

Company number: 06621203

Charity number: 1128789

Media Legal Defence Initiative

Report and financial statements

For the year ended 31 December 2018

Media Legal Defence Initiative

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Media Legal Defence Initiative

Reference and administrative information

For the year ended 31 December 2018

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:

Sarah Carolyn BULL
Robert JOBBINS (Chair)
Joshua CASTELLINO
Smita SHAH
Leo SKYNER (Treasurer)
Matthew Richard FRANCIS
Richard BROPHY
Caroline FROST
Steven FINIZO

Key management personnel: Lucy FREEMAN (Chief Executive)

Bankers

Triodos Bank
Deanery Street
Bristol
BS1 5AS

Barclays Bank
1 Churchill Place
London
E14 5HP

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 2018

The trustees present their report and the audited financial statements for the year ended 31 December 2018.

Reference and administrative information set out on page one 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 objectives 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.

Our 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 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 2018 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.

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.

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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 - providing 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 2018, MLDI worked with 12 volunteers over the year, each committing an average of three days a week for about 2 months, totalling 1,921 hours (equivalent to one full-time staff member).

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. We also worked with research and evaluation volunteers who helped us to carry out desk research to support our monitoring and evaluation activities.

Strategic report

Achievements and performance

Over the year, we ran four programmes to help journalists and media outlets defend legal cases against them, in line with our charitable objectives:

- 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
- Training and capacity building for lawyers

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.

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

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- 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

During 2018, we directly supported 98 new cases from 26 countries with expert legal advice and financial support.¹ We continued to provide support to 167 ongoing cases, therefore supporting 265 cases in total over the year (25.6% more cases than 2017). The highest number of new cases supported were in Azerbaijan, followed by Russia and Turkey. 2018 was our busiest year to date, supporting more cases than any year before.

Despite the increasingly challenging and dangerous circumstances journalists are facing worldwide, we achieved many successes over the year. In 2018, 67 of the cases we were supporting concluded and in 67.7% 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.

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, 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.

46 of the 98 new cases we took on in 2018 were strategic. We continued to work on 81 existing cases, bringing the total number of strategic cases worked on in 2018 to 127. The 46 new cases originated in 16 countries (Azerbaijan, Cameroon, Canada, Colombia, France, Kenya, Liberia, Montenegro, Nigeria, Peru, Russia, Tanzania, Turkey, Uganda, Venezuela, Vietnam). Twenty one strategic cases were closed over the year. We either fully or partially met our case objectives in 14 of the cases, making our success rate for strategic cases 67.7% in 2018.

Grants to 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.

¹ 36% of the 98 new cases we supported in 2018 received technical legal assistance in addition to financial support

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For the year ended 31 December 2018

Over the course of 2018, we entered new relationships and renewed existing partnerships with 13 organisations and continued partnerships under grants awarded in 2017 with a further two organisations, totalling 15 partnerships in 14 countries in 2018. The project grants were to support partners to deliver legal defence to media in their countries and, in the Gambia, to advocate for implementation of recent judgments from the ECOWAS Court.

We entered into new partnerships with the C-Libre (Honduras), Helsinki Foundation for Human Rights (Poland) and the Center For Victims Of Human Rights Violations (the Gambia), and two new partners in the MENA and Asia regions.² We also renewed existing partnerships with the Foundation for Press Freedom (Colombia), Human Rights Platform (Ukraine), Human Rights Network for Journalists (Uganda), Hungarian Civil Liberties Union (Hungary), Media Development Centre (Macedonia), Media Policy Institute (Kyrgyzstan), Ossigeno per l'Informazione (Italy) and TOHAV (Turkey). In 2018, our partnerships with the Committee for Legal Aid to the Poor (India) and Platform 24 (Turkey) also continued under grants awarded in 2017.³

In total, in 2018 our organisational support grants have enabled our partners to litigate 197 new cases and provide 285 legal consultations.⁴ To date, cases under the grants with activities in 2018 have a combined success rate of 83.3% and, according to reports from the supported organisations, 78.6% of the journalists supported so far under these grants have continued to publish.

We assess partnership applications on the following criteria:

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

Partner Impact Evaluation

To better understand the impact of MLDI's support on our partners' ability to provide legal defence in their home countries, we carried out partner impact evaluations using Most Significant Change (MSC) methodology.⁵ We also carried out two site visits in 2018 to meet with partners in India and Hungary.

² Names withheld to protect the identity of the organisations

³ 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 2018 as their projects completed and were renewed during the calendar year.

⁴ Figure is calculated by calculating the proportion of total cases litigated/planned pro-rata by the proportion of the project which takes place in 2018.

⁵ We collected a cluster of testimonies and stories from stakeholders using a template of questions aimed at measuring the impact of MLDI's support for these organisations. Once assembled, the answers constituted 'significant change stories'. We then carried out a workshop to review the stories and identify themes of change and impact. Additional information on the methodology and findings is available in our 2018 learning report: <https://www.mediadefence.org/publications/2017-learning-report>

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The Partner Impact Evaluation found that MLDI plays three key roles in relation to our partners: as a crucial donor; as a capacity builder; and as a catalyst.

As a crucial donor, MLDI funds litigation when no one else will or there is little interest from the wider donor community and is flexible and adaptable to volatile political contexts.

As a capacity builder, MLDI increases partners' exposure to media defence cases and donor funded projects, allowing them to gain experience, confidence and build their skills; facilitates networking and connections to other donors; encourages reflection on their programmes and organisation; and enhances their reputation.

