

Company no. 2871809

Global Witness

Report and Financial Statements

31 December 2015

Global Witness

Reference and administrative details

For the period ended 31 December 2015

Directors Patrick J Alley
Charmian P Gooch (Company Secretary)
Simon J Taylor
Samuel Nguiffo (appointed 9 December 2015)
Stephen Peel (appointed 9 December 2015)
Mark Stephens (appointed 9 December 2015)

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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 2015

The directors present their report and the audited financial statements for the year ended 31 December 2015.

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 six directors, comprising three Executive Directors (the co-Founders) and three non-executive Directors. The appointment of three non-executive Directors in 2015 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 Directors of Campaigns, the Development Director, the Director of Communications, and the Director of Finance & Resources.

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 in the areas of human rights and environmental protection. The results of the work undertaken are made available to the public through journalistic 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 2015 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 appointed a new Chief Executive in 2015. Gillian Caldwell has worked at the intersection of human rights, environmental issues and organised crime for many years. Before joining us, she led Witness, an organisation that has won multiple awards for its innovative approach to investigating and exposing international human rights abuses. She also led the campaign that grew into 350.org - a major voice in global mobilisation efforts to tackle climate change.

Global Witness

Report of the directors

For the period ended 31 December 2015

Strategic Report

A summary of our key achievements during 2015 are listed below as well as how we intend to build on and defend these gains in the coming year.

Conflict and fragile states

- The European Parliament voted in favour of mandatory responsible sourcing requirements for all companies placing four key minerals - tin, tungsten, tantalum and gold – (or products containing these), on the EU market. Having advocated for this since 2013, this was a major campaign victory.
- Momentum behind diamond due diligence continues to grow at a promising pace as a result of our work.
- Following a request from the Afghan government for suggested amendments to the Mining Law, we sent 31 recommendations to the Minister for Mining and his staff. We understand the proposed changes include a number of measures that we have been pushing for.
- Work by Global Witness and partners led to Kardiam, a Belgian diamond company, and Badica, a diamond company based in Central African Republic (CAR), being placed on the UN and EU sanctions lists for purchasing diamonds and gold linked to armed groups in CAR.
- CAR's biggest timber exporter - and one of the companies identified in our report Blood Timber - reported a significant drop in sales, equivalent to 40% of its total production as a result of our exposure of its work in the country.

Corruption

- We secured a significant victory with the final approval of UK legislation to create the world's first publicly-accessible register of who really owns and controls companies.
- The updated EU Anti Money Laundering Directive is now in force and includes new provisions providing public access to beneficial ownership information – representing a major success for us and our partners.
- the Financial Conduct Authority (FCA) published its final rules for strengthening accountability for senior executives at UK banks. These included a key Global Witness recommendation, namely that UK banks will have to name a senior manager as personally responsible for ensuring that the bank does not handle the proceeds of crime, including corruption.
- Global Witness continued to uncover and release stories highlighting corruption at the heart of real estate in New York and London. Following the publication of several reports this year, the UK Prime Minister announced that the UK government will take steps to stop corrupt money from entering the UK's property market, explicitly citing GW findings as direct evidence for what was needed.
- We secured a major victory by spearheading the intense effort to ensure the UK government implemented the EU Transparency and Accounting Directives in a meaningful way.
- As a result of our ongoing advocacy in support of robust laws to ensure project-level reporting for extractive companies in the US, the US Securities and Exchange Commission (SEC) announced a strong proposed rule to implement Section 1504 of the Dodd Frank Act.
- We have had significant success in our campaign to prevent oil exploration being carried out by oil company Soco International in Virunga National Park including: the announcement by Soco that they no longer hold rights to oil Block V in the Park, announcements from the Congolese Government that they are not in favour of oil work inside the park, and the Church of England fully divesting from the company.

