

*Company number: 4354366*

*Charity number: 1147471*

# **Privacy International**

**(A Charity Company Limited by Guarantee, company number 4354366)**

**Audited Financial Statements**

**and**

**Trustees' Report**

**for the year ended 31 January 2014**

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# **Privacy International**

(A Charity Company Limited by Guarantee, company number 4354366)

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# Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

## Charity Information

for the year ended 31 January 2014

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Privacy International is a company limited by guarantee and a registered charity governed by its memorandum and articles of association. The directors of the charity are its trustees for the purposes of charity law and throughout this report are collectively referred to as the trustees.

**Charity name:** Privacy International

**Other operating names:** PI

**Company registration no.:** 4354366  
(England & Wales)

**Charity registration no.:** 1147471

**Registered office:** 62 Britton Street  
London EC1M 5UY

**Trustees who held office during the year:** Karen Banks  
Daniel Cooper  
Anna Fielder  
Barry Steinhardt  
Heather Brooke  
Sue Carpenter  
Dr Jerry Fishenden  
Barry Kernon  
Mark Ross - Resigned March 2013

**Chair:** Anna Fielder  
**Treasurer:** Barry Kernon  
**Secretary:** Karen Banks

**Executive Director:** Gus Hosein

**Senior Statutory Auditor:** **Anthony Armstrong FCA**  
**Armstrong & Co**  
*Chartered Accountants & Statutory Auditors*  
4a Printing House Yard  
Hackney Road  
London E2 7PR

**Solicitors:** **Covington & Burling**  
265 Strand  
London WC2R 1BH

**Bankers:** **The Co-operative Bank plc**  
PO Box 101  
1 Balloon Street  
Manchester M60 4EP

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# Privacy International

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## Trustees' Report, incorporating the Directors' Report for the year ended 31 January 2014

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### 1. INTRODUCTION

The Board of Directors (who are also Trustees for the purposes of charity law) submit their annual report and audited financial statement for the year ended 31 January 2014.

The Directors confirm that the Annual Report and Financial Statements of the charity comply with current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005.

### 2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Privacy International is a registered charity and a company limited by guarantee in the United Kingdom. The organisation is governed by its Articles of Association, incorporated on 16 January 2002.

Privacy International's governing body is the Board of Directors, which meets up to five times a year. The primary responsibility of the Board is to provide strategic leadership by formulating and reviewing Privacy International's strategic aims in consultation with senior staff, setting overall policy, regularly evaluating the charity's performance, and ensuring compliance with UK law.

At any one time the number of Directors shall not be less than five, and no more than nine. New Directors are recruited through an open application process. Appointments are made not only on the basis of individual merit, but also taking into consideration the existing expertise and experience of the Directors.

New Directors receive information on Privacy International's work, their duties as Director, and take part in induction meetings with the Executive Director and other members of the Privacy International staff.

#### Financial controls

As Privacy International grows and our responsibility to donors, partners and other key stakeholders increases, we have sought to strengthen our financial management systems. In February 2013 we appointed a part-time Financial Manager, and implemented a new online accounting system.

All expenditure is carried out with reference to Privacy International's annual workplan, and income and expenditure budget, approved by the Board prior to the start of the financial year. Financial procedures have been developed to monitor and evaluate the charity's finances. This includes quarterly management accounts, which are prepared for review by the Directors, prior to each meeting of the Board.

The Board is assisted in taking decisions relating to budgeting and forecasting by the Finance Sub-Committee, which consists of three Directors including the Treasurer. The Committee meets at least four times a year and is responsible for the following duties and actions:

- To review Privacy International's quarterly management accounts.
- To ensure that the annual audited accounts are prepared and circulated to members in good time for the Privacy International Trustees meeting in the autumn of each year, together with the supporting reports.
- To manage the Privacy International bank accounts and to undertake periodic reviews to ensure the arrangements are competitive.
- To ensure that the bank mandates are satisfactory and complied with, including the control of online banking arrangements.
- To invest any surplus funds in a satisfactory manner while ensuring that Privacy International has sufficient funds to meet its day-to-day obligations.
- To ensure that adequate insurances are in place and to make adjustments as necessary through a process of annual review.
- To advise the Board on matters concerning the financial management of Privacy International.

#### Risk assessment

Risk management is an essential part of the operations of Privacy International and a key responsibility of the Board. It enables the Board to identify risk areas, distinguish between acceptable risk-taking and recklessness, and act appropriately in the circumstances. The Board is therefore responsible for managing all types of risks, whether operational, reputational, financial, physical, legal or otherwise.

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A Risk Audit Committee, established by the Board in January 2013, supports this process. The Committee is made up of three Directors, and meets at least four times a year. The Committee invites the participation of the Executive Director and the Development Director, as well as specific members of staff, when particular areas of risk are identified and discussed.

The following responsibilities have been delegated to the Risk Audit Committee:

- To identify and evaluate those risks which may affect any part of Privacy International's operations, its management and employees and its objects.
- To establish and maintain a risk register which sets out the likelihood of occurrence and the likely impact of the risks identified by the Committee.
- To evaluate and mitigate measures put in place by Privacy International to address risks identified by the Committee.
- To report to the Board periodically on the issues concerning risk and make recommendations to the Board concerning mitigation measures.

The Risk Audit Committee is responsible for developing and monitoring an organizational risk register. A risk matrix was presented to the Board of Directors in May 2013 assessing operational, financial, reputational, physical and legal risks. The risk register has been developed with reference to the UK Charity Commission guidance and UK Charity Law. The risk register is reviewed and updated at every meeting of the Risk Audit Committee.

### **3. OBJECTIVES AND ACTIVITIES**

Privacy International's objects are to promote privacy as a human right (as set out in the Universal Declaration of Human Rights) throughout the world, specifically:

- (a) To raise awareness of, to conduct research about, and to provide educational materials regarding threats to personal privacy;
- (b) To monitor and report on surveillance methods and tactics employed against individuals and groups;
- (c) To work at national and international levels towards the provision of strong and effective privacy protections;
- (d) To monitor the nature, effectiveness and extent of measures to protect privacy, and to seek ways through information technology to protect personal information.

Since 1990, Privacy International has provided citizens and policy-makers with tools and perspectives to enable them to hold to account those who threaten privacy.

#### **Mission**

Privacy International is committed to fighting for the right to privacy across the world.

We investigate the secret world of government surveillance and expose the companies enabling it. We litigate to ensure that surveillance is consistent with the rule of law. We advocate for strong national, regional, and international laws that protect privacy. We conduct research to catalyse policy change. We raise awareness about technologies and laws that place privacy at risk, to ensure that the public is informed and engaged.

