

(A company limited by guarantee and not having a share capital)

Company No. 3578127

**ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH 2010**

The directors have pleasure in presenting their report and financial statements for the year ended 31st March 2010.

Principal Activities

The principal activities of the company throughout the period were to promote and encourage ethical trading in the supply chains of companies supplying products worldwide in order to improve conditions for workers and their communities.

Directors

Pam Batty	Teresa Mackay
Lakshmi Bhatia	Ben Moxham
Javier Chercoles Blazques	Daniel Rees (resigned 15/03/10)
Maggie Burns	Alan Roberts (Chair)
Chris Gilbert-Wood	Ashling Seely
James Howard	Meena Varma (Treasurer) (appointed 25/01/10)
Rachel Wilshaw	Neil Kearney (deceased 11/09)
Elaine Jones	Lord Young (Vice Chair)
Peter Williams (Treasurer) (resigned 21/01/10)	

Secretary

Angela Byer

Auditors

In accordance with the Companies Act 2006, Kingston Smith LLP are deemed appointed as auditors of the company.

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 judgements and 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.

Risk Management Statement

The directors have examined the major governance, operational and financial risks which the company faces and confirm that systems and controls have been established to mitigate these risks, including controls to safeguard the administration and use of grant funding and other income received. The potential risks and management of them are regularly reviewed by the directors.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Small Company Rules

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Alan Roberts', is written over a light grey rectangular background.

Alan Roberts
Chair
ETI
8 Coldbath Square
London
EC1R 5HL

We have audited the financial statements of Ethical Trading Initiative for the year ended 31st March 2010 set out on pages 4 to 9. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

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 which 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 any party other than the company and 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 set out 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on the 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 2010 and of its deficit for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been properly prepared in accordance with 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.

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;
- 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 and the director's report is in accordance with the small company's regime.

Sandra De Lord (Senior Statutory Auditor), for and on behalf of Kingston Smith LLP

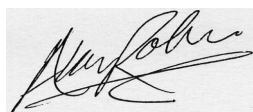
**Ethical Trading Initiative
Balance sheet at 31 March 2010**

	Note	2010 £	2010 £	2009 £	2009 £
Fixed Assets					
Tangible assets	4		37,067		54,159
Current Assets					
Debtors	5	192,361		200,796	
Cash at bank and in hand		383,060		130,336	
		575,421		331,132	
Creditors: Amounts falling due within one year					
	6	422,735		191,823	
Net Current Assets					
			152,686		139,309
			189,753		193,468
 Represented by:					
Accumulated Fund					
			189,753		193,468

The notes on pages 6 to 9 form part of these financial statements.

These accounts have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The accounts were approved by the board, and authorised for issue, on
and are signed on its behalf by:



Alan Roberts
Chair

**Ethical Trading Initiative
Income and Expenditure
Balance sheet at 31 March 2010**

	Note	2010 £	2009 £
Income			
Grant from DfID	2	530,000	520,000
Membership fees		681,398	666,584
JO-IN project income	11	3,218	15,984
Direct project funding		4,381	46,058
Conference, seminars and publications		112,990	44,860
Tenth anniversary conference		-	49,102
Bank interest		593	7,356
		<u>1,332,580</u>	<u>1,349,944</u>
Expenditure			
Staff		776,636	753,279
Board		45,472	53,075
Office running costs		189,991	224,514
Membership support & development		52,582	70,127
Events		2,544	92,394
Information		92,094	123,111
Brand Review and Development		-	7,164
Pilot programmes		148,193	106,366
Capacity building		14,420	12,506
Bad debt expense		12,000	-
JO-IN project expenditure	11	3,218	15,984
		<u>1,337,150</u>	<u>1,458,520</u>
Operating Deficit	3	(4,570)	(108,576)
Taxation	10	855	(1,545)
Deficit for the Year after Taxation		(3,715)	(110,121)
Surplus brought forward		<u>193,468</u>	<u>303,589</u>
Surplus carried forward		<u><u>189,753</u></u>	<u><u>193,468</u></u>

The notes on pages 6 to 9 form part of these financial statements.

**Ethical Trading Initiative
Notes to the Accounts
Balance sheet at 31 March 2010**

1 Accounting Policies

These financial statements have been prepared under the historical cost convention and in accordance with the provision of the Companies Act 2006, the Financial Reporting Standard for Smaller Entities (effective April 2008) and applicable accounting standards.

