

Company no. 2871809

Global Witness

Report and Financial Statements

31 December 2016

Global Witness

Reference and administrative details

For the period ended 31 December 2016

Directors Patrick J Alley
Charmian P Gooch (Company Secretary)
Juana Kweitel (appointed 6 October 2016)
Samuel Nguiffo (resigned 13 December 2016)
Stephen Peel
Mark Stephens
Simon J Taylor
Jessica Tolkan (appointed 15 July 2016)

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Company number 2871809
Company Limited by Guarantee

Principal Advisers

Bankers The Co-operative Bank
6 Olympic Court
Montford Street
Salford
M5 2QP

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton
NW3 6NW

Auditors Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

Global Witness

Report of the directors

For the period ended 31 December 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with applicable law, the Memorandum and Articles of Association and 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 (FRS102), effective 1 January 2015. Although Global Witness is not a UK registered charity, the financial statements have been prepared in line with the SORP in order to reflect best practice as a not-for-profit organisation.

Structure, governance & management

Global Witness is a not-for-profit, non-governmental organisation. It is a company limited by guarantee, incorporated on 15 November 1993 under a Memorandum of Association that sets out the objects and powers of the company, and under Articles of Association by which it is governed. The company is unable to distribute any of its assets for the benefit of the directors or members.

Global Witness has 501(c)(3) status with the US Internal Revenue Service.

Global Witness is led by a unitary Board of Directors: a single board of eight directors, comprising three Executive Directors (the co-Founders) and five non-executive Directors. The appointment of two additional non-executive Directors in 2016 brings additional skills and expertise to the Board, as well as strengthening the governance of the organisation.

The directors who served during the period and up to the date of the report are listed on page 1. The directors have no beneficial interest in the company.

Directors have the power to appoint or to co-opt new members onto the Board; appointments are ratified in accordance with the company's memorandum and articles of association. There is a process of induction for new directors, which includes meetings with staff and the provision of key information.

The Board meets quarterly to set strategy and oversee the direction of the organisation. Day to day management is provided by the Management Team, led by the Chief Executive Officer and comprising the Chief Operating Officer, the Director of Planning, Campaigns and Evaluation, Directors of Campaigns, the Development Director and the Director of Communications.

Global Witness also has a non-executive Advisory Board made up of prominent individuals with expertise in areas relevant to Global Witness' activities. It provides advice to the Board and meets three times a year.

Global Witness' activities in the USA are undertaken through Global Witness Publishing Inc., a company registered in Washington DC, USA. Since this company has common directors with Global Witness, its results are consolidated and presented together in these financial statements.

Public Benefit

The organisation's activities provide benefit to the public through education on issues arising from the research and the documentation of human rights, environmental and other records and abuses of countries, regimes and organisations throughout the world. The results of the work undertaken are made available to the public through reports, press releases, briefing documents, videos and audio clips published in various media and online.

Objectives, impacts and activities

Global Witness wants a better world where corruption is challenged and accountability prevails, all can thrive within the planet's boundaries, and governments act in the public interest.

Throughout 2016 Global Witness has continued its campaigns and hard-hitting investigations - exposing the facts, and pushing for change. We've also been continuing our work to build a sustainable organisation fit for the next 20 years.

Global Witness

Report of the directors

For the period ended 31 December 2016

Strategic Report

A summary of our key achievements during 2016 are listed below as well as how we intend to build on and defend these gains in the coming year.

Corruption

Mandatory transparency for oil, gas and mining companies:

- Under the EU Extractives Transparency Directives, UK and French extractive companies (including Shell, BP and Total) began publishing their payments to governments in 2016. This follows many years of advocacy by Global Witness and partner organisations for precisely this kind of information disclosure.
- In the US, the Securities and Exchange Commission (SEC) issued a strong implementing rule for Section 1504 of the Dodd-Frank Wall Street Reform Act, which cited Global Witness' submissions in several places.

Effective Governance:

- Myanmar – Our reporting on the capture of the jade industry by military and drug lords resulted in John Kerry taking up the issue with Aung San Suu Kyi. Subsequently the government announced that no jade licences would be extended until a stricter legal framework is put in place. Inside sources explain that this was a direct response to Global Witness' advocacy work.
- In Liberia, the May publication of Global Witness' exposé, *The Deceivers*, which documented bribes paid by representatives of UK mining company Sable to Liberian officials, caused the government to announce an immediate investigation. This investigation has turned out to be Liberia's most decisive anti-corruption effort in decades, with government prosecutors indicting some of Liberia's most powerful officials and Sable representatives.
- Uganda – The government committed to publishing the Petroleum Sharing Agreements (PSAs) a move that Global Witness has long been campaigning for.

EITI:

- The 51 countries that are members of the Extractive Industries Transparency Initiative are now required to start disclosing company beneficial ownership data by January 2020. Meanwhile, member countries that are found to be in breach of the EITI Civil Society Protocol will be suspended. Global Witness advocated for both these measures to be put in place.

