

Registered number: 3578127

**ETHICAL TRADING INITIATIVE**  
**(A Company Limited by Guarantee)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

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**ETHICAL TRADING INITIATIVE**  
**(A Company Limited by Guarantee)**

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**COMPANY INFORMATION**

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<b>Directors</b>	Meena Varma Jon Tugwell Katharine Stewart Emily Scott Owen David Tudor Philip Chamberlain Alison Tate Aidan Mcquade Chris Harrop Scot Walker Peter Mcallister Rachel Wilshaw Giles Robert Bolton Christina Hajagos-Clausen
<b>Company secretary</b>	Angela Byer
<b>Registered number</b>	3578127
<b>Registered office</b>	8 Coldbath Square London EC1R 5HL
<b>Trading Address</b>	8 Colbath Square London EC1R 5HL
<b>Independent auditors</b>	haysmacintyre 26 Red Lion Square London WC1R 4AG

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**ETHICAL TRADING INITIATIVE**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present their report and the financial statements for the year ended 31 March 2017.

**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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**ETHICAL TRADING INITIATIVE**  
(A Company Limited by Guarantee)

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**Principal activity**

The 2016/17 financial year has seen ETI build on the preparatory work of previous years, marking significant progress in many areas at a time when there continues to be considerable global uncertainty. During the year we: expanded our staffing complement significantly; attracted a higher level of funding than in previous years, thanks to both a growth in membership revenue and a significant grant from the UK Government's Department for International Development; and we reviewed systems and policies to ensure we could make the most effective use of our additional capacity.

We were able to highlight our work (and the work of our members) on implementing the UN Guiding Principles on Business and Human Rights (UNGPs) at a major Business and Human Rights conference hosted by the UN in Geneva in November 2016. Additionally, we contributed our experience and expertise at numerous other events, most noticeably at events on Modern Slavery. Our training offer also saw growth during the year, reflecting the work undertaken to ensure our courses are relevant, well designed and well delivered. Feedback from participants was consistently very positive.

Our project work in a number of different locations has also moved forward significantly. Our project in Southern India entered a second phase, recruiting a wider set of participating businesses, and moving the agenda from rights to health to broader workers' rights as planned. Our Social Dialogue project in Bangladesh also moved forward with additional participating factories. We now reach some 54,000 workers. The project is also providing the basis for a wider engagement in Bangladesh through the establishment of an office and local platform. The testimony of women involved in both these projects is very powerful, although there remains more to do. In China, operating conditions have been challenging for all working in the area of rights. However, we successfully implemented a project funded by the UK Foreign & Commonwealth office on the UNGPs, Chinese business practices outside China and workplace consultation. We also continued our successful partnership with the ILO SCORE project in China for medium sized suppliers.

Work in Turkey continued during the year in what is a complex situation that is not without its challenges, while work in Thailand on issues related to migrant labour progressed well. We continued with work on workers rights closer to home, looking at the conditions of workers in Italy who pick tomatoes, commissioning a study on migrant workers in the salad industry in Spain and continuing to advocate with our members for better conditions in the UK garment sector.

An increasing aspect of our work is to play a role when rights have been abused and remedial action is required. We have managed engagement and complaints in agricultural supply chains in Latin America, garment manufacture in Bangladesh and South Africa and stranded workers in China.

Much of this work was made possible by membership funds from our corporate members, who we thank for their continued support and engagement. At the same time, the invaluable contribution from trade union and NGO members is vital in ensuring ETI retains its uniquely valuable tripartite approach and influence. We were also able to witness the growth in third party partnerships that provide significant financial support to ETI, notably with DFID, DANIDA, FCO, Geneva Global and the Commonwealth Foundation. Our ability to attract and effectively use such funds to innovate and demonstrate impact for workers remains of vital importance to ETI. Lastly, this is an opportunity to thank the Chairperson and Board of ETI who provide oversight and guidance to the organisation.

**Directors**

The directors who served during the year were:

Meena Varma  
Jon Tugwell  
Katharine Stewart  
Emily Scott

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**ETHICAL TRADING INITIATIVE**  
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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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Owen David Tudor  
Philip Chamberlain  
Alison Tate  
Aidan Mcquade  
Chris Harrop  
Scot Walker  
Peter Mcallister  
Rachel Wilshaw  
Giles Robert Bolton  
Christina Hajagos-Clausen

**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.


**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

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

This report was approved by the board on 14 September 2017 and signed on its behalf.



Philip Chamberlain  
Director

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**ETHICAL TRADING INITIATIVE**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ETHICAL TRADING INITIATIVE**

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We have audited the financial statements of Ethical Trading Initiative for the year ended 31 March 2017, set out on pages 6 to 13. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 1, 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 Financial Reporting Council'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](http://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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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**ETHICAL TRADING INITIATIVE**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ETHICAL TRADING INITIATIVE**  
**(CONTINUED)**

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**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 take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



Murtaza Jessa (Senior Statutory Auditor)

for and on behalf of  
**haysmacintyre**

Statutory Auditors

26 Red Lion Square  
London  
WC1R 4AG

14 September 2017



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**ETHICAL TRADING INITIATIVE**  
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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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	Note	2017 £	2016 £
Income	3	3,446,820	2,427,801
<b>Gross Turnover</b>		<u>3,446,820</u>	<u>2,427,801</u>
Operating and other expenses	4	(3,185,038)	(2,268,033)
<b>Operating surplus</b>		<u>261,782</u>	<u>159,768</u>
Interest receivable and similar income		164	149
<b>Surplus before tax</b>		<u>261,946</u>	<u>159,917</u>
Tax on investment income	6	(33)	(30)
<b>Surplus for the financial year</b>		<u>261,913</u>	<u>159,887</u>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<u>261,913</u>	<u>159,887</u>

