

Registered number
05327824

The Tax Justice Network International Secretariat Limited

Report and Accounts

31 December 2010

Chapman, Robinson & Moore Limited
Accountants & Registered Auditors
30 Bankside Court
Stationfields
Kidlington
Oxfordshire
OX5 1JE

Tax Justice Network International Secretariat Limited

Directors' Report

The Directors present their report and accounts for the period ending **31st December 2010**.

Principal Activities

The Company's principal activity during the calendar year ending 31st December 2010 was the supply of research, advocacy and professional services relating to the Tax Justice Network. These services included (in no particular order):

- ❖ Co-organising and participating in the work of the **Coordinating Committee** of the international **Task Force on Financial Integrity and Economic Development**;
- ❖ Researching and writing a major new book on the political economy of secrecy jurisdictions. **Treasure Islands** was launched to critical acclaim in January 2011 (this is part of the **Mobilising for Tax Justice** programme);
- ❖ Co-organising and / or participating in research workshops and training workshops in **Guatemala City, Loughborough, Manila and Yaoundé**;
- ❖ Preparation of the **Tax Advocacy Toolkit** launched in Dakar in February 2011 (this is part of the **Mobilising for Tax Justice** programme);
- ❖ Assisting with the African edition of **Tax US If You Can** launched in Dakar in 2011;
- ❖ Participating in the work on the **OECD's informal Task Force on Tax and Development**;
- ❖ Commissioning and providing advisory support for a review of the network's roles and structures;
- ❖ Researching the qualitative dataset for the **2011 Financial Secrecy Index**;
- ❖ Commissioning and advising on a project to create an online public outreach programme (this is part of the **Mobilising for Tax Justice** programme);
- ❖ Advising on the production of **Cashback** (also part of the **Mobilising for Tax Justice** programme);
- ❖ Providing administrative, fund-raising, secretariat and advisory support to the global Board and regional steering committees;
- ❖ Publishing frequent blogs (two per working day) on tax justice related issues;
- ❖ Advising the international press on tax justice related issues.

The company achieved its core goals in 2010.

Funding

The Company relies on funding from a variety of sources:

- A three year grant is received from the **Joseph Rowntree Charitable Trust** to support the **Mobilising for Tax Justice** programme. The funding specifically covers the roles of **John Christensen** and **Nicholas Shaxson** relating to their work on the **Mobilising for Tax Justice** programme. This grant continues to quarter four 2012;
- Core funding was secured from **Action Aid**, **Christian Aid**, and **OxfamNovib** for work in 2010;
- A grant was received from the **Global Financial Integrity Program** in Washington, D.C. to fund data research for the **2011 Financial Secrecy Index**;
- Funding was received from the Norwegian aid agency **NORAD** to support the **Mobilising for Tax Justice** programme;
- Further funding was received from the UK **Department for International Development** to continue the **Tax Systems for Poverty Reduction Programme**. This programme concluded at end-March 2011;
- A grant was received from **Fastenopfer** to sponsor attendance by TJN Members at the 2011 **Tax Justice Council Meeting** in Dakar.

In 2010 subscription income amounting to €2,905 (£2,538) was received from members and supporters. This represented 1.1 percent of gross income that year. Some progress has been made towards building a membership base sufficient to fund the Secretariat's core costs, but we remain over-reliant on grant funding from European sources. At the 2009 Council Meeting it was agreed that members of TJN's global Board will commit to recruiting at least two new members every year. This target was not achieved in 2010. We request that members of TJN's newly elected global Board re-affirm this commitment to recruiting new members and take active steps towards achieving this goal.

Our assessment of the Secretariat's funding position as at end quarter one 2011 is more positive than in previous years. Our core expenditures on staffing and administrative overheads are fully funded throughout calendar year 2011, and core costs for 2012 are covered through to approximately the end of the third quarter.

We continue to explore new sources of funding for our core activities. We are also actively engaged in supporting the fund-raising efforts of our partners at **Speak-It Films** who are aiming to raise financial backing for the production and marketing of **Cashback**.

Research Programmes

The research work involved in preparing *Treasure Islands* was largely completed in the first half of 2010, and Nick Shaxson was able to spend the greater part of the second half of the year working on final edits and preparation of the US edition. The UK edition was launched in January 2011. The US edition was launched in April 2011. As of April 2011, licensing deals have been

signed with publishers for *Treasure Islands* to be published in the following languages: Czech, Chinese, Finnish, French, German, Japanese, Russian, Spanish.