Global Witness

Report of the directors

For the period ended 31 December 2015

- The final text of DRC's Oil Law, passed in August, is a significant improvement on the law proposed in 2009, without any of the watered down language proposed by the Senate. Global Witness has been one of the very few international NGOs advocating for improvements to DRC's oil law.
- Evidence gathered by Global Witness was critical to the successful rejection of an appeal by the company Malabu Oil and Gas to unfreeze US\$85m worth of assets. The assets have been frozen in connection with the US \$1.1bn 'OPL245 deal' involving the oil giants Shell and Eni, a deal which Global Witness has been at the forefront of exposing.
- The Sudan and South Sudan Peace Agreement signed in Addis Ababa on August 27 includes amongst its key provisions detailed and comprehensive reforms of the oil industry, as well as public financial management more broadly, based principally on Global Witness' recommendations.
- Global Witness' expose of Myanmar's immense jade trade (worth up to US\$31bn), and its control by military elites, drug lords and crony companies has driven the issue of jade and natural resource management up the political agenda. The findings of our report are being used to inform policy in Myanmar.

Forests, Land and Climate

- For the first time, the Liberian government demonstrated its willingness to hold accountable those who break the law in the forestry sector – sentencing five former government officials, including the former head of the FDA, to ten years in prison. These arise largely from evidence gathered and advocacy for prosecutions by Global Witness and its partners.
- As a result of our advocacy, the Japanese government announced a general consensus on the need to adopt new measures against illegal logging that includes mandatory due diligence requirements on the private sector, with a time horizon of one year – in time for Japan's hosting of the G7.
- Following the formal complaint we made to the Forest Stewardship Council (FSC) on timber from illegally-allocated logging concessions in Liberia bought by Dalhoff Larsen & Horneman (DLH), the company had its certification suspended and FSC membership revoked.
- Responding to a complaint submitted by Global Witness in November 2014, Vietnam Rubber Group (VRG) – one of the two companies that featured in our 2013 Rubber Barons exposé – was expelled from the world's leading forest certification body – the FSC.
- A London based investment bank had been approached by Hoang Anh Gia Lai (HAGL) – the second of the two companies that featured in our 2013 Rubber Barons exposé – to raise \$50M in capital for the company. We alerted the bank to the problems with the company's operations which resulted in an agreement between the communities and the company who committed to return 10,000 hectares of land.
- Our November 2014 report, Peru's Deadly Environment, which highlighted the murders of four Ashéninka land rights activists, contributed to full land titles finally being granted to the community of the four murdered forest defenders in August 2015.
- Our report, 'How Many More?' highlighting the global number of deaths of environmental and land defenders, was heavily cited in a hearing on land rights defenders at the Inter-American Human Rights Commission in Washington DC.
- In China, in the latter half of 2015, we held a number of meetings in Beijing with officials from the State Forest Administration and Chinese Academy of Forests on how to strengthen incentives for Chinese timber companies operating overseas to behave more responsibly, including following existing guidelines.

Further details of these achievements and others can be found in the 2015 Annual Review which will be available on our website when complete.

Global Witness

Report of the directors

For the period ended 31 December 2015

Plans for the future (2016 and beyond)

Conflict and Fragile states

- We are continuing our campaign for relevant bodies (such as the Organisation for Economic Co-operation and Development - OECD) to introduce a formal mandate to develop supplementary (to the OECD Due Diligence Guidance) industry-specific due diligence guidance for diamonds and precious stones.
- We will continue our work with the Chinese Chamber of Commerce for Mineral & Chemical Importers and Exporters (CCCC), assisting in the drafting of guidance for companies to help them recognise and reduce the risk of contributing to conflict and human rights abuses.
- We will continue our work to push the government of the Democratic Republic of Congo (DRC) to implement effective resource governance measures and for companies operating in the country to behave responsibly.

