



Internews
Europe

Annual Report & Financial Statements

INTERNEWS EUROPE

31 DECEMBER 2016

Company number: 07891107
Charity number: 1148404

Internews Europe
Reference and administrative details
For the year ended 31 December 2016

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| Company number | 07891107 | |
| Charity number | 1148404 | |
| Registered office and operational address | New City Cloisters, 196 Old Street, London, EC1V 9FR | |
| Trustees | Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: | |
| | Mr David Hoffman | Chair |
| | Mr Mark Stephens CBE | Vice-Chair |
| | Mr Sach Chandaria | Treasurer |
| | Dr Saleyha Ahsan | |
| | Mr Yann Borgstedt | |
| | Mr Matt Channoff | |
| | Mrs Kristina Henschen | (appointed 7 June 2016) |
| | Mr John Mengers | (resigned 6 December 2016) |
| | Mrs Daisy McAndrew | |
| | Mr Stephen Salyer | |
| | Mr Max von Bismarck | |
| Key Management Personnel | Mr Daniel Bruce | Chief Executive Officer |
| | Mrs Foluke Mogaji | Director of Finance & Resources |
| | Mrs Francesca Silvani | Director of Programme Design, Learning & Support |
| Bankers | Barclays Bank plc 1 Churchill Place London E14 5HP | |
| Solicitors | Bates, Wells and Braithwaite 10 Queen Street Place London EC4R 1BE | |
| Auditor | Sayer Vincent LLP Invicta House 108-114 Golden Lane London EC1Y 0TL | Chartered accountants and statutory auditors |

Foreword

2016 was a year where the many of the principle issues at the heart of Internews' mission entered the general consciousness of the wider world. Buzz terms such as 'fake news' or the 'post-truth era' have been used to describe a state in which trust in traditional media and sources of information is eroded as false or acutely partisan content distorts perceptions. It is well documented that many commentators have drawn correlations between these phenomena and the dramatically changing political environments in the UK and US.

However, Internews' contention is that, globally, the corrosive effects of propaganda, disinformation, hate speech and the like are not new at all. To date, they have been most concentrated in lesser-developed countries, conflict zones, emerging or failing democracies. Today, as seemingly more of the world is deprived of consistently trustworthy sources of news and information, our work has greater.

Through a diverse range of programmes in 2016, we have built the capacity of hundreds of journalists and media groups in 23 countries to play their rightful role in creating better-informed societies. This has ranged from creating new ways for journalists to report and tackle corruption in Kyrgyzstan, to amplifying the voices of women in Myanmar's peace process, to growing professional environmental journalism in the Amazon region of Bolivia.

We have also responded to various disasters to provide information as a form of aid. Most notably in response to a hurricane in Haiti and with our on-going work in the Mediterranean region; millions of refugees and displaced people were reached with life-critical information services. Elsewhere, we have seen further growth in our Human Rights programme, to eight countries in 2016, ensuring the security and professionalism of media and information groups in some of the most challenging environments for press freedom.

Together with our allied sister organisation, Internews Network (US), our programmes reached some 60 countries in 2016; and reached a total of 100 countries since Internews was originally founded in 1982.

Internews Europe enjoyed strong growth and greater diversity in income and donations in 2016. Overall, income increased by 76% compared to 2015.

2016 was the first full-year of implementation of a 5-year global strategic plan, across our strategic pillars of access to information, information inclusion, support to higher quality content, and citizen engagement with information. Global events of the last 12 months have validated this approach.

Daniel Bruce, Chief Executive

David Hoffman, Founder & Chair of Trustees

The trustees present their report and the unaudited financial statements for the year ended 31 December 2016.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities SORP FRS 102.

Objectives, Activities and Public Benefit

Internews Europe is an international development organisation specialising in supporting independent media, freedom of information and free expression around the globe. The vast majority of our programmes are targeted at crisis-hit populations, emerging democracies and some of the world's poorest countries.

The primary objective of the Charity as expressed in the Memorandum of Association is the "The promotion of education and vocational training in the field of journalism in all its forms for the benefit of the public, in particular in countries experiencing conflict, civil unrest, or natural disaster."

We believe access to information and resilient local media are prerequisites to good governance, human rights, conflict resolution, effective response to humanitarian crises and public understanding of critical issues such as climate change.

Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

Specifically, it is through the provision of our charitable activities that, by way of example:

- In humanitarian disasters, affected communities can access life-saving information to receive emergency health, water and shelter supplies;
- In fragile states and transitioning democracies, all citizens are afforded more and better opportunities to engage with power brokers, critical issues and wider society through strengthened local media and investigative journalism;
- In countries with limited press freedom, our tools and training help citizens access greater plurality of views and sources of information about the world around them, by protecting credible sources of information.

Achievements and Performance

In 2016, Internews Europe implemented 24 projects, formally partnered with around 60 organisations, and worked with hundreds of individuals – mainly at news and media outlets. We worked in 23 countries and globally to ensure citizens in some of the most closed, fragile, crisis-hit and poorest countries of the world were able to access relevant, independent information and communication channels. Selected highlights of projects in our five main programme areas follow below.

CONFLICT AND STABILISATION PROJECTS

In 2016, Internews completed its component of the large multi-partner three-year DFID-funded [Aitebaar](#) programme in [Pakistan](#), whose overall goal was to promote trust between citizens and the state on justice, security and policing issues. An independent evaluation was able to demonstrate Internews' contribution to this goal, through our success in strengthening local media's ability to monitor and report on justice and security in the province, and to identify citizens' demands and needs and create communication loops with relevant government authorities, civil society and police and justice systems. Internews organised five six-week NewsLabs, simulating a real newsroom experience for 75 journalists from across Pakistan's media sector. We held daily editorial meetings and daily deadlines – with journalists producing stories that were published by their own outlets – and we developed personal learning plans for each journalist.



TRAINING IN PAKISTAN

The external evaluation found that participants of the NewsLabs were still practicing newly-acquired skills in their own news reporting six months after graduating. In total, the NewsLabs taught 75 journalists, including 18 women, and as we rolled out the project, we adapted it to respond to the need to provide highly-tailored, gender-sensitive training and mentoring to the women to overcome some of the particular barriers and skills gaps they face. Part of the success in improving overall coverage in Pakistan was that the practical news production process gave journalists specific skills in how to work with civil society, academics, policy and government as sources of information and interviews. Internews also piloted monthly interactive theatre sessions to raise public debate about sensitive topics the journalists uncovered in the course of their reporting. We invited relevant professionals such as police, lawyers, and doctors to take part in the sessions through role play. The evaluation found that that the sessions succeeded in raising debate and awareness about taboo or sensitive topics related to justice and security, topics that were rarely discussed in public fora such, as gender-based violence and incest.

HUMAN RIGHTS PROJECTS

Our [Human Rights Connect](#) programme implemented activities in eight countries experiencing reduced media freedoms, with funding from the Swedish International Development Agency (SIDA) and the Netherlands Ministry of Foreign Affairs. We provided direct financing, technical support and editorial mentoring to 20 news and content producers who face severe digital, physical and legal threats. The 3-year project is on target to achieve many of its planned objectives, according to an independent external mid-term evaluation, which highlighted that partners are increasing their audiences, improving their content and maintaining or improving a level of resilience to specific risks. It also commended the work of the programme in putting in place customised tools and materials for partners to use, including through the work of a dedicated Global Technology Hub specialised in supporting newsrooms, journalism initiatives and media outlets to use digital technologies. A key lesson for the project has been in working out how we can support our partners to understand and engage with their own audiences better, rolling out innovative tools that overcome barriers caused by the local security situation. In 2016 the team also conducted a gender audit of our tools and a detailed consultation with partners and staff to help Internews' media outlet partners contribute to improving gender equality, both in the newsrooms and through the news and content they produce.



