

Company number: 06621203

Charity number: 1128789

Media Legal Defence Initiative

Report and financial statements

For the year ended 31 December 2017

Media Legal Defence Initiative

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Media Legal Defence Initiative

Reference and administrative information

For the year ended 31 December 2017

Company number	06621203
Charity number	1128789
Registered office and operational address	17 Oval Way, London, SE11 5RR
Country of registration	England and Wales
Country of incorporation	United Kingdom
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: Gwyneth Ellen HENDERSON Chair (until 1 February 2017) Sarah Carolyn BULL Gary Brian BORN (until 26 July 2017) Robert JOBBINS Chair (from 2 February 2017) Joshua CASTELLINO Smita SHAH Olexiy SOLOHUBENKO (until 26 July 2017) Leo SKYNER Treasurer Korieh DUODO (until 26 July 2017) Matthew Richard FRANCIS Richard BROPHY (from 7 December 2017) Caroline FROST (from 9 November 2017) Steven FINIZO (from 26 July 2017)
Key management personnel	Lucy Freeman Chief Executive
Bankers	Triodos Bank, Deanery Street, Bristol, BS1 5AS The Co-operative Bank Plc, PO Box 101, 1 Balloon Street, Manchester M60 4EP
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON, EC1Y 0TL

Media Legal Defence Initiative

Trustees' annual report

For the year ended 31 December 2017

The trustees present their report and the audited financial statements for the year ended 31 December 2017.

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 applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

Media Legal Defence Initiative's (MLDI) charitable objects are to promote human rights throughout the world, in particular through protecting freedom of speech and the right to free expression, and to advance education in law, including human rights and media law.

MLDI's core mission is to help journalists and media outlets defend legal cases against them, ensuring that they can continue to report on issues of public interest. We do this by providing direct support to help journalists and independent media win the legal cases against them – making grants to pay legal fees where necessary, and providing legal expertise to the lawyer(s) defending a case. We engage in strategic litigation to advance respect for international law and norms on the right to freedom of expression, submitting cases to domestic courts and international tribunals, and intervening in cases already under way, as well as supporting national lawyers to do the same. We also make grants to support the development of national organisations that provide legal defence services to journalists in their country, particularly where there is a high and ongoing threat of legal actions against journalists. And we deliver training and networking programmes for lawyers in the fields of media law and human rights.

A key component of our grant-making is that we provide added-value grants. In addition to financial grants, our legal team provides technical legal support to grantees, working with the local lawyer to secure a good outcome for the journalist concerned.

We collect data on our activities as well as those of our partners in order to monitor, evaluate and learn from our projects and activities. We gather basic impact data for each case we are involved in, including the case outcome as well as whether the journalist continues to work as a journalist. In a small number of cases, we conduct in-depth case studies. We create a more detailed evaluation plan for each sub-project, activity or programme. Our evaluations incorporate both qualitative and quantitative data and triangulate data wherever possible to improve accuracy.

This report looks at what MLDI has achieved in 2017 and the outcomes of our work. It outlines the success of each key activity and the benefits we have brought to our beneficiaries – those groups of people that we are set up to help.

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In preparing this report, the trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing MLDI's aims and objectives and in planning our future activities. In particular, the trustees considered how planned activities contribute to the aims and objectives that have been set.

Volunteers

MLDI engages volunteers on a rolling basis to support our legal and communications work. Our volunteer engagement is designed to be mutually beneficial for MLDI and the volunteer – provides valuable experience to the volunteer and additional capacity to MLDI.

Volunteers bring new ideas, creative ways of thinking and a different perspective to our work, while at the same time being engaged in real meaningful activities that provide them with new challenges and learning experiences. We aim to make volunteering a challenging, worthwhile and enjoyable experience.

In 2017, MLDI worked with 9 volunteers over the year, each committing a minimum of three days a week for at least three months, totalling 3,036 hours (equivalent of one full time and one part time member of staff).

In 2017, we piloted a mini-fellowship in which we hosted a Colombian lawyer, Emmanuel Vargas, as our first Latin America Fellow. The fellow supported our legal team in a number of cases we were working on, assisted with the translation of legal documents and interviews and helped to develop our regional strategy for Latin America.

Over the year, our legal volunteers assisted with legal research in relation to our cases, covering a broad range of human rights related topics such as freedom of expression, privacy, torture and ill treatment, fair trial rights, arbitrary detention, and procedure at regional and domestic courts. They also carried out factual research, for example into a country's human rights record or the background of our cases; they drafted submissions before domestic courts and regional and international human rights mechanisms. They also dealt with practicalities surrounding filings. Our communications volunteers helped maintain our social media presence, wrote news stories and case studies and monitored the reach of our communications.

Strategic report

Achievements and performance

Over the year, we ran four programmes to help journalists and media outlets defend legal cases against them and achieve our charitable aims:

- Support to individuals for legal defence: direct assistance to journalists
- Strategic litigation for media freedom
- Support to partner organisations for legal defence, including capacity building
- Support for training and capacity building

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Support to individuals for legal defence

Journalists, bloggers and media houses can apply for support through our website. Typically, we respond to requests for assistance by providing funding to hire a local lawyer, and work with the local lawyer to secure a good outcome for the journalist concerned.

During 2017, we directly supported 85 new cases from 27 countries with expert legal advice and financial support. We continued to provide support to 126 ongoing cases, therefore supporting 211 cases in total over the year. The highest number of cases supported were in Russia, followed by Azerbaijan, Kenya and Turkey. 2017 was our busiest year to date, supporting more new cases than any year before with a 41.6% increase in new cases supported compared to 2016. We received a record number of requests for support from Central Asia, steady growth in the number of cases supported in Latin America including our first ever cases from Brazil.

In 2017, we provided substantive assistance to 20% of the new individual cases we supported.

Despite the challenging and dangerous circumstances journalists are facing, we achieved many successes over the year. In 2017, 53 cases concluded and in 72% of them we either fully or partially achieved our objectives. Our high success rate demonstrates that legal threats and sanctions used to deter independent journalism can be overcome.

We apply the following criteria when considering grant requests for individual support:

- There is a real risk that the case will result in the imprisonment of the journalist concerned
- There is a real risk that the case will result in the bankruptcy of the media outlet or journalist concerned
- There is a real risk that the case will end in the closure of the media outlet concerned
- There is a real risk that the journalist or media outlet concerned will be silenced as a result of the case
- MLDI is the only realistic avenue to provide the assistance required
- The case is of potential strategic importance

Examples of some of the individual cases we supported during the year can be found in the annex.

Strategic litigation

Our strategic litigation seeks to promote a legal and regulatory framework in which journalists and bloggers can report freely on issues of public interest. We actively pursue cases that can have a wider impact on the development of law and practice in the country or region concerned and which may result in enhanced respect for international norms on the right to freedom of expression.

Given the ongoing abuse of criminal laws in many of the countries in which we are active, by those who wish to silence critical media, we have particularly focused on strategic cases that offer an opportunity to bring these laws in line with international standards on freedom of expression or,

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For the year ended 31 December 2017

where such standards are vague, to clarify them. In addition, we have sought out cases that offer an opportunity to advance freedom of expression standards as regards internet-related media, for example, on the liability of newspaper websites for user-generated or third-party content. We also prioritised cases addressing physical violence against and harassment of journalists and bloggers.

We worked on 83 strategic cases in 2017, taking on 40 new strategic cases and continuing to work on 43 existing cases. The 40 new cases originated in Austria, Azerbaijan, Cameroon, Chile, Egypt, Georgia, Ghana, Hungary, Palestinian Territories, Russia, Slovakia, Tanzania, Togo, Turkey, Uganda, Vietnam. 11 strategic cases came to close over the year. We either fully or partially met our case objectives in eight of the cases, making our success rate for strategic cases 72% in 2017.

Support to organisations for National Media Defence Centres

The number of grants we awarded to national organisations to provide legal defence services to journalists in their own countries continued to grow.

Over the course of 2017, we entered new relationships and renewed existing partnerships with eleven organisations in nine countries (Colombia, Hungary, India, Italy, Kenya, Kyrgyzstan, Macedonia, Turkey and Ukraine), providing project grants to support them to deliver legal defence to media in their countries.

We entered into new partnerships with the Foundation for Press Freedom (Colombia), Human Rights Platform (Ukraine), and a new partner in Turkey¹. Other grants were to organisation we have long-standing relationships with such as the Hungarian Civil Liberties Union (Hungary), Media Development Centre (Macedonia), Media Policy Institute (Kyrgyzstan), Ossigeno per l'Informazione (Italy) and Platform 24 (Turkey)².

