

Company no. 06621203  
Charity no. 1128789

**Media Legal Defence Initiative  
Report and Financial Statements  
31 December 2012**

**sayer vincent**  
  
*auditors and advisors*

## Media Legal Defence Initiative

### Reference and administrative details

For the year ended 31 December 2012

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**Company number** 06621203

**Charity number** 1128789

**Registered office and operational address** The Grayston Centre  
28 Charles Square  
London  
N1 6HT

**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:

Ms Gwyneth Henderson	Chair
Mr Martin Kramer	
Prof. Philip Leach	
Mr Wilfred Mbanga	
Mr Mark Ellis	Resigned 29/11/2012
Mr Stephen Tough	
Ms Gordana Jankovic	
Leo Skyner	Appointed 09/2012

**Principal staff** Mr Peter Noorlander Chief Executive Officer

<b>Bankers</b>	Triodos Bank Deanery Street Bristol BS1 5AS	The Co-operative Bank Plc PO Box 101 1 Balloon Street Manchester M60 4EP
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**Solicitors** Bates Wells & Braithwaite  
2-6 Cannon Street  
London  
EC4M 6YH

**Auditors** Sayer Vincent  
Chartered accountants and statutory auditors  
8 Angel Gate  
City Road  
London  
EC1V 2SJ

## **Media Legal Defence Initiative**

### **Report of the trustees**

#### **For the year ended 31 December 2012**

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The trustees, who act as the directors of the company for the purposes of the Companies Act, and trustees of the charity, present their report and the audited financial statements for the year ended 31 December 2012.

Reference and administrative information set out on page 1 forms part of this report. The trustees confirm that the annual report and financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005).

### **Structure, governance & management**

The MEDIA LEGAL DEFENCE INITIATIVE 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 was established under a Memorandum of Association, which sets out its objects and powers, and is governed under its Articles of Association.

### **Recruitment and Appointment of Trustees**

Under the charity's Memorandum and 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.

Trustees are familiar with either the fields of charity finance/management, human rights and/or journalism and undergo an induction on their role and responsibilities as well as the work of the MEDIA LEGAL DEFENCE INITIATIVE. On appointment, trustees are provided with the Memorandum and Articles of Association of MEDIA LEGAL DEFENCE INITIATIVE, and a copy of the Charity Commission's guidance on the role and responsibilities of trustees.

The Trustees of MEDIA LEGAL DEFENCE INITIATIVE 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 his team. The Chief Executive Officer is Peter Noorlander.

There are currently seven trustees:

Ms Gwyneth Henderson (Chairperson)  
Ms Gordana Jankovic  
Mr Martin Kramer  
Prof Philip Leach  
Mr Wilfred Mbanga  
Mr Leo Skyner (appointed 1 August 2012)  
Mr Stephen Tough

Mr Mark Ellis resigned as a trustee on 29 November 2012.

## **Media Legal Defence Initiative**

### **Report of the trustees**

#### **For the year ended 31 December 2012**

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All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 4 to the accounts.

#### **Risk Review**

On an on-going and regular basis, the Trustees, conduct a wide ranging risk review process and consider that systems are in place to mitigate exposure to the major risks. They are satisfied that systems are in place to ensure the charity remains sufficiently funded at all times, and that its activities are within its mandate.

#### **Organisational Structure**

The MEDIA LEGAL DEFENCE INITIATIVE is an independent and autonomous UK charity. Day to day operations are carried out by its London staff. This includes decisions on financial support for the defence of individual journalists up to a maximum of £1,500.

The Trustees of the MEDIA LEGAL DEFENCE INITIATIVE 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.

The MEDIA LEGAL DEFENCE INITIATIVE 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.

#### **Charitable objects and activities**

The MEDIA LEGAL DEFENCE INITIATIVE's 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 law, and journalism.

The MEDIA LEGAL DEFENCE INITIATIVE's core mission is to help journalists and media outlets defend legal cases against them. Where necessary, the MEDIA LEGAL DEFENCE INITIATIVE's helps journalists and independent media pay legal fees, and it also provides legal back-up to the lawyer(s) defending a case.

The MEDIA LEGAL DEFENCE INITIATIVE also supports the development of national organisations that provide legal defence services to journalists, particularly in countries where there is a high and on-going threat of inappropriate legal cases against journalists. It also provides support for support training and networking programmes for lawyers in the fields of media law and human rights.