As a catalyst, MLDI helps to scale their media defence services or programmes; enables them to expand beyond the confines of their current funding; and enables them to provide legal services in a coordinated and structured way.

Another common theme in all of the stories of change we collected was a general deterioration of the media and law environment in their country.

Support for training and capacity building

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

In 2018, we delivered regional litigation surgeries in East Africa (Kenya) and West Africa (Nigeria), training a total of 24 lawyers in international freedom of expression standards, litigation before regional human rights mechanisms, and rendering legal defence to journalists, bloggers and independent media. The trainings emphasised new areas of law that govern freedom of expression on the Internet, legal remedies to online expression restrictions and strategies to advance jurisprudence in the embryonic field of digital rights.

The trainings took place as part of our Digital Rights Advocates Project, under which a number of training participants were also supported to attend international conferences to assist with building their professional networks with civil society organisations, identifying cases to litigate, and facilitating their engagement with digital rights and freedom of expression issues.

Further training activities are planned for 2019, with four litigation surgeries and associated network building opportunities for their participants due to take place in East, West, and Southern Africa.

We also collaborate with relevant institutions to provide training on freedom of expression law to journalists and lawyers and where appropriate other professionals working in the freedom of expression field.

In the academic year 2017-2018,⁶ we organized and supervised a one-year freedom of expression clinic in partnership with the University of Edinburgh. Attended by 12 law students from Edinburgh Law School, the clinic provided a unique opportunity for students to work alongside practicing lawyers on international

⁶ Concluding June 2018

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casework. The clinic educated law students on matters of freedom of expression and human rights law, inspiring them to pursue a career in the field, but also delivered concrete results in real cases. We assisted students in drafting two petitions to the UN Working Group on Arbitrary Detention, on behalf of prominent human rights defenders Mr Trung Ton and Mr Le Dinh Luong, both arbitrarily detained following their peaceful reporting on human rights abuses in Vietnam. The clinic began again in September 2018 with a new cohort of 12 students working on two new petitions to the UN Working Group. We hope to file these at the Working Group in or around June 2019.

Beneficiaries of our services

Our primary beneficiaries are the journalists, bloggers and media outlets we support, who are facing legal threats for their reporting. The organisations we provide grants to and the lawyers we train, network to others and fund to represent journalists are also beneficiaries. Indirectly, as a result of supporting and encouraging a free and independent media able to publish in the public interest, the general public are also a beneficiary 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.

In 2018, we carried out our second annual journalist impact survey to look at the longer-term impact of our support on our primary beneficiaries, journalists.

Key findings:

	2017 Survey	2018 Survey
% that would recommend MLDI (or partner) to journalists in a similar situation	95%	98%
% that have continued to report on public interest topics	87%	90%
% that are satisfied with their legal representation	85%	100%
% are satisfied with the outcome of their case	65%	85%

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In addition, many felt that their case had a positive impact by increasing public support of/respect for journalism; setting legal precedent; increased protection standards for the media; fewer attacks on journalists; and encouraging other journalists to seek justice

We were also interested in how the case might affect their journalism and ability to report. We found that:

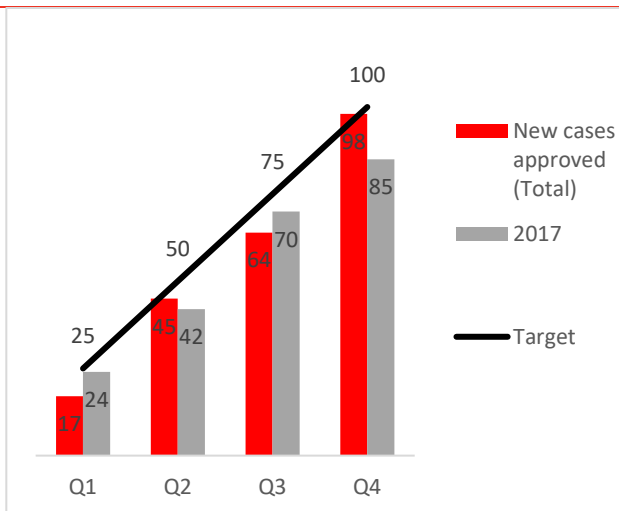
- 62% said they made no changes to their journalistic practice
- 16% said they are now more diligent in their reporting e.g. fact checking
- 10% felt more emboldened and committed to their journalism or that it has enabled them to do more investigative journalism. The full report can be accessed on our [website](#).

Key performance Indicators

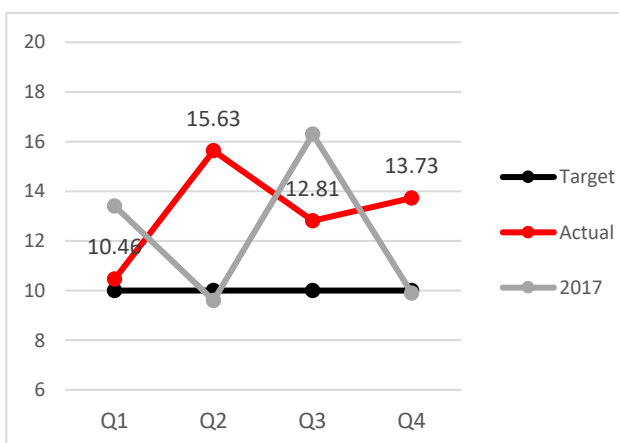
A summary of our key 2018 indicators and results, broken down by strategic outcome area is provided below.

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

Number of new cases supported (Cumulative)



Speed of Approval (average number of days)



Although slightly over our desired approval speed, recent evaluations found journalists and lawyers found us to be effective and responsive. We continue to try and improve our grant making processes and speed of approval.