To ensure that this right is universally respected, we strengthen the capacity of our partners in developing countries and work with international organisations to protect the most vulnerable.

#### **Vision**

Privacy International envisions a world in which the right to privacy is protected, respected, and fulfilled. Privacy is essential to the protection of autonomy and human dignity, serving as the foundation upon which other human rights are built. In order for individuals to fully participate in the modern world, developments in law and technologies must strengthen and not undermine the ability to freely enjoy this right.

### **4. PUBLIC BENEFIT**

Privacy International has been at the forefront of discourse and debate on privacy, technology and human rights for nearly 25 years. We entered this field when the internet was still in its infancy, and police surveillance meant stationing officers outside a suspect's house.

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The fact that Privacy International has been there since the beginning means that we are uniquely placed to understand the complex, evolving relationship between technology and human rights. The issues we are working are growing more pressing and urgent. For example, Privacy International has been at the center of UK civil society response to recent revelations of US and UK intelligence agencies' mass surveillance programmes.

Direct beneficiaries of our work include civil society, journalists, academics, policy-makers and students who are interested in, and committed to, the promotion and protection of privacy as a human right. By engaging at the national and international levels towards the provision of strong and effective privacy protections, our work benefits the public at large, whose rights are at risk from unlawful surveillance methods and tactics.

The benefits of Privacy International's work are demonstrated by the fact that our communications involve educating the public and policy-makers on the importance of privacy in a technology-laden democratic society. Our legal action, whether in advocacy or in cases before courts and administrative bodies, is built on a nuanced understanding of the relationship between human rights, law and technology.

Our main activities are described below. In setting our annual workplan, the Board of Directors have regard to both the Charity Commission's general guidance on public benefit, and the promotion of human rights for the public benefit. The Directors confirm that they have complied with section 17 of the Charities Act 2011 and are satisfied that the aims and objects of the charity, and the activities reported on to achieve those aims, meet these principles.

### **5. ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE IN 2012**

#### **Big Brother Incorporated**

Big Brother Incorporated is Privacy International's investigation into the global trade in surveillance technology. Our focus is on the sale of advanced surveillance technologies developed by companies in Western countries to brutal and oppressive regimes, intent on using them as tools of political control. Our aim is to ensure that the international trade in surveillance technologies is effectively regulated, and that these technologies are developed, sold and used ethically.

Privacy International staff are using a blend of investigation, strategic litigation, international campaigning and information dissemination to seek redress for victims of surveillance technologies, promote accountability amongst governments and corporations, and to ensure more effective control of surveillance technology exports to countries with notoriously poor human rights records.

#### Strategic litigation

In December 2012, Privacy International submitted a 186-pager dossier of evidence alerting HM Revenue and Customs (HMRC) to an alleged breach of UK export regulations by the UK-based company Gamma International. We called on HMRC to investigate alleged illegal exports to Bahrain and Turkmenistan where there is evidence that FinSpy and similar products have been used to target human rights activists. On behalf of the victims we asked for an urgent investigation. Following repeated requests for information Privacy International filed an application for judicial review in April 2013, challenging HMRC refusal to provide information about the state of any investigation into the export of FinSpy. In June 2013, the High Court of Justice announced that the case would proceed to trial. The Court noted that Privacy International's grounds raise points of public importance, particularly relating to HMRC's power to disclose information about investigations. This reference is particularly significant, given that the Court rarely includes such wording. The case subsequently proceeded to trial.

In February 2013, Privacy International together with the European Centre for Constitutional and Human Rights, the Bahrain Centre for Human Rights, Bahrain Watch and Reporters Without Borders filed two formal complaints before the UK and German National Contact Points (NCPs) of the Organisation for Economic Cooperation and Development (OECD). We called on the NCPs to investigate Gamma International and Trovicor GmbH with regard to both companies' potential complicity in serious human rights abuses in Bahrain.

In an encouraging first response to our complaint, the UK NCP of the OECD announced in June 2013 that it will further investigate our claim against Gamma International. The NCP stated that the evidence we submitted supports our allegations about human rights risks in Bahrain, that these risks are likely to have been known to Gamma, and that Gamma's product may have been used to target Bahraini activists. According to the NCP, this substantiates the issues in respect of the company's obligations to do appropriate due diligence and address adverse impacts to human rights. Privacy International subsequently entered into mediation with Gamma International.

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Disappointingly, in December 2013 the German NCP of the OECD announced that the complaint filed against Trovicor GmbH had been rejected. The German NCP decided that there was not sufficient evidence to demonstrate Trovicor's presence in Bahrain in 2011, and as a result is only willing to continue with mediation in relation to Trovicor's risk management. Privacy International and our partners appealed against the decision, reiterating why there is sufficient evidence to at least warrant further investigation of the complaint by the NCP. The NCP however chose to uphold their earlier decision.

#### Exposing surveillance industry funding

Privacy International has also been investigating the alleged sale of surveillance technology developed by the South African company, VASTech to Libya during the Gadhafi regime, and the potential role of the South African government in promoting and developing the system. In October 2013, we filed a complaint before the South African National Conventional Arms Control (NCAC) Inspectorate, the body responsible for arms control in South Africa. We called for an investigation into VASTech for potential illegal export of its technology to Libya. The Inspectorate replied promptly, and despite failing to clarify if the control regime had been breached, it stated that the "necessary investigation" would be launched. It is our understanding that the investigation has now commenced.

Privacy International also sought to engage the South African Department of Trade in relation to concerns about the part played by the South African government in developing and supporting the export of mass surveillance technology. The issue attracted extensive media attention in South Africa and in response a government spokesman admitted that the body approving funding for VASTech did so knowing that the funds would be used for mass surveillance. It now also appears that government money is still being used to fund VASTech for a previously unknown software programme called "Next." In light of this information we sent a follow up letter asking further questions of the Department of Trade about the continued relationship between the government and VASTech. A response was received in early January 2014. Though their reply was evasive, the Minister stated that had they known of advertisements of Zebra being capable of mass surveillance, the outcome of funding would "certainly" have been different. We are continuing to engage with the Department of Trade in relation to this issue.

In late 2013, Privacy International successfully raised awareness of the links between several Swiss-based companies (notably Dreamlab, Gamma International and Elaman) and the export of surveillance technologies to authoritarian regimes including Turkmenistan and Oman. This includes coverage within Switzerland, in print, online and televised media. We also generated significant attention amongst Swiss Members of Parliament. Following this, we continued to pressure the Swiss Government to refuse the approval of several outstanding applications for export licenses for internet and phone monitoring technologies, based on past business operations and previous governmental clients. In early 2014, reports indicated that 15 licenses were still awaiting approval, including surveillance technologies such as intrusive software. As a direct result of our successful awareness-raising through media and political engagement, the Swiss Government later confirmed that all licenses for internet monitoring had been withdrawn, as well as several licenses for mobile phone monitoring.

