

Company no. 2871809

# **Global Witness**

## **Report and Financial Statements**

**31 December 2014**

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**Global Witness**

**Reference and administrative details**

**For the period ended 31 December 2014**

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**Directors** Patrick J Alley  
Charmian P Gooch (Company Secretary)  
Simon J Taylor

**Principal and Registered Office** Lloyds Chambers  
1 Portsoken Street  
London  
E1 8BT

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**Fax:** +44 (0)20 7492 5821

**Email:** [mail@globalwitness.org](mailto:mail@globalwitness.org)

**Website:** [www.globalwitness.org](http://www.globalwitness.org)

**Company number** 2871809  
Company Limited by Guarantee

**Principal Advisers**

**Bankers** The Co-operative Bank  
6 Olympic Court  
Montford Street  
Salford  
M5 2QP

Triodos Bank  
Deanery Road  
Bristol  
BS1 5AS

**Auditors** Chantrey Vellacott DFK LLP  
Russell Square House  
10-12 Russell Square  
London  
WC1B 5LF

## **Global Witness**

### **Report of the directors**

#### **For the period ended 31 December 2014**

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The directors present their report and the audited financial statements for the 13 month period ended 31 December 2014.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with applicable law, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005 - 2nd edition). Although Global Witness is not a UK registered charity, the financial statements have been prepared in line with the SORP in order to reflect best practice as a not-for-profit organisation.

#### **Structure, governance & management**

Global Witness is a not-for-profit, non-governmental organisation. It is a company limited by guarantee, incorporated on 15 November 1993 under a memorandum of association that sets out the objects and powers of the company, and under articles of association by which it is governed. The company is unable to distribute any of its assets for the benefit of the directors or members.

Global Witness has 501(c)(3) status with the US Internal Revenue Service.

The directors who served during the period and up to the date of the report are listed on page 1. The directors have no beneficial interest in the company.

Directors have the power to appoint or to co-opt new members onto the Board; appointments are ratified in accordance with the company's memorandum and articles of association. There is a process of induction for new directors, which includes meetings with staff and the provision of key information.

The Board meets quarterly to set strategy and oversee the direction of the organisation. Day to day management is provided by the Management Team, which until 31 January 2014 comprised the three directors, together with the Director of Campaigns and the Director of Finance & Resources. On 1 February 2014 the Director of Campaigns was appointed as Executive Director, and from that date the Management Team comprised the Executive Director, the Director of Finance & Resources, and the Director of Development.

Global Witness also has a non-executive Advisory Board made up of prominent individuals with expertise in areas relevant to Global Witness' activities. It provides advice to the Board and meets three times a year.

Global Witness' activities in the USA are undertaken through Global Witness Publishing Inc., a company registered in Washington DC, USA. Since this company has common directors with Global Witness, its results are consolidated and presented together in these financial statements.

#### **Objectives, impacts and activities**

Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses.

Throughout 2014, and in line with the priorities set out in Global Witness' Challenge Fund Business Plan, Global Witness has continued to invest in campaigns and investigations and to build a sustainable organisational infrastructure.

Global Witness has also continued its campaigns aimed at changing the system by exposing the economic networks behind conflict, corruption and environmental destruction. A summary of our key achievements during the period are listed below as well as how we intend to build on and defend these gains in the coming year.

Global Witness and its co-founder Charmian Gooch were awarded the 2014 TED Prize in March 2014. Charmian's TED 'wish' is for an end to anonymous companies; this has provided a catalyst for our campaign to end the secrecy around corporate ownership and enabled us to start building a global movement on this issue.

During the period we were also awarded the 2014 Skoll Award for Social Entrepreneurship in recognition of Global Witness' "extraordinary innovation in disrupting an unjust and unsustainable status quo".

