

Company number: 07891107

Charity number: 1148404

Internews Europe

Report and Financial Statements

31 December 2014



Internews Europe

Reference and administrative details

For the year ended 31 December 2014

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 (appointed 12 September 2014)
Mr Aidan White	(Chair until resigned 14 September 2014)
Mr Yann Borgstedt	(appointed 21 April 2015)
Mr Sach Chandaria	(appointed 21 April 2015)
Mr Matt Channoff	(appointed 21 April 2015)
Mr Martin Hallqvist	
Dr Randolph Kent	(resigned 15 October 2014)
Mr John Mengers	(appointed 21 April 2015)
Mr Stephen Salyer	
Mr Mark Stephens CBE	Vice-Chair (appointed 21 April 2015)
Mr Vidhi Tambiah	Treasurer
Mr Sebastian Winkler	(resigned 14 September 2014)

Principal staff Daniel Bruce Chief Executive

Bankers Barclays Bank plc
1 Churchill Place
London
E14 5HP

Solicitors Bates, Wells and Braithwaite
Scandinavian House
2-6 Cannon St
London EC4M 6YH

Auditors Sayer Vincent LLP
Chartered accountants and statutory auditors
Invicta House
108-114 Golden Lane
London
EC1Y 0TL

Internews Europe

Report of the trustees

For the year ended 31 December 2014

Foreword

2014 was a year of unprecedented disasters and emergencies around the world; some manmade, others triggered by 'natural' events from typhoons to mass disease outbreaks. There is increasing acceptance that the disaster response provided by the humanitarian community must have information at its heart. Information that can save lives – by informing communities where they can access emergency relief and, most importantly, giving them a voice to hold aid providers to account.

Internews Europe has played a central role in providing that life saving information in many of the global crises of 2014 that you will have watched unfolding on the rolling news channels around the world. Of note, we are still the only international charity that specialises in providing media support and information in crises to have been 'mobilised' under the British Government's Rapid Response Facility.

We are especially proud of our 2014 achievements in two of the most acute emergencies of the past 12 months: the Ebola outbreak in West Africa and the mid-year conflict that brought chaos and devastation to the Gaza strip. In Guinea, with funds from the European Commission, we have worked tirelessly with a network of community radio stations covering some of the worst affected areas to provide a stream of trusted and reliable health programmes to help the community understand the disaster unfolding around them and to protect themselves from Ebola. In Gaza, we worked with our local media partners to provide a steady stream of life-saving programming, across 10 broadcast networks, able to reach 95% of the population at the height of the crisis. This high-impact project was delivered at a cost of just 11 pence for each citizen that it benefitted.

In the early weeks of 2014, we were concluding a similar emergency response project in the Philippines where we had set-up a radio station lifeline in the area where Typhoon Haiyan had made landfall. At its conclusion, this project was singled out by the UK's Independent Commission for Aid Impact as a "thoughtful and cost effective intervention" that achieved "disproportionate" impact.

We also believe that access to trusted information improves societies and lives for the better across a whole host of issues. A stable, reliable and professional local media is essential for peace building in communities emerging from conflict, a vital part of democracy and fundamental to understanding critical public interest themes.

Two noteworthy developments in 2014 were the opening of journalist training and resource centres in two contexts that may have been considered implausible just a few years ago: the Somali capital Mogadishu and Yangon in Myanmar. In both countries Internews is now playing a vital role in helping the fledgling independent media sector find its feet after decades of conflict or political oppression.

In 2015, we expect a slightly increased programme of work as a number of new multi-year projects get underway; their themes ranging from using information for better resilience to climate extremes through to supporting free expression and access to information where it is under threat.

Daniel Bruce, Chief Executive

David Hoffman, Founder & Chair of Trustees

Internews Europe

Report of the trustees

For the year ended 31 December 2014

The trustees present their report and the unaudited financial statements for the year ended 31 December 2014.

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 2005).

Structure, governance & management

The organisation is a charitable company limited by guarantee, incorporated on 23 December 2011 and registered as a charity on 1 August 2012.

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.

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. 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.

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 through its Chief Executive. Individual projects are routinely managed by country-based Directors or specialist thematic or regional Directors overseeing a suite of global projects and activities. All report into the Senior Management Team in the UK. The Senior Management Team, consisting of the Chief Executive Officer and two other staff Directors, are responsible for directing fundraising activities to support the advancement of the Charitable purposes and for determining the scale and scope of head office support services for programme delivery.