In September 2010 Markus Meinzer started research work on updating the supporting database of the Financial Secrecy Index. This work involves extensive literature review, online enquiry and postal survey of the relevant authorities of all jurisdictions included in the index (currently 73). Steven Eichenberg was recruited as an intern to support the work of data capture and updating the online database. In April 2011 Petr Jansky and Alex Cobham started work on preparing the quantitative data used for weighting the index. John Christensen is responsible for directing and coordinating this project. The 2011 index results are scheduled to be published in October in advance of the G-20 summit meeting planned for November 2011 in Cannes.

The Company employed Matti Kohonen as a consultant to commission Country Reports on the following countries:

Communication Programmes

2010 was a relatively quiet year compared to the media frenzy generated in 2009 by the London G-20 summit and the publication of the Financial Secrecy Index. However, we continued to blog on a daily basis and blog traffic increased during the year. Additionally we worked closely with Richard Murphy whose Tax Research blog attracts phenomenal traffic from readers interested in tax justice and related issues. We are proud to note that as at April 2011 Richard's blog was rated the number one economics blog in the UK.

Two editions of *Tax Justice Focus* were published in 2010. The first, guest edited by **Carol Wilcox**, had **Land Value Taxation** as its core theme. The second, guest edited by **Bruno Gurtner**, had **Switzerland** as its core theme;

Nick Shaxson and **John Christensen** worked together to prepare for the January 2011 launch of *Treasure Islands*. **Sam Heinrichs** was recruited as an intern to provide support with media research.

Key Objectives for 2011

- 1) Provide professional services to support the TJN global Board of Directors and regional steering committees;
- 2) Assist with the review of the network's roles and structures and report to the Tax Justice Council on the draft outcomes and recommendations of that review;
- 3) Research an updated estimate of the value of personal assets held offshore (this will update *The Price of Offshore* estimate published in 2005);
- 4) Research and organise the launch of the 2011 edition of the **Financial Secrecy Index**;

- 5) Support the work of **Speak-It Films** in research and fund-raising for **Cashback** and related websites and online materials. In January 2011 Sarah Knott was appointed as a consultant to support film fund-raising efforts and coordinate with Speak-It Films;
- 6) Support **David Spencer** with his research programme into **transfer pricing**;
- 7) Organise a research workshop on the theme of **Tax, Debt and Human Rights** at Essex University, England, in July 2011;
- 8) Support efforts in **Australia, Canada and India** leading to the launch of tax justice networks in those countries;
- 9) Support the launch of *Treasure Islands* in different countries;
- 10) Continue to develop the TJN membership base and strengthen relations with the trade union movement;
- 11) Monitor the **OECD Global Forum peer review process**;
- 12) Participate in the **OECD Tax and Development Task Force**;
- 13) Apply for core funding to sustain our work programme in 2012 and beyond;
- 14) Publish two editions of ***Tax Justice Focus*** on the themes of **Contract Stabilisation Clauses** (guest edited by **Richard Murphy**) and **Poverty and Inequality**.

The company achieved its core goals in 2010.

Risk assessment

The continued growth of the network leads to increased risk of reputational attack and the use of Britain's notorious libel laws for vexatious attacks which might cause harm to the company. We spend considerable time mitigating against such risks.

Key points on governance and accountability

The following are considered key issues on which the Company bases its procedures:

1. Organising Meetings on behalf of the Network

- Agendas for Meetings are prepared and circulated in advance
- Meetings are run on a consensual basis
- All Agenda items are dealt with and action points are noted and followed up on
- Minutes are prepared and circulated for comment within four working days after the Meeting
- Once agreed, Minutes are kept in a separate Minute book and are available for inspection. They are also made available for download from an online archive.

2. Funding and financial record keeping

- Funding is accepted only on the basis of no conditionality as to use
- Complete transparency is required on donations from organisations
- Donations will not be accepted from organisations holding views that are deemed incompatible with the general ethos of the Company
- Donations from individuals are acknowledged on an anonymous basis
- Monthly financial management statements are prepared and circulated to key stakeholders
- Financial systems are open and transparent

3. Accountability to stakeholders

- The employees of TJN-IS report orally to the monthly meetings of the TJN Board
- The Company is accountable to the TJN Board and also reports to the TJN Council.

