

EIRIS FOUNDATION
(A Company Limited by Guarantee)

REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31st MARCH 2021

Registered Charity Commission Reference Number: 1020068

Registered Company Number: 02460330

REPORT AND ACCOUNTS
31st March 2021

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EIRIS FOUNDATION
(A Company Limited by Guarantee)

LEGAL AND ADMINISTRATIVE INFORMATION

REGISTERED COMPANY NUMBER:	02460330
CHARITY REGISTRATION NUMBER:	1020068
COUNCIL OF MANAGEMENT:	David Bent-Hazelwood (Chair) Aaron Hay Richard Howitt Clare Hierons Camilla Parke Nina Roth Maryann Umoren Selfe Frances Way
CHIEF EXECUTIVE OFFICER:	Peter Webster
COMPANY SECRETARY:	Lisa Stonestreet
REGISTERED AND PRINCIPAL OFFICE:	The Foundry 17-19 Oval Way London SE11 5RR
AUDITORS:	Cocke, Vellacott & Hill Chartered Accountants Unit 28 City Business Centre Lower Road LONDON SE16 2XB
BANKERS:	Unity Trust Bank 9 Brindley Place 4 Oozells Square BIRMINGHAM B1 2HB
SOLICITORS:	Bates, Wells & Braithwaite 10 Queen St Place LONDON EC4R 1BE

REPORT OF THE COUNCIL OF MANAGEMENT
For the year ended 31 March 2021

The Council of Management presents its annual report together with the consolidated financial statement of the charitable company and its subsidiaries for the year ended 31st March 2021. The accounts comply with the Charities Act 2011, the Companies Act 2006, the requirements of the charity's governing document and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019). This report combines the Trustees' annual report for the purposes of the Charities Act 2011 and the directors' report for the purposes of the Companies Act 2006.

The EIRIS Foundation is a company limited by guarantee without share capital. Each member's liability is limited to £1. The company is a registered charity, and its affairs are governed by its memorandum and articles of association.

OBJECTIVES AND ACTIVITIES

Objects and mission

The EIRIS Foundation's objects are to undertake and publish research into the social and ethical aspects of businesses in the UK and overseas and how those may be relevant to investment policies and to assist other charities by providing information and advice to help them choose investments which do not conflict with their aims or otherwise hamper their work.

Following a review of our goals and mission we have concluded that the best way to describe our current work and the role we want to play in future is that the EIRIS Foundation is a research, advice and advocacy charity that pioneers the next steps for sustainable finance. Our vision is a financial system that works for people and planet.

We have over 30 years' experience of providing free and objective information on sustainable finance and corporate activity to other charities and the public.

Our strengths. The EIRIS Foundation is a founder of the ethical and responsible investment movement. From our historic involvement in the creation of the first retail ethical fund in the UK to our founding and ongoing role with the Corporate Human Right's Benchmark (CHRB), our work illustrates our core strengths:

- **A pioneering spirit.** We consistently bridge the gaps in what is needed, including on difficult, under-served topics.
- **Independence.** As a charity, we can avoid conflicts of interest.
- **Catalysing coalitions.** That independence, plus a wide network of long-standing connections, mean we can bring together broad collaborations when required.
- **Supporting innovations.** We can both deploy innovations ourselves and recognize and support great innovations from others.
- **Quality of methods and outputs.** Our research findings are known for their independence and high standards.

How we generate impact. We look for activities which use our strengths to have one or more of these effects:

- **Moving the money** to more sustainable options and to finance sustainable solutions.
- **Embedding values in the investment chain**, from the saver/pension scheme member all the way to the portfolio manager.
- **Amplifying the sustainable investor voice** on company plans; leadership; and business culture.

We have the skills and experience to find solutions that bridge the gaps in today's finance system. We aim to have impact in several connected domains. Within each we build coalitions, and both generate and support innovations. The impact in each is money moved, values embedded in investment decisions, and more pressure from sustainable voices. The cumulative effect moves us towards a finance system that works for people and planet.

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

OBJECTIVES AND ACTIVITIES (continued)

Summary of policies adopted

To further these objects, the EIRIS Foundation has adopted the following policies mindful of the Charity Commission's guidance on public benefit including the guidance 'public benefit: running a charity (PB2):

- (a) We will maintain high standards of independence and rigorous analysis and focus on the public interest in our research and other work.
- (b) We acknowledge that different people and institutions will have different objectives and approaches to responsible investment and corporate responsibility. So while shared approaches can be of value in achieving impact, innovation and achieving the diverse goals of diverse investors and companies will require transparent diversity in approaches and research together with tailored advice and support.
- (c) Our approach will generally be to consult with those who may be the subject of our research (or a sample of them) and to provide companies, investors or others referred to in any publication the opportunity to provide input in advance of publication.
- (d) We will co-operate with and support other bodies with which we share objectives both in the UK and overseas in order to increase our impact.
- (e) We are not qualified or authorised to give financial advice. From time to time we will comment on or research the more general aspects of the relationship between financial performance, business success and responsible investment or corporate responsibility but we always emphasise that this should not be taken as financial advice.
- (f) We will take appropriate advice on libel and other legal obligations and have appropriate sign off and review arrangements with one or more Council Members in the case of particularly controversial statements or publications.
- (g) Initially we envisage carrying out our work through our own staff, but we may also fund others (or share funding) to undertake work in cases where a charitable objective can be achieved more effectively in that way.
- (h) We will take appropriate financial advice on the investment of our reserves.

Grant making policy

The Council of Management will review our former grant making policy in the light of our new strategy to cover any cases where we decide to fund third parties to carry out our work or to share funding for research. All such uses of funds will be in accordance with the objectives of the charitable company.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The EIRIS Foundation is a company limited by guarantee without share capital. Each member's liability is limited to £1. The company is a registered charity, and its affairs are governed by its memorandum and articles of association.

The governing body of the EIRIS Foundation is the Council of Management, which now meets four times a year. It receives reports from the CEO.