## Global Witness

### Report of the directors

#### For the period ended 31 December 2014

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#### Conflict and fragile states

- Global Witness successfully helped to defend Section 1502 of the US Dodd Frank Act against a string of aggressive industry attacks aimed at weakening or overturning the legislation. In June 2014 over a thousand US listed companies that use tin, tantalum, tungsten and gold in their products filed 'Conflict Minerals Reports' for the first time under Section 1502. These public reports are a major milestone in our campaign, taking us a step closer to responsible mineral sourcing by companies.
- The first ever due diligence reports by local mineral exporting companies in eastern DRC, covering operations in 2013, were submitted to the Congolese government in mid-2014. This is a major milestone and reflects a change in practice in the region. Global Witness has been one of the main organisations campaigning to bring in this legislation and to ensure its effective implementation in Congo.
- Global Witness participated in the development of the Chinese Chamber of Commerce for Mineral, Metal & Chemical Importers & Exporters' (CCCMC) guidelines for overseas mining companies during the first half of 2014 resulting in stronger final language. CCCMC later publicly recognised Global Witness' contribution at a multi-stakeholder OECD conference and during two presentations at the UN Forum on Business and Human Rights in Geneva.

#### Corruption

Stopping the international financial system propping up corruption:

- The UK government has now introduced legislation that will create a new public register of beneficial company owners. Furthermore, as part of the Anti-Money Laundering (AML) Directive, the European Parliament and the member states came to a tentative political agreement on creating a public register of beneficial company owners in December 2014. Global Witness has been campaigning since 2012 for an updated EU anti-money laundering directive to end anonymous company and trust ownership. Whilst this agreement stops short of full public registers, it represents a significant step forward.
- The UK passed the Financial Services (Banking Reform) Act at the end of 2013, which includes a measure to hold a named senior executive at each bank responsible for key areas. In a major victory we gained commitments from the UK government and regulator (the Financial Conduct Authority) that this would include AML compliance.

Campaigning for transparency in the extractives sector:

- The UK government transposed the EU Accounting and Transparency Directives into UK law, passing the regulation governing payment disclosure legislation for extractive companies in December 2014 - ahead of the 2015 deadline. This marks a major milestone in Global Witness' 16 year-long campaign for revenue transparency, not least because the UK's fast-track approach will set the standard for global implementation.
- Myanmar's draft Extractive Industries Transparency Initiative (EITI) workplan takes our key contract and beneficial ownership recommendations into account and references transparency of social payments and free, prior, informed consent as a key principle for the EITI process.

#### Environmental governance

- Our report 'Peru's Deadly Environment' received extensive media coverage, both nationally and internationally, putting pressure on the Peruvian Government to attend to the case of Edwin Chota – a prominent activist murdered in October 2014 along with three other leaders of the Ashéninka indigenous people – as well as to the underlying governance problems that affect the forest and extractive sectors.
- Global Witness' ongoing engagement with the governments of Liberia and Norway contributed to a new US\$150 million deal to halt the destruction of Liberia's forests. The Norwegian government has informed us that many of the indicators in the new partnership agreement were based on our recommendations. As Liberia contends with the Ebola epidemic, this partnership will reduce incentives to liquidate its forests for cash. In addition, following our work during 2012 and 2013, the Liberian government has for the first time held awardees of illegally-allocated logging concessions accountable – indicting eight former government officials in March 2014 based on evidence originally published by Global Witness and our Liberian partners. These indictments represent a watershed moment in Liberia's post-war natural resource sectors.

## **Global Witness**

### **Report of the directors**

#### **For the period ended 31 December 2014**

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- VRG – a rubber company named in our 2013 exposé 'Rubber Barons' – consulted with us to develop a feedback and complaints mechanism in 2014, agreeing to report back to Global Witness and accepting our suggestions on how the system can be improved. This mechanism is unprecedented and could fundamentally change the way the company operates on the ground. It has been strongly welcomed by local Civil Society Organisations (CSOs) and development partners and, if successful, could provide a model for other agribusiness companies operating in the region.

Further details of these achievements and others can be found in the 2014 Annual Review which will be available on our website when published.

#### **Plans for the future**

##### **Conflict and fragile states**

- Global Witness will continue to push for US listed companies extracting minerals in Eastern Democratic Republic of Congo to improve their supply chain due diligence processes and reporting under Section 1502 of the Dodd Frank Act. This includes publication of detailed analysis of the first reports published under this legislation.
- We will continue our campaign for strong and effective EU due diligence laws. Only the strongest possible laws will ensure that minerals brought into the EU are not funding war or human rights abuses.
- We will continue our comprehensive advocacy and investigations to make sure natural resource revenues promote peaceful development and stability in fragile states including Afghanistan, Central African Republic, Myanmar, South Sudan, Uganda, and Zimbabwe.