4. Travel policy

- The Company operates on a virtual basis. Tele-working is encouraged, with phone, email and Skype providing the principal means for communication between officers and across the network.
- Physical journeys are kept to an absolute minimum as far as is practicable and wherever possible the use of bicycles and public transport is encouraged. Car use is positively discouraged other than when alternatives are wholly impractical.
- Where the Company represents the TJN at international meetings, it generally seeks to secure funding from either the meeting organisers or from other donors. In all cases, when travelling by either train or airplane, the cheapest available tickets are bought and carbon offsets are paid for where available.

5. Telecoms policy

- The Company purchases its telecoms services from **The Phone Coop**, a customer owned and democratically controlled telecoms and internet services provider.
- The Company actively encourages its contacts to use voice over internet services for most telephony purposes, including and especially when organising telephone meetings and conferences.

6. Waste management policy

- The Company aims to minimise waste output and recycle as much waste as possible.
- Emails are not printed unless there is an absolute requirement for a paper record, and electronic filing records take priority over paper filing.

7. Equal opportunities

- The Company pursues an equal opportunities policy.

8. Pensions policy

- The Company contributes to employee pension funds.

9. Language policy

- The Company follows the language policy guidelines promoted by the Tax Justice Network.

10. Engagement with stakeholders

- The Company aims to respond to written enquiries within 24 hours
- The Company gives priority to promoting policy alternatives to identified systemic failures.
- The Company gives high priority to supporting journalists, writers, broadcasters, etc, in their reporting and analysis of tax justice related issues
- The Company actively supports researchers engaging on tax justice related research, and will make particular effort to guide their research.

11. Whistleblower policy

The Secretariat is committed to the highest possible standards of transparency, probity and accountability. In line with that commitment we expect employees, and others we work with, who have serious concerns about any aspect of the TJN's work to come forward and voice those concerns.

Our whistleblowing policy applies to all employees, (including those designated as consultants, temporary, agency, authorised volunteers or interns). The policy aims to provide avenues for an employee to raise concerns in confidence and receive feedback on any action taken, and covers a range of issues, including:

- Conduct which is an offence or a breach of law;
- Disclosures related to miscarriages of justice;
- Health and safety risks, including risks to the public as well as other employees;
- Damage to the environment;
- Unauthorised use of TJN funds;
- Possible fraud and corruption;
- Sexual or physical abuse of colleagues or those for whom we are providing a service;
- Other unethical conduct

Other issues may also be dealt with under this policy.

12. Employees

At 31st December 2010 the company employed the following people:

- John CHRISTENSEN, director, based in Chesham, Great Britain
- Markus MEINZER, applied researcher and analyst, based in Marburg, Germany
- Liz NELSON, administrator, based in Oxford, Great Britain
- Nick SHAXSON, writer and media analyst based in Zurich, Switzerland

13. Directors

The Directors who served during this period were:

John Elliott Christensen (since January 2005).

Cathy Cross (since August 2009)

Bruno Gurtner (since March 2007)

Liz Nelson served as Company Secretary.

Each Director was a guarantor of the Company from the date of their appointment and remained so at the year end date.

Small company special provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 15th June 2011.

John Christensen, Director



The Tax Justice Network International Secretariat Limited
Independent auditors' report
to the shareholder of The Tax Justice Network International Secretariat Limited

We have audited the accounts of The Tax Justice Network International Secretariat Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard For Smaller Entities (effective April 2008) (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 Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts 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 (APB's) Ethical Standards for Auditors.

In accordance with the exemption provided by APB Ethical Standard – Provisions Available for Smaller Entities (Revised), we have prepared and submitted the company's returns to the tax authorities and assisted with the preparation of the accounts.

Scope of the audit opinion

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit 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.

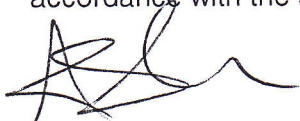
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

**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 accounts 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 accounts and the directors' report in accordance with the small companies regime.



Alan Sowden (Senior Statutory Auditor)
for and on behalf of Chapman Robinson and
Moore Limited
Accountants and Statutory Auditors
15.06.2011

30 Bankside Court
Stationfields
Kidlington
Oxon
OX5 1JE

The Tax Justice Network International Secretariat Limited
Profit and Loss Account
for the year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover		230,583	206,781
Cost of sales		(97,313)	(147,130)
Gross profit		<u>133,270</u>	<u>59,651</u>
Administrative expenses		(130,850)	(61,003)
Operating profit/(loss)	2	<u>2,420</u>	<u>(1,352)</u>
Interest receivable		256	408
Profit/(loss) on ordinary activities before taxation		<u>2,676</u>	<u>(944)</u>
Tax on profit/(loss) on ordinary activities	3	(411)	-
Profit/(loss) for the financial year		<u>2,265</u>	<u>(944)</u>