Anti-Money Laundering:

- In July, the UK published the world's first fully open register of beneficial ownership. This is a culmination of Global Witness' and our partners' advocacy over many years; we also worked extensively with the UK government to help implement the legislation and ensure it is fit for purpose.
- In the run up to, and as part of, the UK Government's summit to end impunity for corruption, Global Witness and allies worked closely with the UK government to encourage other countries to adopt publicly accessible registers of companies' beneficial ownership; 16 countries committed to some form of beneficial ownership registry as a result of the summit.
- Also at the Anti-Corruption Summit, the UK government committed to legislate to prevent corrupt figures from purchasing property in the UK. This is significant as £170 billion of property is already owned by non-UK, often anonymous, companies.
- Global Witness' and our allies' cooperation with MPs and civil servants resulted in the 'Magnitsky Amendment' being added to the UK Criminal Finances Bill. This amendment allows the government to freeze UK held assets, including high value property, of people suspected of involvement in human rights abuses.
- Global Witness' collaborated with US broadcaster CBS' flagship investigative programme 60 Minutes to produce a segment on the money-laundering risk posed by US law firms. The film, which included Global Witness' undercover footage, attracted 9.4 million viewers and becoming the ninth most watched programme that week. The piece and the accompanying policy paper, *Lowering the Bar*, show how the U.S. legal system is open to exploitation by people who want to launder money. In addition to publishing numerous other products to help spread our message, we partnered with online campaign organization SumOfUs.org to launch an online campaign calling on NY Senator Charles Schumer to support federal legislation to end anonymous companies. The petition garnered nearly 30,000 signatures. 25 US based organizations signed on to our initial statement of support. We also garnered the support of several influential law enforcement figures including New York Attorney General Eric Schneiderman. Finally, on the back of the programme, bipartisan legislators in the US House and Senate reintroduced beneficial ownership transparency legislation.

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Report of the directors

For the period ended 31 December 2016

- Following many years of advocacy by Global Witness and our allies in the Financial Accountability and Transparency Coalition (FACT), the US Department of the Treasury's Financial Crimes Enforcement Network published a rule in May requiring banks to identify the beneficial owners of their corporate customers, partially addressing a major money laundering risk.

Conflict and fragile states

Responsible sourcing and supply chain due diligence:

- Global Witness has coordinated with Congolese advocacy organisations in efforts to defend the Dodd Frank 1502 provision concerning conflict minerals, which saw 1,220 companies filing reports with the SEC in 2016.
- Global Witness analysis has exposed poor reporting by companies. Subsequent advocacy has resulted in some companies, like Apple, improving the methodology of how they assess their supply chains and publicly report on the risks they face. Global Witness also persuaded the Conflict Free Smelter Initiative to enforce a requirement that companies produce a due diligence report on all tin and tantalum smelters.
- Global Witness campaigning has led to a new EU conflict minerals law in 28 member states. Our recommendations are included in the final text of the EU Responsible Sourcing Regulation, which aims to prevent international trade in minerals from financing human rights abuses. The new law was formally enacted in 2017.

Resource-Rich Fragile States:

- Democratic Republic of Congo (DRC) – The release of our River of Gold report resulted in the detention of mining officials and businessmen who were suspected of acting illegally.
- Afghanistan – The publication of our report, War in the Treasury of the People, in June 2016 revealed how lapis lazuli and tourmaline (semi-precious stones) were supplying millions of dollars of funding to the Taliban and various strongmen.

Forests, Land and Climate

Industrial-Scale Logging

- In April 2016, following engagement from Global Witness and others, the Norwegian government signed a landmark US\$200m deal with the DRC government to tackle deforestation and reduce carbon emissions. This is part of a wider plan for international investment to protect the tropical forests of the Congo Basin.
- The World Bank, Liberian government and Norwegian government launched the Liberia Forest Sector Project in April 2016, which will support the country's transition from commercial management of forests to community-driven management with an investment of US\$36.7m from the Government of Norway. The Liberian Forest Sector Project programming documents reflect most of Global Witness' recommendations.
- The Cambodian government announced it will turn almost one million hectares of forested land into a no-go zone for industrial and commercial loggers in April 2016. This includes Prey Lang, one of Southeast Asia's largest evergreen forests and a biodiversity hotspot that provides a home and livelihood for almost 200,000 indigenous people. Global Witness and our Cambodian partners have been calling for this kind of protection for many years.
- Global Witness' online DRC Timber Trade Tracker shows – for the first time – timber exports from DRC (considered illegal or high risk) onto international markets. In analysing the latest data from the tracker we were able to identify trends over the past four years. This showed that exports of timber from DRC have dropped significantly – over 40% – between 2013 and 2016, with an 80% decrease in exports to China.

Timber Trade

- Japan passed a new law in May 2016 mandating timber legality due diligence for companies that register with the government, giving the Japanese government the authority to regulate private sector timber trade for the first time. This follows engagement from Global Witness and our partners ahead of the 2016 G7 summit. Registering is currently voluntary, but it is an important initial step.