The Council of Management and the chief executive are the key management personnel of the charity in charge of directing and controlling the charity and the running and operation of the charity on a day to day basis.

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Council Members who fulfil the roles of trustees of the charity and directors of the company were as followed during the reporting period:

David Bent-Hazelwood (Chair)	
Roger Cowe	
Alastair Hanton	(retired 24 April 2020)
Aaron Hay	(appointed 11 December 2020)
Clare Hierons	
Richard Howitt	(appointed 11 December 2020)
Mauricio Lazala	
John O'Reilly	(retired 11 December 2020)
Nina Roth	(appointed 11 December 2020)
Camilla Parke	
Maryann Umoren Selfe	(appointed 11 December 2020)
Richard Singleton	(retired 24 April 2020)
Frances Way	

We are very grateful for the time and commitment to our work of the three Council Members who retired during the reporting period. Sadly, we must also report that one of them, Alastair Hanton, died in May 2021. The many public obituaries attest to his wide-ranging contribution to society as a banker by trade and then a social entrepreneur and transport campaigner in 'retirement'. We were very fortunate that he saw the value of EIRIS' work on responsible or sustainable investment as deserving so much of his time and energy amongst so many other great causes. Alastair was centrally involved in the governance of the EIRIS Foundation and our former research subsidiary since the 1990s including a number of years when he was chair of the Council of Management. His wise guidance and support combined with an unceasing ambition to see the potential impact of responsible investment fulfilled has been a source of continuous inspiration over decades. Alastair saw a particular value in the actions of individual investors and savers, and we shall miss him as we continue to develop all he has helped to create.

Richard Singleton also brought us a long-standing commitment to responsible investment through his early involvement in the management of the Friends Provident Stewardship Funds and then the development of new forms of governance and other ESG engagement. He joined the Foundation's Council of Management on the merger of the research subsidiary with Vigeo to form Vigeo Eiris having previously brought his financial and ESG experience to the subsidiary's board. John O'Reilly chaired the Foundation's Council of Management during the deliberations that led to the creation of Vigeo Eiris and, as well as insightful questioning and a keen desire for practical action, John brought a steady commitment to the cause of business and human rights which sustained our decision to help create the Corporate Human Rights Benchmark in 2015 and our continuing commitment to maximising the impact of that initiative and the World Benchmarking Alliance, of which it is now a part.

We have also been delighted to welcome Aaron Hay, Richard Howitt, Nina Roth, Maryann Umoren Selfe and, since the reporting period, Rebecca Kong as new Council Members. Between them they bring considerable experience of responsible investment and sustainable finance together with a range of valuable perspectives to help guide the next stage of our work.

At the end of 2021, Roger Cowe and Mauricio Lazala also retired from the Council. Both had been directors of the Foundation's research subsidiary before the merger that created Vigeo Eiris in 2015. Roger had chaired the staffing committee of EIRIS and devoted a lot of care and attention to that role and more recently to setting up the staffing arrangements for the EIRIS Foundation as the new team took shape. Roger also brought a long-standing interest in responsible investment as a journalist and in corporate responsibility as a consultant to our Council discussions, and Mauricio brought his knowledge and experience of business and human rights to our work on the Corporate Human Rights Benchmark and our work on Conflict Risk particularly, which have become key parts of our new strategy.

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

New Council Members are appointed by the existing Council of Management from time to time and our Council Review committee deals with trustee recruitment. During the reporting period, there were Council sub-committees and working groups dealing with Staffing, Council Review and Investment Policy and since the reporting period a new Fundraising Support Group has been formed. Ad hoc groups of Council Members are formed when needed by the full Council of Management to decide on particular issues or to approve particular grants or projects. There is also a process involving all Council Members for the approval of decisions between meetings.

Related parties

As explained in note 13, during the year negotiations have been concluded for the transfer of Ethical Investment Research Services (EIRIS) Limited's two US subsidiaries, EIRIS Conflict Risk Network and EIRIS USA, to the EIRIS Foundation as from 17 April 2020. See note 16 for more details.

Risk management

The Council of Management has reviewed the risks facing the charity and adopted a Risk Management Policy with a specific plan to manage the identified risks. The Risks Register will be reviewed formally at least once a year by the Council of Management and quarterly by the staff team. The main risks identified relate to managing the longer term transition to a portfolio of grant and fee funded work and maintaining and developing our reputation. Specific projects and each element of our strategy have their own delivery risks that are also tracked and managed.

Policies

More details of our strategies and approach can be found on the EIRIS Foundation website at www.eirisfoundation.org. Other key policies will be made available there in due course.

ACHIEVEMENTS, PERFORMANCE AND FUTURE PLANS

The Work of the Foundation

In 2020 the Foundation continued its work to increase and broaden the impact of responsible investment and business. This work focusses on the following areas:

Helping Charities adopt and shape responsible investment practices

Our work with charities involves both helping them to develop their own ethical, sustainable and socially responsible approaches to their investments and helping them to use their influence and expertise to help drive the change to a more sustainable and just financial system. We do this through education, research and the provision of resources. Our website www.charitysr.org provides information and resources on Responsible Investment – what it is, reasons for doing it and how to go about it. We have updated a number of resources for charities, including publishing a new report on Charity Pooled Funds in February 2021. We are going to shortly be launching an entirely updated website that has been brought in line with our current core website.

We responded to the Charity Commission's call for views on responsible investment in April 2020 and encouraged the Commission to update its guidance on this issue and align it to current thinking and best practise in this space.

We continued to engage with the charity investment sector and charities generally and carried out a more formal engagement exercise encouraging charities to share their experiences and advice needs with regards to responsible investment and ethical money more generally. This work has helped shape our future plans.

