Contents

Society Information

Directors	Malcolm Lynch	*Chair*
	Tony Taylor	*Deputy Chair*
	Helen Ashley Taylor	
	Steven Round	
	Timothy Morgan	(*appointed Aug 2013*)
	Alison Vipond	(*appointed Sep 2013*)
	Christopher Newman	(*appointed Sep 2013*)
	Paul Ellis	*Chief Executive*
	Pam Waring	*Secretary*

Registered office

7 Belton Road
Silsden
Keighley
West Yorkshire
BD20 0EE

External auditors

KPMG Audit Plc
St James Square
Manchester
M2 6DS

Internal auditors

Deloitte LLP
1 City Square
Leeds
LS1 2AL

Solicitor

Addleshaw Goddard
Sovereign House
Sovereign Street
Leeds
LS1 1HQ

Officers	George Haslem	*Chief Operating Officer*
	John Ainley	*Compliance Manager*
	Anna Laycock	*Communications and Research Manager*
	Jon Lee	*Business Development Manager*
	Richard Saville	*Technology Manager*

Chair's Statement

As I write this report, I am travelling by train from Leeds to the South West of England. Either side of the tracks are slipped embankments and newly created lakes, with water lapping at the boundaries of some of the properties. The work of Ecology Building Society has never seemed more relevant.

I am pleased to introduce the Society's report for the year to 31 December 2013. Ecology has made good progress on several fronts during this year and ended the year in a good position to advance the Society's ecological mission further. As our Chief Executive's report details, 2013 was a solid year in financial terms. This is a noteworthy achievement given the difficulty of the low interest rate environment in which the Society operates.

Over the course of the year, the Society has tried to maintain its rates for existing savers, while recognising that the difficulties at the Co-operative Bank have led new ethical savers to Ecology. The Society has deliberately operated with a very low margin between our saving and borrowing rates, in order to deliver value to both borrowers and savers.

The growth of new mortgages during the year has been heavily directed towards new buildings. I do not think that Ecology will overcome the dearth of new house building by itself, but we play an important role in supporting projects that exemplify the building standards of the future. Improving the energy efficiency of existing stock is also core to the Society's mission and our work with organisations such as the Empty Homes Agency aims to deliver warmer, affordable homes and revitalised communities.

In all of our work we remain very aware that our mandate to act comes only from our community of members. This is the bedrock of our corporate culture, set by the Board of Directors and realised in every interaction we have with our members. Culture has recently become a focus for one of our regulators, the Financial Conduct Authority – a welcome and overdue development. We believe Ecology stands apart from mainstream financial organisations because of our ethical approach, but we also recognise the need to ensure that as Ecology grows, our culture must not become diluted or distorted. So the Society has added Ethics to the responsibility of its Risk, Audit and Compliance committee, and has embarked on developing a framework for monitoring and managing our standards of conduct.

At this year's Annual General Meeting, we will be introducing our members to three new Non-Executive Directors seeking election. **Tim Morgan** is an accountant by training, with experience in fair trade; **Chris Newman** is an energy efficiency expert with a previous career in financial services; and **Alison Vipond** has a background in environmental policy. I believe that these appointments strengthen the Board significantly and put the Society in a very good position to address the challenges of the future.

At the same time, our AGM marks the retirement of **Tony Taylor**, who has been Vice Chair since 2012. Tony has been an exceptionally valuable member of the Board for many years, latterly serving as the Chair of our Risk, Audit, Compliance and Ethics Committee, bringing insights from his background in larger building societies.

I would like to thank the Board and all of our staff for their hard work and attention to our members' needs, which has enabled Ecology to grow throughout these difficult financial times. I would particularly like to draw your attention to the fact that our Chief Executive, Paul Ellis, is now the longest serving Chief Executive in the building society sector. His commitment to our ecological mission and deep sense of service to our members has guided the Society to the strong position we stand in today.

Malcolm Lynch
Chair

3 March 2014

Chief Executive's Review

Overview

I am pleased to report that in 2013 Ecology experienced an exceptional year in pursuit of our environmental and social objectives. This was a year of hard work and notable progress in advancing our aims to support sustainable communities, affordable housing and transparent mutual governance.

Over the course of the year, the Society achieved outstanding results in terms of lending, attracting savers' funds, and growing our assets. After a slow start to 2013, we broke records for new lending and net lending. This was supported by a record inflow of members' funds, which translated to one of the highest annual growth rates recorded by the Society.

We achieved these results while strengthening the mutual governance, staff resources and global influence of the Society. As well as hosting our most successful and participative AGM for some years, we expanded our existing Members Panel and re-launched it as our **Ethics Panel**, which gives us a forum for gathering members' views on our policies, practice and products.

We continued to expand our staff complement during the year, to enable the Society to plan for continued growth. We welcomed **Tori Halliday** as Communications Assistant to allow us to promote ourselves more widely, **Joe Bell** as a Systems Developer to help us ensure our technology evolves in line with our changing work, and **Karen Knowles** as our new Governance Officer to keep the Directors on their toes! We also recruited **Charlotte Richardson** as an experienced mortgage underwriter to ensure we can keep up with the flow of applications.

In April, the Society was accepted as a full member of the **Global Alliance for Banking on Values** (**www.gabv.org**), which brings together the leading financial institutions from across the globe who are pursuing a common agenda of banking for sustainability. With assets of over $70bn, GABV members can show that collectively they have outperformed mainstream banks comprehensively since the financial crisis commenced.

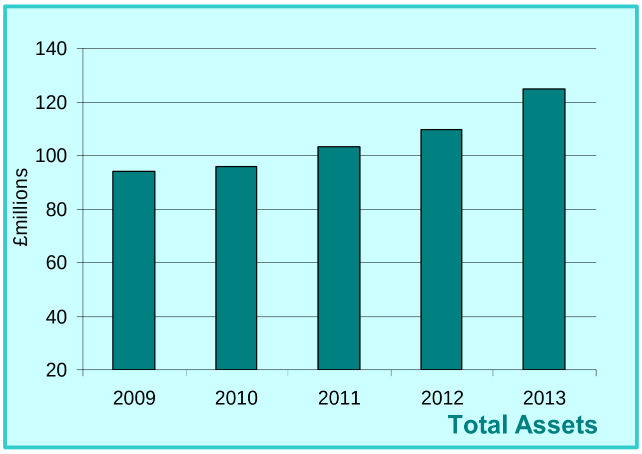
We continued to act as an innovator in the financial system, supporting a number of projects that aim to find ways to address the issue of empty homes, including a scheme in Leeds to create community-owned affordable housing. We have also contributed to initiatives to promote reform in the financial sector, such as the **Transforming Finance** project (**www.transformingfinance.org.uk**), and we continued to lobby with partner organisations for the wider sector of social investment.

Against a backdrop of ongoing scandals in the financial sector, our biggest challenge was ensuring that our popularity with savers did not create excessive liquidity. This led to the introduction of temporary restrictions on some of our savings accounts, a development which we will seek to reverse when market and business conditions allow. The challenge for the year to come will be to build on the lending success experienced in 2013, thereby enabling the Society to continue to expand its membership by accepting the high levels of deposits we are able to attract.

More detailed commentary on the year is given below, including the key performance indicators that the Board uses to measure the Society's financial progress, the service we provide to our members, and our impact on the environment and community. Each of the sections below contains comment in ***green*** to indicate specific responses to environmental responsibility and good corporate governance.

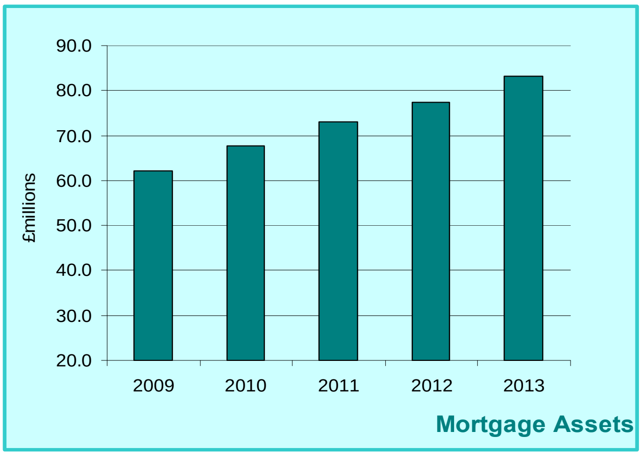
Asset growth

Total assets reached a record level at year end of £124.8m, a rise of 13.73% (2012: 6.10%). The growth level would have been higher were it not for measures that we took to restrict inflow of funds, necessary to ensure that the overall financial sustainability of the Society did not suffer. It is necessary to restrict liquidity to ensure that profits can be maintained, these profits being the main



Chief Executive's Review *continued*

source of capital available to the Society. Despite the increase in overall lending, we ended the year with higher levels of liquid funds than our preferred level – another reason why we will continue to extend our reach to potential borrowers in 2014.

