

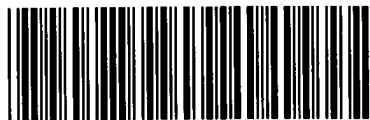
Company Registration No: 5581537 (England & Wales)

Open Rights

Report and Accounts

31 October 2017

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Open Rights
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31 October 2017

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**Open Rights
Company Information
31 October 2017**

Directors

James Cronin
Simon Phipps
Alec Muffett
Maria Farrell
Harry Metcalfe
Ben Laurie
Milena Popova
Owen Blacker
John Elliott

Secretary

James Cronin

Accountants

Urban Ledgers Limited
14 Thornhill Square
London
N1 1BQ

Bankers

Cooperative Bank plc
PO Box 101
1 Balloon Street
Manchester

Company number

5581537

Open Rights

Report of the Board of Directors for the year ended 31 October 2017

The Directors of the company present their annual report for the year ending 31 October 2017.

The Directors would like to thank all of our members, supporters, donors and grantors who make our important work possible. The Directors would also like to thank our staff, volunteers, members of our local groups and Advisory Council for their hard work, support, tremendous knowledge and worldclass expertise.

Our objects, mission and activities:

Our mission is to support the development of a healthy, vibrant and fair society which allows individuals and businesses to live and flourish in the digital age. We do this by working to protect and extend human rights and civil liberties which history tells us are often overlooked or eroded during periods of rapid change.

Our activities include public education and awareness raising, constructive engagement in policy making using our expert research, campaigning and where necessary legal interventions.

Our achievements and performance:

Challenging Mass Surveillance

In late 2016 the the *Data Retention and Investigatory Powers Act 2014* (DRIPA) was repealed and replaced by the *Investigatory Powers Act 2016*.

Open Rights Group challenged the law which enabled state monitoring of everybody's web history, and email, text and phone records on an industrial scale. We were interveners in a case taken to the Court of Justice of the European Union (CJEU) by Labour MP Tom Watson and the civil liberties group Liberty about the Data Retention and Investigatory Powers Act (DRIPA) arguing that DRIPA's provisions for blanket data retention contravened EU law and a previous CJEU ruling on the Data Retention Directive. We won, and the UK appeal court referred the case to the CJEU who ruled that:

- Blanket data retention is not permissible under EU law;
- Access to data must be authorised by an independent body^(SEP);
- Only data belonging to people who are suspected of serious crimes can be accessed^(SEP); □
Individuals should be notified if their data is accessed.

Later, when the Investigatory Powers Act was passed into law, we partnered with Big Brother Watch, English PEN, and computer scientist Dr Constanze Kurz to challenge the UK government's surveillance of our data at the European Court of Human Rights. This case was joined to another case featuring ten other human rights and civil liberties organisations, and was heard jointly in Strasbourg in November 2017. A verdict is expected from the court before the end of 2018.

Data Protection and Age Verification

2017 saw the passing of the Digital Economy Act into law. The Act introduced a duty for websites hosting pornographic content to actively verify that users are above the age of 18. Penalties for noncompliant websites include requests sent to payment service providers or ancillary service providers to withdraw services from the non-compliant site.

Open Rights

Report of the Board of Directors for the year ended 31 October 2017 (continued)

The Act does not contain provisions to secure the privacy and anonymity of users of pornographic sites. Open Rights Group campaigned for their inclusion in the Act, and not merely in non-binding guidance issued by a private-body who have been assigned the role of 'age verification regulator'. Open Rights Group believe that the Government must ensure that any age verification system it mandates must protect the security of its users' identities and sensitive personal data by mandating proper security controls and strictly limiting the data collected and stored.

We have worked on this issue since it was introduced in the Digital Economy Bill in 2016. We lobbied MPs and Peers during the passage of the Bill through Parliament and provided them with several briefings and amendments for different stages of the legislative process. Open Rights Group initiated an "Email your MP" action asking members of the public to raise their concerns about the Age Verification technology with their MPs while the Bill was in Parliament.

Data Protection and E-privacy

Open Rights Group fought for privacy rights during the Parliamentary stages of the Digital Economy Bill and raised concerns regarding proposals for bulk data sharing and over the risk of misuse of collected data. We sent a briefing to the House of Commons.

Microsoft v USA was a narcotics case in which the US Department of Justice attempted to order Microsoft to hand over emails that were held on a Hotmail server in Ireland. Open Rights Group signed on to an Amicus Brief in the case in 2017. Microsoft argued that the emails on the server should be protected by the laws of the country where the server is physically located, while the Department of Justice argued that it had the right to demand access to emails stored anywhere in the world as long as the company was headquartered within the United States.