#### Surveillance Industry Index

Publicly available information about the companies and governments complicit in the unethical sale of surveillance of surveillance technology is extremely limited. In response, Privacy International launched the Surveillance Industry Index (SII) in November 2013, the largest and most comprehensive database ever compiled on the private surveillance sector. SII features 338 companies in 36 countries, and contains 1,203 brochures and marketing materials on 97 technologies.

Prior to the launch of SII much of this information had been inaccessible to the public. In developing the index our aim was for the information to be accessible and useful to both a technical and non-technical audience. We therefore spent an extensive amount of time annotating the product brochures, providing explanations of how these technologies actually work.

On the day of its launch, SII was accessed by over 19,000 unique visitors to the Privacy International website. We have had useful feedback from users and partners, and have recognised the need for further development of the index in a number of key areas. One such example is the need to refine the search functionality. A common request from users was the ability to search the index for companies exporting technology from a particular country or in use in a particular country. As we continue to upload information to SII we will look to enhance the search functionality.

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#### Campaign Against Unlawful Surveillance Exports

Without sustained international pressure on governments to establish robust comprehensive controls based on international human rights standards, the burgeoning proliferation of intrusive surveillance technology will continue – fuelling further abuses. Privacy International, together with partners in Berlin and Washington D.C therefore established a global coalition aimed at ensuring surveillance technologies are not used to facilitate human rights abuses or internal repression. Privacy International now acts as Secretariat for the Campaign Against Unlawful Surveillance Exports (CAUSE). We have been working to build membership of CAUSE, bringing together civil society organisations with expertise in human rights, arms control, tech policy and media freedom. Together CAUSE members are now collaborating at the national and regional level to establish working groups to raise awareness of the inherent dangers of surveillance technologies and to develop an international campaign on export control of surveillance technologies.

#### **Privacy in the Developing World**

Following a mid-term review of our strategic plan, Privacy International restructured its 'Privacy in the Developing World' programme into two projects, (I) Global Surveillance Monitoring and Advocacy and (II) the Global Privacy Agenda. This change reflects Privacy International's aim to expand our engagement with regional and international human rights mechanisms to promote stronger international privacy protections, and to pursue more proactive engagement with our global partner network.

#### **Global Surveillance Monitoring and Advocacy**

In January 2013, we launched a new 28-month project funded by the International Development Research Centre (IDRC) to provide 21 partners in 19 countries across Africa, Asia and South America with financial and substantive support to conduct policy-directed research on seven key privacy issues.

From 22 – 25 March 2013, we held our first 'Global Partners Meeting' under this project. The meeting – convened in London – brought together 45 researchers, human rights advocates and privacy and technology experts from across the world. This includes representatives from each of the partner organisations under the project. The purpose of the workshop was to promote understanding of privacy discourses to identify the challenges facing partners in advancing the right to privacy in Africa, Asia and South America.

Presentations by Privacy International staff helped increase awareness and understanding of issues including surveillance technologies and international advocacy strategies, as well as providing an overview of the developing privacy discourse. Breakout sessions also enabled partners to identify and discuss opportunities for collaboration and cross-pollination of research and advocacy initiatives with colleagues. The workshop was therefore extremely successful in enabling us to further develop a global network of partners.

Following the workshop, project partners have carried out their own workshops on training on their thematic research topics, bringing together an array of actors from across the stakeholder spectrum. They have also undertaken significant research, as well as dissemination of their research findings.

Our work with our partners has enabled us to develop new reports, standards, and campaigns. Formally presented on 31 July 2013 after a year long consultation process, started well before the revelations by former NSA contractor Edward Snowden and led by Privacy International, Access Now and the Electronic Frontier Foundation, the "International Principles on the Application of Human Rights to Communications Surveillance" were launched during the 24th Session of the UN Human Rights Council in September 2013. By the end of the financial year, over 300 organisations had signed onto the Principles, including 13 of Privacy International's project partners from across Africa, Asia and South America. A number of partners blogged about the launch, and have increasingly made use of the Principles within their own work.

In November 2013 we also published a major research report, 'Aiding Surveillance.' The report analyses four specific forms of surveillance that reflect a trend of humanitarian and development donors and agencies adopting new techniques that may be creating and supporting surveillance systems that pose serious threats to human rights, particularly the right to privacy. The report followed 12 months of desk research, consultation with humanitarian and development organisations, and engagement with local partners. The release was accompanied by an 'op-ed' on the Guardian website written by our Head of International Advocacy (now Legal Director) outlining some of the key findings and analysis in the report.



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## Privacy International

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In December 2013 our Advocacy Officer published a research paper, 'Biometrics: friend or foe of privacy?' which outlines the risks posed by the deployment of biometrics technology in both developed and developing countries. Through analysis of thematic and country-specific case studies, we demonstrate that the negative consequences of biometric technologies are particularly acute in developing countries.

#### Global Privacy Agenda

The revelations by former NSA contractor, Edward Snowden, have focused international attention on the question of unconstrained state surveillance. Privacy has long been neglected by the UN human rights system. Yet, over the past year we have seen privacy move to the center stage of UN discussions. Through the Global Privacy Agenda project, Privacy International is advocating for the mainstreaming of privacy across all UN human rights mechanisms, and to promote global standards that will protect privacy in the face of increased state surveillance and data processing.

We engaged extensively with the UN Special Rapporteur on freedom of opinion and expression to inform the content of his most recent thematic report on free expression and communications surveillance, published in May 2013. We not only contributed our own comparative research on the implications of State surveillance on the exercise of the human rights to privacy and freedom of opinion and expression, but also research and case studies shared by local partners. Informed by our partners, the report ultimately made specific reference to the surveillance of human rights defenders and the need to review national law regulating surveillance.

In March 2013 we collaborated with local partners to submit three stakeholder reports to the UN Human Rights Council in advance of China, Mexico and Senegal's Universal Periodic Review (UPR). The reports analyse the extent to which the right to privacy is respected and protected, as well as detailing instances of privacy violations. The UPR provides a unique opportunity for Privacy International and our partners to have states recognise and take responsibility for human rights violations. It is hoped that our reports will inform the questions asked by members of the Human Rights Council.

During the September 2013 session of the Human Rights Council, privacy was high on the agenda for the first time. An event convened by Privacy International and hosted by the missions of Germany, Norway, Switzerland, Austria, Hungary, Liechtenstein, Mexico and Brazil was, in the view of one participant, "the most well-attended side event in recent history." There was clear agreement that action should be taken by the Human Rights Council – the idea of a special session of the Council was raised by the UN Special Rapporteur on freedom of opinion and expression, and was supported by some States in attendance.