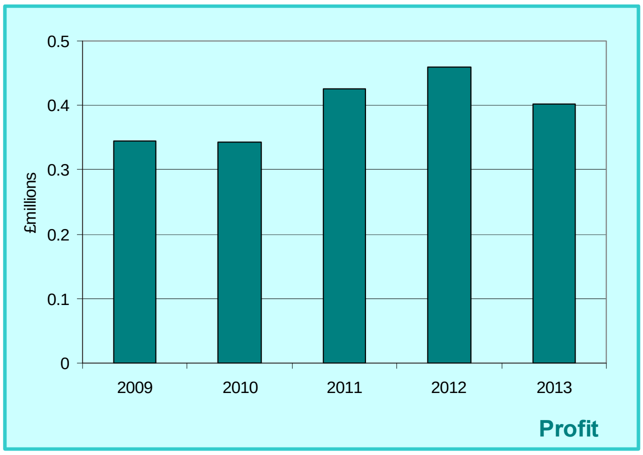


Mortgage lending

The Society's Standard Variable Rate remained unchanged at 4.90%. In addition at the year end, over 26% of the mortgage book was benefitting from one of our C-Change discounts which reward energy efficiency. Gross lending totalled £18.4m, a new record, while net lending also reached a new high at £10.3m – topping the £10m mark for the first time. As a result, mortgage asset growth increased by 7.64% against 6.0% in 2012. ***These record figures further demonstrate that the Society's mortgage lending is both effective in contributing to building a sustainable economy and creating a sustainable housing stock, while meeting the needs of individual borrowers in enabling their projects to come to fruition.***

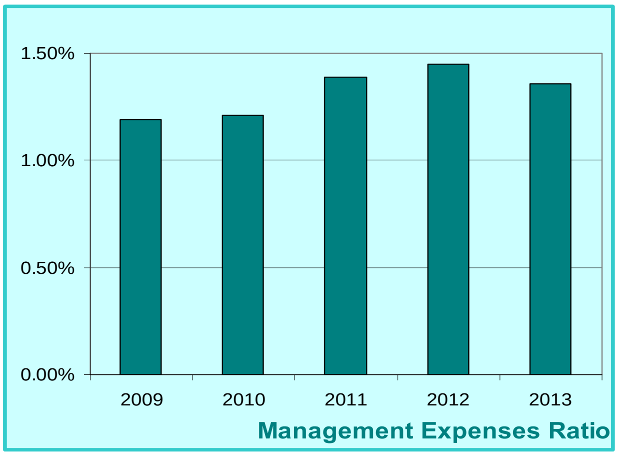
Total provisions against possible mortgage losses increased to £248,000 (2012: £196,000). This increase relates to one case where the borrower continues to perform, but where difficult trading conditions have been encountered, and so the setting of a provision is seen as a prudent measure. Otherwise, the arrears experience remains positive and no new cases have emerged with the potential of a loss. In accordance with our wish to be a supportive lender, ***we advise borrowers who are experiencing difficulties to seek free advice about problem debt from specialist counselling services. Wherever possible we aim to exercise forbearance, in the form of payment holidays, changes to payment schedules, interest-only arrangements and amendments to the term of the mortgage. This approach aims to give the borrower breathing space to sort out their financial affairs, as long as the risk to the borrower is not unduly increased by doing so.***

Profit and capital



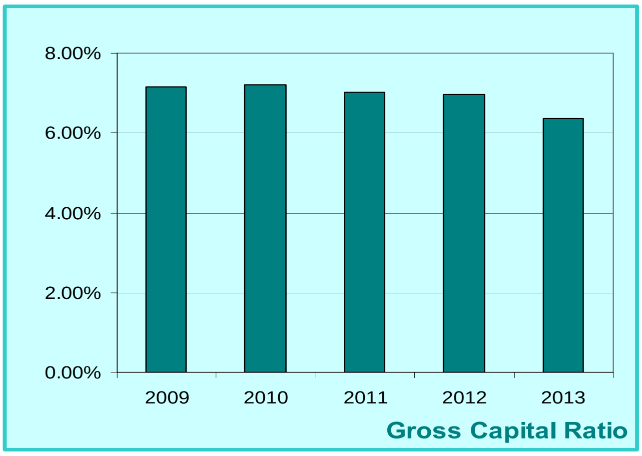
Net profit (surplus) for the year at £402,000 was 12.42% lower (2012: £459,000). Profit levels were impacted by the higher levels of liquidity. However, after discounting the effect of provisions and write-backs, profit before tax rose by 15.78% to £587,000 from £507,000 in 2012, so the underlying profitability of the Society remains solid. Our pre-tax profits continue to be depressed by the ongoing need to contribute to the resolution arrangements for a number of failed financial institutions. The provision made in this respect for 2013 amounted to 17.60% of the overall gross profit of the Society, and the total sums paid in interest by the Society now amount to over £197,000, a sum that we regard as out of all proportion to the risk posed by the Society to the financial system. We aim to generate sufficient profit to ensure that we have enough capital to underpin our future lending programme and other business assets, so our capacity to expand is impacted by the size of this levy and the subsequent losses in future income. Yet while failed nationalised banks subject to substantial fines for unethical selling practices can make plans to sell shares to the general public, the FCA is minded to disallow this option for building societies – a view which we feel shows a need by the Regulators to better understand the social investment sector in particular, and the motivations of social investors.

Chief Executive's Review *continued*



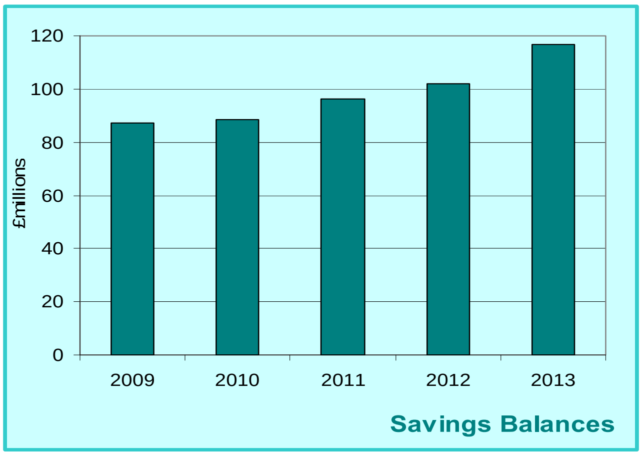
The trend of recent years of an increasing Management Expenses Ratio was reversed, with a reduction to 1.36% (2012: 1.45%). This was achieved by containing the increase in administration costs, with a 2.65% rise against increases of 11.34% in 2012 and 21.85% in 2011 (resulting from compliance costs and investment in development of our proposed capital instrument). This outcome also reflects our very healthy level of growth and demonstrates that rising costs can be offset against a larger pool of assets. ***Wherever possible we use the most sustainable and ethical option when purchasing goods and services. Sometimes this means that we have to pay a little more than for the less sustainable option. Without this extra cost, in 2013 our Management expenses ratio would have been 1.31% against 1.36%, so our ethical purchasing policy added 3.55% to our costs (2012: 4.63%)***

The Gross Capital Ratio reduced to 6.37% in 2013 (2012: 6.98%). This reduction is due to the substantial increase in deposits with the Society and amortisation of the remaining supplementary capital (subordinated debt) held by the Society. Now that the new international capital rules (Basel 3) have come in to force, this debt must be amortised at an accelerated rate. The Society still intends to seek fresh capital, to enable it to fulfil its potential for growth, react to further expected regulatory changes, and continue to contribute to the repayment of the borrowings made by the Financial Service Compensation Scheme. Current expectations are that this will occur in 2016 and be raised from institutional investors. To enable this to happen, we are seeking member approval at this AGM for further rule changes in relation to capital-raising.



Savings and liquidity

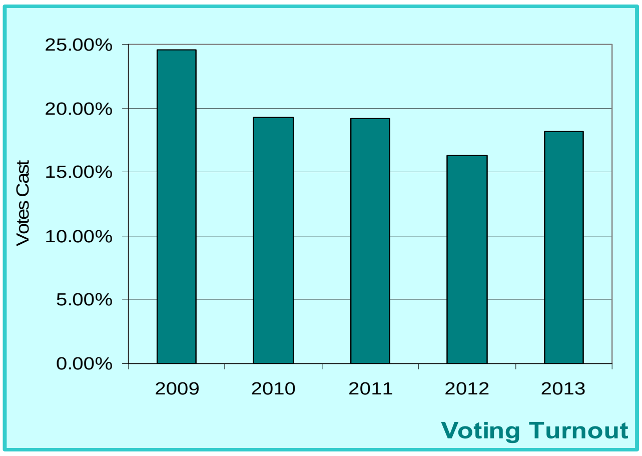
During the year the Society experienced a surge in savings balances, which increased by £14.6m reaching £116.6m, representing an increase of 14.36% (2012: 5.99%). The growth in savings balances was partly driven by the favourable publicity we continued to receive from campaigning organisations, but also as a result of the well-publicised events at the Co-operative Bank, which led to many ethical savers exploring new homes for their funds. In addition, ***the Society's longstanding commitment to never pay less than 1.00% gross interest to savers*** continued to attract deposits. ***We continued with our policy of monitoring and recording the environmental and ethical practices of our counterparties (banks and other building societies), with the caveat that in the current economic circumstances, our desire to use the most ethical counterparties must be balanced with financial prudence.*** Further, holding excess liquidity is a cost to the Society, especially when market rates are at record lows. It therefore became necessary to further restrict the availability of certain account types for new members, in order to enable the Society to maintain rates for existing savings members. However, despite these restrictions, liquidity jumped during the year to 34.27% (2012: 30.16%). ***We strive to hold no more funds in liquid form than is necessary to meet our obligations, as we want to ensure that the majority of funds held with the Society are used to support social and environmental projects.***



Chief Executive's Review *continued*

Member relations

The venue for our AGM in 2013 was Leeds, where we were hosted by borrowers Headingley Development Trust in their excellent HEART centre, which provides facilities to a diverse range of local community groups. The theme of the AGM was "Democratising Finance" and we explored what needed to be done to build a financial system that worked for people, planet and the real economy, and what Ecology could do to ensure that the Society deepened its commitment to mutual interaction. A well-attended event was mirrored by an increase in the number of members voting which increased from 16.32% to 18.18%. Also, the proportion of members voting electronically again rose from 32.38% in 2012 to 38.77%, a trend which we are keen to encourage.



Our place in the community

Our commitment to change extends beyond the immediate impact of our mortgage lending. As a mutual, we look for the widest application of mutual governance in the economy and society, an expanded democratic space and the support and growth of sustainable, cohesive communities with the potential to exercise control over their own wealth and wellbeing. This is the basis of our giving of both time and money.