##### **Corruption**

- Global Witness will campaign to ensure effective implementation of UK legislation related to beneficial company ownership. We will also continue to push for effective implementation of the Fourth EU Anti-Money Laundering Directive, approved in early 2015. We will continue to advocate for similar measures in the US and for the G20 to adopt the G8 provisions.
- We will push for the International Board of the Extractive Industries Transparency Initiative (EITI) to adopt measures that require countries and companies to publish and disclose details of public revenues and beneficial ownership of companies.
- We will continue campaigning to defend extractive sector transparency laws from attack by industry lobby groups, and to ensure legislation is implemented fully, with the first reports being due in 2016. We will also be encouraging other key economies, like Hong Kong, to improve their revenue disclosure frameworks in line with the emerging global transparency standard.

##### **Environmental governance**

- Global Witness will continue its work to investigate and expose the illegal and unsustainable trade in timber worldwide, and the role of 'conflict timber' in fuelling violent unrest.
- We will continue to push for existing legislation aimed at curbing the import of illegally-logged wood to be enforced, and for the development of legislation in major importing states where this does not exist.
- We will advocate for the establishment of national and international norms, and ultimately regulatory frameworks, which require land-related investments to be transparent, accountable, sustainable and respectful of customary and traditional tenure rights and practices.
- We will be reporting attacks on activists in order to focus the attention of policy-makers on places and regimes where resource-related triggers are leading to human rights abuses. We will focus on pushing governments and international human rights bodies properly to monitor abuses against, and the killing of, people who defend the environment and their land, and for justice for the victims and their families.
- We will develop proposals for alternatives to industrial scale logging and agribusiness which will have better economic, social, and environmental outcomes.

## **Global Witness**

### **Report of the directors**

#### **For the period ended 31 December 2014**

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##### **Financial review**

Total income for the period increased to £9,124,000 (2013: £6,183,000), an increase of £2,941,000. The increase arises partly from achieving the income required to draw down the second £1,500,000 instalment of the Challenge fund from the Foundation to Promote an Open Society (see below). This amount has been accrued in the accounts for the period. Both this and the balance of the increase reflect the benefits arising from the ongoing investment made in the fundraising team over the past two years.

Total expenditure in the period rose to £8,599,000 (2013: £6,528,000) with the bulk of the increase being spent on the organisation's core objectives. Increased costs were also incurred as a result of moving office during the period, and therefore incurring duplicated costs for several months. The cost of generating income rose to £943,000 (2013: £698,000) reflecting the continuing investment in fundraising resource that is now generating new and sustainable funding streams as part of the objectives set out in the Challenge fund. However, the ratio of cost to income fell slightly to 10.4% (2013: 11.3%) partly as a result of increased income resulting from the investment, and partly due to the exceptional receipt of £1,500,000 in the period as outlined above.

Net assets at 31 December 2014 increased to £3,370,000 (2013: £2,845,000), with net current assets of £2,891,000 (2013: £2,751,000). The increase arises largely from the second instalment of the Challenge fund accrued as income in the period (as explained above).

##### **Challenge fund**

Following a review in 2011 of its vision and goals for the next ten years, Global Witness secured matched funding to enable it to make the investment necessary to achieve its goals. The Foundation to Promote an Open Society, a long-term partner, pledged a total of £4,500,000 in three equal instalments over five years starting in 2012; the challenge is to raise twice the amount of each instalment before the next can be received. The first £1,500,000 instalment of the challenge funding was received in 2012. The £3,000,000 of income from new sources required to trigger payment of the second instalment was achieved in 2014. The second instalment has been accrued in the current period, as explained above.

##### **Reserves policy**

The directors have examined the requirement for free reserves, i.e. those unrestricted funds not designated for specific requirements or required for development and strategic reserve purposes.

A target has been set of maintaining free reserves at a level equivalent to at least three months' operating costs. At 31 December 2014 free reserves increased to £1,792,000 (2013: £1,284,000), calculated as unrestricted net assets (note 12) less the designated fund. The increase was achieved by allocating £750,000 of the Challenge fund to free reserves in order to provide ongoing security for the organisation. Free reserves now represent just under five months' operating costs.

The designated fund represents the balance of income received in respect of the Challenge fund (as outlined above) that is unspent and committed to the development of the organisation as explained in note 13.

