

Registered number
05327824

The Tax Justice Network International Secretariat Limited

Report and Accounts

31 December 2012

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

The Tax Justice Network International Secretariat Limited

Registered number: 05327824

Directors' Report

The Directors present their report and accounts for the period ending **31st December 2012**.

Principal Activities

The Company's principal activity during the calendar year ending 31st December 2012 was the supply of research, advocacy and professional advisory services to the global tax justice movement. Our work during this period involved several research programmes and a continued commitment to producing and disseminating materials relating to the **Mobilising for Tax Justice** programme.

The Tax Justice Network also engaged with its partners across the world in preparing for the launch of a new **Global Alliance for Tax Research**, a new campaigning movement committed to organising and coordinating regional and global campaigns on core tax justice issues. The creation of the Global Alliance was ratified by the **Tax Justice Council** at its meeting in Lima, Peru, in March 2013.

The Company made significant progress in several key areas in 2012. Notable highlights included organising a high profile **international conference on corporate taxation** in Helsinki, Finland; launching and disseminating a new programme of **Taxcasts** produced by Naomi Fowler; publishing an updated edition of **'tax us if you can'** with an accompanying revised estimate of the **Price of Offshore**; launching a new **training programme for investigative journalists**.

The services we provided during 2012 included (in no particular order):

- Organising the annual **AABA/TJN research workshop** on the theme of **Tax Avoidance, Corruption and Crisis** in July 2012 at Essex University, England;
- Supporting the launch of **Canadians for Tax Fairness**;
- Launching a monthly series of **Taxcasts** (this is part of the **Mobilising for Tax Justice** programme);
- Co-organising and participating in the work of the **Coordinating Committee** of the international **Task Force on Financial Integrity and Economic Development**;
- Supporting the preparation of a **Spanish language version of the Tackle Tax Havens** website and accompanying social media (this is part of the **Mobilising for Tax Justice** programme);
- Participating in a new programme to research forms of **wealth taxation**;
- Co-organising a **training programme for investigative journalists**. A pilot course was held at City University, London, in March 2013 involving 19 participants from 15 countries. The course was co-organised with the Centre for Investigative Journalism (this is part of the **Mobilising for Tax Justice** programme);
- Updating the first edition of **tax us if you can** and publishing it in both digital and hard copy editions. Over two thousand hard copies have already been distributed to partner organisations around the world. (this is part of the **Mobilising for Tax Justice** programme);
- Participating in the work on the **OECD's informal Task Force on Tax and Development**;
- Supporting the 'internationalisation' of the film **We're Not Broke** for release with Arabic, French, German and Spanish sub-titles (this is part of the **Mobilising for Tax Justice** programme);
- Providing research and advisory services to incubate the development of a **Fair Tax Mark**;
- Providing administrative, fund-raising, secretariat and advisory support to the global Board and regional steering committees;
- Publishing frequent blogs on tax justice related issues;
- Undertaking a some initial mapping work for the scope and nature of educational materials;
- Advising the international press on tax justice related issues.

The Company achieved its principal objectives in 2012.

Funding

In 2012 our grant income amounted to £605k, comparable to 2011, and expenditure amounted to £628k, of which overheads accounted for a mere 3 per cent.

In 2012 grants were received from:

- Action Aid
- Christian Aid
- Task Force on Financial Integrity
- The Association for Accountancy and Business Affairs
- Joseph Rowntree Charitable Trust
- Government of Finland
- The Network for Social Change
- Norad
- Oxfam-Novib

Research Programmes

Our programme to monitor the **OECD's Global Forum** process and progress on **information exchange** processes has supported high level advocacy programmes in many countries and at OECD, European Commission and Council of Europe levels. In 2012 the OECD committed to developing its work automatic information exchange processes. We will continue to monitor their work in this area.

In January 2011 we commissioned Jim Henry to prepare an expanded and updated estimate of the volume of private wealth held untaxed offshore. The previous estimate was prepared in 2005 and published under the title *The Price of Offshore*. Jim's estimate – titled *The Price of Offshore Revisited* – was published in July 2012, achieving extraordinary press coverage (see *chart 1* below) and raising public awareness across the world.

TJN continues to organise, co-host, fund and participate in research seminars, conferences, capacity-building workshops, and related events. The theme of our annual research workshop (co-organised with the Association for Business and Accountancy Affairs) was **Tax Avoidance, Corruption and Crisis**. We also organised a **conference on transfer pricing**, held in Helsinki with support from the Finnish government.

Research for the 2013 **Financial Secrecy Index** started in quarter 4 2012. The results are scheduled for publication in November 2013.