The momentum that began in Geneva ultimately catalyzed a resolution of the UN General Assembly, adopted by consensus in New York in December 2013. The resolution, led by Germany and Brazil, is the first major intergovernmental effort to address the right to privacy and government surveillance since the revelations by Edward Snowden. Importantly, the resolution calls for a priority session at the 69th General Assembly to further examine these issues, and requests the Office of the High Commissioner for Human Rights to present an interim report on the issue of human rights and surveillance, including extra-territorial surveillance.

There is now clear momentum in the UN human rights mechanisms towards greater recognition of the complex human rights challenges arising at the intersection of privacy, technology and free expression.

#### Eyes Wide Open

For over 70 years a secret post-war alliance of five English-speaking countries has been building a surveillance infrastructure to spy on global communication flows. This arrangement binds together intelligence agencies in the US, UK, Canada, Australia and New Zealand to create what's collectively known as the Five Eyes. We know that their capabilities include directly accessing internet companies' data, tapping international fibre optic cables, sabotaging encryption standards, and hacking routers, switches and firewalls.

Despite the fact that the Five Eyes is comprised of democratic governments, this invasive and indiscriminate surveillance is clouded in secrecy and justified on the basis of bi-lateral arrangements and inaccessible legal frameworks. As a result we do not have access to the covert arrangements and treaties that govern the alliance. We therefore have no ability to challenge their implementation or impact upon human rights. This means that we cannot hold our governments to account.

In November 2013 Privacy International launched a special report entitled, 'Eyes Wide Open,' as well as a new international campaign to pry open the Fives Eyes arrangement and bring the secretive spying alliance under the rule of law.

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The report provides an overview of the history and structure of the alliance, drawing on information disclosed by whistleblowers and investigative journalists as well as extensive research by Privacy International staff in order to paint a picture of the alliance as it operates today.

We call for a renewed understanding of the obligations of Five Eyes States with respect to the right to privacy, and demands that the laws and regulations that enable intelligence gathering and sharing under the Five Eyes alliance be brought into light. We argue that the laws and regulations around which Five Eyes are constructed are insufficiently clear and accessible to ensure that they are in compliance with the rule of law. The report analyses the obligations of the Five Eyes States under international human rights law and argues for an "interference-base jurisdiction" whereby Five Eyes States owe a general duty not to interfere with communications that pass through their territorial borders. Individuals have a legitimate expectation that their human rights will be respected not only by the State upon whose territory they stand, but also by the State within whose territory their rights are exercised.

In June 2013 - in the wake of revelations that the UK government is accessing wide-ranging intelligence from the US, and is conducting mass surveillance on UK citizens – Privacy International commenced legal action against the UK Government. The claim, filed in the Investigatory Powers Tribunal, challenges the UK government on two fronts. Firstly, we challenge the failure to have a publicly accessible legal framework in which communications data on those located in the UK is accessed after it is obtained and passed on by the US National Security Agency through the PRISM programme. Secondly, we challenge the government on the indiscriminate interception and storage of huge amounts of data via tapping undersea fibre optic cables through the Tempora programme.

In November 2013 we filed formal complaints with the UK NCP of the OECD against some of the world's leading telecommunication companies, for providing assistance to GCHQ in the mass interception of internet and telephone traffic passing through undersea fibre optic cables.

In an attempt to shine a light on the Five Eyes alliance, Privacy International sent Freedom of Information (FOI) requests to authorities in all five countries. In our letters we requested any and all records pertaining to, relating to, appended to, amending, governing or extending the British-United States Communications Intelligence Agreement (now known as the UKUSA Agreement), and subsequent instruments or documents constituting agreements regarding the exchange of information between the Five Eyes countries. Disappointingly, to date, there has been little in the way of substantive responses. For example, in the UK the Foreign and Commonwealth Office admitted to holding relevant information but refused to reveal it due to broad security exemptions. Privacy International is currently exploring opportunities to challenge this withholding; especially in relation to the UK government's argument that keep relevant information secret is in the public interest.

Privacy International wrote to 28 European data protection authorities calling for an investigation into the NSA's reportedly unauthorised access to SWIFT's financial messaging system. The Belgian and Dutch data protection authorities subsequently announced that they would begin an investigation into the security of the SWIFT financial system.

We have also been collaborating with Article 19, Big Brother Watch, English PEN, Liberty, and the Open Rights Group to develop the Don't Spy on Us Campaign, to demand an end to mass and suspicionless surveillance and to ensure that surveillance powers are accountable and transparent. Debate in the UK around surveillance has been disappointingly quiet since the Snowden revelations began. The lack of rigorous discourse in the UK has been in stark contrast to reaction in the USA, where President Obama's selected review panel and the Privacy and Civil Liberties Oversight Board have all identified problematic activities.

#### **Rapid Response**

Privacy International is known for being at the forefront of privacy issues both in the UK and internationally. We worked to strengthen public awareness of key privacy issues across Europe, and collaborated with civil society, industry, government bodies and academic to promote more comprehensive and effective privacy protections both in the UK and Europe.

#### **UK Communications Data Bill**

On 25 April 2013 the Deputy Prime Minister announced that he would "veto" a revised version of the Communications Data Bill. This was confirmed by the absence of the bill from the Queen's Speech delivered on 8 May 2013. In the run-up to the Queen's Speech Privacy International, together with Big Brother Watch (BBW) and the Open Rights Group (ORG), worked with a coalition of civil society groups to challenge the reintroduction of the bill.

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Since 2008 we have been pushing back against initiatives to expand communications surveillance law in the UK. Our strategy was to highlight broad concern surrounding the bill. The goal of our work with industry and civil society groups was to ensure that each group would bring its expertise in relation to specific areas of concern.

In addition to ensuring a coherent narrative across these organisations, Privacy International provided technical advice to many, as well as support for those who sourced their own. As an example, we coordinated a letter amongst our international partners expressing their concern that the bill would set a precedent for other countries -- similar language ended up in the formal statement by the Deputy Prime Minister in his article in the Daily Telegraph explaining his decision to veto the bill.

### EU data protection reform

Reforms to EU data protection regulation were debated during the year in Brussels. The General Data Protection Regulation and the Data Protection Directive (the latter applies to policing) were put forward by the European Commission in January 2012. It is a proposed update to the 1995 EU Data Protection Directive. Privacy International is working to ensure that the Regulation and Directive will ensure strong privacy protections.

