

Company Number 2871809

**GLOBAL WITNESS LIMITED**  
A company limited by guarantee

**Financial Statements**  
**30 November 2006**

**GLOBAL WITNESS LIMITED**

**Financial statements for the year ended 30 November 2006**

<b>Contents</b>	<b>Page</b>
Reference and Administrative Information	1
Report of the Directors	2
Independent Auditor's Report	7
Statement of Financial Activities	8
Balance Sheet	9
Notes to the Financial Statements	10 - 17

## **GLOBAL WITNESS LIMITED**

### **Reference and Administrative Information**

#### **Status**

The organisation is a company limited by guarantee which was incorporated on 15 November 1993.

#### **Company Number**

2871809

#### **Directors**

Patrick J Alley  
Charmian P Gooch  
Simon J Taylor

#### **Secretary**

Charmian P Gooch

#### **Registered Office**

Russell Square House  
10-12 Russell Square  
London  
WC1B 5LF

#### **Operational address**

PO Box 6042  
London  
N19 5WP

#### **Auditor**

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

#### **Bankers**

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

#### **Further information**

More detailed information on Global Witness and its activities can be accessed on the website [www.globalwitness.org](http://www.globalwitness.org)



## **GLOBAL WITNESS LIMITED**

### **Report of the Directors for the year ended 30 November 2006**

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" revised in March 2005. Although the organisation is not a UK registered charity, this has been done to comply with best practice as Global Witness Limited (referred to throughout as Global Witness) is a not for profit organisation.

#### **Structure, Governance and Management**

The organisation is a company limited by guarantee and its activities are governed by its Memorandum and Articles of Association.

The board of Directors consists of the three members of the organisation who founded Global Witness in 1993.

#### **Risk management**

On an on-going basis, procedures are reviewed and improved to ensure staff safety and security, particularly regarding overseas travel. Where risks are identified, systems are implemented to manage those risks.

Other potential risk areas, including information security and financial systems and controls are also reviewed and updated on a regular basis.

#### **Objectives and activities**

The Memorandum of Association of Global Witness states that the organisation was established to research, document and publicise human rights, environmental and other records and abuses of countries, regimes and organisations throughout the world.

Global Witness employs a 'reform orientated methodology' which combines investigative research with targeted campaigning, together with support for on-the-ground civil society led advocacy.

- **Investigating:** Global Witness gathers detailed, first-hand evidence of situations in which natural resource exploitation is fuelling conflict, corruption or unaccountable government, seeking to directly name and shame those responsible. We are the leading authority on identifying and addressing issues concerning how natural resources have driven human suffering.
- **Changing:** The evidence Global Witness collects is compiled into comprehensive reports which we use to brief governments, inter-governmental organisations, civil society and the media and to advocate for long-term solutions. We use our findings to prod governments, companies and international institutions into addressing problems which they have previously chosen not to act on. We do not just catalogue instances of abuse, or exploitation, our hard-hitting and authoritative reports make considered and practical recommendations for reform.
- **Supporting:** Wherever possible, Global Witness works closely with local civil society groups who, though usually acutely aware of predatory and destructive natural resource exploitation, are generally unable to document and expose it due to the threat of direct retaliation. To strengthen the call for change, we also often work in partnership with such groups, using our leverage as a respected international organisation to raise the issues at the global level and, ultimately, to create a domestic political space those local activists can move into.



## **GLOBAL WITNESS LIMITED**

### **Report of the Directors for the year ended 30 November 2006**

#### **Achievements and performance**

**Global Witness** exposes the corrupt exploitation of natural resources and international trade systems to drive campaigns that end impunity, resource linked conflict and human rights and environmental abuses. Brief comments on campaign areas follow:

##### **Conflict Diamonds**

Conflict Diamonds, also known as blood diamonds, are diamonds that are used by rebel groups to fuel conflict and civil wars. In 1998, Global Witness exposed how diamonds were fuelling conflict and our campaigning on the issue led directly to the creation of the Kimberley Process in 2003, an international government run agreement to prevent the trade in conflict diamonds. Since 2003, we have been closely involved in the Process particularly with regard to ensuring that strong measures are adopted to strengthen it and loopholes that currently enable conflict diamonds to continue to enter international diamond markets, are closed. In 2006, a UN Panel of Experts found that US\$23 million of conflict diamonds from the rebel-held north of Côte d'Ivoire were being smuggled to neighbouring countries and entering the Kimberley Process certified trade.