Global Witness

Report of the directors

For the period ended 31 December 2016

Land-Related Investments

- China – Global Witness made significant contributions to the draft text for the new government-backed guidelines for Chinese rubber companies developing plantations overseas.
- Michelin released an updated environmental and social sourcing policy for natural rubber in June 2016, following our long-term engagement with the company. The policy includes the recognition of customary land and user rights and respect for local communities' rights to reject plantations.
- Global Witness advocacy resulted in the International Criminal Court's Office of the Prosecutor using Global Witness' exact wording in their policy to widen their investigations into crimes against humanity to include widespread or systematic land grabbing and environmental destruction.

Protecting Environmental Defenders

- Our June 2016 annual report, *On Dangerous Ground*, documenting the murder, abuse and criminalisation of environmental defenders, garnered widespread international and local media coverage and produced our highest ever Twitter activity for a single day. Our findings attracted widespread international and local media coverage in over 30 countries.
- Following conversations with Global Witness, 11 US senators wrote to the US Secretary of State to call for an international investigation into the death of award-winning Honduran activist Berta Cáceres that includes the active participation of the Inter-American Commission on Human Rights (IACHR). In April 2016, following international pressure from groups including Global Witness, US Secretary of State John Kerry announced that the US would work with the Honduran government to better implement the Law for the Protection of Human Rights Defenders.
- The main backers of the Agua Zarca Dam in Honduras – the Dutch and Finnish Development Banks (Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) and the Finnish Fund for Industrial Cooperation Ltd. (Finnfund) respectively) – announced in March 2016 that they were suspending their involvement. This is a positive development that follows joint advocacy with our civil society partners.

Further details of these achievements and others can be found in the 2016 Annual Review which will be available on our website when complete.

Financial review

Total income for year was £11,759,000 (2015: £8,156,000), an increase of £3,603,000. In addition to an increase in Fundraising income (£3,472,000 more than 2015) and the value of donations in kind (£115,000 higher), the increase arises from recognising the final draw down of £1,250,000 of the Challenge fund from the Foundation to Promote an Open Society in 2016.

Total expenditure for the year was £9,174,000 (2015: £8,449,000). The cost of fundraising was £849,000 (2015: £779,000) reflecting the investment in fundraising resource that is now generating new and sustainable funding streams as part of the objectives set out in the Challenge fund. The ratio of cost to income fell to 9.3% (2015:9.5%).

Net assets at 31 December 2016 increased to £5,599,000 (2015: £3,014,000), with net current assets of £5,369,000 (2015: £2,615,000). The increase arises primarily from the increase in income in the year and specifically from the final instalment of the Challenge fund income received in this period (as explained above).

Challenge fund

The Open Society Foundations pledged a US\$7m Challenge Fund grant over a five year period from 2012, specifically to support Global Witness to develop over the next decade. Our challenge has been to match it by raising twice that amount from new donors or new donor streams by 2016; US\$14m from either restricted or unrestricted funds in order to reach the overall target of US\$21m. This was successfully achieved in early 2016.

Reserves policy

The directors have examined the requirement for free reserves, i.e. those unrestricted funds not designated for specific requirements or required for development and strategic reserve purposes.

A target has been set of maintaining free reserves at a level equivalent to at least three months' operating costs, with an ambition for a level equivalent to 6 months, to ensure an appropriate level of working cashflow. At 31 December 2016 free reserves increased to £3,892,000 (2015: £1,805,000), calculated as unrestricted net assets (note 14) less the designated fund. Free reserves now represent 4.7 months of operating costs, which is above the minimum target level.

The designated fund represents unrestricted funds set aside by the Board for specific purposes. At the end of the year funds have been set aside for two specific purposes, in anticipation of them arising during 2017: for use in supporting general transparency campaigning, and to cover costs relating to any insurance claim excesses.

Global Witness

Report of the directors

For the period ended 31 December 2016

Risk management

The directors actively manage risk in a professional, responsible and constructive manner. This involves identifying the types of risks the organisation may face, and assessing and balancing them in terms of potential impact and likelihood of occurrence. The main risks include: availability of financial resources to continue the work identified in the strategic report; digital risk as a result of loss of confidential data, and threats to IT security; legal risk in the form of exposure to civil/criminal proceedings arising from campaign activities. The directors seek to ensure that all internal controls, and in particular financial controls, comply in all respects with best practice. The level of risk, and actions to mitigate it, are reviewed regularly by the Board.

The directors will continue to assess risk in a constructive manner to safeguard the efficacy of the organisation.

Going concern

No material uncertainties that may cause significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

Statement of responsibilities of the directors

The directors are responsible for preparing the Directors' Report, including the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the directors are aware:

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

Members

Members of the company guarantee to contribute an amount not exceeding £1 to the assets of the company in the event of winding up. The total number of such guarantees at 31 December 2016 was 3 (2015: 3).

Auditors

Moore Stephens LLP were re-appointed in accordance with Part 16 of the Companies Act 2006.