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

Basis of Accounting

The company has taken advantage of the provisions of Statutory Instrument 2008 No 409 The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 Part 2 paragraph 3(1) and adapted the Companies Act formats to reflect the special nature of the organisation's activities.

Depreciation

Depreciation of fixed assets is provided at a rate calculated to write off the values of the assets over their expected useful lives.

The rate used during the year was:

	25% per annum straight
Furniture and equipment	line

2 Grants Received

Grants received are accounted for on the accruals basis. Income received in advance is carried forward in the accounts as deferred income.

Subscriptions

Subscriptions are included in the period in which they fall due for renewal.

Foreign Exchange

Transactions in a foreign currency are translated at the rate of exchange on the date that the transaction occurs.

Pensions

The company contributes to the individual personal pensions of members of staff at the rate of 6% of gross salary. The amount payable for the year includes unpaid contributions of £46,710 (2009 - £31,329)

Grants	2010	2009
	£	£
Department for International Development		
- Core funding	530,000	520,000

3 Operating Deficit

The operating deficit is stated after charging:

2010	2009
£	£

Director's remuneration (excluding pension contributions of £4,413 (2008:£4,041))	73,543	72,735
Directors fees and expenses	72,158	77,662
Pension contributions	37,945	31,977
Depreciation	17,942	10,007
Operating lease:		
- land and buildings	65,088	18,181
- other plant and machinery	1,767	1,767
Audit fees - current year	4,950	4,850
- prior year under provision	557	23

4 Fixed Assets

Cost

Balance as at 1 April 2009

Additions

Balance at 31st March 2010

Depreciation

Balance as at 1 April 2009

Charge for year

Balance at 31st March 2010

Net Book Value

At 31st March 2010

At 31st March 2009

Furniture and Equipment

£

84,401

850

85,251

30,242

17,942

48,184

37,067

54,159

5 Debtors

Trade debtors

Recoverable taxation

Other debtors and prepayments

2010

£

158,682

1,097

32,582

192,361

2009

£

158,528

1,470

40,798

200,796

6 Creditors: Amounts falling due within one year

Trade creditors

Taxation and social security

Other creditors

Deferred income

2010

£

46,655

30,006

117,227

228,847

422,735

2009

£

18,016

58,577

94,400

20,830

191,823

7 Guarantee

The company is limited by guarantee and does not have a share capital. Each member's guarantee is limited to £1.

8 Lease Commitments

The company is committed to making the following payments under operating leases:

	2010	2009
	£	£
Property - expiring after 5 years	71,568	53,676
Equipment - expiring in 2 - 5 years	<u>1,767</u>	<u>1,767</u>

9 Related Party Transactions

During the year, fees and expenses (including travel expenses) totalling £38,706 (2009: £40,251) were charged by the business of Alan Roberts, the Chair, for acting in the capacity of the Chair of the company. £28,284 (2009: £24,587) of consultancy and reimbursed expenses were invoiced to the company during the year by Peter Williams, a director of the company. £5,000 (2009: £5,000) of fees were paid to Lord Young, the Vice Chair of the company.

10 Taxation

The company is charged to corporation tax on investment income and conference, seminars and publication surplus/deficit only.

	2010	2009
	£	£
Interest received in the year	592	7,356
Offset of loss made on conference, seminars and publication	(592)	-
	<u>-</u>	<u>1,545</u>
Taxation at small companies' rate of 21% (2009 - 21%)	-	1,545
	<u>-</u>	<u>-</u>
Less Section 393 carry back claim to 2009	(855)	-
	<u>(855)</u>	<u>1,545</u>

11 Joint Project Initiative (JO-IN project)

The JO-IN project is a collaborative effort involving 6 organisations, including ETI. The other 5 organisations are:

- * The Clean Clothes Campaign (CCC)
- * Fair Wear Foundation (FWF)
- * Workers' Rights Consortium (WRC)
- * Social Accountability International (SAI)
- * Fair Labour Association (FLA)

The above organisations all do similar work to ETI, and the objectives of the JO-IN Project is to:

- (a) improve collaboration amongst the 6, by holding regular meetings; and
- (b) by jointly running an agreed set of activities in Turkey that seek to improve the working conditions of certain target groups of Turkish workers.

The activities in (b), above, involve the assessment of working conditions in a number of garment producing factories and planning and implementing improvements to those conditions.