COMMUNITY WORKSHOP IN BURMA

In 2016, Internews launched its [Women, Media and the Peace Process](#) project in [Burma](#) with funding from the Norwegian government. The launch coincided with major political developments in the country after the historic general elections one month earlier in which the National League for Democracy won. Over two years, the project will train journalists and strengthen CSOs and media outlets to include the voices and perspectives of women and girls in public dialogue about the peace process, contributing to wider advocacy efforts and a fledgling women's rights movement in the country. Internews is providing training and sustained mentoring to 23 fellows, including 18 women, from different ethnic backgrounds. They receive practical experience in photography and videography, designing and building social media platforms, and news reporting using mobile phones. As a result participants have already gone on to produce pamphlets, videos and a Facebook page encouraging women to participate in the peace process and advocating the rights of women in conflicts areas. Some of the participants have gone on to provide training to others, for example conducting long-term capacity-building for women's groups in Shan state to incorporate information

production skills in their advocacy. The project team conducted an assessment of the quality of media coverage on women and the peace process at the start of the project and will be able to assess whether, how and why it improves and to assess Internews-supported partners' contributions to any changes.



ONYX IS A FACEBOOK PAGE PROMOTING WOMEN'S PARTICIPATION IN THE POLITICAL TRANSITION AND PEACE PROCESS IN MYANMAR.

We completed our project - [Protecting Human Rights Defenders and Freedom of Information](#) - in [Burma](#), [Vietnam](#) and [Tunisia](#), transitioning some of the partners with whom we worked to larger programmes. The overall goal of the project was for citizens in the target countries to have access to more diverse, independent and uncensored sources of quality information, with a focus on supporting positive use of social media platforms run by journalists and civil society organisations that shared this goal, but also in monitoring the ways in which social media was used to promote 'hate speech'. We found the role of Facebook was central in all three contexts. Internews supported journalism organisations to monitor the media and social media on terrorism-related issues in Tunisia. In Burma we supported organisations to monitor and counter hate speech, and in Vietnam we trained trainers to support citizen journalists to work on human rights issues. The project deepened our own understanding of how to address hate speech monitoring on social media platforms and the need to secure long-term funding to address hate speech robustly, including as part of larger programmes to tackle the rise of misinformation, disinformation and discrediting of journalism and factual information in the so-called 'post truth' world.

In the Occupied Palestine Territories, Internews launched a new project in 2016- [Strengthening Advocacy in Defence of Freedom of Expression](#) - to create public awareness about how to protect freedom of expression, plurality of opinion, and the rights of local media. The project, funded by the UK Foreign and Commonwealth Office, aims to raise public debate about a set of draft laws passing through the Palestinian Parliament. It has conducted a range of roundtables and workshops to help grow the nascent coalition of media, journalists, lawyers, and media-related and human rights CSOs in the country in their efforts to begin to act as a "watch-dog" for freedom of expression.

HUMANITARIAN INFORMATION PROJECTS

Against the on-going backdrop of the protracted refugee and migration crisis in Greece and the Balkans, Internews continued its [Mediterranean Refugee Response](#) project, a multi-lingual editorial and operational team running www.newsthatmoves.org, a news site publishing vital news and information in Arabic, Farsi, Greek and English for migrants in the region. News That Moves editors collate information from a wide range of sources, including an established network of reporters across the Balkans, humanitarian organisations, local and national governments, legal advisors, civil society organisations, refugee support groups and refugees directly surveyed by Internews' Field Team. On Lesbos and around Athens – in camps and other settings – the teams roam daily talking to refugees, collecting rumours, questions and concerns, and transmitting these to the online team for verification and creation of online content for the website.

During the Euro 2016 tournament, we worked with Mercy Corps to broadcast video messages on large screen during the matches. All content is also featured on the site, on Facebook, on Twitter and through the *Rumour Tracker* weekly bulletin, to specifically address myths and rumours. We also launched the *In The Loop* bulletin to give humanitarian agencies up-to-date information and feedback from refugees. Internews has a team of around 20 in Athens and we continue to look for longer-term funding to consolidate and sustain the work with migrants in Europe. Throughout 2016 we received several grants to expand the project, from Save the Children, DFID and the Open Society Foundation.



ASSESSING HURRICANE DAMAGE TO RADIO STATIONS IN HAITI

Internews has been operational in [Haiti](#) since 2007. As a result of our presence there and our membership of the UK Government's Rapid Response Facility (RRF), DFID invited Internews to mount an emergency response to Hurricane Matthew in October 2016. We rapidly conducted an assessment of the damage to the local media infrastructure and, in particular, radio broadcasters. We set up the Haiti [Humanitarian Information Service](#), aimed at rehabilitating partner radio stations with potential to reach target communities. We helped improve the quality of information exchanged between humanitarian agencies and Haitian communities affected by the hurricane, and greatly contributed to reducing their vulnerability in the aftermath of the disaster. The project also was able to demonstrate that it contributed to improving the responsiveness, coordination and management of service delivery during the emergency response.

ENVIRONMENTAL PROJECTS

The [Media for improved reporting on environment and natural resources in Central Asia](#) project aims to enhance regional stabilisation efforts by increasing citizens and policy-makers' access to conflict-sensitive information about environmental and natural resource issues. It strives to improve media and communication in Central Asia around these issues at both the national and regional levels. Internews launched the project in 2016. We have created interactive tools and platforms that increase public engagement around these issues, and fostered collaboration and information-sharing among key stakeholders, including journalists, environmental activists, thematic experts, and government officials.

For our first major collaboration Internews incubated Living Asia, a geojournalism platform, which has resulted in publication of award-winning high-quality eco-journalism, with 61 stories produced across more than 20 media outlets in five Central Asian countries. We have worked with eco-journalism participants from closed countries in the region, as well as dozens of CSOs that are working on projects to address conflict over water resources, to fight pollution and to stimulate community engagement in cleaning up neighbourhoods. The first Kyrgyz media pieces produced on cross-border environmental issues for residents of the Kyrgyz and Tajik border led to much media interest, and were rebroadcast on the Tajik side of the border. A Belarusian media watchdog included Living Asia in its list of five inspiring media projects on the environment and the Kazakh Geographical Society invited the platform to be an information partner for covering their expedition "The Pole of Independence" to the Antarctica. Living Asia's multimedia long-read *Nevermore*, produced in collaboration with a journalist from Uzbekistan, was viewed more than 10,000 times on the website.