The Society is a member of a number of organisations which share our wider values. Some are listed below:

AECB – the association for environment conscious building	A network of individuals and companies with a common aim of promoting sustainable building
Co-operatives UK	The national trade association working to promote, develop and unite co-operative enterprises
Locality	The nationwide network for development trusts and community enterprises
Passivhaus Trust	An independent, non-profit organisation that promotes the adoption of the Passivhaus standard
Schumacher Society	Non-profit organisation promoting human-scale development
Scottish Ecological Design Association (SEDA)	SEDA aims to promote design which enhances the quality of life of and does not harm planetary ecology
UK Sustainable Investment and Finance Association (UKSIF)	Membership network for sustainable and responsible financial services
Woodland Trust	The UK's leading woodland conservation charity

In international terms, we continued to be active participants in both the Institute of Social Banking and the International Association of Investors in the Social Economy (INAISE), and also became full members of the Global Alliance for Banking on Values (GABV). GABV brings together the leading sustainable banks, credit unions and other mutual finance providers from across the globe, and provides a strong voice for banking for the real economy.

Chief Executive's Review *continued*

Over the course of the year we provided financial support to a wide variety of organisations and initiatives that contribute to sustainability at a local, national or international level, either directly through the Society or via our associated Charitable Foundation. These included:

INAISE Conference, Mexico	Supporting delegates from less wealthy nations attending the *Promoting more inclusive and economic justice* conference
Billinge and Orrell Transition Group, Wigan	A community supported market garden, box scheme and outdoor recreational area Grant to be used for construction of hand-crafted bee hives
The Nature of It, Chippenham	Working with schools, charities and in the community to encourage engagement with the outdoors Ecology's grant will be used for installation of solar panels to power lighting, computer equipment and heating to take the eco hut off-grid
Horton Community Farm, Bradford	A start up aiming to provide food growing workshops and fresh local food via a community agriculture scheme The grant will be used for a growing area comprising 20 micro-growing plots
Re-considered, Bradford	Recycles waste materials to be used in community based projects The grant will fund the construction of a modular and portable reclaimed structure for use as a mobile, "pop up" community space
Church Lane, Leeds	Self-managed allotment site of around 5 acres The grant is to be used for construction of a composting toilet with disabled access

We also gifted time to a number of organisations including the International Association of Investors in the Social Economy (INAISE), Passivhaus Trust, Leeds Community Foundation, the HALE Project (a health charity operating in West Yorkshire) and Home Start Craven (which supports families with children under 5).

We maintain shareholdings in social ventures such as the Ethical Property Company and the Phone Co-op, and where possible we place funds with other social economy financial institutions such as Charity Bank.

The three main internal developments regarding our Environment Policy in 2013 were that:

- ***We revisited our offsetting obligations and policy to ensure that we maintain absolute carbon neutrality***
- ***We re-configured and upgraded our heating and ventilation systems in order to further improve energy efficiency within the HQ building***
- ***We extended the photovoltaic array to increase the proportion of energy generated at our HQ.***

Our main commitments for 2014 are to:

- ***Undertake the next phase of development of our Permaculture garden***
- ***Install a charging point for members' electric vehicles***
- ***Seek accreditation under the Investors in the Environment scheme.***

Future development of the Society

In 2014, the Society will continue to invest in new staff and the necessary resources to support our expected growth. We will continue to keep members informed of our plans and progress through our AGM, newsletters, e-newsletters, and our website. We believe we have a duty to demonstrate that the concept of a financial mutual dedicated to the development of a sustainable economy is a viable and necessary concept, despite the unfortunate events that have beset the Co-operative Bank.

Much of our focus in the first part of the year will be on regulatory changes such as the developing agenda of our regulators, the FCA, and in particular the changes required by the Mortgage Market Review (MMR). It is not clear what effect MMR will have on prospective borrowers but our team is working to make the transition as smooth as possible for our members and customers.

In the second part of the year, our attention will turn to reviewing our savings and lending services. We hope to carry out a major survey of the Society membership to refresh our understanding of what you expect of us and how we can support you, in terms of your financial services needs and in articulating your values in the sustainable banking space. Some preparatory work will also be undertaken for an anticipated expansion of the head office space according to Passivhaus principles, and the take-on of supplementary capital.

In recent months we have seen some pick-up in the economy. While this is to be welcomed to the extent that it relieves pressure on individuals and families, it is not at all clear that it is sustainable and certainly has not been engineered with sustainability in mind.

The progress of Ecology often runs counter to the general state of the economy and the housing market, because of our different objectives, and we are working towards achieving another solid year of growth in mortgage lending and deposits. This may be augmented by politicians edging away from strategic engagement with environmental improvements, thus leaving individuals, community groups and enlightened enterprises to fill the void.

While the Society is concerned with a wide range of ecological factors, not solely energy efficiency and climate change, we will make no apology for concluding that it makes more sense to accept the scientific consensus on the likelihood of a strong human influence on recent changes in global climate conditions. We do so in full knowledge that all science is based on a level of uncertainty at any time, and in the belief that the adaptation and mitigation necessitated by climate change will lead us towards a more sustainable economy in general. We believe this is an end worthy of pursuit in itself.

Which leads me to thank all of you, the members and owners of the Society, who give us the opportunity to explore our values via this wonderful organisation. We are grateful for all of your support in 2013 and we look forward to delivering another year of sustainable growth in 2014.

Paul Ellis
Chief Executive

3 March 2014

Directors' Report

Introduction

The Directors have pleasure in presenting their Annual Report, together with the Annual Accounts and Annual Business Statement of the Society for the year ended 31 December 2013.

Business objectives of the Society

As stated in the Memorandum adopted in 1998, the Society's principal purpose is making loans which are secured on residential property and are funded substantially by its members.

The advances shall be made in those cases which, in the opinion of the Board, are most likely to promote, encourage or support:

- ***the saving of non-renewable energy or other scarce resources***
- ***the growth of a sustainable housing stock***
- ***the development of building practices, ways of living or uses of land which have a low ecological impact.***

The Memorandum also states that in carrying out its business the Society will promote ecological policies designed to protect or enhance the environment in accordance with the principles of sustainable development.

In relation to its lending activities, therefore, the Society requires any borrower applying for a loan to demonstrate that the purposes for which it is required are consistent with the ecological policies approved by the Board of Directors. This approach to lending is fully in keeping with the original objectives laid down by the Society when it was established in 1981.

Business review

The key performance indicators employed by the Society and the business review for 2013 are discussed within the Chief Executive's Review.

Charitable donations

During the year the Society made charitable donations amounting to £11,529 (2012: £7,261). No contributions were made for political purposes.

Land and buildings

The head office building was valued in 2007 at an open market value of £1,100,000. The carrying book value of the head office at the end of 2013 is £1,166,000. The directors remain of the view that the value in use of the head office is in excess of the carrying value.

The head office building was developed to reflect the ecological business practices of the Society. Where possible recycled and reclaimed materials have been used and energy reduction techniques and practices utilised. Around 9% (2012: 7%) of the energy used is generated by our photovoltaic cells, with the remainder supplied from renewable sources.

Mortgage arrears

At 31 December 2013 there were no cases where repayments were 12 months or more in arrears (2012: 0). At the year end there were no properties in possession (2012: 0).

Capital

As at 31 December 2013, gross capital amounted to 6.37% of total share and borrowing liabilities, while free capital amounted to 5.29% of total share and borrowing liabilities.

The Board has reviewed its risk assessment concerning the requirements of Basel II and the associated EU Capital Requirements Directive (CRD). The CRD requires the Society to conduct an assessment of the adequacy of its capital via its Internal Capital Adequacy Assessment Process (ICAAP). The Board reviews and adopts the ICAAP on an annual basis, after detailed consideration by Risk, Audit, Compliance and Ethics committee.

Details of the Society's Basel III disclosures for Pillar 3 are available on the website.

Directors' Report *continued*

Principal risks and uncertainties

The Society has a documented framework for the management of risk which is subject to continual re-evaluation. Management are responsible for the identification and management of risks facing the Society supported by the risk management function. Risk across the business is controlled as follows:

- the Chief Risk Officer, with the support of the Chief Executive, has overall responsibility for the elaboration of risk systems and mitigation measures with management engagement in risk identification and day-to-day operation of the risk management framework
- oversight of Risk Management on behalf of the Board is performed by the Risk, Audit, Compliance and Ethics committee
- the Asset and Liability committee (ALCO) is primarily responsible for market, liquidity and credit risk (core lending and financial institutions)
- the Board Lending committee is responsible for new lending initiatives and commercial lending
- business continuity aspects of operational risk are the responsibility of the Technology Manager.

The effectiveness of the Society's Risk Management Framework is monitored and reported on by Internal Audit.

Credit risk arises primarily from mortgage lending to individuals, commercial lending to corporate bodies and lending of liquid assets to other financial institutions (counterparties). The Society is exposed to the potential risk that a customer or counterparty will not be able to meet its obligations to the Society as they fall due.

Credit risk arising from mortgage and commercial lending is managed through a comprehensive analysis of both the creditworthiness of the borrower and the proposed security. Following completion the performance of all mortgages and commercial loans are monitored closely and action is taken to manage the collection and recovery process. The risk posed by counterparties is controlled by restricting the amount of lending to institutions without an external credit rating. This control also applies to counterparties with credit ratings below A-.

Interest Rate risk is the risk that income or expenditure, arising from the Society's assets or liabilities varies as a result of changes in interest rates. The Society's exposure to interest rate risk is limited as it does not engage in fixed rate lending.

Liquidity risk is the risk that the Society will be unable to meet current and future financial commitments as they fall due. These commitments include deposits, advances and other borrowings. The approach to management of liquidity risk is described in note 21 to the accounts.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational losses can result from fraud, errors by employees, failure to comply with regulatory requirements, equipment failures or natural disasters.

Concentration risk in the asset portfolio can arise from product type, geographical concentration and over exposure to single borrowers, investors or counterparties.

Regulatory risk is the risk that the volume and complexity of regulatory issues and related costs such as the FSCS levy, may reduce the Society's capital and ability to compete and grow. The Society is also looking to replace existing capital instruments as they mature, and is therefore actively seeking new instruments which comply with the Basel III capital regime.

Reputational risk - the unique nature of the Society gives rise to a specific form of reputational risk. The Society must ensure that it is apparent that it adheres closely to its stated key principles, particularly regarding the ecological basis for its lending programme, in order to continue to justify the trust placed in the Society by the members.