The *Microsoft* case progressed to the Supreme Court, and hearings were held in February 2018. Before a judgment could be delivered, the US SESTA/FOSTA laws came into place, which repealed the Section 230 'safe harbour' provisions of the Communications Decency Act 1995, which had previously protected internet intermediaries such as Microsoft from incurring liability for the content posted or transmitted by users of their services. The passage of SESTA/FOSTA ultimately rendered the decision in the case moot, and the US Department of Justice requested that the Supreme Court drop the case.

Brexit

The UK voted to leave the European Union in June 2016 and we have been working to ensure digital rights are not eroded in any future Brexit scenario. Our work has been part of a wider effort to build an open, just and rights based society in Britain in the face of unprecedented challenges. Open Rights Group's work on Brexit is part of a 2-year project funded by the Open Society Foundations.

Orgcon

In November 2017 Open Rights Group held the UK's biggest digital rights conference, ORGCon. The event was attended by over 500 people and had an online reach of 500,000 people. The event was hugely diverse with a range of workshops, talks and seminars. The topics explored ranged from age verification, killer robots and online abuse, to surveillance, extremism and the impact of Brexit on digital rights.

Open Rights

Report of the Board of Directors for the year ended 31 October 2017 (continued)

Digital Governance Consultancy Barcelona

Between September 2016 and early 2017 we helped the City of Barcelona create their new digital strategy, as the city government shifted towards open source, ethical use of data and agile development, in an effort to increase public sovereignty over digital resources and reduce their reliance on large IT contractors. As part of a consortium co-ordinated by the firm Thoughtworks, Javier Ruiz, our Policy Director led a team of senior civil servants in the development of the open source aspects of the new strategy, including procurement, a migration plan for their resources and various pilot projects. Javier drafted the initial version of the overall Code of Practice for the development, contracting and use of technology by municipal authorities. Javier was supported by open source experts from Open Rights Group's Advisory Council and Open Rights Group Director, Simon Phipps, as well as Paolo Vecchi (Omnis Systems) from our corporate supporter network.

VIRT-EU Project

In January 2017 Open Rights Group started a three year project as part of a consortium funded by the European Union's Horizon 2020 research and innovation programme, under grant agreement No 732027. The "Values and ethics in Innovation for Responsible Technology in Europe" project, aka "VIRT-EU", addresses public concerns around emerging data practices, ethics and privacy. VIRT-EU intervenes at the point of design through researching the development cultures and ethics of the next generation Internet of Things (IoT) innovators to see how they can make ethically consequential decisions about code, hardware and data. The aim was to make our results more widely applicable beyond IoT. In 2016 Open Rights Group helped analyse and map ethical practices and tools, and also contributed a comprehensive analysis of the regulation of the Internet of Things in the EU. The objective of the project was to generate a new framework for Privacy, Ethical and Social Impact Assessment (PESIA), which proactively positions ethical self-assessments in the development process of IoT technologies and we led work on building a toolkit for the practical application of the framework.

Open Internet

Blocked.org.uk is Open Rights Group's project dedicated to introducing transparency and accountability to Internet filtering by testing and logging blocked and censored internet content. Internet Service Providers provide filters that would block content that is deemed to be unsuitable for under 18s. In reality, filters block wide-ranging content, including sites that are specifically designed to give help and support to young people. Open Rights Group continued to run the website blocked.org.uk, which allows anyone to check whether a website is blocked by the main ISPs' filters. 24,304,557 million sites have been tested and we have built a tool that will allow people to check sites according to genre and location and easily report them to ISPs for correction. The evidence gathered by this reporting tool helps us to increase transparency about the impact of filters.

Scotland

Open Rights Group appointed a Scotland Director, Matthew Rice in May 2017 to drive our work in Scotland forward.

Open Rights Group have successfully engaged with the Scottish Government in the work on identity assurance. We were a key stakeholder in the process and in September 2017 met with the Scottish Government team responsible for providing a *"robust, secure and trustworthy mechanism by which an individual member of the public can demonstrate their identity online."*

Open Rights
Report of the Board of Directors for the year ended 31 October 2017 (continued)

Open Rights Group were active in engaging in the following consultations:

- In collaboration with medConfidential to respond to the Health and Sport Committee consultation on the NHS Scotland Digital Strategy.
- Responded to the Scottish Law Commission's consultation on the reform to defamation law in Scotland.
- Reforming the framework for the collection, use, and retention of biometric material in Scotland and creating an independent body to oversee the use of Biometrics in Scotland. □
Comments on the Equipment Interference Code of Practice for Police Scotland.

