

ethical
consumer

Ethical Consumer
Research Association
Limited

Annual Review

July 2015



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1 Financial Performance

At section 2 opposite, we reproduce draft profit and loss accounts and balance sheets for ECRA for the year to April 2015.

Profit and Loss

Ethical Consumer is pleased to report on a third consecutive year of profitable trading – with a profit of £6,410 for the year to April 2015. Turnover grew by around 10% across most income streams – with a bigger growth under consultancy largely a result of the addition of an international conference to the annual Lush Prize project.

We received an exceptional payment of £38,669 from the Co-operative Bank in September 2014. Under its new owners, a historic liability review revealed that it had overcharged us by a few pence for each direct debit payment we had received since 1998. This added up to a substantial sum which appears under 'Interest receivable and similar income' on the profit and loss account.

Following this windfall we were able to make some discretionary payments to staff and on some other items which had been on hold for a number of years. In the absence of the extraordinary payment we anticipate the loss would have been in the region of £10,000.

In February 2015 we recruited two new part time researchers to help with the additional workload at ECRA.

Some of the other highlights of the year appear in Section 4 below.

Balance Sheet

During the year we attracted £54,162 of new share capital whilst repaying £68,179 to investors who requested repayment. Overall, share capital fell by around 2% to £359,029.

We made a capital investment of around £10,000 replacing our office computer network with Windows 7 PCs during the year.

Net assets remained relatively stable at £184,537.

2 Financial Years to March 31 2014 and March 31 2015

Profit and loss accounts

	Year to 31 March 2014	Year to 31 March 2015 (Draft)
Turnover	428,517	506,091
Cost Of Sales	(51,196)	(55,446)
Gross Profit	377,321	450,645
Distribution Costs	(13,147)	(10,448)
Administrative Expenses	(344,387)	(461,059)
Operating Profit/loss	19,787	(20,862)
Interest Receivable	1,748	40,145
Interest Payable	(13,568)	(12,873)
Tax On Profit On Ordinary Activities	0	0
Profit/loss For The Year	7,967	6,410

Balance sheet

	as at 31 March 2014	as at 31 March 2015 (Draft)
<i>Fixed assets</i>		
Tangible assets	42,824	38,807
Investments	10,080	10,080
Subtotal	52,904	48,887
<i>Current assets</i>		
Stock	563	522
Debtors	65,796	76,537
Cash at bank and in hand	199,414	216,022
Subtotal	265,773	293,081
Creditors (falling due less than 1 yr)	(133,171)	(157,431)
Net current assets	132,602	135,650
Total assets less current liabilities	185,506	184,537
Creditors (falling due more than 1 yr)	–	–
Net assets	185,506	184,537
Share capital	366,408	359,029
Accumulated reserves	(180,902)	(174,492)

3 Interest rate for shareholders and future spending

As mentioned in previous newsletters, it is the Board's goal to offer investors stability by holding rates steady over the medium term and to maintain share capital at roughly similar or higher levels. It is therefore Ethical Consumer's intention to maintain the current rate of 3.25% for the foreseeable future.

Our new five year plan (see section 6 below) seeks ambitious growth on the publishing side of the business. To this end we are investing members' capital this year on marketing subscriptions – largely by recruiting a new website editorial staff member – to help build new content for our fastest-growing source of new subscribers. In 2016/17 we are planning to spend more capital on a substantial rebuild of our online consumer offerings with particular attention to mobile and tablet users. More details will follow in next year's Review.

4 Highlights of the Year

25 years of Ethical Consumer

In September 2014 we celebrated our 25th anniversary with a special issue of the magazine and our largest conference yet. Called "Consumer Campaigning: Past, Present and Future" we heard from 38 Degrees, Fairphone, WDM, Abundance, Fairtrade Foundation and many more.

Recordings of most of the speeches are available on our website at: ethicalconsumer.org/conference2014



Fair Tax Mark

This new mutual society, operating in part from the Ethical Consumer offices in Manchester, saw much demand for its accreditation in 2014. It was surprisingly popular amongst larger companies such as SSE and Go-Ahead.

It continues to receive strong support from the co-operative sector and is meeting its commercial targets.



Ethical Consumer Product Guides

We have seen growth across the board from subscriptions sales to website visitors. Roughly 100,000 people a month are now accessing our guides online. Our press team regularly gets our Guides discussed in the national media. This means that company executives, and occasionally their legal advisors, have been particularly keen to engage with us around their ratings this year.

