

Company Registration No. 05327824 (England and Wales)

**THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT
LIMITED**

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

**THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
COMPANY INFORMATION**

Directors	J. Christensen A. Missbach Sempach A. Thomas (Appointed 5 March 2007) B. Gurtner (Appointed 5 March 2007)
Secretary	R. J. Murphy FCA
Company number	05327824
Registered office	38 Stanely Avenue Chesham Buckinghamshire HP5 2JG
Accountants	Goodman Jones LLP 29/30 Fitzroy Square London W1T 6LQ
Bankers	The Co-operative Bank Business Customer Services PO Box 250 Skelmersdale WN8 6WT

**THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
CONTENTS**

	Page
Directors' report	1-5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-11

THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006.

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: assisting with the drafting and implementation of a new Constitution; working towards developing the network in new countries and regions, with particular emphasis on selected countries in Africa; broadening research activities into new fields; supporting the Network's teams of experts and expanding on high-level advocacy effort; and raising TJN's campaigning profile.

Performance and development during the year

1. The Company secured funding for its activities:

Core funding continued to be donated by the Joseph Rowntree Charitable Trust.

Specific grants were received from Cafod and the Heinrich Boll Stiftung towards publication of Tax Justice Focus and tax us if you can (a Portuguese language edition) respectively.

Funding was secured from the Network for Social Change for the specific purpose of organising a research workshop in Nairobi, Kenya, in January 2007.

Core funding was secured from Oxfam/NOVIB for work in 2007.

The Company continued to explore new sources of funding for its activities in 2007 and aims to secure longer term funding from major foundations for the purposes of organising specific research programmes. Discussions initiated in 2006 with the Ford Foundation were taken a step further in June 2007 when TJN met their programme officer in Washington D.C. to elaborate on ideas for an extensive research programme starting 2008.

2. The Company employed John Christensen as its Director. He continued to be paid as a part-time employee and donated the balance of his working time to the Company.
3. The Company engaged Jenny Kimmis as a freelance editor of Tax Justice Focus, but her period of engagement ceased at end-December and arrangements were made for future design and layout work on the newsletter to be carried out by The Argument by Design. In June 2006 Mike Lewis ceased to act as external adviser on media and communications activities. In February 2007 new funding was secured from the Network for Social Change, and Nick Shaxson was engaged in March 2007. Amongst other tasks, Nick is also engaged as editor of Tax Justice Focus.
4. During 2006 the editorial focus of Tax Justice Focus was changed to encourage a wider range of contributors, and to focus on themes of particular interest. Special editions were published on the themes of corruption, Africa, and tax competition.
5. The Company continued to work towards promoting cutting edge research in collaboration with its partners at Tax Research LLP. During 2006 this led to the publication of important reports on the actual performance of flat taxes in Central and Eastern Europe; the development of a methodology for measuring the corporate tax gap in the United Kingdom; and the commissioning of a Code of Conduct on Taxation, which is scheduled for launch in October 2007.
6. The Company continued to play a lead role in organising international events, including the annual research workshop at Essex University (on the theme of Tax, Poverty and Finance for Development), and a briefing for diplomatic teams from developing countries attending the 2006 session of the UN Tax Committee in Geneva (in collaboration with partners at the South Centre).

**THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2006

7. The Company committed considerable resource to preparing for the launch of a Tax Justice Network for Africa in early 2007. This included making arrangements for the appointment of a Coordinator for this Network -- Alvin Mosioma was appointed in October 2006 after funding was secured from Christian Aid (Kenya) to cover his salary and core costs for one year - and high priority was given in the final quarter of 2006 to preparing for the research workshop held in Nairobi, Kenya, in January 2007. Funding was secured for this research workshop earlier in the year.
8. Consistent with the Network's long term goal of expanding its high level advocacy work, the Company organised and participated in a number of meetings with officials from governments and multilateral agencies. The Company attended international conferences organised by the UN Finance for Development office (New York) and the UN Tax Committee, (Geneva), and co-organized a side-event on taxation at the ECOSOC Substantive Session (Geneva). During 2006, meetings were held with officials from the World Bank, the International Monetary Fund, the OECD Centre of Tax Policy and Administration, the United Nations Finance for Development Office, the South Centre, the European Commission, and politicians and government officials from Brazil, Chile, the Netherlands, Norway, the United Kingdom, and the United States.
9. The Company represented the Network at conferences and other events in France, Jersey, the Netherlands, Norway, Switzerland, the United Kingdom, and the United States.

