

Registered number: 3578127

ETHICAL TRADING INITIATIVE
(A Company Limited by Guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

ETHICAL TRADING INITIATIVE
(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors	Meena Varma Jon Tugwell Katharine Stewart Emily Scott Owen David Tudor Philip Chamberlain Alison Tate Monika Kemperle (resigned 10 March 2016) Aidan Mcquade Chris Harrop Scot Walker Peter Mcallister Rachel Wilshaw Giles Robert Bolton (appointed 16 June 2015) Christina Hajagos-Clausen (appointed 10 March 2016)
Company secretary	Angela Byer
Registered number	3578127
Registered office	8 Coldbath Square London EC1R 5HL
Trading address	8 Colbath Square London EC1R 5HL
Independent auditors	haysmacintyre 26 Red Lion Square London WC1R 4AG

ETHICAL TRADING INITIATIVE
(A Company Limited by Guarantee)

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ETHICAL TRADING INITIATIVE
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the audited financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Principal activities

The landscape in which ETI operates is changing. International protocols, such as the Global Goals for Sustainable Development and the United Nations Guiding Principles on Business and Human Rights, as well as new legislation including the UK's Modern Slavery Act 2015 and the US amendment to the Tariff Act 1930, are helping to drive a transformation in thinking.

Our new strategy, Perspective 2020, which was finalised in October 2015, is firmly grounded in that new thinking and has been formulated to show that ethical business underpins good business. It positions ETI at the forefront of ethical trade to the benefit of all workers in supply chains through our advocacy, our programmatic work and our external messaging.

In the UK, our advocacy helped ensure that the Transparency in Supply Chains (TISC) clause was included in the UK's Modern Slavery Act. We were also critical stakeholders in framing the Labour Market Enforcement section of the Immigration Bill; in particular, around the role and remit of the expanded Gangmasters Licensing Authority and the Director of Labour Market Enforcement.

Internationally, we played an active role in efforts to bring together UK businesses in support of Syrian refugees in Jordan, Lebanon and the wider region, so that any jobs created with international funds meet Base Code standards. And in Myanmar, we helped persuade the government to guarantee that garment workers were not excluded from minimum wage legislation.

Our Bangladesh programme showed how social dialogue contributes to constructive worker engagement by supporting and training Worker Participation Committees in garment factories, and at the request of global brands and local suppliers is to be expanded. In Turkey we brought together companies, trade unions and NGOs to support Syrian refugees working in the Turkish garment trade, successfully lobbying for the provision of work permits.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

Meanwhile, in India, our programmes in Rajasthan's stone yards and Tamil Nadu's spinning mills emphasised health and safety in the former and women's health issues in the latter as well as introducing wider conversations around workers' rights. Elsewhere, we consolidated our reputation as constructive interlocutors on workers' rights in the Thai seafood sector and in South African, Latin American and North African horticulture.

But we could not have impact without adequate funding. We greatly value the long-term commitment and strategic support that our funding relationship with the UK's Department for International Development (DFID) offers through its Programme Partnership Arrangement (PPA) and its Responsible, Accountable and Transparent Enterprise (RATE) funding. We also wish to thank DANIDA, the FCO and the Commonwealth Foundation for their support. And our thanks go to members for prompt payment of fees.

Looking ahead, there is a palpable sense of energy. Collaboration is crucial to our way of working and our tripartite membership of companies, trade unions and NGOs are fully involved in advancing our new strategic direction as we start to refine our guidance on business practices, further encourage worker agency and drive greater transparency in reporting frameworks. By working together globally, we are building trust and will have stronger impact in pursuit of a world where all workers are free from exploitation and discrimination.

Directors

The directors who served during the year were:

Meena Varma
Jon Tugwell
Katharine Stewart
Emily Scott
Owen David Tudor
Philip Chamberlain
Alison Tate
Monika Kemperle (resigned 10 March 2016)
Aidan Mcquade
Chris Harrop
Scot Walker
Peter Mcallister
Christina Hajagos-Clausen (appointed 10 March 2016)
Rachel Wilshaw
Giles Robert Bolton (appointed 16 June 2015)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

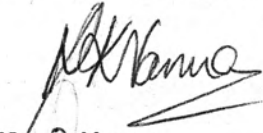
The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

ETHICAL TRADING INITIATIVE
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

This report was approved by the board on 28 November 2016 and signed on its behalf.



Meena Varma
Director

ETHICAL TRADING INITIATIVE
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ETHICAL TRADING INITIATIVE

We have audited the financial statements of Ethical Trading Initiative for the year ended 31 March 2016, set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements 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 financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


ETHICAL TRADING INITIATIVE
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ETHICAL TRADING INITIATIVE

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.



