



INTERNATIONAL P.E.N.

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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WELCOME

In the name of countries currently in trouble like Afghanistan, Myanmar, Ukraine and Belarus, I'm grateful to all PEN centres for their work in solidarity. We are a great family of writers in over one-hundred-countries. I thank my fellow PEN members and Board for entrusting me with PEN's future - an honour and a responsibility that I recognise and will keep in my mind and heart as I fill the role of President of our noble organisation.

As the new president of PEN International I feel proud to have been in the line of great people of literature and freedom like Catherine Amy Dawson Scott, Jennifer Clement, Per Wastberg, John Ralston Saul, H.G. Wells, Arthur Miller and Heinrich Böll.

While the whole world confronts the Covid-19 epidemic, another epidemic called authoritarianism has been spreading. Freedom of expression and human creativity are under grave attack.

Today PEN International is needed more than ever. We stand at PEN International's centenary this year as on the edge of a frontier. A hundred years ago, in his words at the first PEN dinner, our first president John Galsworthy said: "We writers are in some sort trustees for human nature, if we are narrow and prejudiced, we harm the human race." I reaffirm today, one hundred years later, this founding commitment - aware of the responsibility and the caution in his words.

PEN International is a defender of free expression, and a refuge for writers at risk. It is a place of hospitality for all writers without exception.

We work for the unity of letters through dialogue and translation. We stand apart from politics and political regimes with the mission of defending freedom of expression, linguistic rights and equality. PEN is a tireless defender of all writers, young writers, women writers, and those writers coming from minority and oppressed communities.

I and my fellow Trustees give great thanks for all the work that this report reflects and the lives of those PEN's services and projects, staff and volunteers, supporters and partners that have helped us change for good.

Burhan Sönmez, President of PEN International

The Trustees of International P.E.N. present their Annual Report and financial statements for the year ended 31 December 2021 under the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities: Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

This year, to ensure our reporting of activity and finances over the year is accessible to all, we have produced three documents:

- International P.E.N. Learning Report;
- PEN in Numbers explains some of our activity using statistics, including a simple guide to our finances; and
- This Annual Report, which is the statutory report charities have to produce and features the audited financial statements in detail.

All these documents are available on our website: <https://pen-international.org/who-we-are/governance>

OBJECTIVES AND ACTIVITIES

International P.E.N. (commonly known as PEN International) is a worldwide association of writers. It was founded in 1921 and is governed under the PEN Charter which was originally passed in 1948 and subsequently amended. It exists to promote friendship, fellowship and intellectual co-operation among writers everywhere, regardless of their political or other views; to fight for freedom of expression and to defend vigorously writers suffering from oppressive regimes. PEN International connects an international community of writers from its Secretariat in London. It is a forum where writers meet freely to discuss their work; it is also a voice speaking out for writers, silenced in their own countries. Through Centres in over 100 countries, PEN operates on five continents. PEN International is a non-political organisation which holds Special Consultative Status at the UN and Associate Status at UNESCO.

In 2021 PEN International celebrated its 100th year of being at the forefront of freedom of expression and the promotion of literature. As part of the centenary celebrations, PEN launched its Digital Archive Exhibition Unlocking the history of PEN International showcasing the organization's history and achievements over the last 100 years. Also, in collaboration with the Motovun group (MGIP) and other co-publishers PEN published its Centenary Book, An Illustrated History. The book presents the organisation's journey and work on the promotion of literature and protection of freedom of expression since its foundation in 1921.

During its centenary year PEN International demonstrated that its work is as relevant and as vital as it was 100 years ago. PEN works closely with a range of literary, cultural and free expression organisations to affect change on issues of common concern. As writers, PEN's members are uniquely placed to use stories to open minds and encourage dialogue. Our influence reaches leaders and communities – we engage them through creative voices and experience, we unite writers of influence globally to press for a world where writers and freedom of expression for all are fully protected; where languages and literatures are respected and celebrated; and where the free exchange of literatures and ideas build tolerance and understanding within and across borders.

Our work responding to grave emergent situations in 2021 coincided with a financial challenge within the organisation, forcing the board into making difficult but necessary decisions to ensure the longevity of the organization. The working hours of all staff were reduced to four days a week and PEN was forced

into making redundancies of the protection team (with effect from the beginning of 2022) at a time when the onslaught on freedom of expression plummeted to unforeseen depths.

ACHIEVEMENTS AND PERFORMANCE

The objectives for 2021 followed the organisation's strategic plan 2020 – 2023, developed through consultations with the Board of Trustees and staff as well as the membership, and adopted at Congress in Manila, Philippines in 2019. PEN International's overarching goal is to promote and defend freedom of expression, literatures and linguistic diversity, and mutual respect and tolerance across borders. In order to pursue its mission we worked towards four overarching objectives:

1. Creating new spaces for literature, language, debate, dialogue idea and opinions

PEN Centres are supported through our Civil Society Programme (CSP), to contribute to a dynamic and informed civil society, by creating spaces for creativity and dialogue, where ideas are shared and challenged and where expression in all its forms can flourish. The CSP offers a flexible framework for PEN Centres to identify and propose locally relevant projects, which promote and strengthen civic spaces for expression. The programme strengthens initiatives, which enhance the participation of women and minorities through campaigns and advocacy, literary events, festivals, and community outreach, educational support programmes, literary and research initiatives.

CSP PROJECTS 2021

Following on from 2020 where projects increased PEN's digital audiences and improved the online communications of PEN Centres, in 2021, a new round of projects based on a hybrid approach is deepening Centres audience engagement in both the online and offline spheres. Eleven PEN Centres received small grants for their projects including Afghanistan, Afrikaans, Argentina, Cambodia, Chile, Ecuador, Haiti, Iraq, Malawi, Sierra Leone and Zimbabwe. A further, nine PEN Centres based in Latin America received support for campaigns and events around Day of the Dead and Day Against Impunity. Centers ran online activities, which ranged from poetry readings to campaigning actions which focused on cases of writers persecuted or murdered because of their work. Digital consultants (3) were retained to support PEN Centres with technical expertise and to expand PEN's digital audiences particularly in the Middle East and North Africa region.

Examples of Centre projects supported in 2022 include - **PEN Afrikaans** programme entitled [Access](#) a short story initiative to encourage writing on the theme of access to human rights. The PEN Centre also partnered with local initiative 'WOW', to encourage the love of reading among high school students from disadvantaged backgrounds by running reading circles and providing access to existing short story collections.

PEN Argentina built on the success of their previous project with *CyberWalk for Reading*. The premise is that Reading Awakens the Voice - Writers and Readers Awakening the Voice of the Region in order to promote and enhance the role of Argentinian writers, through platforms for dialogue between writers and their readers. Outputs include an interactive map, as well as videos, audios of writers with their reading communities. In order to maximise outreach, the Centre worked with a range of education institutions, universities, libraries and community centres across Argentina.

In 2020 **PEN Cambodia** launched its successful video podcast series *Writer TV*, in 2021 the Centre produced three additional episodes. Unlike previous podcasts, the new episodes focus on a specific writer and feature an interview about their work. Each episode is preceded by an online discussion with the writer in question to further engage audiences and feed an appetite for the episode. The Centre aims to give continuity to their endeavour to create a space for Cambodian writers to promote their work.

PEN Chile's project *Opening up to Chile and the World* also builds on the success of their previous digital project to consolidate the Centre's presence and influence among civil society and the cultural scene in the country and the region. To that aim, the Centre consolidated alliances and organised activities with their membership, women's, indigenous and youth organisations, cultural institutions and other PEN Centres in the region. Project activities included a two-day seminar jointly organised with the Museum of Memory and Human Rights and the Cultural Centre of Spain in Chile on the theme of democratic memory and literature as well as the launch of a yearly poetry competition and of the digital and paper publication *PEN Chile Literary Notebooks* among others.

PEN Ecuador, a relatively new Centre is running a project to raise awareness of the PEN mission in the country – audiences include the diverse writing community, the media, policy makers and the general public – the project aims to build the Centre's reputation as a champion of literature and freedom of expression.

In a new initiative under the CSP, and as part of the ongoing partnership between PEN International and **Moomin Characters Ltd.** Moomins offered PEN the use of *The Invisible Child* story to address literacy challenges and children's rights, as well as to promote the love of reading and encourage creativity amongst children in marginal communities. To that aim, PEN International works with PEN Centres in Malawi, Sierra Leone (supported by Derek Moore Foundation) and Zimbabwe, and PEN's first indigenous language Centre in Chiapas, Mexico, to translate and retell this story in local contexts and languages, as well as fostering critical dialogue and creative writing engagements with young people. This project is part of the *Reading, Writing, and the Moomins initiative*.

PEN International continued to support [PEN/OPP](#) digital magazine curated by PEN Sweden, which publishes commissioned work ranging from essays on free expression topics to literature and culture.

[Ilkyaqz](#), the digital platform also continued under the CSP supporting young writers to showcase their writings.

2. Improving the situation of writers at risk who are displaced, imprisoned or otherwise persecuted

In 2021, PEN International's support to writers at risk remained as critical as ever. While we continued to monitor and research violations of freedom of expression against writers and creatives, we undertook advocacy, solidarity actions and provided humanitarian assistance including evacuation, relocation and asylum support. PEN's 2020 [Case list](#) was published in May 2021 with a global overview of attacks, imprisonment and persecution of writers including an overview of key events that impacted on freedom of expression and a summary of cases of concern to PEN.

PEN evaluated the authenticity of applications - authorship and artistic production as well as declared danger of 89 applicant creatives seeking short term residencies with the International Cities of Refuge Network (ICORN). Of the 89 assessments, 44 were from the Middle East and North Africa region, 20 from Asia, 10 from Africa, 12 from Europe and 3 were from the Americas.

The termination of our contract with ICORN at the end of the year prompted a reassessment of PEN's approach to assisting writers at risk. This reassessment driven by our budgetary constraints was also propelled by the external environment in which the environment governing freedom of expression has necessitated faster, more agile, and effective, strategic responses and interventions to remain relevant. The intensifying threat to freedom of expression which has escalated to unprecedented levels in parts of the world - led to a mass exodus and a need for PEN to respond with urgency. The increasing dependence on one structured institutional path to access evacuation, and inability to pursue any strategic advocacy to address the underlying issues, deepened the Boards assessment that drastic change was needed if we were to remain responsive to writers.