##### **Risk management**

The directors actively manage risk in a professional, responsible and constructive manner. This involves identifying the types of risks the organisation may face, and assessing and balancing them in terms of potential impact and likelihood of occurrence. The directors seek to ensure that all internal controls, and in particular financial controls, comply in all respects with best practice.

The directors will continue to assess risk in a constructive manner to safeguard the efficacy of the organisation.

##### **Going concern**

No material uncertainties that may cause significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

## Global Witness

### Report of the directors

**For the period ended 31 December 2014**

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#### **Statement of responsibilities of the directors**

The directors are responsible for preparing the directors' report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Insofar as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### **Members**

Members of the company guarantee to contribute an amount not exceeding £1 to the assets of the company in the event of winding up. The total number of such guarantees at 31 December 2014 was 3 (2013: 3).

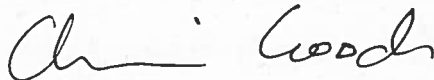
#### **Small Company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

#### **Auditors**

Chantrey Vellacott DFK LLP have expressed their willingness to continue as auditors.

Approved by the directors on 27 April 2015 and signed on their behalf by



Charmian Gooch  
Director

## Global Witness

### Independent auditor's report to the members of Global Witness

We have audited the financial statements of Global Witness for the 13 month period ended 31 December 2014 which comprise the consolidated statement of financial activities (incorporating the income and expenditure account), the company and group balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements 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 Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's and group's affairs as at 31 December 2014 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

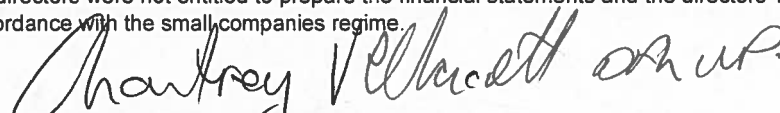
#### **Opinion on other matters prescribed by the Companies Act 2006**

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

#### **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 financial statements 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 financial statements and the directors' report in accordance with the small companies regime.

  
Richard Willis (Senior Statutory Auditor)  
for and on behalf of CHANTREY VELLACOTT DFK LLP  
Chartered Accountants and Statutory Auditor  
London, UK

Date:

27 April 2015



**Global Witness**

**Consolidated statement of financial activities (incorporating an income and expenditure account)**

**For the period ended 31 December 2014**

	Note	Restricted £'000	Unrestricted £'000	2014 Total £'000	2013 Total £'000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	4,425	4,619	<b>9,044</b>	6,136
Investment income		-	12	<b>12</b>	22
<i>Other incoming resources</i>		-	68	<b>68</b>	25
<b>Total incoming resources</b>		<u>4,425</u>	<u>4,699</u>	<u><b>9,124</b></u>	<u>6,183</u>
<b>Resources expended</b>					
<i>Costs of generating funds</i>					
Costs of generating income		-	943	<b>943</b>	698
<i>Charitable activities</i>					
Environmental and human rights research and campaigning					
Conflict and fragile states		894	520	<b>1,414</b>	717
Corruption		1,121	1,683	<b>2,804</b>	2,029
Environmental governance		2,390	968	<b>3,358</b>	3,011
<i>Governance costs</i>		-	80	<b>80</b>	73
<b>Total resources expended</b>	3	<u>4,405</u>	<u>4,194</u>	<u><b>8,599</b></u>	<u>6,528</u>
<b>Net movement in funds, being net income (expenditure) for the period</b>	4	20	505	<b>525</b>	(345)
<b>Total funds brought forward</b>		<u>575</u>	<u>2,270</u>	<u><b>2,845</b></u>	<u>3,190</u>
<b>Total funds carried forward</b>		<u>595</u>	<u>2,775</u>	<u><b>3,370</b></u>	<u>2,845</u>

All of the above results are derived from continuing activities. There were no recognised gains or losses other than those stated above. The notes on pages 10 to 18 form an integral part of the financial statements.