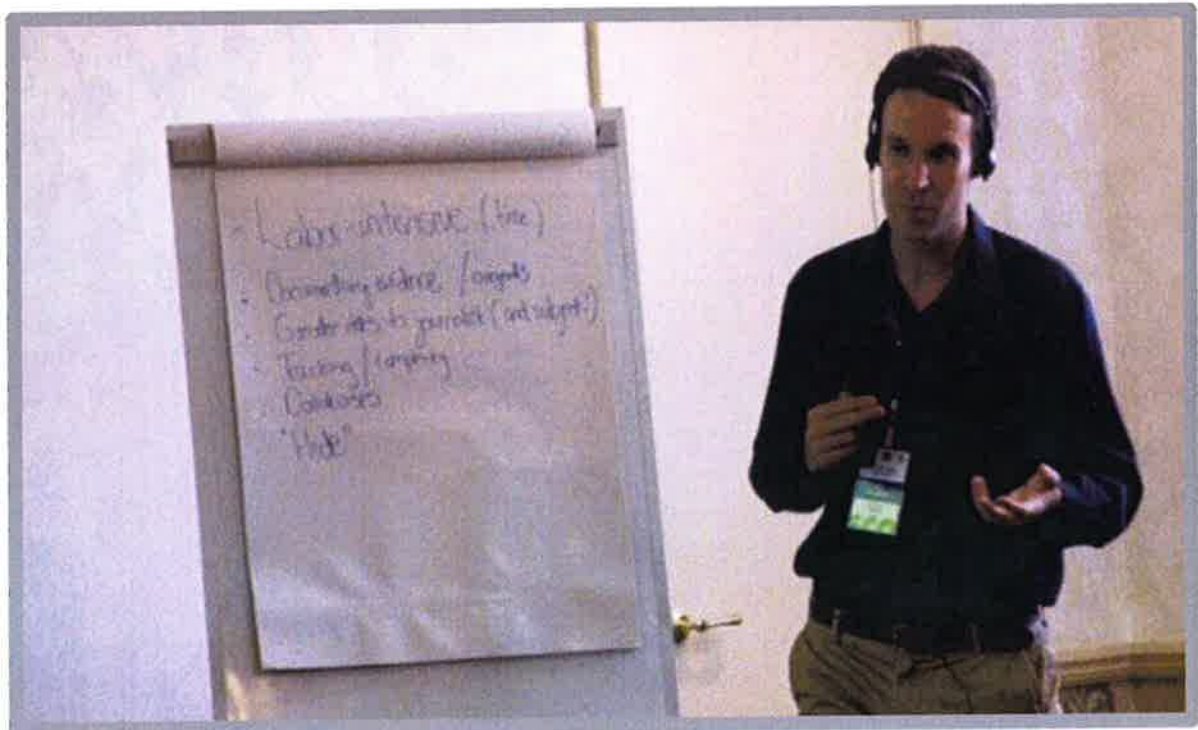
AN IMAGE FROM THE WEBSITE LIVING ASIA, FROM A STORY ON TRASH LANDFILLS

In 2016, The Arcadia Foundation's support enabled Internews' [Earth Journalism Network](#) (EJN) to establish a Biodiversity Media Initiative, aiming to improve the quality and quantity of reporting on biodiversity and conservation in 22 countries. The journalists produced more than 130 original stories reaching a combined audience of millions. As well as supporting individual journalists to produce stories on topics such as illegal mining, and the illegal trade in animal parts, EJN supported the creation of an environmental reporting handbook in Georgia, conducted workshops in three countries, and supported a network of 28 journalists covering Bolivia's Amazon region.

As part of a DFID-funded consortium, Internews is contributing to a 3-year project aimed at [Building Resilience and Adaptation to Climate Extremes and Disaster](#) (BRACED) in Burkina Faso. Internews has worked with eight local private FM radio stations to ensure that climate forecasting and programming is tailored to at-risk, mainly rural communities – particularly women and girls – who access and engage with information through radio. Internews is building the capacity of the radio stations to improve their programming on weather, climate change and resilience, through training and mentoring, by helping the radio stations upgrade their often fledgling technical capacities and to establish interactive magazine and call-in formats. Internews has also formed a partnership with the national broadcaster and a mobile telephone operator. Activities were briefly halted during the coup in September 2016 but have since resumed. We have now built a production studio for Internews to use in delivery of training and production. We have trained and supported producers in each radio station to act as focal points on climate information. Internews is part of a large consortium led by Christian Aid, and we are expecting significant evidence and learning to emerge from the consortium partners about the contribution of improved access to quality information in community resilience building.

DEMOCRACY AND GOVERNANCE PROJECTS

Internews Europe's [Media and Civic Participation for Transparency and Accountability](#) project aims to support a culture of transparency, accountability and the rule of law in Kyrgyzstan, by fostering civil society and media collaboration on corruption and governance. With its partner, Kloop Media Foundation, Internews is fostering a countrywide network of over 70 representatives from civil society, media campaigning groups work together, including through an online platform for the public to access and disseminate information on corruption. In addition to building skills and ties across this network, Internews has also hosted the [International Consortium of Investigative Journalists](#) for a Central Asia-focused presentation on the Panama Papers.



WILL FITZGIBBON OF ICIJ AT AN INTERNEWS PRESENTATION IN BISHKEK, KYRGYZSTAN

The online [platform](#) now serves as a space for the public to report cases of corruption and human rights violations. By September 2016, 113 submissions to the platform resulted in seven journalistic investigations and two feature stories on anticorruption topics, one leading directly to an investigation by the Prosecutor-General's office. The project has trained more than 120 Russian-and Kyrgyz-speaking journalists and CSOs across the country to enable them to team up to conduct joint investigations to monitor public institutions. Internews has also supported production capacity through grants to broadcast media to create two interactive TV programs promoting the rule of law.

Financial Review

The detailed results for the year and the state of affairs at 31 December 2016 are set out in the financial statements. The Trustees confirm that, in their opinion, applicable accounting standards and statements of recommended practice have been followed.

Total expenditure for the year was £6,324,094 and income was £6,598,638. Year on year, this represents a substantial income increase of 70%. Our Humanitarian and Human Rights programmes witnessed some of the more significant growth in the year. Forecast income for 2017 indicates similar levels of income, with scope for further growth at a more modest level. 2016 saw further progress in growing our unrestricted income. In turn, this has had the positive effect of creating a surplus carry-forward amount of £347,242 to contribute to our unrestricted reserves. This represents a considerable improvement to the financial resilience of organisation.

Reserves Policy

The board of trustees review the reserves policy on an annual basis. The current minimum target, as determined by the trustees in 2015, is for Internews Europe to hold three months of overhead operating expenditure as unrestricted funds in reserve. As this target is yet to be met (see below) there are no further provisions in the reserves policy for other designated reserves or similar earmarking. At 31 December 2016 our accumulated unrestricted deficit stood at (£155,279) (2015: (£502,521)) and restricted reserves at £1,691,724 (2015: £1,764,422).

Funds in Deficit

As above, Internews Europe opened 2015 with an Unrestricted Fund deficit of (£502,521). In light of the surplus described above, the deficit had reduced, as at 31 December 2016 to (£155,279). The origins of the unrestricted fund deficit lie in the 2013/14 period when Internews Europe's headquarters was relocated from Paris to London.

Higher than forecast closure costs in France, and a prolonged period of operating two parallel head offices exhausted the French reserves and resulted in the early years of the London headquarters operating at a loss.

A loan facility from the Charities Aid Foundation (CAF) was drawn upon in July 2013 to provide liquidity support whilst the unrestricted fund was in deficit. In mid-2014, Internews Europe was also awarded two significant 'recoverable grants' from two private foundations as a specific, additional measure to provide general, unrestricted liquidity during the period of deficit repair and, thus, to ensure that restricted funds were protected for delivery of programmes.

Restructuring, cost-cutting and increased unrestricted income prevented further losses beyond Quarter 3 of 2014. 2016 represents the second accounting year where the Unrestricted Funds have generated a positive surplus within the year. Deficit reduction in 2015 was 10%, hence the 2016 reduction of 69.10% is a considerable step forward. General growth in income, including strong progress with unrestricted fundraising, is expected to lead to further progress in generating positive unrestricted reserves in 2017.

Significant Events

Like many international charities, Internews receives donor income in a range of currencies in addition to British pounds, principally US Dollars, Euros, Swedish Kroner and Swiss Francs. In turn, highly effective treasury management is required to ensure maintenance of sufficient operating reserves in all currencies, and any impact of exchange fluctuation on our functional currency balances.

The result of UK's referendum on membership of the European Union in June 2016 led to a significant devaluation of the British Pound. Internews was well poised to manage this situation given its wide range of currency holdings

and careful management of programme budgets originally developed in British Pounds versus field expenditure in other currencies.

Principal funding sources

The majority of our income continues to be derived from public donor agencies supporting international development. Please refer to accounting note 3 for details. The diversity of public funding agencies increased by 60% in 2016. The year also saw the continuation of much-valued gifts in-kind. The trustees are particularly

grateful to the contributions of Arnold & Porter, DLA Piper, Howard Kennedy and Ropes & Gray for a range of pro-bono legal services in the year.

Going Concern Review

For the reasons set out above, and outlined further in accounting policy 1(c), the Trustees consider it appropriate to prepare the accounts on the going concern basis.

Risk Management

Internews Europe adopts a rigorous approach to risk management which allows the Trustees and Senior Management Team to take a contemporaneous and informed view of the organisation's risk tolerance level. Such an approach is very necessary in order for Internews to implement complex programmes, with success and well-managed risk, in a range of the most fragile states.