Corruption

- We will be continuing our campaign for the US to pass federal legislation requiring the collection of beneficial ownership information across the US at the time of incorporation. We'll be using the lessons learned from our successful extractive sector transparency work, and our unique approach combining investigations and policy-driven advocacy.
- We will be focused on defending the US extractive sector transparency law and ensuring that the EU standards are effectively transposed into national law across Europe.
- Once companies start to publish reports on a project-by-project basis, civil society organisations in home and host countries will be in a position to evaluate the data and start to hold their governments to account, and we are currently considering exactly what role we will play in this long-term project.
- In the short term we are working to make sure that the data is in line with Open Data principles, so that it is usable, and that we develop strong links with local civil society organisations that have the capacity and desire to use the data that is coming their way.

Forests, Land and Climate

- We will be continuing our campaign to ensure the EU Timber Regulations and the US Lacey Act aimed at curbing the import of illegally-logged wood, are enforced. And we'll be pushing the development of similar laws in major importing states where they do not yet exist.
- In 2016 we will continue to push for responsible land-related investments by rubber and other agribusiness companies in the Mekong region, and for governments there to develop strong policies on land-related overseas investments.
- Global Witness has been pursuing three strands of work addressing the international dimensions of land grabbing:
 - o Developing guidelines for Chinese companies investing overseas in rubber.
 - o Engaging with multinational rubber companies to push for improved social and environmental safeguards within their rubber supply chains.
 - o Pushing for obligatory mechanisms to regulate EU financial companies involved in land investments overseas.
- We will continue to work with civil society partners to improve the systematic gathering of data to publish in our 2016 report on Environmental Defenders, which will then be used as a tool to push for action to be taken to protect land and people from death and persecution, intimidation or threats.
- We will be continuing our campaign to stop the expansion of industrial-scale logging and promote alternative models of forest and land management.

New campaign for 2016: Climate Change

- We are launching a dynamic new climate campaign with the dual aim of ending fossil fuel subsidies in key markets and preventing the financing or permitting of select and highly carbon intensive development projects slated for production.

Global Witness

Report of the directors

For the period ended 31 December 2015

Financial review

Total income for year was £8,156,000 (2014: £9,124,000), a decrease of £968,000, reflecting the shorter accounting period in 2015 (12 months) compared to extended 13 month period in 2014. The decrease also arises from recognising the second draw down of £1,500,000 of the Challenge fund from the Foundation to Promote an Open Society (OSF) in 2014.

Total expenditure for the year was £8,449,000 (2014: £8,662,000). The cost of fundraising decreased to £779,000 (2014: £959,000) reflecting the efficiencies brought about by previous investment in fundraising resource that is now generating new and sustainable funding streams as part of the objectives set out in the Challenge fund. As a result the ratio of cost to income fell to 9.5% (2014:10.5%).

Net assets at 31 December 2015 decreased to £3,014,000 (2014: £3,307,000), with net current assets of £2,615,000 (2014: £2,828,000). The decrease arises largely from the second instalment of the Challenge fund income received in the previous period (as explained above).

Challenge fund

OSF 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. We only require an additional US\$452,059 (£295,464) to reach the US\$14m target, we expect to reach this target almost a year in advance with confirmation of a significant grant in the first quarter of 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, to ensure an appropriate level of working cashflow. At 31 December 2015 free reserves increased to £1,805,000 (2014: £1,729,000), calculated as unrestricted net assets (note 12) less the designated fund. Free reserves now represent 2.6 months of operating costs, slightly below the target as a result of the deficit of £293,000 generated in the year. The Directors expect this target to be met in the first quarter of 2016.

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 2016 : for use in supporting general transparency campaigning, and to cover costs relating to any insurance claim excesses.

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, and risks to staff in the course of their work. 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.

Global Witness

Report of the directors

For the period ended 31 December 2015

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.

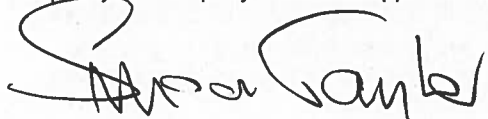
Members

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 2015 was 3 (2014: 3).

