

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

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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

**COMPANY INFORMATION**

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**Directors**

Alan Roberts  
Meena Varma  
Lord Young  
Pamela Batty  
Maggie Burns  
Chris Gilbert-Wood  
James Howard  
Elaine Jones  
Ben Moxham  
Ashling Seely  
Rachel Wilshaw  
Scot Walker  
Peter McAllister  
Jane Blacklock  
Chris Harrop

**Company secretary** Angela Byer

**Company number** 3578127

**Registered office** 8 Colbath Square  
London  
EC1R 5HL

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

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The following pages do not form part of the statutory financial statements:

**ETHICAL TRADING INITIATIVE**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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The directors present their report and the financial statements for the year ended 31 March 2012.

**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 principal activities of the company throughout the year 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**

The directors who served during the year were:

Alan Roberts  
Meena Varma  
Lord Young  
Pamela Batty  
Maggie Burns  
Chris Gilbert-Wood  
Jane Blacklock  
Elaine Jones  
Ben Moxham  
Ashling Seely  
Rachel Wilshaw  
Scot Walker  
Peter McAllister  
Chris Harrop  
James Howard

**ETHICAL TRADING INITIATIVE**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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**Provision 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 that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report 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.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

and signed on its behalf.

**Meena Varma**  
Director

**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 2012, set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2004) (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**

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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 2012 and of its loss 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**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ETHICAL TRADING INITIATIVE**

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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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report.

**haysmacintyre**

Statutory Auditors

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY  
Date:

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

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
<b>TURNOVER</b>	1	1,031,722	879,524
Administrative expenses		(1,637,503)	(1,458,991)
Other operating income	2	590,542	591,523
		<hr/>	<hr/>
<b>OPERATING (LOSS)/PROFIT</b>	3	(15,239)	12,056
Interest receivable and similar income		246	538
		<hr/>	<hr/>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(14,993)	12,594
Tax on (loss)/profit on ordinary activities	5	-	(108)
		<hr/>	<hr/>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	10	(14,993)	12,486
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 7 to 10 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 MARCH 2012**

	Note	2012		2011	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		17,613		28,028
<b>CURRENT ASSETS</b>					
Debtors	7	341,484		270,633	
Cash in hand		39,786		237,584	
		<u>381,270</u>		<u>508,217</u>	
<b>CREDITORS:</b> amounts falling due within one year	8	(211,637)		(334,006)	
<b>NET CURRENT ASSETS</b>			169,633		174,211
<b>NET ASSETS</b>			<u>187,246</u>		<u>202,239</u>
<b>CAPITAL AND RESERVES</b>					
Profit and loss account	10		187,246		202,239
			<u>187,246</u>		<u>202,239</u>

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

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

**Meena Varma**  
 Director

The notes on pages 7 to 10 form part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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**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 April 2008).

**1.2 Turnover**

Turnover 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 & fittings - 25% Straight Line

**2. OTHER OPERATING INCOME**

	2012 £	2011 £
Government grants receivable	590,542	591,523
	<u>590,542</u>	<u>591,523</u>

**3. OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	14,495	17,586
Auditors' remuneration	4,500	4,616
Pension costs	42,390	37,070
	<u>61,385</u>	<u>59,272</u>

**4. DIRECTORS' REMUNERATION**

	2012 £	2011 £
Aggregate emoluments	86,558	61,818
	<u>86,558</u>	<u>61,818</u>

During the year retirement benefits were accruing to no directors (2011 - 3,709) in respect of defined contribution pension schemes.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**5. TAXATION**

	2012 £	2011 £
UK corporation tax charge on (loss)/profit for the year	-	108

**6. TANGIBLE FIXED ASSETS**

	Fixtures & fittings £
<b>Cost</b>	
At 1 April 2011	93,798
Additions	4,080
At 31 March 2012	<u>97,878</u>
<b>Depreciation</b>	
At 1 April 2011	65,770
Charge for the year	14,495
At 31 March 2012	<u>80,265</u>
<b>Net book value</b>	
At 31 March 2012	<u>17,613</u>
At 31 March 2011	<u>28,028</u>

**7. DEBTORS**

	2012 £	2011 £
Trade debtors	331,150	257,158
Other debtors	10,334	13,475
	<u>341,484</u>	<u>270,633</u>

**ETHICAL TRADING INITIATIVE**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**8. CREDITORS:**  
**Amounts falling due within one year**

	2012 £	2011 £
Trade creditors	93,396	65,383
Corporation tax	243	242
Social security and other taxes	31,303	56,325
Other creditors	86,695	212,056
	<u>211,637</u>	<u>334,006</u>

**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 2011	202,239
Loss for the year	(14,993)
	<u>187,246</u>

**11. PENSION COMMITMENTS**

**12. OPERATING LEASE COMMITMENTS**

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

	2012 £	2011 £
<b>Expiry date:</b>		
Between 2 and 5 years	2,074	2,074
After more than 5 years	77,382	77,382
	<u>79,456</u>	<u>79,456</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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**13. RELATED PARTY TRANSACTIONS**

During the year, fees and expenses including travel totalling £40,993 (including unreclaimable VAT of £835) (2011 £43,925, including unreclaimable VAT of £3,678) were charged by the business of Alan Roberts, the Chair, for acting in the capacity of the Chair of the company. £nil (2011: £26,796) of consultancy and reimbursed expenses were invoiced to the company during the year by Peter Williams, a Director of the company. £nil (2011: £2,000) of fees were paid to Lord Young, the Vice Chair of the company.