In approving the Report of the Directors, the Board are also approving the Strategic Report included here in their capacity as Company Directors. Approved by the directors on 27 April 2017 and signed on their behalf by



Charmian Gooch
Director

Global Witness

Independent auditor's report to the members of Global Witness

We have audited the financial statements of Global Witness for the year ended 31 December 2016 which comprise the consolidated statement of financial activities (incorporating the income and expenditure account), the company and group balance sheets, the company and group statement of cashflows, 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), including Financial Reporting Standard 102 (FRS 102), 'the Financial Reporting standard in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's and group's affairs as at 31 December 2016 and of its results 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



Richard Willis (Senior Statutory Auditor)
for and on behalf of Moore Stephens LLP
Chartered Accountants and Statutory Auditor
London, UK

Date:

28/4/2017

Global Witness

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ending 31 December 2016

	Note	Restricted £'000	Unrestricted £'000	2016 Total £'000	2015 Total £'000
Income from:					
Donations	2	-	6,853	6,853	4,019
<i>Charitable activities – income from campaigns</i>	3				
Conflict and Fragile States		730	-	730	585
Corruption		953	-	953	849
Forests, Land and Climate		3,129	-	3,129	2,625
Interest receivable		-	20	20	15
Other Income		-	74	74	63
Total		4,812	6,947	11,759	8,156
Expenditure on:					
<i>Raising Funds</i>					
Fundraising		-	849	849	779
<i>Charitable activities – expenditure on campaigns</i>					
Environmental and human rights research and campaigning					
Conflict and fragile states		715	1,085	1,800	1,544
Corruption		782	2,207	2,989	2,983
Forests, Land and Climate		2,799	737	3,536	3,143
Total expenditure	4	4,296	4,878	9,174	8,449
Net movement in funds, being net income/(expenditure) for the year	5	516	2,069	2,585	(293)
Total funds brought forward		924	2,090	3,014	3,307
Total funds carried forward		1,440	4,159	5,599	3,014

All of the above results are derived from continuing activities. The notes on pages 11 to 22 form an integral part of the financial statements. All interest receivable and other income was unrestricted in 2015 and 2016. Other income comprises contributions to campaign expenses.

Global Witness

Balance sheet

31 December 2016

		Company		Group	
	Note	31 December 2016 £'000	31 December 2015 £'000	31 December 2016 £'000	31 December 2015 £'000
Fixed assets					
Tangible fixed assets	8	<u>213</u>	<u>374</u>	<u>230</u>	<u>399</u>
Current assets					
Debtors	11	1,370	1,016	1,376	1,021
Cash held as short term investment		1	764	1	765
Cash at bank and in hand		<u>5,098</u>	<u>1,874</u>	<u>5,161</u>	<u>1,938</u>
		6,469	3,654	6,538	3,724
Current liabilities					
Creditors: amounts due within one year	12	<u>(1,096)</u>	<u>(1,032)</u>	<u>(1,169)</u>	<u>(1,109)</u>
Net current assets		<u>5,373</u>	<u>2,622</u>	<u>5,369</u>	<u>2,615</u>
Net assets	13	<u>5,586</u>	<u>2,996</u>	<u>5,599</u>	<u>3,014</u>
Funds	14				
Restricted funds		1,440	924	1,440	924
Unrestricted funds					
Designated funds		267	285	267	285
General funds		<u>3,879</u>	<u>1,787</u>	<u>3,892</u>	<u>1,805</u>
Total funds		<u>5,586</u>	<u>2,996</u>	<u>5,599</u>	<u>3,014</u>

Approved by the directors and authorised for issue on 27 April 2017 and signed on their behalf by



Charmian Gooch
Director

Company Registration Number: 2871809

The notes on pages 11 to 22 form an integral part of the financial statements

Global Witness

Statement of Cash Flows

For the year ending 31 December 2016

	Note	Company		Group	
		31 December 2016 £'000	31 December 2015 £'000	31 December 2016 £'000	31 December 2015 £'000
Net cash provided by operating activities	A	<u>2,485</u>	<u>856</u>	<u>2,495</u>	<u>863</u>
Capital expenditure					
Purchase of tangible fixed assets		<u>(24)</u>	<u>(105)</u>	<u>(36)</u>	<u>(113)</u>
Increase in cash and cash equivalents in the year		2,461	751	2,459	750
Cash and cash equivalents at the beginning of the year	B	<u>2,638</u>	<u>1,887</u>	<u>2,703</u>	<u>1,953</u>
Total cash and cash equivalents at the end of the year	B	<u><u>5,099</u></u>	<u><u>2,638</u></u>	<u><u>5,162</u></u>	<u><u>2,703</u></u>

Note A:

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

	Company		Group	
	31 December 2016 £'000	31 December 2015 £'000	31 December 2016 £'000	31 December 2015 £'000
Net income/(expenditure) for the period	2,590	(271)	2,585	(293)
Adjustments for:				
Depreciation	185	181	205	193
(Increase)/decrease in debtors	(354)	779	(355)	777
Increase in creditors	64	167	60	186
Net cash provided by operating activities	<u><u>2,485</u></u>	<u><u>856</u></u>	<u><u>2,495</u></u>	<u><u>863</u></u>