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

ACHIEVEMENTS, PERFORMANCE AND FUTURE PLANS (continued)

Helping individuals drive the change to a more sustainable economy

The Foundation's key project in 2020 for this area was our 'Green and Fair Recovery' data project. UKSIF, as part of their annual Good Money Week campaign, requested data that would help inform consumers about which retail financial products and providers were best supporting and facilitating a 'Green and Fair' recovery post-COVID. UKSIF indicated that they would like to use the data we compiled to identify leadership and initiative within this broad theme. Some of the specific topics/issues of interest were: Supporting the low-carbon transition; alternatives investing; treatment of employees (in light of the pandemic); diversity and equal opportunities; Funds/lending that supports Small and Medium Sized Enterprises (SMEs); and the Sustainable Development Goals. We have used the data and our findings from this project to engage with product providers and produce our own analysis of suggested areas for improvement. We continue to explore opportunities for this data to be used by other organisations.

We have continued to produce widely used retail green and ethical investment market statistics and supported the use of these and the information available on our website.

Widening the impact of corporate responsibility best practice

The EIRIS Foundation, as well as being one of the founding partners of CHRB, continues to co-ordinate the team of researchers who produce the assessments and our CEO Peter Webster, also co-chairs the Methodology Committee.

As the team responsible for the research and the quality of the results, we play an important role in the delivery of this widely used benchmark.

In 2020 CHRB assessed the human rights disclosures of 230 global companies across five sectors. The results of the benchmark were published in November 2020. Key findings raised issues around the automotive sector and its poor performance, concerns from investors that too many companies are not meeting expectations with regards to human rights due diligence and that although a growing number of companies are improving, a concerning number still lag behind.

Business in Conflict Areas and Human Rights Due Diligence

In April 2020 the EIRIS Conflict Risk Network, who are expert in exploring business and human rights issues in particular countries, moved to the EIRIS Foundation and now forms part of its team. EIRIS Conflict Risk Network (CRN) includes institutional investors, financial service providers and related stakeholders that are calling on corporate actors to fulfill their responsibility to respect human rights and to take steps that support peace and stability in areas affected by genocide and mass atrocities. Its goal is to increase such behaviour by corporate actors, and thereby reduce conflict risk. The Network's membership encompasses pension funds, some of the world's largest asset management firms, government entities, university endowments, foundations, financial service providers and socially responsible investment firms.

At the end of 2020 we submitted our response to the UN Working Group on Business and Human Rights' call for civil society input into the next ten years of the UN Guiding Principles and in March 2021 we responded to the EU Commission's consultation on sustainable corporate governance.

Increasing the positive influence of investor engagement

Our work has continued with regards to our project focussing on the concept of transformational engagement, in 2020 we identified that this project will have a particular focus on social issues i.e., the 'S' in 'ESG'. We hope to continue with our aim of defining and encouraging meaningful engagements while also bringing together key social justice organisations to ensure social issues are highlighted and effectively integrated into investment decisions.

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

ACHIEVEMENTS, PERFORMANCE AND FUTURE PLANS (continued)

Partnerships, networking and other public benefit

During the year the staff team has continued to actively engage with a wide range of stakeholders within all of our work areas and the sphere of responsible and sustainable finance and business generally. We have held, been present at and/or been actively involved in a wide range of events and meetings, both charity-specific, responsible investment-specific and otherwise. The Foundation has continued to work with others and provide input to a variety of projects and initiatives that support or advance our work.

All of the activities described above contribute to the charity's public benefit aims.

The ongoing operation of our various websites and the production and sharing of our various research projects continues to provide charities, individuals and other stakeholder organisations with information and resources to make their financial decisions more sustainable and to encourage the advancement of human rights, environmental improvement and a number of other specific areas of charitable advancement. Our core website, www.eirisfoundation.org, which includes latest news stories about our work and more general blog posts on a variety of topics continues to help others understand the work we do and point them in the direction of further useful information and resources (produced by both us and other organisations).

Future Plans

EIRIS Foundation has continued to produce high quality outputs and work behind the scenes in advancing the work we do to help responsible investors make a difference and increase the impact of responsible investment and business in achieving the transformation to a more sustainable economy. We look forward to expanding our staff team further in 2021 and exploring new sources of funding, particularly potential avenues of co-funding with like-minded organisations to enable us to scale up some of our projects.

FINANCIAL REVIEW

The charitable company and its subsidiaries had total income of £468,973 (2020 - £480,499) mostly from project work. Expenditure in the year totalled £582,029 (2020 - £560,820) resulting in net expenditure for the year before gains / (losses) on investments of £113,056 (2020 - net expenditure £80,321). The remainder of the investment in Vigeo at the beginning of the year was sold during the year at a profit of £10,725 (2020 – profit £6,613). The resultant net expenditure for the year was £102,331 (2020 - £74,814) which was taken to reserves brought forward. There were no restricted funds carried forward at the year-end (2020 – £15,000). The total funds carried forward at the year-end were £2,082,240 (2020 - £2,184,571). More details are given in the Statement of Financial Activities on page 13.

All the assets of the charity are held for the purposes described under principal activities, apart from the restricted funds which are held for the purposes described.

Reserves policy

The Council of Management has agreed to maintain half of the current reserve in the longer term, while planning to spend the other half over a 3-4 year period on the four strategic priorities and exploring ways to replenish those funds, including by attracting grants from third parties. This reserves policy will be reviewed annually as part of the budgeting process.

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

FINANCIAL REVIEW (continued)

Investment Policy

The Council has approved changes to our approach during the reporting period and subsequently. To implement our reserves policy, we have divided our assets into two roughly equal parts: for the money that we plan to spend down over 3 to 4 years the policy is to invest in a cash and similar portfolio in a range of deposit and similar instruments with institutions that have a clear policy in relation to ethical or socially responsible investment or who are mutual building societies including a number who demonstrate particular leadership in our field.

The other half of our present assets we are considering as our growth fund, and the Council approved a detailed responsible investment policy for this fund which is available on our website. Subsequent to the reporting period, we undertook a public request for proposals and appointed two fund managers. We undertook this exercise publicly to provide a case study for other charities looking at their investments and we plan to develop some of the learnings from this process further in future.