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Number of partner grants approved (cumulative)



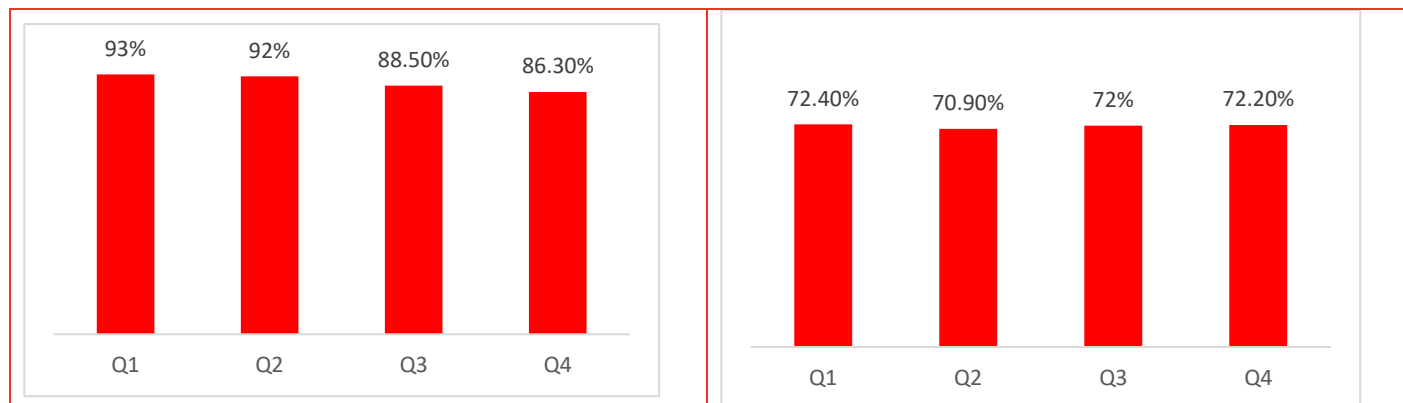
Outcome 2: Journalists are able to defeat abusive legal challenges and continue to report on issues of public interest

<p>% of cases with objectives fully or partially met (of cases closed within quarter)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td>87.50%</td> <td>70%</td> </tr> <tr> <td>Q2</td> <td>33%</td> <td>70%</td> </tr> <tr> <td>Q3</td> <td>81.20%</td> <td>70%</td> </tr> <tr> <td>Q4</td> <td>75%</td> <td>70%</td> </tr> </tbody> </table>	Quarter	Actual	Target	Q1	87.50%	70%	Q2	33%	70%	Q3	81.20%	70%	Q4	75%	70%	<p>% of cases with objectives fully or partially met (to date)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td>69%</td> <td>69%</td> </tr> <tr> <td>Q2</td> <td>69%</td> <td>69%</td> </tr> <tr> <td>Q3</td> <td>67.20%</td> <td>67.20%</td> </tr> <tr> <td>Q4</td> <td>70.70%</td> <td>70.70%</td> </tr> </tbody> </table>	Quarter	Actual	Target	Q1	69%	69%	Q2	69%	69%	Q3	67.20%	67.20%	Q4	70.70%	70.70%
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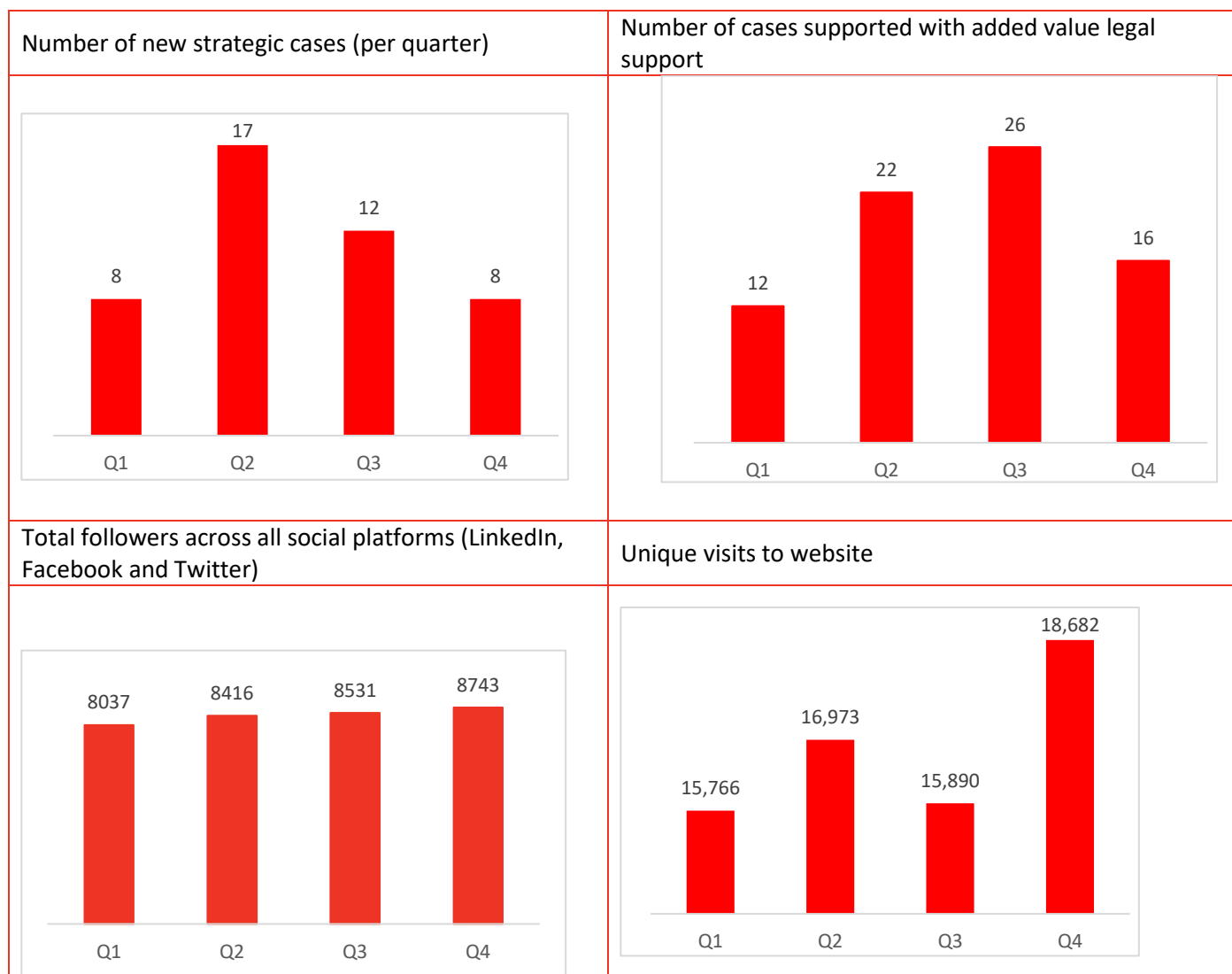
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Outcome 3: Ensuring high impact of our litigation, partnerships and training and communicating our impact