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**ETHICAL TRADING INITIATIVE**  
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**REGISTERED NUMBER:3578127**

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**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

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	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	7	34,797	9,859
		<u>34,797</u>	<u>9,859</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	591,863	474,896
Cash at bank and in hand		602,931	478,017
		<u>1,194,794</u>	<u>952,913</u>
Creditors: amounts falling due within one year		<u>(640,596)</u>	<u>(635,723)</u>
<b>Net current assets</b>		<u>554,198</u>	<u>317,190</u>
<b>Total assets less current liabilities</b>		<u>588,995</u>	<u>327,049</u>
<b>Net assets</b>		<u><u>588,995</u></u>	<u><u>327,049</u></u>
<b>Capital and reserves</b>			
Accumulated funds		<u>588,995</u>	<u>327,049</u>
		<u><u>588,995</u></u>	<u><u>327,049</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 September 2017.



**Philip Chamberlain**

Director

The notes on pages 8 to 13 form part of these financial statements.

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**ETHICAL TRADING INITIATIVE**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. General information**

Ethical Trading Initiative, is a private company limited by guarantee incorporated in the United Kingdom. The company's registered office 8 Coldbath Square, London, EC1R 5HL and company number is 3578127

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**2.2 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**2.3 Tangible fixed assets**

Tangible fixed assets that are valued at over £1,000 and have an useful economic life of more than one year are capitalised. 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:

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**2.4 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**2. Accounting policies (continued)**

**2.5 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.6 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.7 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.8 Taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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**ETHICAL TRADING INITIATIVE**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**3. Income**

	2017 £	2016 £
Other trading income	1,376,234	1,273,001
DFID rate	1,165,731	228,956
DFID Core Grant	301,328	401,770
NGO's - BOAG Funding	25,000	22,713
F&F Vulnerable Workers Working Group	17,039	17,039
Leicester - Working Group Fund	12,598	8,970
DANIDA	123,733	91,341
Freedom Fund	-	6,443
TNMS	110,076	183,365
SandStone Members Contribution	-	21,000
FCO	-	44,965
TGVCI	35,607	26,714
FCO NAP India	27,435	61,522
FCO India - Women Delegation	-	13,277
DANIDA Other Contribution	-	5,000
Vietnam Wooden Furniture Project	9,062	-
CW Foundation	6,858	21,725
FCO - China - UNGP's	114,438	-
RSWG Members Contribution	16,000	-
Turkey FCO Funding	74,950	-
Turkey Members Contribution	20,255	-
Newcastle South Africa Study	10,476	-
	<u>3,446,820</u>	<u>2,427,801</u>

**4. Operating and other expenses**

	2017 £	2016 £
Operating expenses	1,458,854	1,360,871
Grants expenditure	1,726,184	907,162
	<u>3,185,038</u>	<u>2,268,033</u>

**5. Employees**

The average monthly number of employees, including directors, during the year was 22 (2016 - 19).

**ETHICAL TRADING INITIATIVE**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**6. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on investment income for the year	33	30

**7. Tangible fixed assets**

	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 April 2016	51,394	64,054	115,448
Additions	-	31,317	31,317
At 31 March 2017	51,394	95,371	146,765
<b>Depreciation</b>			
At 1 April 2016	50,418	55,171	105,589
Charge for the year on owned assets	520	5,859	6,379
At 31 March 2017	50,938	61,030	111,968
<b>Net book value</b>			
At 31 March 2017	456	34,341	34,797
At 31 March 2016	976	8,883	9,859

**ETHICAL TRADING INITIATIVE**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**8. Debtors**

	2017 £	2016 £
Trade debtors	577,764	452,540
Other debtors	14,099	22,356
	<u>591,863</u>	<u>474,896</u>

**9. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	164,019	133,508
Corporation tax	33	30
Other taxation and social security	-	435
Other creditors	87,002	188,979
Accruals	45,140	65,132
Deferred income (see Note 10)	344,402	247,639
	<u>640,596</u>	<u>635,723</u>

**10. Deferred income by funder**

	2017 £	2016 £
F&F Supply Chain Working Group	1,922	4,000
TNMS	165,680	140,050
TNMS GG	61,937	29,072
Newcastle	1,980	17,961
BOAG	7,288	7,288
CW Foundation	24,391	31,249
Turkey Members	75,744	-
Leicester Working Group	233	3,731
Vietnam Wooden Furniture Project	5,227	14,288
	<u>344,402</u>	<u>247,639</u>

These are funds received in advance.

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**ETHICAL TRADING INITIATIVE**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**11. Capital and reserves**

**Accumulated Funds**

The accumulated funds are made up of funds brought forward and surplus in the year. The accumulated funds excluding those tied up in fixed assets would amount to £554,198 and these are the free reserves used as working capital.

**12. 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.

**13. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £53,621 (2016 - £49,702). Contributions totalling £67,001 (2016 - £64,005) were payable to the fund at the balance sheet date.

**14. Commitments under operating leases**

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	86,265	83,869
Later than 1 year and not later than 5 years	111,286	197,451
	<u>197,551</u>	<u>281,320</u>

**15. Related party transactions**

During the year, expenses including travel totalling £4,255 (2016: £2,629) were charged by two directors. During the year, expenses were reimbursed to the Chair, amounting to £3,532 (2016: £2,966).

**16. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.