The investment on the balance sheet in Vigeo Eiris at the start of the reporting period was regarded by the Council of Management as a mixed motive investment. As well as continuing and strengthening the work previously carried out directly by the Foundation's research subsidiary, Vigeo Eiris has also provided access to its research to assist the Foundation's work, and office space and other facilities for the Foundation's staff. This investment was disposed of during the year with the completion of the sale of Vigeo Eiris to Moody's.

COUNCIL MEMBERS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Council Members (who are the directors of EIRIS Foundation for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for that period. In preparing those financial statements, the directors are required to: -

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

AUDIT ENQUIRIES

In accordance with company law, as the company's directors, we certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- As the directors of the company, we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

INDEPENDENT AUDITORS

The auditors, Messrs. Cocke, Vellacott & Hill have indicated their willingness to continue in office and will be proposed for re-appointment in accordance with the Companies Act.

Approved by the Council of Management on 31 January 2022 and signed on their behalf by:



DAVID BENT-HAZELWOOD
Chair of the Council of Management

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS AND COUNCIL OF MANAGEMENT OF EIRIS FOUNDATION

Opinion

We have audited the financial statements of Eiris Foundation (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of financial activities (including consolidated income and expenditure account), the consolidated balance sheet, the consolidated statement of cash flows and notes to the financial statements including a summary of significant accounting policies. The financial framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021, and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Council of Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Council of Management's report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Council of Management's report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS AND TRUSTEES OF EIRIS FOUNDATION (continued)

Other matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Council Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Council of Management was not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Council Members' responsibilities statement set out on page 8 the Council of Management (who are the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have obtained an understanding of the company's policies and procedures through discussions with senior management and the treasurer.

We also drew on our existing understanding of the work that the company does and the sector that it operates in..

We understand that the company complies with its responsibilities through close involvement of the CEO in the day to day running of the business and regular liaison between him and the directors. Were there any litigation or claims they would come to the attention of the CEO directly.

The company also holds regular board meetings at which all such matters are discussed. Finance papers are circulated to all directors and senior management in advance of these meetings along with a detailed report by the CEO. We have reviewed these reports, and minutes of all meetings, and no irregularities were identified.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the company's ability to conduct business and where failure to comply could result in material penalties.

We have considered the disclosure requirements of the Companies Act 2006 and the Charities SORP (FRS 102) (effective 1 January 2019) as part of our finalisation processes.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS AND TRUSTEES OF EIRIS FOUNDATION (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We discussed the possibility of fraud with senior management and whether they had any knowledge of any actual, alleged or suspected fraud. We designed our audit tests to consider controls and tested a sample of financial transactions. We considered the timing of recognition of income from members, and of grant income.

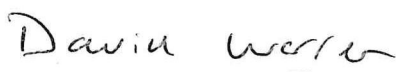
In common with all audits under ISA's (UK) we also performed specific procedures to respond to the risk of management override. We assessed the company's control environment is adequate for the size and operating model of such a company.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



DAVID WARREN BA FCA (Senior statutory auditor)
For and on behalf of COCKE, VELLACOTT & HILL - Statutory Auditor
Chartered Accountants
Unit 28 City Business Centre
Lower Road
LONDON SE16 2XB

31 January 2022

EIRIS FOUNDATION**(A Company Limited by Guarantee)****CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES** (Including Consolidated Income and Expenditure Account)

For the year ended 31st March 2021

	Notes	Unrestricted £	Restricted £	2021 £	2020 £
Income					
<i>Donations</i>	3 (a)	26,822	7,500	34,322	35,763
<i>Income from charitable activities</i>					
Contractual research work	3 (b)	426,631	-	426,631	432,919
<i>Investment income</i>					
Bank and building society interest receivable		8,020	-	8,020	11,817
<i>Other income</i>		-	-	-	-
Total income		<u>461,473</u>	<u>7,500</u>	<u>468,973</u>	<u>480,499</u>
Expenditure					
<i>Costs of raising funds</i>					
Costs of raising donations and grants	4	(7,412)	-	(7,412)	(15,109)
<i>Expenditure on charitable activities</i>					
Grants payable	5	-	(15,000)	(15,000)	(45,000)
Costs of activities - research, publications, information, provision of seminars	5	(552,117)	(7,500)	(559,617)	(500,711)
Total expenditure		<u>(559,529)</u>	<u>(22,500)</u>	<u>(582,029)</u>	<u>(560,820)</u>
Net income/ (expenditure) before gains and losses on investments		(98,056)	(15,000)	(113,056)	(80,321)
Net gains/ (losses) on investments					
Gain on sale of investments	12	10,725	-	10,725	6,613
Investment impairment reversal / (impairment)	12	-	-	-	(1,106)
Net income/ (expenditure) for the year	7	<u>(87,331)</u>	<u>(15,000)</u>	<u>(102,331)</u>	<u>(74,814)</u>
Net movements in funds and net income/ (expenditure) for the year		<u>(87,331)</u>	<u>(15,000)</u>	<u>(102,331)</u>	<u>(74,814)</u>
Reconciliation of Funds					
Total funds brought forward	18	<u>2,169,571</u>	<u>15,000</u>	<u>2,184,571</u>	<u>2,259,385</u>
Total funds carried forward	18	<u>2,082,240</u>	<u>-</u>	<u>2,082,240</u>	<u>2,184,571</u>

All the operations undertaken by the company during the current and preceding year are continuing operations.

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 16 to 27 form part of these accounts.