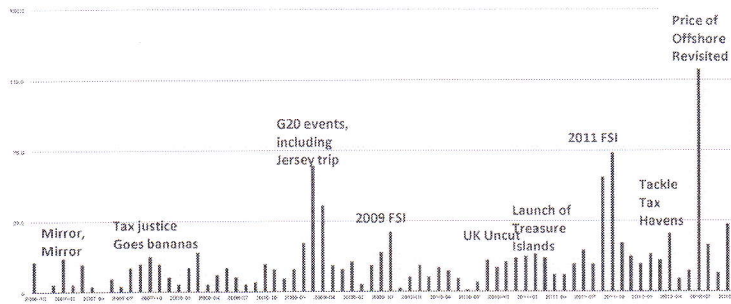
We have continued to advise on case studies revealing the systemic problems arising from the OECD's approach to **transfer pricing**. In 2012 we widened our research into two new programmes: (i) the development of a **Fair Tax Mark** (headed programme into **combined reporting with unitary taxation** (headed by Sol Picciotto).

External Communications

The priorities over the past 12 months included preparing materials for the **Mobilising for Tax Justice Campaign** (see my Director's report for 2011), to prepare two lengthy articles for *Vanity Fair* magazine, and to support the launch of *The Price of Offshore Revisited*. *Chart 1* illustrates the steady increase of global media coverage of our work, highlighting the usefulness of our set piece outputs.

TJN staff continue to work with journalists and documentary makers from across the world, and we have participated in dozens of radio programmes in addition to the very successful **Taxcast** series launched in 2012.

Chart 1: Media coverage of set piece TJN research outputs – 2006-2010



Source: Meltwater News (with thanks to Daniel MacKenzie)

In January 2012 Dan Hind, previously an editor at Random House, was appointed editor of *Tax Justice Focus*, supported by John Christensen and Nicholas Shaxson as commissioning editors. Three editions of *TJF* were published in 2012 covering the following themes:

- *Occupy*, guest edited by Occupy London (vol 7, no.1)
- *Inequality*, guest edited by Kate Pickett and Richard Wilkinson (vol 7, no.2)
- *Transfer Pricing*, guest edited by David Spencer (volume 7, no.3)

Risk assessment

The Company aims to minimise its fixed costs as a means of reducing financial risk. While cash flow was positive in 2012 - and we expect this to continue throughout 2013 – we continue to lack sufficient cash reserves to sustain all our programmes through lean funding periods.

Following negotiations with our partners in the Global Alliance for Tax Justice it has been agreed that we will retain responsibility for managing and controlling the Tax Justice Network brand. We recognise the importance of protecting the integrity of the brand name, and we devote significant resource to ensuring the high quality of our research and other outputs and to mitigating libel 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 Tax Justice Network;
- Donations from individuals are acknowledged on an anonymous basis;
- Financial systems are open and transparent.

The Tax Justice Network International Secretariat Limited

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Directors' Report

3. Accountability to stakeholders

- Until 31st March 2013 **Tax Justice Network International Secretariat Limited** employees reported to the monthly meetings of the Board of Directors of **Tax Justice Network Association International Sans But Lucratif**. From 1st April 2013 employees of **TJN Limited** became accountable to the newly created Board of **Tax Justice Research Limited**.

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 and ICT policy

- The Company sources 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 network communications. We aim to hold the majority of our meetings online, but frequent physical meetings are considered important for encouraging creativity and team-building.
- Since 2003 the Tax Justice Network has operated on a virtual basis, with Skype, Horde and Dropbox providing internal communications and file-sharing platforms, and using blogs, websites, twitter and other feeds to communicate externally.
- In 2012 the Company committed to upgrading its information and communication technology platform to enable a secure, scalable and fully integrated platform for document archiving, database hosting, use of social media, project specific collaboration, hardware and software monitoring and update, traceability and discovery of internal and external communications. By end-2013 all company employees will have migrated to **cloud based document management** using the **Microsoft Office 365 pro platform**, which will provide the technology base for the next ten years. The company has retained **Akeman Solutions Limited** to advise on and implement this programme.

6. Financial services, payroll management and insurance

- The Company uses banking services provided by the **Cooperative Bank plc, 1 Balloon Street**, Manchester. Through this accounting period we also operated a Euro denominated account with **Triodos Bank**, Brussels. Control over the Euro account has been passed to the **Global Alliance for Tax Justice**.
- The Company is provided with book-keeping and accounting services by **Glyn Pritchard**.
- Accounting and audit services are provided by **Chapman, Robinson and Moore Limited**, Kidlington, Oxfordshire.
- Payroll services are provided by **Fenside Accounting**, Boston, Lincolnshire.
- Insurance services are provided by **Fairweather Insurance Services**, Chalfont Saint Peter, Buckinghamshire.