In addition the MEDIA LEGAL DEFENCE INITIATIVE engages in strategic litigation by submitting cases to domestic courts and international tribunals, or intervening in cases already under way, and supporting national lawyers to do the same.

The following paragraphs provide further information on these activities.

## Media Legal Defence Initiative

### Report of the trustees

#### For the year ended 31 December 2012

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#### Activities

##### *Direct assistance to journalists*

The MEDIA LEGAL DEFENCE INITIATIVE provided direct assistance in 70 cases over the year. Some were resolved relatively quickly but others are expected to be long-running. There were judgments in 21 cases, 14 of which resulted in straight wins, with partial victories in another three.

All cases were all supervised by our in-house legal staff with external lawyers contracted to provide the in-country work.

By the end of December, the overall 'success' rate showed outright wins in 53% of cases; dismissals or discontinuation of proceedings in 34% of cases (an outcome that can sometimes be as good as a win for the journalist involved) and 13% of cases were lost. This demonstrates that with sufficient effort, the majority of cases against journalists can be won. Most cases that are lost are in countries with little or no respect for human rights and the rule of law: Vietnam, the Gambia and Ethiopia. For these, international human rights courts and tribunals are pursued, but this is, by its nature, a slow process.

Examples of successful case outcomes include the following:

- An award-winning Russian newspaper was able to fend off threats of closure for alleged infringements of fire regulations
- A prominent Azeri journalist won his freedom in an unprecedented direct order for his release from the European Court of Human Rights
- Latvian TV journalists were able to defeat a libel challenge brought by the national airline
- A prominent Ukrainian newspaper and its reporter successfully defended large libel claims brought by a member of parliament
- The defence of a Nigerian website that covers corruption stories, Sahara Reporters, on potentially ruinous libel and invasion of privacy charges in the United States
- The successful defence of a treason case against a Ugandan journalist
- The defeat of publication bans in Malaysia
- A Rwandan broadcaster successfully defended against genocide denial charges

In 2012, evidence of the longer-term impact of the MEDIA LEGAL DEFENCE INITIATIVE's work began to show. For example, Ugandan radio broadcasters who had successfully defeated libel and incitement of hatred charges were awarded the EU human rights defenders prize for their continuing reporting on human rights issues; a Kenyan journalist who had been freed from trumped up bribery charges was awarded a State Commendation for his services to the fight against corruption. The Thai, Malaysian, Nigerian and Zambian websites who fought legal challenges with the aid of the MEDIA LEGAL DEFENCE INITIATIVE are all able to concentrate on what they do best – report the news and provide the public with an independent viewpoint on current affairs – rather than being side tracked by abusive lawsuits. In 2013, the MEDIA LEGAL DEFENCE INITIATIVE will be implementing a monitoring strategy to track further long-term impact.

## Media Legal Defence Initiative

### Report of the trustees

#### For the year ended 31 December 2012

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##### *Support to partner organisations (indirect support to legal defence for journalists)*

Through 2012, the MEDIA LEGAL DEFENCE INITIATIVE had a total of 16 active partnerships with national or regional media defence organisations, in the Philippines, Indonesia, Malaysia, Kazakhstan, Russia, Uganda, Hungary, Serbia, Zimbabwe, Mexico, Moldova, Ukraine, Azerbaijan, Jordan, Kyrgyzstan and Liberia. These centres handled a large number of cases – a total of around 500 – and therefore played an important role in delivering the MEDIA LEGAL DEFENCE INITIATIVE’s mission of providing legal defence to journalists and independent media.

The MEDIA LEGAL DEFENCE INITIATIVE’s partners gained important results. The Center for International Law in the Philippines won a ruling from the UN Human Rights Committee declaring that the Philippines criminal libel laws were a violation of the right to freedom of expression; the Mass Media Defence Centre in Russia provided legal defence to more a hundred journalists annually, scoring a success rate of more than 80%; and the Ukrainian Regional Press Development Institute gained significant successes in the area of access to information and provided legal defence to journalists in the country’s regions.

Towards the end of 2012, a review was conducted of the grant-making processes and procedures of the MEDIA LEGAL DEFENCE INITIATIVE. This found that the MEDIA LEGAL DEFENCE INITIATIVE has a clear role to play as a funder with a remit for creating positive social change, and occupies a strong position as a grant maker providing ‘added value’. A number of recommendations were made, including in the fields of knowledge sharing, joint strategic planning, committing to longer-term partnerships and better assessment of grants and their impact. The MEDIA LEGAL DEFENCE INITIATIVE is working on implementing these recommendations.