Internews Europe

Report of the trustees

For the year ended 31 December 2014

Related Parties

Internews Europe maintains an 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. Through this Memorandum of Understanding (MOU), Internews Network (IUS or Internews US) and Internews Europe (IEU) express their joint commitment and intent to form a Strategic Alliance which aims 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 organizational learning. Nevertheless, IEU and IUS maintain separate governance bodies and each legal entity has its own CEO.

Risk Management

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. A comprehensive organisational risk register is reviewed with the trustees and senior management on a quarterly basis.

In summary: internal risks are minimized by the application of standard control procedures for all financial transactions. Health and safety, personnel procedures and general office functions are examined on a regular basis. External risks are minimized by regular monitoring of the external environment: ranging from donor fund availability for future programmes to country-level conflict/security analysis where required.

The trustees believe these actions provide sufficient early warning systems, and the requisite controls and procedures in the event of adverse conditions.

Objectives and Activities

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, access to human rights, conflict resolution, effective response to humanitarian crises and public understanding of critical issues such as climate change.

Internews Europe

Report of the trustees

For the year ended 31 December 2014

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 ensure that:

- In Humanitarian disasters, affected communities access life saving information so they can receive emergency health, water and shelter supplies;
- In fragile states and transitioning democracies, ordinary citizens are afforded more and better opportunities to engage with power brokers through local media, to be educated on democratic processes and their rights;
- 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.

Main objectives and strategy

Internews Europe's global programme team successfully implemented an ambitious portfolio of projects in 2014 to support local media and information systems in some of the most fragile, crisis-hit and poorest countries of the world. We delivered projects in 30 countries within the framework of six strategic areas – Human Rights, Humanitarian Response, Conflict and Stabilisation, Democracy and Governance, Environment, and Information Technology.

Grant making policy

As part of some projects, Internews Europe makes small grants to local media institutions or other relevant local NGOs where the purposes of the grant recipient are a match with the purposes of a particular Internews Project. The level and purpose of this funding support grant is set out in a Memorandum of Understanding between the two organisations; the grant recipient is required to report back to Internews Europe on the progress of delivering activities under the grant and details of expenditure against an agreed plan and budget.

Internews Europe

Report of the trustees

For the year ended 31 December 2014

Achievements and Performance

We work at three levels within local media and information systems to improve citizen access and participation.

- We provide individuals - from citizen-journalists to those working in established and emerging media - with world-class journalism training, mentoring and intensive-support.
- We engage with local information and media organisations, strengthening both their reporting standards and business models. We improve the quantity and quality of reporting around key themes (such as environment and human rights), give out small grants and technical upgrades, and introduce income generation schemes to ensure long-term local media presence.
- We sustain and develop information systems in geographies where press freedom is threatened due to humanitarian crisis or state censorship. We rebuild media infrastructure in the wake of manmade or natural disasters, and develop specialist technological tools and information platforms to increase information access and freedom of expression in crisis stricken regions or authoritarian states.

Review of Charitable Activities and Public Benefit

Internews Europe's global programme team have successfully implemented an ambitious portfolio of projects in 2014 to support local media and information systems in some of the most fragile, crisis-hit and poorest countries of the world. There follow some of the major highlights of our projects in each of our key programme themes.

Conflict and Stabilisation

Myanmar News Lab

2014 saw the most intensive period of implementation for Internews Europe's Myanmar News Lab project. Designed to support the independent media sector in Myanmar by improving media coverage on peace and conflict issues during the on-going peace talks that have been taking place throughout the country. Central to the success of this project was the establishment of an independent NewsLab training and production facility in Yangon where participating journalists took part in an intensive 10-week training course. This was supplemented by a small grants scheme to increase coverage of the ethnic states and encouraged engagement between the authorities, civil society and the media on peace and conflict issues through regular forums. The project has seen many successes and participants have been commended on their coverage of the peace process and media outlets throughout Myanmar have republished many stories produced through the NewsLab. According to a final evaluation of the project "the NewsLab project has been well served in terms of Internews' institutional understanding of the whole range of sensitivities involved in its Conflict Sensitive Reporting work. There was a consensus amongst people interviewed that the approach to journalism training taken by Internews was thorough, highly professional and providing a benchmark for other organisations to follow."

Somalia - Media for Peace

Media play a critical role in reconciliation efforts as both a gateway of information and as an avenue for all parties to be heard. This is why Internews is supporting local Somali media and civil society organisations to open up the possibilities for dialogue between each other, the government and most importantly Somali citizens.