In total, our organisational support grants have enabled 175 new cases to be litigated by our partners in 2017³. To date, cases under the grants with activities in 2017 have a combined success rate of 69%. And according to reports from the supported organisations, 78% of the journalists supported so far under these grants have continued to publish.

The success rate for litigation by partners is slightly lower than previous years, this is largely due to a high proportion of cases in Turkey, where many journalists have been detained and access to justice is limited. Several of the cases lost are being appealed at a higher court. If Turkish cases are excluded from the data, the combined success rate increases to 95%.

We assess partnership applications on the following criteria:

¹ Name of the organisation has been withheld due to protect anonymity of the organisation due to security concerns

² The number of grants awarded is greater than the number of partner organisations as some partners received more than one grant which included activities in 2017 as their projects completed and were renewed during the calendar year.

³ Figure is calculated by calculating the proportion of total cases litigated/planned pro-rata by the proportion of the project which takes place in 2017.

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- 1 The need in the country or region concerned
- 2 Legal capacity within the applicant organisation
- 3 Administrative and financial capacity within the applicant organisation
- 4 The existence of other organisations offering legal defence to journalists and media
- 5 Financial need / availability of alternative sources of funding
- 6 Organisation's ability to apply and report to MLDI in English

Partner Grant Evaluation and Learning

During the year, we carried out a number of evaluation activities to find out:

- How effective our feedback mechanisms were to receive project updates from the organisations that we supported.
- The impact we have on the partners that we support.
- The impact of our partners in their home countries.

Data was collected through different evaluation projects throughout the year which included analysis of all partner reports received between 2012 and early 2017 as well as site visit evaluations of our partners in Ukraine, Uganda and Kenya.

Some key findings included:

- Historically, 73% of our partners were successful in achieving their case targets – our partners in Central Asia and Europe had the highest rate of success in meeting case targets.
- Funding cases via our partners provides very good value for money, helping to ensure our funds reach more journalists, especially in countries where the demand is high. The cost per case) has also increased over the last five years.
- The most commonly reported impact was that our partner projects led to a decrease in fear of journalists and emboldening them to do their work.

Additional information is available in our 2017 learning report:

<https://www.mediadefence.org/publications/2017-learning-report>

Support for training and capacity building

Our primary partners are lawyers, and it is of paramount importance that they have the right skills to defend journalists under threat. Therefore, we run training programmes and provide 'on the job' training and mentoring for partner lawyers to develop their technical expertise in litigating freedom of expression cases, while building strong legal communities able to defend journalists, bloggers and media outlets and promote media freedom through the courts.

We also collaborate with relevant institutions to provide training on freedom of expression law to journalists and where appropriate other professionals working in the freedom of expression field. We deliver training directly, in partnership with other organisations or through partner grants, meeting a specific need in a country or region.

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In 2017, we organized and supervised a one-year freedom of expression clinic in partnership with the University of Edinburgh, concluding in June 2017. Attended by 12 law students from Edinburgh Law School, the clinic provided a unique opportunity for students to work alongside practicing lawyers on international casework. Not only was this a useful exercise in upskilling law students on matters of freedom of expression and human rights law, inspiring them to pursue a career in the field, but the clinic also delivered concrete results in real cases. We assisted students in drafting a petition to the UN Working Group on Arbitrary Detention on behalf of Can Thi Theu, a Vietnamese blogger and human rights defender who was arbitrarily detained following peaceful protests in Vietnam in 2016.

We delivered a three-day litigation surgery in the Gambia, training Gambian lawyers on national and international freedom of expression standards, how to make use of the ECOWAS regional court and other mechanisms available to them, and equipping them to provide legal defence to journalists and the media. We also carried out a one-day advocacy and litigation workshop in the Gambia, training 18 journalists and civil society members in advocacy for implementation of ECOWAS court judgments concerning the Gambia.

Our other training and development activities in 2017 included a training grant provided to the Bloggers Association of Kenya, who trained 21 lawyers from across Kenya on digital rights and freedom of expression law, with the objective of enabling them to provide legal defence to bloggers or other media in Kenya. The training was led and delivered by a lawyer who had previously attended MLDI's East African Litigation Surgery in 2016.

In 2017, we also carried out an outcome level evaluation of our 2016 East African Litigation Surgery, with the aim of gaining an understanding of how the lawyers have implemented the learnings from the training and of the results this was yielding. Additional information is available here: <https://www.mediadefence.org/publications/east-africa-litigation-training-impact-report>

We will be delivering a number of training activities in Sub-Saharan Africa in 2018-19 and this research will provide useful insight for developing these activities. Future training activities will also provide a way for us to build on this research.

Beneficiaries of our services

Our primary beneficiaries are the journalists, bloggers and media outlets we support that are facing legal threats around the world. The lawyers train and network are also beneficiaries; as are the organisations we provide grants to. Indirectly, as a result of supporting and encouraging a free and independent media able to publish in the public interest, citizens are also beneficiaries of our activities.

Our partners are the lawyers we work with, with whom we collaborate, support, mentor and learn from; and the national and regional media legal defence organizations we fund and support to provide legal representation and defence to hundreds of journalists each year.

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In 2017, we piloted research to look at the longer-term impact of our support on our primary beneficiaries, journalists.

Some key findings and learnings from the report include:

- 95% would recommend MLDI to journalists in a similar situation
- 87% have continued to report on public interest topics
- 85% are satisfied with their legal representation
- 66% are satisfied with the outcome of their case

As well as providing useful data on the longer-term outcomes as experienced by our key beneficiaries, the research helped to better understand how people hear about us, their reasons for seeking support and their experiences after. The full report and infographic can be accessed on our website .

We plan to build on this research in 2018, by collecting data from those journalists supported by our partners as well as in other languages to increase response rates.

Partner Impact

In 2017, we began to collect more data to measure the impact of our support to partner organisations. This will be analysed in 2018 once sufficient data has been collected.

Lawyer Impact

The lawyers we work with are also beneficiaries of our services, receiving technical support and legal fees to provide legal defence. Case studies demonstrating the impact of our collaboration with the lawyers that we collaborate with are available in the annex.

Key performance Indicators

A summary of our key 2017 indicators and results, broken down by strategic outcome area is provided below.

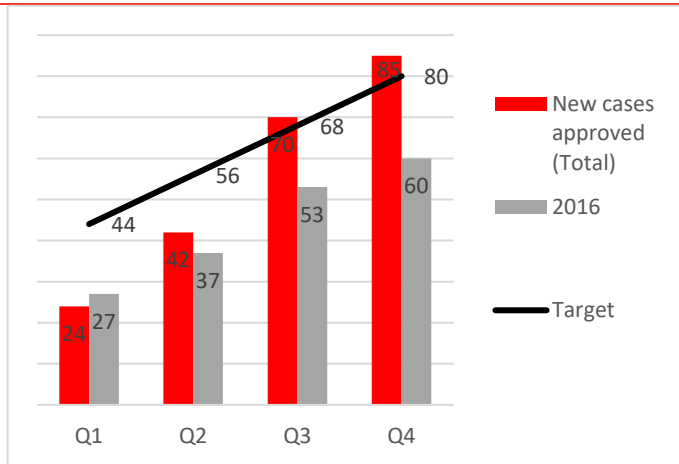
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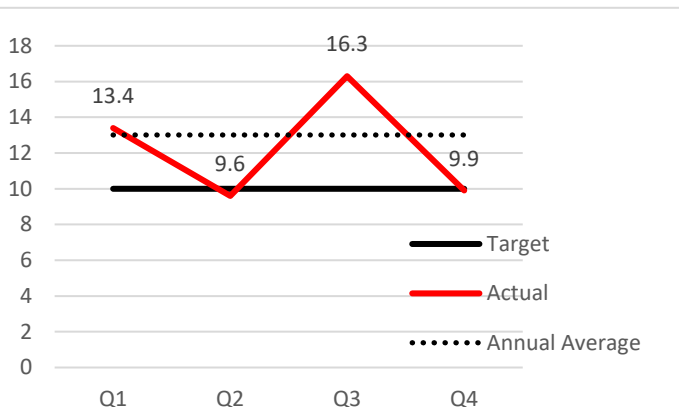
Outcome 1: Facilitate high quality legal defence for journalists, bloggers and free media

Number of new cases supported (Cumulative)



By the end of Q4, we had supported 85 new cases, five more than our target.