Conduct Risk is the risk that the Society fails to treat its customers fairly and delivers inappropriate customer outcomes. The Society recognises the key importance of this risk area and therefore operates an overarching ethics framework to provide assurance that conduct issues are appropriately addressed in the Society's culture.

Ecology Building Society

Directors' Report *continued*

Financial risk management objectives and policies

The main financial risks arising from the Society's activities are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks, of which further detail is provided in note 21.

Regulation

The Society is currently considering and acting upon the changes required as a result of the Mortgage Market Review which are required to be implemented by April 2014. The principles are consistent with the Society's long established approach to lending and the Society is well positioned to implement the changes necessary to comply with these new requirements.

During the year, the Financial Services Authority has separated into two bodies, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The PRA, a subsidiary of the Bank of England, is responsible for prudential supervision. Consumer protection and market regulation was transferred to the FCA. The Board will continue to monitor developments under this new "twin peaks" regime together with all other applicable regulatory changes, to ensure that the Society continues to meet all of its regulatory requirements.

Post Balance Sheet Events

The Board considers that there have been no events since the end of the year that have a material effect on the financial position of the Society

Going concern

In common with many financial institutions, the Society meets its day-to-day liquidity requirements through managing its retail funding sources, and is required to maintain a sufficient buffer over regulatory capital in order to continue to be authorised to carry on its business. The Society's forecasts and objectives, taking into account a number of potential changes in trading performance and funding retention, show that the Society has adequate resources for the foreseeable future. For this reason the accounts continue to be prepared on a going concern basis.

Supplier payment policy and practice

All suppliers are requested to furnish the Society with a copy of their Environmental Policy, and the quality of the documents received forms a part of the approval process.

The Society's policy concerning the payment of its trade creditors is as follows:

- the Society agrees the terms of payment at the start of trading with a new supplier;
- all supplier payments are paid within the agreed terms of payment.

The number of trade creditor days as at 31 December 2013 was 36 days (2012:17 days). All invoices received are normally paid within 30 days. The increase in creditor days in 2013 is due to invoices being received late - after 31 December, which artificially increases the number of creditor days.

Auditor

The present auditor, KPMG Audit plc has notified the Society that it is winding down its activities and that its audit activities will in the future be carried out by a parent entity KPMG LLP. KPMG Audit plc has therefore notified the Society that it is not seeking to continue in office for a further year. The Board has decided to put KPMG LLP forward to be appointed as auditors and a resolution for their appointment will be proposed to the Society's forthcoming Annual General Meeting of the Society.

When the Society ran a tender process for this work in 2005, we undertook a close examination of the sustainability policies of the candidate firms, and found that KPMG's was by far the best.

Directors' Report *continued*

Directors

The following persons were directors of the Society during the year:

Malcolm Lynch	*Chair*	Pam Waring	*Secretary*
Paul Ellis	*Chief Executive*	Tony Taylor	*Deputy Chair*
David Black	(retired 27 April 2013)	Tim Morgan	(appointed 28 Aug 2013)
Mark Jones	(retired 27 April 2013)	Chris Newman	(appointed 27 Sep 2013)
Steven Round		Alison Vipond	(appointed 27 Sep 2013)
Helen Ashley Taylor			

Malcolm Lynch is to retire by rotation and, being eligible, offers himself for re-election at the AGM.

Tim Morgan, Chris Newman and Alison Vipond were co-opted on to the Board in 2013 and in accordance with the provisions of Rule 25(4) are required to stand for election at the AGM. The Board appoint Directors who can offer specific skills and experience to the Society. Tim is a Chartered Accountant and Chartered Secretary with commercial, ethical business and charitable experience. Tim currently holds the position of Finance Director for a co-operative lending organisation. Chris is an active commercial practitioner in the fields of energy efficiency and assessment. Chris also has a financial background and is a part qualified accountant. Besides bringing a clear grasp of operational risk methodology, Chris also has an extensive knowledge of the application of IT to business problems. Alison is a Doctor of Philosophy (her doctorate is in Atmospheric Chemistry) and a Bachelor of Science with a First Class Honours degree. Alison has a career background in environmental research and policy, together with recent knowledge and skills in energy efficiency, domestic renewables and construction.

The Directors who held office at the date of approval of the directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Society's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

Directors and staff matters

The Society's policy is to not discriminate in any way regarding recruitment, career development and training opportunities. Further, the Society is mindful to consider diversity in its recruitment decisions while keeping business needs to the fore**.**

The Society is fortunate to have a staff team based around a number of long-serving, committed individuals. It is also unique in that it operates a 5:1 salary ratio, where the largest salary paid does not exceed five times the lowest full-time salary paid.

The Directors would like to record their appreciation for the commitment of the management and staff during what has been a busy and challenging year for the Society.

Conclusion

In conclusion, the Directors consider that our Annual Report and Accounts, taken as a whole, is a fair, balanced and understandable statement of the Society's condition and prospects. The Directors believe that it provides the information necessary for members to assess the Society's performance, business model and strategy.

On behalf of the Board

Malcolm Lynch
Chair

3 March 2014

Corporate Governance Report

Overview

The Society does not comply with the UK Corporate Governance Code issued by the Financial Reporting Council, as it is not a listed company. The Society's regulators, the Prudential Regulation Authority and Financial Conduct Authority, require the Board to have regard to the Code in developing its policies and practices. The Board agrees with and has regard to the general principles of the Code, including new provisions effective from 1 October 2012.

The Board

The Board works with management to set the Society's strategic and policy direction acting in the best interest of its members, in respect of both their financial and ethical objectives. It ensures that adequate financial and human resources are in place and it reviews management performance. The Board is responsible for the recruitment and employment terms and conditions of senior management.

The Board has a general duty to ensure the Society operates within the Society's Rules and relevant regulation and legislation and that proper accounting records and effective systems of business control are established, maintained, documented and audited. The Board takes decisions on specific matters such as major capital expenditure, annual budgets, corporate objectives and environmental and ethical issues. The Board maintains a system of effective Corporate Governance and systems of control ensuring accurate and comprehensive business information is produced with sound financial controls and risk management. The Board meets at least ten times a year.

The Board has a clearly defined schedule of retained powers and has delegated authority in other matters to a number of Board committees each of which has Board approved terms of reference. The schedule of retained and delegated powers is reviewed regularly.

Board Composition and Independence

All Directors are 'approved persons' as defined by the Society's regulators, the PRA and the FCA who must meet, and continue to maintain the 'fit and proper' requirements and comply with the Principles of Approved Persons and the Code of Practice. Because we do not have an equity shareholding model, we do not appoint a senior independent director, as this has little relevance to the small building society model. We are appointing Alison Vipond as the Member Advocacy Director to be the first line of communication for members and the Board. Our model of encouraging participation particularly through AGMs provides a better way of ensuring sensitivity to member concerns. The Board has considered the recommendation within the Corporate Governance Code that Non-Executive Directors stand for annual election after serving a period of nine years. By exception, we allow for an annual election for a director beyond the nine year period, to enable us to retain skills for further short periods should we as a small, society requiring directors to be drawn from our "constituency" be unable to readily identify a candidate currently available in regard to a particular skill set. Where a Director who has served nine years is appointed Chair the election period would revert to three years.

The Society's rules require that all directors are submitted for election at the Annual General Meeting (AGM) following their appointment to the Board. Where the appointment occurs in the period between the end of the Society's financial year and the AGM itself, they must seek election at the AGM in the following year. Directors are appointed for a three-year term. All Directors are required to seek re-election if they have not been elected at either of the two previous AGMs. Directors may submit themselves for re-election voluntarily.

The Nominations committee reviews Board constitution, skills, performance, succession plans and makes recommendations for re-elections of directors. It considers the appointment of new Non-Executive Directors following the circulation of potential vacancies in the Society newsletter. The committee reviews the skills, knowledge and experience of the candidate against the current requirements of the Board and Society. It evaluates the ability of Directors to commit the time required for their role prior to appointment. Its recommendations are submitted to the full Board for consideration.

Within prudential constraints, the Board aims at diversity in its membership aiming particularly at gender balance and diversity of age. Currently, 33% of the members of the Board are female.

Roles of the Chair and Chief Executive

The roles of Chair and Chief Executive are held by different individuals with a clear division of responsibilities. The Chair is responsible for leadership of the board and ensuring the Board acts effectively. The Chief Executive has overall responsibility for managing the Society and implementing strategies agreed by the Board.

Corporate Governance Report *continued*

Information and professional development

All Directors are encouraged to attend industry events, seminars and training courses to maintain an up to date knowledge of the industry, regulatory framework and environmental issues. All directors have had appropriate briefings on industry issues.

Performance evaluation

Each year Directors are subject to a formal appraisal at which their contribution to the Board's performance is assessed. The assessment includes training, development, and attendance. The Chair and Deputy Chair carry out the Chief Executive's appraisal and the Deputy Chair and an Executive Director appraises the Chair. All other appraisals are undertaken by the Chair.

As required under the UK Corporate Governance Code the Board undertakes an annual evaluation of its own performance and that of its committees.

Risk Management and Internal control and Board committees

The Board is collectively responsible for determining strategies for risk management and control. Senior management have the tasks of designing, operating and monitoring risk management and internal control processes. The system of internal control is designed to enable the Society to achieve its corporate objectives within a managed risk profile. The Board has established committees to give more attention to key areas of the business than is possible within regular Board meetings. The full terms of reference for these committees are available on application to the Secretary.

Risk, Audit Compliance and Ethics committee (RACE)

The principal functions of the committee are to support the Board in its responsibility for maintaining an appropriate system of internal control to safeguard the funds of both members and depositors and Society assets, including assessments of business risk. The committee receives regular reports from both the External and Internal auditors. The Internal Audit function provides independent assurance of the effectiveness of the system of internal controls.

The composition and effectiveness of the committee are reviewed annually by the Board. An induction programme is provided for new RACE members. Membership of RACE is for a period of up to three years, extendable by no more than two additional three year periods. The committee met four times during 2013.