An additional emergency grant for protection work from Sida supported PEN through a very difficult year, which enabled the organisation to respond to unprecedented crises in countries such as **Afghanistan, Belarus, Cuba, Myanmar and Nicaragua.**

In **Africa**, writers, media workers, human rights defenders, and political opposition groups continued to be targets of repression for their peaceful expression, work, or activism. Attacks on writers and journalists: In Ethiopia, Uganda, Eswatini and South Africa, journalists were violently attacked or prevented from doing their work - covering conflict, elections, or protests. In Rwanda, poet [Innocent Bahati](#) disappeared in February 2021 after a prominent personality allegedly posted disparaging social media messages about his poetry. At the end of the year his whereabouts were yet to be established. Throughout the year PEN carried out campaign actions and awareness raising.

Critical writers and journalists continued to be frequent targets of harassment, arbitrary arrest, and detention and in some cases, investigation, or prosecution on bogus charges. In **Uganda**, novelist [Kakwenza Rukirabashaija](#) continued to have his civil liberties curtailed through inordinately long police investigations on a fabricated charge, he was arrested once again and tortured in December 2021. In **Zimbabwe** novelist **Tsitsi Dangarembga** and journalist **Hopewell Chin'ono** are on their second year of facing malicious prosecution for the peaceful exercise of free speech. On the twentieth anniversary of their detention, PEN called upon the Eritrean authorities to immediately and unconditionally release **Dawit Isaak, Amanuel Asrat, Said Idris 'Abu Are', Temesken Ghebreyesus; Methanie Haile; Fessehaye 'Joshua' Yohannes; Yousif Mohammed Ali; Seyoum Tsehaye; Dawit Habtemichael; Said Abdelkadir; Sahle 'Wedi-Itay' Tsefezab and Matheos Habteab.**

Good news: PEN International's intervention helped protect an Eritrean writer and his family from imminent deportation to Eritrea by the Kenyan authorities. PEN continues to offer protection support in Nairobi.

In **Asia**, PEN International's work focused on responding to emergent crises, while also continuing to advocate against government censorship and the long-term imprisonment of writers throughout the region. The PEN community deplored the military coup that took place in [Myanmar](#) in February 2021, with its devastating impact on freedom of expression across the country. PEN International focused its efforts on sensitive protection work, while also engaging in public advocacy and campaigning initiatives to raise public awareness of the military junta's crimes and to call for an end to the repression of anyone persecuted for their peaceful expression.

In [Hong Kong](#), the government continued to use the National Security Law to completely undermine the territory's constitutional right to freedom of expression, forcing the closure of Hong Kong's largest independent news outlet while its owner, **Jimmy Lai**, faces life imprisonment. In [Thailand](#), authorities have continued to suppress pro-democracy activists by using the deeply problematic lèse-majesté law to punish those who peacefully call for its abolition. Among the growing number of those charged is poet and human rights lawyer, **Arnon Nampha**, who now faces decades in prison if convicted. This year, PEN International embarked on a [novel advocacy initiative](#) in support of those detained for their peaceful expression in the country.

In Sri Lankan poet, **Ahnaf Jazeem**, has now been held for over a year and a half without any charges. Following the [high-impact joint letter](#) that PEN International drafted in May 2021, PEN called upon the UN Special Rapporteurs to prioritise his case as a point of concern with the Sri Lankan authorities.

AFGHANISTAN CRISIS RESPONSE

In the months preceding the withdrawal of US troops from Afghan soil, PEN's daily communication with PEN Afghanistan had alerted us to growing concerns for their safety. In April 2021, amidst fears of escalation, our team initiated an assessment which recommended a range of measures to strengthen the security of our local staff, members, and premises. In July, rather than undertake expensive building work, PEN Afghanistan found alternative premises and very soon after, two of their members were brutally murdered by resurgent Taliban forces.

Following the departure of NATO forces in August 2021, PEN International effectively responded to the ongoing crisis which demanded an extraordinary effort from the global PEN network. The protection needs were, and continue to be, severe. Significant progress was made, with PEN International successfully coordinating and securing the safe evacuation and resettlement of over 24 writers and their dependents, so far 80 persons were safely evacuated from Afghanistan, several are in transit countries with relocation in progress, and 72 persons have been fully resettled in a destination country (Germany, Sweden, Norway).

Aside from those who have safely been resettled or are in the process many more Afghan writers contact us requesting evacuation assistance. The unfortunate reality is that governments are no longer accepting further additions to their current evacuation lists. We continue to provide support, when possible, to those through the PEN Emergency Fund and by engaging in high-level advocacy work.

Good news: Despite the significant challenges there was some good news with the release of Sri Lankan writer [Shaktika Sathkumara](#), and the granting of medical bail to Indian poet, [Varavara Rao](#), who had previously contracted COVID-19 while in detention. The release of Myanmar poet [Zarganar](#) and US journalist, [Danny Fenster](#) from prison in Myanmar was welcomed and in December 2021, Indian writer and lawyer **Sudha Bharadwaj** was released on statutory bail.

In **Europe**, impunity for violence against journalists continued with Turkey retaining the dubious accolade of the world's biggest jailer of journalists. PEN International launched a [global campaign](#) on behalf of **Selahattin Demirtaş**, who in turn sent a moving postcard to PEN members, thanking them for their support. **Roberto Saviano's** letter to Demirtaş was notably [published](#) in the Italian press. In November, 54 organisations – including 37 PEN Centres – signed a [global appeal](#) urging the Turkish authorities to immediately and unconditionally release news editor, reporter, and poet **Nedim Türfent**. Kurdish PEN member, writer, and poet **Meral Şimşek** –faced a lengthy prison sentence for her writings – she was [acquitted](#) of the charge of 'membership of a terrorist organisation', which carried up to 15 years in prison. She attributed her acquittal to PEN's

campaign which were widely covered in the Turkish and Kurdish press, as well as by the international media

Writers, journalists and academics were harassed and intimidated, including through arbitrary detentions and unfair prosecutions. In **Belarus**, scores of journalists were arbitrarily detained, beaten, sentenced to prison or hefty fines for reporting on the [protests](#) that have swept the country since the contested presidential elections of August 2020. PEN International supported members of PEN Belarus – who were left with no choice but to flee the country - support included financial assistance. PEN also promoted PEN Belarus’s groundbreaking report documenting over 1000 instances of cultural and human rights violations against cultural workers, and the blocking of their website. In November, we issued two urgent actions on behalf of Belarusian PEN members Ales Bialiatski and Uladzimir Mackievič.

Good news: In Turkey, writer and journalist **Ahmet Altan** was [released](#) in April 2021 after spending more than four years behind bars on trumped-up charges. Scores of PEN Centres across the world have been actively campaigning on his behalf, by notably sending appeals to the Turkish authorities, conducting trial observations, taking part in solidarity actions and promoting his writings. In Spain, Catalan writers and civil society leaders **Jordi Sànchez** and **Jordi Cuixart** were [pardoned](#) in June 2021 after spending nearly four years in prison. While this is a positive step, PEN International calls on the Spanish authorities to quash their sentences and convictions. In the UK, PEN International [welcomed](#) the news in January 2021 not to extradite WikiLeaks founder and publisher **Julian Assange** to the US, and called on the authorities to release him immediately pending the outcome of his appeal.

In the Americas, the [suspension](#) of public activities of [PEN Nicaragua](#) led us to find a way to avoid the censorship imposed by the State by creating an international observatory [Eye on Nicaragua](#) an online weekly newsletter, which provides up to date information on developments in the country. PEN International also took part in a hearing on Nicaragua in October 2021 with the Inter-American Commission on Human Rights Special Rapporteurs and in November 2021, released a [statement](#) calling on the Nicaraguan government to provide guarantees for freedom of independent press.

In **Cuba**, following the [demonstrations](#) on 11 July 2021 when State repression increased and dozens of artists were detained for participating peacefully in protests, PEN issued a number of [actions](#). In June, PEN International with Artist at Risk Connection launched a project with a grant from National Endowment of Democracy (NED) to advocate and support Cuban artist and writers. In preparation for the Universal Periodic Review (UPR) of Cuba in 2023, PEN, submitted an [interim report on attacks on free expression and artistic freedom in Cuba](#) with special recommendations to the State of Cuba.

Good news: As a result of PEN's advocacy work over many years, the Inter-American Commission on Human Rights ordered **Honduras** to provide reparations to the family of journalist [Julio Ernesto Alvarado](#). In Paraguay, writer and PEN Paraguay member [Nelson Aguilera](#) – was freed after 8 years. He was sentenced in 2013 to 30 months in prison for alleged plagiarism. In February 2021 the lawsuit was dismissed and today Nelson [is free](#). PEN International and PEN Centres around the world, writers, lawyers and experts on freedom of expression issues, fought in his [defence](#)

In the **Middle East and North Africa** (MENA) region, many governments stepped up their crackdown on dissenting voices. Summary executions and killings of writers and journalists continued to be of serious concern. In **Iran**, PEN condemned the summary execution of exiled Iranian journalist and activist [Ruhollah Zam](#). Also, in **Lebanon**, PEN International called on the Lebanese authorities to swiftly bring killers of prominent writer and publisher [Lokman Slim](#) to justice and end the cycle of impunity over targeted killings of activists and public figures.

In November, PEN International [condemned](#) the rearrest of prominent writer and human rights advocate [Narges Mohammadi](#) by the Iranian authorities. At risk of flogging and retaliatory imprisonment, she was regularly placed in solitary confinement. In early 2022, Mohammadi was released on medical bail.

PEN International campaigned on behalf of imprisoned Moroccan journalist **Solaiman Raissouni**, ([RAN 4/2021](#)) calling for his release. PEN International also worked on behalf of prominent Egyptian journalist **Bsama Mostafa**, securing a PEN emergency grant and assistance in her application for asylum in Germany which was granted in early 2022. In October, PEN Emergency Fund also provided young Egyptian poet, writer and journalist **Mostafa al-Asar** with a grant. In July, PEN International [welcomed](#) his release -among others- following almost three years of arbitrary pre-trial detention.