Note B:

Analysis of cash and cash equivalents

	Company		Group	
	31 December 2016 £'000	31 December 2015 £'000	31 December 2016 £'000	31 December 2015 £'000
Cash held as short term investment	1	764	1	765
Cash at bank and in hand	<u>5,098</u>	<u>1,874</u>	<u>5,161</u>	<u>1,938</u>
	<u><u>5,099</u></u>	<u><u>2,638</u></u>	<u><u>5,162</u></u>	<u><u>2,703</u></u>

Global Witness

Notes to the financial statements

For the period ended 31 December 2016

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1. Accounting policies

a) Basis of Preparation and assessment of going concern

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by 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 United Kingdom and Republic of Ireland (FRS 102).

The Directors consider that there are no material uncertainties about the company's ability to continue as a going concern. There are no significant areas of judgement or key assumptions that affect items in the financial statements other than those included within the accounting policies described below.

These financial statements consolidate the results of the company and its controlled subsidiary Global Witness Publishing Inc. on a line by line basis. Transactions and balances between the company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the company itself is not presented because the company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

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

b) Income recognition

Income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when the organisation has entitlement, the amount can be measured reliably and receipt is probable.

Grants receivable are credited to the Statement of Financial Activities when the organisation has entitlement, the amount can be measured reliably and receipt is probable.

Restricted Income from government and other grants is recognised when the organisation 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. Expenditure which meets these criteria is charged to the fund.

Donated professional services are recognised on the basis of the value of the gift to the organisation which is the amount the organisation would have been willing to pay to obtain services of equivalent economic benefit on the open market; a corresponding amount is then recognised as expenditure in the period of receipt.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the organisation; this is normally upon notification of the interest paid or payable by the Bank.

c) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the organisation. Designated funds are unrestricted funds of the organisation which the Board have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the organisation's work.

d) Expenditure recognition

Liabilities are recognised where the organisation 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.

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 includes attributable VAT which cannot be recovered.

Global Witness

Notes to the financial statements

For the period ended 31 December 2016

Resources expended are allocated to the particular activity the cost relates to. Support costs, comprising the salaries and other costs of the central functions, such as financial management, human resources and information technology support, are allocated across campaign expenditure and costs of generating funds. This basis of costs allocation is explained in note 4.

Governance costs are associated with the constitutional and statutory requirements and include any costs associated with the strategic management of the organisation's activities.

e) Tangible Fixed Assets

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. Computer equipment and software, and office furniture and equipment are depreciated on a straight line basis over three and four years respectively. Office fixtures and fittings are depreciated on a straight line basis to the next break point in the lease.

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Fixed assets used overseas are not capitalised, but are expensed in the year of purchase.

f) Foreign Exchange Transactions

Monetary assets and liabilities held in foreign currencies are translated into sterling at the rate of exchange on the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange on the date of the transaction. Exchange differences are taken into account in the net movement in funds for the year.

g) Financial instruments

The organisation only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised initially at transaction value and subsequently measured at their settlement value.

h) Operating Leases

Rent payable, including any rent free periods, under operating leases is charged to the Statement of Financial Activities on a straight line basis to the break point of the lease.

i) Pension Scheme

Global Witness operates a stakeholder pension scheme. Under auto enrolment the organisation contributes 5% of employees' gross earnings to the scheme on their behalf from the date of commencement of their employment if they choose to opt in immediately. If they do not opt in immediately, Global Witness automatically enrolls them after a 3 month period. After 12 months and up to 2 years' service, this contribution increases to 6% and 7% respectively. The calculated amount, based on salaries earned during the year is paid by the organisation to individual employees' personal pension schemes on a monthly basis. Contributions are recognised in the period to which they relate. Personal contributions are not obligatory. The organisation has no further pension commitment.

Global Witness

Notes to the financial statements

For the period ended 31 December 2016

2. Donations

	Restricted £'000	Unrestricted £'000	2016 Total £'000	2015 £'000
The Alexander Soros Foundation		-	-	135
Ministry of Foreign Affairs of Denmark		105	105	-
Ford Foundation		689	689	325
The Foundation to Promote Open Society		1,624	1,624	1,570
The Foundation to Promote Open Society - Challenge Fund		1,250	1,250	-
Grantham Foundation for the Protection of the Environment		75	75	64
Horace W Goldsmith Foundation		38	38	-
John D. and Catherine T. MacArthur Foundation		-	-	169
Omidyar Network		1,297	1,297	-
Savannah Wisdom Foundation		-	-	50
Skoll Award for Social Entrepreneurship		130	130	295
Stephen and Yana Peel		50	50	50
Wallace Global Fund		63	63	-
Zennström Philanthropies		20	20	-
Individual donations		11	11	-
<i>Grants from Global Witness Foundation:</i>				
The Highbury Foundation		54	54	45
The Jerome L. Greene Foundation		-	-	7
Jocarno Fund		3	3	2
Fidelity Charitable Gift Fund		601	601	133
Laura and John Arnold Foundation		-	-	657
MIT Media Labs		4	4	-
Other grants and donations		171	171	-
Individual donations		66	66	124
<i>Grants from Global Witness Trust</i>				
The David and Elaine Potter Foundation		5	5	-
Mike Servent		44	44	-
Individual donations		10	10	110
Other grants and donations		145	145	-
Donated services and facilities		398	398	283
Total	-	6,853	6,853	4,019

