

Registered number  
05327824

The Tax Justice Network International Secretariat Limited

Report and Accounts

31 December 2009

**The Tax Justice Network International Secretariat Limited**  
**Report and accounts**  
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## **The Tax Justice Network International Secretariat Limited Company Information**

### **Directors**

J Christensen  
A Thomas (Resigned July 2009)  
B Gurtner  
C Thomas (Appointed July 2009)

### **Secretary**

E M Nelson

### **Auditors**

Chapman Robinson and Moore Limited  
30 Bankside Court  
Stationfields  
Kidlington  
Oxon  
OX5 1JE

### **Bankers**

The Co-operative Bank  
PO Box 250  
Skelmersdale  
WN8 6WT

### **Registered office**

38 Stanley Avenue  
Chesham  
Buckinghamshire  
HP5 2JG

### **Registered number**

05327824

# Tax Justice Network International Secretariat Limited

## Directors' Report

The Directors present their report and accounts for the period ending **31<sup>st</sup> December 2009**.

### Principal activities

The Company's principal activity during the period was the supply of international secretariat services to the global **Tax Justice Network**. These services included:

- ❖ organising and participating at seminars, workshops, and the biennial **Tax Justice Council** held at Belem, Brazil, in January 2009;
- ❖ taking a lead role in organising events in Jersey (hosted by TJN-Jersey) in March 2009 in the run-up to the **Group of 20 countries summit meeting**, held at London, UK, in April 2009, and in events around the summit itself, including the **Put People First** rally in London;
- ❖ continuing its focus on European secrecy jurisdictions, in 2009 the secretariat took part in seminars and public events in **Austria, Jersey, London, Luxembourg** and the **Netherlands**;
- ❖ co-organising and participating in the work of the **Coordinating Committee** of the international **Task Force on Financial Integrity and Economic Development**, including its annual conference in Washington in September 2009 and the special event held at **Yale University**, New Haven, which brought together human rights activists and those working on financial market integrity;
- ❖ completing and publishing research relating to the phase one of the **Mapping the Faultlines** programme;
- ❖ testing and successfully publishing the results of the 2009 **Financial Secrecy Index**;
- ❖ in May 2009 the global Board agreed a proposal by **David Spencer**, TJN senior adviser, to start a special project to research issues relating to transfer pricing and corporate tax. The secretariat has worked with David on this project;
- ❖ working on the **Tax Systems for Poverty Reduction Programme** continued, with workshops and training sessions being held in Bangladesh, Ghana, Tanzania. The first of the series of country reports was published in ?? 2009 and the Kenya report was completed in March 2010;
- ❖ providing secretariat support to the global Board and regional steering committees.

## Funding

The Company secured funding for its activities:

- In March 2009 the **Joseph Rowntree Charitable Trust** confirmed an award to fund our public outreach programme from 2010 to 2012;
- Core funding was secured from **Action Aid**, **Christian Aid**, and **OxfamNovib** for work in 2009;
- A grant was received from the **Global Financial Integrity Program** in Washington, D.C. to fund research;
- A grant was received from **Lorna Arblaster** and **David Adshead**;
- Funding was received from the **Ford Foundation** to complete phase one of the **Mapping the Faultlines** programme, but funding was not secured for the second phase of that programme, which has consequently been postponed. We have submitted a funding bid for financial year 2011 to carry forward this programme to the policy recommendation phase.
- Further funding was received from the UK **Department for International Development** to continue the **Tax Systems for Poverty Reduction Programme**.
- A second grant was received from **Misereor** as part of the project funding for the **Financial Transparency Index** research.

The Company continues to explore new sources of funding for its activities, but core funding for research, advocacy, communications and network development remains a matter of grave concern and is flagged up as a high risk issue, potentially threatening the viability of the International Secretariat's activities, under the **Risk Assessment** section below.

## Research programmes

In the early Autumn, after extensive data checks and website design, we published the results of the 18 month research programme into the legal and regulatory frameworks of 60 secrecy jurisdictions. The completed research database went live at [www.secrecyjurisdictions.com](http://www.secrecyjurisdictions.com) in September 2009.

Completion of the secrecy jurisdiction database enabled us to move ahead on schedule with preparation and testing of the **Financial Secrecy Index**, which was published in early November 2009. Despite the enormous complexities, not least in preparing a coherent explanation of what the index is and what stories it tells, the FSI launch was a great success, achieving favourable media coverage in at least 70 different countries, including the majority of secrecy jurisdictions covered by the index.

In 2009 senior adviser **David Spencer** launched a research programme into transfer pricing and corporate taxation.

The tax justice **research workshop** scheduled to be hosted by **UNAM, Mexico**, in September 2009 was cancelled due to concerns about the flu epidemic in that country. The workshop has been rescheduled for July 2010 and will be hosted in Guatemala.