EIRIS FOUNDATION
(A Company Limited by Guarantee)

CONSOLIDATED BALANCE SHEET
As at 31st March 2021

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Intangible assets	10	23,707	-	-	-
Tangible assets	11	1,317	1,460	1,317	1,460
Investments	12	-	425,230	62,231	425,230
Total fixed assets		25,024	426,690	63,548	426,690
Current assets					
Debtors	14	39,763	168,325	28,816	168,325
Cash at bank and in hand		2,165,262	1,751,814	2,153,643	1,751,814
Total current assets		2,205,025	1,920,139	2,182,459	1,920,139
Liabilities					
Creditors: Amounts falling due within one year	15	(137,896)	(158,163)	(109,884)	(158,163)
Net current assets (liabilities)		2,067,129	1,761,976	2,072,575	1,761,976
Total assets less current liabilities		2,092,153	2,188,666	2,136,123	2,188,666
Provision for other liabilities	16	(9,913)	(4,095)	(9,913)	(4,095)
Net assets		2,082,240	2,184,571	2,126,210	2,184,571
The funds of the charity					
Restricted income funds	18	-	15,000	-	15,000
Unrestricted income funds	18	2,082,240	2,169,571	2,126,210	2,169,571
Total charity funds	18	2,082,240	2,184,571	2,126,210	2,184,571

The directors (trustees) have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and those prepared for circulation to members of the company.

The Financial Statements were approved by the Council of Management on 31 January 2022 and signed on their behalf by:



DAVID BENT-HAZELWOOD – Chair of the Council of Management

Registered Company Number: 02460330

The notes on pages 16 to 27 form part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2021

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash flows from operating activities					
Net income (expenditure) for the year		(102,331)	(74,814)	(58,361)	(74,814)
<i>Adjustments for:</i>					
Interest received		(8,020)	(11,817)	(8,020)	(11,817)
Amortisation of intangible assets	10	11,044	-	-	-
Depreciation of tangible assets	11	988	801	988	801
Impairment (reversal of) of fixed asset investment	12	-	1,106	-	1,106
Profit on disposal of fixed asset investments	12	(10,725)	(6,613)	(10,725)	(6,613)
Increase in provision for other liabilities	16	5,818	4,095	5,818	4,095
(Increase) decrease in debtors	14	128,562	(124,048)	139,509	(124,048)
(Decrease) increase in creditors	15	(20,267)	70,567	(48,279)	70,567
Net cash (outflow) inflow from operating activities		5,069	(140,723)	20,930	(140,723)
Cash flow from investing activities					
Purchases of intangible assets	10	(34,751)	-	-	-
Purchase of fixed asset equipment	11	(845)	(2,119)	(845)	(2,119)
Purchase of subsidiaries	13	-	-	(62,231)	-
Proceeds from disposal of fixed asset investment	12	435,955	432,948	435,955	432,948
Interest received		8,020	11,817	8,020	11,817
Net cash provided by investing activities		408,379	442,646	380,899	442,646
Net (decrease) increase in cash and cash equivalents		413,448	301,923	401,829	301,923
Cash and cash equivalents at the beginning of the period		1,751,814	1,449,891	1,751,814	1,449,891
Cash and cash equivalents at end of period		2,165,262	1,751,814	2,153,643	1,751,814

The notes on pages 16 to 27 form part of these accounts.

NOTES TO THE ACCOUNTS

For the period to 31st March 2021

1. GENERAL INFORMATION AND LEGAL STATUS

EIRIS Foundation is a registered charity and a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. It is incorporated and domiciled in England and its registered office is The Foundry, 17 -19 Oval Way, London SE11 5RR.

The charitable company's principal activity continues to be to undertake and publish research into the social and ethical aspects of businesses in the UK and overseas and how those may be relevant to investment policies and, further, to assist other charities by providing information and advice to help them choose investments which do not conflict with their aims or otherwise hamper their work. The charitable company's subsidiaries provide investors with the research, insights, and engagement support they need to identify and influence companies that impact or operate in conflict-affected areas in order to reduce conflict risks to both people and portfolios.

2. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to the accounts. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Ireland (FRS 102) and the Companies Act 2006.

The accounts consolidate the results of the charitable company and its subsidiaries, Ethical Investment Research Service (EIRIS) USA and EIRIS Conflict Risk Network (CRN) on a line-by-line basis. The results of subsidiaries acquired during the year are included in the statement of financial activities from the effective date of acquisition using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. A separate Statement of Financial Activities and Income and Expenditure Account for the charitable company have not been presented because the charitable company has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The directors have approved the omission of the company's individual income and expenditure account in accordance with section 414(1) from the company's annual accounts.

EIRIS Foundation meets the definition of a public benefit entity under FRS 102.

The Council of Management considers, having reviewed the charitable company's forecasts and projections, that there are no material uncertainties about its ability to continue as a going concern for the foreseeable future and have therefore adopted the going concern basis in preparing these financial statements.

(b) Income from trading activities

Income represents contracts for the provision of research and advice on responsible investment and is shown net of value added tax.

(c) Donations and similar income

Donations and grants receivable are accounted for in the period in which the charity becomes entitled to them and they can be measured with reasonable certainty. Income is deferred if the donor specifies conditions that the income is to be spent in a future period. Donations and grants are used in accordance with the wishes of the grantors.

Donated services are included in the statement of financial activities at the estimated value to the charity of the service or facility received, i.e., at the price the company estimates it would pay in the open market for a service of equivalent utility to the charity. An equivalent amount to that recognised as income is included as expenditure under the appropriate heading in the statement of financial activities.

NOTES TO THE ACCOUNTS (continued)
For the year ended 31st March 2021

2. ACCOUNTING POLICIES (continued)

(d) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank or building society.

(e) Fund accounting

Unrestricted income funds comprise those funds which the Council of Management is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the Council of Management, at their discretion, have created a fund for a specific purpose.

Restricted funds are funds which are used in accordance with specific restrictions imposed by the donor.

(f) Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Grants payable are made to third parties in the furtherance of the charitable objectives of the charity. Grants are accounted for when the Council of Management has agreed to pay a grant without condition and the recipient has a reasonable expectation that they will receive the grant. Provisions for grants are made when the intention to make the grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of the grant.

