

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 2013

Privacy International

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

Index to the Financial Statements for the year ended 31 January 2013

	Page
Index to the Financial Statements	2
Charity Information	3
Trustees' Report	4 - 11
Statement of Trustees' Responsibilities	12
Independent Auditors' Report	13 - 14
Statement of Financial Activities	15
Balance Sheet	16
Accounting Policies	17
Notes to the Accounts	18 - 22

Privacy International

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

Charity Information

for the year ended 31 January 2013

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: 46 Bedford Road
London WC1R 4LR

Trustees who held office during the year:

Karen Banks	
Daniel Cooper	
Barry Steinhardt	
Anna Fielder	- Resigned 21 November 2012
Dr Ian Angell	- Resigned 21 November 2012
Dr Fleur Fisher	- Resigned 21 November 2012
Steve Wright	- Resigned 21 November 2012
Heather Brooke	- Appointed 21 November 2012
Sue Carpenter	- Appointed 21 November 2012
Barry Kernon	- Appointed 21 November 2012
Dr Jerry Fishenden	- Appointed 21 November 2012
Mark Ross	- Appointed 21 November 2012, resigned March 2013

Chair: Anna Fielder
Treasurer: Barry Kernon
Secretary: Anna Fielder

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

Privacy International

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

Trustees' Report, incorporating the Directors' Report for the year ended 31 January 2013

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 2013.

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.

The governing body of the charity is the Board of Directors, which meets four 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. Appointment are made not only on the basis of individual merit, but also taking into consideration the existing expertise and experience of the Directors.

In 2012, the Board co-opted five new members. It was assisted in this process by a Nominating Committee made up of one Director -- who acted as the Chair of the Nominating Committee, the Executive Director and two members of Privacy International's international advisory board. Applications were received via our website through a questionnaire. The applications were reviewed by the Nominating Committee, who created a slate of potential candidates for submission to the Board. Final decisions were taken by a vote of Directors present. New Directors received information on Privacy International's work, their duties as Director, and took part in induction meetings with the Executive Director and other members of the Privacy International staff.

Financial controls

An annual workplan and income and expenditure budget is approved by the Board at start of the financial year. Financial procedures have been developed to monitor and evaluate the charity's finances. Quarterly management accounts are prepared for review by the trustees, prior to each meeting of the Board.

In January 2013 the Board of Trustees established a Finance Committee consisting of three Directors, including the Treasurer. The Committee has been set up to review and approve for submission to the Board the annual revenue budget, annual accounts, and quarterly management accounts. The Committee is responsible for ensuring that adequate insurances are in place, and advises the Board on matters concerning good governance and financial management of Privacy International. The Board also approved the hiring of a part-time Finance Manager.

Risk assessment

The Board recognise that it is an essential part of the operations of Privacy International to manage risk. This does not mean that Privacy International will not take risks but that it will seek to identify and address the risks it faces. Risk management enables the Board to distinguish between acceptable risk-taking and recklessness and to act appropriately in the circumstances. The Board is responsible for managing all types of risks, whether operational, reputational, financial, physical, legal or otherwise. In January 2013 the Board established a Risk Audit Committee, consisting of no less than three members of the Board. The duties of the Risk Audit Committee include:

1. To identify and evaluate those risks which may affect any part of PI's operations, its management and employees, and its objects.
2. To establish and maintain a risk register which will set out the likelihood of occurrence and the likely impact of those risks identified by the Committee.
3. To evaluate the mitigation measures in place within Privacy International to address the risks identified by the Risk Audit Committee.
4. To report to the Board of Directors periodically on the issues concerning risk and make such recommendations to the Board concerning additional or different mitigation measures, as it may consider appropriate in the circumstances.

Privacy International

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

Trustees' Report, incorporating the Directors' Report for the year ended 31 January 2013

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

In setting our annual workplan, the 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 objectives of the charity, and the activities reported on below to achieve those aims, meet these principles.

In 2011 Privacy International adopted a new strategic plan, outlining four major areas of work:

1. Big Brother Incorporated, an investigation into the international trade of surveillance technologies to brutal and oppressive regimes.
2. Privacy in the Developing World, which includes strengthening the capacity of civil society organisations in Asia, Africa and Latin America to promote and protect the right to privacy.
3. Global Surveillance Monitor - a public education and research project designed to provide comprehensive and up to date information about the state of the right to privacy across the world.
4. Rapid Response, which includes responding to unforeseeable developments in the privacy field in order to increase public awareness of, and promote safeguards against, potential threats to the human right to privacy.