The Board is satisfied that the committee has appropriate recent and relevant financial experience to carry out its duties effectively. The committee is chaired by Tony Taylor. At the invitation of the Chair of the committee, the Chief Executive, Secretary, Compliance Officer, Ethics Manager and representatives from both Internal and External Audit attend meetings.

RACE reviews the Annual Report and Accounts with the external auditors and executive management and, if appropriate, recommends approval of these at the next full Board meeting. After discussion with management, the committee determined that there were no risks of misstatement identified in the Society's financial statements.

As the Society holds that the conduct of its business must result in tangible environmental and social benefits within the context of sustainable economic outcomes accompanied by social justice, it believes that any discussion of risk and internal control must be informed by the Society's understanding of ethics. Therefore the committee also assesses adherence to our ethical standards, and receives reports from the Ethics Manager.

The committee monitors the independence and effectiveness of Internal and External Audit. At RACE meetings during the year the members discussed the effectiveness of the external auditors using evidence from regular written reports including KPMG Audit Plc's Statement of Independence presented to RACE in September 2013, and discussions with the audit partner. It was concluded that the auditors were carrying out their duties objectively, effectively and independent of management and there was currently no reason to put external audit out to tender (having also duly considered the limited competition available). RACE noted that the last tender was undertaken in 2005. KPMG have been the Society's auditors for 20 years but operates an audit partner rotation policy. This information was discussed at the January 2014 Board and the recommendation to the AGM to appoint KPMG (as KPMG LLP) for another year was approved.

Non-audit work undertaken by External Auditors would only be conducted by prior approval of the RACE committee to ensure that the continued independence and objectivity of the Society's external auditors would not at any time be compromised.

Corporate Governance Report *continued*

Assets and Liabilities committee (ALCO)

The remit of the committee is to monitor and control structural risks in the balance sheet, liquidity, treasury, funding, recommending policy development and monitoring implementation to ensure that board defined risk limits are adhered to and that the Society has adequate liquid financial resources to meets its liabilities as they fall due.

The committee is chaired by the Chief Executive with the other members being the Finance Director, Chief Operating Officer and two Non-Executive Directors. The committee meets at least six times a year.

Development and Strategy Planning committee (DSPC)

The DSPC is responsible for formulating the future strategy of the Society. The committee consists of the full Board and is chaired by Steven Round. The committee met three times during 2013.

Board Lending committee

The committee examines non-standard risks and non-residential lending proposals. It also reviews potential changes to lending policy and limits. The committee met twice during the year. Tim Morgan took over from David Black as Chair in November.

Nominations committee

This committee is responsible for reviewing applications for the post of Non-Executive Director and making a recommendation to the full Board. The committee consists of the Chair, one Executive Director and one Non-Executive Director. The committee met on six occasions in 2013.

The function and details of the **Remuneration committee** are disclosed within the Directors' Remuneration Report on page 17.

Board and committee membership and attendance record

Director	Board	Risk, Audit, Compliance and Ethics	DSPC	Board Lending	Remuneration	Nominations	ALCO
Malcolm Lynch	11/12	■	3/3	2/2	■	6/6	■
Tony Taylor	11/12	4/4	2/3	■	1/1	■	3/6
Steve Round	12/12	2/2	3/3	■	2/2	■	3/6
Helen Ashley Taylor	11/12	4/4	2/3	■	■	5/6	■
David Black	2/4	■	0/1	1/1	1/1	■	3/3
Mark Jones	4/4	■	1/1	1/1	1/1	■	■
Timothy Morgan	4/4	2/2	1/1	1/1	■	■	■
Christopher Newman	2/3	■	1/1	1/1	■	■	■
Alison Vipond	3/3	■	1/1	■	1/1	■	■
Paul Ellis	12/12	4/4	3/3	2/2	■	6/6	6/6
Pam Waring	11/12	4/4	3/3	■	■	1/6	6/6

The above contains occasional attendance at committee when directors acted as deputies for absent colleagues. The first figure represents the number of meetings attended, and the second the maximum number of possible attendances. David Black remained on the ALCO committee as a consultant after he retired from the Board to provide the committee with the requisite skill set pending the appointment of a new Board member with relevant experience.

■ *Not a member of this Committee*

Ecology Building Society

Directors' Remuneration Report

Introduction

The purpose of this report is to inform members of the Society about the policy for the remuneration of Executive and Non-Executive Directors. It provides details of the elements of directors' remuneration and explains the process for setting them.

The Society adheres to the FCA Remuneration code which sets out the standards that building societies have to meet when setting pay and bonus awards for their staff. The Code requires disclosure of the fixed and variable remuneration of senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers whose professional activities have a material impact on the Society's risk profile. These disclosures are published annually in the Society's Pillar 3 Statement.

Role and composition of the Remuneration committee

The committee's responsibility is to determine the salaries and fees of the Executive and Non-Executive Directors. In addition, it reviews general salary levels. Consisting of three Non-Executives the committee meets as required but at least once a year.

Remuneration policy

Non-Executive Directors

Non-Executive Directors receive a fee for their services. Non-Executive Directors do not receive any pension, performance related pay or other taxable benefits. Additional fees are paid to the Chair, Deputy Chair and those Non-Executive Directors who are members of certain Board committees in recognition of the additional duties and responsibilities associated with these positions. The contribution of each director is appraised annually.

Executive Directors

Remuneration of the Executive Directors comprises a number of elements: basic salary, performance related pay, contributions to the Society's Personal Pension Scheme and other benefits. The Chair appraises Executive Directors annually.

All fees earned by Executive Directors serving on external Boards are paid to the Society.

Basic salary

The Society's policy is for all employees (including Executive Directors) to be remunerated in relation to their expertise, experience, overall contribution and the general market place. The committee considers external data from salary surveys of comparable institutions. The Society has a long established policy that no basic salary will exceed a maximum of five times the lowest full grade available.

Performance related pay

This is an annual scheme that provides non-pensionable rewards directly linked to the achievement of key performance objectives aimed at personal and professional development. The overall objective is to improve Society performance whilst maintaining the financial strength of the Society for the long term benefit of its members.

Pension

The Society makes contributions equivalent to 8% of basic salary for each member of staff, including Executive Directors, to the Society's Group Personal Pension Plan after an initial service period of 3 months. A death in service scheme is operated which pays a lump sum of four times basic salary. These arrangements apply equally to all qualifying staff, with no enhanced arrangements for Executive Directors or senior management.

Benefits

Executive Directors can participate in the Society's staff mortgage scheme subject to a maximum of £33,000. The Chief Executive is also provided with a company car.

Directors' Remuneration Report *continued*

Contractual terms

None of the Society's Non-Executive Directors have service contracts. Paul Ellis, Chief Executive, has a service contract entered into on 1 December 1999 and Pam Waring, Secretary, has a service contract entered into on 28 December 2001. Both contracts are terminable by either party giving six months notice.

Executive Directors' remuneration

	Salary £000	Performance Related Pay £000	Taxable Benefits £000	Contributions to pension scheme £000	Total £000
2013					
Paul Ellis (Chief Executive)	**73**	**3**	**2**	**6**	**84**
Pam Waring (Finance Director)	**64**	**3**	**1**	**5**	**73**
Totals	**137**	**6**	**3**	**11**	**157**
2012					
Paul Ellis (Chief Executive)	72	3	2	6	83
Pam Waring (Finance Director)	63	2	1	5	71
Totals	135	5	3	11	154

Non-Executive Directors' remuneration

	2013 £000	2012 £000
Malcolm Lynch	**14**	13
Tony Taylor[1]	**13**	14
Janet Slade (Jan – Apr 2012)	**0**	3
David Black (Jan – Apr 2013)	**4**	11
Mark Jones (Jan – Apr 2013)	**3**	9
Steven Round	**9**	9
Adam Clark (Jan – Nov 2012)	**-**	9
Helen Ashley Taylor (May 2012 onwards)	**9**	5
Timothy Morgan (Aug – Dec 2013)	**5**	-
Christopher Newman (Sep – Dec 2013)	**4**	-
Alison Vipond (Sep – Dec 2013)	**4**	-
Totals	**65**	73

[1] *Includes additional remuneration in relation to oversight of the Society's Risk function.*

On behalf of the board

Malcolm Lynch
Chair

3 March 2014

Statement of Directors' Responsibilities *in respect of the Annual Report, the Annual Business Statement, the Directors' Report and the annual accounts*

The directors are responsible for preparing the Annual Report, Annual Business Statement, Directors' Report and the annual accounts in accordance with applicable law and regulations.

The Building Societies Act 1986 ("the Act") requires the directors to prepare Society annual accounts for each financial year. Under that law they have elected to prepare the Society annual accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The annual accounts are required by law to give a true and fair view of the state of affairs of the Society as at the end of the financial year and of the income and expenditure of the Society for the financial year.

In preparing these annual accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 annual accounts;
- prepare the annual accounts on the going concern basis, unless it is inappropriate to presume that the Society will continue in business.

In addition to the annual accounts the Act requires the directors to prepare, for each financial year, an Annual Business Statement and a Directors' Report, each containing prescribed information relating to the business of the Society.

Directors' responsibilities for accounting records and internal control

The directors are responsible for ensuring that the Society:

- keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society in accordance with the Act;
- takes reasonable care to establish, maintain, document and review such systems and controls as are appropriate to its business in accordance with the rules made by the Financial Conduct Authority and the Prudential Regulatory Authority under the Financial Services and Markets Act 2000.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

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

Malcolm Lynch
Chair

3 March 2014

Independent Auditor's Report *to the Members of Ecology Building Society*

We have audited the annual accounts of Ecology Building Society for the year ended 31st December 2013 set out on pages 21-35. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with section 78 of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 19, the directors are responsible for the preparation of annual accounts which give a true and fair view. Our responsibility is to audit, and express an opinion on, the annual accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the annual accounts

A description of the scope of an audit of annual accounts is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on annual accounts

In our opinion the annual accounts:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the society as at 31 December 2013 and of the income and expenditure of the society for the year then ended; and
- have been prepared in accordance with the requirements of the Building Societies Act 1986 and regulations made under it.