##### *Strategic litigation for media freedom*

A number of cases conducted by the MEDIA LEGAL DEFENCE INITIATIVE had a wider impact on the development of law and practice in the country or region concerned.

At the European Court of Human Rights, the MEDIA LEGAL DEFENCE INITIATIVE intervened in two cases that clarified the law on the relationship between the right to privacy and the right to freedom of expression. The right to privacy is often argued as a reason to restrict reporting, including on issues of public interest, and our interventions argued that public interest journalism should normally trump any privacy considerations. The European Court agreed with our interventions.

In Rwanda, a judgment was obtained at the Supreme Court that clarified that the country’s genocide denial laws should be used against journalists only when there is clear intent on the part of the media to incite violence. This was an important ruling and ought to block future use of these laws against genuine journalism or for political ends.

The MEDIA LEGAL DEFENCE INITIATIVE also funded litigation at the Court of Justice of the West African Community of States, which held the Gambia responsible for the disappearance of journalists. These judgments further cemented the status of this court as a human rights tribunal; journalists can bring cases there without going through domestic legal processes thus providing for a more speedy resolution mechanism.

## **Media Legal Defence Initiative**

### **Report of the trustees**

#### **For the year ended 31 December 2012**

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We lodged several other cases and interventions at the European Court of Human Rights which are still pending. This includes cases concerning the extent to which any human rights litigation in Strasbourg can be 'confidential' (in a case concerning CIA renditions, where the Court has granted the Romanian government full confidentiality of its submissions); the extent to which laws prohibiting the publication of 'false news' are compatible with the right to freedom of expression; the right of access to budget information for State-owned companies; systemic violence against bloggers and journalists; restrictions on political comment in newspapers during elections; the use of hidden cameras by journalists; and the extent to which criminal defamation laws are compatible with the right to freedom of expression.

#### *Training and networking*

The MEDIA LEGAL DEFENCE INITIATIVE organised a meeting for its key partners and donors meeting in January 2012 to discuss common media defence challenges as well as practical issues of shared interest – such as fundraising and impact monitoring. This was the first such meeting for the MEDIA LEGAL DEFENCE INITIATIVE and provided a unique opportunity for discussion and debate. Beyond the 'purely' legal challenges on topics such as defamation and the abuse of national security laws, the MEDIA LEGAL DEFENCE INITIATIVE's partners face many of the same challenges on issues including security of their offices as well as fundraising and how to monitor the impact of their work.

In October 2012, a similar meeting was organised for the MEDIA LEGAL DEFENCE INITIATIVE's Russian-speaking partners. Hosted by the Mass Media Defence Centre, a Voronezh-based media legal defence organisation, participants included Russian media lawyers (including some in-house at various outlets) as well as media legal defence organisations from Kazakhstan, Kyrgyzstan, Latvia, Ukraine, Mongolia and Azerbaijan. The meeting discussed defamation laws across the region; the right of access to information for the media; international litigation for media freedom; and an overview of a media law database developed by the Mass Media Defence Centre.

The MEDIA LEGAL DEFENCE INITIATIVE continued its on-going work and engagement with Media Defence - South East Asia, the network of media defence lawyers in South East Asia. MD-SEA engaged in cases in Vietnam and Indonesia and conducted capacity-building work in Cambodia and Burma.

#### *Monitoring and evaluation*

The MEDIA LEGAL DEFENCE INITIATIVE has developed a monitoring and evaluation framework which will be fully implemented in 2013. Baselines will be set in the countries where the MEDIA LEGAL DEFENCE INITIATIVE is most active or where it has key partnerships, which will be drawn from press freedom indicators published by Freedom House, the CPJ and others. Progress in media freedom will be measured against these baselines as well as against indicators that will be set at the start of each project. This data is to be collected annually. In addition, a small number of partners will be selected for in-depth case studies which will serve as further evidence of impact.