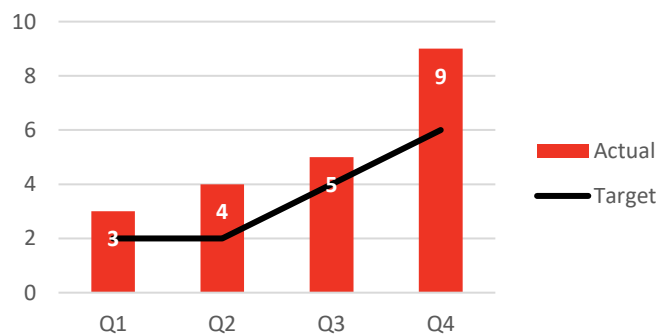
Speed of Approval (average number of days)



We aim to approve cases for support within 10 days of receiving the necessary documentation. During the year, our average was 13.4 days, slightly above our target.

We are continuously improving our grant making processes to improve on this KPI.

Number of partner grants approved (cumulative)



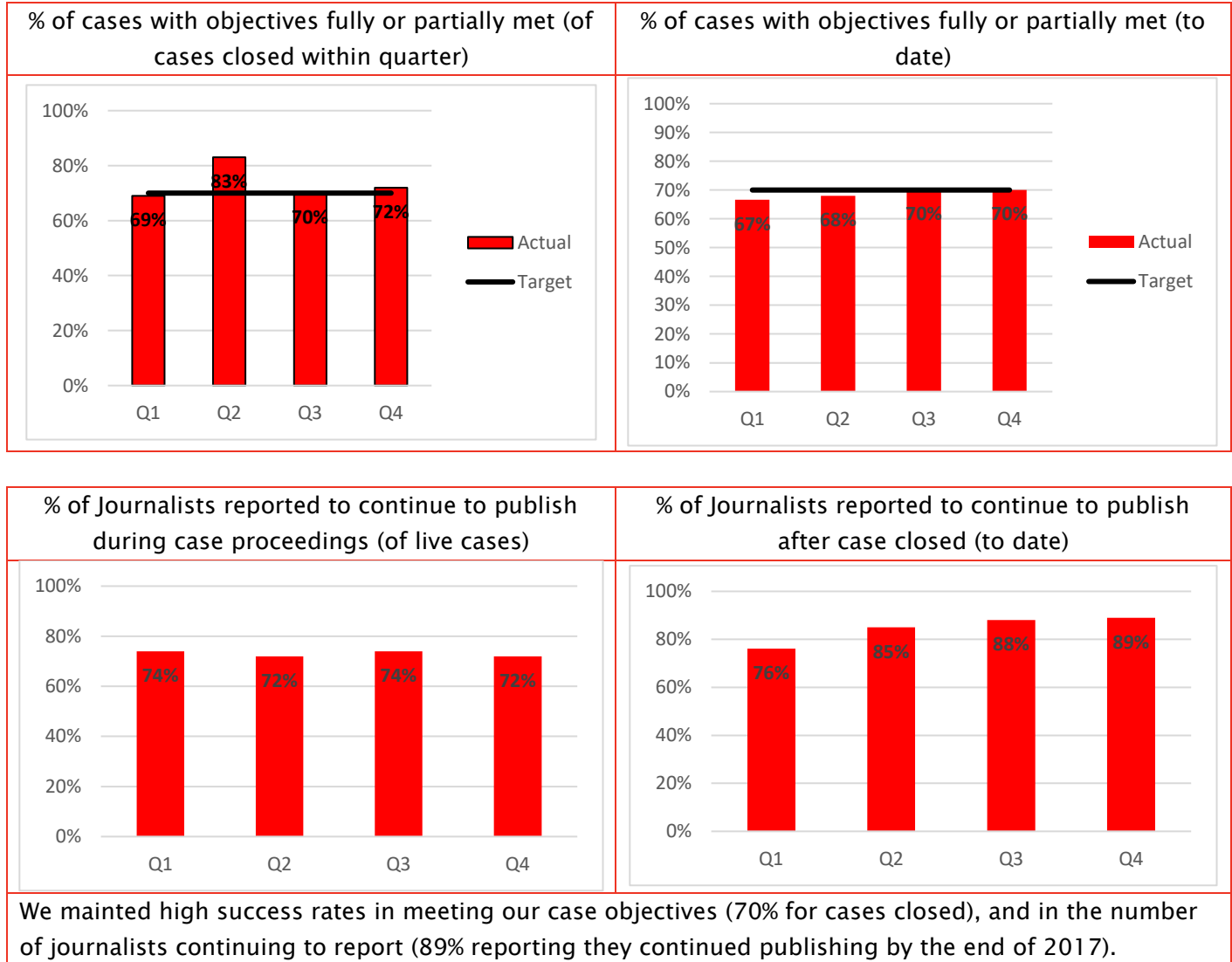
In total, we exceeded our target of six partner grants, providing nine in total. One training grant to a partner in Kenya and eight grants to partners to deliver media defence centres.

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Outcome 2: Journalists are able to defeat abusive legal challenges and continue to report on issues of public interest

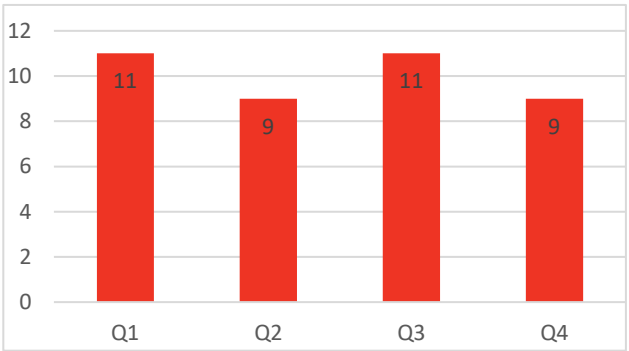
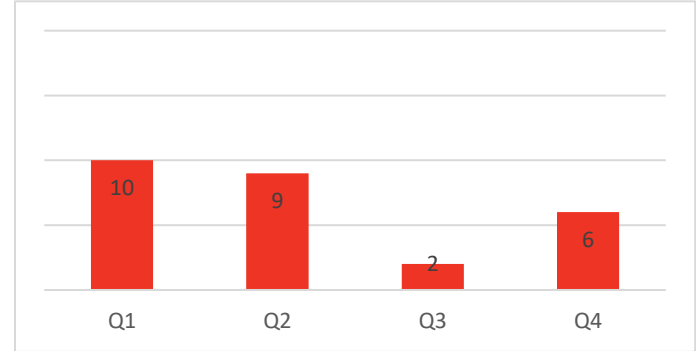
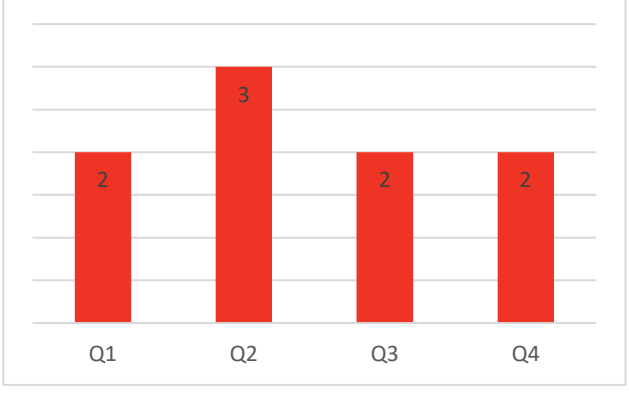
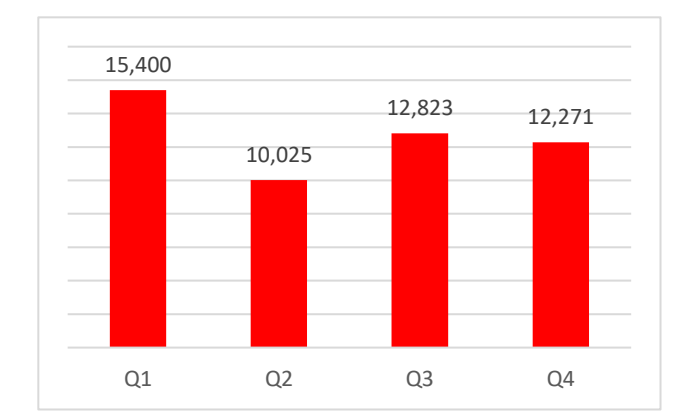
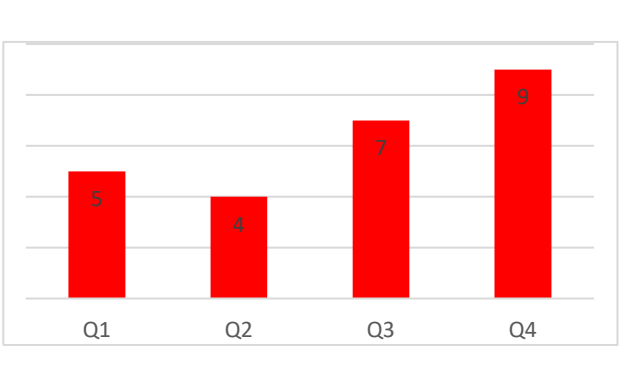
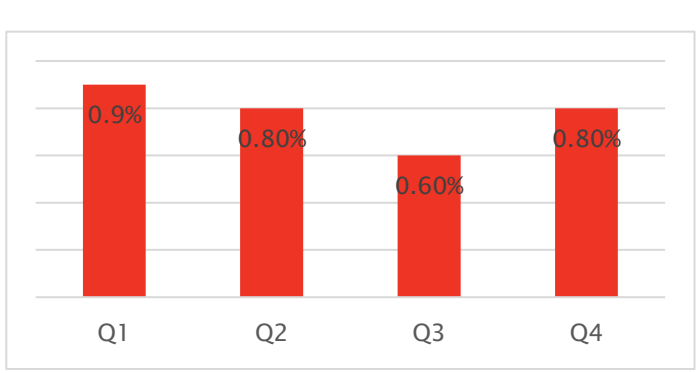