Opinion on other matters prescribed by the Building Societies Act 1986

In our opinion:

- the Annual Business Statement and the Directors' Report have each been prepared in accordance with the applicable requirements of the Building Societies Act 1986 and regulations thereunder;
- the information given in the Directors' Report for the financial year for which the annual accounts are prepared is consistent with the accounting records and the annual accounts; and
- the information given in the Annual Business Statement (other than the information upon which we are not required to report) gives a true representation of the matters in respect of which it is given.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Building Societies Act 1986 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Society; or
- the annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations and access to documents we require for our audit.

Jonathan Holt (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Manchester

3 March 2014

Income and Expenditure Account

for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Interest receivable and similar income	*2*	**4,075**	3,818
Interest payable and similar charges	*3*	**(1,872)**	(1,749)
Net interest receivable		**2,203**	2,069
Fees and commissions receivable		**9**	9
Fees and commissions payable		**(34)**	(25)
Net profit on financial operations		**2,178**	2,053
Other operating income		**71**	57
Administrative expenses	*4*	**(1,497)**	(1,469)
Depreciation and amortisation	*13*	**(74)**	(81)
Provisions for bad and doubtful debts	*6*	**(50)**	88
Provisions for contingent liabilities and commitments	*20*	**(91)**	(53)
Amounts written off fixed asset investments	*12*	**(20)**	-
Profit on ordinary activities before tax		**517**	595
Tax on profit on ordinary activities	*8*	**(115)**	(136)
Profit on ordinary activities after tax		**402**	459

The notes on pages 24 to 35 form part of these accounts.

There were no recognised gains or losses other than those reflected in the above income and expenditure account (2012: £nil).

The profit for the year was derived wholly from continuing operations. 'Profit on ordinary activities before taxation' represents the FRS 3 caption 'Operating profit'.

Balance Sheet

as at 31 December 2013

	Note	2013 £000	2012 £000
Assets			
Liquid assets			
Cash in hand		**-**	-
Treasury bills	*10b*	**12,491**	7,994
Loans and advances to credit institutions	*9*	**23,429**	18,730
Debt securities	*10a*	**4,022**	4,020
Loans and advances to customers	*11*		
Loans fully secured on residential property		**73,308**	67,458
Other loans		**9,942**	9,881
Investments			
Other investments	*12*	**155**	174
Tangible fixed assets	*13*	**1,284**	1,300
Prepayments and accrued income		**170**	174
Total assets		**124,801**	109,731
Liabilities			
Shares	*14*	**109,532**	96,466
Amounts owed to other customers	*15*	**7,026**	5,458
Other liabilities	*16*	**386**	379
Accruals and deferred income	*18*	**59**	46
Provisions for liabilities – FSCS Levy	*20*	**137**	124
Provisions for liabilities - other	*17*	**39**	39
Subordinated liabilities	*19*	**1,247**	1,246
		118,426	103,758
Reserves			
General reserves	*22*	**6,375**	5,973
Total liabilities		**124,801**	109,731

The notes on pages 24 to 35 form part of these accounts.

These accounts were approved by the Board of directors on 3 March 2014 and were signed on its behalf by:

Malcolm Lynch
Chair

Paul C Ellis
Chief Executive

Pam Waring
Finance Director

Cash Flow Statement

for the year ended 31 December 2013

	2013 £000	2012 £000
Net cash (outflow)/inflow from operating activities	**7,444**	(338)
Returns on investments and servicing of finance		
Interest paid on subordinated liabilities	**(55)**	(54)
Taxation	**(145)**	(112)
Capital expenditure and financial Investments		
Purchase of tangible fixed assets	**(58)**	(22)
Purchase of treasury bills	**(38,521)**	(19,003)
Proceeds from sale of treasury bills	**34,024**	17,000
Purchase of debt securities	**(5,241)**	(3,507)
Proceeds from sale of debt securities	**5,235**	4,563
Purchase of investments	**-**	(52)
Increase/(Decrease) in cash	**2,683**	(1,525)
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	**517**	595
Increase in prepayments and accrued income	**(8)**	(10)
Increase in accruals and deferred income	**83**	73
Increase/(Decrease) in Provisions for bad and doubtful debts	**52**	(463)
Increase in Provision for FSCS levy	**13**	19
Loss on disposal of Investment	**20**	-
Depreciation	**74**	81
Interest on subordinated liabilities	**56**	55
Net cash inflow from trading activities	**807**	350
Movement in:		
Loans and advances to customers	**(5,963)**	(3,894)
Shares	**12,996**	6,231
Amounts owed to other customers	**1,568**	(510)
Loans and advances to credit institutions	**(2,000)**	(2,497)
Other liabilities	**36**	(18)
Net cash inflow/(outflow) from operating activities	**7,444**	(338)

Analysis of Decrease in cash	**2013 £000**	Flows £000	2012 £000
Loans and advances to credit institutions repayable on demand	**10,823**	2,683	8,140

Notes to the Accounts

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Society's accounts.

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts have been prepared in accordance with the Building Societies (Accounts and Related Provisions) Regulations 1998 ('the accounts regulations') and the Building Societies Act 1986.

Tangible fixed assets and depreciation

Fixed assets are capitalised and stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, on a straight-line basis as follows:

Freehold premises	-	50 years
Computer hardware and associated software	-	3 to 5 years
Equipment, fixtures and fittings	-	4 to 10 years
Motor vehicles	-	4 years
Plant and Machinery	-	10 years

Depreciation is not provided on freehold land in accordance with Financial Reporting Standard 15.

Government grants

Capital based government grants are included within accruals and deferred income on the balance sheet and credited to the profit and loss account on a straight line basis over the estimated useful economic lives of the assets to which they relate.

Leases

Operating lease rentals are charged to the profit and loss account on an accruals basis over the period of the lease.

Provisions and forbearance

Provisions are made to reduce the value of loans and advances to the amount which the directors consider is likely ultimately to be received. Forbearance is exercised where a borrower has personal or financial circumstance that will affect his or her ability to make regular mortgage repayments as they fall due.

Throughout the year, and at the year end, individual assessments are made of all advances and loans on properties which are in possession, in arrears by three months or more, or where due to the borrower's personal and financial circumstances, forbearance has been exercised. The Society, wherever possible, arranges for a concession to be put in place in the form of a payment holiday, or repayment of interest only, for an agreed period of time. Consideration is also given to a borrower in arrears and appropriate arrangements are agreed to under, or overpay, the arrears within an agreed timeframe. Once the agreement has been successfully concluded the case is no longer considered to be impaired but continues to be monitored. Specific provision is made against those advances and loans which are considered to be impaired, whether or not forbearance measures are in place. The small size of the Society's mortgage book enables individual assessment of all forbearance cases. In considering the specific provision for impaired loans, account is taken of any discount which may be needed against the value of the property at the balance sheet date to agree a sale within three months of that date and realisation costs. A general provision is also made against advances which have not been specifically identified as impaired but which the Society's experience and the general economic climate would indicate that losses may ultimately be realised.

Loans and advances in the balance sheet are shown net of all provisions. The charge to the income and expenditure account comprises the movement in the provision, together with the losses written off in the year.

Interest income from all loans is credited to the income and expenditure account as it becomes receivable. Interest on loans which are regarded as impaired is transferred to a suspense account and is not credited to the extent that recovery is considered doubtful.

Notes to the Accounts *continued*

1 Accounting policies *continued*

Pensions

The Society operates a defined contribution scheme for its employees. A contribution of 8% of gross salary is paid into the Group Personal Pension Scheme for all employees after an initial service period of three months and charged to administrative expenses on an accrual basis.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Liquid assets

Debt securities and Treasury Bills are intended for use on a continuing basis in the Society's activities and are classified as financial fixed assets and are stated at cost, adjusted to exclude accrued interest at the date of purchase. Premiums and discounts arising on the purchase of financial fixed assets are amortised over the period to the maturity date of the security. Any amounts so amortised are charged/credited to the income and expenditure account for the relevant financial year. Other liquid assets are stated at the lower of cost (including accrued interest) and net realisable value.

Subordinated liabilities

Premiums and costs incurred in the raising of subordinated liabilities are amortised in equal annual instalments over the relevant period to maturity.

Income recognition

Interest income and fees and commission are recognised on an accruals basis.

Mortgage incentives

Mortgage incentives, such as interest discounts, are charged against interest receivable in the year incurred.

Other investments

Investments are stated at the lower of cost and net realisable value.

2 Interest receivable and similar income

	2013 £000	2012 £000
On loans fully secured on residential property	**3,305**	3,080
On other loans	**509**	472
On debt securities:		
Interest	**67**	95
Amortisation of premiums	**(10)**	(23)
Profit on disposal	**19**	9
On treasury bills at fixed rate interest	**35**	37
On other liquid assets	**148**	146
Other interest receivable and similar income	**2**	2
	4,075	3,818

Notes to the Accounts *continued*

3 Interest payable and similar charges

	2013 £000	2012 £000
On shares held by individuals	**1,751**	1,615
On deposits and other borrowings		
Subordinated liabilities	**56**	55
Other	**65**	79
	1,872	1,749

4 Administrative expenses

	2013 £000	2012 £000
Staff costs		
Wages and salaries	**650**	643
Social security costs	**67**	67
Other pension costs	**49**	48
	766	758
Other administrative expenses	**731**	711
	1,497	1,469
Other administrative expenses include:		
Auditors (exclusive of VAT)		
Audit of the financial statements	**26**	24
Other services pursuant to legislation	**9**	6

5 Employees

The average number of employees (including executive directors) during the year was:

	2013	2012
Full time	**19**	17
Part time	**1**	3
	20	20

Notes to the Accounts *continued*

6 Provisions for bad and doubtful debts

	Other Loans	Loans fully secured on residential property £000	Loans fully secured on land £000	Total £000
At 1 January 2013				
General	-	22	8	30
Specific	37	-	129	166
	37	22	137	196
Income and Expenditure Account				
General	-	(3)	(2)	(5)
Specific	(2)	-	59	57
Net Charge	(2)	(3)	57	52
At 31 December 2013				
General	-	19	6	25
Specific	35	-	188	223
	35	**19**	**194**	**248**

Movement in loss provision (above)				52
Losses in year				2
Recoveries of amounts previously written off				(4)
				50

A provision of £126,000 (2012: £129,000) is included in Specific Provisions made on a Loan fully secured on Land for a mortgage where forbearance has been exercised.