##### **Natural Resources in the Democratic Republic of Congo (DRC)**

Since 2003 Global Witness has highlighted how natural resources have directly fuelled grave human rights abuses during the DRC's brutal conflict and throughout the period of transitional government. Our exposés of ongoing large scale smuggling operations, depriving the country's economy of millions of dollars, have led to a sharp increase in international attention on political and economic tensions relating to the role of natural resources in the DRC. Following the election of a new government at the end of 2006, we are campaigning for widespread reform of the country's natural resource sector and are stepping up pressure on external actors to adopt policies that will help end state looting and corruption for good.

##### **The Meta Project**

The Meta Project acts as an overarching initiative, focusing on changing the global architecture of natural resource extraction and trading in order that the international community can act to prevent corruption and natural resource fuelled conflict. In 2006, Global Witness allocated some of the objectives of the Meta Project into two sub-campaigns: Ending Impunity and Financial Institutions. Each sub-campaign will address a number of key aspects of that global architecture, which currently play such a crucial role in the facilitation of resource-fuelled conflict and the asset-stripping of national heritage by unaccountable elites.

##### **Increasing Transparency in Oil, Gas and Mining (formerly *Making governments and companies transparent*)**

Global Witness campaigns for greater transparency in the management of oil, gas and mining wealth, so as to minimise the risk of corruption and ensure that citizens of resource-rich countries have the information they need to hold their governments to account. Global Witness conceived and co-launched the Publish What You Pay (PWYP) Campaign, now an international coalition of 300+ civil society organisations. Global Witness is a leading participant in the PWYP Campaign and is a board member of the International Advisory Board of the Extractive Industries Transparency Initiative (EITI).

##### **Conflict Commodities in West Africa**

Since 2000, Global Witness has campaigned successfully to break the nexus between the timber and diamond industries and conflict and regional insecurity in West Africa. For example, our investigations and campaigning led to the imposition of precedent setting UN Security Council sanctions on Liberian timber. Since the democratic election of a new government in Liberia we have campaigned for the implementation of wide ranging reforms in the country's natural resource sector, whilst continuing to raise awareness of links between less internationally recognised natural resources and insecurity in the West Africa region (for example, cocoa in Côte d'Ivoire). As of 2007, our West Africa work will be incorporated into a wider campaign which will work to analyse and expose conflict resources on a global basis - using our findings to influence national and international conflict prevention and resolution policies.



**Our Campaigns**

**Forest Policy**

Global Witness' Forest Policy campaign works to co-ordinate all our forest related campaigning activities, in order to develop a common approach and ensure country or region specific learnings are applied across all of our advocacy work. We are working to change international thinking on forest exploitation. Forests are not like other resources: people live in and depend on them and what they contain. They are also of immense ecological importance and are one of the last bastions against climate change. Despite this, the almost automatic response from the international donor community and from the governments of the producer countries themselves, in recent years, has been to regard industrial export-based logging as a key economic driver that can kick-start the economies of poor countries. In virtually every country where this approach has been tried, illegal logging and corruption have triumphed over economic theory, resulting in vast revenue loss, exacerbation of poverty, human rights abuses, environmental destruction and, too often, full scale timber-fuelled war.

**Ending Illegal and Unsustainable Logging: South East Asia**

Cambodia: Global Witness first began working to combat illegal and unsustainable logging in Cambodia in 1995 and quickly realised our initial objective of stopping the timber exports that were financing the war efforts of both sides in the Cambodian civil war. In the intervening period, work continues to focus on efforts to deliver accountability of the Cambodian Government and the country's mafia elite over their management of Cambodia's forest estate.

Burma: For years, timber revenue and the political support gained from granting logging concessions have helped to maintain Burma's highly oppressive military regime's grip on power. Furthermore, the explosive increase in the unsustainable exploitation of timber in certain parts of the country is linked to increased criminality, human rights abuses and escalated rates of HIV/AIDS. Since 2003, Global Witness has exposed illegal, unsustainable and predatory logging in Burma and campaigned for international initiatives to end it.