7. 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.

8. Equal opportunities

- The Company pursues an equal opportunities policy.

9. Pensions policy

- The Company contributes to employee pension funds.

The Tax Justice Network International Secretariat Limited

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Directors' Report

10. Language policy

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

11. Engagement with stakeholders

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

12. Whistleblower policy

We are 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.

13. Employees

At 31st December 2012 TJN employed or engaged the following staff and project consultants on a full or part-time basis:

- **John Christensen**, director, based in Chesham, U.K.;
- **Naomi Fowler**, radio producer, based in Sicily;
- **Moran Harari**, researcher, based in Tel Aviv, Israel;
- **Andres Knobel**, researcher, based in Buenos Aires, Argentina;
- **Sarah Knott**, media support, based in Kent, U.K.;
- **Markus Meinzer**, senior researcher, based in Marburg, Germany;
- **Meesha Nehru**, researcher, based in Surbiton, U.K.;
- **Liz Nelson**, partnership development/resources coordination, based in Oxford;
- **Glyn Pritchard**, financial accounting, based in Oxford, U.K.;
- **Nick Shaxson**, writer and researcher, based in Zurich, Switzerland.

The company also serves as line manager for **Nick MATHIASON**, who, while technically contracted as a consultant to the **Task Force on Financial Integrity and Economic Development**, is based in London with TJN acting as administrative agent. The fees are entirely funded by grant from **Norad** with TJN-IS receiving an administrative fee.

The Tax Justice Network International Secretariat Limited

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Directors' Report

14. 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- resigned 7th May, 2013)
- **Richard James Murphy** (appointed 7th May, 2013)
- **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.

Name Change in 2013

In March 2013 the Tax Justice Council agreed the creation of the **Global Alliance for Tax Justice**. This alliance will be coordinated by a committee served by a new international secretariat. With effect from March 2013, the secretariat services previously provided to the Global Board of Directors by Tax Justice Network International Secretariat Limited will be taken over by this new secretariat. For this reason, we have resolved to change the Company name to **Tax Justice Network Limited**.

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

This report was approved by the board on 16.05.2013 and signed on its behalf.



J 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 2012 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 and express an opinion on 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 of the accounts

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 2012 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, Robison & Moore Limited
Accountants and Statutory Auditors
16.05.2013

30 Bankside Court
Stationfields
Kidlington
Oxford
OX5 1JE

The Tax Justice Network International Secretariat Limited
Income and Expenditure Account
for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover		632,355	533,905
Cost of sales		(377,464)	(196,439)
Gross surplus		<u>254,891</u>	<u>337,466</u>
Administrative expenses		(250,725)	(323,988)
Operating surplus	2	<u>4,166</u>	<u>13,478</u>
Interest receivable		560	471
Surplus on ordinary activities before taxation		<u>4,726</u>	<u>13,949</u>
Tax on surplus on ordinary activities	3	(1,101)	(2,876)
Surplus for the financial year		<u>3,625</u>	<u>11,073</u>

The Tax Justice Network International Secretariat Limited
Balance Sheet
as at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	4	272	1,050
Current assets			
Debtors	5	18,242	5,722
Cash at bank and in hand		<u>250,933</u>	<u>250,938</u>
		269,175	256,660
Creditors: amounts falling due within one year			
	6	(244,001)	(235,889)
Net current assets		<u>25,174</u>	<u>20,771</u>
Net assets		<u>25,446</u>	<u>21,821</u>
Capital and reserves			
Retained Funds	8	25,446	21,821
Shareholder's funds		<u>25,446</u>	<u>21,821</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 16.05.2013

The Tax Justice Network International Secretariat Limited
Notes to the Accounts
for the year ended 31 December 2012

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

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 income and expenditure account.