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Unique visits are up approximately 33% compared to 2017. The majority came from vacancy pages, training application calls and a small increases in resources and impact report views.

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																																												
<p>% of live cases by Press Freedom Country Rating (at end of 2018)</p> <table border="1"> <thead> <tr> <th colspan="2">% of live cases by PFI area</th> </tr> </thead> <tbody> <tr> <td>Free</td> <td>4.50%</td> </tr> <tr> <td>Partly Free</td> <td>37.00%</td> </tr> <tr> <td>Not Free</td> <td>58.50%</td> </tr> </tbody> </table>	% of live cases by PFI area		Free	4.50%	Partly Free	37.00%	Not Free	58.50%	<p>Number of cases active by region (at end of 2018)</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>Americas</td> <td>15</td> <td>17</td> <td>17</td> <td>17</td> </tr> <tr> <td>Asia-Pacific</td> <td>18</td> <td>17</td> <td>16</td> <td>19</td> </tr> <tr> <td>Central Asia and...</td> <td>56</td> <td>59</td> <td>61</td> <td>65</td> </tr> <tr> <td>Europe</td> <td>32</td> <td>38</td> <td>42</td> <td>43</td> </tr> <tr> <td>MENA</td> <td>7</td> <td>9</td> <td>5</td> <td>6</td> </tr> <tr> <td>Sub-Saharan Africa</td> <td>43</td> <td>46</td> <td>48</td> <td>50</td> </tr> </tbody> </table>	Region	Q1	Q2	Q3	Q4	Americas	15	17	17	17	Asia-Pacific	18	17	16	19	Central Asia and...	56	59	61	65	Europe	32	38	42	43	MENA	7	9	5	6	Sub-Saharan Africa	43	46	48	50
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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 summarised in our 2018 learning report which can be found on our [website](#).

Fundraising

- MLDI is committed to ensuring that all of our fundraising activities are carried out in an ethical manner, that any funds accepted come from ethical sources, and that our fundraising respects and protects our independence, impartiality and mission.
- Decisions on whether to accept funds from a new source are taken by MLDI's board, after the potential donor has been carefully vetted by the CEO or a delegated authority.
- We do not engage in direct fundraising from the public.
- We do not engage commercial or professional fundraisers or outsource any of its fundraising activities.
- We are transparent about the source of our funding, with donor information made publicly available.
- MLDI's complaints policy and procedure, available on our website, outlines the process for lodging a complaint with MLDI, and how that complaint will be dealt with.

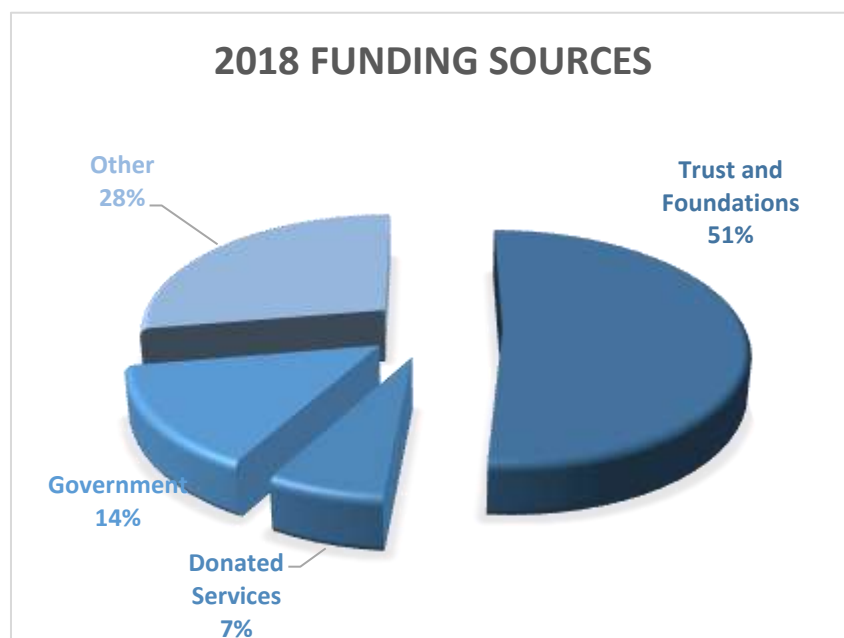
Campaigning

- MLDI does not engage in political campaigning.