Auditors

Moore Stephens LLP were appointed auditor of the company following their merger with Chantrey Vellacott DFK with effect from 1 May 2015 and will be 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 20 April 2016 and signed on their behalf by



Simon Taylor
Director

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 2015 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 2015 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.

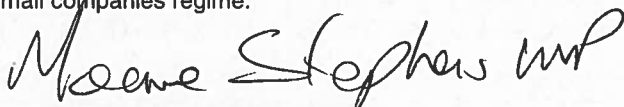
Opinion on other matters prescribed by the Companies Act 2006

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: 20/4/2016.

Global Witness

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

For the year ending 31 December 2015

				13 months ended 31 December	
	Note	Restricted £'000	Unrestricted £'000	2015 Total £'000	2014 Total £'000
Income from:					
Donations	2	-	4,019	4,019	4,619
<i>Income from charitable activities</i>	3				
Conflict and Fragile States		585	-	585	679
Corruption		849	-	849	1,351
Forests, Land and Climate		2,625	-	2,625	2,395
Interest receivable		-	15	15	12
Other Income		-	63	63	68
Total		<u>4,059</u>	<u>4,097</u>	<u>8,156</u>	<u>9,124</u>
Expenditure on:					
<i>Raising Funds</i>					
Fundraising		-	779	779	959
<i>Charitable activities</i>					
Environmental and human rights research and campaigning					
Conflict and fragile states		500	1,044	1,544	1,443
Corruption		1,005	1,978	2,983	2,850
Forests, Land and Climate		2,224	919	3,143	3,410
Total expenditure	4	<u>3,729</u>	<u>4,720</u>	<u>8,449</u>	<u>8,662</u>
Net movement in funds, being net income/(expenditure) for the year	5	330	(623)	(293)	462
Total funds brought forward		<u>595</u>	<u>2,712</u>	<u>3,307</u>	<u>2,845</u>
Total funds carried forward		<u><u>925</u></u>	<u><u>2,089</u></u>	<u><u>3,014</u></u>	<u><u>3,307</u></u>

All of the above results are derived from continuing activities. The notes on pages 12 to 24 form an integral part of the financial statements. All interest receivable and other income was unrestricted in 2014 and 2015. Other income comprises contributions to campaign expenses.

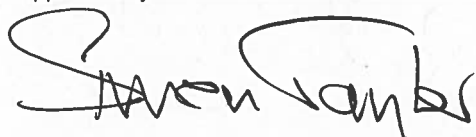
Global Witness

Balance sheet

31 December 2015

	Note	Company		Group	
		31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Fixed assets					
Tangible fixed assets	8	<u>374</u>	<u>450</u>	<u>399</u>	<u>479</u>
Current assets					
Debtors	11	1,016	1,795	1,021	1,798
Cash held as short term investment		764	758	765	758
Cash at bank and in hand		<u>1,874</u>	<u>1,129</u>	<u>1,938</u>	<u>1,195</u>
		3,654	3,682	3,724	3,751
Current liabilities					
Creditors: amounts due within one year	12	<u>(1,032)</u>	<u>(865)</u>	<u>(1,109)</u>	<u>(923)</u>
Net current assets		<u>2,622</u>	<u>2,817</u>	<u>2,615</u>	<u>2,828</u>
Net assets	13	<u>2,996</u>	<u>3,267</u>	<u>3,014</u>	<u>3,307</u>
Funds					
Restricted funds	14	924	595	924	595
Unrestricted funds					
Designated funds		285	983	285	983
General funds		<u>1,787</u>	<u>1,689</u>	<u>1,805</u>	<u>1,729</u>
Total funds		<u>2,996</u>	<u>3,267</u>	<u>3,014</u>	<u>3,307</u>

Approved by the directors and authorised for issue on 20 April 2016 and signed on their behalf by