Included within the 2015 total was Restricted Income of £Nil and Unrestricted Income of £4,019,000. Donated services and facilities comprise professional legal fees and other services provided pro bono, or at reduced rates to the normal market rate.

Global Witness

Notes to the financial statements

For the period ended 31 December 2016

3. Income from charitable activities

	Restricted £'000	Unrestricted £'000	2016 Total £'000	2015 £'000
Conflict and Fragile States				
Bertha Foundation	5	-	5	-
Brook Foundation	53	-	53	39
Don Quixote Foundation	101	-	101	77
Empowers Africa	7	-	7	6
Humanity United	38	-	38	72
Norwegian Agency for Development Cooperation (NORAD)	26	-	26	24
The Foundation to Promote Open Society	-	-	-	34
The Trellis Fund	28	-	28	20
Sweden, represented by Swedish International Development Cooperation Agency (SIDA)	472	-	472	296
Wallace Global Fund	-	-	-	17
	<u>730</u>	<u>-</u>	<u>730</u>	<u>585</u>
Corruption				
Bertha Foundation	7	-	7	-
Center for International Policy	54	-	54	47
Democratic Governance Facility	137	-	137	131
National Alliance for Media Arts and Culture	-	-	-	3
Norwegian Agency for Development Cooperation (NORAD)	176	-	176	160
Omidyar Network	104	-	104	162
Sundance Institute	23	-	23	10
Sweden, represented by Swedish International Development Cooperation Agency (SIDA)	29	-	29	48
The Foundation to Promote Open Society	-	-	-	66
The Trellis Fund	40	-	40	39
The William and Flora Hewlett Foundation	383	-	383	166
Wallace Global Fund	-	-	-	17
	<u>953</u>	<u>-</u>	<u>953</u>	<u>849</u>

Global Witness

Notes to the financial statements

For the period ended 31 December 2016

Forests, Land and Climate

Arcadia - a charitable trust of Peter Baldwin and Lisbet Rausing	60	-	60	-
Arcus Foundation	82	-	82	67
Bertha Foundation	8	-	8	-
Bread for the World	3	-	3	9
Brook Foundation	18	-	18	26
Don Quixote Foundation	34	-	34	53
Environmental Investigation Agency	-	-	-	5
Evan Cornish Foundation	-	-	-	5
Ford Foundation	160	-	160	135
Humanity United	-	-	-	101
Irish Aid	154	-	154	142
IUCN NL	170	-	170	-
JMG Foundation	31	-	31	35
John D. and Catherine T. MacArthur Foundation	81	-	81	184
Norwegian Agency for Development Cooperation (NORAD)	586	-	586	13
Omidyar Network	-	-	-	199
Pro Victimis Foundation	158	-	158	71
Rainforest Foundation UK	32	-	32	-
Samworth Foundation	30	-	30	30
Silicon Valley Community Foundation	21	-	21	20
Sweden, represented by Swedish International Development Cooperation Agency (SIDA)	88	-	88	150
The Alexander Soros Foundation	283	-	283	227
The Foundation to Promote Open Society	-	-	-	69
The Nathan Cummings Foundation	-	-	-	34
The Trellis Fund	47	-	47	41
The University of Wolverhampton – Strengthening African Forest Governance Contract	-	-	-	5
Trócaire	-	-	-	3
UK Department for International Development (DFID)	752	-	752	976
World Resources Institute	-	-	-	25
Other grants and donations	331	-	331	-
	<u>3,129</u>	<u>-</u>	<u>3,129</u>	<u>2,625</u>
Total charitable activities	<u><u>4,812</u></u>	<u><u>-</u></u>	<u><u>4,812</u></u>	<u><u>4,059</u></u>

4. Total expenditure

	Direct activities £'000	Support costs £'000	Governance costs £'000	2016 £'000	2015 £'000
Costs of raising funds	532	300	17	849	779
Charitable activities					
<i>Environmental and human rights research and campaigning</i>					
Conflict and fragile states	1,558	223	19	1,800	1,544
Corruption	2,686	275	28	2,989	2,983
Forests, Land and Climate	3,109	395	32	3,536	3,143
Total charitable activities	7,353	893	79	8,325	7,670
Total expenditure	7,885	1,193	96	9,174	8,449

Support costs comprise:

	Costs of raising funds £'000	Environmental and human rights research and campaigning £'000	2016 £'000	2015 £'000
General Management	66	308	374	370
Finance, Human Resources and Information Technology	234	585	819	967
	300	893	1,193	1,337

Support function	Basis of apportionment
General management	Head count
Finance	Estimated time spent
Human resources	Head count
Information Technology	Head count

5. Net incoming resources for the year

This is stated after charging:

	2016 £'000	2015 £'000
Depreciation	205	193
Operating lease rentals property	262	235
Auditors' remuneration audit	17	15
other services	-	-
Directors' remuneration	331	277
Directors' reimbursed expenses	1	1

During the year 3 Directors were reimbursed expenses relating to travel and subsistence costs incurred in the course of their work (2015: 3 Directors reimbursed)

6. Staff costs and numbers

Staff costs were as follows:

	2016 £'000	2015 £'000
Salaries		
United Kingdom staff	3,475	3,321
Overseas staff	793	586
Social security costs	417	376
Pension contributions	306	223
	<u>4,991</u>	<u>4,506</u>
Other staff costs	265	252
	<u><u>5,256</u></u>	<u><u>4,758</u></u>

The number of employees who earned more than £60,000 during the year was:

	2016 No.	2015 No.
From £60,001 to £70,000	9	10
From £70,001 to £80,000	5	1
From £80,001 to £90,000	1	1
From £90,001 to £100,000	1	-
From £120,001 to £130,000	1	-
	<u><u>1</u></u>	<u><u>-</u></u>

The increase in the number of staff earning more than £70,000 in 2016 reflects the full year impact of the organisational structural changes that took place during 2015.

Pension contributions to defined contribution pension schemes for these employees totalled £99,943 in the period (2015: £46,205 for 12 employees).

The key management personnel of the organisation comprise the 3 founding members as Executive Directors, and the Chief Executive Officer. The total employee benefits of the key management personnel of the organisation were £352,568 (2015 £296,764). The remaining non-executive Directors were not paid or received any other benefits arising from their roles.

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

	2016 No.	2015 No.
Campaigning and advocacy	72	75
Fundraising	11	8
Finance and resources	12	10
	<u><u>95</u></u>	<u><u>93</u></u>

7. Taxation

The organisation had no corporation tax liability in the period to 31 December 2016 (2015: £Nil), because there were no profits liable for corporation tax in the year.

8. Tangible fixed assets

Group	Computer equipment & software £'000	Office fixtures & fittings £'000	Office furniture & equipment £'000	Total £'000
Cost				
At 1 January 2016	411	371	171	953
Additions in period	27	2	7	36
Disposals in period	(160)	-	(63)	(223)
At 31 December 2016	<u>278</u>	<u>373</u>	<u>115</u>	<u>766</u>
Depreciation				
At 1 January 2016	285	154	115	554
Charge for the period	82	92	31	205
Disposals in period	(160)	-	(63)	(223)
At 31 December 2016	<u>207</u>	<u>246</u>	<u>83</u>	<u>536</u>
Net book value at 31 December 2016	<u>71</u>	<u>127</u>	<u>32</u>	<u>230</u>
At 31 December 2015	<u>126</u>	<u>217</u>	<u>56</u>	<u>399</u>
Company	Computer equipment & software £'000	Office fixtures & fittings £'000	Office furniture & equipment £'000	Total £'000
Cost				
At 1 January 2016	385	361	145	891
Additions in period	22	-	2	24
Disposals in period	(160)	-	(63)	(223)
At 31 December 2016	<u>247</u>	<u>361</u>	<u>84</u>	<u>692</u>
Depreciation				
At 1 January 2016	264	151	102	517
Charge for the period	73	91	21	185
Disposals in period	(160)	-	(63)	(223)
At 31 December 2016	<u>177</u>	<u>242</u>	<u>60</u>	<u>479</u>
Net book value at 31 December 2016	<u>70</u>	<u>119</u>	<u>24</u>	<u>213</u>
At 31 December 2015	<u>121</u>	<u>210</u>	<u>43</u>	<u>374</u>

Global Witness

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9. Subsidiary undertaking

The company controls Global Witness Publishing Inc., a company registered in Washington DC, USA, as the two entities have common directors. The subsidiary is used to undertake Global Witness' activities in the USA. All activities have been consolidated on a line by line basis in the statement of financial activities. A summary of the results of the subsidiary is shown below:

	2016 £'000	2015 £'000
Grants received from Global Witness	1,215	838
Other income	-	3
Total income	1,215	841
Total expenditure	1,220	863
Net movement in funds for the period	(5)	(22)
Total funds brought forward	18	40
Total funds carried forward	13	18
The aggregate of the assets, liabilities and funds was:		
Assets	86	95
Liabilities	(73)	(77)
Total funds	13	18

10. Company

The company's gross income and the result for the period are disclosed as follows:

	2016 £'000	2015 £'000
Gross income	11,751	8,152
Net movement in funds, being net income/(expenditure) for the period	2,590	(271)
Represented by		
Restricted funds	1,440	924
Unrestricted funds	4,146	2,072
Total funds	5,586	2,996