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

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

Trustees' Report, incorporating the Directors' Report for the year ended 31 January 2013

Investigations carried out by Privacy International since 2011 have highlighted the growing use of advanced surveillance technology by brutal and oppressive regimes in order to monitor, track and assess the movements, activities and communications of their citizens. Informed by this research we are now pursuing strategic legal action against some of the biggest surveillance technology developers in the world. We will promote a legal and regulatory framework designed to prevent the export of surveillance technologies to brutal and oppressive regimes, and to secure redress for victims of Western-manufactured surveillance technologies.

In July 2012 lawyers acting on behalf of Privacy International sent a 'pre-action protocol' letter to the Department for Business Innovation and Skills (BIS) concerning the UK government's failure to stop British surveillance technology being exported to regimes that engage in internal repression and serious human rights violations. Our letter called for the UK's export control regime to be extended to include surveillance technologies. One firm in particular, Gamma International, develops a suite of products that enable invasive targeting and surveillance of mobile phones and computers through the use of trojans. The Secretary of State for BIS responded to our letter in August 2012, and revealed that the department had conducted an assessment of Gamma International's FinSpy surveillance technology. It concluded that FinSpy products fell within the purview of the existing export control regime. We requested clarification regarding Gamma International's licence applications, and in a subsequent letter BIS admitted that the company had yet to apply for, or be granted, any such licence. This is despite the fact that there is evidence that Gamma International's products have been identified in countries such as Bahrain, Egypt, Ethiopia and Turkmenistan.

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 is developing the most comprehensive set of research materials ever assembled on surveillance technology developers. During 2011, Privacy International - working together with WikiLeaks - collected, catalogued and released 370 product brochures, presentations, marketing videos and technical specifications from international trade shows where Western companies sell their technology products.

In February 2012 we also released information about the 644 governments agencies from around the world that attended surveillance industry trade shows in Dubai, Prague and Washington D.C between 2006 and 2009. Our aim was to highlight how surveillance technologies are readily available to governments who intend to use them to facilitate censorship and abusive interrogations, and to raise awareness of the fact that democratic governments are also buying and deploying invasive technologies in the absence of proper legislation or legislative consent. The data was presented on our website as (I) an interactive map; (II) lists arranged by country and government agency; and (III) a raw data file. We provided links to open data on government spending, offering advice on submitting freedom of information requests.

Privacy In the Developing World

From 2010 - 2012 Privacy International collaborated with partners in nine countries across Asia to successfully increase the salience of privacy issues in public discourse and on the policy agenda. The 'PrivAsia' project concluded in September 2012, and in December 2012 we published a report summarising the research undertaken by Privacy International and our partners. This includes country reports for Bangladesh, China, Hong Kong, India, Indonesia, Malaysia, Nepal, Pakistan, the Philippines, and Thailand. The report includes a comparative study which illustrates many of the opportunities for, and challenges to, the advancement of privacy not only across Asia, but across the rest of the world.

Reflecting upon the success of the 'PrivAsia' project, we identified opportunities to grow our network of research partners, and to expand our work to other geographic regions.

In July 2012 Privacy International convened a workshop in London, bringing together over 40 international experts from academia, human rights, the legal profession, the technology industry and media to discuss the state of privacy, surveillance and human rights in developing countries. Participants included both existing partners under the 'PrivAsia' project, as well as experts from Latin America and the Middle East and North Africa.

Privacy International

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

Trustees' Report, incorporating the Directors' Report for the year ended 31 January 2013

The aim of the workshop was to facilitate civil society consultation around privacy, surveillance and human rights issues in developing countries in order to inform a global research programme. Specific objectives were to: (i) review, share and compare objectives for global research and policy engagement; (ii) identify the outcomes that we are all seeking in privacy and surveillance; and (iii) identify research methodologies that could influence policy-change. The dialogue and debate during the workshop helped lay the foundations of a new global research agenda. In late 2012 we secured further funding from the International Development Research Centre to lead a two and a half year research project entitled, 'Surveillance and Freedom: global understandings and rights development' (SAFEGUARD) with 19 partners in 17 countries across Asia, Africa and Latin America.

