

Company number: 06621203

Charity number: 1128789

Media Legal Defence Initiative

Report and financial statements

For the year ended 31 December 2019

Media Legal Defence Initiative

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Media Legal Defence Initiative

Reference and administrative information

For the year ended 31 December 2019

Company number 06621203
Country of incorporation England and Wales

Charity number 1128789
Country of registration England & Wales

Registered office and operational address 17 Oval Way, London, SE11 5RR

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

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

Key management Lucy FREEMAN (Chief Executive)
Alinda VERMEER (Acting Chief Executive Officer) - from February 2020

Bankers

Triodos Bank
Deanery Street
Bristol
BS1 5AS

Barclays Bank
1 Churchill Place
London
E14 5HP

The Co-operative Bank Plc
PO Box 101
1 Balloon Street
Manchester
M60 4EP

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108-114 Golden Lane, London, EC1Y 0TL

Media Legal Defence Initiative

Trustees' annual report

For the year ended 31 December 2019

Trustees' Annual Report¹

The trustees present their report and the audited financial statements for the year ended 31 December 2019.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Charitable Objectives

MLDI's charitable objectives are to promote human rights throughout the world, in particular through protecting freedom of speech and the right to free expression, and to advance education in law, including human rights and media law.

Mission

MLDI's core mission is to ensure legal protection of journalists and media workers under threat for reporting on issues of public interest, in the belief that freedom of expression is essential to holding power to account.

Mandate

MLDI works globally, where there is the greatest need, to ensure legal defence and protection of journalists, citizen journalists and media outlets from legal threats related to their journalism that violate the right to freedom of expression, ensuring that they can continue to report on issues of public interest.

Main activities

- **Emergency Legal Defence:** We provide legal help to journalists and independent media across the world.
- **Strategic Litigation:** We take on strategic cases to change unjust laws used against journalists.
- **Legal Capacity Building:** We build local legal capacity to defend journalists.

¹ The trustees review the aims, objectives and activities of the Media Legal Defence Initiative (MLDI) each year. This report looks at what MLDI has achieved in the reporting period. The trustees report the success of each key activity and the benefits that MLDI has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes

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The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit. All MLDI's charitable activities focus on ensuring legal protection of journalists in the belief that freedom of expression is essential to hold those with power to account. They are undertaken to further our charitable purposes for the public benefit. MLDI does not engage in political campaigning.

Achievements and performance

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

- Support to individuals for legal defence: direct assistance to journalists
- Strategic litigation for media freedom
- Building local legal capacity to defend journalists, which included support to partner organisations for legal defence and training and capacity building for lawyers

MLDI continued to grow in 2019, delivering our charitable activities at a higher level than in previous years. We supported more cases in more countries than ever before and we increased staff numbers to meet the growing demand for our support.

Support to individuals for legal defence

2019 was our busiest year to date. We supported 116 new cases,² the highest number since we were founded in 2008, and a 19% increase on 2018. This exceeded our target number of 100 new cases in 2019.

Journalists, bloggers and media houses in need of help applied for support through our website. Typically, we responded to requests for assistance by providing funding to hire a local lawyer and working with the local lawyer to secure a good outcome for the journalist concerned. We provided technical legal support in approximately 23% of all cases. The highest number of new cases supported were in Azerbaijan (39 new cases), followed by Russia (nine) and Turkey (seven).

We also continue to support many cases that were ongoing from previous years. In total, including new and ongoing cases, we worked on 330 cases during the year, in 65 countries – this represents a 25% increase from 2018 when we worked on 265 cases during the year.

Despite the increasingly challenging and dangerous circumstances journalists are facing worldwide, we achieved many successes over the year. In 2019, 77 of the cases we were supporting concluded and in 73% of them we either fully or partially achieved our objectives, which is up on 2018 when it was 67.7%. Our high success rate demonstrates that legal threats and sanctions used to deter independent journalism can be overcome.

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

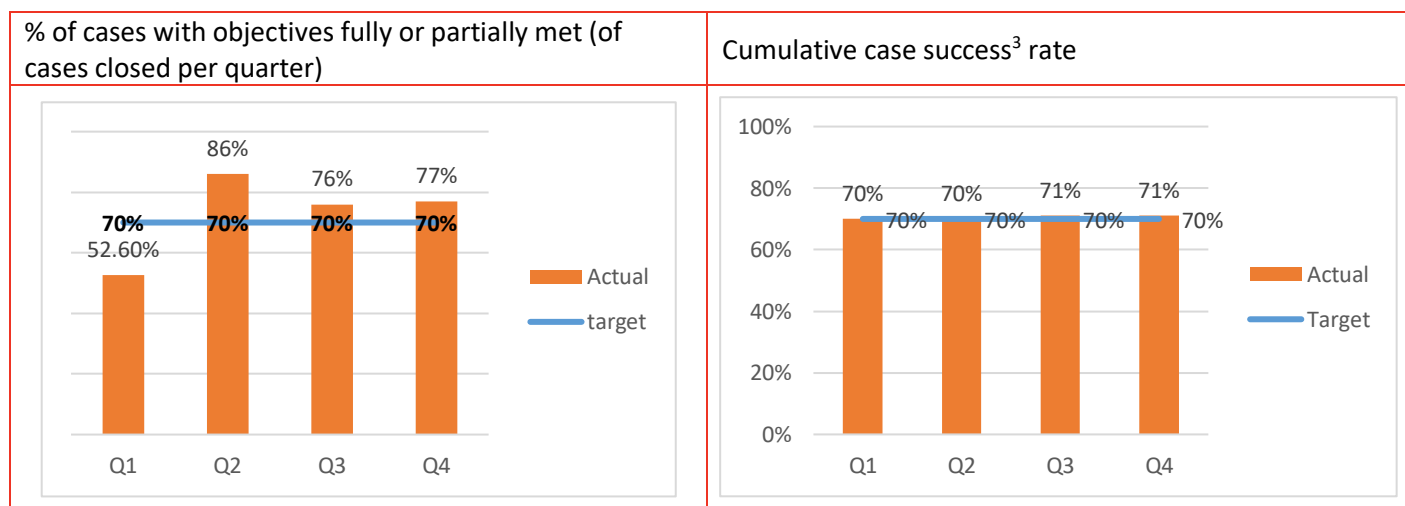
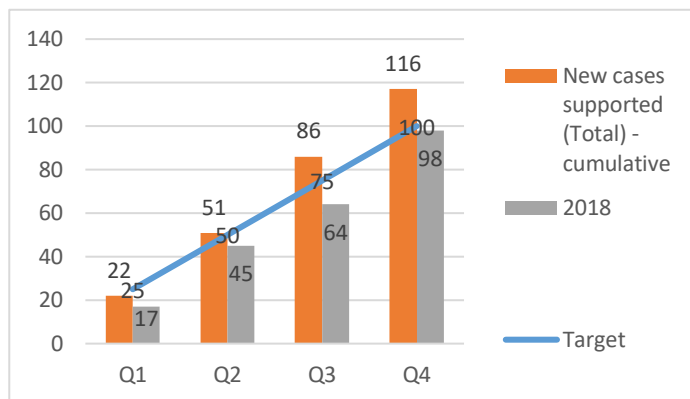
² We record each instance in a court case (e.g. first instance, appeal or cassation appeal) as a separate case.