The trustees actively review the major risks to which the charity is exposed to ensure that systems are in place to monitor and mitigate those risks. This takes place during all scheduled trustee board meetings and also on an ad-hoc basis if and when risks are re-graded to the higher levels in the register. The trustees also determine which areas of risk they wish to review in detail on a standing basis, irrespective of the risk ratings. Senior managers take operational responsibility for risk mitigation in all areas; for example by ensuring appropriate internal controls and policies are in place whilst regularly monitoring risks from the external operating environment.

The trustees believe these actions provide sufficient early warning systems, and the requisite controls and procedures in the event of adverse conditions. On-going improvements will be made to risk management in 2017 to take account of current best practice.

Principle Risks and Uncertainties

- **Operational Security:** there are inherent risks to working in fragile states, or those vulnerable to disasters, and these risks are ever present. In 2016, the trustees carefully reviewed the organisation's ability to continue

to operate programmes in high-risk environments and resolved that we have well-developed procedures and protocols for working in such environments. These include a well-resourced emergency management structure shared with our allied entity in the US. The trustees are of the view that maintaining such resources and operational capacity is essential for the organisation to achieve its charitable purposes.

- **External/Government Policy:** like many UK registered international charities, Internews is exploring a range of measures to reinforce our longstanding funding relationship with the European Commission. Potential barriers to accessing such funds will not materialise, however, until the UK has formally exited the EU. In the more immediate term, senior staff and trustees are engaged in active representation to the British government to ensure the cross-cutting role of access to media and information remains a priority in development and disaster relief policy.
- **Financial:** on-going volatility in the currency markets affecting multi-currency operations and programme budgets as described in the financial review. This is mitigated through a well-managed treasury function and highly effective currency planning. In light of the above, the trustees continue to support efforts to grow income from private sources so as to increase long-term resilience and reduce dependency on governmental or institutional grants.

Plans for the Future

2016 was the first year of implementation for our 5-year international strategy, 'Information Changes Lives'.

Thus, our overarching approach to planning is guided by the following components:

OUR THEORY OF CHANGE

Healthy information ecosystems are a root solution to advancing human progress. They contribute to economic well-being, social progress, and good governance.

OUR VISION FOR THE FUTURE

We envision a future where everyone, everywhere, enjoys equal access to trusted, quality information that empowers them to live healthy, secure, rewarding lives.

OUR MISSION GOALS

1. Ensure robust access to information for the information poor and vulnerable

Robust access means enabling people to safely access the information they need from a diverse variety of sources. We work to target market failures and safeguard competition and diversity for the next billion who come online. Our support for local advocates who promote diverse and competitive media channels and an open, affordable Internet is critical to ensuring robust access continues to expand. Growing access also brings new concerns for safety and security, particularly for active and influential content creators.

2. Reduce systemic information exclusion

In the midst of expanding access, state and societal forces often counter with systemic exclusion in the form of overt censorship and the exclusion of historically disadvantaged groups such as women, ethnic or religious minorities, and LGBT people. We work to counter censorship

through policy and offer tools and technologies that help people circumvent censorship. We are purposeful in expanding information engagement to excluded groups by linking them with trusted partners and supporters, building their skills, and helping them ensure their voices are heard.

3. Fill critical gaps in quality content

As global content expands, gaps are growing in locally-produced and locally-relevant local language content. We focus on filling gaps in coverage of vital issues, such as community health and environmental degradation, to drive local change. We believe quality content should be assessed by how effectively it opens space for discussion and leads to action while reflecting the diversity of the community it serves. Our approach is to build sustainable capacity of content creators and ensure content is financially viable over the long term.

4. Support the ability of people to critically engage with news and information

Social media can create echo chambers of narrowly filtered information, which in turn can fuel hate speech in fragile communities. "Information overload" limits the capacity of people to access the information necessary to make informed choices. To reverse these trends, we strive to improve media, information, and data literacy, so people can discern the validity and integrity of the news and information they consume. We are adopting strategies to engage underrepresented voices across the media and information environment. Increased engagement leads to demand for better quality news and information, creating a virtuous cycle between access, content and engagement.

The strategic framework, in turn, provides the foundations for annual operational plans developed for Internews Europe at a headquarters level, in addition to a range of regional plans for

each of our geographic programme units. The 2017 annual operational plan for Internews Europe in the UK focuses on three principle goals as follows:

- (1) Lead, Service and Support effective programmes in support of Internews global strategy
- (2) Increase financial sustainability
- (3) Develop the operational capacity of the organisation

Structure, Governance and Management

Internews Europe is a charitable company limited by guarantee, incorporated in England and Wales on 23 December 2011 and registered as a charity in England and Wales on 1 August 2012. Internews Europe (UK) is the legal successor to Internews Europe (France), originally established in 1995, having been the beneficiary entity of an assignment agreement whereby contracts, grants and assets were transferred to full control of Internews Europe (UK) as of 1 April 2013. The resulting subsidiary, Internews France, was disposed of and wound up on the 1st January 2015.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

The primary objective of the charity as expressed in the Memorandum of Association is the "The promotion of education and vocational training in the field of journalism in all its forms for the benefit of the public, in particular in countries experiencing conflict, civil unrest, or natural disaster."

The trustees and executive seek to fulfil these objectives through establishing projects in a wide range of countries which focus on media development and information access around a number of core themes: Human Rights, Humanitarian Emergencies, Democracy and Governance, Conflict and Stabilisation and the Environment.

The trustees are responsible for the overall governance of the charity. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 4 to the accounts. The majority of trustees donate travel and other expenses associated with their governance duties.

TRUSTEE APPOINTMENT, INDUCTION AND TRAINING

Trustees are proactively selected and appointed to ensure there is a broad range of relevant skills and experience represented across the trustee board. Trustee recruitment may take place using open advertisements and/or through more targeted approaches to individuals, agreed by existing trustees to possess skills and experience that would further strengthen the board. A trustee board skills matrix is regularly reviewed to ensure a suitable balance of skills, experience and trustee diversity. A comprehensive policy exists for the appointment and approval of new trustees, in addition to processes for the election of officers such as the Chair, Vice-Chair and Treasurer.

A rolling cycle of training and development of trustees ensures there are cognizant of their statutory responsibilities and also keep up to date on key issues such as development and relief work in addition to exposure to Internews Europe's international programmes.

As part of our Strategic Alliance with Internews Network (see Related Parties, below), the board of our US sister organisation is entitled to select and appoint one of its own number as a trustee to serve on the Internews Europe board. This role is currently fulfilled by **Mr Matt Chanoff**. This is a reciprocal arrangement, therefore Internews Europe's trustees also have an entitlement to select one of their number to serve on Internews Network's Board of Directors. This role is currently undertaken by **Mr Stephen Salyer**. Both served in this capacity for the full year of 2016.

ORGANISATION OF THE CHARITY

Internews Europe's operations are conducted in accordance with the Memorandum and Articles of Association and the policies/strategies approved by the Trustees. Given the international scale and complexity of the organisation, the trustees delegate all day-to-day responsibilities for running

the organisation to the Chief Executive Officer (CEO), **Mr Daniel Bruce** (originally appointed to this position in February 2014).

The CEO is supported by a small Senior Management Team, SMT, (the Key Management Personnel) namely **Mrs Francesca Silvani**, Director of Programme Design, Learning & Support, and **Mrs Foluke Mogaji**, Director of Finance and Resources. In addition, a larger Corporate Management Group takes responsibility for various operational and support functions. Field programmes are overseen by a range of Regional Directors, Country Directors and other national support staff.

RELATED PARTIES AND RELATIONSHIPS WITH OTHER ORGANISATIONS

Internews Europe maintains a formal 'Strategic Alliance' with Internews Network; a US-based non-profit organisation which was the first media development organization to bear the Internews name and brand. A Memorandum of Understanding to firmly establish a strategic alliance was signed by the boards of both entities in September 2014. This was further reinforced with a legalised, Strategic Alliance Agreement signed in June 2016.