In April 2013 Privacy International together with a coalition of civil society organisations including EDRi, Bits of Freedom, Digitale Gesellschaft and the Panoptikon Foundation launched the 'Naked Citizens' campaign. The campaign seeks to draw public and political attention to the unprecedented lobbying from tech companies, the US government and the advertising industry, which culminated in over 3,000 amendments to the Regulation being filed. The Naked Citizens campaign highlights 46 of the most concerning amendments, detailing how these proposals would: (I) weaken the definition of consent; (II) make it easy for companies to profile people without their consent; (III) allow companies to put their business interests before people's privacy; and (IV) assume that so-called "pseudonymisation of data" is an effective means of avoiding privacy harms.

The legislation was passed by the European Parliament LIBE Committee in October 2013, but negotiations with the Council and closure delayed until after the European Parliament elections in May 2014. Nonetheless, we were the only civil society organisation providing input on the Directive and how it applies to policing information, and our amendments and policy suggestions were all considered by the LIBE Committee. Importantly, our recommendation to the Parliament that the Directive be strengthened and brought into line with the other legal instruments was adopted to a large degree.

### Organisational Developments

#### Directors

Mark Ross resigned from the Board of Directors in March 2013. The Directors wish to place on record grateful thanks for his contribution to Privacy International.

#### Staff

The continued success of our work depends on our ability to recruit highly capable staff. Privacy International maintains a small group of staff at our office in London. During 2013 we appointed seven new members of staff combining expertise in research and investigations, advocacy and litigation. At the end of the financial year we had a compliment of twelve full-time and one part-time member of staff.

### 6. FUTURE PLANS

Privacy International's current strategic plan comes to an end in December 2014. The Board of Directors has charged the Executive Director and the management team with undertaking an external evaluation of Privacy International and embarking upon a strategic planning process, which will be instrumental in setting our future direction and objectives. This process will be launched in mid-2014, and concluded in December 2014 in order to launch a new multi-year strategic plan in early 2015.

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In the meantime, Privacy International remains committed to focusing on the broad goals outlined in our current strategic plan for 2011 - 2015:

1. To maintain and deploy a sophisticated and rigorously up-to-date understanding of the most significant threats to privacy, and the methods by which these threats can be mitigated or counteracted.
2. To produce research and recommendations for policy-makers, the media and the public that clarify critical issues and help build an evidential basis for policy-makers, the media and the public that clarify critical issues and help build an evidential foundation for action.
3. To devise effective strategies for defending privacy, and to lead focused campaigns with measurable successes.
4. To motivate and support (both financially and strategically) other activists and organisations across the world.

A key area for development during the next financial year is the launch of a new initiative under our Global Surveillance Monitoring and Advocacy project. With funding from the Swedish International Development Agency (Sida), Privacy International will collaborate with 13 civil society organisations and human rights defenders in 13 countries across east and north Africa, south and south-east Asia, and South America to investigate and respond to the use of surveillance technologies in their respective countries.

### **7. FINANCIAL REVIEW**

The financial statements are presented in the standard format required by the Companies Act 2006 and the Charity Statement of Recommended Practice 2005 (SORP).

#### **Incoming resources**

Privacy International has been successful in increasing overall net incoming resources from £293,550 for the financial year ending 31 January 2013 to £550,512 for the financial year ending 31 January 2014. This is the result of successful engagement with a wider network of independent and statutory grant-making, and in particular, reflects a successful proposal to the Swedish International Development Agency for a 36 month project under Global Surveillance Monitoring and Advocacy, which commenced on 1 January 2014.

Total incoming resources increased by 82% from £864,676 (FY12/13) to £1,576,682. The Directors note that a large proportion of this income was restricted project funding, and that further work is needed to diversify Privacy International's funding base and secure new sources of unrestricted income.

Voluntary income from individual donors remains relatively low, though we have seen some small increases, particularly following media coverage of legal action under our Eyes Wide Open project. Voluntary income amounted to £25,352 for the year, compared to £5,344 during the previous financial year. Privacy International will continue to invest in its fundraising activities with a view to further diversifying our income, with the aim of increasing voluntary donations.

#### **Resources expended**

In-line with our growth in income, total resources expended increased by 80% from £571,126 (FY 12/13) to £1,026,170. This is similarly reflected in a growth in expenditure on charitable activities from £564,343 to £1,022,190, and includes the appointment of new members of staff and the continued expansion of Privacy International's work. Governance costs for the year – which includes the costs of complying with regulations and conducting an external financial audit – amounted to £3,980 (£6,783 for FY 12/13).

#### **Reserves policy**

The Board of Directors has set a reserves policy for Privacy International. This is designed to enable core activities to continue during any period of financial difficulty, and to cover unforeseen expenditure.

For the year ending 31 January 2014, Privacy International's total unrestricted funds were £168,556 compared to £78,065 during the previous financial year. Due to continued growth in staffing and activities, our current reserves are sufficient to fund approximately 3 months of operating costs.

The Executive Director and Development Director continue to work with the Board of Directors to maintain a policy of increasing unrestricted reserves until they are built to a level that ensures approximately six months' worth of core activity could continue during a period of unforeseen financial difficulty.

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## Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

### Trustees' Report, incorporating the Directors' Report for the year ended 31 January 2014

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#### Grants and donations

The staff and Board of Directors of Privacy International are extremely grateful to the following organisations for their support over the past year:

- The Adessium Foundation
- Esmee Fairbairn Foundation
- European Commission
- International Development Research Centre
- Open Society Foundations
- The Sigrid rausing Trust
- Munk School of Global Affairs, University of Toronto
- Oak Foundation
- Swedish International Development Agency
- Renewable Freedom Foundation
- Street Foundation
- Evan Cornish Foundation

We are also extremely grateful to the many individuals who have supported our work.

#### Volunteers and pro bono support

We would like to extend our thanks to the many individual volunteers who have contributed their time to Privacy International over the past year. Privacy International recruits and hosts volunteers throughout the year who work across our projects.

The Directors also wish to record their appreciation to the many eminent lawyers who have contributed their expertise to our legal work. We hugely appreciate the support received from Blackstone Chambers, Bhatt Murphy Solicitors, Dougherty Street Chambers, Matrix Chambers and Leigh Day Solicitors.

We also remain extremely grateful to Covington & Burling LLP for their continued support for Privacy International's organisational development, including pro bono support for the further professionalization of our systems and processes for staffing and governance.

#### Independent Auditors

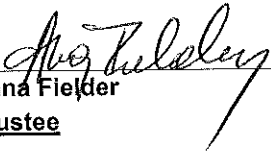
The statutory auditor, Anthony Armstrong FCA of Armstrong & Co, has indicated his willingness to be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

Although not required, the trustees have determined that the charitable company be audited under the Companies Act 2006 for the year ended 31st January 2014 and for future years. The charitable company is required to be audited under charities legislation for the year ended 31st January 2014.