Informed by the workshop, we identified that the core of our developing work agenda should be detailed and rigorous research into the laws, regulations, practices and safeguards relating to privacy, surveillance and human rights. We identified seven intersecting thematic areas on which our partners are now conducting discrete research and policy engagement: data protection; communications surveillance; export of surveillance technologies; political intelligence oversight; politics, identity, sexual and reproductive rights, and social sorting; delivery of public services; and ID, DNA and biometrics.

In October 2012 Privacy International ran a workshop on comparative data points and issues relating to communications surveillance. The workshop, brought together nearly 50 experts from across the world to discuss communications surveillance law and technology. It resulted in the drafting of a set of International Principles on Communications Surveillance and Human Rights. These principles took six months of further consultation and research to develop. The aim is to offer guidance to governments, industry and civil society about the standards and safeguards that must be in place to safeguard the right to privacy online.

Global Surveillance Monitor

The concept of privacy is governed by a complex legal and technological vocabulary. Moreover, the rules are constantly being rewritten as governments put in place new laws and regulations. Policy-makers, researchers and advocates across the globe require a comprehensive resource that establishes the state of privacy and surveillance across the world.

Privacy International is developing the Global Surveillance Monitor, a first-of-its-kind, comprehensive research and public education resource that aims to provide an open and current data set on laws governing the surveillance and privacy of individuals worldwide. This data set will range from constitutional privacy protections to rules governing communications surveillance. The Global Surveillance Monitor will create greater understanding of these laws, how they compare across jurisdictions, and how they affect individuals.

The Global Surveillance Monitor will be launched on the Privacy International website, as a free-to-access, online resource. We hope that by providing tools to compare privacy and surveillance laws across jurisdictions we will enable NGOs, academics, policy-makers and lawyers to understand and advocate for better privacy protections worldwide. To this end, we have begun to develop the initial structure for the database using open data technology. Interoperability is a key area of focus, ensuring that datasets published through the Global Surveillance Monitor are compatible with information used by other civil society organisations.

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

In June 2012 the Home Office published a new draft Communications Data Bill that would force all Internet Service Providers and mobile network providers in the UK to install deep-packet inspection 'black boxes' on their networks in order to record every single communication sent or received globally by UK internet and mobile phone users. This information would in turn be made available to police and tax agencies, without a warrant or any independent authorisation.

Privacy International

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

Trustees' Report, incorporating the Directors' Report for the year ended 31 January 2013

Shortly after the draft bill was released, Privacy International organised a meeting of technology and legal experts at our offices so that we could review the bill in detail and share our concerns. Our staff also met with industry - large UK-based organisations, small businesses and start-up companies, as well as representatives from Facebook, Google and Twitter - to share information about the policy. PI was uniquely placed to assist the UK Parliament's Joint Committee that oversaw scrutiny of the bill. In September 2012 we submitted two documents to the Committee: firstly, an implementation briefing, establishing the capabilities and defects of existing surveillance technologies; and secondly a response to the Committee's questions about the social and ethical implications of increased communications surveillance capabilities. Our Executive Director was also invited to give evidence to the Committee twice. This reflected our ability not only to represent our own concerns about the bill, but also to articulate the concerns of other stakeholders who were not able to speak out publicly. In December 2012, Parliament published two reports that were critical of the proposed legislation and the Government's case (the Joint Committee and the Intelligence and Security Committee).

EU data protection reform

The European Union is currently developing a new legal framework designed to protect personal information through strengthening individual rights in response to modern technological developments. This includes rights over deletion of information ('right to be forgotten'), and to move your data across services ('right to data portability'). The framework contains two new legal instruments: (1) General Data Protection Regulation - a strong legal instrument harmonising rules across Europe, that will govern the use of personal information by companies and governments, with the exception of policing; and (2) Data Protection Directive - a more adaptable instrument that applies to the processing of personal information by law enforcement authorities. This reform process has seen an unprecedented level of government and corporate lobbying against stronger protections in both the Regulation and Directive. We are working to highlight and challenge the work of Member States to water down both instruments.

With regards to the Directive on data protection, justice departments across EU member states - that have an interest in how the Directive applies to policing - are directly lobbying for a reduction in privacy protection applicable to police. Some, such as the UK Government, are lobbying for reduced protections whilst planning to opt-out of even applying the Directive at the national level. Privacy International has been the only civil society organisation routinely addressing the Directive, and one of the only stakeholders outside of governments.