During the recent conflict in **Israel** and **oPt**, attacks on press freedom reached unprecedented levels. PEN International condemned the attacks against media offices and cultural institutions, [urging](#) the International Criminal Court (ICC) prosecutor to include the recent attack against media offices and cultural institutions in Gaza in her investigation with respect to the situation in Palestine.

Good news: In Egypt, PEN International [welcomed](#) the release of three journalists in April 2021. PEN also welcomed [further releases](#) of six journalists and activists in July 2021.

3. Addressing structural threats and barriers to freedom of expression

PEN International organised a [high-level panel discussion](#) on the situation in Belarus, Nicaragua, and Eritrea – three countries on the UN Human Rights Council's agenda – which sought to identify concrete action to protect freedom of expression. The event was co-sponsored by the Permanent Mission of Canada, the Permanent Mission of the Principality of Liechtenstein, the Permanent Mission of the United Kingdom, the Permanent Mission of Finland and the Permanent Mission of the Federal Republic of

Germany. There was a strong turnout from diplomatic missions, government agencies, INGOs, and PEN members alike.

With support from Fritt Ord, PEN International worked to update its 2018 joint report with PEN Moscow and St Petersburg PEN, entitled [Russia's Strident Stifling of Free Speech 2012-2018](#), which set out PEN's concerns about the situation for freedom of expression in the Russian Federation. PEN International worked closely with both PEN Centres throughout the year to identifying key cases and concerns. However, at the time of writing, this project has been put on hold due to [Russia's invasion](#) of Ukraine and its crackdown of independent voices at home, where journalists have come under sustained attack, harassment and arbitrary detention.

PEN's work on Honduras focused on ensuring the repeal of restrictive legislation within the Penal Code. A [debate](#) convened by PEN with **Pedro Vaca**, Rapporteur for Freedom of Expression of the Inter-American Commission on Human Rights, paved the way for collaboration with the UK Embassy in Guatemala and Honduras, PEN Honduras and PEN International. The UK government opened a dialogue with the Honduran government after two years of no government-to-government contact, according to their reports, PEN is advising on free expression issues.

PEN supported by UNECSO is concluding a VIDA count which sheds insight into the numerical disparities which exist between male and female writers in the awards sector.

The quantitative count is accompanied by a series of interviews with writers and publishers to examine the invisibility of the diverse female authors in the region. Historic inequalities evidenced through this study, provide the necessary information and sufficient clarity to begin approaching relevant sectors to redress the imbalance. A report on our findings, along with podcast content from interviews with writers and publishers will form a part of comprehensive materials to accompany the launch of our findings in April 2022.

PEN continues to add its expertise to strengthen partnerships with cultural and freedom of expression organizations to shape new areas of international law (such as linguistic rights). In June 2022, we shall publish a report on linguistic rights in the Americas which aims to showcase good practice case studies emerging in Columbia, Guatemala, and Mexico in securing linguistic and other rights for indigenous communities.

4. **Strengthening the institutional capacity and sustainability of PEN, so that the movement is fully representative and relevant**

PEN Malta and PEN Quechua were welcomed to the PEN family at PEN's Congress, bringing the total number of PEN Centers representing writers across the world to 145.

Mainstreaming Gender and Diversity

PEN's internal organizational culture, hierarchies and layers continued to inform, shape, and steer interventions on gender and diversity. Our multi-faceted lens has focused in on a series of sequential and overlapping interventions to systematically mainstream this lens through all PEN's work.

In addressing the strategy in this way, we hope that not only will we have our internal house in order, before we start engaging more prolifically in debates on gender, discrimination, and literature (for example) but current and incoming members, will be clear about acceptable forms of behavior.

Introducing this approach through our programmatic work across our CSP work including the Invisible Child project (as part of an overlapping, multi-layered approach) will build Centre understanding and capacities to enable them to challenge the impact of discrimination on literature credibly and publicly. Furthermore, we commissioned a gender audit of the Secretariat which has reaffirmed our observations about the needs of our staff in mainstreaming gender and diversity within PEN's research, campaigns and advocacy in tangible ways.

Additionally, the Programme Manager updated a policy on sexual harassment to support safeguarding Centre volunteers as well as setting out a protocol by which to investigate any such claims made against PEN members or when approached by an alleged victim. Similarly, we are reviewing the Child Protection Policy in line with a human rights approach (in which we will integrate gender) as part of the programmatic work being carried out by Centres.

Training webinars

Over 2021, a multi-disciplinary team from the Secretariat came together to identify core topics to continue building the capacities of PEN Centers. Three sessions were well attended and enhanced peer to peer learning. The webinars focused on helping PEN Centers prepare for our Centenary year (introducing them to the branding and how to integrate Centenary planning and embrace the year in any external facing events; digital security training – facilitated by PEN America and supplemented with a handbook for Centers to understand how to secure their online digital presence. To protect the security of our Centers, particularly those located under more authoritarian regimes – we agreed with the participants not to record the session. Lastly, we ran a campaigning workshop – focused on enabling Centers to campaign on issues related to gender violence. To boost Centre learning and enable better flowing discussion in the training webinar, we produced a training video – in advance – on the various steps and tools that are used in planning campaigns and produced guidance on relevant gender terminology.

PUBLIC BENEFIT

Article 19 of the Universal Declaration of Human Rights (UDHR) addresses freedom of expression as follows:

"Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers".

The trustees have paid due regard to the guidance issued by the Charity Commission in deciding what activities the charity should undertake, to further its charitable purposes for the public benefit.

International P.E.N. coordinates the activities of PEN Centres across the world in defence of freedom of expression and provides international support, research, policy development and programming to further this aim. The Charity Commission's RR12 declares: "there is an obvious public benefit in promoting human rights. For individuals whose human rights are thereby secured, the benefit is immediate and tangible. There is also a less tangible, but nonetheless significant, benefit to the whole community that arises from our perception that the fundamental rights of all members of the community are being protected."

CRITERIA FOR MEASURING SUCCESS

International P.E.N. has a diverse framework for measuring its impact effectiveness. Linked to the organisational log frame, qualitative and quantitative indicators are recorded through tracking tables, case studies, focus groups and questionnaires. These are used to determine the effectiveness and appropriateness of activities. Our approach aims to be participatory and adaptable in order to understand the impact of PEN's work across the organisation by bringing the voices of writers and members working in a variety of contexts together, to build a comprehensive picture of PEN's work. Lessons learnt, including from achievements and challenges, are fed into planning and to strengthen the work going forward.

Meaningful feedback and honest analysis is at the core of our system, as is our means of capturing data which harnesses the strength of PEN as an organisation of writers who can tell stories of change. Programmes are subject to external and independent evaluations when required by funders.

CELEBRATION OF PEN CENTENARY HIGHLIGHTING PEN'S MISSION TODAY

PEN International held its 87th Centenary Congress, from 20–24 September 2021. Themed *One Hundred Years of Intellectual Debate and Activism on Freedom of Expression and Literature*, it celebrated the organization's first 100-year anniversary.

Central to the five days long programme was the election of award-winning Turkish Kurdish novelist and human rights lawyer Burhan Sonmez as [President of PEN International](#). Mexican-American writer Jennifer Clement, the first woman President to lead the organization, leaves the post of President after

six years, with the heartfelt thanks of the entire PEN community from across the globe. Jennifer Clement opened the Congress with a welcome speech, which can be viewed [here](#).

Congress highlights included an exploration of 'Against Hate', a conversation about free speech and hate speech between writers Salman Rushdie and Carolin Emcke, as well as discussions and testimonies from writers, human rights activists and former PEN's cases: Margaret Atwood, J.M. Coetzee, Can Dündar, Omar El Akkad, Tienchi Martin-Liao, Enoh Meyomesse, Boris Novak, Orhan Pamuk, Philippe Sands, Eugene Schoulgin, Dareen Tatour, Ma Thida and Ngugi Wa Thiong'o. The programme also featured speeches from former PEN International Presidents Homero Aridjis, John Ralston Saul and Per Wästberg.

Key moments also included the election of William Nygaard as Vice President of PEN International, the re-election of Ola Larsmo and the election of Gabriel Seisededos and Salil Tripathi as Board Members, as well as the election of Ma Thida as Chair of the Writers in Prison Committee

FUNDRAISING STRATEGY FOR BUILDING PEN'S SUSTAINABILITY IN THE LONG TERM

The pandemic and lockdown affected all sectors, whilst the organisation had aimed to draw support for growth and sustainability through the centenary.

From 2022 we aim to build support and resources towards long-term strategies and operational growth through two strategic strands simultaneously.

The first strand, across all levels of the organisation, is focussed on high-level relationships and bids with *the aim of attracting high value gifts*. We have started to see an increase, with donations and pledges from existing and new supporters.

Geert Mak, Bernhard Schlink, Jonathan Beck, and Nikolaus Gelpke all gave substantially higher supplementary gifts in response to our 'crisis' messages. Some longstanding supporters also responded to our approaches with extra money this year.

In 2021, new supporters were brought in through personal contacts by the outgoing President, Treasurer and from appeals to the membership thanks to Board members. Our fundraiser has been nurturing dozens of prospects new to PEN and some of these have already started to donate.

A dedicated team is pursuing global opportunities including state funding and cultural rights grants and making use of contacts (as with the recent new grant from the Sigrid Rausing Trust).

The second strand, an investment in testing digital outreach and public appeals beyond the PEN network has the aim of attracting a high number, relatively low financial level gifts with collective value through volume, this is crucial in creating the foundations of a supporter database. We will evaluate this more in Q2 of 2022. Voluntary income accounts for much less of our income, although it remains

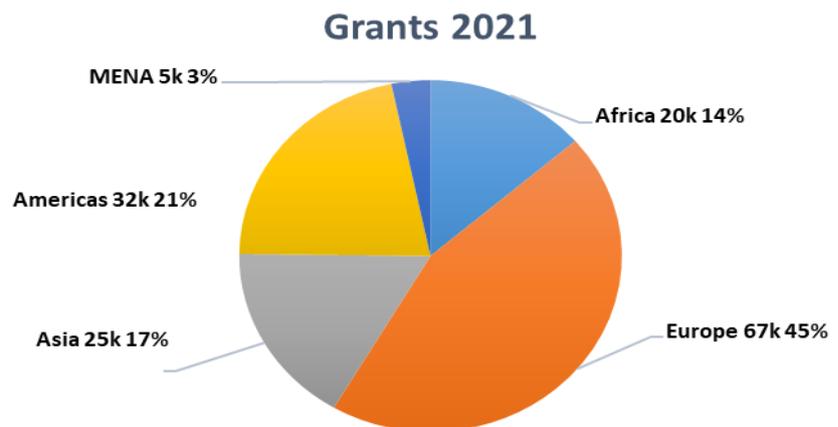
important to our identity and to our sense of partnership with supporters and communities. It is for these reasons that we seek to grow this area of funding.

