



**GOODWEAVE UK**  
(A company limited by guarantee)

**REPORT & FINANCIAL STATEMENTS**  
**For the Year Ended 31<sup>st</sup> December 2015**

**Charity Registration No: 1139218**  
**Company Registration No: 4210546 (England & Wales)**

**GOODWEAVE UK**  
**(A Company Limited by Guarantee)**

**THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015**

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The trustees of the charity present their report and financial statements for the year ended 31<sup>st</sup> December 2015.

The accounts have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the company's Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

**REFERENCE AND ADMINISTRATIVE INFORMATION**

**LEGAL STATUS**

Private company limited by guarantee exempt under Section 30.

**REGISTERED OFFICE**

7 Manor Road  
Teddington  
Middlesex  
TW11 8BH

**OPERATIONAL ADDRESS**

Bloxham Mill Business Centre,  
Barford Road,  
Bloxham,  
Oxon OX15 4FF

**DIRECTORS**

David Ould (Chair)  
Jonathan Blagbrough  
Terry Hudghton  
Amanda Berlan

**COMPANY SECRETARY**

David Ould

**INDEPENDENT EXAMINER**

John McCullagh  
39 The Farthings  
KINGSTON UPON THAMES  
KT2 7PT

**SOLICITORS**

Lovells  
65 Holborn Viaducts  
London EC1A 2DY

**BANKERS**

The Co-operative Bank plc  
PO Box 101  
1 Balloon Street  
Manchester  
M60 4EP



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**DIRECTORS' REPORT**  
**GOVERNANCE**

**Governing Document**

The organisation is a charity, registered on 29<sup>th</sup> November 2010, and non-profit making company limited by guarantee, incorporated on 3<sup>rd</sup> May 2001. The company was established under a Memorandum of Association, which established the objects and powers of the company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

**Objectives**

The GoodWeave initiative has two objects:

- To relieve poverty suffering and distress in any part of the world; and
- To promote research into and education concerning the causes and effects of poverty particularly (without prejudice to that generality) in relation to the conduct of business and to the conditions of employment (including self-employment) of poor people in any part of the world, and to publish the useful results of that research.

In furtherance of these objects the organisation acts as the UK regional office of GoodWeave International, whose aims are:

- i) to eradicate illegal child labour in the carpet industry and such other products as certified by the GoodWeave label;
- ii) to provide children with concrete opportunities for education, vocational training, and other means for preparing to meet the future with hope;
- iii) to stimulate the employment of adults, so parents can support their families adequately;
- iv) to facilitate development programmes to improve the terms and conditions of employment for adult workers in the carpet industry consistent with internationally recognised labour standards. so that the industry can become a model for providing a living wage for skilled artisans and their families and for producing carpets using environmentally sound practices.

GoodWeave UK has exclusive licensing rights from GoodWeave International (the holder of the trademark) to the GoodWeave label in the United Kingdom and agrees to grant importers a licence to use the GoodWeave label to market carpets and rugs manufactured according to the GoodWeave concept on the terms and conditions set out in the Licence Agreement.

**Statement of Directors' Responsibilities**

Company Law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure for the financial year. In preparing those financial statements, the directors are required to follow best practice and:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);



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**DIRECTORS' REPORT (continued)**

- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which 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 charity and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

**Members of the Management Committee**

Members of the Management Committee, who are Directors for the purpose of company law, who served during the financial year and up to the date of this report are set out on page 3. The Directors are selected by the Board in the light of their knowledge and experience of the issues on which GoodWeave UK works.

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's independent examiner is unaware; and
- as the directors of the company we have taken all steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the company's independent examiner is aware of that information.

**The Charities Activities and Achievements**

All marketing for GoodWeave UK continues to be handled from the USA office, employing a part-time UK-based consultant to handle regular contacts with the licensees in the UK.

In 2015 £46,478 of licence fees were earned for education and rehabilitation work with children and their families by our partners in the carpet producing areas of India and Nepal. This was an increase of 55% over 2014, mainly as a result of higher activity in the largest licensees, and a smaller upturn in the UK carpet sector. GoodWeave also signed three new, small licensees in the UK.