**Global Witness**

**Balance sheet**

**31 December 2014**

	Note	Company		Group	
		31 December 2014 £'000	30 November 2013 £'000	31 December 2014 £'000	30 November 2013 £'000
<b>Fixed assets</b>					
Tangible fixed assets	7	<u>450</u>	<u>86</u>	<u>479</u>	<u>94</u>
<b>Current assets</b>					
Debtors	10	1,795	485	1,798	488
Cash held as short term investment		758	1,526	758	1,526
Cash at bank and in hand		<u>1,129</u>	<u>1,340</u>	<u>1,195</u>	<u>1,386</u>
		<b>3,682</b>	<b>3,351</b>	<b>3,751</b>	<b>3,400</b>
<b>Liabilities</b>					
Creditors: amounts due within one year	11	<u>(802)</u>	<u>(609)</u>	<u>(860)</u>	<u>(649)</u>
<b>Net current assets</b>		<u><b>2,880</b></u>	<u><b>2,742</b></u>	<u><b>2,891</b></u>	<u><b>2,751</b></u>
<b>Net assets</b>	12	<u><b>3,330</b></u>	<u><b>2,828</b></u>	<u><b>3,370</b></u>	<u><b>2,845</b></u>
<b>Funds</b>					
Restricted funds	13	595	575	595	575
Unrestricted funds					
Designated funds		983	986	983	986
General funds		<u>1,752</u>	<u>1,267</u>	<u>1,792</u>	<u>1,284</u>
<b>Total funds</b>		<u><b>3,330</b></u>	<u><b>2,828</b></u>	<u><b>3,370</b></u>	<u><b>2,845</b></u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the directors and authorised for issue on 27 April 2015 and signed on their behalf by



Charmian Gooch  
Director

Company Registration Number: 2871809

The notes on pages 10 to 18 form an integral part of the financial statements

## Global Witness

### Notes to the financial statements

For the period ended 31 December 2014

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#### 1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005 & revised in July 2008).

These financial statements consolidate the results of the company and its controlled subsidiary Global Witness Publishing Inc. on a line by line basis. Transactions and balances between the company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the company itself is not presented because the company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

- b) Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable.

- c) Revenue grants are credited to the statement of financial activities when receivable.

- d) Restricted funds are used for specific purposes proposed by the organisation in its application to the donor, and subsequently agreed by the donor in granting the funds. Expenditure which meets these criteria, is charged to the fund.

- e) Unrestricted funds are donations and other incoming resources received or generated for charitable purposes.

- f) Designated funds are unrestricted funds set aside by the directors for particular purposes.

- g) Costs of generating funds relate to the costs incurred by the company in generating voluntary donations, as well as the cost of any activities with a fundraising purpose.

- h) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Resources expended are allocated to the particular activity the cost relates to. Support costs, comprising the salaries and other costs of the central functions, such as financial management, human resources and information technology support, are allocated across charitable expenditure and costs of generating funds. This basis of costs allocation is explained in note 3.

Governance costs are the costs associated with the governance arrangements of the company. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the company's activities.

- i) Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. Computer equipment and software, and office furniture and equipment are depreciated on a straight line basis over three and four years respectively. Office fixtures and fittings are depreciated on a straight line basis to the next break point in the lease.

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Fixed assets used overseas are not capitalised, but are expensed in the year of purchase.

- j) Monetary assets and liabilities held in foreign currencies are translated into sterling at the rate of exchange on the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange on the date of the transaction. Exchange differences are taken into account in the net movement in funds for the year.

- k) Rent payable under operating leases is charged to the Statement of Financial Activities on a straight line basis to the break point of the lease.

- l) Global Witness operates a stakeholder pension scheme. The pension liability is based on 5% of employees' gross earnings after 6 months employment and 6% after 12 months and up to 2 years service and 7% thereafter. The calculated amount, based on salaries earned during the year is paid by the organisation to individual employees' personal pension schemes. The organisation has no further pension commitment. Contributions are recognised in the period to which they relate.