## **Media Legal Defence Initiative**

### **Report of the trustees**

**For the year ended 31 December 2012**

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#### **Pro bono support**

The MEDIA LEGAL DEFENCE INITIATIVE is fortunate to be able to count on the support of many expert lawyers, journalists and others who volunteer their time pro bono. We are extremely grateful to William Ahern, Gulzar Babaeva, Robert Balin (Davis Wright Tremaine), Kenneth Beale (Wilmer Hale), Michelle Bock (Wilmer Hale), Gary Born (Wilmer Hale), Gerry Facenna (Monckton Chambers), Piers Gardner QC (Monckton Chambers), James Gray, Shaun Hambly, Christopher Herrling (Wilmer Hale), Tom Hewitson, Julianne Hughes-Jennett (Hogan Lovells), John Jones (Doughty Street Chambers), Andrejka Kapusta (HowardKennedyFsi), Harvey Kass, Michelle Keen, Sally Longworth, Rachel Maguire, Towyn Mason, Itai Maytal (Miller Korzenik Sommers), Amber McGovern, Anne-Caroline Meyer, Edita Memisi, Laura O'Neill, Dominic Roarty, Heather Rogers (Doughty Street Chambers), Alice Rudge, Jelia Sane, Holly Scott-Mason (Doughty Street Chambers), Stephanie Shyu, Jessica Simor (Matrix Chambers), Mark Simpson QC (Fountain Court Chambers), Mark Stephens, CBE (HowardKennedyFsi), Julianne Stevenson (Monckton Chambers), Yuli Takatsuki (5RB), Pamela Takefman, John Trenor (Wilmer Hale) and Yasmin Waljee (Hogan Lovells).

#### **Public benefit focus on ensuring that activities achieve charitable aims**

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work within the last twelve months. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

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

#### **Achievements and performance in the delivery of public benefit**

The charity's main activities, and who it tries to help, are described above. All its charitable activities focus on the promotion of human rights throughout the world, in particular through the protection of freedom of speech and the right to free expression, and the advancement of education in law, including human rights law, and journalism, these activities are undertaken to further the Company's charitable objects for the public benefit.

#### **Beneficiaries of the services of the MEDIA LEGAL DEFENCE INITIATIVE**

Primary beneficiaries include journalists and media outlets that are prosecuted and/or persecuted for properly pursuing their role; national non-governmental human rights organisations worldwide that defend against infringements of the right of the media to freedom of expression and human rights lawyers working in the field of freedom of expression.

Secondary beneficiaries include the public at large, by benefiting from the free flow of ideas and information in society that has been enabled through the MEDIA LEGAL DEFENCE INITIATIVE's activities in defence of media freedom.



## **Media Legal Defence Initiative**

### **Report of the trustees**

#### **For the year ended 31 December 2012**

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##### **Financial review**

There was a deficit for the year of £96,125 (2011 – surplus £79,344). This is represented by movements of (£100,200) in restricted funds and £4,075 in unrestricted funds. During 2012, MLDI has received incoming resources amounting to £1,075,386 (2011 - £884,227), out of which £1,143,990 (2011 - £780,367) was expended on charitable activities.

This was the first year that the MEDIA LEGAL DEFENCE INITIATIVE recorded the value of pro bono support given by lawyers/law firms to its activities. The value of that support in 2012 was estimated to be £339,281.

The trustees have set a reserves policy which requires:

- Reserves to be maintained at a level which ensures that approximately six months' of the MEDIA LEGAL DEFENCE INITIATIVE's core activity could continue during a period of unforeseen difficulty.
- A proportion of reserves to be maintained in a readily realisable form.

This is in line with Charity Commission guidance. The level of targeted reserves is approximately £375,000 based on 2012 financial statements. At 31 December 2012, the MEDIA LEGAL DEFENCE INITIATIVE held reserves totalling £265,262.

The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle. It takes into account:

- Risks associated with each stream of income and expenditure being different from that budgeted
- Planned activity level
- Organisational commitments

The MEDIA LEGAL DEFENCE INITIATIVE has considered its future operational plans and will introduce a system to monitor its activities, risks and fund balances to ensure that any unrestricted income over and above its reserves needs is utilised in the most effective manner to implement its charitable objects.

##### **Plans for the future**

2012 has been a year of consolidation. The MEDIA LEGAL DEFENCE INITIATIVE now has the staff it needs to fulfil its mission, moved into its own offices and developed a wide network of partners (including NGO centres as well as lawyers). It has developed programmatic strategies and has the beginnings of a track record to show that these strategies are successful.

In October-December 2012, an external evaluation of the MEDIA LEGAL DEFENCE INITIATIVE's grant making was conducted. This found that on the whole, the organisation "has a clear role to play as a funder with a remit for creating positive social change, and occupies a strong position as a grant maker providing 'added value'."