With regards to the Regulation, Privacy International is collaborating with civil society organisations from across Europe including European Digital Rights and Bits of Freedom on the joint 'Protect Your Data' campaign. The aim is to strengthen public understanding of the reform process at the EU and to encourage individuals to contact their Members of the European Parliament in order to vote for strong and effective data protection. We also collaborated on the Brussels Declaration (launched in January 2013), which urges parliamentarians in Brussels and European governments to listen to the concerns of citizens and consumers when considering proposed data protection legislation. The Declaration has since been signed by 39 organisations from across Europe and 676 individuals from Europe and the USA.

Organisational Developments

Directors

Professor Ian Angell, Dr Fleur Fisher and Steve Wright resigned from the Board of Directors on 21 November 2012. The Directors wish to place on record grateful thanks for their substantial contribution to Privacy International.

In November 2012 our Board of Directors co-opted five new members. Barry Kernon is a Chartered Accountant, Honorary Treasurer of the Society of Authors, and a Director and Honorary Treasurer of English PEN. Heather Brooke is an award-winning writer, journalist and freedom of information campaigner. Mark Ross is Head of Public Affairs for the British Retail Consortium. Sue Carpenter is a barrister, and has spent over a decade working with Equipo Nizkor, a human rights group that fights against impunity in Latin America. Dr Jerry Fishenden is a technologist, and has served as Chief Information Officer (CIO) and Chief Technical Officer (CTO) for the NHS, the Houses of Parliament, and Microsoft.

Anna Fielder, Barry Steinhardt, Daniel Cooper and Karen Banks continue in their role as Directors.

Privacy International

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

Trustees' Report, incorporating the Directors' Report for the year ended 31 January 2013

Staff

The continued success of our work depends on our ability to recruit highly capable staff. Despite the fact that privacy remains something of a niche area, during 2012 we were able to identify and appoint four new members of staff with the necessary expertise and experience to support further organisational growth.

Sam Smith has been advising Privacy International since January 2012 as a Technologist. He previously spent a decade working on research infrastructure in academia, and has worked on a range of human rights technology projects.

Carly Nyst joined Privacy International in July 2012 as our Head of International Advocacy. Carly is responsible for leading work under our Privacy in the Developing World programme. She was previously Legal Adviser to the United Nations Special Rapporteur on Extreme Poverty and Human Rights, and Visiting Scholar at the Columbia Law School's Human Rights Institute. She has worked in human rights law and advocacy at both the national and international levels.

Dr Richard Tynan joined in December 2012 as Research Officer on the Global Surveillance Monitor project. He has a PhD in Distributed Artificial Intelligence for Embedded Sensor Networks from University College Dublin, and has completed a Graduate Diploma in Law.

Vicky Nida also joined Privacy International in December 2012 as our first Fundraising Manager. She was previously Fundraising Officer at Interights, an international human rights organisation, and worked in the corporate fundraising team at the National Autistic Society.

Future plans

Privacy International continues to build upon a successful process of organisational redevelopment launched in 2011. We obtained UK charitable status in May 2012. As part of this process we modified our articles to ensure that we are a trustee-led organisation. Our Trustees decide on our programmes, and are responsible for evaluating our work to ensure that: (a) any political activity will further our purpose and is not party political; (b) our work has an evidential foundation; and (c) political activity does not become the dominant purpose of the organisation.

During 2011 we launched a new strategic plan, setting out our broad goals and work programmes for 2012 - 2015. We are now able to employ our expertise more strategically, across multi-year projects whilst communicating our values, goals and objectives to a larger audience of partners, funders and other stakeholders.

Our broad goals for the period 2012 - 2015 include:

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 foundation for action.
3. To devise effective strategies for defending privacy and lead focused campaigns with measurable successes.
4. To motivate and support (both financially and strategically) other activists and organisations across the world, particularly in developing countries.

Privacy International is committed to a more regular system of monitoring and evaluation in order to evaluate progress made towards meeting the goals outlined under our strategic plan. In November 2012, Privacy International held an off-site meeting for staff in order to evaluate activities carried out during 2012, and to consider our strategy and goals for 2013. Following this meeting, a workplan for 2013 was developed and adopted by the Board in January 2013.