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Number of new cases supported (cumulative)



Strategic litigation

Our strategic litigation seeks to promote a legal and regulatory framework in which journalists and bloggers can report freely on issues of public interest. We actively pursue cases that could have a wider impact on the development of law and practice in the country or region concerned and result in enhanced respect for international norms on the right to freedom of expression. We particularly seek cases that offer an opportunity to bring criminal laws in line with international standards on freedom of expression; advance freedom of expression standards as regards internet-related media; and cases addressing physical violence against and harassment of journalists and bloggers.

Of the new cases supported in 2019, 45 were strategic cases, classified as cases where there is a potential for impact beyond the journalist concerned, for example by changing law or policy. Over 50% of live cases at the end of the year were strategic.

³ Success refers to case outcomes that fully or partially meet case objectives.

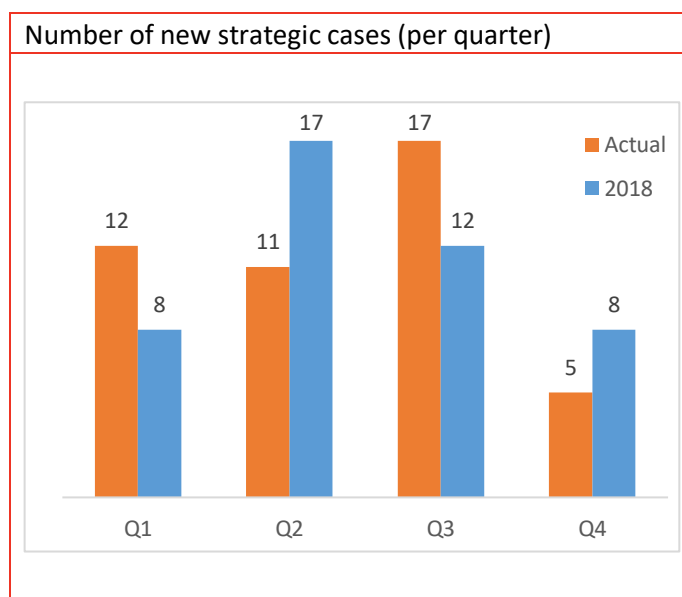
Media Legal Defence Initiative

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For the year ended 31 December 2019

We continued to work on 91 existing strategic cases, bringing the total number of strategic cases worked on in 2019 to 136.

The 45 new cases originated from 15 countries (Azerbaijan, Cameroon, Colombia, Kenya, Nigeria, Russia, Slovakia, South Africa, Tanzania, Togo, Turkey, Uganda, Ukraine, Vietnam and Zambia). 16 strategic cases were closed over the year and MLDI withdrew two. Of the 14 cases which closed during 2019, 57% were successful.



Building local legal capacity

Grants to National Media Defence Centres

MLDI supported 13 partners in 2019: C-Libre (Honduras), Collaboration on International ICT Policy in East & Southern Africa – CIPESA (Uganda), Foundation for Press Freedom (Colombia), Helsinki Foundation for Human Rights (Poland), Human Rights Platform (Ukraine), Media Development Centre (Macedonia), Media Policy Institute (Kyrgyzstan), Ossigeno per l'Informazione (Italy), Premium Times Centre for Investigative Journalism – PTCIJ (Nigeria), TOHAV (Turkey), P24 (Turkey), the Hungarian Civil Liberties Union (HCLU) and a partner in the Asia region.⁴

11 out of these 13 organisations received a grant to support them in delivering legal defence to media in their countries and two (in Nigeria and Uganda) to provide legal support in the form of emergency advice and case studies of successful digital rights litigation.

In 2019, our organisational support grants have enabled our partners to litigate a total of 293 cases across a range of freedom of expression issues and courts.⁵

⁴ Name withheld to protect the identity of the organisations

⁵ This figure is based on grantee reports submitted during 2019.

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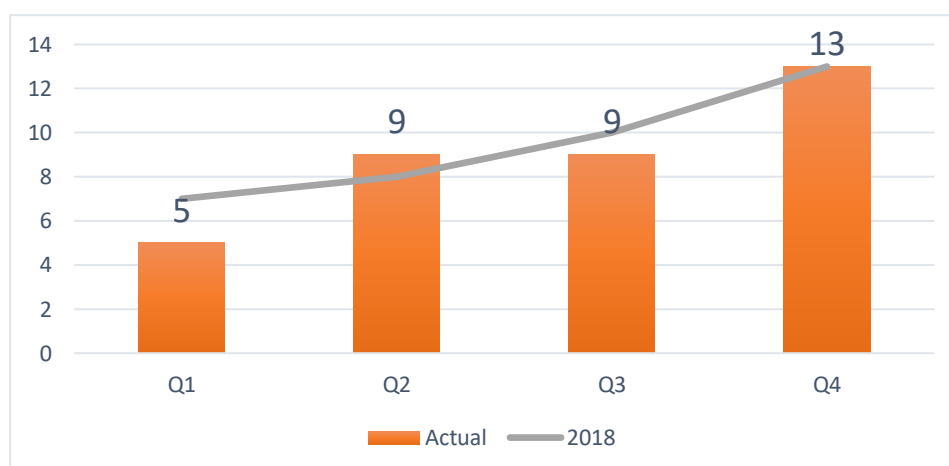
For the year ended 31 December 2019

We also carried out three site visits to meet with partners in Macedonia, Nigeria and Uganda.

MLDI has been funding our Macedonia partner since 2012, and the purpose of the visit was an impact evaluation to understand how MLDI's funding has impacted on their ability to provide legal defence to journalists and to understand the changing country context. The evaluation consisted of a three-day site visit interviewing MDC staff and freedom of expression experts. The findings indicate the MLDI funding has strengthened MDC's ability to provide legal defence to journalists and develop case law on civil defamation in the country. MDC provided a unique and valuable service in North Macedonia, however the improving country situation for press freedom was also attributed to the transition to a more progressive government in 2017.

Post-award assessment and support visits were also made to our partners in Nigeria (PTCIJ) and Uganda (CIPESA) for the purpose of providing financial management support and offer recommendations on how to further improve their control environment.

Number of partner grants awarded in 2019 (new grants - cumulative)



Support for training and capacity building

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

In 2019, we delivered regional litigation surgeries for lawyers from East Africa (in Uganda), West Africa (in Nigeria), and two surgeries for lawyers from Southern Africa (in South Africa). We trained a total of 48 lawyers in international freedom of expression standards, litigation before regional human rights mechanisms, and providing legal defence to journalists, bloggers and independent media. The trainings

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highlighted new areas of law that govern freedom of expression on the Internet, legal remedies to online expression restrictions and strategies to advance jurisprudence in the fast evolving field of digital rights.

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

In addition to the regional litigation surgeries, we organised participation at three networking events for lawyers who had attended the surgeries: 14 lawyers participated in a session of the African Commission on Human and Peoples' Rights and corresponding NGO Forum, 12 lawyers participated in RightsCon and 12 lawyers participated in the Internet Governance Forum.

Further training activities are planned for 2020, with two sub-regional advanced litigation surgeries taking place, one in East Africa and one in Southern Africa, as well as a training-of-trainers and associated network building opportunities for their participants due to take place in East, West, and Southern Africa.

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

As part of our ongoing partnership with the University of Edinburgh,⁶ we organized and supervised a one-year freedom of expression clinic during the academic year 2018-2019.⁷ We assisted students in drafting two petitions to the UN Working Group on Arbitrary Detention (UNWGAD) on behalf of prominent human rights defenders Mr Trung Ton and Mr Le Dinh Luong, both arbitrarily detained following their peaceful reporting on human rights abuses in Vietnam. Both petitions were submitted to the UNWGAD in September 2019. At the start of the new academic year in September 2019, MLDI introduced two cases to the new students participating in the clinic. This includes a case involving a blogger and human rights defender from Vietnam and a journalist based in Cameroon. Both cases are ongoing and MLDI is assisting students in drafting both petitions.