Key objectives for 2007

1. Assist with the launch and follow up of the Tax Justice Network for Africa.
2. Continue with the provision of professional secretariat services to the international activities of the Tax Justice Network.
3. Assist with the staging of a research workshop hosted by the University of Nairobi in Kenya.
4. Start preparations for the 2008 global summit meeting in Doha on financing for development.
5. Promote the creation of an international task force on capital flight and tax evasion as a part of the programme of the Leading Group on Solidarity Levies (the so-called Chirac - Lula Group).
6. Continue to push for a wider pro-development agenda for the UN Tax Committee.
7. Engage with Transparency International and others in debating the nature and geography of corruption in order to generate wider understanding about how the financial system encourages and facilitates high level corrupt activities.
8. Assist our partner organisation Global Financial Integrity with the organising of a high level conference in Washington D.C. on illicit financial flows.
9. Continue to work with research partners at Tax Research LLP to secure funding for new research and to sustain existing research effort.
10. Continue to work with our partners at Tax Research LLP to campaign for the adoption of an international financial reporting standard on country-by-country reporting and for the removal of IFRS-8.
11. Strengthen the website content and make increased use of the TJN blogspot - this will largely depend on the appointment of a suitable freelance media and communications adviser.
12. Assist with the launch of the TJN Code of Conduct on Taxation.
13. Continue to promote TJN to a wider range of media outlets, including and especially broadcast media covering developing countries (e.g. BBC World Service).
14. To apply for additional funding from major foundations to secure funds for new research and to ensure the continued operations of the International Secretariat.

THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

Risk assessment

Funding remains a critical risk factor for the Company. An increased media profile has improved public understanding of the issues around which we campaign, but there remains a degree of caution amongst potential funders, and further effort is required to put tax justice issues at the centre of the development agenda.

The Company - and those who associate themselves with TJN's international work - are prone to reputational risk arising from disagreements on objectives and processes within the network's national chapters. Steering Committees and Boards need to give priority to strengthening internal communications to mitigate such risks.

The Directors place high priority on minimising the risk of legal action against its activities. Care is taken in preparing reports and in making public comment about issues and institutions. Particular care is taken when dealing with media. In view of the politically charged nature of any discourse involving tax, the Directors will continue to maintain a strict control over the Company's communications.

The Company continues to provide key professional services to the global Network and achieved the majority of its core goals in 2006.

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 TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

The media and communications adviser also reports orally to the monthly Board meetings.

The Company is accountable to the TJN Board (formerly the International Steering Committee), which in turn is accountable to the TJN Council. These arrangements were changed in January 2007 as a result of the formation of a Belgian registered Association Sans but Lucratif, which acts as the hub of the global network. This arrangement was agreed at the TJN Council Meeting in Athens, Greece, in May 2006.

4. Travel policy

The Company works on a virtual basis.

Phone, email and Skype provide the principal means for communication 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 'positive' campaign and advocacy work rather than to 'negative' attacks.

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.

**THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2006

Directors

The following directors have held office since 1 January 2006:

J. Christensen	
A. Missbach Sempach	
A. Thomas	(Appointed 5 March 2007)
B. Gurtner	(Appointed 5 March 2007)

Directors' interests

The company is limited by guarantee and the directors are also members of the company. The liability of members on the winding up of the company is limited to £1.

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements 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 those 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;
- 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 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.

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

On behalf of the board

.....

Date:

THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Turnover		52,219	54,905
Cost of sales		(10,716)	(17,784)
Gross profit		<u>41,503</u>	<u>37,121</u>
Administrative expenses		(41,503)	(37,121)
Operating loss	2	-	-
Other interest receivable and similar income	3	<u>361</u>	<u>487</u>
Profit on ordinary activities before taxation		361	487
Tax on profit on ordinary activities	4	(73)	-
Profit for the year	9	<u><u>288</u></u>	<u><u>487</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents the value of grants and other funding supplied to the company to the extent that conditions attached to that income have been satisfied during the period.

1.4 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 less estimated residual value of each asset over its expected useful life, as follows:

Plant & machinery – 33% straight line

1.5 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.

1.6 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.7 Foreign currency translation

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 the differences are taken to the profit and loss account.