Global Witness

Notes to the financial statements

For the period ended 31 December 2014

2. Voluntary income

	Restricted £'000	Unrestricted £'000	2014 Total £'000	2013 £'000
Adessium Foundation	154		154	69
The Alexander Soros Foundation		243	243	62
Allard Prize			-	15
Arcus Foundation	62		62	61
Center for International Policy	80		80	23
The University of Wolverhampton – Strengthening African Forest Governance Contract	45		45	-
Royal Danish Ministry of Foreign Affairs		180	180	147
Democratic Governance Facility	169		169	-
Environmental Investigation Agency	33		33	-
Ford Foundation	303	303	606	376
The Foundation to Promote Open Society	15	1,422	1,437	1,554
The Foundation to Promote Open Society - Interns Programme			-	9
The Foundation to Promote Open Society - Challenge Fund		1,500	1,500	-
Humanity United	202		202	-
JMG Foundation	35		35	-
The John D. and Catherine T. MacArthur Foundation	77	154	231	115
Norwegian Ministry of Foreign Affairs	133		133	358
Norwegian Agency for Development Cooperation (NORAD)	221		221	-
Oak Foundation			-	25
Pro Victimis Foundation	71		71	-
Skoll Award for Social Entrepreneurship		382	382	-
Swedish International Development Cooperation Agency (SIDA)	382		382	420
The TED Prize	601		601	-
Trocaire	10		10	-
UK Department for International Development, FGMC Programme	1,472		1,472	1,911
UK Department for International Development, Global Transparency Fund			-	189
World Resources Institute	18		18	-
Individual donations		52	52	190
Other grants and donations			-	32
<i>Grants from Global Witness Foundation:</i>				
David and Anita Keller Foundation		9	9	7
Grantham Foundation for the Protection of the Environment		62	62	65
The William and Flora Hewlett Foundation	156		156	-
Jocarno Fund			-	2
Fidelity Charitable Gift Program		125	125	125
Wallace Global Fund		62	62	52
Individual donations		30	30	41
<i>Grants from Global Witness Trust</i>				
The Ajahma Charitable Trust			-	50
The David and Elaine Potter Foundation		45	45	50
Irish Aid	146		146	182
Samworth Foundation	30		30	-
Synchronicity Earth	10		10	-
Bruederstiftung		39	39	-
Individual donations		6	6	6
Other grants and donations		5	5	-
<b>Total</b>	<b>4,425</b>	<b>4,619</b>	<b>9,044</b>	<b>6,136</b>

Global Witness

Notes to the financial statements

For the period ended 31 December 2014

3. Total resources expended

	Direct activities £'000	Support costs £'000	2014 £'000	2013 £'000
Costs of generating income	666	277	943	698
Charitable activities				
<i>Environmental and human rights research and campaigning</i>				
Conflict and fragile states	1,126	288	1,414	717
Corruption	2,398	406	2,804	2,029
Environmental governance	2,842	516	3,358	3,011
Total	6,366	1,210	7,576	5,757
Governance costs	43	37	80	73
Total resources expended	7,075	1,524	8,599	6,528

Support costs comprise:

	Costs of generating income £'000	Environmental and human rights research and campaigning £'000	Governance £'000	2014 £'000	2013 £'000
General Management	74	550	10	634	262
Finance, Human Resources and Information Technology	203	660	27	890	673
	277	1,210	37	1,524	935

**Support function**  
 General management  
 Finance  
 Human resources  
 Information Technology

**Basis of apportionment**  
 Head count  
 Estimated time spent  
 Head count  
 Head count

4. Net incoming resources for the year

This is stated after charging:

	2014 £'000	2013 £'000
Depreciation	159	45
Operating lease rentals property	255	130
Auditors' remuneration audit	13	10
other services	-	2
Directors' remuneration	255	229
Directors' reimbursed expenses	3	2

Global Witness

Notes to the financial statements

For the period ended 31 December 2014

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5. Staff costs and numbers

Staff costs were as follows:

	2014 £'000	2013 £'000
Salaries		
United Kingdom staff	3,308	2,519
Overseas staff	501	437
Social security costs	374	300
Pension contributions	218	157
	<hr/>	<hr/>
	4,401	3,413
Other staff costs	232	228
	<hr/>	<hr/>
	<u>4,633</u>	<u>3,641</u>

The number of employees who earned more than £60,000 during the year was:

	2014 No.	2013 No.
From £60,001 to £70,000	5	1
From £70,001 to £90,000	7	5

The increase in the number of staff earning more than £60,000 in 2014 is a result of the reporting period being of 13 months duration.

Pension contributions to defined contribution pension schemes for these employees totalled £66,512 in the period (2013: £30,245 for 6 employees).