## **Media Legal Defence Initiative**

### **Report of the trustees**

#### **For the year ended 31 December 2012**

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The evaluators also found that improvements could be made in several areas and made a number of recommendations:

- To adopt Added Value or Funder Plus grant making processes to demonstrate more clearly the MEDIA LEGAL DEFENCE INITIATIVE's added value
- to share strategic goals and ambitions more clearly with partners
- to develop an approach to capturing and sharing learning across the organisation and with international partners as part of the MEDIA LEGAL DEFENCE INITIATIVE's development as an added value grant maker

In 2013, the MEDIA LEGAL DEFENCE INITIATIVE will prioritise the following:

- implement a monitoring and evaluation strategy
- implement a communications strategy to reach more journalists and their associations, as well as potential new partners and donors
- devise partner strategies, including clearly defining MLDI's role as an 'added value' partner to each of them individually as well as to our partners as a group
- better share organisational learning, internally as well as with our partners
- expand our funding base for 2013 and 2014
- seek out opportunities to clarify freedom of expression standards on internet-related issues

These priorities run alongside the MEDIA LEGAL DEFENCE INITIATIVE's on-going work with partners and on individual cases. Its strategic cases will focus on internet-related expression as well as on criminal laws that impact on media freedom.

#### **Statement of the trustees' responsibilities**

The trustees (who are also directors of Media Legal Defence Initiative for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

## **Media Legal Defence Initiative**

### **Report of the trustees**

#### **For the year ended 31 December 2012**

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

#### **Auditors**

Sayer Vincent were re-appointed as the MEDIA LEGAL DEFENCE INITIATIVE's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees on 27 March 2013 and signed on their behalf by

Gwyneth Henderson, Chair

## **Independent auditors' report**

### **To the members of**

#### **Media Legal Defence Initiative**

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We have audited the financial statements of Media Legal Defence Initiative for the year ended 31 December 2012 which comprise statement of financial activities, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

#### **Respective responsibilities of the Trustees and auditors**

As explained more fully in the statement of the Board of Trustees' financial responsibilities set out in the report of the Trustees, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

#### **Opinion on financial statements**

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 2012 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

## **Independent auditors' report**

**To the members of**

### **Media Legal Defence Initiative**

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 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.

*Pamela Craig (Senior statutory auditor)*

*4 April 2013*

*for and on behalf of Sayer Vincent, Statutory Auditors*

*Sayer Vincent, 8 Angel Gate, City Road, LONDON EC1V 2SJ*

## Media Legal Defence Initiative

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

For the year ended 31 December 2012

		Restricted	Unrestricted	2012 Total	2011 Total
	Note	£	£	£	£
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary Income	2	437,039	637,383	<b>1,074,422</b>	884,227
Investment income		-	964	<b>964</b>	-
<b>Total incoming resources</b>		<u>437,039</u>	<u>638,347</u>	<b><u>1,075,386</u></b>	<u>884,227</u>
<b>Resources expended</b>					
<i>Charitable activities</i>					
Support to individuals for legal defence		60,103	226,846	<b>286,949</b>	302,790
Support to NGO's for legal justice		46,180	317,950	<b>364,130</b>	459,255
Support for training and capacity building		77,570	31,002	<b>108,572</b>	-
Strategic litigation		352,998	31,341	<b>384,339</b>	18,322
<i>Governance costs</i>		<u>388</u>	<u>27,133</u>	<b><u>27,521</u></b>	<u>24,516</u>
<b>Total resources expended</b>		<u>537,239</u>	<u>634,272</u>	<b><u>1,171,511</u></b>	<u>804,883</u>
<b>Net (outgoing)/incoming resources for the 4 year</b>		(100,200)	4,075	<b>(96,125)</b>	79,344
<b>Reconciliation of funds</b>					
Total funds brought forward		161,959	261,187	423,146	343,802
<b>Total funds carried forward</b>	12	<u><b>61,759</b></u>	<u><b>265,262</b></u>	<u><b>327,021</b></u>	<u><b>423,146</b></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 12 to the financial statements.