As of 2007, our work on ending illegal and unsustainable logging will be incorporated into our overarching forest work.

**Independent Forest Monitoring (IFM)**

Independent Forest Monitoring (IFM) has been pioneered by Global Witness to provide objective and credible information around forest exploitation and to create a political space that fosters transparency, accountability and participation in forest governance. Links between the logging industry and abuses of human rights are widely documented and illegal logging, through the unregulated destruction of forest areas in a rush for quick profits, increases the vulnerability of local communities and subverts democracy and sustainable development. We seek to facilitate the institutionalisation of IFM in at least one new country each year, a core part of which is ensuring the broad and meaningful participation of civil society in forest regulation.

**US Policy Advocacy**

Based in Washington, DC, Global Witness' US office publishes and provides information and briefings to the US government, International Financial Institutions, civil society and the media regarding natural resource governance issues. For example, in 2006 our US advocates made key contributions to the Government Accountability Office's report that raised current weaknesses in US implementation of the Kimberley Process; we helped secure a US\$1 million contribution in the US budget to support the Extractive Industries Transparency Initiative (EITI); we also worked successfully to incorporate concrete transparency and natural resource governance provisions into the Congressional Bill on the Democratic Republic of Congo.

**Our work in connection with the Forest Monitoring in Cameroon came to a natural end in 2005 and the i2 Project finished in 2006.**

For more information, please refer to the Global Witness 2006 Annual Report or visit: [www.globalwitness.org](http://www.globalwitness.org)



## **GLOBAL WITNESS LIMITED**

### **Report of the Directors for the year end 30<sup>th</sup> November 2006**

#### **Financial Review**

The organisation has net funds remaining at year end of £424,408 of which £166,894 represents funds restricted for specific activity, as agreed in donor contracts, to be undertaken during the fiscal year ending November 2007. The remaining amount of £257,514 represents unrestricted general funds held as reserves.

#### **Reserves Policy**

Global Witness will continue to build up unrestricted, general reserves. Taking into account funding cycles and after making an assessment of the organisation's risk, the Directors have determined that the target for the amount of the reserves should be an amount equivalent to six months' operating costs. In the present financial year 2007, the target would be a reserve of some £1,600,000. [Note: in the last accounts the period was three months].

#### **Key indices**

Of the revenue expended in the year under review, Global Witness spent:

90.57 per cent on delivering our campaigns
1.00 per cent on administration of Global Witness
0.99 per cent on Governance
7.44 per cent on fundraising

Governance includes audit and legal fees relating to the organisation as a whole plus the cost of Directors' meetings.

#### **Plans for future periods**

Global Witness' aim is to continue to develop new campaigns and to ensure that all campaigns are properly resourced and professionally and competently supported so that the objectives of each campaign can be effectively and efficiently achieved.

#### **Fixed assets**

Fixed asset movements during the year are stated in note 8 to the financial statements.

#### **The Directors**

The Directors throughout the year and up to the date of this report were:

Patrick J Alley  
Charmian P Gooch  
Simon J Taylor

The Directors are all equal members of Global Witness. Every member has undertaken to contribute equally to the capital of the organisation such amount as may be required but not exceeding £1. At 30 November 2006, there were three (2005: three) members of Global Witness which is a not for profit company.

The Directors of Global Witness are not able to pay, and the members are not entitled to receive dividends from the organisation.

#### **Statement of directors' responsibilities**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company as at the balance sheet date and of the results for the year then ended.

## **GLOBAL WITNESS LIMITED**

### **Report of the Directors for the year ended 30<sup>th</sup> November 2006**

#### **Statement of directors' responsibilities (continued)**

In preparing those financial statements which give a true and fair view, the Directors should follow the best practice and:

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Each director at the date that this report was approved has taken all steps they ought to have taken as directors in order to:

- make themselves aware of any relevant audit information (as defined by the Companies Act 1985); and
- ensure that the auditors are aware of all relevant audit information (as defined)

As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

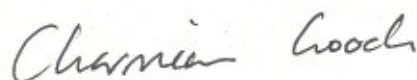
The Directors are also responsible for the maintenance and integrity of the information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Auditor**

Chantrey Vellacott DFK LLP has indicated its willingness to continue in office as auditor, subject to their re-appointment at the Annual General Meeting.