Simon Taylor
Director

Company Registration Number: 2871809

The notes on pages 12 to 24 form an integral part of the financial statements

Global Witness

Statement of Cash Flows

For the year ending 31 December 2015

	Note	Company		Group	
		31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Net cash used in operating activities	A	<u>856</u>	<u>(465)</u>	<u>863</u>	<u>(415)</u>
Capital expenditure					
Purchase of tangible fixed assets		<u>(105)</u>	<u>(514)</u>	<u>(113)</u>	<u>(544)</u>
Increase/(decrease) in cash and cash equivalents in the year		751	(979)	750	(959)
Cash and cash equivalents at the beginning of the year	B	1,887	2,866	1,953	2,912
Total cash and cash equivalents at the end of the year	B	<u><u>2,638</u></u>	<u><u>1,887</u></u>	<u><u>2,703</u></u>	<u><u>1,953</u></u>

Note A:

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

	Company		Group	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Net (expenditure)/income for the period	(271)	439	(293)	462
Adjustments for:				
Depreciation	181	150	193	159
Decrease/(increase) in debtors	779	(1,310)	777	(1,310)
Increase in creditors	167	256	186	274
Net cash used in operating activities	<u><u>856</u></u>	<u><u>(465)</u></u>	<u><u>863</u></u>	<u><u>(415)</u></u>

Note B:

Analysis of cash and cash equivalents

	Company		Group	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Cash held as short term investment	764	758	765	758
Cash at bank and in hand	<u>1,874</u>	<u>1,129</u>	<u>1,938</u>	<u>1,195</u>
	<u><u>2,638</u></u>	<u><u>1,887</u></u>	<u><u>2,703</u></u>	<u><u>1,953</u></u>

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 charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. 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 charity which is the amount the charity 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 charity 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 charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

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 2015

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 charitable 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 cost 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. After 12 months and up to 2 years' service, this increases to 6% and 7% thereafter. The calculated amount, based on salaries earned during the year is paid by the organisation to individual employees' personal pension schemes. 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 2015

2. Donations

	Restricted £'000	Unrestricted £'000	2015 Total £'000	2014 £'000
The Alexander Soros Foundation		135	135	243
Royal Danish Ministry of Foreign Affairs			-	180
Ford Foundation		325	325	303
The Foundation to Promote Open Society		1,570	1,570	1,422
The Foundation to Promote Open Society - Challenge Fund			-	1,500
Grantham Foundation for the Protection of the Environment		64	64	-
John D. and Catherine T. MacArthur Foundation		169	169	154
Savannah Wisdom Foundation		50	50	-
Skoll Award for Social Entrepreneurship		295	295	382
Stephen and Yana Peel Individual donations		50	50	-
			-	52
<i>Grants from Global Witness Foundation:</i>				
Keller Family Fund			-	9
Grantham Foundation for the Protection of the Environment			-	62
The Highbury Foundation		45	45	-
The Jerome L. Greene Foundation		7	7	-
Jocarno Fund		2	2	-
Fidelity Charitable Gift Program		133	133	125
Wallace Global Fund			-	62
Laura and John Arnold Foundation		657	657	-
Individual donations		124	124	30
<i>Grants from Global Witness Trust</i>				
The David and Elaine Potter Foundation			-	45
Bruederstiftung			-	39
Individual donations		110	110	6
Other grants and donations			-	5
Donated services and facilities		283	283	-
Total	-	4,019	4,019	4,619

Total income in 2014 of £4,619,000 was Unrestricted Income. 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 2015