Pensions

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

2 Operating surplus

	2012	2011
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	778	1,074
Directors' remuneration	38,675	35,000
Pension costs	<u>12,531</u>	<u>10,920</u>
Number of directors to whom benefits accrued under money purchase pension schemes	<u>1</u>	<u>1</u>

The Tax Justice Network International Secretariat Limited
Notes to the Accounts
for the year ended 31 December 2012

3	Taxation	2012	2011
		£	£
	UK corporation tax at 20%	<u>1,101</u>	<u>2,876</u>
4	Tangible fixed assets		Plant and machinery etc
			£
	Cost		
	At 1 January 2012		<u>5,026</u>
	At 31 December 2012		<u>5,026</u>
	Depreciation		
	At 1 January 2012		3,976
	Charge for the year		<u>778</u>
	At 31 December 2012		<u>4,754</u>
	Net book value		
	At 31 December 2012		<u>272</u>
	At 31 December 2011		<u>1,050</u>
5	Debtors	2012	2011
		£	£
	Trade debtors	<u>18,242</u>	<u>5,722</u>
6	Creditors: amounts falling due within one year	2012	2011
		£	£
	Corporation tax	1,101	2,876
	Deferred Income	183,000	205,815
	Norad Partnership final payment for 2012 paid in 2013	32,000	-
	Creditors relating to 2012 paid in 2013	<u>27,900</u>	<u>27,198</u>
		<u>244,001</u>	<u>235,889</u>

The Tax Justice Network International Secretariat Limited
Notes to the Accounts
for the year ended 31 December 2012

7 Deferred Grants

Deferred Income as at 1st January 2012	205,815
<u>Income received during year</u>	
Joseph Rowntree Charitable Trust	37,500
GTZ	-
Global Financial Integrity Programme	73,963
Christian Aid	- 105
AABA	5,000
DfID	-
Oxfam Novib	79,554
Norad	326,111
Network for Social Change	11,152
Finnish Government	62,244
Action Aid	10,000
Euro Grant	-
Total income received during year	605,419
Expenditure during year	628,189
Deferred Income as at 31st December 2012	183,045
<u>Deferred income made up as follows</u>	
Joseph Rowntree Charitable Trust	30,520
Global Financial Integrity Programme	35,277
Christian Aid	5,805
AABA	5,000
Oxfam Novib (received December 2011)	80,579
Network for Social Change	2,902
Finnish Government	4,497
Action Aid	10,000
Norad	4,768
Small Grants	3,737
Total deferred income	183,085

8 Income & Expenditure account

	2012
	£
At 1 January 2012	21,821
Surplus for the year	3,625
At 31 December 2012	<u>25,446</u>

The Tax Justice Network International Secretariat Limited
Notes to the Accounts
for the year ended 31 December 2012

9 Contingent liabilities

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.

10 Ultimate 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.

Post balance sheet event

On 17th July, 2012 Tax Justice Research Limited was incorporated and on 7th May, 2013 a Certificate of Resolution was passed by written resolution that " Tax Justice Network Association Internationale Sans But Lucratif cease to be a member of the company and that Tax Justice Research becomes a member in its place".

The Tax Justice Network International Secretariat Limited
Detailed income and expenditure account
for the year ended 31 December 2012

	2012	2011
	£	£
Sales	632,355	533,905
Cost of sales	(377,464)	(196,439)
Gross surplus	<u>254,891</u>	<u>337,466</u>
Administrative expenses	(250,725)	(323,988)
Operating surplus	<u>4,166</u>	<u>13,478</u>
Interest receivable	560	471
Surplus before tax	<u>4,726</u>	<u>13,949</u>

The Tax Justice Network International Secretariat Limited
Detailed income and expenditure account
for the year ended 31 December 2012

	2012	2011
	£	£
Sales		
Grants received	628,189	520,427
Other Income	4,166	13,478
	<u>632,355</u>	<u>533,905</u>
Cost of sales		
Research costs	377,464	177,680
Research costs - DfiD	-	18,759
	<u>377,464</u>	<u>196,439</u>
Administrative expenses		
Employee costs:		
Wages and salaries	113,597	155,768
Directors' salaries	38,675	35,000
Pensions	12,531	10,920
Employer's NI	11,554	10,022
Travel and subsistence	17,436	56,276
	<u>193,793</u>	<u>267,986</u>
Premises costs:		
Office rental charge	-	5,542
Light and heat	1,566	1,233
	<u>1,566</u>	<u>6,775</u>
General administrative expenses:		
Telephone and fax	3,127	3,021
Stationery and printing	992	942
Books, journals and research	448	2,302
Bank charges	338	518
Insurance	480	329
ICT platform upgrade	7,176	596
Depreciation	778	1,074
Sundry expenses	748	127
	<u>14,087</u>	<u>8,909</u>
Legal and professional costs:		
Audit fees	3,150	3,130
Accountancy fees	9,605	9,097
Solicitors fees	-	650
Marketing & website costs	28,524	27,441
	<u>41,279</u>	<u>40,318</u>
	<u>250,725</u>	<u>323,988</u>