First Lush Prize Conference

In the third year of the Lush Prize – which rewards excellence in projects promoting animal-free safety testing – we held our first day long conference. Looking at the idea that new technologies are beginning to disrupt the notion that animal research gives us any useful data on humans – the conference attracted top speakers from around the world.



Talking Ethical Consumption in Japan

In March 2015, Rob Harrison from Ethical Consumer travelled to Japan to compare European and Japanese ethical consumer experiences. At a seminar of academics, businesses and campaigners the participants exchanged ideas about how less ethical consumer activity in Japan generally might be explained.

5 Campaign Highlights

Save Our Bank

Following some close attention from the Save Our Bank team, the Co-op Bank finally unveiled its re-vamped ethical policy in January 2015. It was generally well received – and advanced rather than retreated on its ethical commitments. Later in 2015, we plan to float off this very successful campaign into an independent co-operative called the Union of Co-operative Bank Customers. A single company consumer campaign of this nature may be the first in the world of its kind.



Special report on honey with Friends of the Earth

In November 2014 we teamed up Friends of the Earth's Bee Cause campaign to bring readers a guide to the most ethical honey. The guide looked at many of the issues surrounding honey production such as the intensive farming of bees and the introduction of GM.



Amazon Anonymous

We've been delighted to work with the new campaign group Amazon Anonymous over the last year. We participated in a number of online actions with them before providing all the data for their new 'Amazon free' web pages.



Save the Hen Harrier

In 2013 the Hen Harrier, a bird of prey once common in England, failed to raise a single chick. Our 2014 report confirmed that illegal persecution by grouse gamekeepers was a key element, but painted a more complex picture.

The report called “Turn your back on grouse” led M&S to stop the sale of grouse in its stores.



6 Our Five Year Plan 2015 – 2019

We introduced key elements from our five year plan in our 2014 Annual Review. Below are some projected figures and some key highlights from its current iteration. Comments from investors, as key stakeholders, are always welcome.

Three Core Commitments:

- An independent, financially sustainable, well managed, co-operative.
- High quality, good value ethical consumer products.
- Happy and valued staff.

Financial Goals

Our two main goals are to reach 10,000 subscribers by 2019 and to eliminate our £185,000 balance-sheet deficit by the same date.

Members and community

We will continue to increase the size of our stakeholder groups – from web users to investor members. Using formal democratic structures, informal consultations and new technology we will seek more input into a wide variety of decisions.

Campaigning

Campaigning has proven to be an important way for ECRA to drive social change and to build its community of supporters. As well as taking new opportunities to campaign, we plan to continue working on Tax (including Amazon), Banks, Palm Oil, Palestine and Animal Welfare and Wildlife.

Publishing

We are planning a ‘refresh’ of the print magazine in 2015 and a substantial rebuild of online content for web and mobile devices in 2016/17. Core to our planned subscriptions growth is the recruitment of a new Website Editorial Assistant in July this year.

Consultancy

Key goals are to grow revenue by 10% per year and to seek a broad range of clients to reduce risk. We also plan to formalise and further develop our Research Associate program.

Grant Fundraising

Building on our experience of the last few years we will continue to seek funds not for core costs but for Campaigns and Strategic Projects. We will also trial a Legacies Project later this year.

Staff

We will continue to pursue our long term goal of trying to reach market-rate staff payment across the board at ECRA. Our successful experiments into remote working will be further developed over this period.

Strategic Projects

We have a long term goal of opening up our core research database to external users around the world. We believe that we can improve the quality of our monitoring and output if we gradually and carefully open up data entry and retrieval to more people.

Business Hub

We plan to develop a Hub for ethical businesses - bringing together a wide range of products and services to help businesses make ethical decisions, to share ideas, and to promote their ethical products.

Forward income and expenditure projections 2015/19

	2014/15	2015/16	2016/17	2017/18	2018/19
Income					
Consultancy	320,000	344,500	369,650	395,515	422,167
Publishing	170,000	199,780	235,339	277,891	330,205
Grants/Other	52,000	52,000	53,260	53,986	54,785
TOTAL	542,000	596,280	658,249	727,392	807,157
Expenditure					
Consultancy	176,000	184,470	193,797	203,197	212,896
Publishing	88,300	130,830	144,813	160,044	176,649
Grants/Other	20,000	20,000	22,902	23,214	23,557
Office/Research	85,186	89,958	94,456	99,178	104,137
Staff	135,756	150,689	167,265	185,664	206,087
TOTAL	505,242	575,947	623,233	671,297	723,326
Net Income	36,758	20,333	35,016	56,095	83,831
Net Interest Due	-10,620	-10,000	-10,900	-11,795	-12,685
Profit	26,138	10,333	24,116	44,300	71,146