Funding for the unitary project has come from a range of sources: the US State Department, the European Commission, a Dutch development charity called ICCO, the 6 partner organisations themselves, and from 2 corporations with an interest in the Project, namely Nike and The GAP. Some funding is, by agreement with the donors, tied to specific activities (e.g. the EU funds mostly fund meetings) whilst other funding is a general contribution to the Project and may be used on any element of the JO-IN Project work.

Control of the Project is through a Steering Committee representing all 6 member organisations. The Steering Committee has asked ETI to take responsibility for the financial management of the Project, which is why the accounts of the Project are subject to ETI audits.

	2010 £	2009 £
ICCO project funding	3,218	15,984
	<hr/>	<hr/>
	<u>3,218</u>	<u>15,984</u>

**Ethical Trading Initiative
Analysis of Expenditure
Balance sheet at 31 March 2010**

	2010	2009
	£	£
Staff		
Salaries and national insurance	674,690	626,489
Consultancy and temporary staff	45,312	43,383
Pension costs	37,945	31,977
Recruitment	10,011	35,014
Accountant & bookkeeper	6,900	8,273
Staff training & development costs	1,778	8,143
	<u>776,636</u>	<u>753,279</u>
 Board		
Board meetings & travel	2,002	7,824
Chair	37,438	35,609
Chair expenses	1,032	4,642
Vice chair	5,000	5,000
	<u>45,472</u>	<u>53,075</u>
 Office Running Costs		
Payroll	1,358	1,421
Audit	5,507	4,873
Legal & professional	11,482	15,174
Rent	65,088	52,488
China office rent, costs and legal fees	8,667	11,072
Rates	22,506	7,786
Service charges	4,774	41,504
Insurance	1,130	2,653
Photocopying	2,066	2,099
Couriers	631	928
Telephone/fax/e-mail	5,362	6,476
Postage/stationery	13,022	9,751
Office equipment repairs	7,668	8,388
Staff travel/expenses	10,755	4,738
Bank charges	1,243	977
Canteen	1,124	2,245
Office Move	-	33,306
Sundry	9,666	8,629
Depreciation	17,942	10,006
	<u>189,991</u>	<u>224,514</u>

	2010 £	2009 £
Membership Support & Development		
AGM and members' meetings	4,407	2,969
Recruitment of new members	259	326
Review principles of implementation	-	482
NGO funding scheme	20,013	25,000
Public procurement	605	41,075
Primark review team expenses	27,299	-
Base Code consistency	-	275
	<u>52,583</u>	<u>70,127</u>
Events		
Seminars & launches	2,544	-
Impact Assessment seminar	-	92,394
	<u>2,544</u>	<u>92,394</u>
Information		
Publications	1,341	-
Media relations strategy	4,499	7,293
Training development	15,908	18,511
Training program materials	24,145	5,238
Training program promotion	-	1,290
Public Engagement	13,228	-
Toolkit for suppliers	-	12,216
Promotion visits to corporate members	-	135
Website	5,799	9,317
Retailer DVD	-	11,670
Home worker educational leaflet	-	500
Project Materials	12,363	-
ETI Logo and brand guidelines	-	4,500
Photography and design	14,811	-
ETI Homeworker guidelines V2	-	3,779
ETI 10th Anniversary DVD	-	8,309
Supervisor training documents	-	6,256
China Communications	-	1,918
New Conference Visuals	-	22,266
Website	-	9,913
	<u>92,094</u>	<u>123,111</u>
Brand Review and Development		
Develop ETI Identity user-guidelines	-	2,000
Templates for publications	-	1,200
Colour Palette Creative Director	-	1,600
Senior Designer	-	1,920
Newspapers account	-	444
	<u>-</u>	<u>7,164</u>
	2010 £	2009 £

Pilot Programmes & Working Groups		
Experimental projects and working groups		
China decent work	19,232	4,177
Home workers	51,551	55,826
China working group	9,712	2,741
Annual reporting working group	62,800	41,550
Ready Made Garments (Sri Lanka) project	1,293	1,813
Purchasing Practices project	3,604	259
	148,192	106,366
Capacity Building		
Set up of experimental capacity building fund		
Training development (Supervisor RSA)	23,590	12,506
Joint funding of supervisor training	(9,170)	-
	14,420	12,506
JO-IN Project Expenditure		
ICCO expenditure	3,218	15,984
	3,218	15,984