6. 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 was successful in increasing its overall net incoming resources. Net incoming resources were £293,550 compared to £20,542 during 2012.

Privacy International

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

Trustees' Report, incorporating the Directors' Report for the year ended 31 January 2013

Privacy International receives the majority of its income from independent and statutory grant-making organisations. Total incoming resources amounted to £864,676, a 93.1% increase on the previous financial year (£447,946). Privacy International has been successful in engaging with a wider range of grant-making organisations. This led to Privacy International securing a number of new restricted funding grants from trusts and foundations, most notably the Open Society Foundations, the Adessium Foundation, the Esmee Fairbairn Foundation and the International Development Research Centre.

Voluntary income from individual donors remains relatively low, though it did increase from £993 during 2012 to £5,344. During the next financial year, Privacy International will invest in further diversifying its income with the aim of increasing voluntary donations.

Resources expended

Total resources expended increased by 33.6% from £427,404 to £571,126.

Expenditure on charitable activities was £564,343 compared to £423,289 during the previous year, an increase of 10.3%. This includes work across each of our four major projects and reflects both the appointment of new members of staff and overall expansion of our work.

Governance costs amounted to £6,783 (£4,020: 2011). This includes the costs of complying with regulations and conducting a financial audit.

As Privacy International grows effective fundraising will continue to be an area of critical importance. In December 2012, Privacy International appointed its first Fundraising Manager, who has worked with the Board to develop Privacy International's first fundraising strategy. The Board will launch this three-year strategy at the start of the next financial year.

Reserves policy

The Board of Trustees has set a reserves policy to enable core activities to continue to during a period of financial difficulty, and to cover unforeseen expenditure.

At year end, Privacy International's total unrestricted funds were £78,065. Current reserves are sufficient to fund approximately three months of operating costs.

The Board intends to maintain a policy of increasing unrestricted reserves until they are built to a level that ensures that approximately six months' worth of Privacy International's core activity would continue during a period of unforeseen difficulty.

Grants and donations

Privacy International is extremely grateful to the following organisations for their support over the past year:

- The Adessium Foundation
- Esmee Fairbairn Foundation
- EU PIAF
- International Development Research Centre
- Open Society Foundations
- Munk School of Global Affairs, University of Toronto

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

Volunteers and pro bono support

The Board of Directors would also like to record their appreciation to the many individual volunteers who contributed their time to support Privacy International's work. Privacy International recruits volunteers throughout the year who support work across each of our four major projects.

Privacy International has also received pro bono support for our projects, and as part of our organisational redevelopment and continued professionalisation.

The trustees are extremely grateful to Covington & Burling LLP for their support as Privacy International continues to build upon a process of organisational redevelopment and increased professionalisation of systems and processes for staffing and governance.

Privacy International

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

Trustees' Report, incorporating the Directors' Report for the year ended 31 January 2013

The trustees would also like to express their appreciation to Blackstone Chambers, Bhatt Murphy Solicitors, Clifford Chance Italy, Doughty Street Chambers, Leigh Day Solicitors, the London School of Economics and Political Science, Matrix Chambers, Paul Belford Ltd, This Is Real Art, and Webber Wentzel.

Independent Auditors

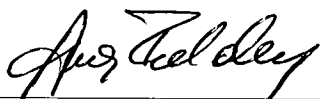
The statutory auditors, Armstrong & Co, have indicated their willingness to be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

Although not required, the trustees have determined that the charitable company be audited under the Companies Act 2006 for the year ended 31st January 2013 and for future years. The charitable company is required to be audited under charities legislation for the year ended 31st January 2013.

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 12.

The financial statements were approved by the Board of Trustees on 22 October 2013 and signed on its behalf by:



Anna Felder

Trustee

Privacy International

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

Statement of Trustees' Responsibilities for the year ended 31 January 2013

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) Follow applicable accounting standards and statements of recommended practice, subject to any material departures disclosed and explained in the accounts;
- 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 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.

Privacy International

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

Independent Auditors' Report to the Members of Privacy International

We have audited the financial statements of Privacy International for the year ended 31 January 2013 on pages 15 to 22 which have been prepared in accordance with the accounting policies set out on page 17. 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 12 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 2013 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.

