new people to Ethical Consumer’s work and a good way to attract grants for discrete areas of work. During the 2012/13 financial year we were involved in collaborative campaigning in four areas in which we plan an ongoing involvement this year. In three cases our involvement was supported by external grants or consultancy income. The fourth (badgers) resulted from our own press work following some community-planned buyers’ guide research.

(a) Tax Avoidance

Our most prominent and popular work has been in the area of tax avoidance by multinationals. In July 2012 we collaborated with 38 Degrees on tax avoidance by Olympic sponsors and in December we launched our own Amazon boycott.

(b) Palm Oil

In February we became involved with the Rainforest Foundation on a project highlighting company performance on palm oil in their supply chains.

(c) Move Your Money

We have ongoing involvement with the Move Your Money campaign providing research and rankings for their switching websites and projects.

(d) Badger Cull

We are now part of the ‘Team Badger’ network opposing the cull in England. We are focussing attention on companies supplying (or not) milk from badger cull areas.

8. Book and Conference

In the last Investors’ Newsletter we explained how we had created an essay prize asking writers to answer the question ‘is there a co-operative alternative to capitalism?’ The submissions were inspiring stuff and we have now teamed up with New Internationalist Publications to publish the 13 best essays as a book called ‘People over Profit.’ This will be a joint project and we are now using shareholder capital towards the production and promotion of the book. It will be launched at a one day conference in London on September 27th - timed to coincide with our AGM (below) where contributors and specialists will bring their perspective to what has proved to be a compellingly provocative question.
9. **Board of Directors**

Since the last Annual Review in June 2012 the Board remains unchanged.

- 5 worker directors (elected by the staff)
  - Rob Harrison
  - Jane Turner
  - Katy Brown
  - Tim Hunt
  - Leonie Nimmo

- 2 non-executive directors (appointed by the board)
  - Shaun Fensom
  - Will Watt

- 2 investor/member directors (appointed by the board)
  - Ruth Rosselson
  - Dan Welch

10. **Standing and Participating in Elections**

Any of our investor members who have held shares for twelve months may stand for election to Board of Directors at the next AGM (see below). Investor members may nominate candidates for the board (members may nominate themselves or another person). If there are more candidates than vacancies, a postal or email ballot will be held.

The term of office for directors is two years and a fee of £150 per meeting attended is currently payable in lieu of expenses. Particular skills sought by ECRA's current board include accountancy and grant fundraising, but simply an informed outside view will be valuable too.

Full details are available in the Society's rules which are available to download on the ethical consumer website at [www.ethicalconsumer.org/aboutus/membersarea/uniquestructure.aspx](http://www.ethicalconsumer.org/aboutus/membersarea/uniquestructure.aspx)

Members should also have received a printed copy of the rules with their initial share certificates.

**Duties of a Director**

The duties of a Director include:

* Attending Board meetings, which are currently held quarterly in Manchester
* Additional work or discussions carried out between board meetings (normally by email)
* Attending General Meetings.

If you are interested in standing or nominating another person there is a form for nominations on page 11 below. The closing date for receiving nominations will be August 24th 2013.
11. **AGM in London - Friday September 27th**

Following the success of our 2012 AGM held at Amnesty's HQ in London, we plan to repeat the event in September this year. A conference called 'is there a co-operative alternative to capitalism? will follow (see above).

**Provisional Schedule (speakers to be confirmed)**

--------------------------------------
10.30am to 11.30am  ECRA AGM and formal business
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Conference Begins

12.00 noon to - 1.00pm  Keynote Speakers - Co-operatives, capitalism and climate change
Comments and questions  from the floor.

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1.00 - 2.00  Lunch
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2.00 - 3.00  Technology and open source co-operations
Comments and questions  from the floor.

3.00 - 4.00  Workshops
Co-ops and climate change
Co-operation and open source
International mutuals - the way forward?

4.00 - 4.30  Tea

4.30 - 5.30  Closing speakers and open debate
Comments and questions  from the floor.

**5.30 - 7.00  Drinks reception**

**Tackling Tax Havens – From the Cayman Islands to Your Local Council**

From 12.00 noon the day is open to all - including non-members.