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Outcome 3: Ensuring high impact of our litigation, partnerships and training and communicating our impact

<p>Number of new strategic cases (per quarter)</p>	<p>Number of cases supported with added value legal support</p>																				
 <table border="1"><thead><tr><th>Quarter</th><th>Number of cases</th></tr></thead><tbody><tr><td>Q1</td><td>11</td></tr><tr><td>Q2</td><td>9</td></tr><tr><td>Q3</td><td>11</td></tr><tr><td>Q4</td><td>9</td></tr></tbody></table>	Quarter	Number of cases	Q1	11	Q2	9	Q3	11	Q4	9	 <table border="1"><thead><tr><th>Quarter</th><th>Number of cases</th></tr></thead><tbody><tr><td>Q1</td><td>10</td></tr><tr><td>Q2</td><td>9</td></tr><tr><td>Q3</td><td>2</td></tr><tr><td>Q4</td><td>6</td></tr></tbody></table>	Quarter	Number of cases	Q1	10	Q2	9	Q3	2	Q4	6
Quarter	Number of cases																				
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Q2	9																				
Q3	2																				
Q4	6																				
<p>Number of strategic cases closed (within quarter)</p>	<p>Unique visits to website</p>																				
 <table border="1"><thead><tr><th>Quarter</th><th>Number of cases</th></tr></thead><tbody><tr><td>Q1</td><td>2</td></tr><tr><td>Q2</td><td>3</td></tr><tr><td>Q3</td><td>2</td></tr><tr><td>Q4</td><td>2</td></tr></tbody></table>	Quarter	Number of cases	Q1	2	Q2	3	Q3	2	Q4	2	 <table border="1"><thead><tr><th>Quarter</th><th>Unique visits</th></tr></thead><tbody><tr><td>Q1</td><td>15,400</td></tr><tr><td>Q2</td><td>10,025</td></tr><tr><td>Q3</td><td>12,823</td></tr><tr><td>Q4</td><td>12,271</td></tr></tbody></table>	Quarter	Unique visits	Q1	15,400	Q2	10,025	Q3	12,823	Q4	12,271
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<p>Number of press releases</p>	<p>Social Media Reach (twitter engagement reach)</p>																				
 <table border="1"><thead><tr><th>Quarter</th><th>Number of releases</th></tr></thead><tbody><tr><td>Q1</td><td>5</td></tr><tr><td>Q2</td><td>4</td></tr><tr><td>Q3</td><td>7</td></tr><tr><td>Q4</td><td>9</td></tr></tbody></table>	Quarter	Number of releases	Q1	5	Q2	4	Q3	7	Q4	9	 <table border="1"><thead><tr><th>Quarter</th><th>Reach (%)</th></tr></thead><tbody><tr><td>Q1</td><td>0.9%</td></tr><tr><td>Q2</td><td>0.80%</td></tr><tr><td>Q3</td><td>0.60%</td></tr><tr><td>Q4</td><td>0.80%</td></tr></tbody></table>	Quarter	Reach (%)	Q1	0.9%	Q2	0.80%	Q3	0.60%	Q4	0.80%
Quarter	Number of releases																				
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Q4	0.80%																				
<p>We are in the process of developing our communications strategy and plan to improve on these KPI's in 2018.</p>																					

Media Legal Defence Initiative

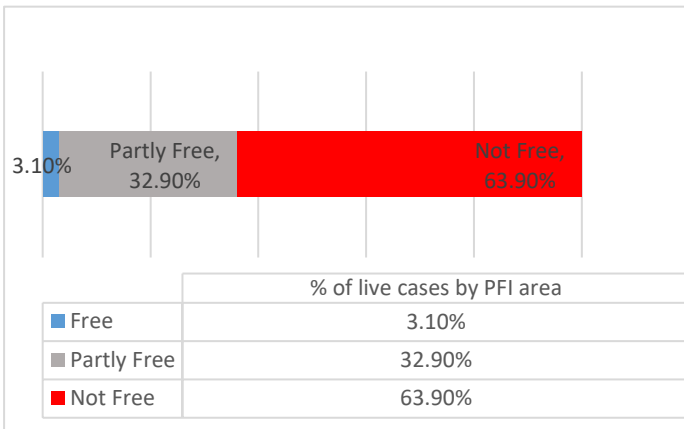
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Outcome 4: Provide support in all regions where media freedom is under legal threat

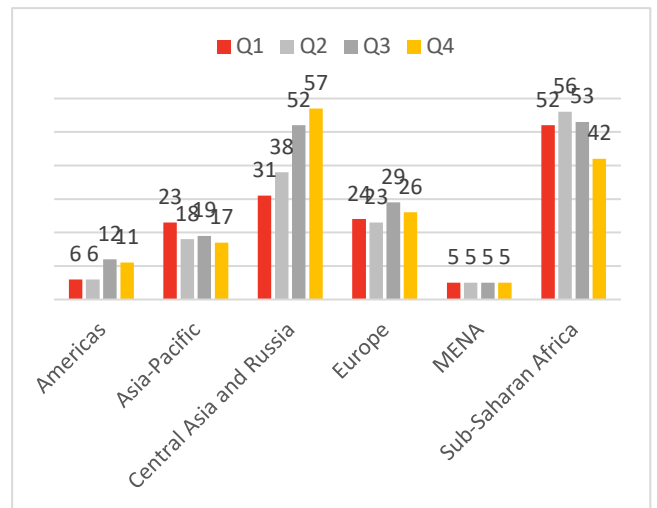
Provide support in all regions where media freedom is under legal threat

% of live cases by Press Freedom Index Country Rating (at end of 2017)

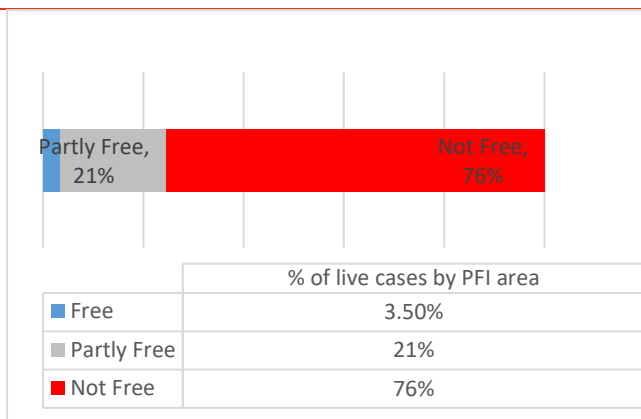


The cases in free countries are in Austria, Chile, France, Slovenia, UK and are mostly of a strategic nature.

Number of cases active by region (at end of 2017)

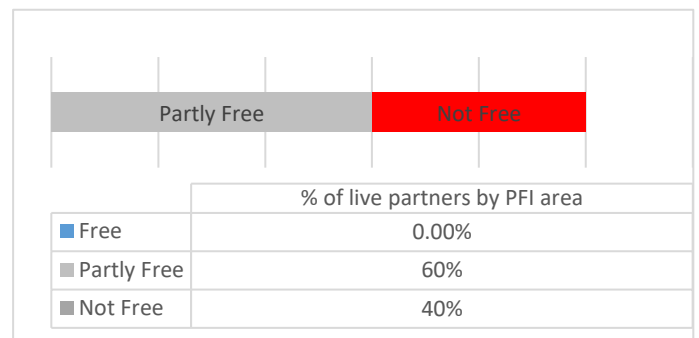


% of live strategic cases by Press Freedom Index Country Rating (at end of 2017)



The strategic cases in free countries are in UK and Austria, seeking to set precedent at the ECtHR.