All expenditure is accounted for on an accruals basis. Expenditure is classified under the following activity headings:

- Costs of generating funds comprise the costs associated with attracting voluntary income and investment management costs together with an apportionment of support costs.
- Charitable activities expenditure comprises those costs including grant making incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Other expenditure represents those items not falling into any other heading.

(g) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include office costs, finance, payroll and governance costs.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements. These include the audit fees, legal fees and costs linked to the strategic management of the charity.

Support and governance costs are allocated between cost of raising funds and expenditure on charitable activities on a reasonable, justifiable and consistent basis, e.g., taking into account the number of grants awarded and staff time. The allocation of support and governance costs is analysed in note 6.

(h) Foreign currency

The financial statements of the charitable company are presented in Sterling (£) which is its functional currency.

Transactions in foreign currencies are translated into sterling at the exchange rate in operation on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates. All revaluation differences and foreign exchange differences are taken to the statement of financial activities.

2. ACCOUNTING POLICIES (continued)

(i) Business combinations and goodwill

Acquisition of subsidiaries are accounted for using the purchase method. The cost of the business combination is the fair value of the consideration given, liabilities incurred or assumed plus the costs directly attributable to the business combination.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets and liabilities acquired is recognised as goodwill.

Goodwill is amortised over its estimated useful life, which the Council of Management have deemed to be 3 years, using the straight line basis. Goodwill is assessed for impairment when there are indicators of impairment, and any impairment is charged to the income and expenditure account.

(j) Tangible Fixed Assets

Tangible fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation has been provided on the tangible fixed assets at an annual rate of 25% on the straight-line method, except on computer equipment on which it is provided at an annual rate of 33% on the straight-line method so as to write off the assets over their estimated useful life.

(k) Fixed asset investments

Investment in unquoted investments – unquoted investments are shown at cost less accumulated impairment losses.

The investments held by the charitable company are mixed motive (or mixed purpose) investments in that they are held to generate a financial return and they also contribute to the charitable company's purposes through the activities funded by the investment.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

(l) Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount is reduced to its recoverable amount and an impairment loss is recognised in the profit and loss account.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the profit and loss account.

(m) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments held at call with banks and building societies.

(n) Pensions

The company contributes to pension arrangements on behalf of its employees. Contributions payable for the year are charged in the profit and loss account when they are due.

NOTES TO THE ACCOUNTS (continued)
For the year ended 31st March 2021

3. (a) INCOME FROM DONATIONS

	2021	2020
	£	£
Sponsorship of Pooled Fund Report	7,500	-
Donated services	26,822	35,763
Total	<u>34,322</u>	<u>35,763</u>

More details of the various grants which are restricted are given in note 18. The charitable company is grateful to Vigeo Eiris for providing office space and services relating to accounting, HR and IT up to 31 December 2020. The value of these to the charitable company is estimated to be £26,822 (2020 - £35,763) and recognised in these financial statements as a donation with an equivalent charge included in costs within meeting room and office rent and legal and professional.

(b) CONTRACTUAL RESEARCH WORK

Included in the unrestricted income from contractual research work of £426,631 (2020 - £387,919) is £303,367 (2020 - £374,794) from CHRB, £74,265 from the subsidiaries and an amount of £49,000 (2020 - £13,125) for advisory work with Vigeo Eiris on the use of research and the Vigeo Eiris methodology by investors and on developments in the field.

4. COSTS OF RAISING FUNDS

	2021	2020
	£	£
Costs of raising grants and donations		
Shared staff costs (see note 8)	3,775	2,366
Governance costs (see note 6)	311	1,258
Support costs (see note 6)	3,326	11,485
Total	<u>7,412</u>	<u>15,109</u>

All of the costs of raising funds were from unrestricted funds in both years.

5. EXPENDITURE ON CHARITABLE ACTIVITIES

	Grants payable	Research projects	Total	2020
	£	£	£	£
Grants (see note below)	15,000	-	15,000	45,000
Projects and seminars	-	151,817	151,817	260,842
Staff costs (see note 8)	-	199,875	199,875	82,108
Shared staff costs (see note 8)	-	53,020	53,020	29,677
Meeting room and office rent	-	-	-	1,149
Website and IT costs	-	3,631	3,631	3,335
Travelling	-	-	-	8,456
Governance costs (see note 6)	-	32,568	32,568	23,909
Support costs (see note 6)	-	118,706	118,706	91,235
Total	<u>15,000</u>	<u>559,617</u>	<u>574,617</u>	<u>545,711</u>

Expenditure on charitable activities was £559,617 (2020 - £500,711) of which £22,500 (2020 - £60,000) was expenditure from restricted funds and £552,117 (2020 - £440,711) was expenditure from unrestricted funds.

Two grants totalling £15,000 were also made in the year under review to Corporate Human Rights Benchmark (CHRB) (2020 – three for a total of £45,000) for support of their charitable work.

NOTES TO THE ACCOUNTS (continued)
For the year ended 31st March 2021

6. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Other support	Governance related	2021 Total	2020 Total
	£	£	£	£
Staff costs (see note 8)	59,383	8,873	68,256	51,465
Legal and professional	22,245	13,843	36,088	37,971
Audit fees	-	5,000	5,000	3,000
Committee travel expenses	-	-	-	148
Meeting room and office rent	13,548	2,024	15,572	21,043
Website and IT costs	2,282	341	2,623	4,223
Insurance	5,156	193	5,349	3,577
Bank charges	431	30	461	511
Memberships	6,383	112	6,495	1,408
Training and other staff expenses	520	78	598	2,750
Sundry expenses	2,358	79	2,437	990
Amortisation of goodwill	8,866	2,178	11,044	-
Depreciation	860	128	988	801
Total	122,032	32,879	154,911	127,887

The charitable company initially identifies the costs of its support functions. It then identifies those support costs which relate to the governance function. Governance costs and other support costs are then apportioned on the basis of time spent between the costs of raising funds and its key charitable activities undertaken (see notes 4 and 5 above) in the year.

