



**ETHICAL CONSUMER RESEARCH ASSOCIATION LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

Ethical Consumer Research Association Limited
Directors' Report and Financial Statements
For The Year Ended 31 March 2023

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**Ethical Consumer Research Association Limited
Society Information
For The Year Ended 31 March 2023**

Directors

Rob Harrison
Shaun Fensom
Tim Hunt
Dan Welch
Anna Clayton
Jasmine Owens
Francesca de la Torre
Billy Saundry

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 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Review of the Business

Financial Performance

In 2022 we came to the conclusion that we were in a 'mega-trend' of rising interest in ethical consumption. We felt that it made sense for ECRA to make investments to grow and develop to meet both this rising demand and rising competition, even if it meant a couple of years of planned deficits. We therefore created a 2022-2027 'five-year financial plan' to show how this would work which we shared with investors in our Annual Review of July 2022.

The investments mainly took the form of recruiting three new researchers and additional marketing and consultancy staff.

In the financial year to March 31st, 2023 (the first year of this new plan) we made a loss of £29,467. This was slightly better than predicted in the plan, which had estimated the likely loss in that year to be £36,739.

In these accounts, it shows that the co-operative made a loss of £11,191 during this period. If we subtract from this figure the £18,276 of interest paid on members' shares that can be found on page 8, we get to a revised loss figure of £29,467 which is more consistent with our long-standing reporting history.

We were pleased with this result, but noted a downward trend in publishing income which has led us to reformulate our five-year plan somewhat. The key events included a series of changes to Google's search algorithm, rising competition for search terms, and the rising costs and falling sales that many businesses are experiencing in the current economic downturn.

We have agreed some new innovations and focus areas for our resources which are less reliant on google. These include:

- (a) Extending the availability of our 'Best Buy' label to products which are not formally reviewed as part of a buyers' guide.
- (b) Improvements to our Corporate Research Database which is designed to meet the demand of charities who want to screen their corporate partners and supply chains.
- (c) Growing our band of 'institutional subscribers' to the magazine which include universities, charities, and companies.

More information about the revised plan appears in the Annual Review which we publish on our website. See: www.ethicalconsumer.org/about-us/members-area

We continue to hold £396,073 of net assets and substantial cash at bank to help us make these kinds of planned deficits without any short-term risks to the business. During the year investor share capital grew slightly to £568,538 with new investors members joining the co-operative.

This year, and as part of this plan, we have also taken important steps towards reshaping our ethical rating system. For some time, a dedicated team of researchers have been exploring how we can improve on our old rating system, and in issue 203 of our print magazine we published a guide to furniture, asking readers for feedback. At the time of writing, the response has been overwhelmingly positive.

Directors

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

Rob Harrison

Shaun Fensom

Tim Hunt

Dan Welch

Anna Clayton

Fiona Nicholls Resigned 29/09/2022

Elizabeth Chater Resigned 29/09/2022

Ethical Consumer Research Association Limited
Directors' Report (continued)
For The Year Ended 31 March 2023

Alex Crumbie	Resigned	29/09/2022		
Ruth Strange	Resigned	29/09/2022		
Jasmine Owens	Appointed	29/09/2022		
Francesca de la Torre	Appointed	29/09/2022		
Mackenzie Denyer	Appointed	29/09/2022	Resigned	21/02/2023
Billy Saundry	Appointed	21/02/2023		

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.

Ethical Consumer Research Association Limited
Directors' Report (continued)
For The Year Ended 31 March 2023

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

Rob Harrison
Society Secretary
Date

Ethical Consumer Research Association Limited
Accountant's Report
For The Year Ended 31 March 2023

Independent reporting accountant's report to the Directors on the unaudited accounts of Ethical Consumer Research Association Limited

We report on the accounts for the year ended 31 March 2023 set out on pages to 6 to 13.

Respective responsibilities of the committee of management and the independent reporting accountant

The society's committee of management is responsible for the preparation of the accounts, and they consider that the society is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our procedures consisted of comparing the accounts with the books of account kept by the society and making such limited enquiries of the officers of the society as we considered necessary for the purpose of this report. These procedures provide the only assurance expressed in our opinion.

Opinion

In our opinion:

- the revenue account and balance sheet for year ended year are in agreement with the books of account kept by the society under section 75 of the Co-operative and Community Benefit Societies Act 2014;
- having regard only to, and on the basis of the information contained in the books of account, the revenue account and balance sheet for the year ended year comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- the society met the financial criteria enabling it to disapply the requirement to have an audit of the accounts for the year specified in section 84 of the Co-operative and Community Benefit Societies Act 2014.

Signed

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 2023

	Notes	2023 £	2022 £
TURNOVER		901,869	886,281
Cost of sales		(330,869)	(315,943)
GROSS PROFIT		571,000	570,338
Administrative expenses		(585,278)	(543,992)
Other operating income		-	106
OPERATING (LOSS)/PROFIT		(14,278)	26,452
Other interest receivable and similar income		3,087	2,148
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(11,191)	28,600

The notes on pages 9 to 13 form part of these financial statements.

Ethical Consumer Research Association Limited
Balance Sheet
As At 31 March 2023

	Notes	2023		2022	
		£	£	£	£
FIXED ASSETS					
Intangible Assets	5		89,520		108,053
Tangible Assets	6		5,661		7,847
Investments	7		31,362		30,922
			126,543		146,822
CURRENT ASSETS					
Stocks	8	500		500	
Debtors	9	114,248		56,324	
Cash at bank and in hand		596,474		474,369	
			711,222		531,193
Creditors: Amounts Falling Due Within One Year	10		(441,692)		(290,073)
NET CURRENT ASSETS (LIABILITIES)			269,530		241,120
TOTAL ASSETS LESS CURRENT LIABILITIES			396,073		387,942
NET ASSETS			396,073		387,942
CAPITAL AND RESERVES					
Called up share capital	11		568,538		530,940
Revenue Account			(172,465)		(142,998)
SHAREHOLDERS' FUNDS			396,073		387,942

The notes on pages 9 to 13 form part of these financial statements.