#### **Approval**

This report was approved by the Board of Directors on 19<sup>th</sup> July 2007 and signed on its behalf by:



**Charmian Gooch**  
Director

Company Number 2871809



## GLOBAL WITNESS LIMITED

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

We have audited the financial statements of Global Witness Limited for the year ended 30 November 2006 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of directors and auditor

As described in the Statement of Directors' Responsibilities, the Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985.

We report to you our opinion, as to whether the information given in the Report of the Directors is consistent with the financial statements.

We also report if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatement within it.

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

CHANTREY VELLACOTT DFK LLP  
Chartered Accountants  
Registered Auditor  
LONDON

*Chantrey Vellacott DFK LLP*

Dated: 19 July 2007



**GLOBAL WITNESS LIMITED**
**Statement of financial activities  
For the year ended 30 November 2006  
(Incorporating an Income and Expenditure account)**

	Notes	Restricted	Unrestricted	2006 Total	2005 Total
		£	£	£	£
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income: donations		15,043	29,194	44,237	-
Voluntary income: grants receivable		1,671,643	860,170	2,531,813	2,007,370
Bank interest		-	6,458	6,458	3,397
<b>Total incoming resources</b>	<b>3</b>	<b>1,686,686</b>	<b>895,822</b>	<b>2,582,508</b>	<b>2,010,767</b>
<b>Resources expended</b>					
<b>Fundraising</b>		-	188,340	188,340	114,486
<b>Delivering Our Campaigns</b>					
Forests		412,003	-	412,003	282,226
Making governments and companies transparent		478,608	-	478,608	314,686
Conflict Resources		473,287	-	473,287	417,517
Independent Forest Monitoring (IFM)		302,642	-	302,642	201,631
Forest Monitoring in Cameroon		-	-	-	131,819
Natural resources in the DRC		267,627	-	267,627	204,151
The I2 Project		-	-	-	197,559
The Meta Project		339,389	-	339,389	102,535
Other projects		-	-	-	193,609
Strategic development		41,788	-	41,788	5,677
<b>Total Activity Costs</b>		<b>2,315,344</b>	<b>-</b>	<b>2,315,344</b>	<b>2,051,410</b>
<b>Governance costs</b>		<b>-</b>	<b>25,092</b>	<b>25,092</b>	<b>23,307</b>
<b>Total resources expended</b>	<b>4</b>	<b>2,315,344</b>	<b>213,432</b>	<b>2,528,776</b>	<b>2,189,203</b>
<b>Net incoming/(outgoing) resources for the year before transfers, being net (expenditure)/income for the year</b>	<b>5</b>	<b>(628,658)</b>	<b>682,390</b>	<b>53,732</b>	<b>(178,436)</b>
<b>Transfer between funds</b>	<b>12</b>	<b>645,491</b>	<b>(645,491)</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>16,833</b>	<b>36,899</b>	<b>53,732</b>	<b>(178,436)</b>
<b>Funds at start of the year</b>		<b>150,061</b>	<b>220,615</b>	<b>370,676</b>	<b>549,112</b>
<b>Funds at end of the year</b>		<b>166,894</b>	<b>257,514</b>	<b>424,408</b>	<b>370,676</b>

All of the above results are derived from continuing activities. It includes monies received and re-granted to third parties. There were no other recognised gains or losses other than those stated above. Forests campaign consists of Cambodia, Burma and Forest Policy; Conflict Resources consists of West Africa and Diamond campaigns.

The notes on pages 10 to 17 form part of these financial statements.