GRANT-MAKING

Grant-making is a core aspect of our charitable work, and this continues to grow. However, due to the pandemic the majority of our civil society grant activities were done virtually with little travel and few in-person activities. During the year we awarded a total of £149k in grants through our civil society programme (CSP) (2020: £132k).

Grants-making allocated by continent:

- Africa - £20k
- Asia - £25k
- Americas - £32k
- Europe - £67k
- MENA - £5k



In their communications with us, several of the PEN Centres highlighted how our process of succinct engagement enabled them to understand strategic thinking and the mandatory form filling required for ensuring success in external funding rounds. This learning was commented on by Centres, in which for example our PEN Iraq Centre, Hamded Hamzoz stated, how our engagement through the application process, was *very helpful to shape the projects, goals for sustainability, impact and long-term strategies. It is appreciated.* We anticipate that this process and method of learning will ultimately assist them to succeed in external funding applications and becoming independent civil society players.

PLANS FOR THE FUTURE

Freedom of expression is a foundational right, on which other rights are dependent. Our response to the evolving nature of threats to this right are driven by external realities. Our barometer of how we need to respond is driven by the writers, our members and their ability to pursue their creative craft, whilst upholding this creative space for others. However, when it is their immediate safety and right to life that is threatened, we are compelled to prioritize this over all our other work so that we remain relevant and credible as a civil society player. Our constant challenge is to reflect and learn from what we do, strategically revisiting our work to ensure that we are maximizing our limited resources. In 2022 we will review our strategic objectives and to begin consultations with the membership towards developing plans beyond our current programme of work 2019 – 2023.



With support from Sida, PEN's civil society programme will continue to support projects which address local need and meet our strategic objectives. In 2021 we reviewed our internal process to improve project design, delivery and accountability. Successful projects must now be undertaken by at least one centre member who is not a board member. Doing so will ensure consistent, objective oversight of the project whilst enriching the work being undertaken. A designated member of the board should be available to oversee the project and to ensure delivery of the work. This criterion was introduced to prevent the domination of any one individual or set of individuals over centre development and presence. Our new approach is also intended to ensure sustainability of the work, we strongly encourage centres to demonstrate that the knowledge being harnessed through implementation is shared amongst all active centre members in a proactive and evidenced manner. We also encourage Centres to proactively identify how they will financially continue their work independent of the Secretariat once the proposed project cycle is completed

OUR FINANCE

In order to support our development and growth we need a robust financial plan that ensures that we are growing our turnover, and surpluses, and becoming reserves resilient. The Board of Trustees have approved a three year financial strategy covering 2021 – 2023. The key strategic aims are detailed below.

- To generate surpluses which produce sufficient cash to support the PEN's strategic objectives and provide institutional sustainability (reserves capacity building);
- To grow and diversify income over the next three years;
- To operate efficiently and effectively - managing the cost of operations and delivering value for money through our programmes over the next three years;

- To assess and manage risk in all PEN's growth and development activities considering both digital or face to face – Creating visibility into a fast-changing environment – This objective runs across all seven objectives;
- To operate sound Treasury Management – maintaining a sound investment portfolio with Swissquote and cash reserves;
- To closely monitor and respond to the external environment and its impact on PEN – funding competitions, economic fluctuations;
- To effectively report and communicate PEN's financial performance internally and externally.

FINANCIAL REVIEW

International P.E.N.'s main sources of income arise from our charitable activities in three main business areas; Advocacy, Freedom of expression and Writers at risk. Income from these areas are made up from a mixture of grants, member dues, circles, and donations. Recognised income for the year was £1,784k (2020: £1,444k). The largest proportion of our income is from SIDA (*Swedish International Development Cooperation Agency*) (2021: £842k; 2020: £770k). In addition, we received £942k in grants, donations and earned income (2020: £674k).

Despite the increase in turnover, after interest charges and investment performance the overall surplus on unrestricted funds for the year was £14k (2020: £75k - *deficit*). Due to a challenging investment market, our investment performance wasn't favourable in the year. Positively, we continue to see a bounce back in investment performance in quarter one of the new financial year.

In the year, we incurred centenary expenditure of £296k (2020: £277k) consisting of staffing and project activities.

The pandemic and an unprecedented year of uncertainty impacted on almost all the organisation's unrestricted income streams, from Circles and individual donations to centenary donations.

We mitigated this negative impact by tightly controlling expenditure throughout the year, reducing overall unrestricted expenditure by:

- restructuring our staffing model and reducing staffing numbers;
- scaling back on our programmes and developing a digital inclusion model;
- saving on overheads;
- making optimum use of government assistance, such as the furlough scheme.

Our cash position did not progress in the year as expected due to the Covid-19 pandemic, thankfully we were able to drawdown on cash reserves to support our programmes. We also claimed £16k from HMRC's Coronavirus Job Retention Scheme to offset the cost of furloughed staff.

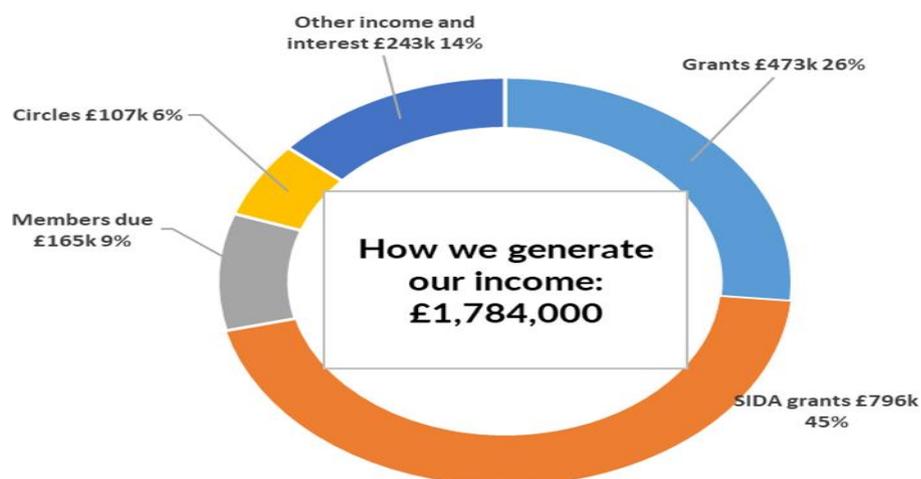
We anticipate that we will have more unrestricted donations and grant commitments in place to meet the future costs of our programmes and it is not expected that we will have any issues with working capital over the next 12 months as the Trustees have mobilised their efforts on fundraising. A decision was made by the Board to extend the centenary celebration into 2022, giving us the opportunity to increase our income.

Much of the year-end operating deficit in restricted funds is due to the centenary activities and projects, but this has been utilised by the brought forward restricted reserves.

We maintain sufficient reserves to enable us to fulfil the objectives of the organisation. These reserves are held in a combination of both fixed and current assets including an investment portfolio managed on the board's behalf by our investment managers Swissquote.

RECOGNISED INCOME

Cash income: January 2021 to December 2021



International P.E.N. is grateful to its donors for their generous support in assuring its income of £1,784k during 2021 (2020: £1,444k), an increase of 23% over the previous financial year. The unrestricted income in 2021 was £515k, an increase of 59% on 2020, while the restricted income was £1,269k an increase of 13% on 2020.

Other principal restricted funding sources for 2021 include Sida, the Norwegian Ministry of Foreign Affairs, the International Cities of Refuge Network (ICORN), Fritt Ord Foundation, UNESCO, Derek Moore Foundation, National Endowment for Democracy and the Banyan Trust amongst others.

The funds from these donors go towards our research and policy work, civil society projects and the defence of writers at risk.

Included in restricted income are donations of £207k received towards our Centennial in 2021. This amount funded several centennial activities including staffing.

Our main sources of unrestricted income are the membership dues and the subscriptions to our Circles.

MEMBER DUES

Membership dues are paid by centres and individuals, the dues contribution of our centres to the work of International P.E.N. is essential – it not only helps support PEN’s work internationally but demonstrates the commitment of PEN members to support its important work world-wide. At present, the community of PEN, through the dues collected by centres and the publishers, writers and readers circle contributes 20% of the annual budget of International P.E.N. Centres pay their membership dues on a yearly basis to International P.E.N. according to the numbers within their own membership. Each individual member of PEN pays dues both to the local centre and to International P.E.N.

The contribution of Centre dues is made according to the GDP of the country, in according to four categories: £14.40, £10.35, £5.75 and £3.45 (respectively per member per year).

CIRCLES

These are the Publishers, Writers, Readers and Screen Circles. Income from the Circles decreased in 2021. However, there was an increase in the Publishers Circle’s income. The Trustees recognise the need to grow this basis of unrestricted income and have put plans in place within our new three years financial strategy to grow the Circles in 2021-2023.

COVID-19

As with many other organisations, PEN’s largest risk is currently the continued global political and economic volatility caused by COVID-19, which has impacted most income streams. We have mitigated some risks to our income by implementing a more diversified model of carrying out our programmatic activities. As a result, we continue to operate a full cost recovery model in all our activities.

We have adapted well operationally. We closed our office and all of our colleagues moved to working from home, and they have adapted not only to a new way of working but also demonstrated agility in responding to changing guidance and circumstances.

We continually monitor the COVID-19 situation, following all government guidelines and staying alert to the threat of new variants.

At 31 December 2021, no bad debt provision was held in the balance sheet as a result of Covid-19, since all our debtors are recoverable. However, this affected the net cash outflow for payroll that was required.

Further to this, PEN remains supportive in an attempt to enable our Centres to continue to operate and make significant impacts in their advocacy for freedom of expression/writers in prison.