7 Remuneration of and transactions with directors

Total remuneration amounted to £222,000 (2012: £227,000). Full details are given in the Directors' Remuneration Report on pages 17 and 18.

Directors' loans and transactions

At 31 December 2013 there were three outstanding mortgage loans (2012:4), made in the ordinary course of the Society's business to directors and connected persons, amounting to £463,366 (2012: £524,450).

A register of such loans, transactions or arrangements is maintained under Section 68 of the Building Societies Act 1986 and the statement of these details for the current financial year is available for inspection at the Society's registered office by prior arrangement with the Secretary or at the Annual General Meeting.

Notes to the Accounts *continued*

8 Tax on profit on ordinary activities

	2013 £000	2012 £000
Analysis of charge in year at 23.25% (2012: 24.5%)		
Corporation tax on profits of the period	**115**	144
Adjustment in respect of previous periods	**-**	-
Total current tax	**115**	144
Deferred tax		
Origination and reversal of timing differences	**-**	(8)
Total deferred tax (note 17)	**-**	(8)
Tax on profit on ordinary activities	**115**	136
Factors affecting current tax charge in year		
Profit on ordinary activities before tax	**517**	595
Tax on profit on ordinary activities at 23.25% (2012:24.5%)	**120**	146
Accelerated capital allowances	**(4)**	5
Short term timing differences	**(2)**	(2)
Permanent items	**11**	7
Adjustment to tax charge in respect of previous periods		-
Small companies rate	**(10)**	(12)
Current tax charge for year	**115**	144

Legislation reducing the main rate of corporation tax to 23% with effect from 1 April 2013 was substantively enacted in March 2013. Further reduction in the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015 were enacted within the Finance Act 2013 in July 2013. As these changes were substantively enacted by the balance sheet date the closing deferred tax asset has been provided for at 20%.

9 Loans and advances to credit institutions

Loans and advances to credit institutions are repayable from the balance sheet as follows:

	2013 £000	2012 £000
Accrued interest	**56**	40
Repayable on demand	**10,823**	8,140
In not more than 3 months	**8,500**	8,000
More than 3 months but not more than 1 year	**4,050**	2,500
More than 1 year but not more than 5 years	**-**	50
	23,429	18,730

Loans and advances to credit institutions contain no direct exposure to banks domiciled in the Euro zone as at the end of the year.

Notes to the Accounts *continued*

10 Debt securities and Treasury Bills

The directors consider the securities held as liquid assets are held with the intention of use on a continuing basis in the Society's activities and are classified as financial fixed assets rather than current assets. Movements during the year of transferable securities held as financial fixed assets are analysed as follows:

10(a) Debt securities

	2013 £000	2012 £000
Issued by public bodies (listed)	**1,002**	1,003
Issued by other borrowers (unlisted)	**3,014**	3,017
	4,016	4,020
Debt securities have remaining maturities as follows:		
Accrued interest	**12**	16
Repayable in not more than 1 year	**2,009**	3,002
Repayable in more than 1 year	**2,001**	1,002
	4,022	4,020
Transferable debt securities (excluding accrued interest) comprise:		
Listed	**2,009**	1,002
Unlisted	**2,001**	3,002
		-
	4,010	4,004
Market value of listed transferable debt securities	**1,984**	1,001
Included in debt securities are:		
Unamortised premiums	**10**	23

Movements during the year of debt securities held as financial fixed assets are as follows:

Cost (excluding accrued interest)	**£'000**
At 1 January 2013	**4,004**
Additions and renewals	**5,241**
Disposals and maturities	**(5,235)**
At 31 December 2013	**4,010**

10(b) Treasury Bills

Treasury bills have remaining maturities as follows:	**£'000**	£'000
Accrued interest	**5**	5
In not more than one year	**12,486**	7,989
	12,491	7,994

Movements during the year of debt securities held as financial fixed assets are as follows:

Cost (excluding accrued interest)	**£'000**
At 1 January 2013	**7,989**
Additions and renewals	**38,521**
Disposals and maturities	**(34,024)**
At 31 December 2013	**12,486**

The Society holds one debt security amounting to £1,000,000 with the European Investment Bank. There is no other direct exposure to European debt.

Notes to the Accounts *continued*

11. Loans and advances to customers

	2013 £000	2012 £000
Loans fully secured on residential property	**73,308**	67,458
Loans fully secured on land	**9,901**	9,840
Other loans	**41**	41
	83,250	77,339

Loans fully secured on land include £18,871 of loans which are fully secured on residential property and which were made to corporate bodies, such as Housing Co-operatives, prior to 1 October 1998, the date the Society adopted the powers of the Building Societies Act 1997. The classification of these assets is not consistent with the treatment of similar loans made after 1 October 1998 that are included in 'loans fully secured on residential property' but is necessary to comply with the requirements of the Building Societies Act 1997. The remaining maturity of loans and advances to customers as at the date of the balance sheet is as follows:

	2013 £000	2012 £000
Other loans and advances by residual maturity repayable:		
In not more than 3 months	**802**	723
In more than 3 months but not more than 1 year	**2,920**	2,877
In more than 1 year but not more than 5 years	**14,755**	13,791
In more than 5 years	**65,021**	60,144
	83,498	77,535
Less: provisions for bad and doubtful debts (note 6)	**(248)**	(196)
	83,250	77,339

There were 26 accounts (2012: 18) at the end of the year where forbearance is currently exercised equating to 2.86% (2012: 2.14%) of mortgage accounts. The balance of these accounts amounted to £3.590m, (2012: £3.001m) or 4.15% (2012: 3.87%) of the mortgage book. Provisions on forbearance cases are disclosed in Note 6.

12. Other investments

The Society holds shares in Mutual Vision Technologies Limited (MVT), which provides IT services to the Society. The Society has an interest bearing loan to MVT of £129,000 (2012: £129,000). The Society also owns 10,000 (2012: 10,000) ordinary shares of £1 in The Phone Co-op Ltd which provides the Society's telephone services. Interest paid by the Phone Co-op is by the issue of further ordinary shares. The Society holds 8,000 ordinary shares in The Ethical Property Company PLC at a purchase price of £9,600. In May 2007 the Society purchased 20,000 shares of £1 in Ecos Fund Limited, an Industrial and Provident Society. The shares held with Ecos Fund Limited were redistributed to Ecos Homes Ltd in November 2011. As a result of the continuing financial problems of the company the Society has written off the value of its allocation of shares in Ecos Homes.

	Shares £000	Loans £000	Total £000
As at 31 December 2012	45	129	174
Additions	1	-	-
Withdrawal	-	-	-
Losses	(20)	-	-
As at 31 December 2013	**26**	**129**	**155**

Notes to the Accounts *continued*

13. Tangible fixed assets

	Freehold Land & Buildings £000	Plant & Machinery £000	Fixtures, Fittings & Computer Equipment £000	Motor Vehicles £000	Total £000
Cost					
At beginning of year	1,391	135	412	43	1,981
Additions	-	19	13	26	58
Disposals	-	-	(1)	(21)	(22)
At end of year	1,391	154	424	48	2,017
Depreciation					
At beginning of year	201	113	336	31	681
Charge for year	24	14	30	6	74
Disposals	-	-	(1)	(21)	(22)
At end of year	225	127	365	16	733
Net book value					
At 31 December 2013	**1,166**	**27**	**59**	**32**	**1,284**
At 31 December 2012	1,190	22	76	12	1,300

Freehold land and buildings, which are included in the balance sheet at cost less deprecation, amounted to £1.166m at 31 December 2013 (2012: £1.190m). Following completion of the meeting room a valuation of the Head Office was carried out on 15 February 2007 by Wilman & Wilman. This valued the freehold land and buildings on an investment method basis at an open market value of £1.100m, which was lower than the carrying value in the accounts. However, the directors consider the value in use of these premises to be in excess of the book value and no provision for diminution in value has been made.

The Society occupies 100% of the freehold land and buildings for its own purposes.

14. Shares

	2013 £000	2012 £000
Held by individuals	**109,532**	96,466
Shares are repayable from the balance sheet date in the ordinary course of business as follows:		
Accrued interest	**739**	669
Repayable on demand	**105,696**	88,818
In not more than 3 months	**2,688**	2,001
In more than 3 months but not more than 1 year	**409**	4,978
	109,532	96,466

Notes to the Accounts *continued*

15. Amounts owed to other customers

	2013 £000	2012 £000
Amounts owed to other customers are repayable from the balance sheet date in the ordinary course of business as follows:		
Repayable on demand	**6,776**	5,208
In more than 3 months but not more than 1 year	**250**	250
	7,026	5,458

16. Other liabilities

	2013 £000	2012 £000
Corporation tax	**115**	144
Income tax	**136**	132
Other creditors	**135**	103
	386	379

17. Provisions for liabilities – other

The amounts provided for deferred taxation are set out below:

	2013 £000	2012 £000
At 1 January	**39**	47
Origination and reversal of timing differences	**6**	(4)
Adjustment in respect of prior years	**-**	(1)
Effect of the changes in tax rates	**(6)**	(3)
Charge for the year		
At 31 December	**39**	39

Details of the amounts provided for deferred taxation at 20% (2012: 23%) are set out below:

	2013 £000	2012 £000
Excess of capital allowances over depreciation	**39**	47
Other short term timing differences	**-**	(8)
	39	39

18. Accruals and deferred income

	2013 £000	2012 £000
Accruals	**58**	44
Government grants	**1**	2
	59	46

Notes to the Accounts *continued*

19. Subordinated liabilities

	2013 £000	2012 £000
a) Floating rate subordinated liabilities due 2016	**500**	**500**
b) Floating rate subordinated liabilities due 2019	**750**	**750**
	1,250	**1,250**
Less unamortised premiums and issue costs	**(3)**	**(4)**
	1,247	**1,246**

The Notes are repayable at the dates stated or earlier at the option of the Society with the prior consent of the Financial Services Authority. All Subordinated Liabilities are denominated in sterling. Interest payments made on the floating rate loan (b) is at a rate agreed with reference to the Bank of England Base. Interest payments on the floating rate loan (a) is at a rate agreed based on the average SVR (Standard Variable Rate) of the top 5 Building Societies. Premiums and discounts, commission and other costs incurred in the raising of Subordinated Liabilities are amortised in equal annual instalments over the relevant period to maturity. Of the Subordinated Liabilities held by the Society, £1.047m is permissible as Tier 2 capital resources.