Somalia has now been embroiled in conflict for many decades. The media sector has faced significant instability during this time and thus has been unable to play a significant role in the peace process. In Mogadishu, Somalia's capital city, the space for free and open dialogue is also limited. In August 2014 Internews opened a Media Resource Centre to bring

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For the year ended 31 December 2014

together people who would not otherwise interact and allow employed journalists and freelancers to develop their skills, and professionalise their craft. The Media Resource Centre is expected to become a second newsroom for journalists, an essential training and conference centre providing a professional and open environment for Somalia's journalists. The Centre hosts various activities including training workshops on governance and conflict sensitive reporting; media literacy training for civil society organisations; joint workshops for civil society and media; and monthly roundtable discussions and debates on Somalia Media Sector.

Media in Guinea, Actors for Peace and Stabilisation (2014-2015)

In early 2014 Internews kick started a new project in Guinea supported by the European Commission. Within the framework of a larger media support programme, managed by France Expertise International, Internews implemented a series of activities to address the need to access more impartial and reliable information by the Guinean population. This project contributed to the development of a weekly radio production dedicated to humanitarian information and targeting internally displaced persons in the eastern region of Guinea Forestière. Through basic and advanced trainings, mentoring, Internews also built the capacity of Guinean journalists in conflict-sensitive reporting to allow them to cover the conflict and reconciliation processes in an impartial manner. Following the deadly outbreak of Ebola in West Africa, this project has also provided critical, free and reliable information to communities about the disease and how to prevent it. Follow-up funding provided by USAID has ensured the sustainability of the programme in 2015.

'Aitebaar' Pakistan.

Internews Europe is working together with a consortium of both local and international partners led by Coffey International on this multi-year programme better known as "Aitebaar" ("Trust" in Urdu/Pashto) around security and justice issues (such as policing, prosecution, jails, dispute resolution). Internews-led interventions provide platforms on radio stations and other media for citizens and state representatives in KP province to exchange information and improve their relations. In 2014, Internews mentored radio journalists in Peshawar to conduct weekly live talkback shows on security and justice issues, with audience participation through phone calls. Internews also helped train journalists to organise community group meetings, and supported the government in setting up websites for better communication with citizens.

Report: The Role of Local Media in Stabilising Post-crisis Environment - Case study on Radio in Cote d'Ivoire

As part of a project implemented in Ivory Coast, Internews conducted a case study in the East of the country that looks at the role media can play in establishing social cohesion in post crisis regions. The findings show that creating links between communities and local radio stations can improve the quality of broadcasting and contribute to building bridges and understanding between communities, if the challenges to assure the stations' quality and sustainability are taken into account.

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Report of the trustees

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Human Rights

In 2014 Internews kept strengthening and expanding its presence in the field of human rights by increasing its work in complex environments, supporting human rights defenders active in the freedom of expression and information sphere. Internews was awarded a global multi-year grant by the Swedish International Development Agency for a comprehensive programme directly targeted at improving Freedom of Expression, whilst carefully seeking to advance national dialogue on cross cutting, and often sensitive to report, issues such as gender, age, race and religious equality and rights. This new programme draws upon a decade of experience, which blends the best techniques in legacy media development with the most up to date solutions to digital security threats and online censorship.

In 2014, Internews also started implementing an 18-month project funded by the Dutch Ministry of Foreign affairs to support media and freedom of expression in Vietnam, Myanmar and Tunisia.

In addition, Internews has set up a Technology Hub in London which provides rapid and tailored assistance to media groups and citizen journalists who need assistance with issues ranging from digital security to improved online publishing tools.

Democracy and Governance

Internews provided support to UN Habitat to deliver the last part of a project to promote better construction standards for the building industry in Haiti. The activities implemented by Internews mainly focused on communication of the newly approved building norms by training local journalists how to report the standards effectively and in a manner well understood by audiences.

Humanitarian

Gaza Humanitarian Information Service

Internews Europe was among ten charities that worked with the UK Department for International Development to provide life-saving relief for more than half a million people in Gaza, as part of the UK's Rapid Response Facility (RRF).

In August, Internews worked with local radio partners to launch 'Jossor ma' Gaza' ('Bridges with Gaza') which provided citizens with "news-you-can-use," vital information on humanitarian services, aid distribution and future recovery plans. In consultation with the population through the Jossor Network of journalists in Gaza and the West Bank, the service sought information demanded by the population regarding the many areas of their lives disrupted by war and conflict – among them housing reconstruction plans, job creation programmes and interim financial support. It also solicited feedback on programmes through field interviews, SMS services, social media, audience research and audience call-ins.