11. Debtors

	Company 2016 £'000	Company 2015 £'000	Group 2016 £'000	Group 2015 £'000
Accrued income	973	651	973	651
Other debtors	51	104	52	104
Prepayments	346	261	351	266
	1,370	1,016	1,376	1,021

12. Creditors: amounts due within 1 year

	Company 2016 £'000	Company 2015 £'000	Group 2016 £'000	Group 2015 £'000
Taxation and social security	115	112	115	112
Other creditors	353	404	351	403
Accruals	604	495	679	573
Pension provision	24	21	24	21
	<u>1,096</u>	<u>1,032</u>	<u>1,169</u>	<u>1,109</u>

13. Analysis of net assets between funds

Group	Restricted funds £'000	Unrestricted funds £'000	Total funds £'000
Tangible fixed assets	-	230	230
Current assets	1,918	4,620	6,538
Current liabilities	(478)	(691)	(1,169)
Net assets at the end of the period	<u>1,440</u>	<u>4,159</u>	<u>5,599</u>
Company	Restricted funds £'000	Unrestricted funds £'000	Total funds £'000
Tangible fixed assets	-	213	213
Current assets	1,888	4,581	6,469
Current liabilities	(448)	(648)	(1,096)
Net assets at the end of the period	<u>1,440</u>	<u>4,146</u>	<u>5,586</u>

14. Movements in funds

Group	At the start of the period	Income	Expenditure	At the end of the period
	£'000	£'000	£'000	£'000
Restricted funds:				
Conflict and fragile states	149	730	(715)	164
Corruption	134	953	(782)	305
Forests, Land and Climate	641	3,129	(2,799)	971
Total restricted funds	924	4,812	(4,296)	1,440
Unrestricted funds:				
Designated funds	285	-	(18)	267
General funds	1,805	6,947	(4,860)	3,892
Total unrestricted funds	2,090	6,947	(4,878)	4,159
Total	3,014	11,759	(9,174)	5,599

Company	At the start of the period	Income	Expenditure	At the end of the period
	£'000	£'000	£'000	£'000
Restricted funds:				
Conflict and fragile states	149	730	(715)	164
Corruption	134	953	(782)	305
Forests, Land and Climate	641	3,129	(2,799)	971
Total restricted funds	924	4,812	(4,296)	1,440
Unrestricted funds:				
Designated fund	285	-	(18)	267
General funds	1,787	6,939	(4,847)	3,879
Total unrestricted funds	2,072	6,939	(4,865)	4,146
Total	2,996	11,751	(9,161)	5,586

Purpose of restricted funds

Restricted funds are used to fund Global Witness' campaigns which fall under the three areas of activity above. Campaigns are developed internally; donors are then sought to fund the campaigns.

Carried forward restricted funds represent either income received prior to the year end for which work has not yet commenced, or income for work which spans the year end, for which the unspent balance is carried forward.

Purpose of designated fund

The designated fund represents unrestricted funds set aside by the Board for specific purposes. At the end of 2016 funds have been set aside for two specific purposes: to cover costs relating to any insurance claim excesses; and for use in supporting general transparency campaigning.

Global Witness

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For the period ended 31 December 2016

15. Operating lease commitments

At the end of the period the group had total commitments under operating leases expiring as follows:

	Property 2016 £'000	Property 2015 £'000
Within 1 year	302	299
2-5 years	261	618
Over 5 years	-	-
	<u>563</u>	<u>917</u>

16. Related party transactions

One of the directors, Patrick Alley, is also a director of Global Witness Foundation, a Californian non profit public benefit organisation, which has exemption under section 501(c)(3) of the Internal Revenue code. There is no legal relationship between the two entities other than the involvement of the director. Global Witness Foundation was incorporated on 21 May 2001. Global Witness Foundation made grants totalling £1,475,000 to Global Witness in the period (2015: £1,288,000).

During the period Global Witness engaged the services of Gowling WLG LLP to provide advice on the governance and structure of the organisation. The cost of this work in 2016 was £9,929 (2015: £NIL). Charmian Gooch's husband is a partner at Gowling WLG. He was not involved in providing advice, and the transaction was carried out at arm's length.

17. Financial Instruments

	Company 2016 £'000	Company 2015 £'000	Group 2016 £'000	Group 2015 £'000
Categories of financial instruments				
Financial assets at amortised cost:				
Accrued income	973	651	973	651
Cash and cash equivalents	<u>5,099</u>	<u>2,638</u>	<u>5,162</u>	<u>2,703</u>
Total	<u>6,072</u>	<u>3,289</u>	<u>6,135</u>	<u>3,354</u>
Financial liabilities at amortised cost				
Taxation and social security	115	112	115	112
Accruals	957	899	1,030	976
Pension provision	<u>24</u>	<u>21</u>	<u>24</u>	<u>21</u>
Total	<u>1,096</u>	<u>1,032</u>	<u>1,169</u>	<u>1,109</u>