We remain cautious and vigilant over the threat of COVID-19 on our employees, services, and finances, but as noted in the financial statements the Trustees consider that the charity is well placed to manage any further risks associated with the pandemic.

EXPENDITURE

Total expenditure was £1,803k (2020: £1,691k), an increase of 7%. Expenditure was tightly controlled throughout the year to try to achieve an overall surplus to rebuild reserves and future sustainability. The main items that make up this amount include:

- Total staffing costs (including recruitment, training and consultant) 46%;
- Centenary costs including staffing 17%;
- Overall support costs, administration, finance, communications (core costs) 37%.

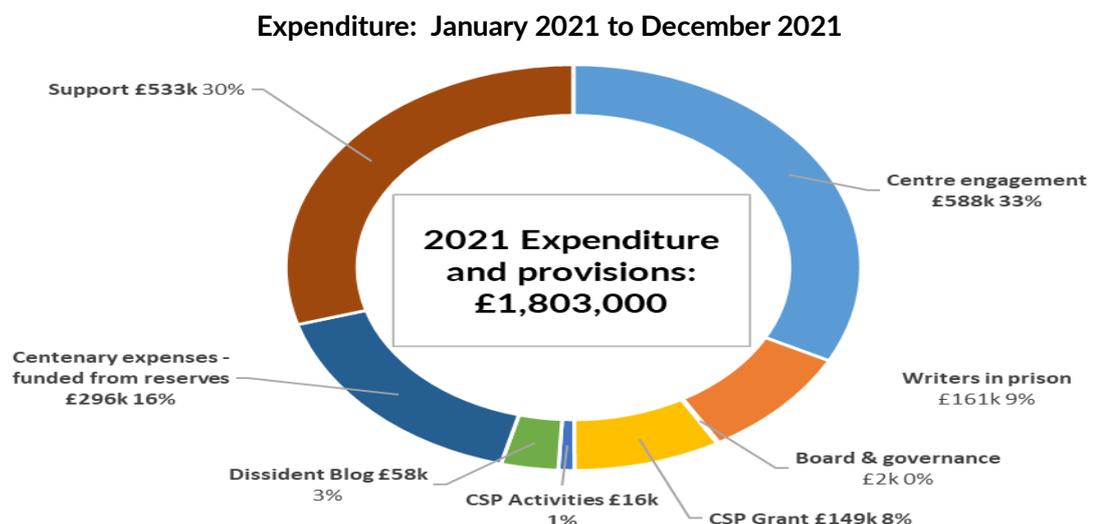
Employment costs remained by far the highest single item, totalling £1,091k (directly employed staff and consultants).

VALUE FOR MONEY

Providing value for money is vital for any charity. Ensuring that we don't compromise on quality while ensuring we get as much as we can for our money, means spending less, spending well and spending wisely. A focus on value for money is an objective that all staff are now aware of. Every role has a requirement to think about the value for all orders they are placing, questioning costs they believe to be too high, and getting multiple quotes for purchases.

By looking at value for money we want to make sure that:

- What we do is relevant and leads to benefits for our centres (spend wisely)
- How we work is efficient and effective, so we don't waste time or money (spend less)
- We get a good return from what we spend and make wise choices (spend well)



NET DEFICIT

The overall financial result for the year ended 31 December 2021 shows a surplus on unrestricted funds of £14k after transfer to designated funds compared to a deficit of £75k in 2020. For FY 2022 we intend to focus on increasing our business resilience, stability and financial sustainability, while also working to rebuild our reserves and manage both risks and financial controls.

STRUCTURE, GOVERNANCE AND MANAGEMENT

PEN is a charity that was first set up in 1921. Since 2006, the activities of PEN have been undertaken through a charitable company, limited by guarantee. International P.E.N.'s governing document is the PEN Charter and its Constitution; International P.E.N.'s members are the PEN Centres meeting once a year as the Assembly of Delegates at PEN's annual Congress.

We have a Board of up to 10 Trustees which includes the International President, International Secretary, and the International Treasurer:

- elected officials of International P.E.N. are nominated by at least 2 Centres;
- nominations and the election process is managed by the Search Committee; and
- two additional co-opted members are openly recruited by the other Trustees against a skills-needs audit.

The Board is responsible for setting the organisation's strategy, reviewing and adopting the budget and financial reports.

The Search Committee of the Assembly of delegates oversee trustee recruitment.

Candidates are provided with a job description and are required to submit in writing a biography and a signed letter of acceptance of nomination, with a statement of intent. The deadline for submission of nominations is 3 months in advance of Congress. Centres eligible to vote must have paid their membership dues to International P.E.N. and each Centre has one vote. The secret ballot is managed and overseen by the Search Committee.

International P.E.N.'s Trustees have been elected at Congress (the annual meeting of the Assembly of Delegates). The responsibilities of the Board of International P.E.N. have been defined by its constitution. Trustees can serve up to two, three-year terms of office.

The list of trustees who served during the year and up to the date of approval of the financial statements have been provided below:

Trustees

Burhan Sönmez, president/chair (appointed 1 Oct 2021)
Jennifer Clement, president/chair (departed 1 Oct 2021)
Regula Venske, deputy chair
Eric Lax, Treasurer
Kätlin Kaldmaa, International Secretary

Elected Trustees

Ma Thida (departed 1 Oct 2021)
Salil Tripathi (appointed 1 Oct 2021)
Ola Larsmo
Iman Humaydan
Francis, David Warwick
Kahyana, Danson Sylvester
Jose Gabriel Seisdedos (appointed 1 Oct 2021)

Trustees are not paid.

New Trustees are introduced to PEN with a formal induction programme. We also provide on-going training, based on periodic skill assessments.

The names of all those who are currently Trustees or who served as a trustee during the year to 31 December 2021 are set out in the section on “Reference and administrative information” at the end of this report. Further information on our current Trustees is available on our website (<https://pen-international.org/who-we-are/our-people/board>).

The Trustees delegate the day-to-day running of PEN to the Executive Director (ED). The work of the ED is guided by three sub-committees of the Board, each one chaired by a Trustee:

- **Finance Committee:** oversees the management of risk and finance and supervises the appointment of independent auditors;
- **Fundraising Committee:** develops and monitors the fundraising strategy of the organisation, partnership building and long-term sustainability; and
- **Centres Committee:** analyses the situation of all PEN Centres, intervenes in centre disputes, prepares new PEN Centres’ candidatures to be presented at the assembly of delegates for approval, proposes dormancies and closures of centres to the assembly, and deregistering centres who have ceased to exist.

As part of our Human resource development and staff remuneration, PEN is committed to ensuring that we pay our staff fairly and in a way that ensures we attract and retain the right skills in order to have the greatest impact in delivering our charitable objectives. Delivery of our charitable vision and purpose is primarily dependent on the performance and efforts of our staff, which is the largest single element of charitable expenditure. We aim to recruit, subject to experience, towards the lower point within a salary band, providing scope to be rewarded for excellence and growth

within the role. We do not employ interns without pay. We pay at least the London Living Wage for all our staff and are committed to encouraging our suppliers do the same. PEN evaluates each post against other posts in PEN and market comparators to arrive at salary rates based on a consistent and transparent process, designed to offer a fair pay framework for all salary assessments and decisions. The pay structure is reassessed on an annual basis. All staff confirmed in post are subject to regular performance conversations, at least annually but quarterly is strongly encouraged. As part of our HR review and staff engagement, we have been awarded an Investors In People accreditation indicating a step in the right direction to enhance our workforce.

We are still in the process of implementing our current governance structure as a basis to develop and monitor a newly developed governance framework, Trustees recruitment, Trustees induction, Code of Conduct.

Our **Centres** are legal members of our limited company, playing an important legal formal and informal role in our work. PEN Centres are voices for literature and freedom of expression in their respective countries. A full list of current Centres is available on our website (<https://pen-international.org/centres>) or by request.

International P.E.N. is committed to upholding its organisational culture in line with the seven overarching principles of the Charity Governance Code 2017: Organisational Purpose; Leadership; Integrity; Decision Making and Controls; Board Effectiveness; Diversity; and Openness and Accountability.

The Executive Director manages the office supported by a Senior Management team comprised of Finance, HR and Administration Director; Centenary Director and Director of International Programmes.

The Senior Management Team is responsible for and provides oversight of the delivery of PEN's strategy and programmes, human resources functions and ensuring compliance with Charity Commission guidelines, good governance, budgetary and funding requirements.

KEY MANAGEMENT PERSONNEL

The President, International Secretary and Treasurer meet confidentially to discuss the performance and achievements of the charity during the year in order to determine suitable remuneration for key management personnel. Their recommendations are then put forward to the Trustees for discussion and approval.

RISK AND INTERNAL CONTROLS

Identifying and actively managing risk is an important part of ensuring that P.EN. remains a healthy and impactful charity, and ensures Trustees remain focused on the appropriate issues as they lead the

organisation. This continues to be done at a Board and senior staff level by maintaining an organisational Risk Register that identifies the key organisational risks.

The Trustees continue to review the risks facing PEN, the controls in place and the effectiveness of mitigating actions. International P.E.N. has a risk register which records risks and how they are mitigated, including (but not limited to) our income, assets, management, staff, partners and beneficiaries, reputation, financial controls and governance. This risk assessment process identifies the strategies that are already in place to minimise risks, along with any further actions that may be required to mitigate them. The Trustees delegate risk management to the Executive Director and Finance, HR and Administration Director.

PEN has a comprehensive insurance policy, reviewed annually, and currently provided by Aston Lark Insurance.

The Trustees have considered the nature and extent of any risks and uncertainties that arise as a result of Brexit and COVID-19. Any material concerns have been included in the following table, which set out the specific areas that give rise to the potential major risks for the next financial year.