Work continued to introduce and begin monitoring of the enhanced GoodWeave Standard to all licensees, partly funded by a grant from TRAIID to GoodWeave UK. The full implementation of the standard with all licensed producers began at the start of 2016. GoodWeave's operations in Nepal were interrupted by the large earthquake that affected the country; and in the last quarter of the year GoodWeave raised extra money to support those in the carpet industry hit by the earthquake and also to help to rebuild the industry. Licensing and inspection work continued in Afghanistan but was hindered by the surge in terrorism. There were also signs that the Nepal earthquake led to an upturn in the use of child labour in the carpet industry.

To date, the organisation has rescued more than 3,600 children, supported education for 14,000, and monitored supply chains for 140 importers worldwide. The number of children supported by GoodWeave International in 2015 was around 2,500.



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**DIRECTORS' REPORT (continued)**

**Financial Review**

The Directors of GoodWeave UK report a net deficit of £11,786 for the period under review. This was solely a deficit on unrestricted funds as the Directors decided to use the previous unrestricted funds reserve to support work in the GoodWeave rehabilitation centre in Kathmandu and to pay for the integration of the GoodWeave UK website into the GoodWeave International site. At the year-end there was a total reserve of £3,544; made up of a surplus of £2,901 of unrestricted funds and a surplus of £643 of restricted funds.

Details of the major items on the balance sheet can be found in the notes to the accounts. The fluctuations in debtors and creditors year on year are simply the result of the timing of receipts and payments around the year end.

**Reserves and Risk Management**

The trustees have agreed that GoodWeave UK can continue its operations and carry out its charitable activities with minimal reserves and as a result the reserves were run down to a basic level during 2015. The trustees are confident that, because of the current methods of operation, this policy does not create any significant risk for the charity or its beneficiaries.

The trustees have examined the major risks that the charity faces and seeks to control these risks to mitigate any impact they may have on the charity.

**Public Benefit Statement**

Directors of a charity have a duty to report in their annual report on their charity's public benefit. The Directors have concluded that the section above on "Activities and Achievements" demonstrates that GoodWeave UK's work benefits a wide range of people and organisations in both the UK and South Asia and as a result:

- the aims of the charity continue to be charitable;
- the benefits are for the public, are not unreasonably restricted in any way and certainly not by ability to pay and;
- there is no detriment or harm arising from the aims or activities.

**Independent Examiner**

John McCullagh carried out the Independent Examination of the Company. In accordance with Section 485 of the Companies Act 2006, a resolution proposing the re-appointment of Mr John McCullagh as independent examiner will be put to first Board Meeting following the annual general meeting.

Approved by the Board on the 24th March 2016 and signed on its behalf by:



.....  
David Ould



.....  
Terry Hudghton



## **INDEPENDENT EXAMINER'S REPORT TO THE DIRECTORS OF GOODWEAVE UK LTD**

I report on the financial statements of GoodWeave UK Limited for the year ended 31<sup>st</sup> December 2015 set out on pages 8 and 9 and notes to the accounts on pages 10 to 13. These financial statements have been prepared in accordance with the Charities SORP (FRS 102) under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the extent permitted by law, I do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for my audit work, for this report, or for the opinions I have formed.

### **Respective responsibilities of directors and independent examiner**

As described on page 4 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards.

My responsibility is to examine the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Standards.

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Companies Act 2006. I also report to you if, in my opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if I have not received all the information and explanations I require for the audit, or if information specified by law regarding directors' remunerations with the company is not disclosed. I read the Report of the Directors and consider the implications for my report, if I become aware of any apparent misstatement within it.

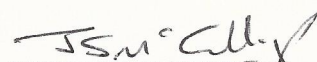
### **Basis of Opinion**

My work was conducted in accordance with the general directions given by the Charity Commission. An examination includes a review, on a test basis, of evidence relevant to the amount 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.

I planned and performed the examination so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated adequately the presentation of information in the financial statements.