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

The trustees acknowledge and confirm their responsibilities for preparing the financial statements and providing appropriate information to the auditors as detailed in the Statement of Trustees' Responsibilities set out on page 15.

**The financial statements were approved by the Board of Trustees on 31 October 2014 and signed on its behalf by:**

  
\_\_\_\_\_  
Anna Fielder  
Trustee

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## **Privacy International**

(A Charity Company Limited by Guarantee, company number 4354366)

### **Statement of Trustees' Responsibilities**

**for the year ended 31 January 2014**

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#### **Statement of trustees' responsibilities**

The trustees (who are the directors of the charity for the purpose of company law) are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- a) Select suitable accounting policies and apply them consistently;
- b) Observe the methods and principles in the Charities SORP;
- c) Make judgements and estimates that are reasonable and prudent;
- d) State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- e) Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement as to disclosure of information to auditors**

So far as the trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditor is unaware, and the trustees 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.

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# Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

## Independent Auditors' Report to the Members of Privacy International

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We have audited the financial statements of Privacy International for the year ended 31 January 2014 on pages 18 to 25 which have been prepared in accordance with the accounting policies set out on page 20. 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) as modified by the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the charitable 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 charitable 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15 the charity's trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and report in accordance with that Act. 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 (APB) Ethical Standards for Auditors, including APB Ethical Standard Provisions Available for Small Entities, in the circumstances set out in note 3 to the financial statements.

### 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Report to identify material inconsistencies with the audited financial statements. 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 charitable company's affairs as at 31 January 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

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

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## Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

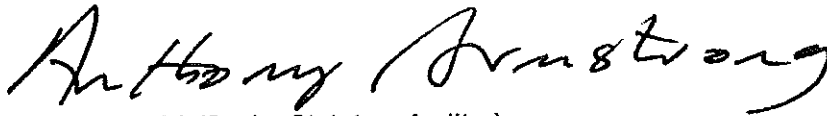
### Independent Auditors' Report to the Members of Privacy International

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#### 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report.



Anthony Armstrong FCA (Senior Statutory Auditor)  
Armstrong & Co  
Chartered Accountants & Statutory Auditors

4a Printing House Yard  
Hackney Road  
London E2 7PR

31 OCTOBER 2014



# Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

## Statement of Financial Activities

*incorporating the income and expenditure account*  
for the year ended 31 January 2014

				2014	2013
		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
Notes		£	£	£	£
<b>Incoming resources</b>					
Voluntary income	4	25,352	-	25,352	5,344
Investment income	5	1,127	97	1,224	516
Charitable activities	6	1,150	1,548,956	1,550,106	858,816
<b>Total incoming resources</b>		<b>27,629</b>	<b>1,549,053</b>	<b>1,576,682</b>	<b>864,676</b>
<b>Resources expended</b>					
Charitable activities	7	37,834	984,356	1,022,190	564,343
Governance costs	8	3,600	380	3,980	6,783
<b>Total resources expended</b>		<b>41,434</b>	<b>984,736</b>	<b>1,026,170</b>	<b>571,126</b>
<b>Surplus/(deficit) on ordinary activities before funds transfers</b>		(13,805)	564,317	550,512	293,550
<b>Gross transfers between funds</b>					
Restricted to general funds	15	104,296	(104,296)	-	-
<b>Net movement in funds</b>		<b>90,491</b>	<b>460,021</b>	<b>550,512</b>	<b>293,550</b>
<b>Total funds brought forward</b>		78,065	368,582	446,647	153,097
<b>Total funds carried forward</b>		<b>168,556</b>	<b>828,603</b>	<b>997,159</b>	<b>446,647</b>

The statement of financial activities incorporates an income and expenditure account.

# Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

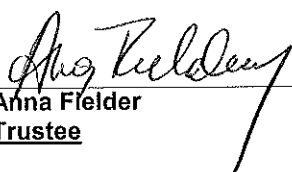
## Balance Sheet

as at 31 January 2014

	Notes	31 January 2014		31 January 2013	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	10		14,207		5,700
<b>Current assets</b>					
Debtors	11	15,478		9,046	
Cash at bank and In hand	12	<u>1,009,253</u>		<u>443,043</u>	
		<u>1,024,731</u>		<u>452,089</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>41,779</u>		<u>11,142</u>	
<b>Net current assets</b>			982,952		440,947
<b>Net assets</b>			<u>997,159</u>		<u>446,647</u>
<b>Funds</b>					
General funds		154,349		72,365	
Designated funds	14	<u>14,207</u>		<u>5,700</u>	
Total unrestricted funds			168,556		78,065
Restricted funds	15		828,603		368,582
<b>Total funds</b>			<u>997,159</u>		<u>446,647</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the trustees on 31 October 2014 and signed on their behalf by:

  
Anna Felder  
Trustee

The notes on pages 20 to 25 form part of these accounts.

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# Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

## Accounting Policies

for the year ended 31 January 2014

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### 1 Accounting policies

#### Accounting Convention

The financial statements have been prepared under the historical cost convention and in

- a) the Financial Reporting Standard for Smaller Entities (effective April 2008);
- b) the recommendations of the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005), published in March 2005.
- b) the Companies Act 2006.

#### Income recognition

Income is recognised when the company has a contractual or other right to its receipt. Income with conditions attached to its receipt is recognised when the company has fulfilled those conditions.

#### Incoming Resources

Incoming resources are the amounts derived from the provision of charitable services, the receipt of gifts, subscriptions and grants falling within the charity's ordinary activities and are shown net of VAT where applicable.

#### Restricted Funds

Restricted funds are to be used for specified purposes as laid down by the funder. Direct and support expenditure which meets these criteria are identified to the fund together with a fair allocation of other costs.

#### Designated Funds

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

#### Voluntary income

Voluntary income received by way of donations and gifts is included in full when received.

#### Revenue grants

Revenue grants are credited to incoming resources on the earlier of when they are received or when they are due. If they relate to a specified future period they are deferred.

#### Allocation of costs

Costs are allocated directly to projects where they can be identified as relating solely to that project. Other costs are allocated between the funds based on staff time spent on the fund activities or other appropriate criteria.

#### Governance costs

These are costs associated with the governance arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity.

#### Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Software	- 33% on cost
Computer Equipment	- 50% on cost
Furniture & fixtures	- 25% on cost

#### Pensions

The charity operates defined contribution schemes which are administered by outside independent pensions providers. Contributions payable for the year are charged to the Statement of Financial Activities.