⁶ The clinic is usually attended students from Edinburgh Law School who are in the third or fourth year of their undergraduate programme. The clinic provides a unique opportunity for students to work alongside practicing lawyers on international casework. Each year, there are introductory sessions delivered by MLDI and course supervisors (external barristers) on matters of freedom of expression and human rights law before the students are introduced to two live case studies. The clinic educated law students on matters of freedom of expression and human rights law, inspiring them to pursue a career in the field, but also delivered concrete results in real cases.

⁷ The 2018-2019 academic year ended in June 2019.

Grant-making

MLDI makes grants to individual lawyers to provide legal support to journalists, citizen journalists and media outlets through our emergency defence and strategic litigation programmes. We also provide annual grants to partner organisations around the world to provide free legal defence services to journalists in their countries.

Individual cases

Providing legal defence in cases against journalists is at the core of MLDI's work globally. Journalists need to be represented by lawyers practising in the country where the case is brought, but they often cannot afford to pay for a lawyer and pro bono lawyers are rarely available. This makes it difficult for lawyers to defend cases and greatly limits the pool of competent lawyers available to journalists and media outlets threatened with litigation. MLDI makes grants to lawyers, paying them to represent the journalist in need.

To the best of our financial ability, we will provide support to all applications for support that fall within our mandate and where MLDI is the only realistic avenue to provide the assistance required. In the event that we do not have the financial ability to support all cases in our mandate, we prioritise cases where there is a real risk that the case will result in the imprisonment of the journalist concerned, or the case is of potential strategic importance. The support provided by MLDI will often be financial – to help pay for a local lawyer to defend the matter – but will also be in the form of legal expertise, since often specialist media lawyers are not available.

Grants to organisations

MLDI provide grants of up to £25,000 per year to support partner organisations to provide legal defence to journalists in their countries. Our partners work in countries or regions where there is a strong need for legal support of journalists and where it can be difficult for independent media to obtain quality and affordable legal support. The organisations are either dedicated to supporting freedom of expression and free press or have a department within the wider organisation focused on freedom of expression litigation.

By strategically selecting partner organisations in regions around the world and building and strengthening their legal capacity we are able to establish a more sustainable infrastructure for quality media defence at the national level. Working with and through partner organisations also boosts the availability, speed, value for money and sustainability of legal defence for journalists at a national level. Partners are knowledgeable of domestic laws and the political and cultural context; they are able to move nimbly, providing support faster and with lower cost than would otherwise be possible.

We assess partnership applications on the following criteria:

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

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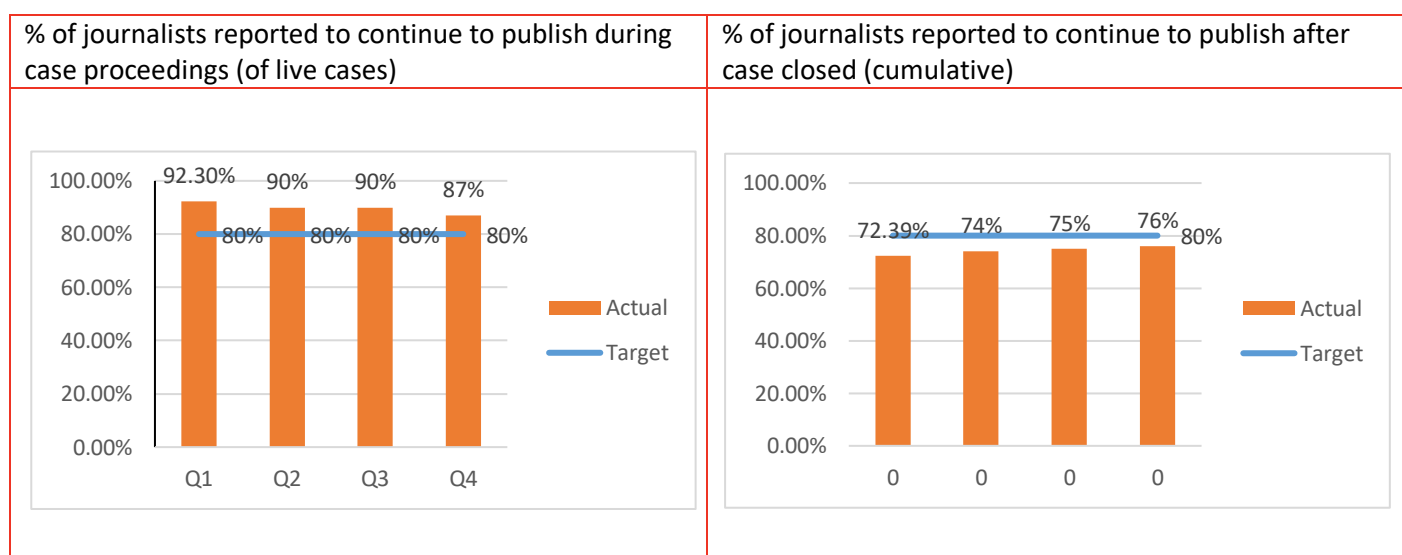
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Beneficiaries of our services

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

Our partners are the lawyers we work with, support, mentor and learn from, as well as the national media legal defence organisations we fund and support to provide legal representation and defence to hundreds of journalists each year.



In 2019, we carried out our third annual journalist impact survey to look at the longer-term impact of our support on our primary beneficiaries, journalists.

Key findings:

	2017 Survey	2018 Survey	2019 survey
% that would recommend MLDI (or partner) to journalists in a similar situation	95%	98%	100%
% that have continued to report on public interest topics	87%	90%	100%

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% that are satisfied with their legal representation	85%	100%	82%
% are satisfied with the outcome of their case	65%	85%	50%⁸

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

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

- 50% said they made no changes to their journalistic practice;
- 68% believe their case has had a positive impact on press freedom in their country; and
- 72.7% believe they were somewhat likely to face more legal challenges as a result of their journalism in the future.

Whilst our legal defence is therefore having an impact, the environment in many countries remains repressive and MLDI will continue to alter its litigation strategies accordingly. The full report can be accessed on our website.⁹

Project and programme evaluations

MLDI carried out a number of evaluations in order to measure outcomes, impact and identify learnings for improvement. These included our end of strategy evaluation, final evaluation of our Digital Rights Advocates Project and evaluation of our partner in Macedonia. These evaluations are summarised in our 2019 learning report which can be found on our website from March 2020.

Fundraising

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

⁸ Respondents who answered 'satisfied', or 'extremely satisfied'. This percentage excludes four respondents who answered 'N/A or unsure'.

⁹ The full report can be accessed [here](#).

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- MLDI's complaints policy and procedure, available on our website, outlines the process for lodging a complaint with MLDI and how that complaint will be dealt with.

MLDI is grateful for the continued support of all our donors. Their support has enabled continuity in delivery of our strategic objectives.

Donated services

In 2019, MLDI benefited from the donated services of some of the world's leading lawyers and law firms.

Jointly, law firms contributed 2,919 hours of pro bono legal services. The three highest contributing firms were:

- Covington and Burling LLP
- Mayer Brown
- Wilmer Cutler Pickering Hale and Dorr LLP

We are extremely grateful to all our pro bono partners, whose contribution of free legal services made our work possible.