### **Opinion**

In my opinion the financial statements give a true and fair view of the company's affairs as at 31<sup>st</sup> December 2015 and of the deficit of incoming resources over resources expended for the year then ended and have been properly prepared in accordance with the Company's Act 2006 and principles of the Charities SORP (FRS 102).

  
.....  
John McCullagh

Date: 14 April 2016

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**Statement of Financial Activities**  
**(Including Income & Expenditure Account)**  
**For the year ended 31<sup>st</sup> December 2015**

	Notes	Unrestricted Funds £	2015 Restricted Funds £	Total Funds £	2014 Total Funds £
<b><u>Income and Endowments from Charitable Activities</u></b>					
Grants	3	875	9,125	10,000	54,500
Donations	4	650	466	1,116	9,618
Licence Fees	2	-	81,341	81,341	52,416
Sundry Income		-	315	315	25,525
Gift Aid		26	-	26	-
Bank Interest		29	-	29	24
<b>Total Incoming Resources</b>		<b>1,580</b>	<b>91,247</b>	<b>92,827</b>	<b>142,083</b>
<b><u>Expenditure on Charitable Activities</u></b>					
Direct Objectives	5	73	81,656	81,729	52,416
Grants	5	13,125	9,591	22,716	53,060
Management & Admin.		168	-	168	25,683
<b>Total Resources Expended</b>		<b>13,366</b>	<b>91,247</b>	<b>104,613</b>	<b>131,159</b>
<b>Net income (expenditure)</b>		<b>(11,786)</b>	<b>0</b>	<b>(11,786)</b>	<b>10,924</b>
Balance at 1 Jan 2015		14,687	643	15,330	4,406
Balance at 31 Dec 2015		<b>2,901</b>	<b>643</b>	<b>3,544</b>	<b>15,330</b>



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**Balance Sheet as at 31st December 2015**

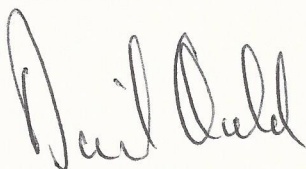
	Notes	2015 £	2014 £
<b>CURRENT ASSETS</b>			
Debtors and Prepayments	7	26,496	18,087
Cash at Bank and in hand		9,502	51,318
		<b>35,998</b>	<b>69,405</b>
<b>LIABILITIES</b>			
Amounts falling due within one year	6	(32,454)	(54,075)
Net Current Assets		<b>3,544</b>	<b>15,330</b>
<b>FUNDS</b>			
Unrestricted Funds General		2,901	14,687
Restricted Funds		643	643
		<b>3,544</b>	<b>15,330</b>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Board of Directors approved these accounts on 24 March 2016:



.....  
 David Ould Director



.....  
 Terry Hughton Director

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**NOTES TO THE ACCOUNTS**  
**For the Year Ended 31<sup>st</sup> December 2015**

**1) Accounting policies**

**a) Basis of preparation**

- i) The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2008) and the Companies Act 2006.
- ii) These accounts are the accounts of GoodWeave UK
- iii) These accounts have been prepared on an accruals basis and include income and expenditure as they are earned or incurred, rather than as cash is received or paid.
- iv) The recommendations of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), have been followed in the preparation of these accounts.

**b) Fund accounting**

- i) The company's unrestricted fund consists of funds, which the company may use for its purposes at its discretion.
- ii) The company's restricted funds are those where the licensee/donor has imposed restrictions on the use of the funds, which are legally binding.

**c) Voluntary income**

- i) All voluntary income is included upon receipt.
- ii) Grants receivable are credited to income immediately upon receipt.

**d) Investment income**

Credit is taken for interest when the interest falls due for payment.

**e) Administration expenditure**

Administration expenditure comprises costs incurred in running the charity. Where applicable, these costs have been treated as direct charitable expenditure.