Open Rights Group also played a key role in collaborating with members of the Open Government Network in Scotland to call for Post-Legislative scrutiny of the Freedom of Information (Scotland) Act 2002.

Public Events and Local Groups

Open Rights Group local groups supported our work across the whole of the UK in 2017. The groups are led by volunteer organisers and run events and interactive workshops for the public and meet-ups for supporters. In 2017 the local groups ran over 70 events across the UK including a local group organiser summit in Birmingham.

Our Campaigns

Open Rights Group ran a total of 20 campaigns including letter writing campaigns, consultation responses and petition actions.

MEP & MP campaigns:

3 MP/MEP actions produced 729 emails from Open Rights Group supporters.

Letters:

5 letter writing campaigns to Government offices & officials produced 5,825 emails from supporters.

Consultations:

3 consultation response actions produced 1,973 consultation responses from supporters.

Petitions:

6 petitions generated over 43,000 signatures.

We have included more information about these achievements and our work in our annual report, which is available on our website and in hard copy upon request.

Financial Notes

Overview

The year to 31 October 2017 was a successful one for Open Rights Group. Our work was supported by a number of foundations, trusts, individual supporters and organisations during this period. We saw an expected decrease in the total income generated because of our grant funding cycles. This was planned for and did not impact our operating activities in 2017.

Open Rights
Report of the Board of Directors for the year ended 31 October 2017 (continued)

At the end of 2017 Open Rights Group employed nine members of staff, two part time and seven full time. A number of part-time consultants provided support for different aspects of our work.

Our work was supported by a number of grantors, foundations and trusts which are listed below.

The following sums granted were spent in the period:

Joseph Rowntree Reform Trust Ltd £11,723
Open Society Foundations £21,055
Stiftung Open Society £36,517
VIRT-EU £6,846
Open Society Foundations for Don't Spy on Us £23,783
Esmee Fairbairn Foundation £5,896

Income

Total income during this period was £388,360 compared with £460,097 in the previous year, a decrease of approximately 18.5%. This period saw an increase in supporter donations from £217,364 in 2016 to £230,037 in 2017. We have experienced a small amount of growth in our business membership as a result of a scheme we launched in 2016. We experienced a decrease in grant income during this period. This was anticipated and planned for and was a result of the timings around our grant funding cycles.

We are anticipating a slightly higher income in 2018 due to our continued diversification of funding streams. We operate at a reasonably small core expense so we are well placed to withstand any temporary reduction in income without having to reduce our organisational activities.

Expenditure

Total expenditure for 2017 was £425,253 compared with £398,594 in the previous year, an increase of approximately 6%. This period saw an increase in expenditure on staffing and contractors to account for our commitment to our Digital Governance Consultancy and to increase capacity in our policy team. As well as an increase in external communications and campaigning costs. This included materials, websites and graphics we produced. We also worked to decrease some administrative costs to ensure that our spending on our policy and campaigns work were as high as possible.

Balance Sheet

The balance sheet on page 11 of the accounts shows the financial position of the organisation on the 31 October 2017.

Financial Outlook

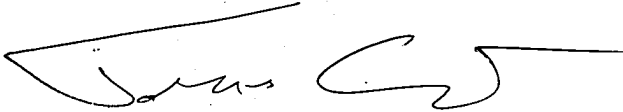
We have secured grant funding for 2018 and our financial position remains stable and strong and we are well placed to meet our current and future commitments. We rely on the support of our grant funders, individual and corporate supporters to whom we wish to express our sincere thanks. We view 2018 positively and we have a large portion of secured income and a proactive management plan to respond in advance to any changes in forecast.

Open Rights
Report of the Board of Directors for the year ended 31 October 2017 (continued)

Reserves

Open Rights Group has ended this financial year with £27,468 in reserves. This period saw our reserves decrease due to a gap in grant funding and a planned increase in campaigning costs.

By order of the Board



.....
James Cronin, Director
17th July 2018

**Open Rights
Accountants' Report
31 October 2017**

Accountants' Report to the Directors of Open Rights

You consider that the company is exempt from audit for the year ended 31 October 2017. You have acknowledged, on the balance sheet, your responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts. These responsibilities include preparing accounts that give a true and fair view of the state of affairs of the company at the end of the financial year and its profit or loss for the financial year.

In accordance with your instructions, we have prepared the accounts which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the accounting records of the company and on the basis of information and explanations you have given to us.