Volunteers

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

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

In 2019, MLDI worked with four volunteers over the year and we also engaged a Legal Fellow who worked with us for the full year.

Over the year, the volunteers and fellow each committed an average of four days a week for about three months, totalling 1,950 hours (equivalent to one full-time staff member). They assisted with legal research in relation to our cases, covering a broad range of human rights related topics such as freedom of expression, privacy, torture and ill treatment, fair trial rights, arbitrary detention, and procedure at regional and domestic courts. They also carried out factual research, for example into a country's human rights record or the background of our cases, and they drafted submissions before domestic courts and regional and international human rights mechanisms. They also dealt with practicalities surrounding filings.

Organisational Management/Administration

In line with our plans for 2019, we changed our IT service provider and replaced and upgraded some of our IT infrastructure.

Significant staff turnover during 2019 resulted in the delay of the planned rebrand to Media Defence and launch of our new website.

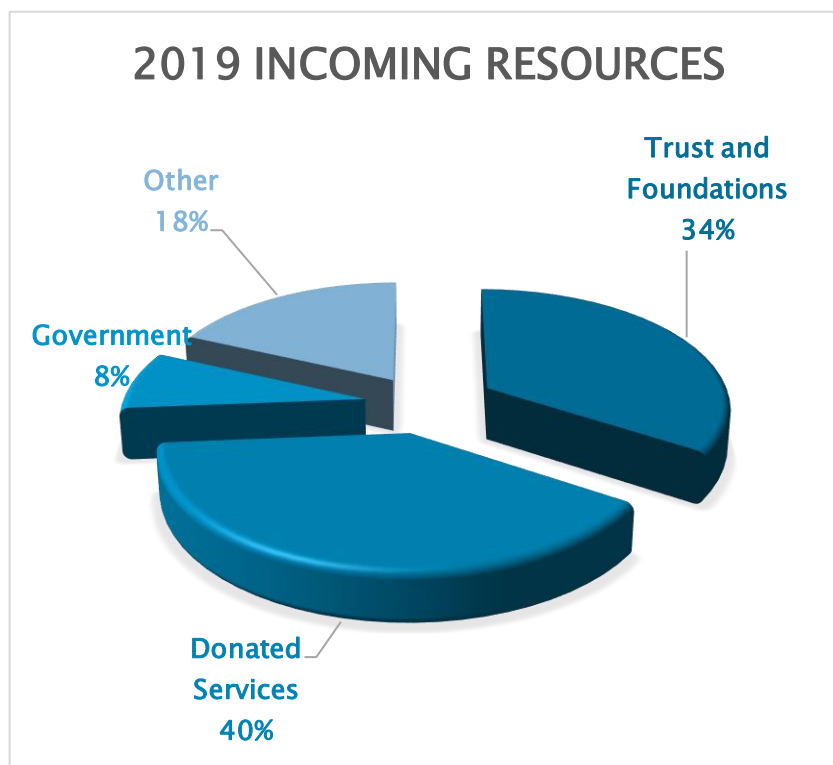
Financial review Income

In 2019, we received total incoming resources of £2.8 million, of which £1.1 million were donated services, compared to £1.2 million in 2018 of which £80,000 were donated services. This constitutes a 132% increase in incoming resources, mainly attributable to an increase in the level of donated services utilised during the year.

70% of the incoming resources were restricted to either a region or a theme. 30% of funding was unrestricted. Donated services constituted 56% of the restricted incoming resources, compared to 10% in 2018.

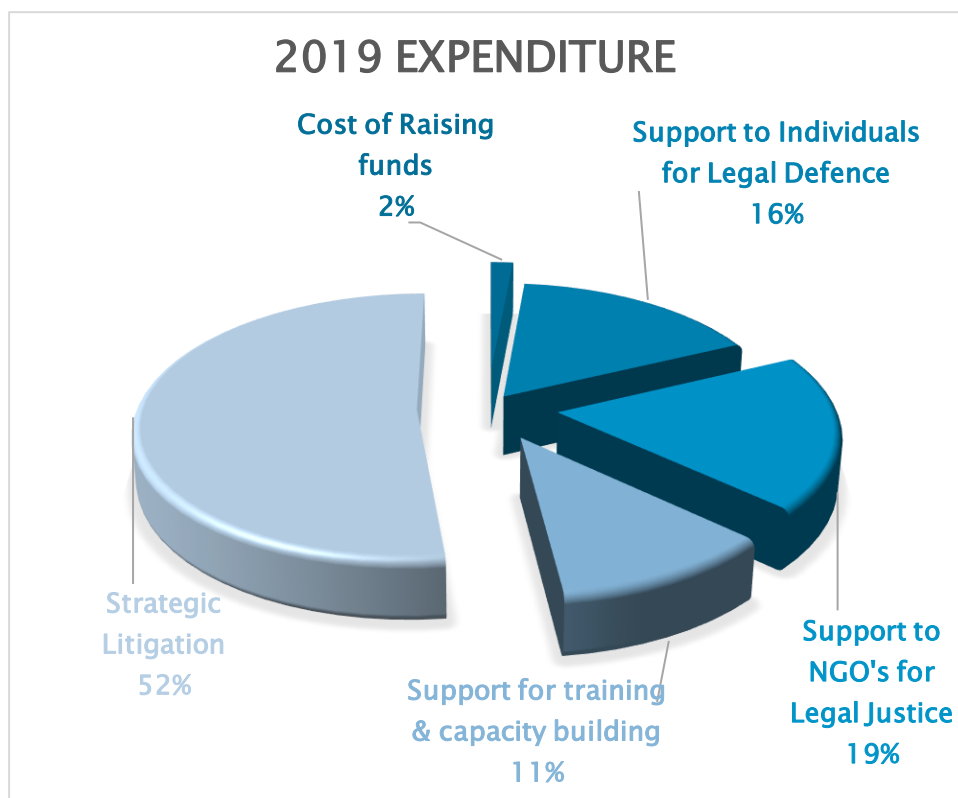
Overall, our unrestricted incoming resources during 2019 increased by 91% as a result of new funding streams generated from our fundraising efforts. Our restricted incoming resources increased by 156%, predominantly due to the increase in donated services utilised in the period.

As shown in the chart below, donated services, such as pro bono legal support, play a significant part in enabling the delivery of activities, while Trusts and Foundations continue to be the main source of our funding. We are however slowly beginning to diversify our funding sources.



Expenditure

2019 saw an 84% increase in expenditure from £1.4 million in 2018, to £2.6 million mainly as a result of a significant increase in donated services.



The above shows the split during 2019 of expenditure between each of our charitable activities.

In 2019, MLDI recorded a 21% decrease in funds spent on 'Support to Individuals for Legal Defence' but supported more cases (2019: 100, 2018: 82) as a result of more cases being supported in the Central Asia and Russia region in 2019 at less than average cost.

We however spent more on "Support to NGOs for Legal Justice", even though the number of grants awarded were the same as previous year (2018 and 2019: 13 grants awarded). The disproportionate increase in amount spent is attributable to our continued support of the crisis situation in Turkey through a grant awarded to one of our Turkey partners at an amount higher than our standard grant amount.

Our total support cost in 2019 was £289,568, compared to £246,774 in 2018, representing 11% of our total expenditure (compared to 18% in 2018.¹⁰ Support costs include salary and overhead costs and have been allocated across activities on the basis shown in Note 1(i) of the Financial Statements.