% of active partners by Press Freedom Index Country Rating (at end of 2017)



We monitor this data to ensure our support is aligned to need and our strategic objectives, and also to point to trends in the regions we are working in.

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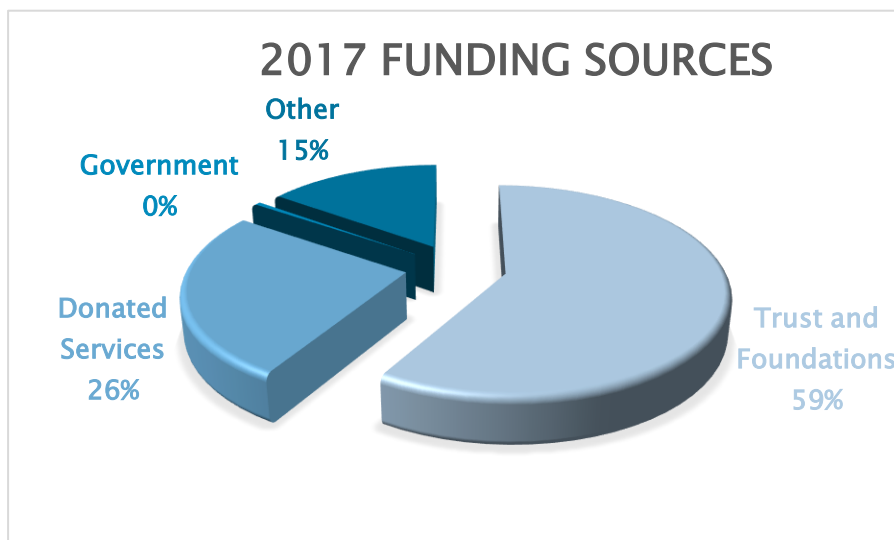
Project and programme evaluations

MLDI carried out a number of evaluations in order to measure outcomes, impact and identify learnings for improvement. These evaluations are in our 2017 learning report which can be found on our [website](#). A summary of some of the findings and learnings from these evaluations are included below.

Financial review

Income

Trusts and Foundations continue to be the main source of our funding – with 59% of funding during 2017 being from this source, compared to 76% in 2016.



In 2017, we received total incoming resources of £1.6 million, compared to £3.7 million in 2016; being a 57% decrease in incoming resources; mainly attributable to a substantial decrease in the level of donated services utilised during the year.

66% of the incoming resources were restricted to either region or theme; and 34% were unrestricted; with 39% of the restricted incoming resources being from donated services, compared to 89% in 2016.

Overall, our unrestricted income during 2017 fell by 22% while restricted income fell by 38%; this being predominantly due to the drop in donated services utilised in the period; but also, due to end of the funding period of one of MLDI's longstanding funding agreements.

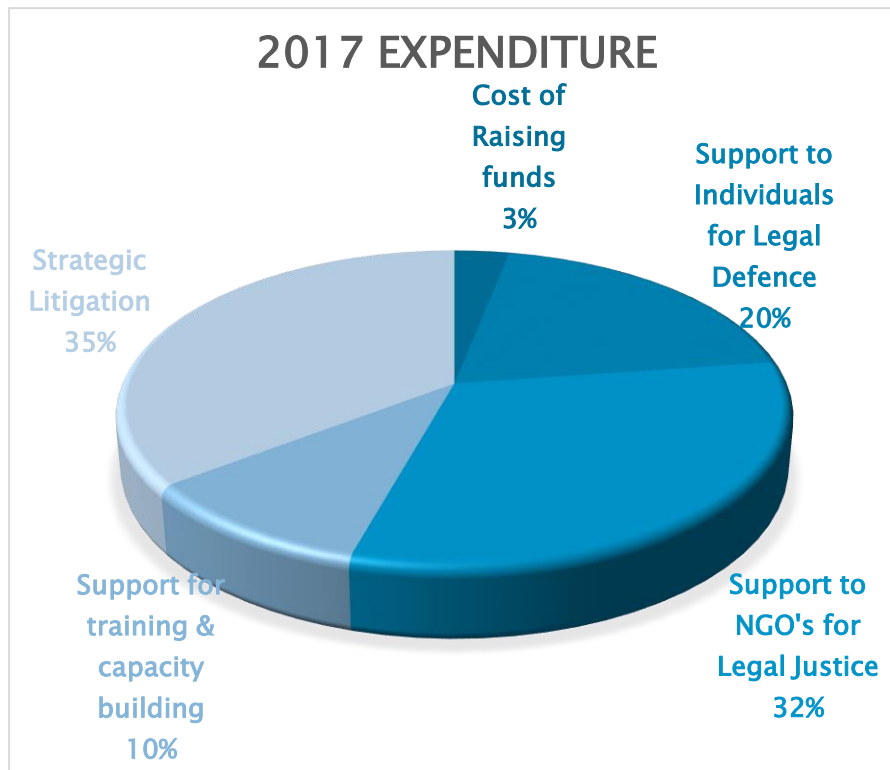
Expenditure

We expend most of our funding on our charitable activities, 3% of total incoming resources in 2017 were spent on generating funds.

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In 2017, we spent £1.6 million, a 54% decrease from 2016 when expenditure was £3.7 million, mainly attributable to the decrease in donated services. Despite the overall decrease (owing to an 80% decline in donated services), MLDI recorded significant increase on funds spent in two of its charitable activities:

- 18% increase in funds spent on 'Support to Individuals for Legal Defence' – this increase is attributable to a 35% increase in the number of grants (2017: 65; 2016: 42) awarded for emergency defence cases (which resulted in 65 cases in 2017; compared to 50 cases in 2016).
- 131% increase in funds expended on 'Support to NGO's for Legal Justice' – a 50% increase in the number of grants awarded to NGOs was recorded in 2017 (2017: nine grants; 2016: six grants); the disproportionate increase is attributable to two grants being awarded at amounts higher than our standard grant amounts, in response to the crisis in Turkey.

Our total support cost in 2017 was £228,092, compared to £180,733 in 2016; representing 14% of total expenditure, compared to 5% in 2016; an increase attributable to the growth in staff numbers and increased rental cost for larger office space. Support costs include salary and overhead costs and have been allocated across activities on the basis shown in Note 2(i) of the Financial Statements.

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Overall Picture

We recorded a significant decrease in donated services during 2017 (2017 recorded 1,199 hours compared to 7,275 hours in 2016) which was attributable to three unusually large strategic cases and therefore higher than normal use of pro bono lawyers in 2015/16, and to more litigation being taken on by our in-house legal team in 2017 compared to previous years.

- In 2015 and early 2016 significant pro bono assistance was provided in three big cases, FAJ, Ismailyova and 444.hu and in the preparation of training manuals.
- In 2017 our in-house legal team took on more of the litigation previously done by pro bono counsel.

Overall, we commenced our growth plans (increased number of awarded grants for emergency legal defence and to partner organisations; increased staff numbers and moved to a larger office space) during 2017; and closed with a net position of £6,354 deficit; offset by funds brought forward from 2016.

At the end of 2017, after transfers between general and designated funds, we carried forward total funds of £759,579; of which £238,384 were restricted funds (being the balance of funding with either a thematic or regional restriction attached to them) and £521,194 were general funds.

Principal risks and uncertainties

Political: Cases against journalists are often politically driven and a political as well as a legal strategy is required to win them. To address this, we assess cases on an ongoing basis to ensure that, where necessary, a wider advocacy strategy as well as a legal strategy is in place. We use experienced local lawyers and can rely on partners as well as national advocacy groups when needed.

Technological: The use of the Internet as a forum for expression is growing exponentially. As a result, the desire to control this space is increasing as well. We are working to keep the digital space free, open, and secure. In 2018, MLDI will continue to prioritise cases relating to the internet, in particular network shutdowns; laws, including cybercrime laws, and practices enabling the blocking of access, and intermediary liability; and the right to be forgotten.

Data Protection and Security: Given the countries we operate in and the nature of our work, which often involves challenging governments and other powerful interests, we recognise the risk of cyber-attack, interception of communication and digital surveillance. We are also conscious of our obligation to ensure compliance with legislative and regulatory requirements around information governance, in particular the incoming General Data Protection Regulations (GDPR). To mitigate the risk of cyber-attack and to ensure legislative and regulatory compliance, we continue to update our practices. In 2017 we raised awareness of the requirements among staff, commenced a data audit, streamlined staff's access to data on the server, and revised our Information, Communication and Technology Security Policy.