Philippines Humanitarian Information Service

2014 saw the continuation of our 3-month Humanitarian Information Service in the Philippines following the devastation caused by Typhoon Haiyan. The radio station was designed from the start to be a community radio station, run by local people, with information relevant for their own community. By listening to the community, Radyo Bakdaw

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Report of the trustees

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became a central part of the humanitarian response. Its presence improved efficiency, increased accountability and ensured the community its right to information in a crisis. The project was praised by the UK's Independent Commission for Aid Impact for its cost effectiveness and thoughtful, high-impact programming.

Environment

Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) in Burkina Faso

As part of a consortium led by Christian Aid, Internews was awarded a grant to support the Burkina Meteorological services and local FM radio stations to develop and implement the most appropriate communication tools and media strategies in four targeted provinces in Burkina Faso until 2017. This project promotes the production of reliable, regular and user-friendly climate forecasting and programming tailored to at risk communities, particularly women and girls. New technology designed to address community groups will be deployed to increase the availability of weather forecast information in rural areas and establish participatory information sharing mechanisms for early warning of impending disasters. This project is funded by UKAID.

Financial Review

The results for the year and the state of affairs at 31 December 2014 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.

The financial statements for 2014 represent the consolidated financial position of both Internews Europe (UK) and Internews Europe (France). In the case of the latter, only 2% of programme expenditure was incurred by the French entity in 2014 during the final year of transitioning all operations and financial management from our former headquarters in Paris.

In the context of the above, the total consolidated expenditure for the year was £3,639,856 and income was £3,455,293. Year on year, income is now better aligned with expenditure than it was in 2013 which reflects a great period of stabilisation following the transition of our HQ operations from Paris. Overall, 2014 average income increased by 9.58% on the previous year (a 7.97% increase in restricted income and 33.85% in unrestricted income).

Reserves Policy

The net assets in unrestricted funds at 31 December 2014, show a material deficit position of £226,144 which is further analysed below. The board of trustees will review the reserves policy on an annual basis but currently adopt a standard view that Internews Europe should hold in the region of 3-6 months overhead operating expenditure in reserve. In the latter half of 2014, progress was achieved in creating a monthly operating surplus and generating increased unrestricted funding in order to repatriate the reserves.

Funds in Deficit

In order to expedite the relocation of Internews Europe's headquarters from Paris to London in 2013, the board of the French Association resolved to use all of the French organisation's remaining reserves to fund the transition. As such, there were no unrestricted reserves to transfer to the newly formed Internews Europe (UK) as it began operations. Throughout 2013 and the first two quarters of 2014, Internews Europe (UK) also had to bear a considerable range of additional and residual costs relating to the transition which were necessarily treated as further expenditure of unrestricted reserves.

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Report of the trustees

For the year ended 31 December 2014

A loan facility from the Charities Aid Foundation (CAF) was drawn upon in July 2013 to provide liquidity support to this expenditure. 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.

Important progress was made in Quarters 3 and 4 of 2014, as the deficit figure began to stabilise and surplus funds began to be generated. This was, in part due to a strident restructuring process led by the newly appointed CEO and senior team, which over the year resulted in a 33% reduction in overhead costs. The majority of the benefit was felt from Quarter 3 onwards.

In December 2014, Internews Network made an unrestricted donation of \$100,000/£63,462 which was the first of a series of generous donations to the unrestricted fund continuing into early 2015. A formal major gifts programme is now in place supported by a strong fundraising-led group of newly appointed trustees.

As such, the trustees are satisfied that financial impact of the Paris relocation has now fully ceased and that following extensive restructuring, the organization has an affordable cost base and viable approach to generating increased unrestricted funds going forward.

Going Concern Review

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

Priorities for 2015

Internews' programme work planned for 2015 is likely to see a considerable increase in our activities to support media groups, media professionals and therefore the right to information and free expression in some of the world's most challenging contexts. This work will build on a decade of specialist expertise in this field and ultimately allow otherwise disconnected citizens in those states to make their voices heard. Elsewhere, we will scale up experimental areas of work, for example, to make better links between preparedness for disaster and the use of meteorological information via local media channels in West Africa. Worldwide, we will continue to build our ability to respond to large-scale manmade and natural disasters to ensure that ordinary people have access to life saving information when they need it most. Over the course of the year, we expect to work in and/or support partners in up to 25 countries.