¹⁰ Excluding donated services, our support cost in 2019 represented 20% of total expenditure (compared to 19% in 2018).

Overall Picture

In 2019, we began to lay the foundation for the next five years, resulting in our 2020 – 2024 strategy. While this was ongoing, in spite of the challenge of a mostly new team, we proved to be resilient, by continuing to successfully increase our impact and delivery on our charitable objectives, as is reflected in the Achievements section, and in the income and expenditure summary above. We closed the year with a net surplus of £235,507 (2018: £189,354 deficit) and an increased liquidity ratio of 2.5:1 (2018: 2:1).

At the end of 2019, we carried forward total funds of £805,732, of which £310,813 were restricted funds (funding with a thematic and/or regional restriction) and £494,918 were general, unrestricted funds.

Principal risks and uncertainties

Strategic risks are owned by the Board and considered at least annually, while management of other risks is delegated to management who report the effectiveness of key controls to the Board.

Change Management Risk: The organisational change and growth associated with MLDI's new strategy results in process disruption and employee turnover and compromise our ability to meet our objectives. We will mitigate this risk by understanding and communicating our target model for 2024, involving employees early on in the planning process and monitoring performance indicators around operational outcomes and employee engagement.

Competitive Risk: Press freedom organisations introduce or expand their legal support programmes, undermining MLDI's USP as a global leader in the specialist field of media legal defence. We will mitigate this risk by ensuring we effectively communicate MLDI's unique work and raise our profile with stakeholders with an interest in specifically legal aspects of global press freedom.

Compliance and Reputational Risk: Non-compliance with data protection, employment or environment laws and regulations or MLDI's ethics and principles results in fines or other sanctions, bad publicity or negative relationships with partners, beneficiaries, donors or the general public. We will mitigate this risk by engaging external experts to advise on compliance issues, by ensuring our staff are regularly trained in the legal and regulatory frameworks applicable to their work, and by monitoring the quality of our work to ensure it meets our expectations and standards.

Financial Risk: Risks to the financial health of MLDI, specifically being unable to raise sufficient income to fund our operations. We will mitigate this risk by investing in our fundraising and communications and by diversifying our funding streams. We will regularly report on our financial performance and position to ensure that the financial risks of expanding our organisation over this strategy period are well understood and appropriately managed.

Innovation Risk: MLDI rapidly expands its partnership model, increasing the risk of quality problems. We will mitigate this risk by ensuring our due diligence checks on partners remain robust and our grant making process is simplified and streamlined. We will monitor the quality and success of our partners' work and assist them where these fall short of our expectations.

Liability Risk: The risk that our litigation leads to legal liability issues and reputational damage. We will mitigate this risk by ensuring the high quality of our work and by ensuring lawyers in record for MLDI are insured.

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Political Risk: The risk that the political environment will turn hostile to MLDI in key countries, hindering our ability to deliver programmes or fund partners or cases in target areas. We will mitigate this risk by carefully monitoring country situations and by maintaining a low profile in hostile countries.

Systemic Risk: The risk of collapse of the financial system of a country either where MLDI is located or where a significant amount of our funding originates; or the risk that the key legal institutions through which we defend press freedom collapse – for example regional courts and UN bodies. We will mitigate this risk by monitoring financial developments around the world, diversifying our funding methods and sources, and taking cases in a wide selection of regional courts and international mechanisms.

The most significant risks currently facing the organisation relate to the Covid-19 pandemic. This has created uncertainty in the short term around our ability to deliver on our objectives, for example due to illness among staff and partners, court closures and travel restrictions, and also in the longer term around the wider economic political and economic environment, the health of our donor base and our ability to achieve the operational model on which our future strategy is dependent. Management has responded to this risk with frequent re-forecasting and cash flow modelling, scenario planning that covers shutdowns of differing length and severity, and consideration of new and existing funding streams for resilience and new opportunities. The long-term effect of the crisis is uncertain and it is reasonable to assume economic downturns, further periods of lockdown and changes in business practice across our global network, but management continues to review alternative options for delivery of the charity's strategy. This review is an iterative process and will continue to be refined as the shape of the post-crisis world becomes clearer.

Reserves policy and going concern

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

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

The Board of Trustees have set an unrestricted reserves target at £293,000 - equivalent to five months of 2020's operational cost. This target is reviewed at least annually to ensure it remains relevant to the realities of current operations and the associated risks.

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

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

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

The unrestricted reserves at year end stood at £494,918 (2018: £366,646) equating to about three months of MLDI's planned core operational costs for 2020. The current excess of unrestricted reserves over the targeted level is due to trustees' commitment to spend donor funds within agreed funding period and in line with strategic priorities.

The current COVID-19 pandemic, to the extent of the lockdown instructions issued by the governments around the world and the general social disruption, is already impacting and will continue to impact MLDI's operations during the next financial year. Some of the impact that is already materialising is that employees are working from home and that we are developing new and innovative ways of continuing to implement activities and deliver on our strategy and objectives (e.g. virtual workshops and meetings). The pandemic brings with it a lot of uncertainties, some of which include uncertainty about the duration of the lockdown and how the impact on the economy might impact future funding, but one thing that is certain is that during a pandemic, violations of freedom of expression increases (and evidence of this is already being seen, with journalists being persecuted for Covid-19 related publications).

MLDI's donors have so far continued to support our work and have offered flexibility around re-purposing grants and, in some cases, have lifted conditions of matched funding. In addition, new funding opportunities to support Covid-19 related cases have become available. Some operational expenditure (office running cost) are not being incurred and more consideration is being given to the necessity of other expenditure, before it is incurred. In addition, cash flow forecasts are prepared on a monthly, rather than (the pre-pandemic) quarterly basis.

Trustees have made an assessment of the impact of these risks on the charity's operations and have concluded that, despite the wider risks and uncertainties facing large sectors of society, the charity has the ability and intention to continue as a going concern. The reasons for this affirmation are:

- Cash flow forecasts for the next 12 months have been reviewed and MLDI is confident that adequate resources are available (with 68% of funding confirmed) to cover foreseeable expenditure;
- MLDI has adequate reserves to cover any unrealised expected funding; and
- MLDI has adequate management, programme and support expertise in place to discharge the day-to-day and long-term programme of activities.

Plans for the future

2020 is the first year of the organisation's new four-year strategy. MLDI has ambitious plans for this strategic period, which are outlined below, but acknowledges that under the current circumstances there is overriding uncertainty resulting from the Covid-19 pandemic and the accompanying social, legal and economic disruption. Over the first half of 2020, we will trial new ways of working and achieving our objectives. These will involve remote working and training, reduced travel and prudent expenditure. As we emerge from the current lockdowns, which we acknowledge may be an uneven process around the world and may involve future periods of lockdown, we will apply the lessons we have learned in the current months to our future operating model.

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Trustees' annual report

For the year ended 31 December 2019

In 2020-2024, we will magnify our impact by increasing and deepening our support we offer to our partners. This support will enhance the availability of quality legal defence for journalists around the world and the coordination of strategic litigation on press freedom and freedom of expression. Our current partnerships include funded partner organisations, experienced and emerging lawyers who provide or intend to provide quality legal defence to journalists and independent media outlets in their respective countries or regions.

We will also continue to provide emergency legal defence to journalists and media organisations around the world in countries where we do not yet have partners and where we are the only realistic avenue to provide the assistance required.

We will continue to pursue high-impact strategic litigation to win landmark cases, clarifying or changing laws, bringing them in line with international standards on freedom of expression.