Media Legal Defence Initiative

Trustees' annual report

For the year ended 31 December 2017

Legal: Hostile legal environments in some countries mean that it is very difficult for the media to win cases and there is little independence of the judiciary leading to a high risk of failure. To overcome this, in countries where the legal environment is restrictive, we appeal cases to international courts and bodies in order to formally register media freedom violations and pressure the country to change its laws and practices, for example in Vietnam, Bahrain or Azerbaijan. MLDI does not work in countries where legal restrictions effectively outlaw a free media.

Growing demand: The global need for legal aid in media cases is significant and demand for our assistance continues to grow as awareness of our existence spreads. We continue to monitor need and fundraise to meet demand. We do not commit to supporting cases that outstrip our capacity and will seek to expand and mobilise our pool of pro-bono lawyers globally to ensure that demand can be met when we are not able to engage directly on a case. Building regional and international networks also helps the cultivation of a media law bar.

Weak implementing partners, institutional and individual: We seek to mitigate against this by having a competitive partnering process requiring its implementing partners to review their work plans and proposals at six months and after one year at the end of the project. We also carefully vet the individual lawyers we work with and mobilises experienced pro-bono lawyers or our own legal staff when individual lawyers need substantive legal support to improve their defence, providing on-the-job training. We also seek to mitigate this risk by delivering more capacity building training in target regions or with partners that have the most need in capacity building. We have developed and made available to lawyers and partners, training manuals on freedom of expression and media defence and are in the process of producing a monitoring, evaluation and learning toolkit for partners to increase their capacity in this area.

Fraud and corruption: As a re-granter, we handle a sizeable annual grants budget that may be a target for fraudsters. We are bound under UK law to take measures to guard against this. We have a fraud policy that requires us to screen all recipients of funding as well as of pro bono assistance; and conduct thorough due diligence before committing to support a case, provide a grant or enter into an institutional partnership.

Funding: We rely on grants and donations to fulfil our mission. We have a very limited ability to generate funds through commercial activities. We mitigate against this by diversifying our donor pool, increasing our fundraising efforts, not committing to expenditure before funding is secured and contingency planning against fundraising shortfalls. We have a reserve that allows us to meet our commitments and wind up the organisation should it receive no future funds at all.

Staff attraction and retention: Attracting high quality staff willing to work at salaries that do not match those offered in the private sector can be challenging. We aim to be competitive as regards salaries in the London non-governmental organisation sector and experience shows that staff are attracted by the opportunity of working on cases and issues that can make a difference in terms of improving respect for human rights globally.

Reserves policy and going concern

We have a reserves policy, which defines the level of funds that should be held to ensure we can continue to operate. The reserves policy identifies and distinguishes between restricted and unrestricted reserves, and the level of unrestricted reserves held is informed by income and expenditure forecasts based on planned activities and analysis of potential risk.

The Board of Trustees has determined that MLDI requires unrestricted reserves to be held to ensure, that as a minimum, MLDI can meet any costs of closing the organisation, whilst remaining operational for a period of six months, to be able to ethically exit existing agreements, cases and partnerships.

The Board of Trustees have set an unrestricted reserves target at £293,000 – equivalent to six months of 2018's planned operational cost; a level which ensures that MLDI can ethically exit existing agreements, legal cases and partnerships with all stakeholders. This target is reviewed at least annually to ensure it remains relevant to the realities of current operations and the associated risks.

Any unrestricted reserves held above the required amount necessary for meeting costs associated with closure, may be used:

- to fund unexpected expenditure, e.g. if projects overrun, or unplanned events occur
- to fund shortfalls in income if expected levels are not reached
- to fund working capital
- to allow Trustees resources and time to act promptly in an unforeseen emergency situation

MLDI will not accumulate a level of reserve funding that is greater than that which it judges necessary to provide financial security.

The unrestricted reserves at year end stood at £521,194 (2016 £765,933), equating to almost a year of MLDI's planned core operational costs for 2018. The current excess of unrestricted reserves over the targeted level is due to the Trustees' commitment to spend donor funds within agreed funding period; and in line with strategic priorities.

There are no material uncertainties that would prevent us from continuing our charitable activities for the near future. The reasons for this affirmation are:

- Cash flow forecasts for the next twelve months have been reviewed and MLDI is confident that adequate resources are available (with 86% of funding confirmed) to cover foreseeable expenditure
- MLDI has adequate reserves to cover any unrealised expected funding.
- MLDI has adequate management, programme and support expertise in place to discharge the day-to-day and long-term programme of activities.

Plans for the future

We are continuing in a period of growth. The increasing need outlined above means we need to expand our capacity to meet the rising demand.

In 2018, we will increase the number of new individual cases supported per year from 80 to 100⁴; increase the partner grants made from 10 to 14 and improve further the quality of existing partnerships. By 2020 we plan to support 22 partner grants, and 150 new individual cases/year.

In 2018, we will continue to expand our work in Latin America and South and South East Asia, ensuring there is awareness of MLDI in countries where there is the most need. We will deliver media law training in East, West and Southern Africa to enable more lawyers to deliver high quality media defence work.

To meet the growing work-load, in 2018, we will increase the legal team by one post, and increase the fundraising/communications capacity by one post. By 2020, we expect to have a staff of 15 people.

In 2018, we will develop a pro bono strategy that will guide the development of our pro bono relationships and which will help us to avoid radical fluctuations in the levels of donated services.

In 2018, we will continue improving our policies and procedures around data handling and information governance to ensure compliance with the incoming General Data Protection Regulations (GDPR). In order to further minimise the risk of a cyber-attack, we will also perform an audit of our IT infrastructure.

Thematically, we will prioritise strategic cases that promote Internet freedom and eradicate undue criminal restrictions on speech. We will also develop our work on identity-based discrimination.

In the coming years, we foresee more restrictive laws being introduced in Europe and Central Asia, with increasing use of internet shut downs and website blocking in Asia and Africa in particular, and we intend to help local media and journalists challenge these. We will continue to take strategic cases, in partnership with national organisations, to constitutional courts globally and to international courts in Europe and Africa, to bring restrictive laws and practices in line with international standards.

Structure, governance and management

MLDI is a company limited by guarantee, incorporated 16 June 2008, as amended 19 November 2012, and was registered as a charity on 24 March 2009. The company is governed under its Articles of Association, which sets out its objects and powers.

⁴ 65 fee-paying cases and 15 in-kind (via pro-bono support & MLDI lawyers)

Media Legal Defence Initiative

Trustees' annual report

For the year ended 31 December 2017

MLDI is an independent and autonomous UK charity. The Trustees of MLDI set the strategic aims and directions for the organisation. They also approve grants made by the charity for amounts over £15,000. The chair of the trustees approves grants of amounts between £1,500 and £15,000, on the recommendation of senior staff. Its London-based staff carry out day-to-day operations; this includes decisions on financial support for the defence of individual journalists up to a maximum of £1,500.

MLDI determines its resource requirements in a thorough financial planning process, and on an annual basis the trustees consider and approve the detailed plans and budget. The trustees empower the chair to monitor, control and ensure delivery of the plans within the resources available.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts.

The Chief Executive Officer is Lucy Freeman. She took over from Peter Noorlander in April 2016.

Appointment of trustees

Under the charity's Articles of Association, the first directors of the company became its first trustees when the charity was registered on 24 March 2009. Additional trustees are selected and appointed by the board.

Trustees are appointed for a three-year term under the Articles of Association and can serve a maximum of two consecutive terms. They are then eligible for re-appointment following at least a one-year absence from the position.

On appointment, trustees are provided with the Articles of Association of MLDI and a copy of the Charity Commission's guidance on the role and responsibilities of trustees.

The trustees of MLDI meet once every three months and receive detailed reports to retain effective control over the organisation and to monitor the work of the Chief Executive Officer and her team.

Trustee induction and training

Trustees are familiar with either the fields of charity finance/management, law, human rights and/or journalism and undergo an induction on their role and responsibilities as well as the work of the MLDI.

Trustees have a responsibility to attend appropriate training in order for them to perform their legal duties. The trustees are offered training opportunities throughout the year. MLDI sponsored a trustee to attend a fundraising course in November, with a view to board development and awareness of CC20 – Charity fundraising and the trustees duties.

Related parties and relationships with other organisations

- MLDI trustees, Gary Born and Steven Finizo, are partners at Wilmer Cutler Pickering Hale and Dorr LLP, which provided extensive pro bono support to MLDI
- MLDI trustee, Smita Shah, provided pro bono support in the context of a media law training work

Remuneration policy for key management personnel

The trustees have specific responsibility for remuneration matters. They make final recommendations on annual increases to the salary budget through the budget setting process for the forthcoming financial year.

The trustees make decisions on starting salaries for a new CEO. The CEO makes decisions on starting salaries for new staff based on job function and market conditions prevailing in the location of the job (London) and the MLDI Performance and Reward Pay Procedure. The CEO makes decisions on performance related increases for existing staff subject to approval of the budget by the Board.