Financial review

Income

Trusts and Foundations continue to be the main source of our funding, with 51% of funding during 2018 being from this source compared to 59% in 2017, indicating gradual diversification in income sources.



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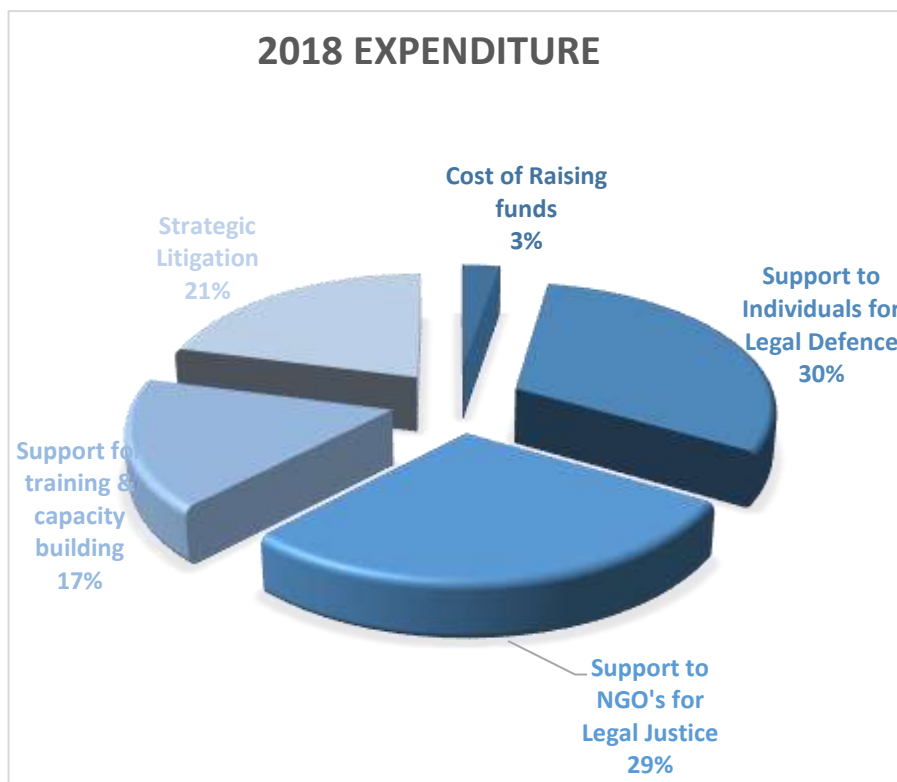
In 2018, we received total incoming resources of £1.2 million, compared to £1.6 million in 2017; being a 23% decrease in incoming resources; attributable to a decrease in the level of donated services utilised during the year.

64% of the incoming resources were restricted to either region or theme; and 36% were unrestricted; with 10% of the restricted incoming resources being from donated services, compared to 39% in 2017.

Overall, our unrestricted income during 2018 fell by 16% while restricted income fell by 26%; this being predominantly due to the drop in donated services utilised in the period.

Expenditure

2018 saw a more equitable spread of spend on our core charitable activities as shown in chart below (2017: Strategic Litigation – 35%; Support to NGO's for Legal Justice – 32% and to Individuals for Legal defence – 20%); and a growth in our Support for training and capacity building (2017: 10%).



In 2018, we spent £1.4 million, a 10% decrease from 2017 when expenditure was £1.6 million, mainly attributable to a 35% decrease in grants payable (2018: £587K; 2017: £905K). Despite the overall decrease, MLDI recorded a 125% increase in funds spent on Support to Individuals for Legal Defence.

Our total support cost in 2018 was £246,774 compared to £231,284 in 2017, representing 18 % of our total expenditure. Support costs include salary and overhead costs and have been allocated across activities on the basis shown in Note 1(i) of the Financial Statements.

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Overall Picture

We recorded a decrease in donated services during 2018 (2018 recorded 193 hours compared to 1,117 hours in 2017) attributable to the fluctuating complexity of cases/need. We developed a pro-bono strategy during 2018, which will be piloted in 2019.

Overall, we continued to grow during 2018, increasing the number of awarded grants for emergency legal defence (2018: 86, 2017: 65) and to partner organisations (2018: 13, 2017: 8); and increasing staff numbers. We closed with a net position of £189,354 deficit, offset by funds brought forward from 2017, but maintained about the same liquidity ratio as in 2017 (2:1).

At the end of 2018, we carried forward total funds of £570,225, of which £203,579 were restricted funds (funding with a thematic and/or regional restriction) and £366,645 were general, unrestricted funds.

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. 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 £366,645 (2017: £521,194) equating to about three months of MLDI's planned core operational costs for 2019. The current excess of unrestricted reserves over the targeted level is due to 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:

Media Legal Defence Initiative

Trustees' annual report

For the year ended 31 December 2018

- Cash flow forecasts for the next twelve months have been reviewed and MLDI is confident that adequate resources are available (with 81% 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.

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 2019, 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. We will also deepen our litigation strategies on these issues and explore litigation strategies for emerging technologies.
- **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 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 2018, we reviewed and updated as necessary, all data security related policies; and improved as necessary, on practices around these; and also commenced the process of engaging a new IT Service provider who would support the overhaul of our IT infrastructure in 2019.
- **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

Media Legal Defence Initiative

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training in target regions or with partners that have the most need. We have developed and made available to lawyers and partners, training manuals on freedom of expression and media defence.