## GLOBAL WITNESS LIMITED

## Balance Sheet as at 30 November 2006

	Notes	2006 £	2005 £
<b>Fixed assets</b>			
Tangible fixed assets	8	<u>59,744</u>	<u>44,234</u>
<b>Current assets</b>			
Debtors	9	<u>223,325</u>	301,317
Cash at bank and in hand		<u>348,556</u>	<u>245,753</u>
		<b>571,881</b>	547,070
<b>Creditors: amounts falling due within one year</b>	10	<b>(207,217)</b>	<b>(220,628)</b>
<b>Net current assets</b>		<u><b>364,664</b></u>	<u>326,442</u>
<b>Net assets</b>	11	<u><b>424,408</b></u>	<u>370,676</u>
<b>Reserves</b>			
Restricted funds		<b>166,894</b>	150,061
Unrestricted funds			
- Designated funds		-	132,339
- General funds		<u><b>257,514</b></u>	<u>88,276</u>
<b>Total funds</b>	12	<u><b>424,408</b></u>	<u>370,676</u>

Approved by directors and authorised for issue on 19 July 07 and signed on their behalf by

*Charmian Looch*

DIRECTOR

The notes on pages 10 to 17 form part of these financial statements.

## GLOBAL WITNESS LIMITED

### Notes to the financial statements For the year ended 30 November 2006

#### 1. Accounting policies

##### a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985.

They follow the recommendations in the Statement of Recommended Practice: Accounting and Reporting by Charities (revised in March 2005), in order to follow best practice as the company operates as a not for profit organisation despite not being a registered charity.

##### b) Incoming resources

Income in the form of grants and donations is credited to the income and expenditure account when the conditions of entitlement, certainty and measurement have been met. Income which is specified as being for a future period is deferred.

##### c) Resources expended

Resources expended are recognised in the period to which the expenditure relates. Resources expended include attributable VAT which cannot be recovered.

Resources expended are allocated to the particular campaign or project where the cost relates directly to that activity.

"Support costs" of charitable activities (note 4) comprise costs incurred in support of expenditure on the objects of the company. These costs include the overall direction and administration of each project or campaign and the salary and overhead costs of the central functions and are apportioned based on staff time.

Fundraising comprises the costs incurred by Global Witness in raising funds for campaigns and publicising the work of the organisation.

Governance costs comprise the costs of compliance with regulatory and constitutional requirements and include certain directors' costs and auditors' remuneration.

##### d) Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Office equipment	25% straight line method
Film and video equipment	25% straight line method

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 and other gifts in kind given to the organisation for use are included as income in the year in which they were donated. Gifts in kind are valued at market value at the time of receipt. They are charged to the relevant project in the same year.

Fixed assets used overseas are not capitalised. They are expensed in the year of purchase.

##### e) Pension scheme

Global Witness operates a stakeholder pension scheme. The pension liability is based on five per cent of employees' gross earnings after six months' employment, six per cent after twelve months up to two years' service and seven per cent 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 after having made payment to employees' personal pensions. Contributions are recognised in the period to which they relate.



## **GLOBAL WITNESS LIMITED**

### **Notes to the financial statements For the year ended 30 November 2006**

#### **1. Accounting Policies (continued)**

##### **f) Foreign Currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the net movement in funds for the year.

##### **g) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor.

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the organisation.

Designated funds are unrestricted funds earmarked by the directors for particular purposes.

##### **h) Operating leases**

Rental payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight line basis over the lease duration.

#### **2. Related party transactions**

- i) The three directors, Patrick Alley, Charmian Gooch and Simon Taylor, are also the sole directors of Global Witness Publishing Incorporated, a Washington D.C. non-profit corporation. Global Witness Publishing Inc. holds the lease on the Washington office and employs the employees based in the United States. It also is the publisher of reports and hosts the Global Witness website. During the year income received and costs borne by Global Witness on behalf of Global Witness Publishing Inc. amounted to £30 (2005: £nil) and £68,329 (2005: £122,020) respectively.
- ii) 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 has given Global Witness Limited £152,092 (2005: £107,492 ) of income in the year.

