

ethical
trading
initiative



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

Company No. 3578127

ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH 2009

Ethical Trading Initiative

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31st March 2009.

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

Pamela Batty
Lakshmi Bhatia
Javier Chercoles Blazquez
Robert Brown (resigned 05/03/09)
Maggie Burns
James Howard
Stephen Homer (resigned 04/12/08)
Elaine Jones (appointed 02/12/08)
Usha Kar (resigned 04/12/08)

Neil Keamey
Teresa Mackay
Ben Moxham (appointed 22/01/2009)
Daniel Rees
Alan Roberts (Chair)
Simon Steyne (resigned 12/12/08)
Rachel Wilshaw (appointed 23/01/09)
Peter Williams (Hon. Treasurer)

Secretary

Angela Byer

Vice Chair

Lord Young

Auditors

Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

Directors' Responsibilities

The directors of are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the income and expenditure 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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.

Ethical Trading Initiative

Report of the Directors (Continued)

Audit information

So far as each of the directors at the time the directors' report is approved is aware:

- a) there is no relevant information of which the auditors are unaware; and
- b) they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Small Company Rules

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

On behalf of the Board



Alan Roberts

Chair

Date:

25/7/09

8 Coldbath Square
London
EC1R 5HL

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 2009 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2009 and of its deficit for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 3 August 2009

Kingston Smith LLP
Kingston Smith LLP
Chartered Accountants
and Registered Auditors

Ethical Trading Initiative
Income and Expenditure Account
For the year ended 31st March 2009

	Note	2009 £	2008 £
Income			
Grant from DFID	2	520,000	500,000
Membership fees		666,584	621,512
JO-IN project income	11	15,984	161,083
Direct project funding		46,058	22,000
Conference, seminars and publications		44,860	18,479
Tenth anniversary conference		49,102	-
Bank interest		7,356	12,100
		<u>1,349,944</u>	<u>1,335,174</u>
Expenditure			
Staff		753,279	590,759
Board		53,075	43,661
Office running costs		224,514	199,819
Membership support & development		70,127	52,653
Events		92,394	107
Information		123,111	79,079
Brand Review and Development		7,164	-
Pilot programmes		106,366	146,125
Capacity building		12,506	30,511
Research & working groups		-	21,435
JO-IN project expenditure	11	15,984	161,083
		<u>1,458,520</u>	<u>1,325,232</u>
Operating (Deficit)/Surplus	3	(108,576)	9,942
Taxation	10	(1,545)	(2,420)
(Deficit)/Surplus for the Year after Taxation		(110,121)	7,522
Surplus brought forward		<u>303,589</u>	<u>296,067</u>
Surplus carried forward		<u><u>193,468</u></u>	<u><u>303,589</u></u>

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

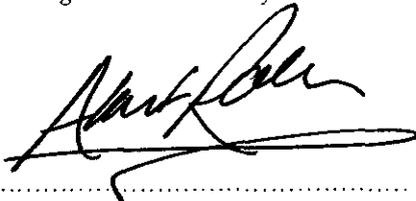
Ethical Trading Initiative Balance Sheet at 31st March 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed Assets					
Tangible assets	4		54,159		19,399
Current Assets					
Debtors	5	200,796		164,050	
Cash at bank and in hand		<u>130,336</u>		<u>342,534</u>	
		331,132		506,584	
Creditors: Amounts falling due within one year	6	<u>191,823</u>		<u>222,394</u>	
Net Current Assets			<u>139,309</u>		<u>284,190</u>
			<u>193,468</u>		<u>303,589</u>
Represented by:					
Accumulated Fund			<u>193,468</u>		<u>303,589</u>

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 VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The accounts were approved by the board, and authorised for issue, on 25 July 2009 and are signed on its behalf by:



.....
Alan Roberts
Chair

Ethical Trading Initiative

Notes to the Accounts

For the year ended 31st March 2009

1 Accounting Policies

These financial statements have been prepared under the historical cost convention and in accordance with the provision of the Companies Act 1985, the Financial Reporting Standard for Smaller Entities (effective January 2007) 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 Schedule 4 of the Companies Act 1985 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:

Furniture and equipment 25% per annum straight line

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 £31,329 (2008 - £25,469).