**Ethical Consumer Research Association Ltd**  
**Profit and loss accounts**  
<table>
<thead>
<tr>
<th></th>
<th>For year to 31 March 2012 £</th>
<th>For year to 31 March 2013 £</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TURNOVER</strong></td>
<td>231,571</td>
<td>368,842</td>
</tr>
<tr>
<td><strong>COST OF SALES</strong></td>
<td>(46,785)</td>
<td>(47,128)</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>184,786</td>
<td>321,714</td>
</tr>
<tr>
<td><strong>DISTRIBUTION COSTS</strong></td>
<td>(10,727)</td>
<td>(10,499)</td>
</tr>
<tr>
<td><strong>ADMINISTRATIVE EXPENSES</strong></td>
<td>(178,815)</td>
<td>(291,529)</td>
</tr>
<tr>
<td><strong>OTHER OPERATING INCOME</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT/LOSS</strong></td>
<td>(4,756)</td>
<td>19,686</td>
</tr>
<tr>
<td><strong>INTEREST RECEIVABLE</strong></td>
<td>72</td>
<td>909</td>
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<tr>
<td><strong>INTEREST PAYABLE</strong></td>
<td>(12,316)</td>
<td>(16,878)</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>(17,072)</td>
<td>3,717</td>
</tr>
</tbody>
</table>

**Ethical Consumer Research Association Ltd**  
**Balance Sheet**  
<table>
<thead>
<tr>
<th></th>
<th>as at March 31 2012 £</th>
<th>as at March 31 2013 £</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>43,748</td>
<td>43,207</td>
</tr>
<tr>
<td>Investments</td>
<td>10,080</td>
<td>10,080</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>53,828</td>
<td>53,287</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>908</td>
<td>474</td>
</tr>
<tr>
<td>Debtors</td>
<td>33,009</td>
<td>21,634</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>137,111</td>
<td>214,337</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>171,028</td>
<td>236,445</td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due in less than one year</strong></td>
<td>(137,763)</td>
<td>(112,448)</td>
</tr>
<tr>
<td><strong>Net current assets/(liabilities)</strong></td>
<td>33,265</td>
<td>123,997</td>
</tr>
<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td>87,093</td>
<td>177,284</td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due in more than one year</strong></td>
<td>(43,902)</td>
<td>(9,224)</td>
</tr>
<tr>
<td><strong>Net assets/(liabilities)</strong></td>
<td>44,001</td>
<td>168,060</td>
</tr>
<tr>
<td><strong>Share Capital</strong></td>
<td>241,937</td>
<td>356,929</td>
</tr>
<tr>
<td><strong>Accumulated Reserves</strong></td>
<td>(192,655)</td>
<td>(188,869)</td>
</tr>
</tbody>
</table>
13. **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 or loanstock accounts. Because of this, we are no longer recording tax deductions and sending out tax deduction certificates as we have in the past.

We are however required to send Revenue and Customs a list of all the names and addresses of members/loanstock holders who have earned interest of at least £15 on their holdings in the preceding period.

14. **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 (from August 1st) 3.25%.

- If you are an shareholder and you would like to reclaim some or all of your investment, please fill in Form B below.

- If you are 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 Services 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 □

Title: Mr Mrs Miss Ms Other (please delete)

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 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

Please complete and return to Ethical Consumer Research Association Ltd, Unit 21, 41 Old Birley Street, Manchester M15 5RF.

Full name of applicant ……………………………………………………………

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 £ ..........................................

I have made a bank transfer to 089000 70923146 on..........................................using my name as a reference of £ ..........................................

Signed...................................................................................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.

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Form D: Board of Directors Nomination Form

Please choose one:

☐ I would like to stand for election to the Board of Directors of Ethical Consumer, OR
☐ I would like to nominate the following member as a candidate for election to the Board of Directors of Ethical Consumer

Name…………………………………………………………………………………
Address………………………………………………………………………………
.............................................................................................................
.............................................................................................................
Signature ........................................Date............................................

Your name and address (if nominating another):

Name…………………………………………………………………………………
Address………………………………………………………………………………
.............................................................................................................
Email Address…………………………………………………………………………

Short CV or statement in support of this candidate:
.............................................................................................................
.............................................................................................................
.............................................................................................................

Please return this form to us by August 24th if you would like to be stand for election in the 2013 cycle. Alternatively you may email the information to The Secretary rob@ethicalconsumer.org