Employee information

The staff of the MLDI is crucial to the delivery of its charitable objects. The staff is led by the CEO and comprises legal, finance, monitoring and evaluation, and grant making specialists. MLDI provides its staff with training to ensure skills are kept up to date and has in place a range of mechanisms to ensure the smooth handling of its caseload.

MLDI expanded in 2017, with the creation and recruitment of two new posts, a Admin and Grants Assistant and a Digital Rights Project Coordinator.

Statement of responsibilities of the trustees

The trustees (who are also directors of Media Legal Defence Initiative for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic 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:

Media Legal Defence Initiative

Trustees' annual report

For the year ended 31 December 2017

- 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
- 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
- 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.

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 2017 was 9. 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 was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report which includes the strategic report has been approved by the trustees on 25 April 2018 and signed on their behalf by

Robert Jobbins
Chair

Independent auditor's report

To the members of

Media Legal Defence Initiative

Opinion

We have audited the financial statements of Media Legal Defence Initiative (the 'charitable company') for the year ended 31 December 2017 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 2017 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Independent auditor's report

To the members of

Media Legal Defence Initiative

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Independent auditor's report

To the members of

Media Legal Defence Initiative

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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)

24 May 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Media Legal Defence Initiative

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

For the year ended 31 December 2017

	Note	Unrestricted £	Restricted £	2017 Total £	Unrestricted £	Restricted £	2016 Total £
Income from:							
Donations and legacies	2	512,268	1,049,719	1,561,987	672,826	2,976,823	3,649,649
Other		16,853	-	16,853	7,804	-	7,804
Total income		529,121	1,049,719	1,578,840	680,630	2,976,823	3,657,453
Expenditure on:							
Raising funds	3	36,821	12,124	48,945	41,151	9,602	50,753
Charitable activities							
Support to Individuals for Legal Defence	3	182,991	127,300	310,291	154,669	109,275	263,944
Support to NGO's for Legal Justice	3	163,568	340,003	503,571	128,289	88,270	216,559
Support for training & capacity building	3	90,050	72,479	162,529	84,247	75,314	159,561
Strategic Litigation	3	98,864	460,994	559,858	112,052	2,641,659	2,753,711
Total expenditure		572,294	1,012,900	1,585,194	520,408	2,924,120	3,444,528
Net income / (expenditure) for the year	5	(43,173)	36,819	(6,354)	160,222	52,703	212,925
Transfers between funds		-	-	-	1,699	(1,699)	-
Net movement in funds		(43,173)	36,819	(6,354)	161,921	51,004	212,925
Reconciliation of funds:							
Total funds brought forward		564,367	201,566	765,933	402,446	150,562	553,008
Total funds carried forward		521,194	238,385	759,579	564,367	201,566	765,933

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.

Media Legal Defence Initiative

Balance sheet

Company no. 06621203

As at 31 December 2017

	Note	£	2017 £	£	2016 £
Fixed assets:					
Tangible fixed assets	10		<u>7,320</u>		<u>-</u>
Current assets:					
Debtors	11	256,371		13,762	
Cash at bank and in hand	18	<u>976,668</u>		<u>1,050,016</u>	
			<u>1,233,039</u>	<u>1,063,778</u>	
Liabilities:					
Creditors: amounts falling due within one year	12	<u>480,780</u>		<u>297,845</u>	
Net current assets			<u>752,259</u>		<u>765,933</u>
Total net assets	15		<u><u>759,579</u></u>		<u><u>765,933</u></u>
The funds of the charity:					
Restricted income funds	16		238,384		201,566
Unrestricted income funds:					
Designated funds		293,000		235,000	
General funds		<u>228,195</u>		<u>329,367</u>	
Total unrestricted funds			<u>521,195</u>		<u>564,367</u>
Total charity funds			<u><u>759,579</u></u>		<u><u>765,933</u></u>

Approved by the trustees on 25 April 2018 and signed on their behalf by

CHAIR (NAME)
Chair

Media Legal Defence Initiative

Statement of cash flows

For the year ended 31 December 2017

	Note	2017	2016
		£	£
Cash flows from operating activities	17		
Net cash provided by / (used in) operating activities		(67,802)	199,692
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,774	3,242
Purchase of fixed assets		(7,320)	-
Net cash provided by / (used in) investing activities		(5,546)	3,242
Change in cash and cash equivalents in the year		(73,348)	202,934
Cash and cash equivalents at the beginning of the year		1,050,016	847,082
Cash and cash equivalents at the end of the year	18	976,668	1,050,016

1 Accounting policies

a) Statutory information

Media Legal Defence Initiative is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is The Foundry, 17–19 Oval Way, LONDON, SE11 5RR.

b) 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) 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.

c) Public benefit entity

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

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

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.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) 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), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, 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.

g) 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.

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

1 Accounting policies (continued)

h) 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 legal defence to individual, legal justice support to NGO's, support for training and capacity building and support towards strategic litigation undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

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

i) 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 on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

- | | |
|--|-----|
| ● Support to Individuals for Legal Defence | 36% |
| ● Support to NGO's for Legal Justice | 25% |
| ● Strategic Litigation | 25% |
| ● Support for Training & Capacity Building | 14% |

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

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 £1,000. 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.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

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:

- | | |
|---------------------------------|---------|
| ● Computer Equipment | 3 years |
| ● Fittings and Office equipment | 4 years |

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2017

1 Accounting policies (continued)

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. Cash balances exclude any funds held on behalf of service users.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

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.

o) Pensions

MLDI will match pension contribution for individuals from 4% up to 8% of employees' qualifying earnings.

p) Foreign currency translations

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate of exchange for the year. Exchange differences are taken into account in arriving at the net incoming resources for the year.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Gifts & Donations	512,268	642,434	1,154,702	954,249
Legacies	-	-	-	77,907
Donated services	-	407,285	407,285	2,617,493
	<u>512,268</u>	<u>1,049,719</u>	<u>1,561,987</u>	<u>3,649,649</u>

Donated services are comprised of pro-bono legal support services and are calculated on the basis of the value of the service to MLDI

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2017

3 Analysis of expenditure

	Charitable activities							2017 Total £	2016 Total £
	Raising funds £	Support to Individuals for Legal Defence £	Support to NGO's for Legal Justice £	Support for training & capacity building £	Strategic Litigation £	Governance costs £	Support costs £		
Staff costs (Note 6)	41,808	105,250	52,626	70,167	52,625	17,542	52,626	392,644	349,936
Other staff costs	-	3,695	1,847	2,463	1,848	616	1,848	12,317	24,607
Grants payable (Note 4)	-	107,532	377,519	12,319	407,285	-	-	904,655	2,826,074
Translation services	-	-	-	-	18,147	-	-	18,147	19,736
Fundraising costs	7,137	-	-	-	-	-	-	7,137	9,004
Volunteers' expenses	-	1,423	711	949	711	220	711	4,725	2,756
Travel and subsistence	-	-	-	8,877	10,605	17	11,550	31,049	22,464
Meetings and events	-	-	-	31,782	4,477	-	-	36,259	58,824
Marketing and promotion	-	-	-	-	-	-	10,130	10,130	13,500
Monitoring and Evaluation	-	-	6,708	42	-	-	(2,755)	3,995	10,258
Premises	-	-	-	-	-	-	53,926	53,926	49,212
Depreciation	-	-	-	-	-	-	-	-	-
Office costs	-	-	-	-	-	-	77,335	77,335	32,846
Bank Charges & Exchange	-	-	-	-	-	-	752	752	(838)
Board expenses	-	-	-	-	-	974	-	974	726
Audit and accountancy	-	-	-	-	-	9,180	-	9,180	19,223
Legal and professional	-	-	-	-	-	-	21,969	21,969	6,200
Sub-total	48,945	217,900	439,411	126,599	495,698	28,549	228,092	1,585,194	3,444,528
Support costs	-	82,113	57,023	31,933	57,023	-	(228,092)	-	-
Governance costs	-	10,278	7,137	3,997	7,137	(28,549)	-	-	-
Total expenditure 2017	48,945	310,291	503,571	162,529	559,858	-	-	1,585,194	2,322,774
Total expenditure 2016	50,753	263,944	216,559	159,561	2,753,711	-	-	-	-

Of the total expenditure, £572,294 was unrestricted (2016: £520,408) and £1,012,900 was restricted (2015: £2,924,120).