Munaza Jessa (Senior Statutory Auditor)

for and on behalf of
haysmacintyre

Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

28 November 2016

ETHICAL TRADING INITIATIVE
(A Company Limited by Guarantee)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
TURNOVER	1	1,273,000	1,182,178
Expenditure:			
Cost of service provision		(2,268,033)	(1,746,785)
Other operating income	2	1,154,800	653,264
		<hr/>	<hr/>
OPERATING SURPLUS/(DEFICIT)	3	159,767	88,657
Interest receivable and similar income		149	681
		<hr/>	<hr/>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		159,916	89,338
Tax on profit on ordinary activities	6	(30)	-
		<hr/>	<hr/>
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR	10	159,886	89,338
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 12 form part of these financial statements.

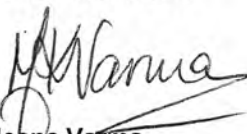
ETHICAL TRADING INITIATIVE
(A Company Limited by Guarantee)
REGISTERED NUMBER: 3578127

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	2016		2015	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		9,859		12,781
CURRENT ASSETS					
Debtors	7	474,896		147,056	
Cash at bank and in hand		478,017		679,881	
		<u>952,913</u>		<u>826,937</u>	
CREDITORS: amounts falling due within one year	8	<u>(635,723)</u>		<u>(672,555)</u>	
NET CURRENT ASSETS			<u>317,190</u>		<u>154,382</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>327,049</u>		<u>167,163</u>
CAPITAL AND RESERVES					
Profit and loss account	10		<u>327,049</u>		<u>167,163</u>
			<u>327,049</u>		<u>167,163</u>

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 November 2016.


Meena Varma
 Director

The notes on pages 8 to 12 form part of these financial statements.

ETHICAL TRADING INITIATIVE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.2 Income

Income comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	25% Straight Line
Office equipment	-	25% Straight Line

1.4 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2. OTHER OPERATING INCOME

	2016	2015
	£	£
Other operating income	1,154,800	653,264

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

OTHER OPERATING INCOME

	2016 £	2015 £
DFID RATE	228,956	-
DFID Core Grant	401,770	401,770
NGO's - BOAG funding	22,713	25,000
F&F Vulnerable Workers Working Group	17,039	-
Leicester - working Group Fund	8,970	41,698
DANIDA	91,341	43,224
Freedom Fund	6,443	-
TNMS	183,365	88,083
SandStone members contribution	21,000	4,696
FCO	44,965	40,883
TGVCi	26,714	-
FCO - NAP India	61,522	-
FCO India - Women Delegation	13,277	-
DANIDA other contribution	5,000	5,600
Vietnam Wooden Furniture project	-	2,281
CW Foundation	21,725	29
	<u>1,154,800</u>	<u>653,264</u>

3. OPERATING SURPLUS/(DEFICIT)

The operating surplus is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the company	5,099	4,134
Auditors' remuneration	6,800	6,425
Pension costs	49,707	42,139
	<u>61,606</u>	<u>52,702</u>

4. DIRECTORS' REMUNERATION

	2016 £	2015 £
Aggregate remuneration	<u>95,211</u>	<u>91,597</u>

ETHICAL TRADING INITIATIVE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

5. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 April 2015	51,394	61,877	113,271
Additions	-	2,177	2,177
At 31 March 2016	<u>51,394</u>	<u>64,054</u>	<u>115,448</u>
Depreciation			
At 1 April 2015	49,898	50,592	100,490
Charge for the year	520	4,579	5,099
At 31 March 2016	<u>50,418</u>	<u>55,171</u>	<u>105,589</u>
Net book value			
At 31 March 2016	<u>976</u>	<u>8,883</u>	<u>9,859</u>
At 31 March 2015	<u>1,496</u>	<u>11,285</u>	<u>12,781</u>

6. TAXATION

	2016 £	2015 £
UK corporation tax charge on profit for the year	<u>30</u>	<u>-</u>

7. DEBTORS

	2016 £	2015 £
Trade debtors	452,543	108,403
Other debtors	22,353	38,653
	<u>474,896</u>	<u>147,056</u>

ETHICAL TRADING INITIATIVE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

8. CREDITORS:
Amounts falling due within one year

	2016 £	2015 £
Trade creditors	133,509	86,506
Corporation tax	30	-
Other taxation and social security	435	7,915
Membership income received in advance	44,750	178,071
Deferred income	247,639	307,225
Other creditors	209,360	92,838
	<u>635,723</u>	<u>672,555</u>

Membership income received in advance comprises the unexpired period to which the membership fees relate to.

9. COMPANY STATUS

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

10. RESERVES

	Profit and loss account £
At 1 April 2015	167,163
Surplus for the year	159,886
	<u>327,049</u>
At 31 March 2016	

11. OPERATING LEASE COMMITMENTS

At 31 March 2016 the company had annual commitments under non-cancellable operating leases as follows:

	2016 £	2015 £
Expiry date:		
Between 2 and 5 years	84,731	-
After more than 5 years	-	85,520
	<u>84,731</u>	<u>85,520</u>

ETHICAL TRADING INITIATIVE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

12. RELATED PARTY TRANSACTIONS

During the year, expenses including travel totalling £2,629 (2015: £2,352) were charged by two directors.

During the year, expenses were reimbursed to the Chair, amounting to £2,966 (2015: £674).