The average monthly number of employees (full-time equivalent) during the year was as follows:

	2014 No.	2013 No.
Campaigning and advocacy	63	51
Fundraising	9	9
Finance and resources	10	10
	<hr/>	<hr/>
	<u>82</u>	<u>70</u>

6. Taxation

The organisation had no corporation tax liability in the period to 31 December 2014 (2013: £Nil), because there were no taxable profits in the year.

## 7. Tangible fixed assets

Group	Computer equipment & software £'000	Office fixtures & fittings £'000	Office furniture & equipment £'000	Total £'000
<b>Cost</b>				
At the start of the period	209	164	87	460
Additions in period	119	349	76	544
Disposals in the period	-	(164)	-	(164)
At the end of the period	<u>328</u>	<u>349</u>	<u>163</u>	<u>840</u>
<b>Depreciation</b>				
At the start of the period	133	164	69	366
Charge for the period	75	63	21	159
Disposals in the period	-	(164)	-	(164)
At the end of the period	<u>208</u>	<u>63</u>	<u>90</u>	<u>361</u>
<b>Net book value at the end of the period</b>	<u>120</u>	<u>286</u>	<u>73</u>	<u>479</u>
At the start of the period	<u>76</u>	<u>-</u>	<u>18</u>	<u>94</u>
<b>Company</b>				
<b>Cost</b>				
At the start of the period	195	164	77	436
Additions in period	108	339	67	514
Disposals in the period	-	(164)	-	(164)
At the end of the period	<u>303</u>	<u>339</u>	<u>144</u>	<u>786</u>
<b>Depreciation</b>				
At the start of the period	122	164	64	350
Charge for the period	70	63	17	150
Disposals in the period	-	(164)	-	(164)
At the end of the period	<u>192</u>	<u>63</u>	<u>81</u>	<u>336</u>
<b>Net book value at the end of the period</b>	<u>111</u>	<u>276</u>	<u>63</u>	<u>450</u>
At the start of the period	<u>73</u>	<u>-</u>	<u>13</u>	<u>86</u>

Global Witness

Notes to the financial statements

For the period ended 31 December 2014

8. Subsidiary undertaking

The company controls Global Witness Publishing Inc., a company registered in Washington DC, USA, as the two entities have common directors. The subsidiary is used to undertake Global Witness' activities in the USA. All activities have been consolidated on a line by line basis in the statement of financial activities. A summary of the results of the subsidiary is shown below:

	2014 £'000	2013 £'000
Grants received from Global Witness	778	642
Income from other funders	2	-
<b>Total income</b>	<b>780</b>	<b>642</b>
Total expenditure	757	621
Net movement in funds for the period	23	21
<b>Total funds brought forward</b>	<b>17</b>	<b>(4)</b>
<b>Total funds carried forward</b>	<b>40</b>	<b>17</b>
The aggregate of the assets, liabilities and funds was:		
Assets	97	57
Liabilities	(57)	(40)
<b>Total funds</b>	<b>40</b>	<b>17</b>

9. Company

The company's gross income and the result for the period are disclosed as follows:

	2014 £'000	2013 £'000
Gross income	9,122	6,183
Net movement in funds, being net income (expenditure) for the period	502	(365)
Represented by		
Restricted funds	595	575
Unrestricted funds	2,735	2,253
<b>Total funds</b>	<b>3,330</b>	<b>2,828</b>

10. Debtors

	Company 2014 £'000	Company 2013 £'000	Group 2014 £'000	Group 2013 £'000
Accrued income	1,584	255	1,584	255
Other debtors	70	154	71	156
Prepayments	141	76	143	77
	<b>1,795</b>	<b>485</b>	<b>1,798</b>	<b>488</b>



## 11. Creditors: amounts due within 1 year

	Company 2014 £'000	Company 2013 £'000	Group 2014 £'000	Group 2013 £'000
Taxation and social security	99	87	99	87
Other creditors	339	154	340	154
Accruals and deferred income	342	352	399	392
Pension provision	22	16	22	16
	<u>802</u>	<u>609</u>	<u>860</u>	<u>649</u>