3. Income from charitable activities

	Restricted £'000	Unrestricted £'000	2015 Total £'000	2014 £'000
Conflict and Fragile States				
Adessium Foundation	-	-	-	144
Brooke Foundation	39	-	39	-
Don Quixote Foundation	77	-	77	-
Empowers Africa	6	-	6	-
Humanity United	72	-	72	141
Norwegian Agency for Development Cooperation (NORAD)	24	-	24	21
Norwegian Ministry of Foreign Affairs	-	-	-	133
Swedish International Development Cooperation Agency (SIDA)	296	-	296	240
The Foundation to Promote Open Society	34	-	34	-
The Trellis Fund	20	-	20	-
Wallace Global Fund	17	-	17	-
	<u>585</u>	<u>-</u>	<u>585</u>	<u>679</u>
Corruption				
Adessium Foundation	-	-	-	10
Center for International Policy	47	-	47	80
Democratic Governance Facility	131	-	131	169
National Alliance for Media Arts and Culture	3	-	3	-
Norwegian Agency for Development Cooperation (NORAD)	160	-	160	178
Omidyar Network	162	-	162	-
Sundance Institute	10	-	10	-
Swedish International Development Cooperation Agency (SIDA)	48	-	48	142
The Foundation to Promote Open Society	66	-	66	15
The TED Prize	-	-	-	601
The Trellis Fund	39	-	39	-
The William and Flora Hewlett Foundation	166	-	166	156
Wallace Global Fund	17	-	17	-
	<u>849</u>	<u>-</u>	<u>849</u>	<u>1,351</u>

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Notes to the financial statements

For the period ended 31 December 2015

Forests, Land and Climate

Arcus Foundation	67	-	67	62
Bread for the World - Protestant Development Service	9	-	9	-
Brooke Foundation	26	-	26	-
Don Quixote Foundation	53	-	53	-
Environmental Investigation Agency	5	-	5	33
Evan Cornish Foundation	5	-	5	-
Ford Foundation	135	-	135	303
Humanity United	101	-	101	61
Irish Aid	142	-	142	146
JMG Foundation	35	-	35	35
John D. and Catherine T. MacArthur Foundation	184	-	184	77
Norwegian Agency for Development Cooperation (NORAD)	13	-	13	22
Omidyar Network	199	-	199	-
Pro Victimis Foundation	71	-	71	71
Samworth Foundation	30	-	30	30
Silicon Valley Community Foundation	20	-	20	-
Swedish International Development Cooperation Agency (SIDA)	150	-	150	-
Synchronicity Earth	-	-	-	10
The Alexander Soros Foundation	227	-	227	-
The Foundation to Promote Open Society	69	-	69	-
The Nathan Cummings Foundation	34	-	34	-
The Trellis Fund	41	-	41	-
The University of Wolverhampton – Strengthening African Forest Governance Contract	5	-	5	45
Trócaire	3	-	3	10
UK Department for International Development (DFID)	976	-	976	1,472
World Resources Institute	25	-	25	18
	<u>2,625</u>	-	<u>2,625</u>	<u>2,395</u>
Total charitable activities	<u>4,059</u>	-	<u>4,059</u>	<u>4,425</u>

4. Total expenditure

	Direct activities £'000	Support costs £'000	Governance costs £'000	2015 £'000	2014 £'000
Costs of raising funds	450	315	14	779	959
Charitable activities					
<i>Environmental and human rights research and campaigning</i>					
Conflict and fragile s	1,300	227	17	1,544	1,443
Corruption	2,608	342	33	2,983	2,850
Environmental gover	2,655	453	35	3,143	3,410
Total charitable activities	6,563	1,022	85	7,670	7,703
Total expenditure	7,013	1,337	99	8,449	8,662

Support costs comprise:

	Costs of raising funds £'000	Environmental and human rights research and campaigning £'000	2015 £'000	2014 £'000
General Management	52	318	370	624
Finance, Human Resources and Information Technology	263	704	967	863
	315	1,022	1,337	1,487

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:

	2015 £'000	2014 £'000
Depreciation	193	159
Operating lease rentals property	235	255
Auditors' remuneration audit	15	13
other services	-	-
Directors' remuneration	277	255
Directors' reimbursed expenses	1	3

During the year 3 Directors were reimbursed expenses relating to travel and subsistence costs incurred in the course of their work (2014: 3 Directors reimbursed)