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**NOTES TO THE ACCOUNTS (continued)**  
**For the Year Ended 31<sup>st</sup> December 2015**

**2. Licence Fees:**

Importers must pay a fee to be able to use the trademarked GoodWeave label and logo. 57% of the fee is sent to the GoodWeave office in the relevant producer country to fund random inspections, and welfare, education and rehabilitation activities. 43% contributes to promotion of the GoodWeave mark and aims in the UK

Licensed importers must report on their imports and pay the licence fee within 30 days of each quarter day (March 31<sup>st</sup>, June 30<sup>th</sup>, September 30<sup>th</sup>, December 31<sup>st</sup>). Accounting is made for the quarter in which the licence fee is, or should have been, received for imports in the previous quarter.

Estimates of outstanding payments have been included in these accounts because they are a significant part of total assets and of the reserves.

Licence fee payments outstanding at year end = £26,976  
Outstanding Licence Fee Payments to India/Nepal = £15,725

**3. Grants Received:**

TRAID - £10,000

**4. Donations Received:**

Donations received included:  
Wyndham Charitable Trust = £600  
Land Rugs = £116  
Other = £400 (including one donation of £100 from a trustee)  
Gift Aid = £26

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**NOTES TO THE ACCOUNTS (continued)**  
**For the Year Ended 31<sup>st</sup> December 2015**

**5. Direct Objectives**

<b>Item of Expenditure</b>	<b>Unrestricted (£)</b>	<b>Restricted (£)</b>	<b>Total (£)</b>
GoodWeave International Project	0	9,125	9,125
Grant to GWI*	5,125	466	5,591
Grants to GoodWeave Nepal*	8,000	-	8,000
<b>Total Grants</b>	<b>13,125</b>	<b>9,591</b>	<b>22,716</b>
Transfer of licence fees to GoodWeave India/Nepal	0	46,478	46,478
Marketing and Licensing	73	35,178	35,251
Management & Administration	168	-	168
<b>Total</b>	<b>13,366</b>	<b>91,247</b>	<b>104,613</b>

\*Note: no support costs were incurred in making the grants apart from bank charges for the transfers.

**6. Liabilities**

	<b>2015 (£)</b>	<b>2014 (£)</b>
Licence payments to Nepal/India	15,725	10,895
Marketing Payments to GWI	11,795	8,698
Grant payment to GWI	-	7,500
VAT Payment	4,934	1,982
TRAID grant overpayment	-	25,000
<b>Total</b>	<b>32,454</b>	<b>54,075</b>

**7. Debtors**

<b>Item</b>	<b>2015 (£)</b>	<b>2014 (£)</b>
Licence fees	26,976	19,068
Over accrual in 2013/14/15	(480)	(1,056)
Gift Aid	-	75
	<b>26,496</b>	<b>18,087</b>



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**NOTES TO THE ACCOUNTS (continued)**  
**For the Year Ended 31<sup>st</sup> December 2015**

**8. Statement of Cash Flows**

	<b>Total Funds</b>	<b>Prior Year Funds</b>	<b>Note</b>
	<b>£</b>	<b>£</b>	
Cash Flows from Operating Activities	(41,845)	43,224	Table 9
Interest	29	24	
<b>Change in cash in 2015</b>			
Cash at 1 January 2015	51,318	8,070	
Cash at 31 December 2015	9,502	51,318	

**9. Reconciliation of Net Income/(Expenditure) to Operating Activity Net Cash Flow**

	<b>2015 (£)</b>	<b>2014 (£)</b>
Net Income/(Expenditure) for 2015 as per the SOFA	(11,786)	10,924
Adjustments for:		
Interest	(29)	(24)
(Increase)/Decrease in Debtors	(8,409)	405
Increase/(Decrease) in Creditors	(21,621)	31,919
Net Cash Used in Operating Activities	41,845	(43,224)

**10. Share Capital:**

The company is limited by guarantee and does not have share capital.

**11. Remuneration of Directors:**

No directors received any remuneration or repayment of expenses in the year.

**12. Small Company Exemptions:**

"These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008). For the financial year ended 31 December 2013 the company was entitled to exemption from audit under section 477 Companies Act 2006; and no notice has been deposited under section 476.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company."