## Campaign work

The following campaign priorities were pursued during 2009:

- promoting an international standard for **country-by-country reporting** by TNCs;

- strengthening the **European Union Savings Tax Directive**;
- calling for public disclosure of **beneficial ownership** details;
- categorising **tax evasion as a predicate offence** under anti money laundering laws;

### **Communication programmes**

The company continues to maintain an active media strategy. During 2009 there were peaks of media interest in our work around the period of the **London G-20 summit** in March/April and in November at the time of the launch of the **Financial Secrecy Index**. In addition, the **Guardian Media Group** launched its own related series of investigative articles into corporate tax avoidance in February 2009, giving unprecedented media coverage to this highly complex issue.

We continue to blog more or less on a daily basis and the blog attracts considerable interest from journalists and others across the world. In September 2009 a *Financial Times* journalist covering tax matters described the TJN blogspot as a “*must read*” for journalists working in this field.

Two editions of ***Tax Justice Focus*** were published in 2009. The first, guest edited by **Matti Kohonen**, had Latin America as its core theme. The second, guest edited by **Paul Sagar**, had Justice as its core theme;

**Nick Shaxson** and **John Christensen** worked steadily throughout 2009 on researching ***Treasure Islands***, which is scheduled for publication in January 2011. The research and interviews were completed in early 2010 and the draft manuscript was submitted to the editorial team in March 2010. Revisions are currently underway.

### **Advocacy effort**

During 2009 the International Secretariat continued with its advocacy work on (i) the **country-by-country reporting standard**, (ii) strengthening the **EU Savings Tax Directive** and widening its scope to include third party countries from the global South, (iii) continuing to promote automatic information exchange and multilateral information exchange as the appropriate global standards, and (iv) to strengthen the effectiveness of Members of the **UN Tax Committee** representing countries from the global South.

## Key objectives for 2010

- 1) Provide professional secretariat services to support the TJN global Board of Directors and regional steering committees.
- 2) Complete work on the forthcoming book *Treasure Islands* (scheduled for publication by Random House in January 2011) and support the work of **Nick** and **Marc Francis** and **The Tipping Point Film Fund** in preparing an accompanying film and related websites and online materials.
- 3) Support **David Spencer** with his research programme into **transfer pricing**;
- 4) Support the **research workshop** in Nairobi, Kenya, in March 2010;
- 5) Support the **research workshop** in Guatemala in July 2010;
- 6) Support an advocacy and training workshop in India in November 2010;
- 7) Support an advocacy and training workshop in Cameroun in September 2010;
- 8) Support the work towards a **Tax Advocacy Toolkit** with Christian Aid, SOMO and TJN-Africa as a member of the reference group;
- 9) Publish six (6) popular **educational materials** on taxation;
- 10) Publish eight (8) **country reports** on tax justice;
- 11) Support the SOMO-led network development initiative for South-East Asia;
- 12) Support the **research workshop** at Loughborough University, U.K. in September 2010;
- 13) Provide expertise and technical support to the **Coordinating Committee** of the **Task Force on Financial Integrity and Economic Development**;
- 14) Provide advisory and technical support services to TJN Members engaged in campaigning for **Country-by-Country Financial Reporting Standard**;
- 15) Continue to promote TJN to a wide range of media outlets, including and especially broadcast media covering developing countries;
- 16) Continue to develop the TJN membership base and strengthen relations with the trade union movement;
- 17) Monitor the **OECD Global Forum peer review process**;
- 18) Participate in the **OECD Tax and Development Task Force**;
- 19) Apply for core funding to sustain our work programme in 2011 and beyond;
- 20) Publish three editions of *Tax Justice Focus* on the themes of **land value taxation** (guest edited by **Carol Wilcox**), **Switzerland** (guest edited by **Bruno Gurtner**) and **Poverty and Inequality**.

## Risk assessment

Funding remains a significant risk factor for the Company. While it remains relatively easy to raise project funding on an *ad hoc* basis for our work in the global South, it has been less easy to raise a steady income stream for core funding for work in Europe and the USA. This matter has become more urgent as

our core workload has increased. The Board is particularly concerned about the fragility of funding arrangements relating to :-

- maintaining **Markus Meinzer's** research activities in 2010/11;
- funding of **Matti Kohonen's** network development programme in the global South;
- funding of **Nick Shaxson's** communication work during and beyond the launch of *Treasure Islands* in 2011;
- funding **Sarah Lewis'** advocacy coordinating role in Washington D.C.

It is my duty as Director to flag this concern to the global Board and request that funding security is given the highest priority without delay. Without greater funding security the International Secretariat will not be able to effectively sustain its research, advocacy and network development activities beyond end-2010.