Global Witness

Notes to the financial statements

For the period ended 31 December 2015

6. Staff costs and numbers

Staff costs were as follows:

	2015 £'000	2014 £'000
Salaries		
United Kingdom staff	3,321	3,371
Overseas staff	586	501
Social security costs	376	374
Pension contributions	223	218
	<u>4,506</u>	<u>4,401</u>
Other staff costs	<u>252</u>	<u>232</u>
	<u>4,758</u>	<u>4,633</u>

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

	2015 No.	2014 No.
From £60,001 to £70,000	10	5
From £70,001 to £80,000	1	3
From £80,001 to £90,000	1	4

The decrease in the number of staff earning more than £70,000 in 2015 is a result of the proportionate effect of management team appointments during the year, combined with the reporting period for 2014 being of 13 months duration.

Pension contributions to defined contribution pension schemes for these employees totalled £46,205 in the period (2014: £66,512 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 £296,764 (2014 £250,546). 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:

	2015 No.	2014 No.
Campaigning and advocacy	75	63
Fundraising	8	9
Finance and resources	10	10
	<u>93</u>	<u>82</u>

7. Taxation

The organisation had no corporation tax liability in the period to 31 December 2015 (2014: £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 2015	328	349	163	840
Additions in period	83	22	8	113
At 31 December 2015	411	371	171	953
Depreciation				
At 1 January 2015	208	63	90	361
Charge for the period	77	91	25	193
At 31 December 2015	285	154	115	554
Net book value at 31 December 2015	126	217	56	399
At 31 December 2014	120	286	73	479
Company				
Cost				
At 1 January 2015	303	339	144	786
Additions in period	82	22	1	105
At 31 December 2015	385	361	145	891
Depreciation				
At 1 January 2015	192	63	81	336
Charge for the period	72	88	21	181
At 31 December 2015	264	151	102	517
Net book value at 31 December 2015	121	210	43	374
At 31 December 2014	111	276	63	450

Global Witness

Notes to the financial statements

For the period ended 31 December 2015

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:

	2015 £'000	2014 £'000
Grants received from Global Witness	838	778
Other income	3	2
Total income	841	780
Total expenditure	863	757
Net movement in funds for the period	(22)	23
Total funds brought forward	40	17
Total funds carried forward	18	40
The aggregate of the assets, liabilities and funds was:		
Assets	95	97
Liabilities	(77)	(57)
Total funds	18	40

10. Company

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

	2015 £'000	2014 £'000
Gross income	8,152	9,122
Net movement in funds, being net (expenditure)/income for the period	(271)	440
Represented by		
Restricted funds	924	595
Unrestricted funds	2,072	2,672
Total funds	2,996	3,267

11. Debtors

	Company 2015 £'000	Company 2014 £'000	Group 2015 £'000	Group 2014 £'000
Accrued income	651	1,584	651	1,584
Other debtors	104	70	104	71
Prepayments	261	141	266	143
	1,016	1,795	1,021	1,798

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For the period ended 31 December 2015

12. Creditors: amounts due within 1 year

	Company 2015 £'000	Company 2014 £'000	Group 2015 £'000	Group 2014 £'000
Taxation and social security	112	99	112	99
Other creditors	404	339	403	340
Accruals	495	405	573	462
Pension provision	21	22	21	22
	<u>1,032</u>	<u>865</u>	<u>1,109</u>	<u>923</u>

13. Analysis of net assets between funds

Group	Restricted funds £'000	Unrestricted funds £'000	Total funds £'000
Tangible fixed assets	-	399	399
Current assets	1,444	2,280	3,724
Current liabilities	(520)	(589)	(1,109)
Net assets at the end of the period	<u>924</u>	<u>2,090</u>	<u>3,014</u>
Company	Restricted funds £'000	Unrestricted funds £'000	Total funds £'000
Tangible fixed assets	-	374	374
Current assets	1,406	2,248	3,654
Current liabilities	(482)	(550)	(1,032)
Net assets at the end of the period	<u>924</u>	<u>2,072</u>	<u>2,996</u>