## 12. Analysis of net assets between funds

Group	Restricted funds £'000	Unrestricted funds £'000	Total funds £'000
Tangible fixed assets	-	479	479
Current assets	979	2,772	3,751
Current liabilities	<u>(384)</u>	<u>(476)</u>	<u>(860)</u>
<b>Net assets at the end of the period</b>	<u>595</u>	<u>2,775</u>	<u>3,370</u>
<b>Company</b>	<b>Restricted funds £'000</b>	<b>Unrestricted funds £'000</b>	<b>Total funds £'000</b>
Tangible fixed assets	-	450	450
Current assets	956	2,726	3,682
Current liabilities	<u>(361)</u>	<u>(441)</u>	<u>(802)</u>
<b>Net assets at the end of the period</b>	<u>595</u>	<u>2,735</u>	<u>3,330</u>

## 13. Movements in funds

Group	At the start of the period	Incoming resources	Outgoing resources	At the end of the period
	£'000	£'000	£'000	£'000
<b>Restricted funds:</b>				
Conflict and fragile states	279	679	(894)	64
Corruption	60	1,351	(1,121)	290
Environmental governance	236	2,395	(2,390)	241
<b>Total restricted funds</b>	<b>575</b>	<b>4,425</b>	<b>(4,405)</b>	<b>595</b>
<b>Unrestricted funds:</b>				
Designated funds	986	750	(753)	983
General funds	1,284	3,949	(3,441)	1,792
<b>Total unrestricted funds</b>	<b>2,270</b>	<b>4,699</b>	<b>(4,194)</b>	<b>2,775</b>
<b>Total</b>	<b>2,845</b>	<b>9,124</b>	<b>(8,599)</b>	<b>3,370</b>

Company	At the start of the period	Incoming resources	Outgoing resources	At the end of the period
	£'000	£'000	£'000	£'000
<b>Restricted funds:</b>				
Conflict and fragile states	279	679	(894)	64
Corruption	60	1,351	(1,121)	290
Environmental governance	236	2,395	(2,390)	241
<b>Total restricted funds</b>	<b>575</b>	<b>4,425</b>	<b>(4,405)</b>	<b>595</b>
<b>Unrestricted funds:</b>				
Designated fund	986	750	(753)	983
General funds	1,267	3,947	(3,462)	1,752
<b>Total unrestricted funds</b>	<b>2,253</b>	<b>4,697</b>	<b>(4,215)</b>	<b>2,735</b>
<b>Total</b>	<b>2,828</b>	<b>9,122</b>	<b>(8,620)</b>	<b>3,330</b>

**Purpose of restricted funds**

Restricted funds are used to fund Global Witness' campaigns which fall under the three areas of activity above. Campaigns are developed internally; donors are then sought to fund the campaigns.

Carried forward restricted funds represent either income received prior to the year end for which work has not yet commenced, or income for work which spans the year end, for which the unspent balance is carried forward.

**Purpose of designated fund**

The designated fund has been designated for the investment needed to build an enhanced and sustainable organisation that can extend its reach and influence in areas of critical global importance over the next ten years.

## Global Witness

### Notes to the financial statements

For the period ended 31 December 2014

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#### 14. Operating lease commitments

At the end of the period the group had annual commitments under operating leases expiring as follows:

	Property 2014 £'000	Property 2013 £'000
Less than 1 year	-	250
More than 1 year and less than 5 years	276	224
	<hr/>	<hr/>
	<b>276</b>	<b>474</b>

#### 15. Related party transactions

One of the directors, Patrick Alley, is also a director of Global Witness Foundation, a Californian non profit public benefit organisation, which has exemption under section 501(c)(3) of the Internal Revenue code. There is no legal relationship between the two entities other than the involvement of the director. Global Witness Foundation was incorporated on 21 May 2001. Global Witness Foundation made grants totalling £444,000 to Global Witness in the period (2013: £292,000).

Global Witness contracted Breda Daly, who is the wife of Patrick Alley, as a fundraising consultant during the period, paying her a total of £7,500 for fees and travel expenses (2013: £31,147). Ms Daly is a practising fundraising consultant with many years' experience in the not for profit sector; her most recent permanent role was as Director of Development at the Royal National Theatre, London. Patrick Alley was not party to the decision made to employ Ms Daly and the transaction was carried out at arm's length.

During the period Global Witness engaged the services of Lawrence Graham LLP to provide advice on the governance and structure of the organisation. The cost of this work in 2014 was £4,452 (2013: £nil). Charmian Gooch's husband is a partner at Lawrence Graham LLP. He was not involved in providing advice, and the transaction was carried out at arm's length.