7 Board of Directors

We were excited to hold our first contested election for the two investor member director posts in September last year. Three people stood for the two posts and voting took place by email. They were:

- Ruth Rosselson – a investor member director since 2010
- Tony Weeks – an ethical investment specialist and recent shareholder
- Dan Welch – an investor member director since 2012

Ruth and Dan were re-elected, but it was close – only one vote separated them. At the AGM, members asked that we look at a more formal procedure (perhaps using the Electoral Reform Society) in the event of a contest next year.

Katy Brown left Ethical Consumer in September having been a worker director since the Board's inception in 2009. We wish Katy well and thank her for all her hard work over the years. She was replaced as a worker director by Heather Webb who joined Ethical Consumer in 2009 and is now a senior researcher.

The Directors at 31st March 2015 were:

5 worker directors (elected by the staff)

- Rob Harrison
- Jane Turner
- Tim Hunt
- Leonie Nimmo
- Heather Webb

2 non-executive directors (appointed by the board)

- Shaun Fensom
- Luke Upchurch

2 investor member directors (elected by the members)

- Ruth Rosselson
- Dan Welch

8 Standing and Participating in Elections

Any of our investor members who have held shares for twelve months may stand for election to the 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 our rules which are available to download on the Ethical Consumer website atethicalconsumer.org/aboutus/membersarea/uniquestructure

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 14 below. The closing date for receiving nominations is August 21st 2015.

9 AGM and Conference 2015

Amnesty International, London – Friday September 25th

Following our AGM we plan to hold a conference to share ideas on how to build the ethical market from a supply-side point of view. Growing ethical markets after all needs ethical producers and retailers as well as ethical consumers. What are the key ingredients we need to foster a vibrant ethical business sector?

Conference attendance is free for investors who can attend the AGM. Please RSVP to enquiries@ethicalconsumer.org with 2015 AGM in the subject line.

Engaging with Ethical Consumers conference – provisional schedule

(speakers to be confirmed)

10.30am – 11.30am ECRA AGM and formal business

12:00 – 5.30pm Conference

12:00 – 1:00 The state of the ethical market

- Understanding price and ethical products – Rob Harrison, founder of Ethical Consumer.
- The annual Ethical Markets report and five learnings about the ethical market – Heather Webb, researcher at Ethical Consumer.
- Future trends in the ethical market – Dr Dan Welch, Research Associate at the Sustainable Consumption Institute, and Director of Ethical Consumer.

1.00 – 1.45 Vegan and Veggie buffet lunch

1:45 – 2:00 Keynote

What it means to be a campaigning business – speaker tbc

2:00 – 3:00 Workshops

- The 10 key things every ethical start-up should know.
- The value of independent ethical accreditation?
- The structure of an ethical company or social enterprise?
- How ethical is your supply chain?
- Reaching, identifying and selling to ethical consumers online.

3:00 – 3:15 Break

3.15 – 4:15 Ethics at scale

- Taking an ethical business into the mainstream – Charlotte Borger, Director of Communications, Divine Chocolate.
- Growing your business without compromising ethics – speaker tbc
- Ethics on the high street – speaker tbc

4:15 – 4:30 Closing remarks

4:30 – 5:30 Drinks reception

10 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.

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.

11 Forms for increasing or reducing your investment or making a new investment

If you are already a member and would like to invest further money in ECRA, please fill in Form A on page 11. Shares attract interest at 3.25%.

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

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 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

Title: Mr Mrs Miss Ms Other (please delete)

Name(s)

Address

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.....

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 Form

Full Name(s).....

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

£.....

OR

I have made a bank transfer to 089000 70923146 on (date)
using my name as a reference for (amount):

£.....

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.

Our rules are available to download on the Ethical Consumer website at
ethicalconsumer.org/aboutus/membersarea/uniquestructure

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(s)

Address

.....

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Signature **Date**

Your name and address (if nominating another):

Name(s)

Address

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Email

Short CV or statement in support of this candidate:

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Please return this form to us by August 21st if you would like to be stand for election in the 2015 cycle. Alternatively you may email the information to The Secretary: rob@ethicalconsumer.org



Ethical Consumer Research Association Limited
Unit 21, 41 Old Birley St, Manchester M15 5RF
0161 226 2929
enquiries@ethicalconsumer.org