Risk	Current mitigating actions
<p>Reduced income due to the impact of COVID-19 on PEN's membership cutting income by significant amounts in 2020 and the following years. Brexit adds additional uncertainty into the economy.</p>	<ul style="list-style-type: none"> • Increasing levels of income generation and generally finding ways of diversifying our income streams • Reducing costs through delaying, reducing, or stopping core expenditure where feasible (efficiency strategy) • Realigning staff structure PEN's new strategy and budget constraints
<p>Risk of ill-health, reduced morale and of resignations of key staff due to COVID-19 or related impact and proposals for restructuring/staff reductions/ redundancies</p>	<ul style="list-style-type: none"> • Comprehensive and updated risk assessments for staff individually and of the office/workspaces to minimise the COVID-19 infection risk, with special emphasis on minimising risk for those vulnerable groups identified by government/NHS guidance to be at higher risk of COVID-19 • Significant staff support in place and exploration in consultation with staff about further support needs including in relation to wellbeing and enhanced engagement
<p>Unrestricted fundraising targets not met.</p>	<ul style="list-style-type: none"> • Board take strong lead in fundraising and new fundraising strategy • Continued outreach to publishers to increase membership of Publishers', Writers and Screenwriters Circles • New funding streams legacy and crowd funding explored
<p>Effectiveness of Senior Management Team (SMT)</p>	<ul style="list-style-type: none"> • SMT review of roles and responsibilities review of JD as untenable workloads and weak organisational processes reasons for departures of Directors with support from INTRAC • Consultations with the Union • Board approve process for recruitment and their involvement
<p>Mismanagement of disbursed project funds to centres</p>	<ul style="list-style-type: none"> • Improved disbursement of funds authorisation processes • Quarterly skype calls with Centres on project delivery and to build centre relationships over time • 3 - 6 monthly reporting on projects and auditing • Bribery and corruption policy shared, whistle-blower and procurement particularly for those involved in Civil Society programme

<p>Politicisation or intolerant positions of centres</p>	<ul style="list-style-type: none"> • Centre Development strategy for problematic PEN Centres • Board/SMT take action/missions to engage with Centres whose messages is out of line with PEN Charter and human rights norms (i.e. on LGBTI) Several centres closed or made dormant • Hate Speech Working group – main subject congress Uppsala in 2020
<p>Persecution of PEN members and writers we assist for their work in the organisation or for support provided</p>	<ul style="list-style-type: none"> • We always obtain consent before we carry out any campaigning or advocacy on behalf of members or writers • We carry out a risk assessment before a mission and have developed a comprehensive risk assessment policy
<p>Dramatic change in international support for freedom of expression demotivation and slows the Trust's ability to deliver its goals.</p>	<ul style="list-style-type: none"> • Campaigns and advocacy are more focused and underpinned by robust research • Ensure that individual writers/Centres can advocate on issues of concern to them both at national and international levels – dialogue and debate need more than ever – role of the writer as thought leader to counter extreme positions • Build relations with key actors in international freedom of expression field
<p>Effectiveness of International Board and Committees</p>	<ul style="list-style-type: none"> • Board now taking lead in strategy setting including the process • Board positions under 3 year election cycle • At least two in person Board meetings per year • Co-opt members (2) of the Board under review • 2 co-opted positions remain open
<p>Injury/kidnapping of staff or consultant on overseas assignment</p>	<ul style="list-style-type: none"> • Organisational travel security assessment strengthened – we use these regularly, last risk assessment done for High level Turkey mission • Work with local centres with good knowledge of situation and risks in country being visited • Full cover travel insurance • Security protocols in development

OTHER MATTERS

INVESTMENT POLICY

The Trustees commissioned Swissquote as our broker during the year. At present, we have investment of £242k (2020: £242k) held with the company. Trustees are currently updating our investment policy to comply with this activity. As part of our new financial strategy, we are now looking to create a policy for longer term investment of PEN's reserves in order to spread risk and ensure PEN's financial sustainability.

GOING CONCERN

Covid-19 has impacted PEN's income especially from donations, with many individual donors being affected by due to the economic pressure on the fallout of the lockdown.

The Trustees are aware of International P.E.N.'s contract term with Sida coming up for review. At the end of 2021 PEN International completed the second of a four-year programme of support from the Swedish International Development Agency (Sida). During 2021 PEN International maintained strong

links with its most significant institutional supporter. The annual review meeting held to discuss PEN's work in 2020 was held in May 2021 – the meeting was very positive and feedback from Sida was very encouraging on the progress of PEN's work.

At several times in the year, meetings were held to discuss emerging issues including crisis situations in Myanmar and Afghanistan. As a result of this close collaboration, Sida awarded PEN International an emergency grant to support its burgeoning protection work to assist writers in countries like Afghanistan. In 2022 PEN International will explore with Sida next steps for ensuring the continuation of Sida support beyond 2023.

In addition, P.E.N continues to review the staffing levels required for its future work as well as its overall cost base in order to reduce operating expenses and cash outflows.

Although there are risks with this strategy, management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial statements on a going concern basis as it has a reasonable expectation that P.E.N. will continue in operational existence for the foreseeable future.

TREASURY POLICY

The Trustees set aside available funds from our income to pay for anticipated costs and for planned events (Centennial). The Trustees also set aside a small amount each year, when income is strong, to allow for some flexibility in periods of economic downturn. In order to protect our charitable projects from the loss of short-term funding, a target for a minimum level of reserves has been set at three months' grants receipts and expenditure for project delivery. Therefore, our reserves target is £178k.

Undesignated reserves amounted to £45k as at 31 December 2021. This is below target due to the impact of COVID-19. However, the shortfall in funds has been built into a strategic financial recovery modelling for the next three years. This policy is reviewed every year.

RESERVES POLICY

Like many other charities P.E.N has a reliance on a small number of income sources. It is important that, however unlikely it may be that these sources all suddenly cease, we plan to hold sufficient reserves to meet our obligations and needs. In this respect P.E.N remains positive to build resilient reserves that are strong and healthy.

The trustees set aside available funds from our income to pay for anticipated costs and for planned designated activities.

The Trustees recognise the need to hold sufficient reserves to allow protection of core activities in the event of any income shortfalls to implement long-term strategic programmes and enable International P.E.N. to carry out its essential projects.

The policy aims to have sufficient free reserves to enable International P.E.N. to cope with fluctuations and to hold at least the equivalent of three months' budgeted operating cost expenditure.

Total reserves at 31 December 2021 were £488k (2020: £510k) Restricted reserves held in 2021 were £415k (2020: £447k) and unrestricted reserves were £73k. Of this £28k were designated reserves while the reserves were £45k (2020: £31k).

The value of net assets in future years is projected to reduce/increase in the light of budgeted deficits/surplus and investment in our financial strategy. However, P.E.N remain strong as a 'going concern'.

Restricted reserves are those funds that have been received for particular purposes and projects and are shown in detail in note 16.

Even though, the year ended with a deficit we are still able to meet our free reserves target level implied by the current reserves policy, which seeks to build reserves up to three months' operating expenditure. The Finance Subcommittee of the board will continue to monitor closely the reserves position with quarterly reviews. This policy is reviewed every year.

FUNDRAISING

Our Head of Development ensures we follow best practice for charitable fundraising, active participation in fundraising regulation and compliance with the most recent codes of conduct. We continue to regularly review our policies and processes to check they are periodically refreshed, in particular with reference to our ongoing major fundraising campaign as part of our centennial.

In particular, P.E.N:

- ensures adherence to the Code of Fundraising Practice;
- employs due diligence to ensure that significant financial contributions from, and partnerships and agreements with, individuals and organisations comply with legal, ethical and best practice regulations and guidance;
- does not use professional fundraisers;
- ensures that the charity's fundraising practice complies with all data protection regulations and best practice guidance.

VOLUNTEERS

International P.E.N. is immensely grateful to the volunteers who contribute to our campaigns and communications work as well supporting our International programmes team with media monitoring on freedom of expression issues. Their skill, time and dedication helps us achieve our goals while offering them an opportunity to learn and gain experience in a field of work that has growing relevance in our world today.

AUDITOR

Our auditor, HW Fisher LLP, has indicated a willingness to continue in office and it is proposed that the firm be re-appointed as auditor for the ensuing year.

DISCLOSURE OF INFORMATION TO AUDITOR

In so far as each of the Trustees is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- each of the Trustees has 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.

Signed on behalf of the Trustees

Burhan Sönmez

Eric Lax

B Sönmez



President

Treasurer

22 Jun 2022

22 Jun 2022

This report incorporates the Directors' Report required for Companies Act purposes.

The Trustees (who are also directors of International P.E.N. for the purpose of company law) are responsible for preparing the report of the board of trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires Trustees to prepare financial statements for each financial year that give a true and fair view of the state of the 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and regulations made thereunder.

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.

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 the financial statements may differ from legislation in other jurisdictions.

OPINION

We have audited the financial statements of International P.E.N (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the statement of financial position, the cash flow statement and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 report of the board of trustees, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the report of the board of trustees have 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the report of the board of trustees.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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 report of the board of trustees and the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011, Companies Act 2006.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.

- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing documentation such as the company board minutes, correspondence with solicitors, for discussions of irregularities including fraud.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Assessing the validity of the classification of income, expenditure, assets and liabilities between unrestricted, designated and restricted funds.
- Obtaining third-party confirmation of material bank balances.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 auditors' report and for no other purpose.



To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Rich (Senior Statutory Auditor)
for and behalf of HW Fisher LLP
Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London, NW1 3ER

HW Fisher LLP

22 Jun 2022

	Note	General funds £'000	Designated funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Income						
Income from charitable activities						
Donations and legacies	3	408	-	131	539	375
Charitable activities	4	107		1,138	1,245	1,069
Total income		515	-	1,269	1,784	1,444
Expenditure						
Expenditure on						
Cost of raising funds						
Expenditure on fundraising and publicity		20	-	-	20	17
Expenditure on charitable activities						
General advocacy and support	5	268	4	1,170	1,442	1,471
Writers in prison	5	208	2	131	341	203
Total expenditure on charitable activities		476	6	1,301	1,783	1,674
Total expenditure		496	6	1,301	1,803	1,691
Net gain / (loss)	23	(3)	-	-	(3)	14
Total net income/(expenditure) before transfers		16	(6)	(32)	(22)	(233)
Transfers between funds		(2)	2	-	-	-
Net income/(expenditure) after transfers/ Net movement in funds		14	(4)	(32)	(22)	(233)
<i>Reconciliation of funds</i>						
Balances brought forward at 1 January 2021		31	32	447	510	743
Balances carried forward at 31 December 2021	19	45	28	415	488	510

All gains and losses recognised in the year are included on the Statement of Financial Activities.