2 Grants	2009	2008
	£	£
Department for International Development		
- Core funding	520,000	500,000
	<u>520,000</u>	<u>500,000</u>
3 Operating (Deficit)/Surplus	2009	2008
	£	£
The operating surplus is stated after charging:		
Director's remuneration (excluding pension contributions of £4,174 (2008:£4,041))	72,735	69,568
Directors fees and expenses	77,662	62,782
Pension contributions	31,977	30,177
Depreciation	10,007	11,899
Operating lease:		
- land and buildings	18,181	46,945
- other plant and machinery	1,767	1,707
Audit fees - current year	4,850	4,700
- prior year under provision	23	180
	<u>23</u>	<u>180</u>

Ethical Trading Initiative
Notes to the Accounts
For the year ended 31st March 2009 (Continued)

4 Fixed Assets		Furniture and Equipment
		£
Cost		
Balance as at 1 April 2008		60,401
Additions		44,767
Disposals		<u>(20,767)</u>
Balance at 31st March 2009		<u>84,401</u>
Depreciation		
Balance as at 1 April 2008		41,002
Charge for year		10,007
Eliminated on disposal		<u>(20,767)</u>
Balance at 31st March 2009		<u>30,242</u>
Net Book Value		
At 31st March 2009		<u>54,159</u>
At 31st March 2008		<u>19,399</u>
5 Debtors	2009	2008
	£	£
Trade debtors	158,528	88,905
Recoverable taxation	1,470	2,495
Other debtors and prepayments	<u>40,798</u>	<u>72,650</u>
	<u>200,796</u>	<u>164,050</u>
6 Creditors: Amounts falling due within one year	2009	2008
	£	£
Trade creditors	18,016	98,851
Taxation and social security	58,577	8,078
Other creditors	94,400	78,652
Deferred income	<u>20,830</u>	<u>36,813</u>
	<u>191,823</u>	<u>222,394</u>
7 Guarantee		

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

Ethical Trading Initiative
Notes to the Accounts
For the year ended 31st March 2009 (Continued)

8 Lease Commitments

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

	2009	2008
	£	£
Property - expiring after 5 years	53,676	46,945
Equipment - expiring in 2 - 5 years	<u>1,767</u>	<u>1,707</u>

9 Related Party Transactions

During the year, fees and expenses (including travel expenses) totalling £40,251 (2008: £34,692) were charged by the business of Alan Roberts, the Chair, for acting in the capacity of the Chair of the company. £24,587 (2008: £19,121) of consultancy and reimbursed expenses were invoiced to the company during the year by Peter Williams, a director of the company. £5,000 (2008: £5,000) of fees were paid to Lord Young, the Vice Chair of the company.

10 Taxation

The company is charged corporation tax on investment income only.

	2009	2008
	£	£
Interest received in the year	7,356	12,100
Taxation at small companies' rate of 21% (2008 - 20%)	<u>1,545</u>	<u>2,420</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.

Ethical Trading Initiative
Notes to the Accounts
For the year ended 31st March 2009 (Continued)

11 (continued)

	2009	2008
	£	£
European Union funding	-	26,894
US State Department funding	-	38,079
ICCO project funding	15,984	83,366
Project collaborators funding:		
Fair Labour Association (FLA)	-	1,420
Social Accountability International (SAI)	-	1,412
Fair Wear Foundation (FWF)	-	1,342
The Clean Clothes Campaign (CCC)	-	2,928
Frederick Stiftung	-	3,175
Corporate funding		
Nike	-	2,467
	<hr/>	<hr/>
	<u>15,984</u>	<u>161,083</u>

Ethical Trading Initiative
Analysis of Expenditure
For the year ended 31st March 2009