Our work will directly benefit thousands of media workers and other content producers in need of our support; in turn empowering several million citizens with more and better information. In 2015, we will refocus our efforts and energies on deploying Internews' amassed expertise in media development and access to information in the countries and communities who need it most. We will prioritise and increasingly highlight the information needs and barriers to information access experienced by women around world. We will scrutinise all programmes, new and on-going, with greater rigour and with increased focus on sharing learning across the organisation and externally. We will invest in a new Programme Effectiveness Unit, as funds allow, which will play a cross-cutting role in tracking programme impact and ensuring the application of global learning.

As part of the strategic alliance, the global Internews movement will engage in joint strategic planning into mid-2015 in order to create a new multi-year vision, mission and programme strategy up to 2020.

Internews Europe

Report of the trustees

For the year ended 31 December 2014

Our specific strategic goals for 2015 are as follows:

- High quality programme delivery with increased focus on impact and learning
- Complete organisational integration with Internews US
- Develop a more diverse and sustainable approach to income generation
- Develop the operational capacity of the organisation
- Raise the organisation's profile in Europe

Funds held as custodian trustee

During 2014 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are 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.

Internews Europe

Report of the trustees

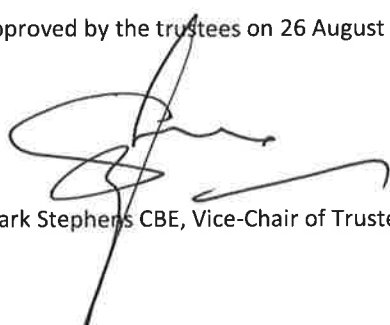
For the year ended 31 December 2014

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 2014 was 6 (2013: 5). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditors

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

Approved by the trustees on 26 August 2015 and signed on their behalf by

A handwritten signature in black ink, appearing to be 'Mark Stephens', written over a horizontal line.

Mark Stephens CBE, Vice-Chair of Trustees

Independent auditor's report

To the members of

Internews Europe

We have audited the financial statements of Internews Europe for the year ended 31 December 2014 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable with law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of responsibilities of the trustees, set out in the report of the trustees, 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the information given in the report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements. The financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2014, and of the group's 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Independent auditor's report

To the members of

Internews Europe

Emphasis of matter – 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 parent charitable company's ability to continue as a going concern. The parent charitable company incurred a deficit on unrestricted general funds of £226,144 during the year ended 31 December 2014 and, at that date, the parent charitable company's free general reserves were in deficit of £558,464. These conditions, along with the other matters explained in note 1a to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the parent charitable company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the parent charitable company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records;
- the parent charitable company's financial statements are not in agreement with the accounting records;
- certain disclosures of trustees' remuneration specified by law are not made; and/or
- we have not received all the information and explanations we require for our audit.



Jonathan Orchard
9 September 2015

for and on behalf of Sayer Vincent LLP, Statutory Auditors

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

Sayer Vincent is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Internews Europe

Consolidated Statement of Financial Activities (incorporating an Income and Expenditure Account)

For the year ended 31 December 2014

	Note	Unrestricted £	Restricted £	2014 Total £	2013 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income		101,462	93,572	195,033	183,670
<i>Incoming resources from charitable activities</i>					
Conflict and Stabilisation programme		164,488	33,769	198,257	585,939
Environment		-	68,654	68,654	(516,079)
Human Rights		-	2,006,567	2,006,567	1,924,963
Humanitarian		-	986,781	986,781	1,019,626
Total incoming resources	2	<u>265,950</u>	<u>3,189,343</u>	<u>3,455,293</u>	<u>3,198,119</u>
Resources expended					
<i>Costs of generating funds:</i>					
Costs of generating voluntary income		275,866	88,831	364,698	307,410
<i>Charitable activities</i>					
Conflict and Stabilisation programme		164,528	35,703	200,231	550,147
Environment		-	150,315	150,315	145,638
Human Rights		-	1,576,379	1,576,379	2,164,730
Humanitarian		-	1,314,948	1,314,948	912,542
<i>Governance costs</i>		33,286	-	33,286	44,410
<i>Other resources expended</i>					
UK office set up and transition costs		-	-	-	221,243
Total resources expended	3	<u>473,680</u>	<u>3,166,176</u>	<u>3,639,856</u>	<u>4,346,120</u>
Net (outgoing) / incoming resources before other gains and losses		(207,730)	23,168	(184,563)	(1,148,001)
Foreign exchange					
Unrealised loss on consolidation		(18,414)	-	(18,414)	-
Net movement in funds		<u>(226,144)</u>	<u>23,168</u>	<u>(202,977)</u>	<u>(1,148,001)</u>
Reconciliation of funds					
Total funds brought forward		(332,320)	1,561,490	1,229,170	(41,437)
Transfer on consolidation from Internews France		-	-	-	2,418,608
Total funds carried forward	16	<u>(558,464)</u>	<u>1,584,658</u>	<u>1,026,193</u>	<u>1,229,170</u>

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 above and in note 16 to the financial statements.