2 Operating loss	2006	2005
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	326	299
Directors' emoluments	27,804	23,433
	<u> </u>	<u> </u>
3 Investment income	2006	2005
	£	£
Bank interest	361	487
	<u> </u>	<u> </u>

THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

4	Taxation	2006	2005
		£	£
	Domestic current year tax		
	U.K. corporation tax	73	-
		<hr/>	<hr/>
	Current tax charge	73	-
		<hr/> <hr/>	<hr/> <hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	361	487
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005 - 0.00%)	69	-
	Effects of:		
	Depreciation add back	62	
	Capital allowances	(33)	
	Other adjustments	(25)	-
		<hr/>	<hr/>
	Current tax charge	73	-
		<hr/> <hr/>	<hr/> <hr/>
5	Tangible fixed assets		Plant and machinery etc
			£
	Cost		
	At 1 January 2006		898
	Additions		79
			<hr/>
	At 31 December 2006		977
			<hr/>
	Depreciation		
	At 1 January 2006		299
	Charge for the year		326
			<hr/>
	At 31 December 2006		625
			<hr/>
	Net book value		
	At 31 December 2006		352
			<hr/> <hr/>
	At 31 December 2005		599
			<hr/> <hr/>

THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

6 Debtors	2006	2005
	£	£
Trade debtors	26,860	-
Other debtors	2,848	-
	<u>29,708</u>	<u>-</u>
	<u><u>29,708</u></u>	<u><u>-</u></u>
7 Creditors: amounts falling due within one year	2006	2005
	£	£
Taxation and social security	73	-
Other creditors	45,661	17,405
	<u>45,734</u>	<u>17,405</u>
	<u><u>45,734</u></u>	<u><u>17,405</u></u>

Other creditors include income in advance. Income in advance represents the unutilised element of grant funding supplied where that funding is conditional upon its use to meet the liabilities of the Company and is otherwise refundable.

8 Pension costs

Defined contribution

	2006	2005
	£	£
Contributions payable by the company for the year	3,600	3,600
	<u>3,600</u>	<u>3,600</u>
Number of directors to whom benefits accrued under money purchase pension schemes	1	1
	<u>1</u>	<u>1</u>

9 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2006	487
Profit for the year	288
	<u>775</u>
Balance at 31 December 2006	<u><u>775</u></u>

THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

10 Reconciliation of movements in shareholders' funds	2006	2005
	£	£
Profit for the financial year	288	487
Opening shareholders' funds	487	-
	<hr/>	<hr/>
Closing shareholders' funds	775	487
	<hr/> <hr/>	<hr/> <hr/>

12 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 which each member is liable to contribute is £1. There were 3 guarantor members at the balance sheet date.

13 Transactions with directors

£610 was paid to John Christensen during the period in respect of heat, light and other office costs incurred by him as a consequence of his making available his office for the use of the company. The supply was on arms length terms.

**THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT
LIMITED**

(A COMPANY LIMITED BY GUARANTEE)

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2006

**THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE
UNAUDITED FINANCIAL STATEMENTS OF THE TAX JUSTICE NETWORK**

In accordance with the engagement letter dated 23 August 2007, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of The Tax Justice Network International Secretariat Limited for the year ended 31 December 2006, set out on pages 2 to 7 from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters we have agreed to state to them in this 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 Board of Directors as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 December 2006 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Goodman Jones LLP

.....

Chartered Accountants

29/30 Fitzroy Square
London

W1T 6LQ

THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006

		2006		2005
	£	£	£	£
Turnover				
Grants received		49,887		54,905
Other income		2,332		-
		52,219		54,905
Cost of sales				
Media Costs	1,400		-	
Grants	710		-	
Tax Justice For Africa	1,748		-	
Tax Us If You Can (inc translation)	-		12,700	
Tax Justice Focus	3,912		3,000	
Davos Award Nomination	2,946		2,084	
		(10,716)		(17,784)
Gross profit	79.71%	41,503	67.61%	37,121
Administrative expenses		(41,503)		(37,121)
Operating loss		-		-
Other interest receivable and similar income				
Bank interest received		361		487
Profit before taxation	0.68%	361	0.89%	487

THE TAX JUSTICE NETWORK INTERNATIONAL SECRETARIAT LIMITED
(A COMPANY LIMITED BY GUARANTEE)
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2006

	2006	2005
	£	£
Administrative expenses		
Directors' remuneration and Employer's N.I. contributions	24,204	21,309
Directors' pension costs	3,600	3,600
Insurance	16	-
Light and heat	610	515
Printing, postage and stationery	746	1,274
Advertising	-	1,468
Telephone	1,520	865
Computer running costs	204	1,806
Conference fees	475	621
Travelling expenses	8,171	3,501
Legal and prof fees - allowable	205	270
Accountancy	1,000	1,500
Bank charges	30	-
Books, Journals & Research	277	13
Sundry expenses - allowable	119	80
Depreciation on computer equipment	326	299
	<hr/>	<hr/>
	41,503	37,121
	<hr/> <hr/>	<hr/> <hr/>