The Tax Justice Network International Secretariat Limited
Balance Sheet
as at 31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	4	1,306	588
Current assets			
Debtors	5	7,785	19,665
Cash at bank and in hand		<u>148,418</u>	<u>96,110</u>
		156,203	115,775
Creditors: amounts falling due within one year	6	(146,761)	(107,880)
Net current assets		<u>9,442</u>	<u>7,895</u>
Net assets		<u>10,748</u>	<u>8,483</u>
Capital and reserves			
Profit and loss account	7	10,748	8,483
Shareholder's funds		<u>10,748</u>	<u>8,483</u>

The accounts have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

J Christensen
 Director
 Approved by the board on 15.06.2011

The Tax Justice Network International Secretariat Limited
Notes to the Accounts
for the year ended 31 December 2010

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers.

Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Plant and machinery	33% straight line
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Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Operating profit	2010	2009
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	793	571
Directors' remuneration	31,250	33,108
Pension costs	<u>5,625</u>	<u>3,600</u>
Number of directors to whom benefits accrued under money purchase pension schemes	<u>1</u>	<u>1</u>
3 Taxation	2010	2009
	£	£
UK corporation tax	<u>411</u>	<u>-</u>

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2010	2,697
Additions	<u>1,511</u>
At 31 December 2010	<u>4,208</u>
Depreciation	
At 1 January 2010	2,109
Charge for the year	<u>793</u>
At 31 December 2010	<u>2,902</u>
Net book value	
At 31 December 2010	<u>1,306</u>
At 31 December 2009	<u>588</u>

5 Debtors	2010 £	2009 £
Trade debtors	<u>7,785</u>	<u>19,665</u>

6 Creditors: amounts falling due within one year	2010 £	2009 £
Corporation tax	411	-
Other creditors	<u>146,350</u>	<u>107,314</u>
	<u>146,761</u>	<u>107,880</u>

7 Profit and loss account	2010 £
At 1 January 2010	8,483
Profit for the year	<u>2,265</u>
At 31 December 2010	<u>10,748</u>

8 Company limited by guarantee

The company does not have a share capital and is limited by guarantee. In the event of the Company being wound up the maximum amount each member is liable to contribute is £1. There were 3 guarantor members at the balance sheet date.

9 **Controlling party**

The company is controlled by the Tax Justice Network Association Sans But Lucratif. Tax Justice Network Association Sans But Lucratif is a not for profit organisation registered in Belgium.

The Tax Justice Network International Secretariat Limited
Profit and Loss Account
for the year ended 31 December 2010
for the information of the directors only

	2010 £	2009 £
Sales	230,583	206,781
Cost of sales	(97,313)	(147,130)
Gross profit	<u>133,270</u>	<u>59,651</u>
Administrative expenses	(130,850)	(61,003)
Operating profit/(loss)	<u>2,420</u>	<u>(1,352)</u>
Interest receivable	256	408
Profit/(loss) before tax	<u>2,676</u>	<u>(944)</u>

The Tax Justice Network International Secretariat Limited

Schedule to the Profit and Loss Account

for the year ended 31 December 2010

for the information of the directors only

	2010 £	2009 £
Sales		
Grants received	227,463	204,848
Other income	3,120	1,933
	<u>230,583</u>	<u>206,781</u>
 Cost of sales		
Research costs	48,395	58,155
Research - DfId	48,918	50,617
	<u>97,313</u>	<u>147,130</u>
 Administrative expenses		
Employee costs:		
Wages and salaries	48,768	11,465
Directors' salaries	31,250	30,000
Pensions	5,625	3,600
Employer's NI	4,978	4,089
Travel and subsistence	12,523	3,857
	<u>103,144</u>	<u>53,011</u>
Premises costs:		
Light and heat	957	741
Management charge	1,431	-
	<u>2,388</u>	<u>741</u>
General administrative expenses:		
Telephone and fax	3,555	1,538
Stationery and printing	978	597
Books, journals & research	566	92
Bank charges	206	187
Depreciation	793	571
	<u>6,098</u>	<u>3,580</u>
Legal and professional costs:		
Audit fees	2,750	2,750
Accountancy fees	4,728	824
Website costs	11,742	-
	<u>19,220</u>	<u>3,671</u>
	<u>130,850</u>	<u>61,003</u>