Internews Europe

Balance sheets

Company No. 07891107

For the year ended 31 December 2014

	Note	The group 2014 £	2013 £	The charity 2014 £	2013 £
Fixed assets					
Tangible fixed assets	7	31,804	46,903	31,804	46,903
Investments	13	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		31,804	46,903	31,804	46,903
Current assets					
Debtors	8	529,714	1,002,705	1,125,172	1,057,099
Cash at bank and in hand		<u>1,165,391</u>	<u>809,616</u>	<u>1,155,295</u>	<u>718,196</u>
		1,695,105	1,812,321	2,280,467	1,775,295
Liabilities					
Creditors: amounts falling due within one year	9	<u>511,015</u>	<u>542,108</u>	<u>1,037,370</u>	<u>563,279</u>
Net current assets		<u>1,184,091</u>	<u>1,270,213</u>	<u>1,243,097</u>	<u>1,239,885</u>
Total assets less current liabilities		<u>1,215,895</u>	<u>1,317,116</u>	<u>1,274,901</u>	<u>1,258,919</u>
Creditors: amounts falling due after one year	10	<u>189,702</u>	<u>87,945</u>	<u>189,702</u>	<u>87,945</u>
Net assets		<u><u>1,026,193</u></u>	<u><u>1,229,170</u></u>	<u><u>1,085,199</u></u>	<u><u>1,170,973</u></u>
The funds of the charity					
Restricted	16	1,584,658	1,561,490	1,546,344	1,446,749
Unrestricted funds					
General funds		<u>(558,464)</u>	<u>(332,320)</u>	<u>(461,145)</u>	<u>(275,776)</u>
Total charity funds		<u><u>1,026,193</u></u>	<u><u>1,229,170</u></u>	<u><u>1,085,199</u></u>	<u><u>1,170,973</u></u>

Approved by the trustees on 26 August 2015 and signed on their behalf by



Mark Stephens CBE, Vice-Chair of Trustees

Internews Europe

Notes to the financial statements

For the year ended 31 December 2014

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005).

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary Internews Europe (France) on a line by line basis. The accounts have been consolidated from 1 April 2013 when it was deemed that Internews Europe (UK) had control over Internews Europe (France). Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

While the costs of the transition from France to the UK and the consequent depletion of unrestricted reserves present 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.

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

- b) 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.

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

- d) Costs of generating 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.

- e) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Notes to the financial statements

For the year ended 31 December 2014

1. Accounting policies (continued)

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 charity's activities on a proportionate and consistent basis.

The basis of apportionment generally used is the staff time spent on each activity, as a proportion of total staff time. However, in 2014 only Support staff were employed in the UK office of Internews, the remaining staff being contracted by, and/or based in the office of, Internews France.

We have therefore apportioned Support Costs across activities in proportion to the principal activities of the UK office in 2014, as follows:

Cost of generating funds
Conflict and Stabilisation Programme

- f) Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.
- g) Transactions in foreign currencies are translated at rates prevailing at the date of transaction. Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Any gain or loss for the period is taken to the statement of financial activities.
- h) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight line basis over the lease duration.
- i) 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)

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

- j) Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out the resource.

Internews Europe

Notes to the financial statements

For the year ended 31 December 2014

2. Incoming resources

	Unrestricted	Restricted	2014	2013
	£	£	£	£
BBC Media Action	-	-	-	4,400
Coffey	164,488	-	164,488	145,024
DFID	-	264,907	264,907	489,120
Dutch Government	-	-	-	564,470
EC	-	1,404,827	1,404,827	398,970
ECHO	-	-	-	295,867
FCO	-	28,292	28,292	101,810
IKEA Foundation	-	-	-	523,883
Other	-	-	-	255,413
Christian Aid	-	22,125	22,125	-
Ministry of Foreign Affairs	-	156,540	156,540	-
France Expertise Inter	-	294,751	294,751	-
Internews Network	-	85,233	85,233	-
Private	-	39,262	39,262	153,755
SIDA	-	739,375	739,375	99,545
UK Government	-	-	-	12,689
UN	-	124,303	124,303	124,164
Other voluntary income	101,462	29,729	131,190	29,010
Total income	265,950	3,189,343	3,455,293	3,198,119