We will invest in our development team and recruit a dedicated Fundraising Officer with a view to raising the funds required to meet the objectives of our 2020-2024 strategy and further diversifying our income sources.

We will continue to prioritise digital security during 2020.

Structure, governance and management

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

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

MLDI determines its resource requirements in a thorough financial planning process, which comprises an annual review and approval of detailed plans and budget, and a mid-year review of same, in addition to quarterly forecasting. The trustees empower the chair to monitor, control and ensure delivery of the plans within the resources available.

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

The CEO is Lucy Freeman.¹¹

¹¹ Alinda Vermeer was appointed Acting CEO from February 2020 onwards for the duration of Lucy's maternity leave.

Appointment of trustees

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

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

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

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

Trustee induction and training

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

Trustees have a responsibility to attend appropriate training in order for them to perform their legal duties. The trustees are offered training opportunities throughout the year.

Related parties and relationships with other organisations

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

Remuneration policy for key management personnel

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

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

Employee information

MLDI's staff is integral to the meaningful work that we do and the delivery of our charitable objects. The staff is led by the CEO and comprises legal, finance, monitoring and evaluation, and grant making specialists. MLDI provides its staff with training to ensure skills are kept up to date and has in place a range of mechanisms to ensure smooth operational functioning.

Media Legal Defence Initiative

Trustees' annual report

For the year ended 31 December 2019

MLDI expanded in 2019, with the addition of two new posts: Legal and Grants Officer (Organisations), to manage our partner grants and organise trainings for partners around specific legal issues, and a Finance and Administration Assistant. In response to staff turnover during 2019, we had to fill five posts (Monitoring, Evaluation and Learning Officer, Legal Officer, Finance and Administration Officer, Project Coordinator and Legal and Grants Officer - Individuals).

We also revised the functional clusters within the organisation, creating a new development cluster. We also reviewed and updated job titles and descriptions to ensure they reflect the requirements of the organization. This model informs our structure going forward.

Statement of responsibilities of the trustees

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

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the trustees are aware:

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

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2019 was 10 (2018:9). The

Media Legal Defence Initiative

Trustees' annual report

For the year ended 31 December 2019

trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

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

The directors' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on 13 May 2020 and signed on their behalf by

Robert Jobbins
Chair of the Board of Trustees

Independent auditor's report

To the members of

Media Legal Defence Initiative

Opinion

We have audited the financial statements of Media Legal Defence Initiative (the 'charitable company') for the year ended 31 December 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express

Independent auditor's report

To the members of

Media Legal Defence Initiative

any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

To the members of

Media Legal Defence Initiative

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Jonathan Orchard (Senior statutory auditor)

18 May 2020

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

Media Legal Defence Initiative

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

For the year ended 31 December 2019

	Note	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Income from:							
Donations and legacies	2	836,479	1,980,806	2,817,284	439,038	774,720	1,213,758
Investments		3,257	–	3,257	1,759	–	1,759
Other		1,849	–	1,849	2,569	–	2,569
Total income		841,585	1,980,806	2,822,390	443,366	774,720	1,218,086
Expenditure on:							
Raising funds	3	38,302	–	38,302	38,454	–	38,454
Charitable activities							
Support to Individuals for Legal Defence	3	233,433	192,710	426,143	178,261	252,209	430,470
Support to NGO's for Legal Justice	3	213,589	275,236	488,825	200,352	206,577	406,928
Support for training & capacity building	3	119,160	171,523	290,683	95,872	142,040	237,913
Strategic Litigation	3	155,233	1,187,698	1,342,931	110,414	183,260	293,674
Total expenditure		759,717	1,827,167	2,586,884	623,353	784,087	1,407,440
Net income / (expenditure) for the year	5	81,868	153,639	235,506	(179,987)	(9,367)	(189,354)
Transfers between funds		46,403	(46,403)	–	25,439	(25,439)	–
Net movement in funds		128,271	107,235	235,506	(154,548)	(34,806)	(189,354)
Reconciliation of funds:							
Total funds brought forward		366,646	203,579	570,225	521,194	238,385	759,579
Total funds carried forward		494,918	310,814	805,731	366,646	203,579	570,225

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

Media Legal Defence Initiative

Balance sheet

Company no. 06621203

As at 31 December 2019

	Note	£	2019 £	£	2018 £
Fixed assets:					
Tangible fixed assets	10		<u>8,433</u>		<u>5,490</u>
Current assets:					
Debtors	11	87,925		101,780	
Cash at bank and in hand	18	<u>1,182,807</u>		<u>944,254</u>	
			<u>1,270,732</u>	<u>1,046,034</u>	
Liabilities:					
Creditors: amounts falling due within one year	12	<u>473,433</u>		<u>481,299</u>	
Net current assets			<u>797,299</u>		<u>564,735</u>
Total net assets	15		<u>805,732</u>		<u>570,225</u>
The funds of the charity:	16				
Restricted income funds			310,813		203,579
Unrestricted income funds:					
Designated funds		293,000		293,000	
General funds		<u>201,918</u>		<u>73,647</u>	
Total unrestricted funds			<u>494,918</u>		<u>366,647</u>
Total charity funds			<u>805,731</u>		<u>570,225</u>

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

Approved by the trustees on 13 May 2020 and signed on their behalf by

Robert Jobbins
Chair of the Board of Trustees

Media Legal Defence Initiative

Statement of cash flows

For the year ended 31 December 2019

	Note	2019	2018
		£	£
Cash flows from operating activities	17		
Net cash provided by / (used in) operating activities		240,068	(34,173)
Cash flows from investing activities:			
Dividends, interest and rents from investments		3,257	1,759
Purchase of fixed assets		(4,773)	-
Net cash provided by / (used in) investing activities		(1,516)	1,759
Change in cash and cash equivalents in the year		238,552	(32,414)
Cash and cash equivalents at the beginning of the year		944,254	976,668
Cash and cash equivalents at the end of the year	18	1,182,807	944,254

1 Accounting policies

a) Statutory information

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

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 October 2019 (Charities SORP FRS 102–2019a), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

c) Public benefit entity

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

d) Going concern

The trustees' report contains information on the uncertainties around the Covid–19 pandemic and the resulting social, legal and economic disruption, and on the steps the charity is taking to manage these risks and uncertainties. The trustees have made an assessment of the impact of these risks on the charity's operations and have concluded that, despite the wider risks and uncertainties facing large sectors of society, the charity has the ability and intention to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

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

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

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

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

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

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of legal defence to individual, legal justice support to NGO's, support for training and capacity building and support towards strategic litigation undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

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

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

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

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

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

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

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

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

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Prepayments are valued at the amount prepaid net of any trade discounts due.

1 Accounting policies (continued)

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

n) Creditors and provisions

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

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

o) Pensions

MLDI will match pension contribution for individuals from 5% up to 8% of employees' qualifying earnings.

p) Foreign currency translations

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

2 Income from donations and legacies

	Unrestricted £	Restricted £	2019 Total £	2018 Total £
Gifts & Donations	836,479	862,699	1,699,178	1,133,229
Legacies	-	-	-	-
Donated services	-	1,118,106	1,118,106	80,529
	<u>836,479</u>	<u>1,980,806</u>	<u>2,817,284</u>	<u>1,213,758</u>

In 2018 there were unrestricted gifts and donations of £439,038, the balance of donations and legacies were restricted.