Privacy International

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

Independent Auditors' Report to the Members of Privacy International

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

22 October 2013

4a Printing House Yard
Hackney Road
London E2 7PR

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 2013

				2013	2012
		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	Notes	£	£	£	£
Incoming resources					
Voluntary income	4	5,344	-	5,344	993
Investment income	5	516	-	516	425
Charitable activities	6	12,647	846,169	858,816	446,528
Total Incoming resources		18,507	846,169	864,676	447,946
Resources expended					
Charitable activities	7	12,424	551,919	564,343	423,298
Governance costs	8	1,340	5,443	6,783	4,020
Other resources expended	9	-	-	-	86
Total resources expended		13,764	557,362	571,126	427,404
Surplus/(deficit) on ordinary activities before funds transfers		4,743	288,807	293,550	20,542
Gross transfers between funds					
General to restricted	16	(79,775)	79,775	-	-
Net movement in funds		(75,032)	368,582	293,550	20,542
Total funds brought forward		153,097	-	153,097	132,555
Total funds carried forward		78,065	368,582	446,647	153,097

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 2013

	Notes	31 January 2013		31 January 2012	
		£	£	£	£
Fixed assets					
Tangible fixed assets	11		5,700		6,059
Current assets					
Debtors	12	9,046		25,008	
Cash at bank and In hand	13	<u>443,043</u>		<u>169,881</u>	
		452,089		194,889	
Creditors: amounts falling due within one year	14	<u>11,142</u>		<u>47,851</u>	
Net current assets			440,947		147,038
Net assets			<u>446,647</u>		<u>153,097</u>
Funds					
General funds		72,365		153,097	
Designated funds	15	<u>5,700</u>		-	
Total unrestricted funds			78,065		153,097
Restricted funds	16		368,582		-
Total funds			<u>446,647</u>		<u>153,097</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

Approved by the trustees on 22 October 2013 and signed on their behalf by:



Anna Fielder
Trustee

The notes on pages 17 to 22 form part of these accounts.

Privacy International

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

Accounting Policies

for the year ended 31 January 2013

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 had fulfilled those conditions.

Deferred Income

Income received which is contractually or otherwise not expendable until a future period is deferred.

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.

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

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 2013

3 Net incoming resources		2013	2012
<i>Net incoming resources are stated after charging:</i>		£	£
Auditors fees - audit services		70,650	2,500
Auditors fees - other services		50,048	1,520
Depreciation - owned assets		3,437	1,165
		<u>3,437</u>	<u>1,165</u>

Trustees' emoluments

	<u>-</u>	<u>-</u>
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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.

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.

4 Voluntary Income	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Donations	5,344	-	5,344	993
	<u>5,344</u>	<u>-</u>	<u>5,344</u>	<u>993</u>

5 Investment Income	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Interest received	516	-	516	425
	<u>516</u>	<u>-</u>	<u>516</u>	<u>425</u>

6 Charitable activities	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Grants	12,647	846,169	858,816	446,528
	<u>12,647</u>	<u>846,169</u>	<u>858,816</u>	<u>446,528</u>

7 Charitable activities	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Staff salaries	946	172,628	173,574	102,000
Staff social security	131	18,868	18,999	11,422
Other staff costs	319	1,412	1,731	-
Staff Training	271	1,269	1,540	-
Recruitment	514	8,344	8,858	-
Project expenses	-	196,037	196,037	161,591
Accommodation	863	66,587	67,450	39,146
Telephone & internet	3,495	45,013	48,508	7,015
Rent	3,338	15,623	18,961	9,804
Depreciation charge for the year	605	2,832	3,437	1,165
Legal & professional fees	-	-	-	1,320
Consultancy fees	1,936	23,276	25,212	89,799
Bank & Paypal charges	6	30	36	36
	<u>12,424</u>	<u>551,919</u>	<u>564,343</u>	<u>423,298</u>

Privacy International

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

Notes to the Accounts

for the year ended 31 January 2013

8 Governance costs	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Board meetings	11	2,032	2,043	-
Audit fees	1,234	2,966	4,200	2,500
Accountancy fees	95	445	540	1,520
	<u>1,340</u>	<u>5,443</u>	<u>6,783</u>	<u>4,020</u>

9 Other resources expended	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Corporation tax	-	-	-	86
	<u>-</u>	<u>-</u>	<u>-</u>	<u>86</u>

10 Staff costs			2013	2012
			£	£
Staff salaries			173,574	102,000
Staff social security			18,999	11,422
			<u>192,573</u>	<u>113,422</u>

Average number of employees during the year was:

	<u>5</u>	<u>4</u>
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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 2013 nor at 31 January 2012.