For Directors Use Only

	2009	2008
	£	£
Staff		
Salaries and national insurance	626,489	497,165
Consultancy and temporary staff	43,383	31,250
Pension costs	31,977	29,974
Recruitment	35,014	13,923
Accountant & bookkeeper	8,273	11,976
Staff training & development costs	8,143	6,471
	<u>753,279</u>	<u>590,759</u>
Board		
Board meetings & travel	7,824	3,969
Chair	35,609	31,000
Chair expenses	4,642	3,692
Vice chair	5,000	5,000
	<u>53,075</u>	<u>43,661</u>
Office Running Costs		
Payroll	1,421	1,464
Audit	4,873	4,880
Legal & professional	15,174	9,700
Rent	52,488	46,945
China office rent, costs and legal fees	11,072	-
Rates	7,786	24,087
Service charges	41,504	55,106
Insurance	2,653	1,360
Photocopying	2,099	1,676
Couriers	928	824
Telephone/fax/e-mail	6,476	7,517
Postage/stationery	9,751	6,508
Office equipment repairs	8,388	9,455
Staff travel/expenses	4,738	7,974
Bank charges	977	1,004
Canteen	2,245	2,582
Office Move	33,306	-
Sundry	8,629	6,838
Depreciation	10,006	11,899
	<u>224,514</u>	<u>199,819</u>

Ethical Trading Initiative
Analysis of Expenditure
For the year ended 31st March 2009 (Continued)

For Directors Use Only

	2009 £	2008 £
Membership Support & Development		
AGM and members' meetings	2,969	6,145
Recruitment of new members	326	46
Review principles of implementation	482	18,700
NGO funding scheme	25,000	20,000
Public procurement	41,075	7,762
Base Code consistency	275	-
	<u>70,127</u>	<u>52,653</u>
Events		
Issue-based seminars	-	107
Impact Assessment seminar	92,394	-
	<u>92,394</u>	<u>107</u>
Information		
Publications	-	1,746
Media relations strategy	7,293	10,839
Training development	18,511	660
Training program materials	5,238	-
Training program promotion	1,290	-
Training catering	-	568
Toolkit for suppliers	12,216	14,517
Promotion visits to corporate members	135	279
Website re vamp	9,317	17,141
Retailer DVD	11,670	9,000
Home worker educational leaflet	500	1,600
Colombia flowers events report	-	1,460
ETI Logo and brand guidelines	4,500	-
ETI annual report	-	10,006
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	11,263
	<u>123,111</u>	<u>79,079</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>7,164</u>	<u>-</u>

Ethical Trading Initiative
Analysis of Expenditure
For the year ended 31st March 2009 (Continued)

For Directors Use Only

	2009	2008
	£	£
Pilot Programmes & Working Groups		
Experimental projects and working groups		
China child labour project	-	5,345
China decent work	4,177	10,518
Home workers	55,826	50,235
China working group	2,741	36,278
Annual reporting working group	41,550	27,163
Ready Made Garments (Sri Lanka) project	1,813	11,154
Gang masters project	-	4,798
Purchasing Practices project	259	634
	<u>106,366</u>	<u>146,125</u>
Capacity Building		
Set up of experimental capacity building fund		
Training development (Supervisor RSA)	12,506	9,636
Colombia capacity building	-	14,487
Turkey capacity building	-	6,388
	<u>12,506</u>	<u>30,511</u>
Research & Impact Assessment		
Research into priority areas	-	21,435
	<u>-</u>	<u>21,435</u>
JO-IN Project Expenditure		
EU expenditure	-	26,894
US expenditure	-	38,079
ICCO expenditure	15,984	83,366
Nike expenditure	-	2,467
FLA expenditure	-	1,420
SAI expenditure	-	1,412
CCC expenditure	-	2,928
FWF expenditure	-	1,342
FS expenditure	-	3,175
	<u>15,984</u>	<u>161,083</u>