20. Guarantees and other financial commitments

FSCS Levy	2013 £000	2012 £000
Balance brought forward	**124**	105
Scheme year 2012/13 Levy paid in year	**(78)**	(34)
Charge for the year	**91**	53
Balance carried forward	**137**	124

In common with all regulated UK deposit-takers, the Society pays levies to the FSCS to enable the FSCS to meet claims against it. The FSCS levy consists of two parts – a management expenses levy and a compensation levy. The management expenses levy covers the costs of running the scheme and the compensation levy covers the amount of compensation the scheme pays, net of recoveries it makes using the rights that have been assigned to it. During 2008 and 2009 claims were triggered against the FSCS in relation to Bradford and Bingley plc, Kaupthing Singer and Friedlander, Heritable Bank plc, Landsbanki Islands hf, London Scottish Bank plc and Dumfermline Building Society.

The FSCS meets these current claims by way of loans received from the HM Treasury. The terms of these loans were interest only for the first three years and the FSCS seeks to recover the interest cost, together with ongoing management expenses, by way of annual management levies on members, including Ecology Building Society, over this period.

The Society's FSCS provision reflects market participation up to the reporting date. £92,000 of the provision relates to the estimated management expense levy for the scheme years 2013/14 and 2014/15. This amount was calculated on the basis of the Society's current share of protected deposits taking into account the FSA's estimate of total management expense levies for each scheme year.

In addition to the management levies, from scheme year 2013/14, triggered by participation in the market at 31 December 2012, the FSCS is to levy over three years the current estimated shortfall on capital loans outstanding of £802m. In common with the management expenses levy, the capital loan repayment was calculated on the basis of the Society's current share of UK protected deposits. The Society has therefore recognised a provision of £45,000 related to the compensation levy.

Notes to the Accounts *continued*

21. Financial risk management

The main financial risks arising from the Society's activities are interest rate risk, credit risk, and liquidity risk. The Board reviews and agrees policies for managing each of these risks, and these are summarised below.

Interest rate risk

The Society is exposed to movements in interest rates reflecting the mismatch between the dates on which interest is receivable on assets and interest payable on liabilities are next reset to market rates. The Society perceives this risk as being minimal.

Interest rate risk exposure

The following table summarises the repricing mismatches as at 31 December 2013. Items are allocated to time bands by reference to the earlier of the next interest rate repricing date and the maturity date.

At 31 December 2013	3 months or less £000	More than 3 months but less than 6 months £000	More than 6 months but less than 1 year £000	More than 1 year but less than 5 years £000	Non-interest bearing £000	Total £000
Assets						
Liquid assets	**26,328**	**10,041**	**2,500**	**1,000**	**73**	**39,942**
Loans and advances to customers	**83,250**	**-**	**-**	**-**	**-**	**83,250**
Other assets	**10**	**-**	**-**	**145**	**1,454**	**1,609**
	109,588	**10,041**	**2,500**	**1,145**	**1,527**	**124,801**
Liabilities						
Shares and amounts owed to customers	**115,819**	**-**	**-**	**-**	**739**	**116,558**
Other liabilities	**-**	**-**	**-**	**-**	**621**	**621**
Subordinated liabilities	**747**	**500**	**-**	**-**	**-**	**1,247**
Reserves	**-**	**-**	**-**	**-**	**6,375**	**6,375**
	116,566	**500**	**-**	**-**	**7,735**	**124,801**
Interest rate sensitivity gap	**(6,978)**	**9,541**	**2,500**	**1,145**	**(6,208)**	**-**
Cumulative gap	**(6,978)**	**2,563**	**5,063**	**6,208**	**-**	**-**
At 31 December 2012						
Assets						
Liquid assets	21,140	4,994	4,500	50	61	30,745
Loans and advances to customers	77,339	-	-	-	-	77,339
Other assets	10	-	-	164	1,473	1,647
	98,489	4,994	4,500	214	1,534	109,731
Liabilities						
Shares and amounts owing to customers	101,255	-	-	-	669	101,924
Other liabilities	-	-	-	-	588	588
Subordinated liabilities	746	500	-	-	-	1,246
Reserves	-	-	-	-	5,973	5,973
	102,001	500	-	-	7,230	109,731
Interest rate sensitivity gap	(3,512)	4,494	4,500	214	(5,696)	-
Cumulative gap	(3,512)	982	5,482	5,696	-	-

Notes to the Accounts *continued*

21. Financial risk management *continued*

Other assets include fixed assets, investments and prepayments and accrued income. Other liabilities include accruals and deferred income.

Credit risk

All loan applications are assessed with reference to the Society's Lending Policy. Changes to Policy are approved by the Board and the approval of loan applications is mandated. The Board is responsible for approving treasury counterparties.

Liquidity risk

The Society's Policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in funding to retain full public confidence in the solvency of the Society and to enable the Society to meet its financial obligations. This is achieved through maintaining a prudent level of liquid assets, and through control of the growth of the business. The Society's liquid assets are currently entirely composed of retail funds, without recourse to wholesale funding. As a prudent measure in light of the "credit crunch", the maturity profile of the Society's liquid assets has been shortened, and a wider range of counterparties among banks and building societies has been adopted. The Society completes an Individual Liquidity Systems Assessment (ILSA) each year and this assessment of liquidity systems and controls is reviewed in detail, and approved, by the Board.

22. General reserves

	2013 £000	2012 £000
At beginning of year	**5,973**	5,514
Profit for the financial year	**402**	459
At end of year	**6,375**	5,973

23. Pensions

The amount charged during the year for individual pension schemes in respect of staff was £48,863 (2012: £47,810). There were no contributions owing to these schemes at 31 December 2013. (2012: £nil).

Annual Business Statement

Year ended 31 December 2013

1 Statutory percentages

	Statutory limit	**At 31 December 2013 %**	At 31 December 2012 %
Lending limit	25.00	**12.52**	13.36
Funding limit	50.00	**6.03**	5.35

The above percentages have been calculated in accordance with the provisions of the Building Societies Act 1986.

The lending limit measures the proportion of business assets not in the form of loans fully secured on residential property.

The funding limit measures the proportion of shares and borrowings not in the form of shares held by individuals.

The statutory limits are as prescribed by the Building Societies Act 1986 and ensure that the principal purpose of a building society is that of making loans which are secured on residential property and are funded substantially by members.

2 Other percentages

	2013 %	2012 %
Gross capital as a percentage of shares and borrowings	**6.37**	6.98
Free capital as a percentage of shares and borrowings	**5.29**	5.74
Liquid assets as a percentage of shares and borrowings	**34.27**	30.16
Profit after taxation as a percentage of mean total assets	**0.34**	0.43
Management expenses as a percentage of mean total assets	**1.36**	1.45

Gross capital represents the general reserves and subordinated liabilities. Of the subordinated liability shown on the balance sheet £1.047m is classed as capital.

Free capital represents the gross capital less tangible fixed assets plus general mortgage loss provision as shown in the balance sheet.

Shares and borrowings represent the total of shares and amounts owed to other customers, including accrued interest.

Liquid assets are taken from the items so named in the balance sheet.

The profit after taxation is the profit for the year as shown in the income and expenditure account.

Management expenses are the administrative expenses plus depreciation and amortisation for the year as shown in the income and expenditure account.

Mean total assets are the average of the 2013 and 2012 total assets.

Annual Business Statement *continued*

Year ended 31 December 2013

3 Information relating to directors at 31 December 2013

Name and Date of Birth	Occupation and Date of Appointment	Other Directorships
Malcolm John Lynch 29.04.1955	Solicitor 24.07.1998	The Trust for Education Leeds Youth Opera
Paul Charles Ellis 10.09.1957	Building Society Chief Executive 05.05.1984	Mutual Vision Technologies Ltd Passivhaus Trust INAISE (International Association of Investors in the Social Economy)
Pamela Waring 12.06.1956	Building Society Finance Director and Secretary 07.06.2000	Home-Start Craven
Peter Anthony Taylor 27.07.1951	Retired Building Society Executive 27.01.2006	The Forget Me Not Children's Hospice Ltd Ecology Building Society Charitable Foundation Ltd
Steven John Round 08.04.1960	Managing Director 09.12.2010	Strategic Intent Ltd The Big Issue Foundation Change Account Ltd
Helen Ashley Taylor 13.12.1965	Accountant 23.05.2012	Ecology Building Society Charitable Foundation Ltd
Timothy David Morgan 08.12.1964	Finance Director and Company Secretary 28.08.2013	Shared Interest Society Ltd Gateshead Clinical Commissioning Group Fenham Swimming Project
Christopher Jon Newman 06.09.1976	Commercial Director and Company Secretary 27.09.2013	Parity Projects Ltd
Alison Vipond 06.02.1973	Environmentalist & Researcher 27.09.2013	Newton and Bywell Connects Ltd

Paul Ellis and Pam Waring both have service contracts, details of which can be found in the Directors' Remuneration Report on page 18.

Documents may be served on the above directors and should be marked 'private and confidential' c/o Financial Services Audit, KPMG Audit Plc, St James Square, Manchester, M2 6DS.