- **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. In 2019, we will intensify efforts to raise more unrestricted funds.
- **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. In 2019, we will complete a salary review, benchmarking MLDIs pay and benefits.

Plans for the future

By the end of 2019 our growth will slow, and we will move into a period of consolidation.

In 2019, we will continue to provide emergency legal defence to journalists through an emergency defence fund, supporting 100 new individual cases. We will also launch a Fact Checkers Legal Support Initiative, to support the legal needs of nonpartisan fact-checking projects.⁷

We will increase the number of partners we grant to, from 13 to 16. We will also grow our partnership model to increase and deepen the support we currently offer to our partners, rolling out our piloted developments to become a standard part of our partnership model.

In 2019, we will continue to litigate strategic cases. We will particularly seek out strategic cases that offer an opportunity to address ongoing abuse of criminal laws used against journalists, laws and practices that restrict online journalism, and physical violence and harassment of journalists and bloggers. An increasing number of our cases involve litigating freedom of expression online issues and we are establishing ourselves as a leader in the legal defence of digital rights. To ensure we are ready to address this emerging area we will allocate dedicated resource for legal research on digital rights and free expression online.

In 2019, 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.

In 2019, we will change our IT provider and overhaul our digital security policies, practices and IT infrastructure to ensure a robust and human rights relevant system.

⁷ Organisations that regularly publish nonpartisan reports on the accuracy of statements by public figures, major institutions, and other widely circulated claims of interest to society.

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In 2018, we restructured the organisation ready for the next phase of growth. We revised the functional clusters within the organisation, creating a new development cluster, restructuring the legal team to ensure we maintain the quality of our litigation while increasing our case load. We also reviewed and update job titles and descriptions to ensure they reflect the requirements of the organization. This model informs our structure going forward. In 2019, we will recruit four additional posts, (an additional Grant Officer, a Finance and Admin Assistant, a Fundraising Officer and a Development Director. We will continue to work with volunteers, and we will prepare for the expansion our fellowship programme, hosting fellows from partner organisations, with a view to the first fellow arriving at MLDI in January 2020.

In 2018, we hired our first communications officer, and in 2019 we will rebrand to Media Defence and launch our new website, which will include a legal repository to enhance communication and information sharing and access to MLDI's legal expertise. We will continue to use our website as well as Facebook, Twitter and LinkedIn pages to reach target audiences. We will take a digital first approach to content, with all guides, training manuals and reports published directly online. We will host a series of seminars in the UK and internationally, looking at press freedom legal defence issues. We will produce more video content, more regularly.

In 2019, we will start work on our new strategic plan, which will take us from 2020-2025.

In the coming years, we foresee the space for independent media continuing to contract. Remaining critical news outlets will be shut down or bought out, and media owners will be hit with spurious allegations - tax evasion or failure to obtain licenses - and journalists will face criminal charges. Some journalists will have had to flee their country for their own safety. Otherwise will be subjected to threats and violence. We predict more and more vigorous attempts to restrict publishing on-line, the introduction of new restrictive laws related to online expression, and increasing use of internet shut downs and website blocking.

We will continue to defend journalists, and take strategic cases, in partnership with individual lawyers and organisations, to constitutional and international courts, 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.

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.

Media Legal Defence Initiative

Trustees' annual report

For the year ended 31 December 2018

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.

Related parties and relationships with other organisations

- MLDI trustee Steven Finizo, is a partner at Wilmer Cutler Pickering Hale and Dorr LLP, which provided pro bono support to MLDI.
- MLDI trustee Matt Francis, was appointed Finance Director of Sigrid Rausing, which in December 2017, awarded MLDI a three-year grant of £450,000 (£150,000/year).

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.

Media Legal Defence Initiative

Trustees' annual report

For the year ended 31 December 2018

Employee information

MLDI's staff is integral to the meaningful work that we do and the delivery of our 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 smooth operational functioning.

MLDI expanded in 2018, with the addition of a new post: Communications Officer. We also revised the functional clusters within the organisation, creating a new development cluster, restructuring the legal team to ensure we maintain the quality of our litigation while increasing our case load. We also reviewed and update job titles and descriptions to ensure they reflect the requirements of the organization. This model informs our structure going forward.

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:

-
- 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

Media Legal Defence Initiative

Trustees' annual report

For the year ended 31 December 2018

- 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 2018 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 3 April 2019 and signed on their behalf by

Robert Jobbins
Chair

Media Legal Defence Initiative

Independent auditor's report

For the year ended 31 December 2018

Opinion

We have audited the financial statements of Media Legal Defence Initiative (the 'charitable company') for the year ended 31 December 2018 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 2018 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 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.