Through their alliance, Internews Network (IUS or Internews US) and Internews Europe (IEU) express their joint commitment and intent to create greater programme impact and public benefit than two separate organisations would be able to achieve on their own. The alliance approach is particularly intended to ensure seamless delivery of programmes through regional and country offices, and greater sharing and application of effective organisational learning. Nevertheless, IEU and IUS purposefully maintain separate, independent, governance bodies and each legal entity has its own CEO.

In a further arrangement, **Mr David Creekmore**, the Chief Operating Officer of Internews Network supports the Internews Europe trustee board as an honorary member of its Finance and Audit Sub-

Committee. Mr Creekmore does not possess any decision-making authority in this context.

Through 2016, Internews Europe continued to host the secretariat of the Communicating with Disaster Affected Communities Network (CDAC). Internews is one of the founding members of this network of around 30 humanitarian, communication and UN agencies. Until very recently, CDAC did not have any legal personality of its own, thus secretariat staff and funds have been directly managed by Internews on behalf of the network. CDAC has been governed by a non-statutory governing board of which Internews Europe's CEO, **Mr Daniel Bruce**, is an ex-officio member.

In December 2016, CDAC formed a separate non-profit company limited by guarantee, **CDAC Network Limited**, with a view to CDAC becoming a fully independent non-profit entity in due course. Internews Europe is a founding corporate member of this new entity. Further related party disclosures relating to this new arrangement will be reported at the end of 2017.

Remuneration policy for key management personnel

The trustee board takes responsibility for the appointment and performance management of the Chief Executive Officer. This includes an annual review of the CEO's pay and benefits which, in turn, is linked to a detailed and rigorously benchmarked organisational salary scale.

In broad terms, all salary bands are reviewed annually, both for sector benchmarking and any inflationary increments deemed appropriate and affordable for the overall pay-scale. During annual benchmarking of the organisational salary scale, Internews Europe compares its pay bands for all positions to equivalent posts in the following areas:

- Domestic and international charities with a similar level of income;
- Other relevant international charities of any size; for example others in the British Government's Rapid Response Facility (RRF);

- Other charitable organisations working in the specific sectors of media, information and development, freedom of expression and support to independent journalism;
- Comparable salaries of Internews Network staff;

Taken as a whole, the Internews Alliance is among the two or three largest, if not the largest organisation working in the media, information and development sub-sector. Given this scale and complexity, and the need to recruit and retain skilled staff with an unusual blend of experience in both media and international development, our salary scale is set in the middle of the upper quartile of our benchmarking results.

In setting the pay and benefits of the Chief Executive Officer, the trustees work from a 'floor' figure in the salary scales, which is currently £82,500, up to an in principle pay multiple ratio of five. The CEO sets the pay and benefits of the other senior directors using the scale points immediately below the CEO floor.

The Senior Pay disclosures include the CEO, Director of Programme Design, Learning and Support and the Director of Finance and Resources. The aggregated actual pay for this group in 2016 was £236,721

Funds held as custodian trustee

During 2016 there were no funds held as custodian trustee on behalf of others.

Statement of responsibilities of the trustees

The trustees (who are also directors of Internews Europe for the purposes of company law) are responsible for preparing the trustees' 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:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate 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.

In 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.

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2016 was 11 (2015:12). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP were re-appointed as the charitable company's auditor during the year.

Approved by the trustees on 15 May, 2017 and signed on their behalf by:

A handwritten signature in black ink, appearing to be 'Mark Stephens', with a large loop at the start and a long horizontal stroke at the end.

Mark Stephens CBE, Vice-Chair of Trustees

Independent auditor's report

Opinion

We have audited the financial statements of Internews Europe (the 'charitable company') for the year ended 31 December 2016 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 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 requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1a to the financial statements concerning the charitable company's ability to continue as a going concern. The charitable company incurred a surplus on unrestricted general funds of £327,242 during the year ended 31 December 2016. However, at that date, the parent charitable company's free general reserves were in deficit of £155,279. These conditions, along with the other matters explained in note 1c to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the charitable company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the charitable company was unable to continue as a going concern.

Other information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable 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, and for such internal control as the trustees determine

is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Jonathan Orchard (Senior statutory auditor)

23 May 2017

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Internews Europe

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2016

| | Note | Unrestricted £ | Restricted £ | 2016 Total £ | Unrestricted £ | Restricted £ | 2015 Total £ |
|--|------|-------------------|------------------|--------------------|-------------------|------------------|--------------------|
| Income from: | | | | | | | |
| Donations and legacies | 2 | 288,699 | – | 288,699 | 219,707 | – | 219,707 |
| Charitable activities | | | | | | | |
| Conflict and Stabilisation | 3 | 295,858 | 348,052 | 643,910 | 299,313 | 325,258 | 624,571 |
| Environment | 3 | 42,893 | 1,284,485 | 1,327,378 | 6,407 | 473,904 | 480,311 |
| Human Rights | 3 | 58,333 | 1,868,300 | 1,926,633 | 31,258 | 1,159,855 | 1,191,113 |
| Humanitarian | 3 | 100,340 | 2,053,137 | 2,153,477 | 22,456 | 1,151,340 | 1,173,796 |
| Democracy and Governance | 3 | 12,977 | 245,564 | 258,541 | 3,524 | 184,945 | 188,469 |
| Total income | | 799,100 | 5,799,538 | 6,598,638 | 582,665 | 3,295,302 | 3,877,967 |
| Expenditure on: | | | | | | | |
| Raising funds | 4 | 56,612 | – | 56,612 | 90,313 | – | 90,313 |
| Charitable activities | | | | | | | |
| Conflict and Stabilisation | 4 | 295,361 | 797,555 | 1,092,916 | 333,605 | 609,726 | 943,331 |
| Environment | 4 | 19,970 | 987,150 | 1,007,120 | 10,752 | 273,435 | 284,187 |
| Human Rights | 4 | 27,158 | 1,759,315 | 1,786,473 | 52,459 | 1,183,355 | 1,235,814 |
| Humanitarian | 4 | 46,715 | 2,076,581 | 2,123,296 | 37,686 | 926,857 | 964,543 |
| Democracy and Governance | 4 | 6,042 | 251,635 | 257,677 | 5,915 | 118,157 | 124,072 |
| Total expenditure | | 451,858 | 5,872,236 | 6,324,094 | 530,730 | 3,111,530 | 3,642,260 |
| Net income / (expenditure) for the year | 5 | 347,242 | (72,698) | 274,544 | 51,935 | 183,772 | 235,707 |
| Transfer between funds | | – | – | – | 4,008 | (4,008) | – |
| Net movement in funds | | 347,242 | (72,698) | 274,544 | 55,943 | 179,764 | 235,707 |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward | 16 | (502,521) | 1,764,422 | 1,261,901 | (558,464) | 1,584,658 | 1,026,194 |
| Total funds carried forward | | (155,279) | 1,691,724 | 1,536,445 | (502,521) | 1,764,422 | 1,261,901 |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

Internews Europe

Balance sheet

Company no. 07891107

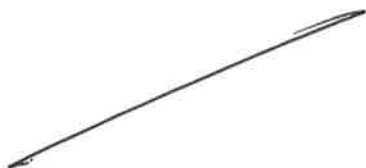
As at 31 December 2016

| | Note | 2016 £ | 2015 £ |
|--|------|--------------------------------|--------------------------------|
| Fixed assets: | | | |
| Tangible assets | 10 | <u>8,284</u> | <u>17,528</u> |
| | | 8,284 | 17,528 |
| Current assets: | | | |
| Debtors | 11 | 1,298,616 | 1,010,570 |
| Cash at bank and in hand | | <u>877,455</u> | <u>915,730</u> |
| | | 2,176,071 | 1,926,300 |
| Liabilities: | | | |
| Creditors: amounts falling due within one year | 12 | <u>647,910</u> | <u>626,659</u> |
| Net current assets | | <u>1,528,161</u> | <u>1,299,641</u> |
| Total assets less current liabilities | | <u>1,536,445</u> | <u>1,317,169</u> |
| Creditors: amounts falling due after one year | 14 | <u>-</u> | <u>55,268</u> |
| Total assets less current liabilities | | <u>1,536,445</u> | <u>1,261,901</u> |
| Total net assets | | <u><u>1,536,445</u></u> | <u><u>1,261,901</u></u> |
| Funds: | 16 | | |
| Restricted income funds | | 1,691,724 | 1,764,422 |
| Unrestricted income funds: | | | |
| General funds | | <u>(155,279)</u> | <u>(502,521)</u> |
| Total funds | | <u><u>1,536,445</u></u> | <u><u>1,261,901</u></u> |