Internews Europe

Notes to the financial statements

For the year ended 31 December

3. Total resources expended

	Conflict and Stabilisation	Environment	Humanitarian	Human Rights	Cost of Generating Funds	Governance	2014 Total	2013 Total
	£	£	£	£	£	£	£	£
Staff costs (Note 5)	49,301	26,420	312,326	388,277	49,884	4,603	830,810	1,186,033
Programme expertise	81,968	43,925	519,271	645,548	82,936	7,653	1,381,301	1,306,953
Rent	-	-	6,576	11,712	61,170	-	79,458	117,421
Office Costs	10	3	31,678	18,773	27,804	50	78,318	152,843
Utilities	349	-	69,865	62,711	8,804	-	141,730	50,582
IT and communications	3,468	(155)	17,745	29,178	27,493	-	77,729	40,809
Development Costs	(482)	-	68,280	-	34,077	-	101,875	11,542
Finance Costs	796	213	31,634	11,913	7,984	52	52,592	183,942
Project delivery costs	3,521	43,255	118,333	184,614	450	-	350,173	974,308
Legal and Professional Fees	-	-	85	-	44,474	270	44,830	62,047
Depreciation	-	-	-	-	15,099	-	15,099	14,986
Travel costs	2,096	22,957	60,994	116,611	4,524	20,658	227,840	244,654
Total resources expended	141,028	136,618	1,236,788	1,469,337	364,697	33,286	3,381,754	4,346,120
Support Costs	59,203	13,697	78,160	107,043	-	-	258,102	-
Total resources expended	200,231	150,315	1,314,948	1,576,379	364,697	33,286	3,639,856	4,346,120

Internews Europe

Notes to the financial statements

For the year ended 31 December 2014

4. Net outgoing resources for the year

This is stated after charging / crediting:

	2014 £	2013 £
Depreciation	15,098	14,986
Operating lease rentals:		
▪ property	40,256	61,140
▪ other	-	-
Auditor's remuneration:		
▪ Audit UK (Statutory Audit)		
-current year	9,500	9,500
-under provision in the prior year	6,786	-
Audit UK (advice/donor audit)		
-current year	9,500	11,160
-under provision in the prior year	9,414	-
▪ Audit France (Statutory Audit)	-	6,683
French Audit (Other Services)	-	48,401
Trustees' remuneration	-	-
Trustees' reimbursed expenses	20,658	3,401
Number of trustees	3	6

Trustees' reimbursed expenses represents the reimbursement of travel and subsistence costs to members relating to attendance at meetings of the trustees.

5. Staff costs and numbers

Staff costs were as follows:

	2014 £	2013 £
Salaries and wages	752,514	1,013,970
Social security costs	78,296	172,063
Interns expenses	151	1,360
Other Staff costs	44,900	16,745
Consultancy contracted staff	11,017	87,791
Pensions	25,878	-
	912,757	1,291,929
Total emoluments paid to staff were:	830,810	1,186,033

The numbers of employees earning more than £60,000 during the year are as follows :

	2014	2,013
£60,001-£70,000	2	1
£70,001-£80,000	-	1
£80,001-£90,000	1	1

5. Staff Numbers cont

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

	2014 No.	2013 No.
Total Staff	<u>15.8</u>	<u>19.6</u>
	<u>15.8</u>	<u>19.6</u>
	2014	2013
Staff Numbers by Activity	No.	No.
International Programmes	5.2	8.5
Development & Outreach	2.1	4.3
Programme Operations	7.4	2.1
Management & Administration	1.1	0.9
Paris Office	-	3.9
TOTAL	<u>15.8</u>	<u>19.6</u>

6. Taxation

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

7. Tangible fixed assets

The group and the charity

	Office equipment & computers £	Office furniture £	Fixtures & fittings £	Total £
Cost				
At the start of the year	<u>16,793</u>	<u>9,007</u>	<u>38,731</u>	<u>64,531</u>
At the end of the year	<u>16,793</u>	<u>9,007</u>	<u>38,731</u>	<u>64,531</u>
Depreciation				
At the start of the year	6,390	2,234	9,005	17,629
Charge for the year	<u>5,542</u>	<u>1,811</u>	<u>7,746</u>	<u>15,098</u>
At the end of the year	<u>11,932</u>	<u>4,045</u>	<u>16,751</u>	<u>32,727</u>
Net book value				
At the end of the year	<u>4,861</u>	<u>4,962</u>	<u>21,980</u>	<u>31,804</u>
At the start of the year	<u>10,403</u>	<u>6,773</u>	<u>29,727</u>	<u>46,903</u>