7. NET INCOME (EXPENDITURE)

	2021	2020
	£	£
This is stated after charging the following:		
Staff costs (see note 8)	324,926	165,616
<i>Auditors' remuneration</i>		
Audit fees	4,000	3,000
Accountancy and general advice	3,100	2,000
Tax advisory services	300	600
Depreciation	988	801

8. DIRECTORS AND EMPLOYEES

	2021	2020
	£	£
Salaries and wages	264,909	140,696
Social security costs	35,395	11,555
Pension costs	24,622	13,365
Total	324,926	165,616

NOTES TO THE ACCOUNTS (continued)
For the year ended 31st March 2021

8. DIRECTORS AND EMPLOYEES (continued)

The staff costs have been allocated between cost of raising funds and expenditure on charitable activities as follows:

	2021 £	2020 £
Costs of raising funds (note 4)		
Shared staff costs	3,775	2,366
Other staff costs (note 6)	8,758	5,236
Governance (note 6)	115	232
Expenditure on charitable activities (note 5)		
Staff costs	199,875	82,108
Other support costs (note 6)	51,425	41,597
Shared staff costs	53,020	29,677
Governance (note 6)	7,958	4,400
	<u>324,926</u>	<u>165,616</u>

The average number of employees during the year was:

	No.	No.
Administration	1	1
Research	6	3
	<u>7</u>	<u>4</u>

None of the Council Members (who are also the trustees of the charity and directors of the Company) received any reimbursement for expenses or remuneration from employment or payment for professional or other services supplied to the charity during the current or preceding year.

The charity considers its key management personnel comprise the trustees and the Chief Executive Officer. The total employment benefits including employer pension contributions of the key management personnel were £72,270 (2020 - £39,994).

One employee received emoluments (excluding employer pension costs) exceeding £60,000 during the year within the band of £60,000 to £70,000 (2020 – none).

9. CORPORATION TAX

The charitable company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

NOTES TO THE ACCOUNTS (continued)
For the year ended 31st March 2021

10. INTANGIBLE FIXED ASSETS

The group

	<u>Goodwill</u>	<u>Total</u>
	£	£
<i>Cost at 1 April 2020</i>	-	-
Additions during the year	34,751	34,751
Cost at 31 March 2021	<u>34,751</u>	<u>34,751</u>
<i>Accumulated amortisation at 1 April 2020</i>	-	-
Amortisation for the year	11,044	11,044
Amortisation at 31 March 2021	<u>11,044</u>	<u>11,044</u>
Net book amount at 31 March 2021	<u>23,707</u>	<u>23,707</u>
<i>Net book value at 31 March 2020</i>	<u>-</u>	<u>-</u>

See notes 2(i) and 26 for more details of goodwill. Amortisation is included in income and expenditure for the year.

11. TANGIBLE FIXED ASSETS

The Group and Charitable Company

	<u>Office equipment</u>	<u>Total</u>
	£	£
<i>Cost at April 2020</i>	2,402	2,402
Additions during the year	845	845
Cost at 31 March 2021	<u>3,247</u>	<u>3,247</u>
<i>Accumulated depreciation at 1 April 2020</i>	942	942
Charge for the year	988	988
Depreciation at 31 March 2021	<u>1,930</u>	<u>1,930</u>
Net book amount at 31 March 2021	<u>1,317</u>	<u>1,317</u>
<i>Net book value at 31 March 2020</i>	<u>1,460</u>	<u>1,460</u>

NOTES TO THE ACCOUNTS (continued)
For the year ended 31st March 2021

12. FIXED ASSET INVESTMENTS

The Group

	Other Investments £	2021 Total £	2020 Total £
At cost at 1 April	425,230	425,230	852,671
Disposals	(425,230)	(425,230)	(426,335)
Impairment reversal / (loss)	-	-	(1,106)
Additions	-	-	-
Cost at 31 March	-	-	425,230

In the reporting period the remaining shares in Vigeo were sold to Moody's (who became the majority shareholder in Vigeo Eiris). No dividends or other distributions were received from Vigeo Eiris during the year.

13. FIXED ASSET INVESTMENTS

The Charity

	Other Investments £	Investment in subsidiaries £	2021 Total £	2020 Total £
At cost at 1 April	425,230	-	425,230	852,671
Disposals	(425,230)	-	(425,230)	(426,335)
Impairment reversal / (loss)	-	-	-	(1,106)
Additions	-	62,231	62,231	-
Cost at 31 March	-	62,231	62,231	425,230

In the reporting period the remaining shares in Vigeo were sold to Moody's (who became the majority shareholder in Vigeo Eiris). No dividends or other distributions were received from Vigeo Eiris during the year.

At the beginning of the year Ethical Investment Research Services (EIRIS) Limited's two US subsidiaries, EIRIS Conflict Risk Network and EIRIS USA were transferred to the EIRIS Foundation with effect from 17 April 2020. Including the effect of making refunds for some items and writing off some balances, EIRIS Foundation made a net payment of £62,231 to Ethical Investment Research Services (EIRIS) Limited for the transfer.

See notes 20 and 21 for more details of the subsidiary companies.

NOTES TO THE ACCOUNTS (continued)
For the year ended 31st March 2021

14. DEBTORS

	Group	<i>Group</i>	Charity	<i>Charity</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Trade debtors	16,476	<i>21,830</i>	6,830	<i>21,830</i>
Other debtors	3,352	<i>468</i>	2,051	<i>468</i>
Prepayments and accrued income	19,935	<i>146,027</i>	19,935	<i>146,027</i>
	39,763	<i>168,325</i>	28,816	<i>168,325</i>

15. CREDITORS: Amounts falling due within one year

	Group	<i>Group</i>	Charity	<i>Charity</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Trade creditors	80,512	<i>3,558</i>	80,152	<i>3,558</i>
Taxation and social security costs	1,044	<i>6,498</i>	-	<i>6,498</i>
Other creditors	637	<i>4,308</i>	637	<i>4,308</i>
Accruals and deferred income	55,703	<i>143,799</i>	29,095	<i>143,799</i>
	137,896	<i>158,163</i>	109,884	<i>158,163</i>

16. PROVISION FOR OTHER LIABILITIES

The Group and Charitable Company

	Leave pay provision
	£
Provision at 1 April 2020	4,095
Additions	9,913
Utilised in the year	4,095
Provision at 31 March 2021	9,913

The leave pay provision represents holiday balances accrued as a result of services rendered in the current year and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the year of absence.

17. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year other than those with the company's wholly controlled subsidiary companies. See note 19 for more details of the subsidiary companies

NOTES TO THE ACCOUNTS (continued)
For the year ended 31st March 2021

18. INCOME FUNDS

Analysis of Group fund movements

	Balance b/fwd £	Income/ (Gains) £	Expenditure £	Balance c/fwd £
Unrestricted funds				
General income fund	2,169,571	472,198	(559,529)	2,082,240
Restricted funds				
CHRB project – Aviva	15,000	-	(15,000)	-
Pooled Funds Report – CCLA	-	7,500	(7,500)	-
	15,000	7,500	(22,500)	-
Total funds	2,184,571	479,698	(582,029)	2,082,240

Analysis of Charity fund movements

	Balance b/fwd £	Income/ (Gains) £	Expenditure £	Balance c/fwd £
Unrestricted funds				
General income fund	2,169,571	397,934	(441,295)	2,126,210
Restricted funds				
CHRB project – Aviva	15,000	-	(15,000)	-
Pooled Funds Report – CCLA	-	7,500	(7,500)	-
	15,000	7,500	(22,500)	-
Total funds	2,184,571	405,434	(463,795)	2,126,210

Description of funds

The unrestricted general fund represents the 'free reserves' after allowing for all designated funds available to be spent at the discretion of the Council of Management.

The restricted funds related to grants and sponsorships given for specific purposes and which were spent on those purposes. A balance of £Nil (2020 - £15,000) was left at the year-end to be spent in future periods.

The CHRB fund was for the research and project management of the Corporate Human Rights Benchmark (CHRB), an initiative which created the world's first wide-scale benchmark on corporate human rights performance. It relates to sums received from Aviva the majority of which has been passed on to CHRB for specific work undertaken on the CHRB project.

NOTES TO THE ACCOUNTS (continued)
For the year ended 31st March 2021

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Group General funds £	Group Restricted funds £	Total Group funds £	Charity General funds £	Charity Restricted funds £	Total Charity funds £
Intangible assets	23,707	-	23,707	-	-	-
Fixed assets	1,317	-	1,317	1,317	-	1,460
Fixed asset investments	-	-	-	62,231	-	62,231
Cash at bank and in hand	2,165,262	-	2,165,262	2,153,643	-	2,153,643
Other current assets	39,763	-	39,763	28,816	-	28,816
Creditors of less than one year	(137,896)	-	(137,896)	(109,884)	-	(109,884)
Provisions for liabilities	(9,913)	-	(9,913)	(9,913)	-	(9,913)
Total	2,082,240	-	2,082,240	2,126,210	-	2,126,210

20. DETAILS OF CONSOLIDATED SUBSIDIARIES

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Details of investment</u>	<u>% held</u>
Ethical Investment Research Services (EIRIS) USA	USA	Membership	100%
EIRIS Conflict Risk Network	USA	Membership	100%

Ethical Investment Research Services (EIRIS) USA

The aggregate amount of capital and reserves at the year end and profit or loss for the year for EIRIS Conflict Risk Network is as follows:

	2021 £	2020 £
Aggregate amount of capital and reserves	(5,364)	(618)
Profit / (loss) for the year	(4,746)	(2,826)

EIRIS Conflict Risk Network

The aggregate amount of capital and reserves at the year end and profit or loss for the year for EIRIS Conflict Risk Network is as follows:

	2021 £	2020 £
Aggregate amount of capital and reserves	(81)	28,098
Profit / (loss) for the year	(28,179)	149,554

NOTES TO THE ACCOUNTS (continued)
For the year ended 31st March 2021

21. BUSINESS COMBINATIONS

On 17 April 2020 the charitable company acquired complete control of EIRIS Conflict Risk Network (CRN) and Ethical Investment Research (EIRIS) USA both of which operate in the United States of America. The total consideration was in cash and for the amount of £62,231.

The amounts recognised for each class of assets, liabilities and contingent liabilities at acquisition were as follows:

	Ethical Investment Research Services (EIRIS) USA £	EIRIS Conflict Risk Network (CRN) £
Intangible assets – goodwill	-	34,751
Trade debtors	-	53,829
Other receivables	461	-
Cash and cash equivalents	6,645	(1,044)
Other payables	273	-
Deferred income	(7,997)	(24,687)
	<hr/>	<hr/>
Total identifiable net assets	(618)	62,849
	<hr/>	<hr/>

The Council of Management have estimated the useful life of the goodwill to be 3 years. The existing client base, methodology and reputation of the EIRIS Conflict Risk Network will allow the EIRIS Foundation to develop a broader offering on conflict risk extending beyond the existing Sudan service to include Burma/Myanmar and other conflicts. This will help promote the consideration of conflict risk more broadly amongst investors as part of their responsible or sustainable investment approaches leading to more Conflict Risks Network members and more positive impact in conflict affected areas. Within three years we anticipate that the existing Sudan service users will have been converted to a wider service or the service itself developed to deal with the challenges of transition in Sudan, rather than the original focus on targeted sectors identified at the time of the Darfur genocide.

The revenue from EIRIS Conflict Risk Network (CRN) and Ethical Investment Research (EIRIS) USA included in the consolidated statement of financial activities was £57,449 and £16,815 respectively.