Approved by the trustees on 15 May 2017 and signed on their behalf by



Mark Stephens CBE
Vice Chair of Trustees



Internews Europe

Statement of cash flows

For the year ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|---|------|-----------------------|------------------|
| <i>Cash flows from operating activities</i> | 17 | (3,228) | (216,995) |
| Cash flows from Investing activities | | | |
| Purchase of tangible fixed assets | | (627) | — |
| Cash flows from financing activities: | | | |
| Repayments of borrowing | | <u>(34,420)</u> | <u>(32,666)</u> |
| Change in cash and cash equivalents in the year | | (38,275) | (249,661) |
| Cash and cash equivalents at the beginning of the year | | <u>915,730</u> | <u>1,165,391</u> |
| Cash and cash equivalents at the end of the year | 18 | <u>877,455</u> | <u>915,730</u> |

Internews Europe

Notes to the financial statements

For the year ended 31 December 2016

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (August 2014) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

The comparatives show the consolidated accounts including Internews France as a subsidiary which was disposed on the 1 January 2015, and the French operations were merged with Internews Europe in 2015. The 2016 financial results and position therefore include those of Internews Europe only and are not consolidated.

b) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

c) Going concern

While the costs of the transition from France to the UK in 2013 and the consequent depletion of unrestricted reserves presented a challenge to the organisation, we believe that, by maintaining the levels of programme activity achieved in prior years, together with the measures we have taken to maintain liquidity and support organisational management and overhead costs, we will ensure that Internews Europe rebuilds its reserves and eliminates the deficit within a reasonable time period. 2016 saw considerable progress in generating unrestricted funds.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d) Income

Revenue grants are credited to the statement of financial activities when received or receivable whichever is earlier.

Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions the incoming resource is deferred.

e) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102).

On receipt, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

f) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Accounting policies (continued)

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose

Expenditure on charitable activities includes the costs of delivering activities undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned to the charities activities on a proportionate and consistent basis.

We have apportioned Support costs to the activities as follows:

| | |
|--------------------------|-----|
| Conflict & stabilisation | 15% |
| Environment | 17% |
| Humanitarian | 40% |
| Human Rights | 23% |
| Democracy and governance | 5% |

i) Foreign currency transactions

Transactions in foreign currencies are translated at the Inforeuro rates prevailing at the date of the transaction.

Balances denominated in foreign currencies are translated at the rate prevailing at the balance sheet date. Any gain or loss for the period is taken to the statement of financial activities.

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Furniture and other equipment directly related to projects are fully expensed to such projects so as to reflect the full costs of implementation. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

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

| | |
|--------------------------------|---|
| Office equipment and computers | 3 years |
| Office furniture | 5 years |
| Fixtures & fittings | Life of office lease (5 years to\september 2017 for assets purchased in 2012 as part of the initial office fit-out.) |

l) Debtors

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors

Creditors are recognised as soon as there is a legal or constructive obligation committing the charity to pay out the resource.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Internews Europe

Notes to the financial statements

For the year ended 31 December 2016

2 Income from donations

| | Unrestricted £ | Restricted £ | 2016 Total £ | 2015 Total £ |
|---------------|-------------------|-----------------|--------------------|--------------------|
| Donations | 214,515 | – | 214,515 | 110,400 |
| Gifts in kind | 74,184 | – | 74,184 | 109,307 |
| | <u>288,699</u> | <u>–</u> | <u>288,699</u> | <u>219,707</u> |

The unrestricted gifts are donations received from individuals and institutions.

3 Income from charitable activities

| | Unrestricted £ | Restricted £ | 2016 Total £ | 2015 Total £ |
|--|-------------------|------------------|--------------------|--------------------|
| Coffey International Development | 256,429 | 93,160 | 349,589 | 274,237 |
| Free Press Unlimited | – | 172,025 | 172,025 | 219,227 |
| European Commission DG Devco | – | 82,867 | 82,867 | 106,031 |
| Other funders | 39,429 | – | 39,429 | 25,076 |
| UK Foreign Commonwealth Office | – | – | – | – |
| Sub-total for Conflict and Stabilisation | <u>295,858</u> | <u>348,052</u> | <u>643,910</u> | <u>624,571</u> |
| Arcadia Foundation | – | – | – | 98,951 |
| Norwegian Agency for Development Cooperation (NORAD) | – | 146,853 | 146,853 | 91,330 |
| Christian Aid | – | 161,790 | 161,790 | 191,096 |
| European Forest Institute | – | – | – | 35,475 |
| United Nations Population Fund | – | (7,772) | (7,772) | 32,782 |
| Communications Inc. | – | – | – | 20,000 |
| Other funders | 42,893 | 19,693 | 62,586 | 10,677 |
| European Commission | – | 840,447 | 840,447 | – |
| Charities Aid Foundation | – | 123,474 | 123,474 | – |
| Sub-total for Environment | <u>42,893</u> | <u>1,284,485</u> | <u>1,327,378</u> | <u>480,311</u> |
| (SIDA) | – | 1,352,943 | 1,352,943 | 732,919 |
| European Commission DG Devco | – | 204,829 | 204,829 | 171,444 |
| Netherlands Ministry of Foreign Affairs | – | 241,145 | 241,145 | 189,407 |
| Open Society Institute | – | – | – | 66,085 |
| Other | 58,333 | 69,383 | 127,716 | 31,258 |
| Sub-total for Human Rights | <u>58,333</u> | <u>1,868,300</u> | <u>1,926,633</u> | <u>1,191,113</u> |
| UK Department for International Development (DFID) | – | 339,883 | 339,883 | 350,454 |
| EC DEVCO DFID | – | 59,283 | 59,283 | – |
| Save the Children UK | – | 659,299 | 659,299 | 249,850 |
| World Vision | – | 546,128 | 546,128 | 218,666 |
| UN Habitat | – | – | – | 113,467 |
| CDAC Network Various | – | 136,215 | 136,215 | 101,961 |
| Swedish Ministry for Foreign Affairs | – | 32,537 | 32,537 | 54,031 |
| France Expertise Internationale | – | – | – | 53,661 |
| Oxfam UK | – | 27,750 | 27,750 | 9,250 |
| UN Office for the Coordination of Humanitarian Affairs | – | – | – | – |
| Danish Refugee Council | – | 204,932 | 204,932 | – |
| Other funders | 100,340 | 47,110 | 147,450 | 22,456 |
| Sub-total for Humanitarian | <u>100,340</u> | <u>2,053,137</u> | <u>2,153,477</u> | <u>1,173,796</u> |

Internews Europe

Notes to the financial statements

For the year ended 31 December 2016

3 Income from charitable activities (continued)

| | | | | |
|---|----------------|------------------|-------------------------|------------------|
| European Commission DG Devco | - | 136,521 | 136,521 | 164,701 |
| UN AIDS | - | 23,928 | 23,928 | 20,244 |
| Other funders | <u>12,977</u> | <u>85,115</u> | <u>98,092</u> | <u>3,524</u> |
| Sub-total for Democracy and Governance | <u>12,977</u> | <u>245,564</u> | <u>258,541</u> | <u>188,469</u> |
| | | | | |
| Total income from charitable activities | <u>510,401</u> | <u>5,799,538</u> | <u>6,309,939</u> | <u>3,658,260</u> |