Internews Europe

Notes to the financial statements

For the year ended 31 December 2014

8. Debtors

	The group		The charity	
	2014	2013	2014	2013
	£	£	£	£
Accounts Receivable	298,444	942,817	894,388	1,022,060
Programme Advances	151,960	41,458	151,473	16,609
Deposits	12,251	12,251	12,251	12,251
Accrued income	63,462	-	63,462	-
Prepayments	3,598	6,179	3,598	6,179
	<u>529,714</u>	<u>1,002,705</u>	<u>1,125,172</u>	<u>1,057,099</u>

9. Creditors: amounts falling due within one year

	The group		The charity	
	2014	2013	2014	2013
	£	£	£	£
Recoverable grant	90,435	-	90,435	-
CAF loan	32,308	27,869	32,308	27,869
Other creditors	49,375	-	49,375	-
Trade creditors	58,162	350,231	88,725	327,351
Taxation and social security	25,345	53,039	25,345	35,233
Deferred income	85,000	-	85,000	-
Accruals	170,390	110,969	170,390	100,151
Amounts owed to Internews France	-	-	495,793	72,675
	<u>511,015</u>	<u>542,108</u>	<u>1,037,370</u>	<u>563,279</u>

Deferred income relates to CDAC Network membership fee for the year 2015 invoiced in advance.

10. Creditors: amounts falling due after one year

	The group		The charity	
	2014	2013	2014	2013
	£	£	£	£
Recoverable grant	134,065	-	134,065	-
CAF loan due over 2016/2017	55,637	87,945	55,637	87,945
	<u>189,702</u>	<u>87,945</u>	<u>189,702</u>	<u>87,945</u>

Charities Aid Foundation Loan drawn down in July 2013 to provide cash flow for unrestricted spend. Interest is paid monthly together with the capital. This will be repaid by the 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.

Internews Europe

Notes to the financial statements

For the year ended 31 December 2014

11. Operating lease commitments

The group had annual commitments at the year end under operating leases expiring as follows:

	Property 2014 £	Property 2013 £	Equipment 2014 £	Equipment 2013 £
2 - 5 Years	<u>66,835</u>	<u>66,835</u>	<u>2,078</u>	<u>2,078</u>
	<u><u>66,835</u></u>	<u><u>66,835</u></u>	<u><u>2,078</u></u>	<u><u>2,078</u></u>

12. Related parties

Internews Europe is related to Internews US as one of the trustees, David Hoffman, is on the board of both entities. During the year, Internews Europe had service contracts with Internews US. Internews Europe also invoiced Internews US for costs paid on its behalf. These transactions generated income of £98,356 and expenditure of £93,616 resulting in a net contribution of £4,740. The Internews US debtor balance at the end of the year was £56,348. All transactions were at an arm's length basis.

13. Subsidiary Undertaking

The charitable company owns the whole of the issued ordinary share capital of Internews Europe (France), a company registered in France. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities.

	2014 £	2013 £
Income	(8,564)	(188,989)
Costs		
Direct costs	(69,712)	(1,608,443)
Other costs	(25,842)	44,092
General & administration	-	(318,941)
Total costs	<u>(95,554)</u>	<u>(1,883,292)</u>
Surplus / (deficit)	<u>(104,118)</u>	<u>(2,072,281)</u>

The aggregate of assets, liabilities and funds was:

Assets	560,277	738,599
Liabilities	(599,786)	(672,805)
Unrestricted funds (deficit)	<u>(39,509)</u>	<u>65,795</u>

Internews Europe

Notes to the financial statements

For the year ended 31 December 2014

14. Parent charity

The parent charity's gross income and the result for the year are disclosed as follows:

	2014 £	2013 £
Gross income	3,463,857	3,329,134
Result for the year	<u>(85,774)</u>	<u>794,244</u>

15. Analysis of group net assets between funds

	General £	Restricted £	Total funds £
Tangible fixed assets	31,804	-	31,804
Investments	-	-	-
Net current assets less long term liabilities	<u>(590,268)</u>	<u>1,584,658</u>	<u>994,389</u>
Net assets at the end of the year	<u>(558,464)</u>	<u>1,584,658</u>	<u>1,026,193</u>