Media Legal Defence Initiative

Independent auditor's report

For the year ended 31 December 2018

- 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)

3 May 2019

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 2018

	Note	Unrestricted £	Restricted £	2018 Total £	Unrestricted £	Restricted £	2017 Total £
Income from:							
Donations and legacies	2	439,038	774,720	1,213,758	512,268	1,049,719	1,561,987
Investments		1,759	-	1,759	1,774	-	1,774
Other		2,569	-	2,569	15,079	-	15,079
Total income		443,366	774,720	1,218,086	529,121	1,049,719	1,578,840
Expenditure on:							
Raising funds	3	38,454	-	38,454	36,821	12,124	48,945
Charitable activities							
Support to Individuals for Legal Defence	3	178,261	252,209	430,470	182,991	127,300	310,291
Support to NGO's for Legal Justice	3	200,352	206,577	406,928	163,568	340,003	503,571
Support for training & capacity building	3	95,872	142,040	237,913	90,050	72,479	162,529
Strategic Litigation	3	110,414	183,260	293,674	98,864	460,994	559,858
Total expenditure		623,353	784,087	1,407,440	572,294	1,012,900	1,585,194
Net income / (expenditure) for the year	5	(179,987)	(9,367)	(189,354)	(43,173)	36,819	(6,354)
Transfers between funds		25,439	(25,439)	-	-	-	-
Net movement in funds		(154,548)	(34,806)	(189,354)	(43,173)	36,819	(6,354)
Reconciliation of funds:							
Total funds brought forward		521,194	238,385	759,579	564,367	201,566	765,933
Total funds carried forward		366,646	203,579	570,225	521,194	238,385	759,579

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 2018

	Note	£	2018 £	£	2017 £
Fixed assets:					
Tangible fixed assets	10		<u>5,490</u>		<u>7,320</u>
Current assets:					
Debtors	11	101,780		256,371	
Cash at bank and in hand	18	944,254		976,668	
			<u>1,046,034</u>	<u>1,233,039</u>	
Liabilities:					
Creditors: amounts falling due within one year	12	481,299		480,780	
Net current assets			<u>564,735</u>		<u>752,259</u>
Total net assets	15		<u><u>570,225</u></u>		<u><u>759,579</u></u>
The funds of the charity:	16				
Restricted income funds			203,579		238,384
Unrestricted income funds:					
Designated funds		293,000		293,000	
General funds		73,647		228,195	
			<u>366,647</u>	<u>521,195</u>	
Total unrestricted funds					
Total charity funds			<u><u>570,225</u></u>		<u><u>759,579</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the trustees on 3 April 2019 and signed on their behalf by

ROBERT JOBBINS
Chair

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.

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 £	2018 Total £	2017 Total £
Gifts & Donations	439,038	694,191	1,133,229	1,154,702
Legacies	-	-	-	-
Donated services	-	80,529	80,529	407,285
	<u>439,038</u>	<u>774,720</u>	<u>1,213,758</u>	<u>1,561,987</u>

In 2017 there were unrestricted gifts and donations of £512,268, the balance of donations and legacies were restricted.

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

Statement of cash flows

For the year ended 31 December 2018

	Note	2018	2017
		£	£
Cash flows from operating activities	17		
Net cash provided by / (used in) operating activities		(34,173)	(67,802)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,759	1,774
Purchase of fixed assets		-	(7,320)
Net cash provided by / (used in) investing activities		1,759	(5,546)
Change in cash and cash equivalents in the year		(32,414)	(73,348)
Cash and cash equivalents at the beginning of the year		976,668	1,050,016
Cash and cash equivalents at the end of the year	18	944,254	976,668

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2018

3 Analysis of expenditure

	Note	Charitable activities							2018 Total £	2017 Total £
		Fundraising £	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	6	34,364	130,653	65,326	87,102	65,326	21,775	65,326	469,873	392,644
Other Staff Costs		-	6,328	3,164	4,219	3,164	1,055	3,164	21,093	12,317
Grants payable	4	-	192,634	264,216	-	130,250	-	-	587,100	904,655
Translation services		-	-	-	-	7,151	-	-	7,151	18,147
Fundraising costs		4,090	-	-	-	-	-	-	4,090	7,137
Volunteers' expenses		-	680	340	454	340	113	340	2,268	4,725
Travel and subsistence		-	-	-	8,741	3,080	-	11,649	23,471	31,049
Meetings and events		-	-	-	74,909	4,948	-	-	79,857	36,259
Marketing and promotion		-	-	-	-	-	-	5,364	5,364	10,130
Monitoring, Evaluation & Research		-	20	4,331	23,540	9,863	-	-	37,754	3,995
Premises		-	-	-	-	-	-	87,021	87,021	53,926
Depreciation		-	-	-	-	-	-	1,830	1,830	-
Office costs		-	-	-	-	-	-	64,519	64,519	77,335
Bank Charges & Exchange (gains)/losses		-	-	-	-	-	-	(1,715)	(1,715)	752
Board expenses		-	-	-	-	-	210	-	210	974
Audit and accountancy		-	-	-	-	-	8,280	-	8,280	9,180
Legal and professional		-	-	-	-	-	-	9,275	9,275	21,969
Sub-total		38,454	330,315	337,377	198,964	224,122	31,434	246,774	1,407,440	1,585,194
Support costs		-	88,839	61,693	34,548	61,693	-	(246,774)	-	-
Governance costs		-	11,316	7,858	4,401	7,858	(31,434)	-	-	-
Total expenditure 2018		38,454	430,470	406,928	237,913	293,674	-	-	1,407,440	1,585,194
Total expenditure 2017		48,945	310,291	503,571	162,529	559,858	-	-	-	-

Of the total expenditure, £623,353 was unrestricted (2017: £572,294) and £784,087 was restricted (2017: £1,012,900).

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2018

3 Analysis of expenditure for prior year

	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 (2016: £2,924,120).