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 UK sources. At the 2009 Council Meeting it was agreed that all Board members would aim to recruit at least two new members every year. This target has not been achieved and we request that the process of membership recruitment be reviewed monthly with regular feedback from Board members.

The Company continues to provide key professional services to the global Network and, despite the pressures arising from the G-20 focus on tax havens and tax justice in Spring 2009, the company achieved the majority of its core goals in 2009.

## **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**

- Monthly schedules are prepared and circulated to the TJN Board (and advisers) listing meetings held with third parties
- The Director reports orally to the monthly meetings of the TJN Board
- The media and communications adviser also reports orally to the monthly Board meetings
- The Company is accountable 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 in terms of its engagement with advisory and freelance assistants.

### **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. Directors**

The Directors who served during this period were:

**John Elliott Christensen** (elected January 2005).

**Cathy Cross** (elected August 2009)

**Bruno Gurtner** (elected March 2007)

**Anna Thomas** resigned from the Board in June 2009 and was replaced by **Cathy Cross**.

**Richard Murphy** resigned from his position as Company Secretary in June 2009 and was replaced by **Liz Nelson**.

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 14 May, 2010.

John Christensen

Director

**The Tax Justice Network International Secretariat  
Limited  
Statement of Directors' Responsibilities**

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 accounts, 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 accounts 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 accounts comply with the Companies Act 1985. 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.

**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 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These accounts 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 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**

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts.

In addition we 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 directors' remuneration and other transactions with the company 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 and 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

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

**Opinion**

In our opinion:

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

Chapman Robinson and Moore Limited  
Registered auditors  
04.05.2010

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**  
**2009**

	Notes	2009 £	2008 £
<b>Turnover</b>		185,061	126,905
Cost of sales		(147,130)	(66,863)
<b>Gross profit</b>		<u>37,931</u>	<u>60,042</u>
Administrative expenses		(61,003)	(52,456)
<b>Operating (loss)/profit</b>	2	<u>(23,072)</u>	<u>7,586</u>
Interest receivable		408	2,731
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(22,664)</u>	<u>10,317</u>
Tax on (loss)/profit on ordinary activities	3	-	(2,160)
<b>(Loss)/profit for the financial year</b>		<u>(22,664)</u>	<u>8,157</u>

**The Tax Justice Network International Secretariat Limited**  
**Balance Sheet**  
**as at 31 December 2009**

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	4	588	281
<b>Current assets</b>			
Debtors	5	-	13,156
Cash at bank and in hand		<u>107,211</u>	<u>90,021</u>
		107,211	103,177
<b>Creditors: amounts falling due within one year</b>			
	6	<u>(121,036)</u>	<u>(94,031)</u>
<b>Net current (liabilities)/assets</b>		(13,825)	9,146
<b>Net (liabilities)/assets</b>		<u>(13,237)</u>	<u>9,427</u>
<b>Capital and reserves</b>			
Profit and loss account	7	(13,237)	9,427
<b>Shareholder's funds</b>		<u>(13,237)</u>	<u>9,427</u>

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

J Christensen  
 Director  
 Approved by the board on 04.05.2010



**The Tax Justice Network International Secretariat Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2009**

**1 Accounting policies**

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

**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

**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 contributes to its director's personal defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable.

<b>2 Operating profit</b>	<b>2009</b>	<b>2008</b>
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	571	307
Directors' remuneration	33,108	33,144
Pension costs	3,600	3,600
	<hr/>	<hr/>
Number of directors to whom benefits accrued under money purchase pension schemes	1	1
	<hr/>	<hr/>
<b>3 Taxation</b>	<b>2009</b>	<b>2008</b>
	£	£
UK corporation tax	-	2,160
	<hr/>	<hr/>

#### 4 Tangible fixed assets

	<b>Plant and machinery etc £</b>
<b>Cost</b>	
At 1 January 2009	1,819
Additions	<u>878</u>
At 31 December 2009	<u>2,697</u>
<b>Depreciation</b>	
At 1 January 2009	1,538
Charge for the year	<u>571</u>
At 31 December 2009	<u>2,109</u>
<b>Net book value</b>	
At 31 December 2009	<u>588</u>
At 31 December 2008	<u>281</u>

5 Debtors	<b>2009 £</b>	<b>2008 £</b>
Other debtors	<u>-</u>	<u>13,156</u>

6 Creditors: amounts falling due within one year	<b>2009 £</b>	<b>2008 £</b>
Corporation tax	-	2,160
Other taxes and social security costs	566	-
Other creditors	<u>120,470</u>	<u>91,871</u>
	<u>121,036</u>	<u>94,031</u>

7 Profit and loss account	<b>2009 £</b>
At 1 January	9,427
Loss for the year	(22,664)
	<u>(13,237)</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 Lacratif. Tax Justice Network Association Sans But Lacratif is a not for profit organisation registered in Belgium.