## Media Legal Defence Initiative

### Balance sheet

Company No 06621203

As at 31 December 2012

			2012	2011
	Note	£	£	£
<b>Fixed Assets</b>				
Furniture and Fixtures	10		5,258	9,475
<b>Current assets</b>				
Debtors	8	4,549		98,576
Short-term deposit		350,000		230,492
Cash at bank and in hand		<u>72,935</u>		<u>271,623</u>
		427,484		600,691
<b>Liabilities</b>				
Creditors: amounts due within one year	9	<u>105,721</u>		<u>187,020</u>
<b>Net current assets</b>			<u>321,763</u>	<u>413,671</u>
<b>Net assets</b>			<u><u>327,021</u></u>	<u><u>423,146</u></u>
<b>The funds of the charity</b>	12			
Restricted funds			61,759	161,959
Unrestricted funds				
General funds			<u>265,262</u>	<u>261,187</u>
<b>Total charity funds</b>			<u><u>327,021</u></u>	<u><u>423,146</u></u>

Approved by the trustees on 27 March 2013 and signed on their behalf by

Gwyneth Henderson  
Chair

## Media Legal Defence Initiative

### Notes to the financial statements

#### For the year ended 31 December 2012

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##### 1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005).
- b) Voluntary income is received by way of donations and gifts and is included in full in the statement of financial activities when receivable.
- c) Revenue grants are credited to the statement of financial activities when received or receivable whichever is earlier.

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

- d) 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.
- e) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- f) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

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 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%
Support for training and capacity building	5%
Strategic Litigation	10%
Governance	5%
Support costs	19%

Support costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff costs, of the amount attributable to each activity:

Support to individuals for legal defence	53%
Support to NGO's for legal justice	40%
Support for training and capacity building	3%
Strategic Litigation	3%
Governance	1%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.



## Media Legal Defence Initiative

### Notes to the financial statements

#### For the year ended 31 December 2012

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#### 1. Accounting policies (continued)

- g) Grants payable are charged to the Statement of Financial Activities in the year in which the offer is conveyed to the recipient.
- h) Assets and liabilities in foreign currencies are valued at the rates of exchange at the balance sheet date. Realised exchange rate differences, as well as exchange rate gains or losses resulting from the valuation of receivables and liabilities, are included in the Statement of Financial Activities.
- i) Donated services and facilities are included as incoming resources (with an equivalent amount in resources expended) only where the benefit to the charity is reasonably quantifiable, measurable and material. The value placed on these resources is the estimated cost to the provider of the service or facility received.
- j) The fixed assets policy states that all partner project capital expenditure is expensed as it is incurred and not capitalised in the accounting system. Capital expenditure in the UK of less than £1,500 is expensed as it is incurred. For expenditure above this level in the UK the policy requires that tangible fixed assets are stated at cost (what MLDI paid for them). Depreciation is provided on these capitalised tangible fixed assets as follows: Freehold buildings 2% to 4%; Computer equipment 33.33%; Fittings and office equipment 25%.

#### 2. Voluntary income

	Restricted	Unrestricted	2012 Total	2011 Total
	£	£	£	£
Addessium	20,200	199,994	<b>220,194</b>	240,000
Knight Foundation	32,110	-	<b>32,110</b>	31,370
Sigrid Rausing Trust	-	-	-	125,000
Open Society Stiftung	15,448	-	<b>15,448</b>	-
Foundation for Democracy and Media	30,000	-	<b>30,000</b>	-
Media Development Loans Fund	-	127,692	<b>127,692</b>	65,000
Charities Trust	-	-	-	3
Oak Foundation Ltd	-	-	-	75,000
Google	-	-	-	97,051
Other Income	-	-	-	6,914
Open Society Foundation	-	309,697	<b>309,697</b>	-
Donated services and facilities	<u>339,281</u>	<u>-</u>	<b><u>339,281</u></b>	<u>243,889</u>
Total	<u>437,039</u>	<u>637,383</u>	<b><u>1,074,422</u></b>	<u>884,227</u>

Donated services and facilities represent pro-bono legal support from individual lawyers and law firms as part of MLDI's strategic litigation activities.