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2018

4a Grant making

	Grants to institutions £	Grants to individuals £	Support costs £	2018 £	2017 £
Cost					
Support to Individuals for Legal Defence	-	192,634	88,839	281,473	189,645
Support to NGO's for Legal Justice	264,216	-	61,693	325,909	434,542
Support for Training & Capacity Building	-	-	34,548	34,548	44,252
Strategic Litigation	80,529	49,721	61,693	191,944	464,308
At the end of the year	<u>344,744</u>	<u>242,356</u>	<u>246,774</u>	<u>833,874</u>	<u>1,132,747</u>

4b Grant making prior year

	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:

	2018 £	2017 £
Depreciation	1,830	-
Operating lease rentals:		
Property	83,675	50,043
Water Dispenser	80	
Auditors' remuneration (excluding VAT):		
Audit	6,900	7,650
Foreign exchange gains or losses	(1,715)	752
	<u>88,770</u>	<u>58,445</u>

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

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	417,906	348,272
Social security costs	40,770	34,950
Employer's contribution to defined contribution pension schemes	11,197	9,422
Other forms of employee benefits	-	-
	<u>469,873</u>	<u>392,644</u>

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

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

	2018 No.	2017 No.
£60,000 – £69,999	–	–
£70,000 – £79,999	1	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £86,418 (2017: £83,617).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

Trustees' expenses/development was £NIL (2017: £22) 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 10 (2017: 9).

8 Related party transactions

In December 2017, MLDI was awarded a three year grant of £450,000 (£150,000/year) from Sigrid Rausing Trust, starting 1 Jan 2018. MLDI's trustee, Matthew Francis was appointed Finance Director of Sigrid Rausing Trust in November 2018

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	9,533	9,528	19,061
Additions in year	–	–	–
Disposals in year	–	–	–
At the end of the year	9,533	9,528	19,061
Depreciation			
At the start of the year	2,213	9,528	11,741
Charge for the year	1,830	–	1,830
Eliminated on disposal	–	–	–
At the end of the year	4,043	9,528	13,571
Net book value			
At the end of the year	5,490	–	5,490
At the start of the year	7,320	–	7,320

All of the above assets are used for charitable purposes.

11 Debtors

	2018 £	2017 £
Grants Receivable	76,437	220,843
Other Debtors	8,157	22,268
Prepayments	17,186	13,260
	<u>101,780</u>	<u>256,371</u>

12 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade Creditors	36,797	36,088
Tax & Social Security	-	-
Other Creditors	394	1,392
Grants Payable	285,828	275,609
Deferred Income	150,000	150,000
Accruals	8,280	17,691
	<u>481,299</u>	<u>480,780</u>

13 Deferred income

Deferred income comprises an amount of £150,000 received from Sigrid Rausing for 2019 activities

	2018 £	2017 £
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>
Balance at the end of the year	<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.

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

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	5,490	-	-	5,490
Net current assets	68,156	293,000	203,579	564,735
	<u>73,646</u>	<u>293,000</u>	<u>203,579</u>	<u>570,225</u>

15b Analysis of net assets between funds (prior 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
	<u>228,195</u>	<u>293,000</u>	<u>238,384</u>	<u>759,579</u>

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	1	-	-	-	1
Dow Jones	10,232	-	(10,232)	-	
Dow Jones 2018/19		7,950	(915)		7,034
FOSI PIJ – Eurasia	5,350	-	166	(5,516)	
FOSI PIJ – LATAM	36,648	-	(16,519)	(755)	19,374
Hivos 2017	1	-	(1)	-	
Hivos 2018		96,453	(100,683)		(4,230)
Ethiopia Fund	5,264	-	(1,042)	-	4,222
MacArthur	37,199	-	(37,199)	-	
Ford 17-19	60,456	76,437	(101,192)	-	35,701
Adessium 16 -19	(6,153)	90,156	(77,115)	-	6,888
Donated services	-	80,529	(80,529)	-	
KAS 2018		12,021	(12,021)		-
OSF (Non – US) BAN (17 – 18)	23,515	-	(1,479)	-	22,036
National Endowment for Democracy (NED) – G	34,027	-	(34,027)	-	
National Endowment for Democracy (NED)– Th	13,754	(1,591)	(12,163)	-	0
National Endowment for Democracy (NED)2018		55,959	(49,100)		6,858
Omidyar Network		182,927	(100,000)	(10,000)	72,927
Digital Rights Fund	-	173,880	(136,213)	(9,168)	28,499
Other Donors	18,092	-	(13,823)	-	4,269
Total restricted funds	238,385	774,720	(784,086)	(25,439)	203,579
Unrestricted funds:					
Designated Reserves	293,000	-	-	-	293,000
Total designated funds	293,000	-	-	-	293,000
General funds	228,195	443,366	(623,353)	25,439	73,647
Total unrestricted funds	521,195	443,366	(623,353)	25,439	366,647
Total funds	759,580	1,218,086	(1,407,439)	-	570,225

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2018

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	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) – G	-	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	(1)	1	(58,000)	228,195
Total unrestricted funds	564,367	(1)	1	-	521,195
Total funds	765,933	1,049,718	(1,012,899)	-	759,579

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/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 defence 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

Omindyar Network – Emergency defence legal aid in South East Asia

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

	2018 £	2017 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(189,354)	(6,354)
Depreciation charges	1,830	–
Dividends, interest and rent from investments	(1,759)	(1,774)
(Increase)/decrease in debtors	154,591	(242,609)
Increase/(decrease) in creditors	519	182,935
Net cash provided by / (used in) operating activities	(34,173)	(67,802)

18 Analysis of cash and cash equivalents

	At 1 January 2018 £	Cash flows £	Other changes £	At 31 December 2018 £
Cash in hand	537,425	(34,090)	–	503,336
Notice deposits (less than three months)	439,243	1,675	–	440,918
Total cash and cash equivalents	976,668	(32,414)	–	944,254

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 2018 £	2017 £
Less than one year	43,209	41,380
One to five years	–	–
	43,209	41,380

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.