Internews Europe

Notes to the financial statements

For the year ended 31 December 2016

4 Analysis of expenditure

| | Charitable activities | | | | | | | | 2015 Total £ | |
|---------------------------------|----------------------------|---------------------------------|------------------|-------------------|-------------------|-------------------------------|-----------------------|--------------------|--------------------|-----------|
| | Cost of raising funds £ | Conflict and Stabilisation £ | Environment £ | Human Rights £ | Humanitarian £ | Democracy and Governance £ | Governance costs £ | Support costs £ | | |
| Staff costs (Note 6) | 32,138 | 243,148 | 114,101 | 384,014 | 383,239 | 14,328 | - | 279,294 | 1,450,262 | 1,130,506 |
| Project delivery costs | - | 604,650 | 588,332 | 898,276 | 1,175,038 | 185,244 | - | 9,616 | 3,461,156 | 1,665,237 |
| Rent | - | 5,943 | - | 2,024 | 39,477 | 1,908 | - | 70,936 | 120,288 | 91,419 |
| Office costs | 1,387 | 8,737 | 2,223 | 13,663 | 258 | 2,064 | - | 29,050 | 57,382 | 52,025 |
| Utilities | - | 15,001 | 44,750 | 9,152 | 116,159 | 18,483 | - | - | 203,545 | 101,197 |
| IT and communications | 160 | 15,383 | 40,608 | 156,254 | 17,507 | 3,435 | - | 19,206 | 252,553 | 93,832 |
| Development costs | 7,754 | - | - | - | - | - | - | - | 7,754 | 446 |
| Finance costs | 101 | 8,071 | 7,035 | 27,046 | (4,622) | 1,877 | 15 | 7,337 | 46,860 | 105,111 |
| Legal and Professional fees | 2,182 | - | 626 | 17,173 | 3,797 | 402 | (8,181) | 161,950 | 177,949 | 138,008 |
| Depreciation | - | - | - | - | - | - | - | 9,871 | 9,871 | 14,275 |
| Travel costs | 12,890 | 42,053 | 123,142 | 147,406 | 192,620 | 4,140 | 2,083 | 12,140 | 536,474 | 250,204 |
| | 56,612 | 942,986 | 920,817 | 1,655,008 | 1,923,473 | 231,881 | (6,083) | 599,400 | 6,324,094 | 3,642,260 |
| Support costs | - | 149,930 | 86,303 | 131,465 | 199,823 | 25,796 | 6,083 | (599,400) | - | - |
| | | | | | | | | | | |
| Total expenditure 2016 | 56,612 | 1,092,916 | 1,007,120 | 1,786,473 | 2,123,296 | 257,677 | - | - | 6,324,094 | - |
| Restated Total expenditure 2015 | 90,313 | 943,331 | 284,187 | 1,235,814 | 964,543 | 124,072 | - | - | - | 3,642,260 |

Of the total expenditure, £451,858 was unrestricted (2015: £530,730) and £5,872,236 was restricted (2015: £3,111,530).

Internews Europe

Notes to the financial statements

For the year ended 31 December 2016

5 Net income/(expenditure) for the year

This is stated after charging / (crediting):

| | 2016 £ | 2015 £ |
|---------------------------------------|-----------|-----------|
| Depreciation | 9,871 | 14,275 |
| Operating lease rentals: | | |
| Property | 78,976 | 71,441 |
| Other | - | - |
| Auditors' remuneration (Net of VAT) : | | |
| Audit UK (Statutory Audit) | | |
| current year | 15,000 | 9,500 |
| under provision in the previous year | - | 6,200 |
| Audit UK (advice/donor audit) | - | 2,803 |
| current year | - | - |
| under provision in the previous year | - | - |
| Foreign exchange gains or losses | 99,412 | - |

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|--------------------------------------|-----------|-----------|
| Salaries and wages | 1,252,272 | 995,074 |
| Social security costs | 136,871 | 108,615 |
| Other staff costs | 3,252 | - |
| Total emoluments paid to staff were: | 1,392,395 | 1,103,689 |
| Other human resources costs | 57,868 | 26,817 |
| | 1,450,263 | 1,130,506 |

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

| | 2016 No. | 2015 No. |
|-------------------|-------------|-------------|
| £60,000 – £69,999 | - | 1 |
| £70,000 – £79,999 | 1 | - |
| £80,000 – £89,999 | - | 1 |
| £90,000 – £99,999 | 1 | - |

The total employee benefits of the key management personnel were **£236,721** (2015: £148,417).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2015: £nil). No charity trustee received payment for professional or other services supplied to the charity (2015: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling **£931** (2015: £5,558) incurred by 2 (2015: 3) members relating to attendance at meetings of the trustees.

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For the year ended 31 December 2016

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

| | 2016 No. | 2015 No. |
|------------------------|-------------|-------------|
| Charitable Expenditure | 28.4 | 23.1 |
| Support & Governance | 3.0 | 3.4 |
| Raising Funds | 0.3 | 0.7 |
| | 31.7 | 27.2 |

8 Related party transactions

During the year, Internews Europe had service contracts with Internews US which amounted to £485,837 (2015–£98,134). Internews Europe also invoiced Internews US for costs paid on its behalf amounting to £358,402 (2015–£94,066). The Internews US debtor balance at the end of the year was £ Nil (2015–£132,338) and the creditor balance was £62,468 (2015 £98,134). There were no donations from Internews Network during the year (2015 – £80,522). Any such transactions, where they exist, continue to be at arm's length.

Donations amounting to £8,860 (cash and pledges) were received from trustees during the year. (2015 – £1,605). Of the donations for 2016, £2,421 were in relation to the Syria emergency appeal.

9 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10 Tangible fixed assets

| | Fixtures and fittings £ | Office equipment & computers £ | Office furniture £ | Total £ |
|--------------------------|-------------------------------|---|--------------------------|---------------|
| Cost | | | | |
| At the start of the year | 38,731 | 16,793 | 9,007 | 64,531 |
| Additions | – | 627 | – | 627 |
| At the end of the year | 38,731 | 17,420 | 9,007 | 65,158 |
| Depreciation | | | | |
| At the start of the year | 24,498 | 16,659 | 5,846 | 47,003 |
| Charge for the year | 7,746 | 324 | 1,801 | 9,871 |
| At the end of the year | 32,244 | 16,983 | 7,647 | 56,874 |
| Net book value | | | | |
| At the end of the year | 6,487 | 437 | 1,360 | 8,284 |
| At the start of the year | 14,233 | 134 | 3,161 | 17,528 |

All of the above assets are used for charitable purposes.

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Notes to the financial statements

For the year ended 31 December 2016

11 Debtors

| | 2016 | 2015 £ |
|---------------------|------------------|------------------|
| Accounts receivable | 202,953 | 327,807 |
| Programme advances | 458,451 | 248,082 |
| Deposits | 12,251 | 12,251 |
| Accrued income | 588,715 | 399,511 |
| Prepayments | 36,246 | 22,919 |
| | <u>1,298,616</u> | <u>1,010,570</u> |

12 Creditors: amounts falling due within one year

| | 2016 £ | 2015 £ |
|-----------------------------------|----------------|----------------|
| CAF loan | 43,630 | 90,435 |
| Recoverable grant – Load Star/OSF | 20,858 | 34,420 |
| Trade creditors | 255,897 | 177,991 |
| Taxation and social security | 57,685 | 21,946 |
| Other creditors | – | 20,334 |
| Accruals | 65,340 | 168,709 |
| Deferred income | <u>204,500</u> | <u>112,824</u> |
| | <u>647,910</u> | <u>626,659</u> |

13 Deferred income

Deferred income comprises CDAC Network membership fees invoiced in advance which relate to the next financial year.

| | 2016 £ | 2015 £ |
|---------------------------------------|----------------|----------------|
| Balance at the beginning of the year | 112,823 | 85,000 |
| Amount released to income in the year | (112,823) | (85,000) |
| Amount deferred in the year | <u>204,500</u> | <u>112,823</u> |
| Balance at the end of the year | <u>204,500</u> | <u>112,823</u> |

14 Creditors: amounts falling due after one year

| | Charity 2016 £ | Charity 2015 £ |
|-------------------|----------------------|----------------------|
| CAF loan | – | 20,858 |
| Recoverable grant | <u>–</u> | <u>34,410</u> |
| | <u>–</u> | <u>55,268</u> |

The Charities Aid Foundation (CAF) loan was drawn down in July 2013 to provide cash flow for unrestricted spend. Interest is paid monthly together with the capital. This is due to be repaid by 25 July 2017. The conditions of the loan state that IEU must provide CAF Venturesome with quarterly management accounts and updates and a six monthly social performance report.