**Media Legal Defence Initiative**

**Notes to the financial statements**

**For the year ended 31 December 2012**

**3. Total resources expended**

	Support to individuals for legal defence £	Support to NGO's for legal justice £	Support for training and capacity building £	Strategic Litigation £	Governance Costs £	Support Costs £	<b>2012 Total</b> £	2011 £
Staff costs (Note 5)	77,430	53,771	10,754	21,508	10,754	65,863	<b>240,080</b>	208,494
Other staff costs	-	-	-	-	-	12,818	<b>12,818</b>	12,365
Grants payable (Note 7)	77,273	212,305	21,598	351,811	-	-	<b>662,987</b>	370,025
Translation services and interpreters' fees and other expenses	2,167	692	1,619	322	-	-	<b>4,800</b>	1,728
Fundraising costs	-	-	-	-	-	1,061	<b>1,061</b>	-
Volunteers' expenses	-	-	-	-	-	1,178	<b>1,178</b>	285
Travel and subsistence	1,107	26	8,040	3,398	-	1,276	<b>13,847</b>	4,420
Meetings and events	-	-	59,261	-	-	-	<b>59,261</b>	3,499
Marketing and promotion	-	-	-	-	-	3,606	<b>3,606</b>	8,966
Monitoring and Evaluation	-	-	-	-	-	38,849	<b>38,849</b>	-
Premises	-	-	-	-	-	17,775	<b>17,775</b>	38,992
Depreciation	-	-	-	-	-	4,217	<b>4,217</b>	4,217
Office costs	-	-	-	-	-	23,587	<b>23,587</b>	42,265
Bank Charges & Exchange	-	-	-	-	-	121	<b>121</b>	7,961
Board expenses	-	-	-	-	3,158	-	<b>3,158</b>	431
Other Governance Costs	-	-	-	-	1,080	-	<b>1,080</b>	-
Audit and accountancy	-	-	-	-	10,096	1,558	<b>11,654</b>	11,028
Legal and professional	-	-	-	-	-	71,432	<b>71,432</b>	90,207
	<u>157,977</u>	<u>266,794</u>	<u>101,272</u>	<u>377,039</u>	<u>25,088</u>	<u>243,341</u>	<b><u>1,171,511</u></b>	<u>804,883</u>
Support Costs	<u>128,972</u>	<u>97,336</u>	<u>7,300</u>	<u>7,300</u>	<u>2,433</u>	<u>(243,341)</u>	<u>-</u>	<u>-</u>
<b>Total resources expended</b>	<b><u>286,949</u></b>	<b><u>364,130</u></b>	<b><u>108,572</u></b>	<b><u>384,339</u></b>	<b><u>27,521</u></b>	<b><u>-</u></b>	<b><u>1,171,511</u></b>	<b><u>804,883</u></b>

## Media Legal Defence Initiative

### Notes to the financial statements

#### For the year ended 31 December 2012

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#### 4. Net (outgoing)/incoming resources for the year

This is stated after charging / crediting:

	<b>2012</b>	2011
	£	£
Auditors' remuneration:		
▪ audit	<b>7,000</b>	8,160
▪ other services	-	-
Depreciation	<b>4,217</b>	4,217
Trustees' remuneration	<b>Nil</b>	Nil
Trustees' reimbursed expenses	<b>642</b>	236
	<u><b>642</b></u>	<u>236</u>

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

#### 5. Staff costs and numbers

Staff costs were as follows:

	<b>2012</b>	2011
	£	£
Salaries and wages	<b>187,364</b>	184,004
Social security costs	<b>20,893</b>	14,931
Pension contributions	<b>6,823</b>	9,559
Other staff costs	<b>25,000</b>	-
	<u><b>240,080</b></u>	<u>208,494</u>
Total emoluments paid to staff were:	<u><b>194,187</b></u>	<u>193,563</u>

No employee earned more than £60,000 during the year.

Some staff costs were paid by Open Society Foundation as part of the donated services and facilities, staff costs for new appointments made during the year are now paid directly by MLDI (note 2).

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

	<b>2012</b>	2011
	No.	No.
Charitable activities	<b>3.0</b>	3.0
Support	<b>1.5</b>	1.5
	<u><b>4.5</b></u>	<u>4.5</u>

## Media Legal Defence Initiative

### Notes to the financial statements

#### For the year ended 31 December 2012

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#### 6. Taxation

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

#### 7. Grants payable

	2012	2011
	£	£
Grants to individuals	77,273	73,057
Grants - training	21,598	-
Grants to institutions	212,305	296,968
Strategic Litigation	351,811	-
	<u>662,987</u>	<u>370,025</u>
<b>Reconciliation of grants payable</b>		
Commitments brought forward	94,253	91,619
Commitment no longer payable	(33,582)	-
Commitments made in the year	696,669	370,025
Grants paid during the year	(355,438)	(367,391)
Donated Pro-bono services	(339,281)	-
	<u>62,621</u>	<u>94,253</u>
<b>Commitments outstanding at 31 December 2012</b>		

All of the above grants were made in accordance with the conditions set by the Board of Trustees of MLDI. The grants have been made to enable journalism and media outlets worldwide to challenge infringements of their right to freedom of expression in court proceedings. Grants are also given to national non-governmental human rights organisations worldwide to defend freedom of expression and promote education and cooperation amongst human rights lawyers.