### 2 Incoming resources

The incoming resources and surplus are attributable to the principal activities of the company.

# Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

## Notes to the Accounts

for the year ended 31 January 2014

<b>3 Net incoming resources</b>		<b>2014</b>	<b>2013</b>
<i>Net incoming resources are stated after charging:</i>		£	£
Auditors fees - audit services		3,600	4,200
Auditors fees - other services		-	540
Depreciation - owned assets		6,898	3,437
		<u>6,898</u>	<u>3,437</u>
<b>Trustees' emoluments</b>		-	-

Emoluments include salaries, fees, bonuses, expense allowances and estimated non-cash benefits receivable. All trustees serve in a voluntary capacity and do not receive payment for their services as trustees.

### APB Ethical Standard - Provisions available for small entities

In common with many other charities of our size and nature we use our auditors to assist with the preparation of the financial statements and to provide advice relating to statutory and regulatory compliance.

<b>4 Voluntary income</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>2014 Total</b>	<b>2013 Total</b>
	£	£	£	£
Donations	25,352	-	25,352	5,344
	<u>25,352</u>	<u>-</u>	<u>25,352</u>	<u>5,344</u>

<b>5 Investment income</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>2014 Total</b>	<b>2013 Total</b>
	£	£	£	£
Interest received	1,127	97	1,224	516
	<u>1,127</u>	<u>97</u>	<u>1,224</u>	<u>516</u>

<b>6 Charitable activities</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>2014 Total</b>	<b>2013 Total</b>
	£	£	£	£
Grants	-	1,548,956	1,548,956	858,816
Sundry income	1,150	-	1,150	-
	<u>1,150</u>	<u>1,548,956</u>	<u>1,550,106</u>	<u>858,816</u>

<b>7 Charitable activities</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>2014 Total</b>	<b>2013 Total</b>
	£	£	£	£
Staff salaries	-	362,365	362,365	173,574
Staff social security	-	38,896	38,896	18,999
Staff pensions	-	9,922	9,922	-
Other staff costs	2,551	1,383	3,934	1,731
Staff training	-	1,482	1,482	1,540
Recruitment	-	4,189	4,189	8,858
Project expenses	-	392,310	392,310	196,037
Travel & accommodation	1,509	38,047	39,556	67,450
Telephone & internet	12,840	93,262	106,102	48,508
Rent	7,594	20,352	27,946	18,961
Depreciation charge for the year	6,897	-	6,897	3,438
Gains or losses on foreign exchange	142	-	142	-
Loss on disposal of fixed assets	546	-	546	-
Consultancy fees	5,698	22,130	27,828	25,211
Bank & Paypal charges	57	18	75	36
	<u>37,834</u>	<u>984,356</u>	<u>1,022,190</u>	<u>564,343</u>

# Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

## Notes to the Accounts for the year ended 31 January 2014

8 Governance costs	Unrestricted	Restricted	2014 Total	2013 Total
	£	£	£	£
Board meetings	-	-	-	2,043
Audit fees	3,600	-	3,600	4,200
Accountancy fees	-	380	380	540
	<u>3,600</u>	<u>380</u>	<u>3,980</u>	<u>6,783</u>

9 Staff costs	2014	2013
	£	£
Staff salaries	362,365	173,574
Staff social security	38,896	18,999
Staff pensions	9,922	-
	<u>411,183</u>	<u>192,573</u>

Average number of employees during the year was:

11	5
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No remuneration was paid to any Trustee or their associates for services as a trustee during the year ended 31 January 2014 nor at 31 January 2013.

Employees paid in excess of £60,000 during the current year and previous year:

None	None
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10 Tangible fixed assets	Software	Computer Equipment	Furniture & fixtures	Total
	£	£	£	£
<b>Cost</b>				
As at 1 February 2013	-	7,883	2,419	10,302
Additions	3,645	5,726	6,581	15,952
Disposals	-	-	(1,052)	(1,052)
As at 31 January 2014	<u>3,645</u>	<u>13,609</u>	<u>7,948</u>	<u>25,202</u>
<b>Depreciation</b>				
As at 1 February 2013	-	3,885	717	4,602
Charge for the year	979	4,779	1,140	6,898
Disposals	-	-	(505)	(505)
As at 31 January 2014	<u>979</u>	<u>8,664</u>	<u>1,352</u>	<u>10,995</u>
<b>Net book value</b>				
As at 31 January 2014	<u>2,666</u>	<u>4,945</u>	<u>6,596</u>	<u>14,207</u>
As at 31 January 2013	<u>-</u>	<u>3,998</u>	<u>1,702</u>	<u>5,700</u>

11 Debtors	2014	2013
	£	£
Deposits	15,478	3,015
Prepayments	-	2,290
Accrued income	-	3,741
	<u>15,478</u>	<u>9,046</u>

Included above in debtors amounts falling due in more than 12 months

Deposits	£	£
	15,478	-
	<u>15,478</u>	<u>-</u>

# Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

## Notes to the Accounts

for the year ended 31 January 2014

	2014	2013
	£	£
<b>12 Bank and cash in hand</b>		
Bank - Current account	1,008,726	442,920
Paypal account	527	123
	<u>1,009,253</u>	<u>443,043</u>

	2014	2013
	£	£
<b>13 Creditors: amounts falling due within one year</b>		
Payroll & taxation	13,257	7,407
Pensions	9,922	-
Salaries control account	-	135
Accruals	18,600	3,600
	<u>41,779</u>	<u>11,142</u>

	Opening balance	Resources arising	Resources utilised	Closing balance
	£	£	£	£
<b>14 Designated funds</b>				
Fixed assets fund	5,700	15,952	7,445	14,207
	<u>5,700</u>	<u>15,952</u>	<u>7,445</u>	<u>14,207</u>

### Fixed assets fund

This fund represents the amount of charity funds locked up in fixed assets which are needed for operational purposes. The funds are carried at the net book value of the fixed assets at the balance sheet date, after deducting any outstanding loans, endowment funds or restricted funds used to finance their acquisition.