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

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2019

3a Analysis of expenditure

	Note	Fundraising £	Charitable activities				Strategic Litigation £	Governance costs £	Support costs £	2019 Total £	2018 Total £
			Support to Individuals for Legal Defence £	Support to NGO's for Legal Justice £	Support for training & capacity building £						
Staff Costs	6	35,592	145,896	72,948	97,264	72,948	24,316	72,948	521,913	469,873	
Other Staff Costs		-	8,057	4,028	5,371	4,028	1,343	4,028	26,856	21,093	
Grants payable	4a	-	154,591	303,933	-	1,156,144	-	-	1,614,668	587,100	
Translation services		-	-	-	-	27,332	-	-	27,332	7,151	
Fundraising costs		2,710	-	-	-	-	-	-	2,710	4,090	
Volunteers' expenses		-	544	272	363	272	91	272	1,815	2,268	
Travel and subsistence		-	-	-	-	276	-	30,549	30,825	23,471	
Meetings and events		-	-	-	142,280	851	-	-	143,130	79,857	
Marketing and promotion		-	-	-	-	-	-	1,035	1,035	5,364	
Monitoring, Evaluation & Research		-	-	4,302	-	-	-	1,830	6,132	37,754	
Premises		-	-	-	-	-	-	91,464	91,464	87,021	
Depreciation		-	-	-	-	-	-	1,830	1,830	1,830	
Office costs		-	-	-	-	-	-	63,829	63,829	64,519	
Bank Charges & Exchange (gains)/losses		-	300	58	-	-	-	9,296	9,654	(1,715)	
Board expenses		-	-	-	-	-	481	-	481	210	
Audit and accountancy		-	-	-	-	-	8,520	-	8,520	8,280	
Legal and professional		-	-	22,204	-	-	-	12,487	34,690	9,275	
Sub-total		38,302	309,388	407,745	245,278	1,261,851	34,751	289,568	2,586,884	1,407,440	
Support costs		-	104,245	72,392	40,540	72,392	-	(289,568)	-	-	
Governance costs		-	12,510	8,688	4,865	8,688	(34,751)	-	0.03	-	
Total expenditure 2019		38,302	426,143	488,825	290,683	1,342,931	-	-	2,586,884	1,585,194	
Total expenditure 2018		48,945	310,291	503,571	162,529	559,858	-	-			

Of the total expenditure, £759,717 was unrestricted and £1,827,167 was restricted.

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2019

3b Analysis of expenditure for prior year

	Note	Charitable activities							2018 Total £	2017 Total £
		Fundraising £	Support to Individuals for Legal Defence £	Support to NGO's for Legal Justice £	Support for training & capacity building £	Strategic Litigation £	Governance costs £	Support costs £		
Staff Costs	6	34,364	130,653	65,326	87,102	65,326	21,775	65,326	469,873	392,644
Other staff costs		-	6,328	3,164	4,219	3,164	1,055	3,164	21,093	12,317
Grants Payable	4	-	192,634	264,216	-	130,250	-	-	587,100	904,655
Translation services		-	-	-	-	7,151	-	-	7,151	18,147
Fundraising costs		4,090	-	-	-	-	-	-	4,090	7,137
Volunteers' expenses		-	680	340	454	340	113	340	2,268	4,725
Travel and subsistence		-	-	-	8,741	3,080	-	11,649	23,471	31,049
Meetings and events		-	-	-	74,909	4,948	-	-	79,857	36,259
Marketing and promotion		-	-	-	-	-	-	5,364	5,364	10,130
Monitoring, Evaluation & Research		-	20	4,331	23,540	9,863	-	-	37,754	3,995
Premises		-	-	-	-	-	-	87,021	87,021	53,926
Depreciation		-	-	-	-	-	-	1,830	1,830	-
Office costs		-	-	-	-	-	-	64,519	64,519	77,335
Bank Charges & Exchange (gains)/losses		-	-	-	-	-	-	(1,715)	(1,715)	752
Board expenses		-	-	-	-	-	210	-	210	974
Audit and accountancy		-	-	-	-	-	8,280	-	8,280	9,180
Legal and professional		-	-	-	-	-	-	9,275	9,275	21,969
Sub-total		38,454	330,315	337,377	198,964	224,122	31,434	246,774	1,407,440	1,585,193
Support costs		-	88,839	61,693	34,548	61,693	-	(246,774)	-	-
Governance costs		-	11,316	7,858	4,401	7,858	(31,434)	-	-	-
Total expenditure 2018		38,454	430,470	406,928	237,913	293,674	-	-	1,407,440	1,407,440
Total expenditure 2017		48,945	310,291	503,571	162,529	559,858	-	-	-	-

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

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2019

4a Grant making

	Grants to institutions £	Grants to individuals £	Support costs £	2019 £	2018 £
Cost					
Support to Individuals for Legal Defence	–	154,591	104,245	258,835	281,473
Support to NGO's for Legal Justice	303,933	–	72,392	376,325	325,909
Support for Training & Capacity Building	–	–	40,540	40,540	34,548
Strategic Litigation	1,118,106	38,038	72,392	1,228,537	191,944
At the end of the year	<u>1,422,040</u>	<u>192,629</u>	<u>289,568</u>	<u>1,904,237</u>	<u>833,874</u>

4b Grant making prior year

	Grants to institutions £	Grants to individuals £	Support costs £	2018 £	2017 £
Cost					
Support to Individuals for Legal Defence	–	192,634	88,839	281,473	189,645
Support to NGO's for Legal Justice	264,216	–	61,693	325,909	434,542
Support for Training & Capacity Building	–	–	34,548	34,548	44,252
Strategic Litigation	80,529	49,721	61,693	191,944	464,308
At the end of the year	<u>344,745</u>	<u>242,355</u>	<u>246,774</u>	<u>833,874</u>	<u>1,132,747</u>

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

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

5 Net income / (expenditure) for the year

This is stated after charging / crediting:

	2019 £	2018 £
Depreciation	1,830	1,830
Operating lease rentals:		
Property and Equipment	72,423	69,464
Auditors' remuneration (excluding VAT):		
Audit	7,100	6,900
Foreign exchange losses (gains)	9,296	(1,715)
	<u>92,649</u>	<u>86,549</u>

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

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	459,946	417,906
Social security costs	48,967	40,770
Employer's contribution to defined contribution pension schemes	13,000	11,197
	<u>521,913</u>	<u>469,873</u>

Notes to the financial statements

For the year ended 31 December 2019

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

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

	2019 No.	2018 No.
£60,000 – £69,999	–	–
£70,000 – £79,999	1	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £88,472 (2018: £86,418).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses/development was £13.10 (2018: £nil) incurred by members relating to attendance at meetings of the trustees.

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 12 (2018: 10).

8 Related party transactions

In 2019 the charity received pro bono support from the trustees or related parties of the trustees in the following instances:

- There was extensive pro bono support provided by the law firm of one of our trustees, Steve Finizio, who is a partner at Wilmer Cutler Pickering Hale and Dorr LLP;
- In December 2017, MLDI was awarded a three year grant of £450,000 (£150,000/year) from Sigrid Rausing Trust, starting 1 Jan 2018. MLDI's trustee, Matthew Francis was appointed Finance Director of Sigrid Rausing Trust in November 2018

9 Taxation

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

10 Tangible fixed assets

	Fittings and Office equipment £	Computer equipment £	Total £
Cost or valuation			
At the start of the year	9,533	9,528	19,061
Additions in year	4,773	–	4,773
Disposals in year	–	–	–
At the end of the year	14,306	9,528	23,834
Depreciation			
At the start of the year	4,043	9,528	13,571
Charge for the year	1,830	–	1,830
At the end of the year	5,873	9,528	15,401
Net book value			
At the end of the year	8,433	–	8,433
At the start of the year	5,490	–	5,490

All of the above assets are used for charitable purposes.