#### 8. Debtors

	2012	2011
	£	£
Grants receivable	-	97,051
Other Debtors	4,549	1,525
	<u>4,549</u>	<u>98,576</u>

#### 9. Creditors: amounts due within one year

	2012	2011
	£	£
Trade creditors	25,792	33,749
Other creditors	10,308	2,464
Grants payable (note 8)	62,621	94,253
Accruals	7,000	56,554
	<u>105,721</u>	<u>187,020</u>

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2012

10. Fixed assets

	Fixtures and fittings £	Computer Equipment £	Total £
<b>Cost</b>			
At the start of the year	4,164	9,528	13,692
Additions in year	-	-	-
Disposals in year	-	-	-
At the end of the year	<u>4,164</u>	<u>9,528</u>	<u>13,692</u>
<b>Depreciation</b>			
At the start of the year	1,041	3,176	4,217
Charge for the year	1,041	3,176	4,217
Disposals in year	-	-	-
At the end of the year	<u>2,082</u>	<u>6,352</u>	<u>8,434</u>
<b>Net book value</b>			
At the end of the year	<u>2,082</u>	<u>3,176</u>	<u>5,258</u>
At the start of the year	<u>3,123</u>	<u>6,352</u>	<u>9,475</u>

11. Analysis of net assets between funds

	Restricted funds £	General funds £	Total funds £
Fixed assets	-	5,258	5,258
Net current assets	<u>61,759</u>	<u>260,004</u>	<u>321,763</u>
<b>Net assets at the end of the year</b>	<u>61,759</u>	<u>265,262</u>	<u>327,021</u>

## Media Legal Defence Initiative

### Notes to the financial statements

For the year ended 31 December 2012

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#### 12. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	At the end of the year £
<b>Restricted funds:</b>				
SIDA	2,216	-	(2,216)	-
Oak Foundation	31,322	-	(31,322)	-
Knight Foundation	31,370	32,110	(34,541)	<b>28,939</b>
Open Society Stichtung	-	15,448	(12,628)	<b>2,820</b>
Foundation for Democracy and Media	-	30,000	-	<b>30,000</b>
Adessium	-	20,200	(20,200)	-
Donated services and facilities	-	339,281	(339,281)	-
Google	97,051	-	(97,051)	-
<b>Total restricted funds</b>	<b>161,959</b>	<b>437,039</b>	<b>(537,239)</b>	<b>61,759</b>
<b>Unrestricted funds:</b>				
General funds	261,187	638,347	(634,272)	<b>265,262</b>
<b>Total funds</b>	<b>423,146</b>	<b>1,075,386</b>	<b>(1,171,511)</b>	<b>327,021</b>

#### Purposes of restricted funds

##### SIDA

This grant was given to support expanding the capacity of MLDI to provide support to journalists, and media outlets.

##### Oak Foundation

The grant was given to fund direct costs payable to lawyers for court cases and NGOs working for media freedom.

##### Knight Foundation

This grant was given to provide legal representation to bloggers and digital journalists and will continue to be expended during 2013.

##### Open Society Stichtung

Grant made for the monitoring and support of defendants in the NLA sit-in trial in Thailand.

##### Foundation for Democracy and Media

The grant was given to support MLDI's strategic litigation programme and will be spent in 2013.

##### Adessium

A further €25,000 was given to fund an external evaluation of MLDI's grant giving programmes.

##### Google

The grant was given for the training and capacity building of media lawyers.

## **Media Legal Defence Initiative**

### **Notes to the financial statements**

**For the year ended 31 December 2012**

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#### **13. Related Parties**

Ms Gordana Jankovic is the Director of the OSF Media Program. OSF donated £309,697 of unrestricted funds to the Media Legal Defence Initiative in the year.

One trustee, Martin Kramer, is a consultant for Bates Wells and Braithwaite. The Media Legal Defence Initiative paid £70,115 in legal fees to this firm in 2012 (2011: £14,700). Of this, £13,650 was outstanding at the year end and is included within creditors.