The accompanying notes form part of these financial statements.

Comparative year

	Note	General funds £'000	Designated funds £'000	Restricted funds £'000	Total 2020 £'000
Income					
Income from charitable activities					
Donations and legacies	3	202	-	173	375
Charitable activities	4	122	-	947	1,069
Total income		324	-	1,120	1,444
Expenditure					
Expenditure on					
Cost of raising funds					
Expenditure on fundraising and publicity		17	-	-	17
Expenditure on charitable activities					
General advocacy and support	5	308	6	1,157	1,471
Writers in prison	5	79	2	122	203
Total expenditure on charitable activities		387	8	1,279	1,674
Total expenditure		404	8	1,279	1,691
Net gain / (loss)	23	14	-	-	14
Total net income/(expenditure) before transfers		(66)	(8)	(159)	(233)
Transfers between funds		(9)	9	-	-
Net income/(expenditure) after transfers/ Net movement in funds		(75)	1	(159)	(233)
<i>Reconciliation of funds</i>					
Balances brought forward at 1 January 2020		106	31	606	743
Balances carried forward at 31 December 2020	19	31	32	447	510

	Note	2021 £'000	2020 £'000
Non-current assets			
Tangible assets	13a	15	19
Investment	13b	242	242
		257	261
Current assets			
Stock	5	129	-
Debtors	14	196	208
Cash at bank and in hand		228	174
		553	382
Creditors:			
amounts falling due within one year	15	(322)	(133)
Net current assets		231	249
Total assets less creditors		488	510
The funds of the charity	17,18,19		
Unrestricted funds			
Other charitable funds		45	31
Designated funds		28	32
		73	63
Restricted funds		415	447
		488	510

Approved by the Trustees on

and signed on their behalf

22 Jun 2022

22 Jun 2022



Eric Lax, Treasurer



Burhan Sonmez, president

	Note	2021		2020	
		£'000	£'000	£'000	£'000
Net cash outflow from operating activities	20		56		(303)
Cash flows from investing activities					
Payments to acquire fixed assets	13a	(2)		(9)	
Total capital expenditure			(2)		(9)
Change in cash and cash equivalents in the reporting period			54		(312)
Cash and cash equivalents at the beginning of the reporting period			174		486
Cash and cash equivalents at the end of the reporting period			228		174
Cash at bank and in hand:					
Increase (decrease) in cash			228		174
	21		228		174

1. ACCOUNTING POLICIES

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 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 (FRS 102) (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102. The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £. The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

Covid-19 has impacted PEN's income especially from donations, with many individual donors being affected by due to the economic pressure on the fallout of the lockdown.

The Trustees are aware of International P.E.N.'s contract term with Sida coming up for review. At the end of 2021 PEN International completed the second of a four-year programme of support from the Swedish International Development Agency (Sida). During 2021 PEN International maintained strong links with its most significant institutional supporter. The annual review meeting held to discuss PEN's work in 2020 was held in May 2021 – the meeting was very positive and feedback from Sida was very encouraging on the progress of PEN's work.

At several times in the year, meetings were held to discuss emerging issues including crisis situations in Myanmar and Afghanistan. As a result of this close collaboration, Sida awarded PEN International an emergency grant to support its burgeoning protection work to assist writers in countries like Afghanistan. In 2022 PEN International will explore with Sida next steps for ensuring the continuation of Sida support beyond 2023.

In addition, P.E.N continues to review the staffing levels required for its future work as well as its overall cost base in order to reduce operating expenses and cash outflows.

Although there are risks with this strategy, management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial statements on a going concern basis as it has a reasonable expectation that P.E.N. will continue in operational existence for the foreseeable future.

1.3 Critical estimates and judgements

International P.E.N.'s significant accounting policies are stated in this note. Not all of these significant accounting policies require the Trustees to make difficult, subjective, or complex judgements or estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The trustees do not believe there to be any judgements or estimates critical to the financial statements.

1.4 Income

Income other than grant income is recognised at the fair value of the consideration received or receivable for goods and services provided. Fair value takes into account settlement discounts allowed on services.

Income from donations and 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.

The value of services provided by volunteers has not been included in these financial statements. Gifts in kind are included where the sum can be accurately estimated.

Unrestricted income is deferred when this is received and relates to a period following the year end. Restricted income is deferred only when this relates wholly to a future period, as specified by the funder.

1.5 Grants received

Where grants are received for specific purposes they are credited to the restricted funds of International P.E.N. Grants that are awarded for a specific period are recognised in the SOFA in that period.

1.6 Grants payable

Grants payable as cash are accounted for in the period in which they are approved. Grants awarded to centres of International P.E.N. are accounted for upon approval.

1.7 Basis of allocation of support costs

Staff and other support costs are allocated to the various activities of International P.E.N. based upon the direct staff costs involved in delivering direct charitable activities and on the estimated time devoted to the governance of PEN.

1.8 Defined contributions pension scheme

Employer contributions to PEN's defined contribution Pension Scheme are charged to the SOFA on an accruals basis.

1.9 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity.

Designated funds are donations where the donor has not specified a use, but the trustees have allocated these donations to specific projects being undertaken by the Charity.

Restricted funds are donations which the donor has specified are to be used solely for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

1.10 Expenditure and irrecoverable Value Added Tax

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 comprise the costs of attracting voluntary income and the costs of fundraising.
- Expenditure on charitable activities includes the costs of the delivery of its activities and services for its beneficiaries.
- 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.

Rental costs under operating leases are charged against income on a straight-line basis over the term of the lease.

1.11 Volunteers

International P.E.N. provides volunteering opportunities in a number of its activities. The work performed by the volunteers is well-appreciated and is explained in the Report of the board of trustees. No financial appraisal of the value of volunteering is included within these financial statements.

1.12 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Asset Category

Office equipment	25% reducing balance
Fixtures & Fittings	25% reducing balance
Computer Equipment	25% reducing balance

The policy with respect to impairment reviews of fixed assets is that these assets are inspected regularly for any impairment and any defect remedied so as to maintain the current value.

All assets costing more than £500 are capitalised.

1.13 Investment

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year. Gains and losses on the disposal of investment assets are calculated as the difference between historical and market values.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered and provision for bad and doubtful debts.

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

1.15 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.

1.16 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.

1.17 Other financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Except for fixed asset investments, basic financial instruments are recognised as the amount payable or receivable when the instrument is first recognised together with any subsequent transaction costs but modified in respect of trade debtors for an assessment of potential bad debt.

1.18 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources. Where trustees hold restricted funds in foreign currency, gains and losses on foreign exchange are borne by unrestricted funds to maintain restricted gifts at their original value.

1.19 PEN Centres

PEN Centres are not treated as branches of International P.E.N. They are independently governed organisations.

1.20 Restricted funds

Project grants: Grants that are received for specified purposes are credited to a restricted fund. Expenditure that is attributable to such grants is charged directly to the fund in the statement of financial activities.

1.21 Designated funds

Fixed Assets: The balances on the funds represent our fixed asset portfolio. The capital costs of asset that are met from PEN's own resources are represented by designated funds. Depreciation is charged directly against the fund in the statement of financial activities.

2. LEGAL STATUS OF THE CHARITY

International P.E.N. (or "the Charity") is a company limited by guarantee incorporated in England and Wales. The registered office is 162-164 Abbey Street, Koops Mill Mews, Unit A, London, SE1 2AN.

NOTES TO THE FINANCIAL STATEMENTS YEAR END 31 DECEMBER 2021

3. INCOME FROM DONATIONS & LEGACIES

Source	2021			2020		
	Unrestricted funds £'000	Restricted funds £'000	Total £'000	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Donations and legacies	408	131	539	202	173	375

Donations to unrestricted funds:

2021 £'000	2020 £'000
Individual contributions	53
PEN centre contributions	149
CJRS grants	-
408	202

Donations to restricted funds:

2021 £	2020 £
Individual contributions	173
131	173

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total funds 2021 £'000	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020 £'000
Grants receivable	-	1,062	1,062	9	947	956
Publishers Circle	101	-	101	98	-	98
Writers Circle	6	-	6	12	-	12
Readers Circle	-	-	-	3	-	3
Centenary – book sales	-	76	76	-	-	-
	107	1,138	1,245	122	947	1,069

Restricted funds:

	2021 £'000	2020 £'000
Norwegian Ministry of Foreign Affairs	50	51
ICORN	88	88
SIDA	842	770
NED	6	-
UNESCO	11	-
Fritt Ord Foundation	21	9
Derek Moore Foundation	5	-
Natur and Kultur	-	-
Evan Cornish Foundation	-	9
Banyan Tree Foundation	28	20
PEN America	11	-
	1,062	947

5. ANALYSIS OF EXPENDITURE RELATING TO GENERAL ADVOCACY AND SUPPORT

	2021 £'000	2020 £'000
Staff costs	726	467
Sub-grants to PEN Centres	150	132
Other centre development costs	256	571
Support costs (note 6)	271	301
Centenary – book costs	39	-
	1,442	1,471

Analysis of expenditure relating to writers in prison

	2021 £'000	2020 £'000
Staff costs	226	87
Other costs	15	40
Support costs (note 6)	100	76
	341	203

The total cost to produce 5,500 Centenary books in the year were £168k, less the year end stock value of £129k
Included in the year end stock value are additional costs from 2019 (£9k) and 2020 (£10k)

Continued overleaf

6. ANALYSIS OF SUPPORT COSTS AND GOVERNANCE COSTS

The Charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Governance costs include payments to the auditor of £15,625 (2020: £13,000) and other financial services of £nil (2020: £1,000).

Having identified its governance costs, the remaining support costs together with the governance costs are all allocated against the charitable activities based on the time spent on those activities.