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2017

4 Grant making

	Grants to institutions £	Grants to individuals £	Support costs £	2017 £	2016 £
Cost					
Support to Individuals for Legal Defence	–	107,532	82,113	189,645	153,738
Support to NGO's for Legal Justice	377,519	–	57,023	434,542	159,600
Support for Training & Capacity Building	12,319	–	31,933	44,252	24,043
Strategic Litigation	407,285	–	57,023	464,308	2,660,426
At the end of the year	<u>797,123</u>	<u>107,532</u>	<u>228,092</u>	<u>1,132,747</u>	<u>2,997,807</u>

Grants are provided to individuals and institutions from MLDI based on the charitable objectives of the organisation and with consideration for affordability .

MLDI has a listing of the partner organisations with which it works on its website. MLDI does not provide the detail of the amounts given to individual institutions as it believes these could prejudice the furtherance of the charitable objectives of MLDI and the recipient.

5 Net income / (expenditure) for the year

This is stated after charging / crediting:

	2017 £	2016 £
Depreciation	–	–
Operating lease rentals:		
Property	50,043	47,538
Auditors' remuneration (excluding VAT):		
Audit	7,650	7,500
Foreign exchange gains or losses	752	(838)
	<u>752</u>	<u>(838)</u>

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

Staff costs were as follows:

	2017 £	2016 £
Salaries and wages	348,272	307,323
Social security costs	34,950	27,250
Employer's contribution to defined contribution pension schemes	9,422	15,363
Other forms of employee benefits	–	–
	<u>392,644</u>	<u>349,936</u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2017 No.	2016 No.
£70,000 – £79,999	<u>1</u>	<u>–</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £83,617 (2016: £83,398).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

Trustees' expenses/development was £22.10 (2016: £85) incurred by members relating to attendance at meetings of the trustees.

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 9 (2016: 7.0).

8 Related party transactions

In 2017 there was extensive pro bono support provided by the law firm Wilmer Cutler Pickering Hale and Dorr LLP; at which the trustees Gary Born and Steven Finizo are partners.

The charity received no other pro bono support from the trustees or related parties of the trustees

9 Taxation

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

10 Tangible fixed assets

	Fittings and Office equipment £	Computer equipment £	Total £
Cost or valuation			
At the start of the year	6,008	20,049	26,057
Additions in year	7,320	-	7,320
Disposals in year	(3,795)	(10,521)	(14,316)
At the end of the year	9,533	9,528	19,061
Depreciation			
At the start of the year	6,008	20,049	26,057
Charge for the year	-	-	-
Eliminated on disposal	(3,795)	(10,521)	(14,316)
At the end of the year	2,213	9,528	11,741
Net book value			
At the end of the year	7,320	-	7,320
At the start of the year	-	-	-

All of the above assets are used for charitable purposes.

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2017

11 Debtors

	2017 £	2016 £
Grants Receivable	220,843	-
Other Debtors	22,268	4,140
Prepayments	13,260	9,622
	<u>256,371</u>	<u>13,762</u>

12 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade Creditors	36,088	5,591
Tax & Social Security	-	-
Other Creditors	1,392	416
Grants Payable	275,609	132,838
Deferred Income	150,000	150,000
Accruals	17,691	9,000
	<u>480,780</u>	<u>297,845</u>

13 Deferred income

Deferred income comprises an amount of £150,000 received from Sigrid Rausing for 2017 activities

	2017 £	2016 £
Balance at the beginning of the year	150,000	150,000
Amount released to income in the year	(150,000)	(150,000)
Amount deferred in the year	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

14 Pension scheme

MLDI matches Employee's Pension contribution from 4% and up to 8% of qualifying earnings.

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2017

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

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	7,320	-	-	7,320
Net current assets	220,875	293,000	238,384	752,259
Net assets at the end of the year	228,195	293,000	238,384	759,579

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

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	-	-	-
Net current assets	329,367	235,000	201,566	765,933
Net assets at the end of the year	329,367	235,000	201,566	765,933

16a Movements in funds (current year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
Restricted funds:					
Google	2,528	-	(2,527)	-	1
Dow Jones	-	22,232	(12,000)	-	10,232
FOSI PIJ – Eurasia	-	128,870	(123,520)	-	5,350
FOSI PIJ – LATAM	-	36,648	-	-	36,648
Hivos 16–17	27,002	85,683	(112,685)	-	-
Hivos 2017	-	43,384	(43,383)	-	-
Ethiopia Fund	6,405	-	(1,141)	-	5,264
MacArthur	74,270	-	(37,071)	-	37,199
Ford 15–17	46,299	-	(46,299)	-	-
Ford 17–19	-	90,987	(30,531)	-	60,456
Adessium 16 –19	24,969	72,034	(103,157)	-	(6,153)
Democratie and Media Foundation	6,271	-	(6,271)	-	-
Donated services	-	407,285	(407,285)	-	-
OSF (Non – US) BAN (17 – 18)	-	23,515	-	-	23,515
American Friends of MLDI (LOGAN)	-	39,865	(39,865)	-	-
National Endowment for Democracy (NED) – Ge	-	63,226	(29,199)	-	34,027
National Endowment for Democracy (NED)– Th	-	28,300	(14,546)	-	13,754
Digital Rights Fund	-	7,690	(7,690)	-	-
Other Donors	13,822	-	4,270	-	18,092
Total restricted funds	201,566	1,049,719	(1,012,900)	-	238,384
Unrestricted funds:					
Designated Reserves	235,000	-	-	58,000	293,000
Total designated funds	235,000	-	-	58,000	293,000
General funds	329,367	529,122	(572,294)	(58,000)	228,195
Total unrestricted funds	564,367	529,122	(572,294)	-	521,195
Total funds	765,933	1,578,841	(1,585,194)	-	759,579

16b Movements in funds (prior year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
Restricted funds:					
Google	48,883	-	(44,656)	(1,699)	2,528
Hivos 14-15	27,180	-	(27,180)	-	-
Hivos 16-17	-	85,113	(58,111)	-	27,002
Ethiopia Fund	7,360	-	(955)	-	6,405
MacArthur	43,710	79,717	(49,157)	-	74,270
Ford 15-17	23,429	80,959	(58,090)	-	46,298
Adessium	-	65,832	(40,863)	-	24,969
Democratie and Media Foundation	-	39,451	(33,180)	-	6,271
Donated services	-	2,617,493	(2,617,493)	-	-
Other Donors	-	8,258	5,565	-	13,823
Total restricted funds	150,562	2,976,823	(2,924,120)	(1,699)	201,566
Unrestricted funds:					
Designated Reserves	235,000	-	-	-	235,000
General funds	167,446	680,630	(520,408)	1,699	329,367
Total unrestricted funds	402,446	680,630	(520,408)	1,699	564,367
Total funds	553,008	3,657,453	(3,444,528)	-	765,933

16 Purposes of restricted funds

Google – Support of online bloggers in the Mediteranean Region

Hivos 16-17/Hivos 2017 – legal defence to online media and bloggers

Ethiopia Fund – Support for journalists and online media in Ethiopia

MacArthur – Defence of journalists and other online media within Russia

Ford 15-17 – legal assistance to journalists, bloggers and independent media under oppression in South Asia and East Africa

Ford 15-17/Ford 17 – 19 – legal assistance to journalists, bloggers and independent media under oppression

Adessium – Support to Media Centres in Council of Europe Countries. The balance at the year end is negative however the funding runs until 31 March 2017 and further tranches are due which are expected to cover the deficit incurred

Democratie and Media Foundation – Defence of independent media, bloggers and journalists

FOSI Eurasia/LATAM – Support to Media defnece centre in Eurasia/to independent media, bloggers and journalists in LATAM region

NED General – Defending Independent Media and Protecting at-risk Journalists

NED Gambia – Expanding the Space for Free Media in Gambia

Digital Rights Fund – Digital Rights Advocacy

Purposes of designated funds

Designated funds are maintained to ensure any significant financial risks to MLDI are controllable

17 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2017 £	2016 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(6,354)	212,925
Depreciation charges	–	–
Dividends, interest and rent from investments	(1,774)	(3,242)
(Increase)/decrease in debtors	(242,609)	4,220
Increase/(decrease) in creditors	182,935	(14,211)
Net cash provided by / (used in) operating activities	(67,802)	199,692

18 Analysis of cash and cash equivalents

	At 1 January 2017 £	Cash flows £	Other changes £	At 31 December 2017 £
Cash in hand	612,480	(75,055)	–	537,425
Notice deposits (less than three months)	437,536	1,707	–	439,243
Total cash and cash equivalents	1,050,016	(73,348)	–	976,668

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 2017 £	2016 £
Less than one year	41,380	15,676
One to five years	–	–
	41,380	15,676

20 Capital commitments

At the balance sheet date, the charity had made no capital commitments

21 Contingent assets or liabilities

There are no contingent assets or 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.