For the year ending 31 March 2023 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 board on _____ and signed on their behalf by:

(Tim Hunt, Director)

(Billy Saundry, Director)

(Rob Harrison, Secretary)

Ethical Consumer Research Association Limited
Statement of Changes in Equity
For The Year Ended 31 March 2023

	Share Capital	Revenue Account	Total
	£	£	£
As at 1 April 2021	536,117	(154,460)	381,657
Profit for the year and total comprehensive income	-	28,600	28,600
Interest paid on members' shares	-	(17,138)	(17,138)
New shares issued to members	70,485	-	70,485
Members' shares redeemed	(75,662)	-	(75,662)
As at 31 March 2022 and 1 April 2022	<u>530,940</u>	<u>(142,998)</u>	<u>387,942</u>
Loss for the year and total comprehensive income	-	(11,191)	(11,191)
Interest paid on members' shares	-	(18,276)	(18,276)
New shares issued to members	49,519	-	49,519
Members' shares redeemed	(11,924)	-	(11,924)
As at 31 March 2023	<u>568,538</u>	<u>(172,465)</u>	<u>396,073</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 2023

1. General Information

Ethical Consumer Research Association Limited is a 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.

2. Accounting Policies

2.1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 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.

2.2. 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.

2.3. 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.

2.4. 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	25% per annum straight line
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2.5. 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.

2.6. Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Ethical Consumer Research Association Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2023

3. Average Number of Employees

Average number of employees, including directors, during the year was: 23 (2022: 20)

4. Tax on Profit

	2023	2022
	£	£
Current tax		
UK Corporation Tax	-	-
	<u> </u>	<u> </u>
	2023	2022
	£	£
Profit before tax	(11,191)	28,600
	<u> </u>	<u> </u>
Tax on profit at 19% (UK standard rate)	(2,126)	5,434
Goodwill/depreciation not allowed for tax	5,685	5,610
Capital allowances	(2,306)	(4,796)
Prior period adjustment	(3,472)	(3,256)
Tax losses for which no deferred tax was recognised	2,219	(2,992)
	<u> </u>	<u> </u>
Total tax charge for the period	-	-
	<u> </u>	<u> </u>

The society had trading losses brought forward of £13,125 due to historic losses pre 01/04/2017, and £109,019 losses brought forward for the period post 01/04/17. The society made a tax loss in the year of £14,378, after deducting the share interest paid and the capital allowances. Pre 01/04/17 trading losses carried forward at 31 March 2023 were £13,125, and post 01/04/17 trading losses £120,702.

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 2023

5. Intangible Assets

	Database software £	Website development £	Total £
Cost			
As at 1 April 2022	39,811	247,262	287,073
Additions	9,200	-	9,200
As at 31 March 2023	<u>49,011</u>	<u>247,262</u>	<u>296,273</u>
Amortisation			
As at 1 April 2022	23,101	155,919	179,020
Provided during the period	4,233	-	4,233
Impairment losses	-	23,500	23,500
As at 31 March 2023	<u>27,334</u>	<u>179,419</u>	<u>206,753</u>
Net Book Value			
As at 31 March 2023	<u>21,677</u>	<u>67,843</u>	<u>89,520</u>
As at 1 April 2022	<u>16,710</u>	<u>91,343</u>	<u>108,053</u>

6. Tangible Assets

	Computer Equipment £
Cost	
As at 1 April 2022	38,700
As at 31 March 2023	<u>38,700</u>
Depreciation	
As at 1 April 2022	30,853
Provided during the period	2,186
As at 31 March 2023	<u>33,039</u>
Net Book Value	
As at 31 March 2023	<u>5,661</u>
As at 1 April 2022	<u>7,847</u>

Ethical Consumer Research Association Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2023

7. Investments

	Unlisted £
Cost	
As at 1 April 2022	30,922
Additions	440
As at 31 March 2023	31,362
Provision	
As at 1 April 2022	-
As at 31 March 2023	-
Net Book Value	
As at 31 March 2023	31,362
As at 1 April 2022	30,922

8. Stocks

	2023 £	2022 £
Finished goods	500	500
	500	500

9. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	72,690	34,433
Prepayments and accrued income	41,558	21,891
	114,248	56,324

Ethical Consumer Research Association Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2023

10. Creditors: Amounts Falling Due Within One Year

	2023	2022
	£	£
Trade creditors	15,379	11,410
Other taxes and social security	4,274	3,840
VAT	34,301	18,137
Other creditors	144,000	4,661
Accruals and deferred income	237,430	239,748
Other grants	6,308	12,277
	<u>441,692</u>	<u>290,073</u>

11. Share Capital

	2023	2022
	£	£
Members' shares	<u>568,538</u>	<u>530,940</u>

Member shares have a nominal value of £1 and are non-transferable shares which are withdrawable at the discretion of the board. The shares confer membership of the society, and entitle the member holding shares to a vote at the Annual General Meeting, on the basis of one member, one vote. Interest may be paid on the shares at the discretion of the board. In the event of the society being wound up, shareholders are only entitled to repayment of their shares (assuming sufficient funds are available) and not to any distribution of the residual assets.