**GLOBAL WITNESS LIMITED**

**Notes to the Financial Statements for the year ended 30<sup>th</sup> November 2006**

**3 - Incoming Resources**

	Forests	Making governments and companies transparent	Conflict Resources	Independent Forest Monitoring (IFM)	Natural resources in the DRC	The Meta Project	Systems and communications	Total restricted Funds	Un-restricted funds	2006 Total	2005 Total
Grants from GW Trust	216,878	50,409	256,811	60,409	49,948	108,189	60,000	802,644	100,000	902,644	602,429
Grants from other Organisations	65,360	289,997	138,520	95,344	144,045	121,689	0	854,955	599,593	1,454,548	1,313,113
Other Income including Donations	1,955	7,970	5,328	13,834	0	0	0	29,087	189,771	218,858	91,828
Bank Interest	0		0					0	6,458	6,458	3,397
	284,193	348,376	400,659	169,587	193,993	229,878	60,000	1,686,686	895,822	2,582,508	2,010,767



**GLOBAL WITNESS LIMITED**
**Notes to the Financial Statements for the year ended 30<sup>th</sup> November 2006**
**Note 4 - Detailed resources expended**

	Fundraising	Forests	Making governments and companies transparent	Conflict Resources	Independent Forest Monitoring (IFM)	Natural resources in the DRC	The Meta Project	Systems and communications	2006	2005
	£		£		£	£	£	£	£	£
Staff Costs	130,609	259,015	217,963	236,483	156,306	159,268	169,466	11,000	1,340,110	1,179,360
Other Campaign Costs	36,934	114,034	227,098	195,068	121,420	89,897	143,944	30,788	959,183	778,555
Support costs	20,797	38,954	33,547	41,736	24,916	18,462	25,979	0	204,391	207,981
	188,340	412,003	478,608	473,287	302,642	267,627	339,389	41,788	2,503,684	2,165,896
Governance costs									25,092	23,307
Total resources expended									2,528,776	2,189,203

# GLOBAL WITNESS LIMITED

## Notes to the financial statements for the year ended 30 November 2006

### 5. Net incoming / (outgoing) resources

This is stated after charging:	2006 £	2005 £
Depreciation	36,351	20,881
Loss on disposal of fixed assets	2,297	11,095
Directors' remuneration	156,709	147,360
Auditors' remuneration:		
Audit	9,988	10,000
Under accrual in previous year	11,326	-
Other services	1,058	-
Operating lease rentals:		
Property	37,174	37,174

### 6. Staff costs and numbers

	2006 £	2005 £
Salaries and wages		
• United Kingdom staff	997,317	848,562
• Overseas staff costs	60,460	121,772
Social security costs	108,909	93,175
Pension contributions	70,944	49,354
	<u>1,237,630</u>	<u>1,112,863</u>
Other Staff Costs	102,480	66,497
	<u>1,340,110</u>	<u>1,179,360</u>

No employee earned more than £60,000 during the year (2005: nil)

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

2006 Number	2005 Number
<u>32</u>	<u>29</u>

### 7. Taxation

The organisation had no corporation tax liability in the year to 30 November 2006 (2005: £ Nil) because there were no taxable profits in the year.



**GLOBAL WITNESS LIMITED**
**Notes to the financial statements  
For the year ended 30 November 2006**
**8. Tangible fixed assets**

	Office equipment	Film and Video	Total
	£	£	£
<b>Cost</b>			
At 1 December 2005	87,705	1,597	89,302
Written off in year	(4,214)	-	(4,214)
	<u>83,491</u>	<u>1,597</u>	<u>85,088</u>
Additions in year	53,025	1,134	54,159
At 30 November 2006	<u><b>136,516</b></u>	<u><b>2,731</b></u>	<u><b>139,247</b></u>
<b>Depreciation</b>			
At 1 December 2005	44,103	965	45,068
Written off in year	(1,916)	-	(1,916)
Charge for the year	<u>35,564</u>	<u>787</u>	<u>36,351</u>
At 30 November 2006	<u><b>77,751</b></u>	<u><b>1,752</b></u>	<u><b>79,503</b></u>
<b>Net book value</b>			
At 30 November 2006	<u><b>58,765</b></u>	<u><b>979</b></u>	<u><b>59,744</b></u>
At 30 November 2005	<u><b>43,602</b></u>	<u><b>632</b></u>	<u><b>44,234</b></u>

**9. Debtors**

	2006 £	2005 £
Accrued Income		
Amount due from Global Witness Trust	<b>105,721</b>	70,534
Prepayments	<b>63,795</b>	181,965
Other debtors	<b>30,936</b>	26,075
	<u><b>22,873</b></u>	<u>22,743</u>
	<u><b>223,325</b></u>	<u>301,317</u>