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

	<u>None</u>	<u>None</u>
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11 Tangible fixed assets	Computer Equipment	Furniture & fixtures	Total
	£	£	£
Cost			
As at 1 February 2012	4,805	2,419	7,224
Additions	3,078	-	3,078
As at 31 January 2013	<u>7,883</u>	<u>2,419</u>	<u>10,302</u>
Depreciation			
As at 1 February 2012	1,054	111	1,165
Charge for the year	2,831	606	3,437
As at 31 January 2013	<u>3,885</u>	<u>717</u>	<u>4,602</u>
Net book value			
As at 31 January 2013	<u>3,998</u>	<u>1,702</u>	<u>5,700</u>
As at 31 January 2012	<u>3,751</u>	<u>2,308</u>	<u>6,059</u>

12 Debtors: amounts falling due within one year	2013	2012
	£	£
Other debtors	-	3,961
Deposits	3,015	3,015
Prepayments	2,290	2,334
Accrued income	3,741	15,698
	<u>9,046</u>	<u>25,008</u>

Privacy International

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

Notes to the Accounts

for the year ended 31 January 2013

13 Bank and cash in hand	2013	2012
	£	£
Bank - Current account	442,918	169,881
Paypal account	125	-
	<u>443,043</u>	<u>169,881</u>

14 Creditors: amounts falling due within one year	2013	2012
	£	£
Payroll & taxation	7,407	4,211
Corporation tax	-	86
Salaries control account	135	-
Accruals	3,600	3,000
Deferred income	-	40,554
	<u>11,142</u>	<u>47,851</u>

15 Designated funds	Opening balance	Resources arising	Resources utilised	Closing balance
	£	£	£	£
Fixed assets fund	-	9,137	3,437	5,700
	<u>-</u>	<u>9,137</u>	<u>3,437</u>	<u>5,700</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.
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16 Restricted funds	Opening balance	Reanalysis of opening reserves	Incoming resources	Resources expended	Transfers & adjustments	Closing balance
	£	£	£	£	£	£
Adessium Foundation	-	-	85,388	70,171	-	15,217
Esmée Fairbairn Foundation	-	-	79,108	43,597	-	35,511
EU PIAF	-	45,443	-	45,443	-	-
IDRC	-	34,332	515,417	327,954	-	221,795
The Open Society Foundation	-	-	122,648	53,457	-	69,191
University of Toronto	-	-	43,608	16,741	-	26,867
	<u>-</u>	<u>79,775</u>	<u>846,169</u>	<u>557,363</u>	<u>-</u>	<u>368,582</u>

Privacy International

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

Notes to the Accounts

for the year ended 31 January 2013

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.

Adesslum Foundation	Adesslum 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.
Esmée Fairbairn Foundation	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.
EU PIAF	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 assessment frameworks.
IDRC	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.
The Open Society Foundation	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.
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
	£	£	£	£
17 Net assets attributable to funds				
Tangible fixed assets	5,700	-	-	5,700
Current assets	74,371	377,718	-	452,089
Current liabilities	(2,006)	(9,136)	-	(11,142)
Net assets represented by funds	<u>78,065</u>	<u>368,582</u>	<u>-</u>	<u>446,647</u>

18 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.

19 Post balance sheet events

There were no significant post balance sheet events.

Privacy International

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

Notes to the Accounts

for the year ended 31 January 2013

20 Other financial commitments

Operating lease commitments due within 12 months

At 31 January 2013, the company had annual commitments of land and buildings under non-cancellable operating leases as detailed below:

	Land & Buildings		Other leases	
	2013	2012	2013	2012
	£	£	£	£
Between two and five years	12,060	12,060	-	-
	<u>12,060</u>	<u>12,060</u>	<u>-</u>	<u>-</u>

21 Transactions with trustees

During the year the charity paid £11,000 (2012 : £nil) 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 £1,980 (2012 : £nil).

22 Contingent liabilities

The charity had no material contingent liabilities at 31 January 2013 nor at 31 January 2012.

23 Related parties

There were no disclosable related party transactions during the year.

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.