The recoverable grant is repayable no later than 31 August 2017.

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Notes to the financial statements

For the year ended 31 December 2016

15a Analysis of charity net assets between funds (current year)

| | General unrestricted £ | Restricted funds £ | Total funds £ |
|--|------------------------------|--------------------------|------------------|
| Tangible fixed assets | 8,284 | – | 8,284 |
| Net current assets | (163,563) | 1,691,724 | 1,528,161 |
| Net assets at the end of the year | (155,279) | 1,691,724 | 1,536,445 |

15b Analysis of charity net assets between funds (prior year)

| | General unrestricted £ | Restricted funds £ | Total funds £ |
|-----------------------|------------------------------|--------------------------|------------------|
| Tangible fixed assets | 17,528 | – | 17,528 |
| Net current assets | (464,781) | 1,764,422 | 1,299,641 |
| Long term liabilities | (55,268) | – | (55,268) |
| | (502,521) | 1,764,422 | 1,261,901 |

16a Movements in funds (current year)

| | Restated At the start of the year £ | Incoming resources & gains £ | Outgoing resources & losses £ | Transfers £ | At the end of the year £ |
|---------------------------------|--|---------------------------------------|--|----------------|--------------------------------|
| Restricted funds: | | | | | |
| Conflict and Stabilisation | 468,070 | 348,052 | (797,555) | – | 18,567 |
| Environment | 206,849 | 1,284,485 | (987,150) | – | 504,184 |
| Human Rights | 702,206 | 1,868,300 | (1,759,315) | – | 811,191 |
| Humanitarian | 320,125 | 2,053,137 | (2,076,581) | – | 296,681 |
| Democracy and Governance | 67,172 | 245,564 | (251,635) | – | 61,101 |
| Total restricted funds | 1,764,422 | 5,799,538 | (5,872,236) | – | 1,691,724 |
| Unrestricted funds: | | | | | |
| General | (502,521) | 799,100 | (451,858) | – | (155,279) |
| Total unrestricted funds | (502,521) | 799,100 | (451,858) | – | (155,279) |
| Total funds | 1,261,901 | 6,598,638 | (6,324,094) | – | 1,536,445 |

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For the year ended 31 December 2016

16b Movements in funds (prior year)

| | Restated At the start of the year | Incoming resources & gains | Outgoing resources & losses | Transfers | At the end of the year |
|---------------------------------|---|----------------------------------|-----------------------------------|----------------|---------------------------|
| Restricted funds: | | | | | |
| Conflict and Stabilisation | 756,546 | 325,258 | (609,726) | (4,008) | 468,070 |
| Environment | 6,379 | 473,904 | (273,434) | – | 206,849 |
| Human Rights | 725,706 | 1,159,856 | (1,183,356) | – | 702,206 |
| Humanitarian | 95,642 | 1,151,340 | (926,857) | – | 320,125 |
| Democracy and Governance | 384 | 184,945 | (118,157) | – | 67,172 |
| Total restricted funds | 1,584,657 | 3,295,303 | (3,111,530) | (4,008) | 1,764,422 |
| Unrestricted funds: | | | | | |
| General | (558,464) | 582,665 | (530,730) | 4,008 | (502,521) |
| Total unrestricted funds | (558,464) | 582,665 | (530,730) | 4,008 | (502,521) |
| Total funds | 1,026,193 | 3,877,968 | (3,642,260) | – | 1,261,901 |

Purposes of restricted funds

Conflict and Stabilisation : Projects to support media, community mobilisation, and access to information with the aim of long-term efforts to build trust between governments and the governed and contribute to peace. Internews brings together journalists from diverse media outlets working in different languages to improve their professional standards of news reporting.

Environment: The Earth Journalism Network (EJN) – established by Internews – creates networks of environmental journalists in countries where they don't exist, and builds their capacity where they do. Through training workshops and development of training materials, support for production and distribution, the provision of small grants, and creation of unique data mapping platforms, EJN works with journalists in developing countries to find innovative solutions to the world's most pressing environmental issues of today.

Human Rights : Internews trains both professional and citizen journalists to analyse and report on human rights issues more effectively. We support independent media to preserve access to information and promote the monitoring of human rights violations.

We support freedom of expression by helping to keep information flows open and connecting human rights defenders with their local media.

Our work also aims to reduce the potential for harm to journalists, writers and other civil society activists in countries where they are most at risk. We also build the independence and credibility of emerging information stakeholders, such as internet bloggers, to allow communities to trust in their most prolific sources of information.

Through the highly specialist work of our technology hub, we assist local media partners and civil society groups in developing new communication and information tools and technologies to further increase local dialogue around human rights and access to information.

Humanitarian: In disasters people affected by the unfolding tragedy need more than physical necessities: they also have an urgent need for information. From earthquakes to armed conflicts, survival can depend on knowing the answers to questions such as: is it safe to go back home? Should I stay with my family or go elsewhere for help? What is the extent of the damage? Where can I get clean water and food? What are the symptoms of cholera? Where is the nearest health facility? Internews addresses these questions with a range of ongoing information services.

The CDAC secretariat hosted by IEU, builds the capacity of members to respond to humanitarian disasters, and builds the emergency roster of skilled and experience communication experts.

16 Movements in funds (continued)

Democracy and Governance

Media serve a crucial watchdog function, providing citizens with the information they need to keep the public and private sectors accountable. In many countries, however, repressive legal environments inhibit the media's ability to play this role. Moreover, some journalists lack the skills to conduct the in-depth investigative reporting that is essential to accountability.

Internews has trained journalists in investigative reporting, produced television programming to encourage dialogue on corruption, and helped reform media laws, including expanding freedom of information rights.

17 Reconciliation of net income to net cash flow from operating activities

| | 2016 £ | 2015 £ |
|---|----------------|------------------|
| Net income for the reporting period (as per the statement of financial activities) | 274,544 | 235,708 |
| Depreciation charges | 9,871 | 14,275 |
| (Increase)/decrease in debtors | (288,046) | (480,856) |
| Increase/(decrease) in creditors | 403 | 13,878 |
| Net cash provided by / (used in) operating activities | (3,228) | (216,995) |

18 Analysis of cash and cash equivalents

| | At 1 January 2016 £ | Cash flows £ | At 31 December 2016 £ |
|--|---------------------------|-----------------|--------------------------------|
| Cash at bank and in hand | 915,730 | (38,275) | 877,455 |
| Total cash and cash equivalents | 915,730 | (38,275) | 877,455 |

19 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

| | Property 2016 £ | 2015 £ | Equipment 2016 £ | 2015 £ |
|--------------------|-----------------------|----------------|------------------------|--------------|
| Less than one year | 80,805 | 94,268 | - | 2,078 |
| One to five years | 268,554 | 70,701 | - | - |
| | 349,359 | 164,969 | - | 2,078 |

Internews Europe

Notes to the financial statements

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20 Capital commitments

At the balance sheet date, the charity had no capital commitments (2015: £nil).

21 Contingent assets or liabilities

At the balance sheet date the charity had no contingent assets or contingent liabilities.

22 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.