**10. Creditors: Amounts falling due within one year**

	2006 £	2005 £
Accruals	<b>111,490</b>	55,976
Pension provision	<b>18,223</b>	23,449
Other taxation and social security	<b>45,381</b>	31,734
Other creditors	<b>32,123</b>	44,469
Deferred income	-	65,000
	<u><b>207,217</b></u>	<u>220,628</u>

# GLOBAL WITNESS LIMITED

Notes to the financial statements  
For the year ended 30 November 2006

## 11. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	44,635	-	15,109	59,744
Net current assets	122,259	-	242,405	364,664
	<u>166,894</u>	<u>-</u>	<u>257,514</u>	<u>424,408</u>

## 12. Movements in funds

	At the start of the year £	Incoming resources £	Resources expended £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
Forests	-	284,193	(412,003)	127,810	-
Making governments and companies transparent	-	348,376	(478,608)	202,461	<b>72,229</b>
Conflict Resources	(26)	400,659	(473,287)	72,654	-
Independent Forest Monitoring (IFM)	-	169,587	(302,642)	133,055	-
Natural resources in the DRC	70,681	193,993	(267,627)	-	<b>(2953)</b>
The i2 Project – Capital funds	5,083	-	-	-	<b>5,083</b>
The Meta Project	-	229,878	(339,389)	109,511	-
Systems and communications	74,323	60,000	(41,788)	-	<b>92,535</b>
<b>Total restricted funds</b>	<u>150,061</u>	<u>1,686,686</u>	<u>(2,315,344)</u>	<u>645,491</u>	<u>166,894</u>
<b>Unrestricted funds:</b>					
<b>Designated funds:</b>					
Strategic development	132,339	-	-	(132,339)	-
<b>General funds</b>	<u>88,276</u>	<u>895,822</u>	<u>(213,432)</u>	<u>(513,152)</u>	<u>257,514</u>
<b>Total unrestricted funds</b>	<u>220,615</u>	<u>895,822</u>	<u>(213,432)</u>	<u>(645,491)</u>	<u>257,514</u>
<b>Total funds</b>	<u>370,676</u>	<u>2,582,508</u>	<u>(2,528,776)</u>	<u>-</u>	<u>424,408</u>



## GLOBAL WITNESS LIMITED

### Notes to the financial statements For the year ended 30 November 2006

#### 12. Movements in funds (continued)

##### Purpose of restricted funds

Funds restricted for use by Global Witness, with the objective of investigating, exposing and seeking to end the role of natural resource exploitation in funding conflict and corruption in the following arenas:

- Illegal / unsustainable logging, conflict and instability in Burma, Cambodia and Liberia
- Revenue transparency in the extractive industry sector, particularly oil, world-wide
- Eradicating conflict diamonds from the legitimate trade, world-wide
- Improving natural resource transparency, accountability and equity in the Democratic Republic of Congo and neighbouring states
- The provision of objective information on forest concession allocations and infractions, capacity building in forest monitoring techniques and case-tracking for legal processes. Working in timber-producing countries worldwide, particularly Honduras and Nicaragua.
- The provision of policy solutions to illegal and unsustainable logging, worldwide.
- To fundamentally change the global architecture of how resources are accessed controlled, distributed, and fought for, worldwide.

##### Purposes of designated funds

##### Strategic development

Funds designated for the strategic development and consolidation of the organisation. In this financial year it was decided to re-designate the funds to cover shortfalls on restricted projects.

##### Transfers between funds

Transfers predominantly represent transfers from general funds / designated funds to cover shortfalls on restricted projects.

#### 13. Operating lease commitments

The organisation had annual commitments under operating leases expiring as follows:

	<b>Land and Buildings</b>	
	<b>2006</b>	<b>2005</b>
	£	£
Between 1 – 2 years	37,174	-
Between 2 -5 years	-	37,174

#### 14. Members

Global Witness had three members at 30 November 2006 (2005: three members) who have pledged to contribute £1 each if the organisation is wound up.