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Notes to the financial statements

For the period ended 31 December 2015

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	64	585	(500)	149
Corruption	290	849	(1,005)	134
Environmental governance	241	2,625	(2,224)	641
Total restricted funds	595	4,059	(3,730)	924
Unrestricted funds:				
Designated funds	983	-	(698)	285
General funds	1,729	4,097	(4,021)	1,805
Total unrestricted funds	2,712	4,097	(4,719)	2,090
Total	3,307	8,156	(8,449)	3,014

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	64	585	(500)	149
Corruption	290	849	(1,005)	134
Environmental governance	241	2,625	(2,224)	641
Total restricted funds	595	4,059	(3,730)	924
Unrestricted funds:				
Designated fund	983	-	(698)	285
General funds	1,689	4,092	(3,994)	1,787
Total unrestricted funds	2,672	4,092	(4,692)	2,072
Total	3,267	8,151	(8,422)	2,996

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 2015 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

Notes to the financial statements

For the period ended 31 December 2015

15. Operating lease commitments

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

	Property 2015 £'000	Property 2014 £'000
Less than 1 year	-	-
More than 1 year and less than 5 years	<u>844</u>	<u>1,119</u>
	<u><u>844</u></u>	<u><u>1,119</u></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 £1,288,000 to Global Witness in the period (2014: £444,000).

Global Witness contracted Breda Daly, who is the wife of Patrick Alley, as a fundraising consultant during the period, paying her a total of £4,000 for fees and travel expenses (2014: £7,500). Ms Daly is a practising fundraising consultant with many years' experience in the not for profit sector; her most recent permanent role was as Director of Development at the Royal National Theatre, London. Patrick Alley was not party to the decision made to employ Ms Daly and the transaction was carried out at arm's length.

During the period Global Witness engaged the services of Gowling WLG to provide advice on the governance and structure of the organisation. The cost of this work in 2015 was £NIL (2014: £4,452). 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 2015 £'000	Company 2014 £'000	Group 2015 £'000	Group 2014 £'000
Categories of financial instruments				
Financial assets at amortised cost:				
Accrued income	651	1,584	651	1,584
Cash and cash equivalents	<u>2,638</u>	<u>1,887</u>	<u>2,703</u>	<u>1,953</u>
Total	<u><u>3,289</u></u>	<u><u>3,471</u></u>	<u><u>3,354</u></u>	<u><u>3,537</u></u>
Financial liabilities at amortised cost				
Taxation and social security	112	99	112	99
Accruals	899	744	976	802
Pension provision	<u>21</u>	<u>22</u>	<u>21</u>	<u>22</u>
Total	<u><u>1,032</u></u>	<u><u>865</u></u>	<u><u>1,109</u></u>	<u><u>923</u></u>

Global Witness

Notes to the financial statements

For the period ended 31 December 2015

18. Transition to FRS 102

In preparing the accounts, the Directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

The following explanatory note to the accounts describes the differences between the funds and income and expenditure presented under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended at 31 December 2014 (i.e. comparative information), as well as the funds presented in the opening statement of balance sheet (i.e. at 30 November 2013). It also describes the changes in accounting policies made on first-time adoption of FRS 102.

In the table below, funds determined in accordance with the FRS 102 is reconciled to funds determined in accordance with previous UK GAAP at both 30 November 2013 (the date of transition to FRS 102) and 31 December 2015.

Note	Funds as at 30 November 2013 £'000	Surplus for the period ended 31 December 2014 £'000	Funds as at 31 December 2014 £'000
Previously reported under UK GAAP	2,845	525	3,370
Staff costs - recognition of a.		(63)	(63)
	<u>2,845</u>	<u>462</u>	<u>3,307</u>

Note a)

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement of the company to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £63,000. No other restatements were required. In accordance with the requirements of FRS102 a reconciliation of opening balances is provided.