The accounting records and explanations provided appear to be reasonable, however we have not carried out an audit or any other review, and consequently we do not express any opinion on these accounts.

A handwritten signature in black ink, appearing to be 'Gavin', with a long horizontal line extending to the right.

Urban Ledgers Limited
14 Thornhill Square
London
N1 1BQ

Date 19 July 2018

**Open Rights
Income and Expenditure Account
for the year ended 31 October 2017**

	Note	2017 £	2016 £
Income			
Gifts and donations income		18,943	44,549
Business membership		6,732	2,668
Contracts		19,197	11,833
Grants	7	105,820	183,569
Miscellaneous income/merchandise sales		2,757	-
Reimbursed expenses		4,864	-
Donations		230,037	217,364
Interest income		10	114
		<u>388,360</u>	<u>460,097</u>
Expenditure			
Accounting and other professional fees		6,458	15,154
Associations and memberships		5,655	1,437
Bank charges		486	57
Bookshop and merchandise		692	-
Business insurance		833	806
Costs of acquisitions		7,080	868
Depreciation		827	18
Donation processing charges		13,348	11,870
External communications		34,123	2,215
General campaigning		2,209	56,041
Grants made		-	31,037
Office supplies		3,334	1,025
ORGCon		7,494	-
Pay and Employer's NI Contributions		214,260	182,436
Policy Specialists		63,492	33,826
Postage and printing		413	279
Public event costs		5,376	1,693
Rent and rates		23,353	18,674
Service providers		18,095	27,282
Staff recruitment		1,516	2,715
Supporter recruitment		-	-
Training		1,233	216
Travel and hotel		11,377	9,624
Volunteer costs		1,226	178
Website costs		2,192	631
Other expenditure		181	512
		<u>425,253</u>	<u>398,594</u>
Surplus of (deficit)/income over expenditure for the year		<u>-36,893</u>	<u>61,503</u>
Balance brought forward		64,361	2,858
Balance carried forward		<u>27,468</u>	<u>64,361</u>

**Open Rights
Balance Sheet
as at 31 October 2017**

	Notes	2017		2016	
		£	£	£	£
Fixed Assets					
Tangible assets	5		8,657		981
Current Assets					
Prepayments		12,909			3,609
Deposits		1,541			1,440
Staff loans	6	3,290			1,673
Grants receivable		1,480			3,597
Other debtors		2,527			12,207
Cash at bank and in hand		177,560			113,646
			<u>199,307</u>		<u>136,172</u>
Creditors: amounts falling due within one year					
Creditors		13,926		5,092	
Funding received in advance		159,126		51,848	
Other creditors		<u>7,444</u>		<u>15,852</u>	
			180,496		72,792
Net current assets			<u>18,811</u>		<u>63,380</u>
Net assets			<u><u>27,468</u></u>		<u><u>64,361</u></u>
Capital and reserves					
Profit and loss account			27,468		64,361
Accumulated Funds			<u><u>27,468</u></u>		<u><u>64,361</u></u>

For the year ending 31 October 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the micro-entity provisions of the Companies Act 2006 and FRS 105, The Financial Reporting Standard applicable to the Micro-entities Regime.

Approved by the Board on: 17 July 2018



James Cronin, Director

Open Rights
Notes to the Accounts
for the year ended 31 October 2017

1 **Accounting Policies**

Basis of preparation of financial statements

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

2 **Surplus income and the Accumulated Fund**

As a not for profit company, all income is dedicated to its object of raising general awareness of digital rights matters and is credited to an accumulated fund to be used for future projects. As a company limited by guarantee and without share capital, income cannot be distributed to shareholders.

3 **Corporation Tax**

It is our understanding that corporation tax is not payable by Open Rights as it is a not for profit company.

4 **Supporter Donations**

Regular supporter donations are treated on a cash basis, i.e. are treated as pertaining to the month in which they are received.

5 **Tangible Fixed Assets**

Depreciation has been provided at the following rates in order to write off the assets over their useful economic lives:

Equipment: 33% straight line

6 **Staff Loans**

Staff loans are extended typically for the purchase of season tickets, and are repaid by equal deductions from the employees' salaries.

7 **Grant Income**

	2017	2016
	£	£
Joseph Rowntree Reform Trust Ltd	11,723	59,745
Open Society Foundations	21,055	49,148
Open Society Foundations: Don't Spy on Us	23,783	62,841
Stiftung Open Society	36,517	-
Esmée Fairbairn Foundation	5,896	9,104
Association of PR	-	2,731
VIRT-EU	6,846	-
	<u>105,820</u>	<u>183,569</u>