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2019

11 Debtors

	2019 £	2018 £
Grants Receivable	66,209	76,437
Other Debtors	7,860	8,157
Prepayments	13,856	17,186
	<u>87,925</u>	<u>101,780</u>

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade Creditors	10,506	36,797
Other Creditors	1,301	394
Grants Payable	293,113	285,828
Deferred Income	150,000	150,000
Accruals	18,513	8,280
	<u>473,433</u>	<u>481,299</u>

13 Deferred income

Deferred income comprises an amount of £150,000 received from Sigrid Rausing for 2020 activities

	2019 £	2018 £
Balance at the beginning of the year	150,000	150,000
Amount released to income in the year	(150,000)	(150,000)
Amount deferred in the year	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

14 Pension scheme

MLDI matches Employee's Pension contribution from 5% and up to 8% of qualifying earnings.

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2019

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

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	8,433	-	-	8,433
Net current assets	193,485	293,000	310,813	797,298
Net assets at the end of the year	201,918	293,000	310,813	805,731

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

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	5,490	-	-	5,490
Net current assets	68,156	293,000	203,579	564,735
Net assets at the end of the year	73,646	293,000	203,579	570,225

16a Movements in funds (current year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers** £	At the end of the year £
Restricted funds:					
Dow Jones 201819	7,034	-	(7,034)	-	-
Dow Jones 201920	-	7,694	(2,444)	-	5,249
FOSI PIJ – LATAM	19,374	-	(18,000)	(632)	742
FB – Factcheckers Legal Support Initiative	-	153,941	(31,824)	(17,792)	104,325
Hivos 2018	(4,230)	4,531	(301)	-	-
Hivos 2019	-	140,769	(140,769)	-	-
IWPR (DFID)	-	9,920	(9,920)	-	-
Ethiopia Fund	4,222	-	(1,008)	-	3,214
Ford 17-19	35,701	-	(35,701)	-	0
Adessium 16 –19	6,888	-	(6,888)	-	-
Adessium 201922	-	84,431	(54,348)	-	30,083
Donated services	-	1,118,106	(1,118,106)	-	-
KAS 2019	-	11,241	(11,241)	-	-
OSF (Non – US) BAN (17 – 18)	22,036	-	-	-	22,036
OSIAF Eurasia	-	54,918	(50,015)	(4,896)	8
National Endowment for Democracy (NED)2018	6,858	10,939	(17,797)	-	-
National Endowment for Democracy (NED)- 201920	-	38,744	(35,928)	-	2,816
Omidyar Network	72,927	127,412	(64,634)	(8,293)	127,412
Digital Rights Fund	28,499	218,159	(221,220)	(14,791)	10,647
Other Donors	4,269	-	12	-	4,281
Total restricted funds	203,578	1,980,806	(1,827,167)	(46,403)	310,813
Unrestricted funds:					
Designated Reserves	293,000	-	-	-	293,000
Total designated funds	293,000	-	-	-	293,000
General funds	73,647	841,585	(759,717)	46,403	201,918
Total unrestricted funds	366,647	841,585	(759,717)	46,403	494,918
Total funds	570,224	2,822,390	(2,586,884)	-	805,731

Transfers** These are donor approved management/administration fees charged to projects.

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2019

16b Movements in funds (prior year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
Restricted funds:					
Google	1	-	-	-	1
Dow Jones	10,232	-	(10,232)	-	-
Dow Jones 201819	-	7,950	(915)	-	7,034
FOSI PIJ – Eurasia	5,350	-	166	(5,516)	-
FOSI PIJ – LATAM	36,648	-	(16,519)	(755)	19,374
Hivos 2017	1	-	(1)	-	-
Hivos 2018	-	96,453	(100,683)	-	(4,231)
Ethiopia Fund	5,264	-	(1,042)	-	4,222
MacArthur	37,199	-	(37,199)	-	-
Ford 17–19	60,456	76,437	(101,192)	-	35,701
Adessium 16 –19	(6,153)	90,156	(77,115)	-	6,888
Donated services	-	80,529	(80,529)	-	-
KAS 2018	-	12,021	(12,021)	-	-
OSF (Non – US) BAN (17 – 18)	23,515	-	(1,479)	-	22,036
National Endowment for Democracy (NED) – General	34,027	-	(34,027)	-	-
National Endowment for Democracy (NED)– The Gambia	13,754	(1,591)	(12,163)	-	-
National Endowment for Democracy (NED)2018	-	55,959	(49,100)	-	6,858
Omidyar Network	-	182,927	(100,000)	(10,000)	72,927
Digital Rights Fund	-	173,880	(136,213)	(9,168)	28,499
Other Donors	18,092	-	(13,823)	-	4,269
Total restricted funds	238,385	774,720	(784,086)	(25,439)	203,579
Unrestricted funds:					
Designated Reserves	293,000	-	-	-	293,000
Total designated funds	293,000	-	-	-	293,000
General funds	228,195	443,366	(623,353)	25,439	73,647
Total unrestricted funds	521,195	443,366	(623,353)	25,439	366,647
Total funds	759,580	1,218,086	(1,407,439)	-	570,225

16 Purposes of restricted funds

Adessium – Support to ensure legal protection of journalists, citizen journalists and media outlets in Europe.

Digital Rights Fund – Digital Rights Advocacy .

OSF Foundation – support for journalist and online media in Bangladesh.

Dow Jones – support legal defense to independent media, journalists and bloggers facing criminal charges for their reporting.

Donated Services – free legal services provided in support of strategic cases.

Ethiopia Fund – Support for journalists and online media in Ethiopia.

Facebook –direct assistance to fact-checkers, connecting them to pro bono legal support where none is available and providing support for local lawyers.

Ford – legal assistance to journalists, bloggers and independent media under oppression.

Hivos – legal defence to online media and bloggers.

IWPR –to explore the freedom of expression landscape in three countries in the MENA region.

KAS – training workshop for media lawyers in West Africa.

MacArthur – Defence of journalists and other online media within Russia.

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

Omidyar Network – Emergency defence legal aid in South East Asia and Southern Africa.

OSIAF Eurasia/LATAM – Support to Media defence centre in Eurasia/to independent media, bloggers and journalists in LATAM region.

Purposes of designated funds

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

Unrestricted funds

Unrestricted funding was provided by the following funders: FOSI; Luminare, Sigrid Rausing and Chambers and Partners.

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

	2019 £	2018 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	235,506	(189,354)
Depreciation charges	1,830	1,830
Dividends, interest and rent from investments	(3,257)	(1,759)
(Increase)/decrease in debtors	13,855	154,591
Increase/(decrease) in creditors	(7,866)	519
Net cash provided by / (used in) operating activities	240,068	(34,173)

18 Analysis of cash and cash equivalents

	At 1 January 2019 £	Cash flows £	Other changes £	At 31 December 2019 £
Cash in hand	503,336	120,507	-	623,843
Notice deposits (less than three months)	440,918	118,046	-	558,964
Total cash and cash equivalents	944,254	238,553	-	1,182,807

19 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2019 £	2018 £
Less than one year	44,641	43,209
One to five years	-	-
	44,641	43,209

20 Capital commitments

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

21 Contingent assets or liabilities

There are no contingent assets or liabilities.

22 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.