	Opening balance	Incoming resources	Resources expended	Transfers & adjustments	Closing balance
	£	£	£	£	£
<b>15 Restricted funds</b>					
Adessium Foundation	15,217	163,101	163,936	(14,383)	-
Demos	-	3,646	3,873	227	-
Esmée Fairbairn Foundation	35,511	-	32,580	(2,932)	-
EU PIAF	-	38,320	-	(38,320)	-
Evan Cornish	-	3,000	577	-	2,423
IDRC	221,795	371,494	540,367	348	53,271
JRRT surveillance society	-	40,141	43,037	2,896	-
OAK	-	-	4,144	4,144	-
The Open Society Foundation	69,191	156,835	110,925	-	115,102
SIDA	-	677,516	24,504	-	653,012
Sigrid Rausing	-	75,000	35,558	(39,442)	-
Street Foundation	-	20,000	15,205	-	4,795
University of Toronto	26,867	-	10,033	(16,834)	-
	<u>368,582</u>	<u>1,549,053</u>	<u>984,736</u>	<u>(104,296)</u>	<u>828,603</u>

# Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

## Notes to the Accounts

for the year ended 31 January 2014

### Restricted funds (continued)

Projects financed by restricted funds are supported by unrestricted funding where necessary. This occurs where the funding is in arrears or the incidence of expenditure on the project occurs disproportionately at the beginning of the project compared to the income flows. Where restricted projects end the year with a deficit, this is met by after year-end restricted income or transfers from unrestricted funds.

During the year a number of projects were completed. Some of these projects have been ongoing for a number of years, some starting before the company was registered as a charity. Prior to registration as a charity the company did not allocate costs to separate projects on a systematic basis, nor did they make overhead allocations of core costs to projects. These costs were all recorded as unrestricted core expenses. As the projects have now ended there are surpluses caused by this failure to allocate relevant costs appropriately. These projects are now complete and the reports have been approved by the respective donors/funders. These reports include all the costs incurred on the projects, including those recorded in unrestricted core costs. The trustees have therefore decided to transfer these costs out of unrestricted funds to restricted funds.

Funder	Description and purpose of restricted fund
<b>Adessium Foundation</b>	Adessium Foundation supports various programmes to promote social justice and cohesion, and provides a 3-year core grant to support our work on the export of surveillance technologies, our research and rapid response, and to help build the organisation's infrastructure.
<b>Demos</b>	Grant from the EU.
<b>Esmée Fairbairn Foundation</b>	Esmée Fairbairn Foundation aims to improve the quality of life for people and communities throughout the UK both now and in the future. It provides a 2-year core grant to build a communications infrastructure and to support our communications manager role.
<b>EU PIAF</b>	EU PIAF is an 18 month project funded by the Fundamental Rights Programme of the Directorate General of Justice for the European Commission to work with two partner organisations on researching and assessing privacy impact frameworks.
<b>Evan Cornish</b>	The Evan Cornish Foundation is a grant making charitable organisation. It provides a restricted grant to support the Eyes Wide Open project, including PI's work to bring surveillance under the rule of law.
<b>IDRC</b>	The International Development Research Centre (IDRC) is a Canadian Crown corporation helping developing countries find solutions to social, economic and environment problems. In 2012, IDRC supported three of our initiatives. First, we completed the PrivAsia project that supported 2.5 years of research and policy engagement in 9 developing countries in Asia. Second, IDRC began funding a new 2.5 year project to support 19 partner organisations in 17 countries to conduct research and inform policy on privacy and surveillance in Africa, Asia, and Latin America. Third, they agreed to fund a research paper into the relationships between development aid and surveillance initiatives.
<b>JRRT surveillance society</b>	The Joseph Rowntree Reform Trust provided a grant over eight months to support PI's work to ensure that the debate on the UK Communications Data Bill and the new European Union data protection framework was informed by technical, privacy-focused evidence.
<b>OAK</b>	The Oak Foundation provides a 24 month grant to the Big Brother Incorporated project.
<b>The Open Society Foundation</b>	The Open Society Foundation (OSF) works to help foster democratic and accountable governments. It provides multiple grants to support core operations and our work on export controls on surveillance technologies and developing countries.
<b>SIDA</b>	The Swedish International Development Agency began funding a 36 month initiative under the Global Surveillance Monitoring and Advocacy project in January 2014. They are supporting PI to collaborate with 13 civil society actors in 13 countries across east and north Africa, south and south-east Asia and South America to investigate the use of surveillance technologies in their respective countries, and to build momentum for stronger human rights protections in national surveillance laws.

# Privacy International

(A Charity Company Limited by Guarantee, company number 4354366)

## Notes to the Accounts

for the year ended 31 January 2014

Funder	Description and purpose of restricted fund
Sigrid Rausing	The Sigrid Rausing Trust provided a 12 month grant (February 2013 - January 2014) for the Big Brother Incorporated project.
Street Foundation	The Street Foundation is a grant making charity that provides support for the Big Brother Incorporated project, most notably towards PI's work to build an international campaign on export control of surveillance technologies.
University of Toronto	University of Toronto provided a single grant from the Munk School on Global Affairs to support partners' research on surveillance issues in their countries.

	Unrestricted funds	Restricted funds	Endowment funds	Total
	£	£	£	£
16 Net assets attributable to funds				
Tangible fixed assets	14,207	-	-	14,207
Current assets	196,128	828,603	-	1,024,731
Current liabilities	(41,779)	-	-	(41,779)
Net assets represented by funds	<u>168,556</u>	<u>828,603</u>	<u>-</u>	<u>997,159</u>

### 17 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

### 18 Post balance sheet events

There were no significant post balance sheet events.

### 19 Pension commitments

The charity contributes to employees defined contribution stakeholder pension schemes. The assets of the schemes are held separately from those of the charity in an independently administered fund.

The unpaid contributions outstanding at the year end were:

	2014	2013
	£ 9,922	£ -

### 20 Other financial commitments

#### Operating lease commitments due within 12 months

At 31 January 2014, the company had annual commitments of land and buildings under non-cancellable operating leases as detailed below:

	Land & Buildings		Other leases	
	2014	2013	2014	2013
	£	£	£	£
Between two and five years	61,915	12,060	-	-
	<u>61,915</u>	<u>12,060</u>	<u>-</u>	<u>-</u>

### 21 Transactions with trustees

During the year the charity paid £15,000 (2013 : £11,000) to Anna Fielder, a trustee. The payments relate to her services as a specialist consultant in respect of the new privacy framework being developed in Europe. The services were provided at arms length and were approved by the trustees in accordance with Charity Commission guidance. No payments were made in respect of her usual activities as a trustee.

During the year the charity paid travel expense of Anna Fielder, a trustee totaling £698 (2013 : £1,980).

### 22 Contingent liabilities

The charity had no material contingent liabilities at 31 January 2014 nor at 31 January 2013.



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## **Privacy International**

(A Charity Company Limited by Guarantee, company number 4354366)

### **Notes to the Accounts**

**for the year ended 31 January 2014**

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**23 Related parties**

There were no disclosable related party transactions during the year other than disclosed elsewhere in these accounts.

**24 Company status**

The company is limited by guarantee and has no share capital. The guarantors liability in the event the company is wound up is restricted to a maximum of £1 each.