Support costs	General advocacy and support	Writers in prison	Total	General advocacy and support	Writers in prison	Total
	2021 £'000	2021 £'000	2021 £'000	2020 £'000	2020 £'000	2020 £'000
Staff costs	31	15	46	97	28	125
Depreciation	4	2	6	6	2	8
Rent and occupancy	60	30	90	-	-	-
Office supplies and equipment	12	6	18	17	5	22
Other Costs	40	19	59	16	4	20
Governance costs (see below)	124	28	152	165	37	202
	271	100	371	301	76	377

Governance costs	General advocacy and support	Writers in prison	Total	General advocacy and support	Writers in prison	Total
	2021 £'000	2021 £'000	2021 £'000	2020 £'000	2020 £'000	2020 £'000
Staff costs	76	17	93	150	33	183
Audit fees	13	3	16	11	3	14
Other costs	35	8	43	4	1	5
	124	28	152	165	37	202

Auditor's remuneration	2021 £'000	2020 £'000
Statutory audit	15	13
Non audit service	-	1
	15	14

7. NET (EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2021 £'000	2020 £'000
Operating lease rentals	96	84
	96	84

8. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT

	2021 £'000	2020 £'000
Wages and salaries	962	749
Social security costs	87	76
Pension	42	37
	1,091	862

	2021	2021
Number of employees whose emoluments during the year fell between:		
£60,000 and £69,999	-	2
£70,000 and 89,999	1	-
£90,000 and £99,999	-	-
£100,000 and £109,999	2	1

The key management personnel of the Charity comprise the Trustees, the Executive Director, the Director of Finance, HR and Administration, the Director of International Programmes, and the Director of Centenary Programmes. Remuneration of key management personnel was £291,237 (2020: £252,219).

Included in wages and salaries are termination payments amounting to £129,034.

Trustee Expenses: None of the trustees received any remuneration during the year, but the Trustee Board (Two members) were reimbursed a total of £59 (2020: £1,019) travel and subsistence expenses.

The total expenses incurred by the Trustees in the discharge of their duties and paid to third parties was £69 (2020: £16,788). However, two Trustees from our board donated £56,000 towards our core activities.

Number of volunteers was 1 (2020: 1). Volunteers assist with centenary project, supporting the International programmes team with media monitoring on freedom of expression issues.

9. STAFF NUMBERS

The average monthly head count was 19 staff (2020: 21) and the average monthly number of full-time equivalent employees (including casual and part time staff) during the year were as follows:

	2021 Number	2020 Number
Charitable activities	14	11.5
Fundraising	2	1.5
Governance	1	2
Support	-	-
	17	15

10. PENSION AND OTHER POST-RETIREMENT BENEFIT COMMITMENTS

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund.

	2021 £'000	2020 £'000
Contributions payable by the company for the year	43	37

The expense has been allocated to restricted and unrestricted expenditure on the same basis as wages and salaries.

11. RELATED PARTY TRANSACTIONS

During the year, donations without conditions from Trustees totalled £35,385. At the year end, there were no other disclosable related party transactions.

12. CORPORATION TAX

As a charity, International P.E.N. is exempt from UK tax on income and gains to the extent that these are applied to its charitable objects. No UK tax charges have arisen in the Charity, during the year or the previous year.

13a. TANGIBLE FIXED ASSETS

	Office Equipment £,000	Fixtures & Fittings £,000	Computer Equipment £,000	Total £,000
Cost:				
As at 1 January 2021	20	2	38	60
Additions	-	-	2	2
Disposals	-	-	(7)	(7)
As at 31 December 2021	20	2	33	55
Depreciation:				
As at 1 January 2021	17	-	24	41
On disposals	-	-	(6)	(6)
Charge for year	-	1	4	5
As at 31 December 2021	17	1	22	40
Net book value				
As 31 December 2021	3	1	11	15
As at 31 December 2020	3	2	14	19

All assets are used for charitable purposes.

13b. INVESTMENTS

	£,000
Valuation	
At 1 January 2021	242
Net book value	
As at 31 December 2021	<u>242</u>
As at 31 December 2020	<u>242</u>

International P.E.N. holds investment funds with Swissquote which are mutual funds for bonds and equities. These funds are single securities for bonds in Global and Euromarkets issues but no US domestic issues, with all investments generating daily liquidity.

14. DEBTORS

	2021 £'000	2020 £'000
Trade debtors	61	75
Grants receivable	59	44
Other debtors	34	25
Prepayments and accrued income	42	64
	196	208

Bad debt provisions are based upon the debtor balances on individual accounts.

There has been no change in the basis of calculation during the year.

15. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade creditors	39	20
Grants awarded	18	10
Taxation and social security costs	31	24
Other creditors	117	18
Accruals and deferred income	117	61
	322	133

Deferred income at the balance sheet date was £2,223 which represent PayPal donations received.

16. FINANCIAL INSTRUMENTS

	2021 £'000	2020 £'000
Financial assets measured at fair value through profit and loss	242	242

17. ANALYSIS OF RESTRICTED FUNDS

	Balance as at 1 January 2021 £,000	Incoming resources £,000	Resources expended £,000	Transfers Unrestricted Funds £,000	Funds as at 31 December 2021 £,000
Writers in Prison Committee (WIPC)	6	137	(131)	-	12
Swedish International Development Cooperation Agency (SIDA)	-	842	(796)	-	46
Centre Development	8	22	(21)	-	9
UNESCO	-	11	(4)	-	7
Norwegian Ministry of Foreign Affairs (NMFA)	16	50	(53)	-	13
Individual Donation (£610,200 towards the following 3 Areas):					
(i) *International P.E.N. Centenary	11	207	(296)	-	(78)
(ii) Defence of Writers & Literature	203	-	-	-	203
(iii) Strategic Development	203	-	-	-	203
	447	1,269	(1,301)	-	415

*This fund is overdrawn as expected in 2021. However, we expect donations received in 2022 to reduce the deficit. As at the date of approval of the accounts, we have received £30k.

	Balance as at 1 January 2020 £,000	Incoming resources £,000	Resources expended £,000	Transfers Unrestricted Funds £,000	Funds as at 31 December 2020 £,000
Writers in Prison Committee (WIPC)	40	126	(160)	-	6
Swedish International Development Cooperation Agency (SIDA)	-	770	(770)	-	-
Centre Development	8	-	-	-	8
Norwegian Ministry of Foreign Affairs (NMFA)	37	51	(72)	-	16
Individual Donation (£610,200 towards the following 3 Areas):					
(i) International P.E.N. Centenary	115	173	(277)	-	11
(ii) Defence of Writers & Literature	203	-	-	-	203
(iii) Long Term Reserves	203	-	-	-	203
	606	1,120	(1,279)	-	447

17. ANALYSIS OF FUNDS (Continued)

WIPC - The mobilisation of communication and support in opposition to the infringement of freedom of expression.

SIDA - Support for regional programmes for PEN centres and support for capacity and outreach in London.

Centre Development - Supporting exchanges mainly between the African centres.

NMFA - Support for the work of the Writers in Prison Committee in the Middle East, Asia and North Africa.

Individual donation – Support of the defence of writers and literature, PEN Centenary work, and to strengthen PEN's long-term reserves.

18. ANALYSIS OF MOVEMENT IN DESIGNATED FUNDS

	Balance as at 1 January 2021	Resources expended	Transfers	Funds as at 31 December 2021	Funds as at 31 December 2020
	£'000	£'000	£'000	£'000	£'000
Fixed Assets Fund	20	(6)	1	15	20
Donation	12	-	1	13	12
	32	(6)	2	28	32

	Balance as at 1 January 2020	Resources expended	Transfers	Funds as at 31 December 2020
	£'000	£'000	£'000	£'000
Fixed Assets Fund	19	(8)	9	20
Donation	12	-	-	12
	31	(8)	9	32

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2021 £'000	Designated funds 2021 £'000	Restricted funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
Tangible fixed assets	-	15	-	15	19
Investments	-	-	242	242	242
Current assets	209	13	331	553	382
Creditors of less than one year	(164)	-	(158)	(322)	(133)
	45	28	415	488	510

	Unrestricted funds 2020 £'000	Designated funds 2020 £'000	Restricted funds 2020 £'000	Total 2020 £'000
Tangible fixed assets	-	19	-	19
Investments	-	-	242	242
Current assets	109	13	260	382
Creditors of less than one year	(78)	-	(55)	(133)
	31	32	447	510

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £'000	2020 £'000
Net movement in funds	(22)	(233)
Add back depreciation charge	5	8
Decrease/(Increase) in debtors	12	(60)
Increase/(Decrease) in creditors	189	(7)
Loss on disposal of fixed asset	1	-
Increase/(Decrease) in stock	(129)	-
Unrealised (gain)/loss on investment	-	(11)
Net cash used in operating activities	56	(303)

21. ANALYSIS OF CHANGES IN NET DEBT

The charity had no debt during the year.

22. COMMITMENTS UNDER OPERATING LEASES

	2021 £'000	2020 £'000
Within one year - property	84	-
Between two and five years - property	14	-
	98	-

23. NET GAIN / (LOSS)

	2021 £'000	2020 £'000
Currency exchange gain	3	3
Unrealised gains on investment	-	11
	3	14

REFERENCE AND ADMINISTRATIVE INFORMATION

Governance and management

Trustees

Burhan Sönmez, president/chair (appointed 1 Oct 2021)
 Jennifer Clement, president/chair (departed 1 Oct 2021)
 Regula Venske, deputy chair
 Eric Lax, Treasurer
 Kätlin Kaldmaa, International Secretary

Elected Trustees

Ma Thida (departed 1 Oct 2021)
 Salil Tripathi (appointed 1 Oct 2021)
 Ola Larsmo
 Iman Humaydan
 Francis, David Warwick
 Kahyana, Danson Sylvester
 Jose Gabriel Seisdedos (appointed 1 Oct 2021)

Executive Director

Romana Cacchioli

Company Secretary

Emmanuel Asamoah FCCA/MBA/MSc

Senior Management Team

Romana Cacchioli, ED & International Programmes Director
 Emmanuel Asamoah FCCA/MBA/MSc, Finance, HR & Administration
 Director
 Carles Torner PhD, Centenary Director (departed 31 Dec 2021)

Administrative information

Charity number

1117088

Company number

05683997

Registered office

162-164 Abbey Street,
 Koops Mill Mews,
 Unit A,
 London, SE1 2AN

Independent auditors

HW Fisher LLP
 Acre House
 11-15 William Road
 London, NW1 3ER

Bankers

HSBC Plc
 74 Goswell Road
 London, EC1V 7DA

Principal solicitors

Bates Wells and Braithwaite
 2-6 Cannon Street
 London EC4M 6YH

Official social media

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